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SOCIALLY USEFUL JOBS: THE LAST KEYNESIAN LABOUR MARKET POLICY IN ITALY. POLICY PROCESS EVALUATION

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Declaration

I hereby declare that this thesis has not been, and will not be, submitted in whole or in part to another University for the award of any other degree.

Signed(typed): Mirela Barbu
SUMMARY

The industrial restructuring of the 1970s, the sluggish economic growth of the 1980s and the difficult macroeconomic scenario of the early 1990s which preceded the Italy’s joining of the EMU, gradually reduced the space for Keynesian economic policies in the country. In certain geographical areas, unemployment remained high over a long period of time and the Italian state had to confront this situation which was becoming socially and politically unsustainable. The solution found involved the long-term unemployed in a wide range of activities provided by public bodies, called socially and publicly useful jobs. At the end of the 1990s, under pressure from neoliberalism, many public bodies outsourced their public services, labour market deregulation was pursued, while supply-side labour polices gained ground.

This thesis examines the policy process during the paradigm shift, evaluates its impact on unemployment reduction, discusses the ways in which the policy’s outcomes were achieved, and highlights the role played by institutions during this long-term process. The approach chosen to evaluate the policy of socially and useful jobs distinguishes between three intrinsically linked stages of the policy process: policy-making, implementation and take-up. Recognising the central role of institutions in providing the context in which the policy process develops, the approach chosen for this analysis is historical-institutionalism. It is applied within the broader framework of the political economy which impacted on the transformation of the Italian welfare state and the rise of workfare practices.

The policy process evaluation led to some interesting findings. Firstly, many unemployed were re-inserted into the labour market due to their participation in socially and publicly useful jobs. Secondly, the activities they delivered allowed the communities to avoid disruption to important services and helped the state to save funds through the use of an inexpensive and productive workforce. Thirdly, the public administrations considered the outsourcing of services successful when they received high quality services from workers who were already known to them and were easily managed. Fourthly, the participation of the private companies in the last stage of the policy did not guarantee efficiency gains and, in several cases, the public administrations preferred to employ the socially and publicly useful workers directly.
Acknowledgments

It is commonly acknowledged that PhD research is a long journey, and mine was more than I had expected when I began it, many years ago. During this intellectual sojourn I have become indebted to a large number of people who helped me to overcome difficulties, to maintain my enthusiasm and to learn the everyday practice of becoming a researcher. I would like to take the opportunity of thanking these people once again, and to acknowledge here the important help I received from them.

The most important person was Mick Dunford, my PhD supervisor who, during many years spent working together, went beyond his normal duties of supervision. Apart from the more obvious advantages I benefited from being supervised by such an outstanding scholar, Mick was very supportive in difficult moments and helped me to find practical solutions to situations which initially appeared, to my eyes, irresolvable.

This thesis assesses a labour policy and these kinds of policies, maybe more than any other, are made by people. In all public bodies there are civil servants who never lose enthusiasm for their work and, when the occasion arises, are happy to spend time and energy to help those interested in understanding the lengthy course of the policy process and its torturous routes towards operative decisions. Rosa Manca, Paolo Moser, Gaia Salera and Rosanna Del Signore helped me to obtain invaluable unpublished data from the Ministry of Labour and Italia Lavoro but, more importantly, they spent time giving me many details about how the policy functioned during its various stages.

A large part of the thesis analyses qualitative data collected through in-depth interviews with policy makers. I would like to thank the former general manager of SCO, Mario Conclave who helped me to have some of the most stimulating interviews with the key policy stakeholders. Other very valuable interviews analysed within four case studies were possible due to the help of some of my former colleagues, and friends, who I would like to acknowledge here: Alessandro Augello, Giuseppe Siragusa and Paolo Pigiacelli. Without their vital expertise as policy middlemen, my data would have been far weaker.

This thesis would not be readable today without the contribution of my English teachers. I am indebted to my fantastic friends Catherine (in Brighton) and James (in Rome) who did all their best to help me transform my Italian-style English, and to communicate my long and ‘complicated’ thoughts correctly and efficiently. If they have not succeeded, it is only my fault.

Finally, this journey would have not been completed without the caring love and untiring support provided by my partner Raffaele. I dedicate this thesis to him and to the memory of my mother.
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<tr>
<td>AJEP</td>
<td>Agency for Jobs and Enterprises Creation</td>
</tr>
<tr>
<td>CIG</td>
<td><em>Cassa integrazione guadagni</em> [Wage compensation fund]</td>
</tr>
<tr>
<td>CIGD</td>
<td><em>Cassa integrazione guadagni in deroga</em> [Special wage compensation fund with special dispensation]</td>
</tr>
<tr>
<td>CIGO</td>
<td><em>Cassa integrazione guadagni ordinaria</em> [Normal wage compensation fund]</td>
</tr>
<tr>
<td>CIGS</td>
<td><em>Cassa integrazione guadagni straordinaria</em> [Special wage compensation fund]</td>
</tr>
<tr>
<td>CISL</td>
<td><em>Confederazione Italiana Sindacati Lavoratori</em> [Italian Confederation of Trade Unions, trade union representing various Roman Catholic-inspired groups]</td>
</tr>
<tr>
<td>CGIL</td>
<td><em>Confederazione Generale Italiana del Lavoro</em> [Italian General Confederation of Labour, trade union representing various left-wing groups]</td>
</tr>
<tr>
<td>CNEL</td>
<td><em>Consiglio Nazionale dell’Economia e del Lavoro</em> [National Council for Economy and Employment]</td>
</tr>
<tr>
<td>CRI</td>
<td><em>Commissione Regionale per l’Impiego</em> [Regional Commission for Employment]</td>
</tr>
<tr>
<td>CTC</td>
<td>Competitive tending and contracting</td>
</tr>
<tr>
<td>D.Lgs.</td>
<td><em>Decreto Legislativo</em> [Decree with the force of law]</td>
</tr>
<tr>
<td>DPCM</td>
<td><em>Decreto del Presidente del Consiglio dei Ministri</em> [Decree of the Prime Minister]</td>
</tr>
<tr>
<td>DPR</td>
<td><em>Decreto del Presidente della Repubblica</em> [Decree of the President of the Republic]</td>
</tr>
<tr>
<td>EFIM</td>
<td><em>Ente Partecipazioni e Finanziamento Industrie Manifatturiere</em> [Public body for shareholding and financing of manufacturing]</td>
</tr>
<tr>
<td>EMU</td>
<td>European Monetary Union</td>
</tr>
<tr>
<td>ENI</td>
<td><em>Ente Nazionale Idrocarburi</em> [National Company for Hydrocarbons]</td>
</tr>
<tr>
<td>EUROSTAT</td>
<td>European Union’s Statistics Unit</td>
</tr>
<tr>
<td>FA</td>
<td><em>Formula Ambiente</em></td>
</tr>
<tr>
<td>FIM</td>
<td><em>Finanziaria Industrie Manifatturiere</em> [Financial Company for Manufacturing]</td>
</tr>
<tr>
<td>GEPI</td>
<td><em>Gestioni e Partecipazioni Industriali</em> [Company for Management and Recapitalization of Industries]</td>
</tr>
<tr>
<td>IL</td>
<td>Italia Lavoro</td>
</tr>
<tr>
<td>IMI</td>
<td><em>Istituto Mobiliare Italiano</em> [Italian Institute for Industrial Credit]</td>
</tr>
<tr>
<td>INPS</td>
<td><em>Istituto Nazionale della Previdenza Sociale</em> [National Institute for Social Protection]</td>
</tr>
<tr>
<td>IRI</td>
<td><em>Istituto per la Ricostruzione Industriale</em> [Institute for Industrial Reconstruction]</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ISFOL</td>
<td><em>Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori</em> [Institute for the Development of Labour Training]</td>
</tr>
<tr>
<td>ISTAT</td>
<td><em>Istituto Nazionale di Statistica</em> [National Institute for Statistics]</td>
</tr>
<tr>
<td>ITA</td>
<td>Italian Lira (1 Euro = 1,936.27 ITA)</td>
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<tr>
<td>JMPPPC</td>
<td>Joint mixed public-private company</td>
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<tr>
<td>KWNS</td>
<td>Keynesian welfare national state</td>
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<tr>
<td>MEF</td>
<td><em>Ministero dell’Economia e delle Finanze</em> [Treasury]</td>
</tr>
<tr>
<td>NFE</td>
<td>National Fund for Employment</td>
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<tr>
<td>NP(s)</td>
<td>National Park(s)</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PA(s)</td>
<td>Public administration(s)</td>
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<tr>
<td>PPP</td>
<td>Public-private partnerships</td>
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<tr>
<td>PUJs</td>
<td>Publicly useful jobs</td>
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<td>PUWs</td>
<td>Publicly useful workers</td>
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<tr>
<td>SCO</td>
<td><em>Sviluppo Cooperazione Occupazione</em> [Development Cooperation Employment]</td>
</tr>
<tr>
<td>SDDE</td>
<td>Social Deal for Development and Employment</td>
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<tr>
<td>SUJs</td>
<td>Socially useful jobs</td>
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<tr>
<td>SUWs</td>
<td>Socially useful workers</td>
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<tr>
<td>SUWs-TAA</td>
<td>Socially useful workers employed as technical-administrative assistants</td>
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<tr>
<td>SWPR</td>
<td>Schumpeterian workfare post-national regime</td>
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Chapter 1

Socially useful jobs: an institutional approach to the policy process

‘Our thesis is that the idea of self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of the society; it would have physically destroyed man and transformed his surroundings into a wilderness. Inevitably, society took measures to protect itself, but whatever measures it took impaired the self-regulation of the market, disorganized industrial life, and thus endangered the society in yet another way. It was this dilemma which forced the development of the market system into a definite groove and finally disrupted the social organization based upon it’. (Karl Polanyi, 1944, 3rd ed. 2001:3-4)

1.1 Introduction

After the mid-1970s economic policy underwent radical changes in many western countries. These transformations were mostly driven by the rise of neoliberalism that affirmed the ascendance of a free-market philosophy in the sphere of economics and in other aspects of social life. The retrenchment of the national welfare state and decline of labour protection represented the areas where the most powerful neoliberal assault was felt. Italy was no exception to this transformation, but the peculiarities of Italian capitalism, marked by an extensive and relatively recent state intervention (Hall and Soskice, 2001) determined that this phenomenon occurred later than in other European countries. Furthermore, while the economic role of the state was changing, public institutions and social actors found new ways to respond to the market claims for deregulation, liberalization and privatization. To quote Polanyi’s words, while the markets continued to expand, ‘society protected itself against the perils inherent in a self-regulating market system’ (Polanyi, 2001: 80).

This research analyses the last Keynesian labour market policy in Italy, namely the socially and publicly useful jobs (SUJs and PUJs). The policy concerned the re-insertion of long-term unemployed into the labour market due to their involvement in a large range of services promoted by public administrations, especially at local level.
This thesis examines the evolution of this policy during all its stages (policy-making, implementation and take-up), evaluates its impact on the reduction of unemployment, discusses the ways in which the policy’s outcomes were achieved and also the role played by institutions during this long-term process.

The formation of the policy was a lengthy process which had deep roots in the transformation of the Italian economy started in the '70s. After a sustained period of economic growth which characterised the first two decades following WWII, the post-Fordism era brought a significant downsizing of Italian state intervention in the economy, including substantial industrial restructuring and addressing high levels of long-term unemployment. The people dismissed by large industrial plants which had undergone radical restructuring, remained trapped in a non-work situation for many years, despite still being formally recorded as employed. The extensive use of the wage compensation funds minimised disruption to their economic and social rights but, with a diminishing labour demand, the likelihood of leaving unemployment gradually declined, while the period of unemployment increased. This situation, which had lasted for many years, became politically unsustainable, especially in Southern Italy (called Mezzogiorno), where social disorder occurred in the '80s. Furthermore, efforts made by Italian governments over entry to the European Monetary Union focused on a reduction of the state budget deficit and control of the inflation rate. Therefore the government was forced to cut public expenditure, especially in those areas considered to be structural sources of deficits: pensions, health, public sector employment and local government finance (Della Sala, 2007:25). For these reasons many public bodies had to face severe cuts to their budgets. If, on the one hand they were expected to deliver public services, on the other they were not allowed to replace lost staff. The involvement of long-term unemployed in the delivery of these public services was the best solution to meet both requests: the public administration had access to an economically convenient workforce (paid for by the state) while the unemployed had the opportunity to work.

The socially and publicly useful jobs are considered part of the broader group of active labour market policies\(^1\). What makes the Italian case peculiar is that, since its inception, the policy focused on involving the unemployed in a wide range of

\(^1\) One of the most widespread definition differentiates between active and passive labour policies in the fact that the former provide labour market integration of specific groups of unemployed through demand and supply-side measures, while the latter provide economic benefits to sustain their incomes (Aurer et al, 2005).
public services, created a specific juridical framework within which they could work and the public administrations put a great deal of effort into providing the socially and publicly useful workers (SUWs and PUWs) with these activities. This demand-side approach changed at the end of the '90s when the twist to a Schumpeterian workfare state put pressure on the public administrations to close the projects and privatize the services. The transformation of the policy after 2000 was a long and complex process that involved public institutions and the main actors implicated in the labour market policies. The evolution of their role during this transformation and the impact of their actions on the policy process are analysed in this thesis.

The theoretical framework utilized in this research draws partially on categories proposed by Günther Schmid (1997a) in the International Handbook of Labour Market Policy and Evaluation for policy process evaluation of labour market policies. The author describes this approach as being the third generation of policy process evaluation that aims to overcome the limitations of a single programme evaluation, through the integration of policy formation and policy implementation assessments\(^2\). However Schmid’s approach relies upon a model that presents the labour market functioning as a cybernetic system. It fails to consider the role of institutions in the policy process that represents an important intellectual ground in this research. The analytical categories proposed by Schmidt have therefore been adapted in order to consider the role of institutions during the policy process. The concept of institutions refers to the meaning proposed by Peter Hall, as ‘formal rules, compliances procedures and standard operating practices that structure the relationship between individuals in various units of the polity and economy’(Hall, 1986:19).

As the evolution of this labour market policy was influenced by events that concerned the transformation of the Italian welfare state under the pressure of the neoliberal turn in many western countries, the analysis carried out in this thesis is embodied in a political economy approach. In fact, it will be argued, the shift from Keynesianism to monetarism which had an impact on the entire economic system, transformed this policy in a way that preserved some important features of the demand-side state intervention, and warded off the neoliberal attempt to introduce labour deregulation and a more workfarist approach. For these reasons this policy is presented

\(^2\) An application of this framework can be found in the assessment of the new public management of labour market policy, specifically training programs, in four European countries (Schmid, 1997b:747-789).
in this thesis as the last Keynesian labour market policy in Italy and its connections with the other transformations in the broader economic context are investigated in the following chapter.

This chapter will instead clarify the theoretical framework of this research which is an application of a historical institutionalist approach to the evaluation of the policy process. The first section of this chapter presents the main contributions brought by the principal approaches of policy programmes evaluation which dominated the field for almost thirty years, ‘top-down’ and ‘bottom-up’ approaches. The second section explores the motivations for the choice of a third generation approach that integrates the different stages of policy-making and implementation. In this section criticism of the model proposed by Schmid is raised, explaining why it has been integrated with a historical institutionalist approach. The third section presents the categorical framework used to analyse the policy process in this new perspective. This framework draws partially upon those categories proposed by Schmid, but also includes new categories that consider the role played by institutions, how their interactions changed over time and underpin the causal relations of these transformations. The last section introduces the research methods in relation to the policy stages and the principal sets of data analysed in each chapter.

1.2 Policy programmes evaluation: top-down and bottom-up approaches

There is a large body of literature surrounding the evaluation of policy programmes in addition to a very large number of examined cases. The first generation of studies of policy implementation followed a ‘top-down’ approach, assessing if the policy goals decided by central policy-makers have reached their goals at a local, decentralized level. The second generation of studies was especially developed by European scholars who followed a ‘bottom-up’ approach, stressing the role of implementation in the formation of the policy. In their view, the ‘street-level bureaucrats’ involved in the implementation have a certain degree of autonomy and play an important role in altering and redefining the policy’s goals.

Some of the most important contributions brought by top-downers belong to Paul Sabatier and Daniel Mazmanian (1979, 1980). Drawing on previous scholarly works, they developed a top-down approach for policy implementation which identifies
seventeen statutory and non-statutory variables that influence the implementation process (Sabatier and Mazmanian, 1980:542). These variables are then synthesized

 [...] into a shorter list of six sufficient and generally necessary conditions for the effective implementation of legal objective: 1) clear and consistent objectives; 2) adequate casual theory; 3) implementation process legally structured to enhance compliance by implementing officials and target groups; 4) committed and skilful implementing officials; 5) support of interest groups and sovereigns; 6) changes in socio-economic conditions which do not substantially undermine political support or causal theory (Sabatier, 1986a:23-25).

The criticism brought to the top-down approach is that it assumes the policy has clear and consistent objectives (while most of the policies have partially-conflicting objectives), that the proposed framework does not provide an adequate conceptual structure to look at the policy changes for periods longer than a decade, and that too much focus is put on the program proponents, while it neglects the role of the other actors in a more dynamic way (Sabatier, 1986a:29-30).

The bottom-up approach developed by Bennie Hjern and his collaborators, David Porter, Ken Hanf and Chris Hull (1981, 1982), involved an extensive empirical methodology. These scholars did not start from a governmental program, but from the way in which actors perceived the problems, and the strategies they developed to deal with them. Hjern suggests that the implementation research is about finding an approach to study ‘how well the body politics links good representation of societal aspirations (‘politics’) with their efficient and effective realization (‘administration’) (Hjern, 1982:302). The policy network, built by means of an explicit technique, is used to identify the ‘implementation structure’ (Hjern and Hull, 1982). The bottom-uppers evaluate the interactions between a wide range of actors over time. In this way they are more able to identify strategic interactions, different from those of the program’s proponents. Moreover, as they do not focus on the formal policy objectives, they are more inclined to observe unintended consequences of policy programs (Sabatier, 1986a).

The most serious criticism brought to the bottom-up approach is that it overemphasises the importance of the periphery over the centre, that it takes the participation of actors in the implementation structure as given and, more importantly, that it fails to start with an explicit theory of the factors affecting these actors (Sabatier, 1986a:35).
Since the mid ’80s many scholars have advocated integration between the best features of the two approaches (Elmore, 1985; Goggin, 1986; Linder and Peters, 1987; O’Toole, 1986; Sabatier, 1986b). The necessity to move towards a third generation of implementation research became the preferred subject on the agenda for future research. Lester et al (1987:210-212) stress the need to take steps towards a phase of research directed by theory development which deals with both conceptual issues (e.g. conceptualization of implementation as a process, an output and an outcome; identification of the critical variables) and measurement issues (e.g. multiple variables, large-scale systematic studies, reliability problems in data collection).

An important contribution to theory development belongs to Goggin (1986) who drew attention to the problem of ‘too few cases/too many variables’ in implementation research. According to the author, there are three solutions to this problem: ‘first, decrease the number of variables to only those that are critical; second, increase the number of cases; third, introduce an element of control by selecting cases on the basis of comparability and similarity’ (Goggin, 1986:331).

Linder and Peters (1987:116) warn that there is a high risk of presenting a partial reality that is shaped by the investigator’s values and that ‘selective relativism and limited contingency, the two conventions central to patterns of explanation in implementation research, limit the ability of implementation studies to make important prospective statements about the policy’. Goggin and other scholars believe that a new generation of research studies ‘should achieve an ambitious and difficult goal: theory building and validation on more rigorously scientific, quantitative (both comparative and longitudinal), hypothesis testing’ (Goggin et al, 1990:183).

In assessing the implementation of certain programmes, it is useful to understand the achievement of statutory goals, but this tells us little about the values and intentions that guided the formation of a certain policy (Palumbo et al, 1984). These authors distinguish between successful implementation of a programme and the effectiveness of the policy. The integration into a single approach of the two policy stages (formation and implementation) should help in overcoming these limits.

1.3 An historical-institutionalist approach to the policy process

The central idea of the policy process evaluation proposed by Schmid (1997a:205-206) is that the relationship between the labour market and political systems works like a
cybernetic model: 1) exogenous factors disturb the labour market; 2) these deviances are transmitted to the political system which interprets them and, through the decisional process, new policies are subsequently chosen (policy choice); 3) the new solutions pass into the existing structures for implementation (policy implementation); 4) the resulting measures work as positive or negative incentives determining the success or failure in reaching the policy goals in respect to the selected target groups (policy take-up). Finally, changes in the labour market have repercussions on the political decision-making process and, depending on the adequacy of the decision-making structures, the political system learns (or not) from the whole process.

The approach chosen to evaluate the policy of socially and publicly useful jobs makes a distinction between the three stages of the policy process introduced by Schmid: policy-making\(^3\), its implementation and take-up. There are specific factors that determine this structure of the research and that shape its main questions. Firstly, the policy of SUJs and PUJs have endured for a very long period; it is more than fifteen years since the first data were made available, and this time span has allowed us to learn from the evolution of various stages of the policy process and to evaluate the continuity/discontinuity between determinant factors for the policy outputs and outcomes. Secondly, the factors that led to the policy choice are investigated separately. The problem recognition (Sabatier, 1986b) and the formulation of the first set of solutions are therefore investigated as premises of the policy choice. The rise in long-term unemployment after the de-industrialisation and industrial restructuring occurred in Italy at the end of the ’70s, and the impact of this process on the formation of a specific category of long-term unemployed (former beneficiaries of wage compensation funds), who became the main target of the policy in the mid ’90s, are considered important premises for the formation of the policy of SUJs and PUJs. Thirdly, the key role played by the public administrations as policy implementers re-shaped the policymaking (Palumbo and Calista, 1990). Through the privatization of public services, these bodies became as important as the final policy beneficiaries and their interests vis-à-vis outsourcing determined the characteristics of the policy take-up. For this reason the policy take-up is investigated as a separate phase and the policy outcomes are measured

\(^{3}\) Schmid uses the term policy choice as the culminated stage of the policy-making. Howlett and Ramesh (1995:11) identify five stages of the policy cycle in relationship to applied problem-solving: 1) agenda setting (goal: problem recognition), 2) policy formulation (goal: proposal of solutions), 3) decision-making (goal: choice of solution), 4) policy implementation (goal: putting solution into effect) and 5) policy evaluation (goal: monitoring results). I use the term policy-making to group together the first three stages of the policy cycle (goals: problem recognition, proposal of solutions and choice).
against both its achievements, employment creation and services outsourcing. Fourthly, this analysis does not focus on best practice recognition. Its aim is, instead, to build a ‘pattern recognition’ that helps to understand which key determining variables of the policy system led to specific outputs and outcomes. Among these variables, those concerning the institutional actors play a prominent role (Therborn, 1986), as they made the rise and the following evolutions of this policy possible within a broader transformation of the Italian welfare state. Hall and Soskice (2001) demonstrate that the interaction between institutions in the political economic field differs according to varieties of capitalism; whether these actors seek to pursue their interests in liberal or coordinated market economies. Peck and Theodore (2007) advocate an economic geographical approach showing how the spatial restructuring of the economy creates uneven development and a much more variegated picture of the capitalistic models.

The role of the institutional factors in the policy process is therefore considered crucial; state and institutions are important missing actors in the model proposed by Schmid. The criticism brought against this model is centred around the statement that labour markets do not function as cybernetic models reacting to the disturbance of exogenous factors. As Polanyi powerfully asserts, the economic order is embedded in the social one and labour markets are fictitious markets because labour, as well as land, are fictitious commodities:

[...] labour and land are not other than human beings themselves of which every society consists and natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws on the market (Polanyi, 2001:75).

The policies involving labour market regulation are not constructed in the same way as those concerning the production and distribution of market commodities. Beyond the economic reasons, policies contrasting long-term unemployment firstly have to deal with the disruptive effects of this phenomenon on the social and political orders. Informal rules and cultural factors also play important roles in the policy-making. The policy makers dealing with complex problems arrive at a common idea about what the most appropriate solutions are in certain circumstances, on the basis of a shared understanding of those problems (March and Olsen, 1989). Moreover, the policy-making in itself is not a completely organized process. Olsen (1972:46) suggests that ‘a key to the understanding of public policy-making may be to view a choice
opportunity as a garbage can into which various kinds of problems, solutions and participants may – or may not – be dumped’. All these considerations highlight the complexity of the decision making process and the stability of the policy choices over time. The relation between problems, solutions and participants can be altered at an operational level, where programmes are implemented, and this brings even more dynamicity to the model.

Recognising the central role of institutions in providing the context in which the policy process develops, the approach chosen for this research is historical-institutionalism. This approach is part of a new-institutionalism that emphasises both the role of human actions and that of institutions in the development of the policy process, highlighting the institutions in mediating the interactions between political actors (Thelen and Steinmo, 1992). As far as policy-making is concerned, the neo-institutionalism perspective is summarized by Krasner as follows:

An institutionalist perspective regards enduring institutional structures as the building blocks of social and political life. The preference, capabilities, and basic self-identities of individuals are conditioned by these institutional structures. Historical developments are path dependent; once certain choices are made, they constrain future possibilities. The range of options available to policy makers at any given time is a function of institutional capabilities that were put in place at some earlier period, possibly in response to very different environmental pressures (Krasner, 1988:67).

Historical-institutionalism acknowledges the importance of historical events in the incremental development of the policy process, known as path dependency. This concept is linked to that of the increasing returns of the policy which was explored in depth by Pierson (1994, 2001). In relation to the debate surrounding welfare state retrenchment, Pierson argues that, once a policy takes a particular route, the cost of switching to different routes tends to increase and this makes the change difficult and politically controversial. Myles and Pierson (2001) demonstrated path dependency by analysing the pension reform in OECD countries. Some of the countries undertook radical reforms moving towards the privatization of pensions schemes, but this did not happen in those countries which had well-established institutions where the ‘options opened to policy makers, whatever their politics, are constrained by institutional and programmatic designs inherited from the past’ (Myles and Pierson, 2001:306).

Another important contribution is that belonging to Swank (2002), who questions whether the increased international capital mobility brought about by globalization created pressures for major welfare state retrenchment. He concludes that
the answer to this question is generally no; yet the post-globalization debate about welfare reform was shaped, in many European states, by the existing welfare provisions and by the organization of the national welfare states.

In a similar vein to the writers above, many historical institutionalists maintain that the policies, rather than being the outcome of the policy process, become a central part of the policy process itself. These authors emphasize that policy feedback influences policy development in ways that are impossible to predict. This concept, known as the unintended consequences of the policy choice, was widely explored by Baldwin (1992) in his influential analysis of the origins of the European welfare states.

The role played by institutions in the movement from Keynesians to monetarism in the British economic policy was seminally analysed by Hall (1992). The author shows how certain kinds of institutional configurations favoured inertia, and others favoured change, but both operated during different stages of the British policy process.

Hudson and Lowe (2009) strongly advocate the historical institutionalism approach in policy analysis, yet they present some of the most relevant criticism raised against this approach; firstly, the theoretical weaknesses of some concepts such as path dependency, which cannot be tested empirically and seems too general to be useful (Ross, 2007). In turn, the historical institutionalists highlight the dependency between institutional response and the context within which these institutions are located, and ‘believe that the impact of institutions is too complex to be boiled down to a series of simple propositions that will apply to all cases at all times’ (Hudson and Lowe, 2009:190).

1.4 The categorical framework to analyse the role of institutions during the policy process

The formation of the policy of socially and publicly useful jobs cannot however be separated from other political choices with regard to the Italian economy in the ‘80s and early ’90s. Some important factors, both national and international, determined the different institutional configurations which shaped the policy premises and determined its evolution over almost two decades. The role played by institutions is acknowledged

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4 For a detailed review of the main political theories of the welfare state, see Myles and Quadagno (2002). For a detailed examination of the role of institutions within the policy process and of the new-institutionalist approach, see Huston and Lowe (2009).
in each stage, showing the impact of their interactions on the policy outputs and outcomes. As socially and publicly useful jobs are policies addressing long-term unemployment, they are part of those policies concerning labour market regulation that were subject to considerable pressure during the shift from Keynesianism to monetarism. Market liberalization went at the same pace as labour deregulation and the dismantling of the welfare states. The reactions of the institutions to these processes were however different in different states and, as this research will attempt to prove, this policy marked the end of the Keynesian approach to labour market policies in Italy.

One of the most challenging aspects of this thesis is its aspiration to analyse the policy transformation during the paradigm change. For this reason, different filters are used to analyse the policy organizations structures during its three separate stages. Using Hall’s definition, ‘the term organization is used as a virtual synonym of institution’ because ‘the emphasis is on the relational character of institutions’ (Hall, 1986:19). While the policy-making was developed during a Keynesian welfare regime, the implementation and, in particular, the policy take-up occurred during the Schumpeterian workfare regime. It is therefore expected that this paradigm shift (Hall, 1990) brought about changes to the organizational structures applying the three policy stages.

The categories used to analyses the specific organizational structure that characterize the three parts of the political system (choice, implementation and take-up) are presented as follows.

1.4.1 Policy choice

The first filter is used to analyse the policy choice and the components of the policy-making (chapters 3 and 4). According to the framework proposed by Schmid, ‘policy regimes can be characterized by four modes of social coordination: a value and attitude structure; an associative structure; the social system of material exchange (the market); and the state’s basic legal structure’ (Schmid, 1997a:209-212).

These categories are contextualized in this research within the general frame of the Italian corporatist welfare regime. Therefore the organizational frame employed in the policy choice evaluation makes use of the following categories: the value structure analyses the values that underpinned the gradual formation of the policy,
focusing on two different stages apparently contradictory to each other²; *the associative structure* analyses the relationships between the main interest groups and the state; *the market economy regime* analyses the structure of wage subsidies and the use of the public sector. Finally, the *state’s legal structure* is founded in Italy on the tradition of civil law. The main components of the policy’s ‘legal infrastructure’ are analysed, showing how the change in regulation in 2000 determined a policy turn.

### 1.4.2 Policy implementation

The second filter is used to analyse the policy implementation (chapter 5). In the framework proposed by Schmid there are four organizational structures of the implementation regimes: a competence structure; a decision making and responsibility structure; a financial and production structure; and the legal form and the content of the programs (Schmid, 1997a:212-215). As the policy of SUJs and PUJs was designed with a specific purpose and addressed a precise target group, the way in which the legal form and the content of the programs achieved specific configurations is explained in the chapter that evaluates the policy choice. The other three organizational dimensions proposed are instead adapted to the institutionalist approach of this research and a new fourth dimension is added.

The revisited categories applied to assess the policy implementation are as follows: the behaviour of the institutional actors involved in the implementation in relation to the implementation goals (*competence structure*); the interactions between these actors during the decision-making process and their responsibility towards the implementations objectives (*decision making and responsibility structure*); the way in which the policy implementation was financed and the services provided (*financial and production structure*); the key variables that accelerated/impeded the policy

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² Due to economic and social premises that brought to the formation of a structural unemployment concentrated in certain geographical areas, the policy debuted with a more workfarist approach in the mid '90s. This approach was driven especially by communication reasons that allowed policy makers to present this policy as a way to cut public expenditures and prevented publicly and useful workers from being considered a category of ‘favoured’ unemployed (analysed in chapter 3). The enlargement of the policy target to new categories of unemployed and the legislation passed in 1997 affirmed the demand-side approach of the policy choice, centred on job-creation schemes and promotion of employment in new sectors (analysed in chapter 4). Drawing on the game theory, Schmid (1997a:209-210) identifies four types of value and attitude structure: ‘aggressive-individualistic (minimizing the benefit for others); competitive-individualistic (maximizing the benefit for oneself); solidarity-cooperative (maximizing the benefit for oneself and others) and altruistic-communitarian (maximizing the benefit for others)’.
implementation and the relation between them and the policy outputs/outcomes (catalysts structure for policy implementation).

1.4.3 Policy take-up

The third filter is used to analyse the policy take-up (chapter 6). This is the third phase of the policy system when the measures adopted as the result of program implementation determine a positive or negative performance of the target group in respect to the policy goals. The ultimate goal of the policy of SUJs and PUJs was the re-insertion of long-term unemployed in the labour market. In policy jargon this is known as ‘employment stabilization’, and its achievements are intrinsically linked to the public services outsourcing. The organizational structure of the incentive regimes proposed by Schmid (1997a:215-217) contains four different types: moral, social, economic and political incentives. Only the last two are considered relevant for this research but, again, the competences and responsibilities of the institutional actors involved in this stage have been assessed.

Therefore, the categories applied to assess the policy take-up are as follows: the behaviour of the institutional actors involved in the ‘employment stabilization’ in relation to the final policy goal (competence structure); the interactions between these actors during the decision-making process at a project’s closure and their responsibility towards the ‘employment stabilization’ (decision making and responsibility structure); the financial rewards related to the policy take-up and incentives derived from legal entitlements that strengthened/weakened the other incentives (incentives structure); the key variables that accelerated/impeded the policy take-up and the relation between them and the policy outputs/outcomes (catalysts structure for policy take-up).

As can be observed the filters used to analyse the policy implementation and take-up have many similarities. This is because there is continuity both between the stages of the policy and the institutions involved, namely public administrations, trade unions, public agencies and the central state (Ministry of Labour). Some of the public agencies involved in these two stages changed (agencies for job and enterprise promotion during the policy implementation, and IL/SCO during the policy take-up), while the employers (private companies and cooperatives) acted during the policy take-up.

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6 Italia Lavoro and Sviluppo Cooperazione e Occupazione (Development Cooperation and Employment)
up only. The private companies were present as individual actors and not through their associations, while the cooperatives were represented by three national consortiums stakeholders of SCO (chapter 6).

Although the same key institutions are involved in both implementation and take-up, the competence structure and the decision-making and responsibility structure differed in these two policy stages.

The competence structure can be more demand-oriented or supply-oriented, according to the goals pursued in each of the policy stages. If the actions promoted by the public actors aimed to create new job opportunities for the unemployed within the projects, the competence structure was more demand-oriented. If, instead, the unemployed were pressed to exit the projects and search for new jobs, there was a more supply-oriented competence structure.

The decision making and responsibility structure refers to the ways in which legal provisions, brought about by the policy-making, are transformed into operational activities. This can be either hierarchical-centralized, autonomous-decentralized or cooperative7 (Schmid, 1997a:213). In the first case an actor has the responsibility for the whole process and decisions are transmitted to the other policy actors through a hierarchical structure; in the second case there are different actors with self-directed responsibilities involved in various stages of the policy process; in the third case decisions tend to be made cooperatively and the different levels of responsibility are agreed between the actors.

Finally, policy outputs and outcomes analysed during the implementation and take-up phases, are exemplified through a multiple case studies analysis (chapter 7) and are drawn together in the last chapter that aims to identify patterns of policy process evaluation in a dynamic perspective.

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7 Drawing on collective action and bargaining theories Schmid (1997a:213) explains that ‘there are at least five reasons for cooperation: externalities, assistance, conventions, joint ventures and private ordering. Collective action theory deals with the first two types of cooperation and bargaining theory with the last three. Collective action theory identifies the free-rider problem as the main obstacle to cooperation. Bargaining theory suggests that the main problem is failure to agree on the division of the benefits from cooperation’. 
1.5 Research methods relating to principal sets of data

1.5.1 Combining quantitative and qualitative methods

The analysis carried out in this research employs both quantitative and qualitative research strategies. The multi-strategy approach that aims at breaking down the divide between these two strategies can, however, be viewed as somewhat controversial. The arguments against multi-strategy research are based on ‘the ideas that research methods carry epistemological commitments and that quantitative and qualitative research are separate paradigms’ (Bryman, 2001:452). This is the ‘epistemological version’ of the debate which differs from the ‘technical version’. The latter, although recognising connections between quantitative and qualitative research, and distinctive epistemological and ontological assumptions, does not view these connections as deterministic and perceives research methods as autonomous (ibid.454).

Hammersley (1996) proposes three approaches to multi-strategy research: 1) triangulation (one strategy is employed to confirm the other strategy’s findings); 2) facilitation (one strategy is employed to help the other research strategy) and 3) complementarity (both strategies are used to explore different aspects of the investigation). In recent years, there has been an increased interest in triangulation as this approach is seen as a way to obtain confirmation and greater completeness (Arksey and Knight, 1999). Drawing on Denzin’s work which introduced the notion of ‘multiple triangulation’, Arksey and Knight (1999:22-23) introduce different types of triangulation that are available to enrich the quality of research: methodological triangulation (referring to the use of a variety of methods to collect and interpret data); data triangulation (referring to the use of diverse data sources to explore the same phenomenon); investigator triangulation (referring to the participation of different researchers, interviewers or observers in the study) and theoretical triangulation (referring to approaching the research with different theoretical perspectives in mind).

In this research, the ‘technical version’ of the debate referring to combining quantitative and qualitative methods is embraced. Different methods of collecting and interpreting data are used complementarily, with the purpose of integrating different aspects of the policy analysis.

The specific research techniques have been chosen in relation to the theoretical framework employed. As the analysis focuses on the role of institutions in
the development of the SUJs and PUJs policy over a long period of time, great effort was put into collecting data in order to capture the policy evolution and especially those factors that influenced the policy process in its various stages and determined its outputs and outcomes. The transformation of the policy itself is the object of analysis and this was determined by events, timing and locations; all of these variables performed in different ways during policy-making, implementation and take-up.

The guiding principle of theorising in this research is not a causal explanation, but an identification of patterns and interpretation. Coffey and Atkinson (1996:143) state that:

it is not necessary [...] to assume that all theories need to consist of causal explanations. Many of the theories generated from qualitative research [...] often take the form of ideal types [...] They are intended to capture the key features of a given phenomenon without necessarily displaying all the particulars of individual cases.

However, the effort of going ‘beyond the data’ to develop ideas, raises some questions regarding the processes of generalizing and theorizing (ibid.139), which is why a wide range of data connected to the evolution of the policy at every single stage have been collected. They are briefly described in the following subsections, together with the motivation that led to their choice.

1.5.2 Policy process: data, sources and methods

The first part of this thesis (chapters 3, 4, 5 and 6) analyses the policy-making, implementation and take-up. The main institutional actors involved in these stages of the policy process are: the central state (Ministry of Labour), public agencies/structures for the implementation of labour-market policies (IL and SCO), local public administrations and public bodies, trade unions, and associations of entrepreneurs (including consortiums of cooperatives).

Different sets of quantitative and qualitative data are analysed in chapters 3-6 with the aim of presenting a detailed analysis of the policy stages, focusing on the roles played by the institutional actors in each of them.

The main sets of data and their sources are briefly presented as follows:

- Quantitative data from CENSUS sources: employment trends and the geography of unemployment (1970-2010); total expenditure allocated to different typologies of unemployment aids (1990-2002); stock of
unemployed involved in SUJs and PUJs in various years (1997-2001); total number of employees in public sectors and related quota of SUWs (2001-2010); state expenditure for various typologies of allowances paid to SUWs (2003-2009).

- Unpublished quantitative data from the Ministry of Labour, IL and SCO: state expenditure for the special laws and agreements related to the policy take-up in the regions of Southern Italy after 2000; total number of SUWs per region and per typology of ‘employment stabilization’ (2001-2011); number of SUWs and PUWs employed and related costs; data concerning the transfer of the joint mix companies from IL to the public administrations or private companies.

- Qualitative data from policy documents and legislation: the five main agreements signed by the social partners and the state during the period 1992-1998; the main legislation that constituted the juridical body of the policy, various reports prepared for the Parliament.

- Unpublished qualitative data from policy documents prepared by IL and SCO concerning the ‘employment stabilization’ of SUWs and PUWs.

- Qualitative data from in-depth semi-structured interviews with top-level representatives involved in policy-making, implementation and take-up: the labour minister, two under-secretaries of state and two general directors at the Ministry of Labour, five trade unions’ executives responsible for active labour policies, the two presidents of IL, the general manager and one executive at the Division of joint mixed public-private companies of IL, three presidents of the consortiums of cooperatives members of SCO. As the research emphasises the policy transformation during the paradigm change, it was relevant and necessary to interview institutional stakeholders with such responsibilities, both before 1998/2000 and afterwards.

- My personal narrative as executive in SCO is presented in a separate section in chapter 6. The ethical concerns regarding my personal participation in the policy implementation and take-up are analysed in a following sub-section.

In-depth interviewing, the main qualitative method involved in this part of the research, seeks to gain ‘‘deep’’ information and understanding’ (Johnson, 2001:103).
The interviews were carried out to obtain the following information, essential to understanding the policy process:

- The problem recognition in the ’80s and mechanisms which determined the choice of certain solutions (the introductions of special instruments, emergency policies and a shift from passive benefits to welfare-to-work policies, chapter 3).
- How international and national constraints shaped the first set of solutions in the early ’90s and the role played by social actors in determining them (policy formulation during the period preceding the Italy joining the EMU, chapter 3).
- How the policy choice brought about the creation of socially and publicly useful jobs in the late ’90s, as part of a broader labour-market reform (a shift from welfare-to-work to job-creation schemes, chapter 4).
- How the policy changed in 2000 under the pressure of a new neoliberal approach aimed at labour-market deregulation, privatization of public services and devolution of the state’s administrative authority to the regions (the Third Way politics and the welfare state retrenchment, and their influence in the policy change, chapter 4).
- Which factors and actors influenced the policy implementation during the start-up of SUJs and PUJs projects, and what consequences this had for the policy process (projects start-up and execution, delivery of public services, chapter 5).
- Which factors and actors influenced the policy during the closure of SUJs and PUJs projects and what consequences this had for the policy take-up (projects closure, privatization of public services and new employment for SUWs and PUWs, chapter 6).

In carrying out in-depth interviews three guiding themes are proposed by Rubin and Rubin (1995:19) as an approach to qualitative interviews: the understanding of culture, the recognition of the non-neutral relationship with the participants and the priority given to the public voice of the interviewees. All these themes have been acknowledged during the carrying out of the research as well as in the analysis of the data collected.
1.5.3 Different perspectives of the policy take-up: data, sources and methods

The second part of this thesis analyses in detail how the ‘employment stabilization’ occurred and the consequences this had for different groups of SUWs and PUWs. This also investigates the subsequent stages of the programs’ closure during the five-year period when the services were outsourced. This is achieved through a multiple case-study analysis (chapter 7). The case study ‘is an exploration of a “bounded system” or a case over the time, through detailed, in-depth data collection involving multiple sources of information rich in context’ (Creswell, 1998:61). For this part of the research a ‘collective case study’ (Stake, 1998:89) was chosen, with the purpose of exploring different perspectives of the policy take-up at a micro-level. This ‘collective case study’ is a combination of the following four case-studies: 1) a cooperative formed by PUWs in Calabria; 2) a cooperative formed by SUWs in Puglia; 3) a joint mixed public-private company which employed SUWs in Puglia and 4) a national public body in Abruzzi, which directly employed SUWs who had been previously employed and then dismissed by a private company.

In three of these cases the public agencies participated as policy facilitators: SCO in the creation of cooperatives, and IL in the formation of the joint mixed public-private company. The fourth case starts by describing the failure of the previous ‘employment stabilization’ facilitated by SCO through one of its cooperatives which had employed the SUWs and, after five years, dismissed them.

The choice of this more complex type of policy take-up, which requires the involvement of a public agency as ‘facilitator’, represents the key feature of all case studies presented in this research. This is because the research explores the role of institutions in reaching the policy goals. To a certain extent it can be assumed that, every time the ‘employment stabilization’ did not require the involvement of IL or SCO, no obstacles were encountered during the policy take-up. However, the case study analysis highlights certain problems which are likely to appear, even in these more straightforward situations.

The quantitative and qualitative data presented within the case studies draw on multiple sources of information, as follows:

- Semi-structured interviews with the policy beneficiaries (SUWs and PUWs), the policy actors involved at local level in the ‘employment stabilization’ (public administrations, trade unions, IL and SCO as ‘facilitators’) as well as
with some external participants who played an important role during the services start-up, e.g. consultants or tutors.

- Documents related to the privatization of public services and the closure of projects: business plans, archived documents belonging to IL and SCO, contracts and legal documents prepared for the public administrations.
- Balance sheets of the cooperatives and joint mixed company, to assess the evolution of their business over a period of at least five years of the contracts.
- My personal observations from the field. Most of these data have been taken in the form of notes which I transcribed and then included in the analysis.

The data collected through the interviews within case-studies are organized according to themes, which are the same in all four cases. These themes are analysed in detail in each case study and then become components of the policy patterns in the concluding chapter.

1.5.4 Data analysis

In analysing the relationship between social theory and social research May (2001:28) states that: ‘data are not collected, but produced. Facts do not exist independently of the medium through which they are interpreted, whether that is an explicit theoretical model, a set of assumptions, or interests that have led to the data being collected in the first instance’.

The way in which data are constructed is therefore fundamental in social research. This thesis involves both analytical and interpretive processes because ‘they work in tandem in the construction of meaning’ (Ely et al, 1997:160). The interpretation mode is used to ‘draw meanings form the analysed data and attempt[s] to see them in a larger context’ (ibid.), while the analytical mode is used to organize patterns and themes embodied in each stage of the policy process. Often patterns and themes are distinguished in data and these findings are grouped in relation to each other or are interpreted against a larger theoretical framework.

The data collected through interviews with institutional stakeholders are used in the construction of narratives that conceptualize the process of policy-making (Czarniawska, 2001). Direct quotations from interviews are incorporated in the analysis.
of other sets of data and are linked to the theoretical stances. Data presented in the 'collective case study' are instead analysed differently. A description of the themes which characterise the four case studies is given at the beginning, while a thematic analysis across the cases is presented in the conclusions of the thesis (chapter 8); the former is called 'within-case analysis’ while the latter is called ‘cross-case analysis’ (Creswell, 1998: 63). The analytical technique used for single case study is the ‘explanation building’ (Yin, 2003:120-122). Its principal aim is to build an explanation around the case in a narrative form, identifying causal links that reflect critical insights into the policy.

The most important problem I have encountered with respect to data collection and analysis is my direct involvement in the policy take-up when I was employed in SCO. I am aware that this direct participation in the policy process could jeopardise the validation of my assessments. Since the beginning of this research I have gone to great lengths to access a large number of diverse sources that would allow me to apply methodological and data triangulation. Moreover, before starting the research I made some specific decisions concerning my data: firstly, I chose to interview only stakeholders with whom I had had no previous contact with during my work commitments; secondly, I have never been directly involved in the case studies presented in this research and I have never worked for those named public administrations and unemployed; thirdly, I deliberately chose not to interview my former managers in SCO; data concerning the activity of the company were collected from official documents and through interviews with the managers of the three consortiums of cooperatives, members of SCO; fourthly, a critical analysis of the role of SCO during the policy implementation and take-up, also including my personal account, is presented in chapter 6. Despite the criticism which this research could face due to my direct participation, I would like to acknowledge the importance of my status as former ‘policy insider’ in collecting a large amount of unpublished data, as well as in understanding the nuances and the technical language of my interviewees. Moreover, the fact that I and my interlocutors shared a common feeling concerning the complexity of this policy, helped to create a more positive disposition towards accessing a deeper

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8 The fourth case study represents, partially, an exception from this rule because I was involved with policy beneficiaries directly during the first ‘employment stabilization’. This project was closed with the workers being employed by a cooperative of the SCO’s network, but after five years the ‘stabilization’ failed and the workers again became unemployed. The public administration ‘took them back’ and employed them directly. The first part of this ‘story’ is critically presented at the beginning of the case.
understanding of the policy development. In other words, my interviewees always answered my ‘how’ and ‘why’ questions and it was perhaps my previous understanding about the ways this policy worked, that helped them to reveal different layers of the policy process.

All interviews were carried out in Italian and, with the exception of some technical terms, they include a standard use of the language. The interviews were recorded and then transcribed in Italian. The parts analysed in this thesis have been translated into English.

1.5.5 Researcher’s positionality

This section presents further insights from the process of data collection, focusing on the difficulties encountered, the solutions found to overcome them and the ways in which the researcher’s positionality has impacted on both. Before beginning qualitative data collection I was aware that a researcher is not in a neutral position. Feminist researchers conceptualized the existence of power-relations in the process of production of knowledge (Harding, 1987; Ramazanoğlu and Holland, 2002).

The relationship between myself and my interviewees had an impact on the research design and also influenced the research outcomes. Haraway (1988) criticises the constructionist discourse regarding the objectivity and scientific method in social sciences, in which she opposes the approach of critical empiricism employed by feminist researchers. She asserts that ‘feminism objectivity means quite simply situated knowledges’ (1988:581) and advances criticism against the ‘positivist arrogance’ (ibid. 580) that ignores the importance of genders, social classes, races etc. in shaping our understanding of natural, human and social sciences.

Although my research methodology does not use a feminist approach, I acknowledge two main factors that determined my interaction with the subjects of my research and, to a certain degree, shaped my understanding of the policy of SUJs and PUJs. The first factor was my previous direct involvement in the policy process, while the second was my educational background and, particularly, the fact that the interviews were part of a PhD research project undertaken in the UK.

My previous work experience as a policy practitioner was both positive and challenging. On the one hand, my broad knowledge of many aspects of the policy process allowed me to address very specific questions and to verify the accuracy of the
answers. On the other hand, my interviewees felt that I knew ‘too much’ about certain arguments that they would have preferred not to discuss in depth, in particular ‘why’ questions addressing the motivation of various choices made by the institutional actors during the policy-making and implementation. This difficulty was overcome with a very clear presentation of my research purposes. Many of my interviewees were surprised that ‘somebody dedicates a PhD to such a lengthy and complicated story’ that has remained almost unknown outside the playground of its direct protagonists.

At this point, the second factor, my educational background, proved interesting for my interviewees. My personal ‘story’ as an educated-foreigner who came to Italy, learned ‘their’ language, became involved in a policy concerning the long-term unemployment and then decided to explore in depth this policy thorough a PhD research carried in the UK, was seen as something of genuine interest for Italy and its ‘complex problems’. This consideration applies particularly to the interviews carried out with the policy stakeholders, most of whom held key positions in various institutions. Even though most of the policy-makers were men who had important roles in the policy process, I never felt I was in a subservient position and neither did I feel that the gender factor played a role during the interviews.

As concerns the four case-studies, my interviewees were very interested in ‘telling their stories’. Many of the people I spoke to would have preferred me to write something less serious than a long PhD thesis; a narrative that would have presented their achievements, and promoted their companies and institutions to a far broader audience. However, they understood the nature of a research project and allowed me a considerable amount of time for the interviews, together with their enthusiasm. I admit that the relationship created between myself and my research participants made my work become more of a ‘with’ and ‘for’, them, rather than ‘about’ them (McDowell, 1999).

The selection of the four case-studies was not taken lightly. First of all, speaking with my former colleagues in SCO and Italia Lavoro, I searched for cases that would allow me to collect data concerning different policy stages. I was interested in successful, but problematic stories, in other words projects that had positive outcomes, but encountered difficulties during implementation and take-up. My aim was to collect data from contrasting narratives that would allow me to explore different aspects of the policy process. The cooperative of PUWs in Casabona is a case that displays almost all elements of an entrepreneurial choice. It is a successful story but there are many turning
points that could have led to different results. The cooperative of SUWs in Grottaglie represents a case of a successful story that ended negatively. It is interesting to see how the existence of positive outcomes during implementation and take-up did not protect the cooperative from the risk of failure. The joint mixed company in Taranto encountered many difficulties from its outset. Some of them were overcome, but many of them remained risk factors for the company. Its future is highly uncertain. The case of the National Park is extremely interesting and provides a very good insight into the choice between outsourcing and in-house provision of public services.

The cases are located in different geographical areas, this being another criteria that I used for my selection. Once I have received information about the potential ‘good cases’, my former colleagues acted as ‘middle-men’ and helped me to make the first telephone contact. In the case of the National Park I contacted two of its employees who had been involved in the closure of the SUJs project directly. In all four cases the presidents of the cooperatives, the president of the joint mixed company and the director of the National Park made themselves available for interview and put me in contact with other members of their organizations.

In order to allow triangulation of data collected through interviews, I have used other channels for collecting quantitative data for these case-studies: SCO’s and Italia Lavoro’s archives for documents concerning projects’ implementation and closure, and the Chambers of Commerce for balance sheets and reports.

The whole personal experience of qualitative data collection was very positive. It took me a certain amount of time to schedule the interviews with the policy-makers and to carry out the interviews in the different regions. In all situations it was very positive being flexible and respecting my interviewees’ time constraints. Before completing the analysis of the data collected, I again contacted the four organizations to obtain the latest updates. With the exception of the cooperative of Grottaglie (which had become insolvent) all the others provided me with the data requested, re-confirming their genuine interest in this research and its outcomes.

1.5.6 Ethical concerns

This final subsection deals with some specific issues regarding the ethical principles of the social research (Bryman, 2001:509): how to avoid harming participants; how to
avoid the lack of informed consent; how to avoid invasion of privacy; how to avoid deception.

During my research practice I faced only the second and the third areas of potential problems. The most straightforward way to avoid the lack of informed consent was to prepare an ‘Interviewee Information Form’ containing the following information: research title and purpose, nature of participants’ involvement in the research, the fact that the participation in research is voluntary and they can withdraw from it at any time, and how data will be stored and processed. Moreover, before starting an interview I always spend time giving additional information and responding to the interviewees’ questions. In this particular research, the questions were often related to the reasons that lay behind my interest for this policy analysis, and the nature of my direct involvement in the policy process.

As concerns the invasion of privacy, the interviewees were informed on the same form about the fact that data are processed anonymously, and specific written consent was asked to publish their identity. Despite the fact that all participants declared that information given during the interviews was ‘not secret’, none of them gave explicit consent for their real identity to be used; all of them instead agreed to have their initials used. All data were stored in electronic format which was anonymised and protected with passwords.

1.6 Conclusion

This chapter presented the theoretical framework of the research, the categories of analysis employed in the evaluation of each stage of the policy process, as well as the research methodology and methods relating to data collection and processing. Framework, categories and methods are linked back to the policy of socially and publicly useful jobs throughout this chapter in order to contextualize the use of a historical-institutionalist approach in a policy process evaluation.

The analysis of the policy of socially and useful jobs during the shift from the Keynesian paradigm to monetarism remains the most challenging aim of this research. The model proposed by Schmid (1997a) that connects the three stages of the policy system (choice, implementation and take-up) is fundamental to the analysis of this policy that had a long period of gestation and has also lasted for many years. This third generation of policy process evaluation should overcome the limitations of the
‘top-down’ and ‘bottom-up’ approaches which usually emphasized one of the two main parts of the policy process, its formation or implementation. The main theoretical stances developed by these two approaches were presented in the first section of the chapter, while the justification for the choice of a policy process evaluation approach was presented in the second section.

It was emphasised that, compared with the other two approaches, a third stage of the policy process was considered in this model; the policy take-up. It is this that makes it possible to gain a better understanding of the dynamics which led to the policy outcomes in relation with the target group. It was argued that this analysis is even more pertinent for the policy of socially and publicly useful jobs which allowed the long-term unemployed to re-enter the labour market, but also stressed how important the outsourcing of public services became for certain public administrations, and this became the policy’s principal goal in the stage of the projects’ closure. It is crucially important to investigate the reasons which made the services outsourcing become more than a means to an end and to explain how this influenced the policy outcomes.

However, the representation of the labour market as a cybernetic model that responds to exogenous factors was completely rejected. Starting from Polanyi’s seminal critique of market liberalism and his concept of embeddedness of the economic order in the society, it was explained why the evaluation of a labour market policy cannot disregard the crucial role played by the state and institutions in each stage of the policy process. For this reason, it was argued, the historical-institutionalist approach was chosen for this evaluation and the categorical framework proposed by Schmid (1997a) was amended accordingly.

The categories that will be employed for the policy process evaluation from an institutionalist perspective were presented in the third section. These categories draw principally on Schmid’s framework for the policy choice, but differ considerably in the policy implementation and take-up. In these two stages the competence, decision making and responsibility structures of institutions are investigated, alongside the key variables that accelerated/impeded their actions towards reaching the policy’s outputs/outcomes.

The research methods were presented in the fourth section. The combined use of quantitative and qualitative research methods was explained in the first subsection, while the following two subsections detailed the different sets of data, their sources and the specific methods used to collect them, during each stage of the policy
process. The main quantitative methods involving in-depth interviews and case-study analysis were further explained. The methods of data analysis were presented in the fourth subsection together with certain problems raised by the investigator’s direct participation in the policy take-up. It was also explained that an interpretative technique will be used for the analysis of data concerning the policy system, while an analytical technique called ‘explanation building’ will be used for the case studies analysis. The last subsection dealt with ethical concerns, mainly the lack of informed consent and the invasion of privacy.

The policy analysed in this thesis is part of a more profound transformation which involved the labour market regulation in Italy. It cannot be analysed outside a broader frame of the political economy which signalled the end of Keynesianism and the rise of neoliberal practices in the economic and social orders. The most important consequences are witnessed by the severe attack upon the old-welfare practices based on rights-entitlements and the gradual introduction of the workfarist approach driven by the ‘Third Way’ politics. These changes are investigated in the next chapter in relation to the policy of socially and useful jobs which was particularly, and even surprisingly, resilient to a great part of them.
Chapter 2

Welfare state in the transition from Keynesianism to Monetarism

‘The outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes’.

(John Maynard Keynes, 1936:372)

2.1 Introduction

The policy of socially and publicly useful jobs was introduced in the 1990s as the ultimate solution to reduce long-term unemployment. Its causes can instead be viewed through various crises of Italian capitalism in the previous two decades. While, in OECD countries, the first oil crisis was fought with Keynesian demand management policies, this did not occur during the second oil crisis when the strategy chosen focused on the reduction of inflation and compression of macro-economic demand (De Cecco, 2000). This policy accentuated the dire situation of the Italian public debt, and the restructuring that occurred in the industrial sector brought increased productivity at the expense of extensive redundancies. The public accounts received a hard knock and the welfare caseloads seemed unable to sustain the large number of people taking early retirement as well as the cost of unemployment benefits put in place to face social emergencies. At the same time, under political pressure, the public companies were asked to take on more workers in order to compensate for the harsh downsizing of the private sector. This situation led to an increase in the public enterprises debt and to the deterioration of their economic performance. For all these reasons, ‘the economic authorities of the emergency years agreed on the necessity, and also on the desirability, of sacrificing the public enterprises for the restructuring of the public budget’ (De Cecco, 2000: XXVI). If, on the one side the policy pursued in the late 1980s focused on cashing in on public assets, on the other side, the contraction of the welfare expense became the other priority. The change in legislation concerning the wage compensation funds and the introduction of other types of unemployment benefits made the paths followed by the various categories of unemployed clearer, but did not help these people find new job opportunities. The involvement of the long-term unemployed in the delivery of local public services was an attempt to make their benefits socially useful,
but also to find a temporary solution to the dramatic lack of blue-collar workers in the public sector. However, the restructuration of the Italian welfare state continued and, at the end of the 1990s, privatization was intrinsically involved with the sector of local services.

This chapter is organized into two large sections, each divided into five subsections. Starting from the principal Keynesian ideas about the role of macroeconomic policies in maintaining high rates of employment, the first section investigates the main areas of welfare state intervention in relation to policies tackling unemployment, focusing on the structural features of labour market regimes presented in Esping-Andersen’s taxonomy. These characteristics are important in understanding the early foundation of SUJs and PUJs and the role played by different actors in the policy formulation. Some issues concerning the trade-off between equity and efficiency are also analysed in this section since this debate played an important role in reshaping the political agenda of many governments in the ’90s, following the fiscal crisis of the state. Attention is paid to the contentious issue of the introduction of a basic income, which has provoked heated debates, yet limited results in the reform of the Italian welfare state.

The second section presents the theoretical foundations of the shift from the Keynesian welfare state to a Schumpeterian workfare regime brought about by the monetarist counter-revolution and the main theoretical debates surrounding the privatization of public services. The policy studied in this thesis passed through various stages, each of them characterised by a different yet important role of the Italian welfare state.

In many European countries, the welfare state was undermined by many changes and workfare practices were diffused in an attempt to prioritize economic policies over social policies (Jessop, 2000). The activation of the unemployed became core to the new paradigm which focused on supply-side policies and put pressure on welfare caseloads. I will argue that despite important transformations brought about in other segments of the labour market, the policy of socially useful jobs was particularly resilient to these changes and the role of the state and its institutions was reinforced during this process.

In this section, particular attention is paid to the impact of the Third Way principles on Italian labour-market policies. I will focus on the practices introduced by the New Social-Democrats’ New Deal in the UK that entered the Italian political scene
almost at the same time and the government led by Massimo D’Alema showed strong empathy with Tony Blair’s politics. The Italian reform stressed activation, employability and market deregulation; following this, a significant transformation of the socially useful jobs was announced, by means of privatization of public services and greater involvement of local actors in the policy process. Again, the state’s institutions played a crucial role in this stage and the whole policy process was mediated through public actors. The last subsection presents the main theoretical debates concerning services outsourcing and public-private partnerships, in order to underline some relevant arguments in relation to the last stage of the SUJs and PUJs projects.

2.2 Keynesianism, welfare state and unemployment

2.2.1 Keynesianism and full employment

The opening quotation of this chapter, taken from Keynes’s famous work *The General Theory of Employment, Interest and Money*, underpins the leading idea of this thesis; specifically that long-term unemployment is one of the most important market failures in the capitalist economies and one of the main sources of inequality. Keynes was convinced that ‘the world would not much longer tolerate unemployment’ which in his view was ‘inevitably associated with present-day capitalistic individualism’ (Keynes, 1936:380). Heated academic debates have developed surrounding the benefit of state intervention in the economy in contrast with the advantages of free market competition, yet the most important confrontations have been played out in the arena of public policies.

Since the time of *The General Theory’s* publication, economists have questioned various aspects concerning the theory of full employment. Kalecki (1943, on-line reproduction 2010) suggested that ‘there is a political background in the opposition to the full employment doctrine, even though the arguments advanced are economic’. He noted that, although the profits would be higher under a regime of full-employment than under a laissez-faire regime, ‘discipline in the factories’ and ‘political stability’ are more appreciated than profits by business leaders. Their class instinct tells them that lasting full employment is unsound from their point of view, and that unemployment is an integral part of the ‘normal capitalist’ system’(ibid.). In the post-1973 era, full employment ceased to be a goal on the political agendas of many
governments and the advanced capitalistic democracies appeared to converge ‘in their incapacity of ensuring both full employment and balanced economic growth’ (Esping-Andersen, 1990:164). At that point in time, the welfare state was in the difficult position of negotiating between public commitment to social justice and private economic interests which are, apparently, incompatible.

During the post-war reconstruction, when Keynesian ideas gained increasing economic, administrative and political viability (Hall, 1989), similar policies which promoted labour-intensive public works to stimulate employment were implemented in certain western countries. The counter-cyclical demand-management policies\(^9\) were familiar tools for many policy makers in that era, but the power of Keynesian economics consisted of the implementation of those polices and the empowerment of those institutions that would allow the state to take an active role in the economic management. During the period 1945-1970, many policy makers in Europe, the USA and Japan were influenced to a certain extent by Keynesian ideas\(^10\), although deficit-spending policies were not implemented in many of these countries.

The economic growth in Germany was supported by the social market model; dirigisme was the economic policy in France in the thirty years following WWII; there was structural intervention by the state in the Italian economy in significant parts of industry and the banking systems; in Japan the state and enterprises commonly agreed policies in order to sustain supply and exports from the most dynamic sectors; in the UK the state directly controlled entire sectors of the economy and demand-management policies were used to stabilize the economy, mainly through fiscal interventions (Romani, 2009:121-122). In Italy, between 1951 and 1963, GDP rose by almost 6% per year, unemployment dropped from 10% at the beginning of the period to 3,9% at the end, and prices increased by approximately 3% annually (ibid.).

\(^9\) This definition usually refers to a combination of fiscal and monetary policies for stabilizing economic cycles. For a recent extensive analysis of Keynes’s theoretical system embodied in *The General Theory* and other writings, see Sheehan (2009).

\(^{10}\) I do not refer here to the evolution of the Keynesian model. The most important Keynesian followers were at Cambridge University in the U.K.: J. Robinson, P. Sraffa, N. Kaldor and M.Dobb. They refuted the idyllic image of capitalism proposed by the neoclassic economists. The American economists tried to find a synthesis between the old theories concerning the income formation and Keynesianism. This attempt was called the neoclassic synthesis. Some of the most important contributions have been established by Hicks (integration of the Keynesian and neoclassical theories in a short-term model), Modigliani (Hicks’ model amended with the introducing of flexible wages), Modigliani and Brumberg (the life cycle theory of consumption), Tobin and Baumol (the theory of the preference for liquidity in relation to the transaction’s demand). The influential works of Taussig (*Principles of Economics*) and Samuleson (*Economics*) have further contributed to the development and spread of the Keynesian model worldwide.
A detailed historical reconstruction of the Italian political economy in the 20th century provided by De Cecco (1989) shows to what extent the Keynesian ideas influenced the political choices which were made during the fascist period and after WWII. Capable technocrats who had worked within the Mussolinian corporatist regime continued to play an important role during the post-war period. They were actively involved in the implementation of policies aimed at developing the national economy under state control.

The technocrats who staffed the highest position in these public agencies and corporations [e.g. IMI and IRI, public corporations created during fascism], however, tended to belong to one pool of talent, which was not touched by discharge after fascism. The neoclassical attempt to get rid of this pool of technocrats [...] and of the institutions they presided over [...] fended off successfully and the same people who had run the fascist economy remained in charge of the Italian economy in the phases of reconstruction and expansion.

It would not be an exaggeration to attribute the long crisis of the Italian economy in the 1960s, among other factors, to a finally successful attempt, on the part of the political class, to wrest power over the public agencies and enterprises away from the technocrats and to replace them with their own, often frankly inferior but political loyal, appointees (De Cecco, 1989:225-226).

The importance of the public presence in the Italian economy cannot however be limited to the first decades of the 20th century, especially during the 1930s when IRI was formed. The chemical sector became public as a result of a severe international economic crisis, during the 1970s, which involved many new chemical plants, some of them still under construction, in the Mezzogiorno (De Cecco, 2000). During the periods of economic crises many private manufactures were instead rescued in order to maintain employment in specific geographical areas. As many private enterprises went through deep industrial restructuring, the extensive use of social shock absorbers facilitated this process and contributed to the maintenance of social harmony.

2.2.2 Welfare states

Barr affirms that ‘the concept of welfare state defies precise definition’ and the term is used today as ‘shorthand for the state’s activities in four broad areas: cash benefits; health care; education; and food, housing and other welfare services’. The state is not the only welfare provider, as there are other important sources of welfare outside the state’s activity: the labour market which allows people to earn incomes, individual savings and voluntary welfare within or outside the family (Barr, 2012:7-8). From this
list, wage incomes are of primary importance as, in industrial societies, they are the main sources of public welfare and have influence on individuals’ consumption and savings. For most of those in economically developed countries, paid work remains the main source of income. Beveridge considered full employment to be fundamental not only for the enlargement of the material wealth of a country but also that ‘it would add more to happiness than to wealth and would add most of all to national unity, by removing the misery that generates hate’ (Beveridge, 1960:129). Most important is the distinction made by the author when explaining the consequence of unemployment for sellers and buyers in the labour market. The social dimension of labour turns out to be far more important than the economic dimension:

‘[the] difficulty in selling labour has consequences of different order of harmfulness from those associated with difficulty in buying labour. A person who has difficulty in buying the labour he wants suffers inconvenience or reduction of profits. A person who cannot sell his labour is told that he is of no use. The first difficulty causes annoyance or loss. The other is a personal catastrophe. This difference remains even if an adequate income is provided, by insurance or otherwise; idleness even on an income corrupts; the feeling of not being wanted demoralizes [...] The human difference between failing to buy and failing to sell labour is the decisive reason for aiming to make labour market a seller’s than a buyer’s market’ (Beveridge, 1960:19).

The different structures of welfare states illustrate the existence of a variety of meanings attached to the importance of employment protection, which has led to the development of different sets of policies and institutions. Scholars commonly agree that state, family and market are the three agents involved in the production and distribution of welfare. In his seminal work Esping-Andersen grouped together the western welfare states, identifying three principal “regime-types”: liberal, corporatist and social-democratic (1990:26-28). The author places Italy, alongside Austria, Germany and France, in the second regime-type where ‘the historical corporatist-statist legacy was upgraded to cater [for] the new post-industrial class structure’ (Esping-Andersen, 1990:27). In these conservative-corporatist welfare states, ‘the liberal obsession with market efficiency and commodification was never preeminent and, as such, the granting of social rights was hardly ever a seriously contested issue’. The author also emphasises the role played by the Church in welfare and why it is ‘strongly committed to the preservation of traditional family-hood’ (ibid.). The virtual dependence of the families upon the bread winners’ incomes and their social rights, pushed trade unions to fight for

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11 Beveridge explains that full employment does not mean no unemployment at all, but a situation in which there are more jobs available than unemployed (Beveridge, 1960:18-20).
job security as a key condition to preserving the families’ incomes (Esping-Andersen, 1995). For this reason, and especially during the early period of industrial development, the social policies and industrial relations proceeded in the same direction.

2.2.3 Italian peculiarities

Other scholars (Ferrera, 1996; Gough, 1996) felt that Italy fits only partially into the conservative-corporatist model and concurred that welfare systems in the Southern European countries (Greece, Italy, Portugal and Spain) have many features in common, leading them to be grouped together in a fourth model\(^\text{12}\). Ferrera observes that in these countries, the maintenance of the income system is strongly fragmented and ‘cash benefits (especially pensions\(^\text{13}\)) play a very prominent role, [...] they constitute extreme versions of the ‘transfer centred’ model of social protection of continental Europe’ (Ferrera, 1996:19). Another important characteristic that, distinguishes the Southern European countries, is ‘a particularistic–clientelistic welfare state’ (ibid.25) which takes the form of high levels of corruption and the manipulation of welfare benefits for the advantages of certain organizations (usually political parties) or even for individual benefits.

A common feature of social assistance in Southern Europe is the absence of a general assistance that provides cash benefits for all those people below a minimum income standard, but there is a predominance of a categorical assistance that provides cash benefits for specific groups, mainly elderly and disabled people (Gough, 1996:4). Comparing four Southern European countries and Turkey with their continental neighbours, Gough concludes that the southern five have ‘rudimentary assistance’ because they ‘are unique in their lack of either an integrated social assistance programme, or an institutionalized commitment in the recent past for full employment, or a comprehensive social security system’ (ibid.13). In Italy, for example, the assistance

\(^{12}\) Kasza undertakes a radical critique of the concept of welfare regime, arguing that most countries practice a disjointed set of welfare polices due to some typical features of welfare policymaking (Kasza, 2002:271-272). Every time a hybrid type is encountered, a new regime type is added to the list: the ‘radical’ regime type (Castels and Michell), the ‘post-communism conservative corporatism’ (Deacon), the ‘Confucian’ welfare regime (Jones) or the ‘Japanese style welfare society’ (Maruo, Takahashi, Watanuki, Garon).

\(^{13}\) Zamagni (1981:103) asserts that in 1975 the old age pensions in Italy did not considerably exceed the number of those of other European countries (5,029,191). The anomaly consisted of the great number of invalidity pensions (5,210,295) which made up 4.5% of Italian GDP, in comparison with 1.3% in France, 1.8% in the UK and 2.3% in Germany. During the period 1970-75, more than half of the increase in state expenditure for pension provision was attributable to invalidity pensions.
offered by local authorities, the church, charities and families, partially substitutes an official safety net. However, Italian families still play an important role in welfare redistribution, particularly in sustaining the load of the social care activities (Ferrera et al., 2003; Kazepov, 2002).

Gough stresses that the family safety net replaces the public one, if at least one family member is employed in the primary sector which is associated with a reasonable level of social benefits. This model, largely dependent upon men’s stable incomes and unpaid women’ work for the family’s care services, was greatly affected by the deindustrialization and industrial restructuring which occurred in Southern Italy during the ’70s and ’80s. The increase in male unemployment was not compensated enough by a higher participation of women at work; moreover, women often accessed low-paid employment which did not compensate for the loss of the families’ wage when men remained unemployed for lengthy periods. The persistence of high unemployment led to the impoverishment of these areas and the rise of inequality favoured the formation of chronic pockets of urban poverty (Mingione, 1996).

2.2.4 Fighting social exclusion: basic income

Many scholars have argued for basic income to be considered as the ethical foundation for a radical reform of the welfare state\(^\text{14}\). In many European countries, this measure is part of activation polices which take various forms between two extreme regimes: a liberal one where the market is seen to produce the best solutions in terms of efficiency and equity, and a universal one where the society regulates the employment levels according to the individual capacities of its members (Barbier, 2002).

The need to introduce a guaranteed social minimum wage able to counter poverty and social exclusion has become a constant in the debate surrounding Italian welfare reform since 1994, but it has not been transformed into a national achievement. The lack of such a measure became problematic after 2000 when the increase in short-term jobs, especially for women, the young, and low-skill workers, brought in new types of risks to the labour policies arena. Highly uncertain working trajectories of those who face frequent periods without work between several temporary jobs, together with

\(^{14}\) Goodin (1992), Van Parijs (1992), Offé (1994) and Jordan (1994) questioned the ways in which social justice can be addressed through a citizenship-based right of income, and the relation between equity and efficiency.
the low level of employment security for a large range of atypical contracts that usually apply to these jobs, have led to an increased risk of poverty for those most vulnerable in the labour market. However, the relationship between social and labour policies is critical and the existence of a social minimum wage can certainly provide for income compensation and prevent social marginalization, but it is unlikely to resolve the problem of unemployment.

The most interesting criticism of the minimum income is brought by Lipietz (1996) who questions the role of this instrument in relation to the labour market integration of the unemployed. In his review of Lipietz’s book, Dunford (1997) asserts:

As access to these allowances is, in France, a right to all individuals, either work and labour market integration must become rights in themselves, or society does not consider work an obligation and should support a certain number of dreamers, anarchists poets etc. Lipietz’s own position is the sum of the two: there is a need for an employment policy so everyone can experience the dignity and recognition of integration in society, but it is also necessary to recognize an unconditional right to life whether one works or not, and whether one works legitimately or not (Dunford, 1997:184).

The existence of such an instrument in Italy at the time the policy of socially useful jobs was launched would have probably led to very different outcomes. If the unemployed had received a minimum income, probably too little to survive on, this would have forced them to take minimum income jobs and in illegal conditions. In these circumstances the deregulation of the labour market and a societal polarization would have increased. Any claims for a right to work would have been blurred and these unemployed, instead of becoming socially useful workers, would have entered the larger category of working poor, people who in Italy had already been involved in the minimum income experiment which did not receive significant results regarding their re-insertion in the labour market\textsuperscript{15}.

The introduction of a basic income in Italy would instead be beneficial in recognizing ‘an unconditional right to life’ for people outside the labour market and to

\textsuperscript{15} Il reddito minimo di inserimento (the minimum income for insertion) was introduced in October 1998 and was implemented during two periods of two years each: 39 municipalities were involved during 1999-2000 and another 267 during 2001-2002. Several financial laws entitled the 306 municipalities to use the funds allocated for this experiment until the end of 2007. The minimum wage was a means-tested scheme which involved 41,000 families overall. It did not address unemployment specifically – although many participants were long-term unemployed – but it was used as a tool to counter extreme poverty. In fact, the policy was assessed separately for each of its two components: income compensation and labour re-insertion. As regards the latter, the policy assessors acknowledged that ‘training and projects for re-insertion only occasionally led to direct access into the labour market; the bargaining method promoted through this policy experiment stimulated the personal responsibility of the largest part of the beneficiaries for finding new ways to exit their personal state of need’ (Ministro della Solidarietà Sociale, 2007:119).
substitute financial aids that were improperly used, foremost, the invalidity pensions. This aim still seems far from Italian policy-making as problems surrounding both its equity and efficiency are not easy to address. One of the most important knots to be untied is that of the difficulty in making means-tested benefits efficient; this is also linked to the uncertainties involving the resources necessary to finance the policy. How can the risk of ‘free rider’ behaviour be avoided, especially in situations where informal market activity is rife? Some authors argue that the unbalanced Italian welfare system contributes to the upholding of such a situation (Mingione, 1991) while others consider that provision for means-tested benefits requires a high level of quality public management which is often absent in Southern Europe (Ferrera et al, 2003). Moreover, as the scale of illegality in some parts of the country is high, the basic income could be subject to criminal blackmail (Saraceno, 2002). These weaknesses are likely to jeopardise any attempt to introduce a universal system of social protection in Italy.

2.2.5 Welfare models in crisis

All the considerations made hitherto aim to present the peculiar configuration of the Italian welfare state which made the formation and the development of the SUJs and PUJs policies possible. Italy is a country where even nowadays there is no national assistance\textsuperscript{16} against the risk of losing one’s income. The benefits are provided only through insurance-based schemes supported by payments made by both the employer and employees. The Italian welfare model is considered unbalanced in the distribution of protection between different sectors of the labour market (with preference given to the core sectors), across the standard risks (providing high benefits for the elderly) and in the ways it is financed (through social security contributions, with private employees paying the higher rates) (Ferrera, 2007). On the one hand, this structure has created a very unbalanced social distribution which, considering the erratic development of the regional labour markets, also has a strong geographic component. On the other hand, this social distribution has influenced the ways in which local labour markets work, as they are sensitive to both their institutional roots and geographic segregation (Peck, 1996).

\textsuperscript{16} Italy and Greece are the only two countries in Europe which have no national assistance schemes to contrast unemployment.
This welfare model was useful in protecting the family arrangement organized around the male breadwinner. In the last twenty years, this model has changed dramatically due to the transformation of the structure of social risks brought about by deindustrialization, the increase of employment in the service sector, increased participation by women in the labour force, the increased instability of the family structure and the rise of non-standard forms of employment (Bonoli, 2007). Like most western welfare states, with the exception of Nordic countries, the Italian welfare state was unprepared to adapt its instruments to this new structure of risks quickly. Bonoli’s analysis of the welfare state adaptation of modern democracies explains how relevant the time-based factors have been in this transformation:

[...] countries that experienced post-industrial social transformations in the 1970s (northern European, English-speaking countries) faced a more favourable situation for developing new social risk policies because competing claims because of population aging and generous pension promises were negligible at the time. In contrast, continental and southern European countries, where developments such as the tertiarization of employment and increased family instability occur with a time lag of 20 to 30 years, are facing emerging new demands in a context where competing claims are highest, leaving little room to manoeuvre to develop new social risk policies (Bonoli, 2007:497-498).

The argument is pertinent for the policy analysed in this thesis. The first group of beneficiaries that joined socially useful jobs were workers made redundant in the ’70s. They had to remain tied to their former enterprises for many years in order to be entitled to receive wage compensation funds; for many families living in Mezzogiorno these benefits were their only available income. The continuation of benefits over long periods of time was not a result of the state’s generosity, but rather an attempt to regulate labour markets in areas where a structural weakness in the private sectors and the development of low-value added services were not able to compensate for such a large drop in labour demand following large-scale deindustrialization. The third chapter of this thesis illustrates these mechanisms, explaining the reasons why the wage compensation funds were used improperly, as substitutes of unemployment benefits, until 1991 when the first major reform was implemented.

The new legislative provision which introduced mobility aid as an alternative form of unemployment benefit has not however solved the problem. The persistence of unemployment and its geographic concentration contributed to the impoverishment of certain areas where large groups of the population experienced marginalization. Of particular importance was the ‘movement of organized
unemployed’ from Naples whose protests contributed to the formation of the emergency policies in the ‘80s.

[the] deterioration of the labour market after a phase of development and numerical and political consolidation of the core working class, helps us to understand a particularly significant phenomenon in Naples: that is, the ‘movement of the organized unemployed’, which started in the mid-1970s with an initial nucleus of unemployed and precariously employed people who established their seat in the San Lorenzo quarter in the historical centre. The protagonists […] were not the proletariat who had recently moved to the city, dwellers but specific social subjects who saw themselves first of all unemployed and whose goal was that of emerging through work from a condition of marginalization and precariousness (Morlicchio, 1996:331).

The second step of this policy moved towards job-creation schemes aimed at ‘making jobs available’ for the unemployed, a goal that is difficult to reach even with the existence of other policies fighting poverty, such as the minimum wage. Many authors have considered that the allowances for socially useful jobs, which to some extent resembled unemployment assistance or basic wages, were used in place of instruments that the welfare reforms failed to adopt. My argument is that this is not a useful point of analysis for those interested in understanding the reasons behind the policy formation and implementation; explicitly the social relevance of this work for the public administrations and for the broader society. The fact that the Italian policy makers adapted old policy instruments to new circumstances is proof of the cumulative nature of welfare policies (Kasza, 2002:273). Most important was that the policy choice involved a complex system of public actors and institutions to allow such a large number of unemployed to escape marginalization through work. The majority of the socially useful jobs gradually became jobs in the private sector, through the privatisation of public services, or public jobs for the public administrations themselves.

The fourth chapter analyses how this Keynesian stance of the policy was reinforced in the late '90s, when the policy was enlarged to include the young unemployed and new activities were started with this purpose in mind. The policy of socially useful jobs reaffirmed the importance of work as a right of citizenship, bringing to attention the fact that the employment crisis and that of the welfare state have common roots (Accornero, 1996). For some scholars, full employment was still an achievable aim if the coordination between monetary, fiscal and wages policies were to stimulate more qualitative growth involving the sectors of healthcare, education and the environment, in addition to public infrastructure and information technology (Schmid, 1995:429).
Criticism expressed over the welfare state’s failures stressed the importance of the endogenous factors (such as the fiscal crises of the state) and asserted that the whole system of collecting and redistributing resources for welfare needed reviewing. However the origins of this crisis are embedded in both supply and demand aspects of the economy. In the ’60s the Fordist productive order entered a crisis, the organisational model of work changed, and the popular movements of contestation that had surged at the end of the decade, put the development model acknowledged in the post-war in crisis. In the ’70s the tensions of the internationalization of production, on the one hand, and the national regulation of the labour market, on the other hand, added a demand-side to the supply-side crisis affirmed in the ’60s, ‘while the increasing cost of unemployment led to a taxpayers’ revolt against the welfare state’ (Dunford, 1995:186). The new model of development that emerged in the ’80s advocated a restoration of growth and a rise of profits through the liberalization of markets, deregulation and privatization.

At the heart of this strategy was a desire to restore profit as the central indicator of economic performance, but in market economies are two ways of making money: one is through productivist strategies whose goal is the creation of wealth and the other is through rentier-type strategies of appropriation of wealth [...] A major characteristic of the market-led strategies of the 1980s was the leading role of the rent-led programmes centred on speculation and on the quest for commercial and financial gain (Dunford, 1995:187).

At the same time the welfare state was strongly attacked and the new policies of wealth distribution limited the number of people accessing welfare rights. The next section will deal with this attack and the transformation of the welfare policies tackling unemployment through the development of activation and workfare practices.

2.3 Activation, privatization, workfare and unemployment

2.3.1 Monetarist counter-revolution and fiscal limits of the welfare state

The crisis experienced by the Keynesian welfare state in the 1970s had economic, political and social causes, but the economic policy received the strongest attacks. The transformations of the domestic economies (firstly, with the growth of the service sector and of female participation in the labour force), alongside the increasing opening and inter-dependence of the national economies, generated new problems which could not
have been managed thorough Keynesian policies alone. These profound transformations challenged the national states in finding flexible solutions (more supply-side interventions) to manage national economies and to increase competitiveness at an international level (Jessop, 2000).

The radical changes introduced by monetarism confirmed a Keynesianism defeat on political ground\(^\text{17}\), and the most difficult attack was in the field of public policies. In his most political work, *Capitalism and Freedom*, Milton Friedman stresses the risks brought about by the state intervention in the economy, especially in terms of the limitation of an individuals’ freedom which is a fundamental value.

A liberal is fundamentally fearful of concentrated power. His objective is to preserve the maximum degree of freedom for each individual separately that is compatible with one man’s freedom not interfering with other men’s freedom. He believes that this objective requires that power be dispersed. He is suspicious of assigning to government any functions that can be performed through the market, both because this substitutes coercion for voluntary co-operation in the area in question and because, by giving government an increased role, it threatens freedom in other areas (Friedman, 1962:39).

The author considers that the market is able to solve the majority of the social problems and the state should only define legal framework and maintain public order. The market is a space for innovation and meritocracy which allows the best to emerge, while state intervention is bureaucratic, impermeable to innovations and favours mediocrity. Private monopoly, public monopoly and public regulation are regarded as three equally bad solutions.

Critics of the welfare state have highlighted the financial costs over contribution to economic performance, and the expansion of social expenditure in the '60s and '70s brought to light the limitations of the welfare state. As welfare provision is dependent upon the surplus created in the market economy, the most important constraints of the welfare state’s development involve the fiscal limits of social welfare (Gilbert, 1983:139). O’Connor emphasises the importance of social-industrial relationships in the creation of this state of arts: ‘the cause of the fiscal crisis is the contradiction of capitalist production itself – the fact that production is social whereas the means of production are owned privately’ (O’Connor, 1973:40). Referring in

\(^\text{17}\) First of all, monetarists attacked the consistency of Phillips’ curve, proving that the inverse relationship between inflation and unemployment is valid only in the short-term. Secondly, they maintained that the stock of currency determines the monetary income and price levels. Friedman questioned the effects of the fiscal policy recommended by neoclassic-Keynesian economists, maintaining that it is less efficient that the monetary policy (Friedman, 1970). Monetarist polices promoted between 1975 and 1985 in the UK and the USA were centered around control of monetary stock pursued by the central banks, and deflation through monetary restrictions.
particular to the USA, the author shows that ‘monopoly capital and organized labour have “exported” their conflicts to the competitive and state sectors’ (ibid.41). While capital costs have progressively been socialized, the increases in tax rates have become necessary in order to finance an enlarged state economy.

However, the entire philosophy of the welfare state has changed and two questions gained ground in the arena of policy-making: the first being how much a society can afford to spend on the different needs of various groups, and the second was how to identify the individuals in these groups who are entitled to receive benefits. If, for many years, welfare-state entitlements were seen as the social rights of citizenship, the focus was moved to what kind of civic responsibilities should be attached to these rights (Gilbert, 1995:63).

2.3.2 Enabling welfare state, activation, workfare

These debates particularly influenced the welfare policies focused on labour force participation and transformed the political agenda of western welfare states. International organizations began to suggest that ‘the improvement of economic performance should be one of the functions of social policy; that social policy should, in a sense, be concerned with the effective functioning of the supply side of the economy as one way to achieve important social aims’ (OECD, 1988:24). The movement from entitlements to targeted incentives became fundamental to the discourse surrounding the activation of the welfare state, which brought various forms of interventions from enabling policies to workfare. Dingeldey (2007:827) emphasises that these two forms positioned at the extremes of a spectrum ‘are not understood as alternative paths to policy reform, but as mutually constitutive elements of an activating labour market policies’. Even in the Scandinavian welfare systems which recognize benefits as social rights, elements of workfare can be found in the activation schemes introduced in the early 1980s and strengthened in the 1990s (Kildal, 2001).

The EU and OECD became the strongest advocates of active labour-market policies as a hallmark of the ‘old’ welfare state’s transformation. The active labour-policies have four distinctive objectives: 1) to increase the labour demand in favour of targeted groups; 2) to provide communities with services or infrastructures which would not otherwise be provided; 3) to improve the effective supply of labour through job searching, training or work experience programmes in private or public jobs; and 4) to
reduce the number of people claiming benefits, in part identifying those who are not regarded as genuinely unemployed (Robinson, 1998:90-91). Robinson suggests that ‘active labour-market policy becomes workfare when objective (4) is prioritised over objective (3); which, with increasing emphasis placed on compulsion, is seen as a way of ‘flushing out’ those unemployed who are thought to be avoiding work’ (ibid., 91).

All European countries moved to unemployment policies based on activation, but they carried it out in different ways which reflect different institutional arrangements (Clasen and Clegg, 2003) and the different ways in which the interaction between ideas and actions transform the labour polices (Taylor-Goodby, 2005). If we want to understand different forms of activation and the multi-dimensionalism of labour market deregulation, we should clearly identify who the unemployed are so that a policy would be more able to stimulate employment through a particular target group (Esping-Andersen and Regini, 2003). For example, the policy of publicly useful jobs aimed to address long-term unemployment of young people searching for the first job. This policy recorded a large number of participants in Mezzogiorno, although it was implemented for a short period of time. It was part of the first labour market reform in Italy introduced in 1997 by Pachetto-Treu (briefly described in chapter 4), that explicitly aimed at increasing the flexibility of hiring young people through the introduction of new forms of job contracts.

If publicly useful jobs acted as an enabling policy for young people searching for their first employment, socially useful jobs pursued a more workfarist approach. It debuted in 1994 offering clear political ‘justification’ in a period of harsh budgetary cuts: participation of the long-term unemployed in the delivery of public services had to be a positive move to make them productive and their benefits socially acceptable. Furthermore, these activities were presented for public opinion as ‘new’, in contrast to the ‘old’ passive benefits which characterised previous decades. Although the SUJs and PUJs were publicized at the beginning as workfare polices, they were received positively by many unemployed who saw, through the delivery of public services, the possibility to access real jobs. Moreover, as explained in chapter 4, this policy was considered a good solution for many problems and it was later extended to other categories of unemployed.

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18 The public institutions and private actors addressed multiple problems through this policy: the state found a way to provide public bodies with resources while a strict block of public turnover was in place; the public bodies were interested in finding a new (and economically convenient) labour force for
The socially and publicly useful work projects started as a demand for public services in the local communities. This was a very clear intention of the policy-makers, as witnessed by Tiziano Treu, Italian Minister of Labour during the period when the two laws constituting the policy’s juridical body were passed: ‘the workfare policies are efficient in combating unemployment and are socially acceptable if they remain within a context of sustained growth and if they correspond with adequate policy for sustaining this demand’ (Treu, 2001:103).

Some criticism focused on the fact that the government used this policy ‘as a screening device to detect moral hazard’ but ‘these measures have failed in Northern Italy where many workers find work in the black economy and wait until the subsidy expires before regularizing their position’ (Samek Lodovici, 2000:288). The large typology of SUJs depicts a more complex picture, yet it is not straightforward that the responsibility for ‘free-rider’ behaviour can be attributed simply to the workers. The policy allowed long-term unemployed involved in SUJs to work part-time if their annual income remained below a certain threshold. Although the unemployed would have quit the projects when they found regular jobs, earning their allowances until the end of the projects allowed enterprises to ‘save’, for a certain period, on their full labour costs. It is rather more important to underline that, in the regions where unemployment was low, this policy improved unemployed activation and helped them to maintain skills.

Many scholars have analysed the effects of active labour policies on different target groups and they almost all agree that positive outcomes are more difficult to be achieved for ‘hard-core’ clients such as the long-term unemployed (Considine, 2000; Finn, 2003; Sunley et al., 2001). It also appears that ‘territorial dimensions’ count and policies tend to improve performances in contexts which succeed in building partnerships between various local actors in the labour market (Finn, 2000; Nativel et al., 2002). The local dimension for SUJs and PUJs became more explicit in the second stage of the policy, after 2000, but it was never as important as in the case of the New Deal, the policy assessed by the above cited authors.

Since the beginning, SUJs were conceived to address a hard-to-employ group formed mostly of former industrial workers who, at the time the policy was providing local services. The unemployed saw further possibilities for obtaining income in these projects; training and job stability. The trade unions saw the possibility for work and income to be provided for the long-term unemployed and the employers saw a new important market opening as a result of the privatization of public services.
implemented, already had a very distinctive unemployment history. They received various forms of benefits during their long period of unemployment; from special wage compensation funds while still linked to their companies of origin, then to special wage compensation funds provided by GEPI through ‘box-companies’ (see chapter 3), to mobility aids when they became unemployed, and, finally to allowances for socially useful jobs when they became beneficiaries of the policy. The fact that these unemployed never lost their entitlements for benefits was extremely important in allowing them to remain a target group.

Another hard-to-employ group was formed of people who had never worked or had given up in searching for jobs. They were located particularly in the Southern regions and many of them were involved in irregular, and sometimes, illegal activities. In this case the policy specifically addressed the cultural factors that appeared to promote unemployability (Welshman, 2006) and SUJs helped these non-employed to build self-esteem and the confidence to carry out and maintain a job.

The policies of SUJs and PUJs acted within the entire spectrum of activation. The positive results achieved by numerous local public administrations in implementing the projects and creating work opportunities for unemployed show the capacity of intermediate labour markets to deliver paid jobs in areas of high and persistent unemployment (Marshall and MacFarlane, 2000). Hudson (2002:331) acknowledges that due to institutional innovation in many European countries a new sector has been created offering alternative forms of service provision and work creation: ‘the Third Sector is also seen as a complement to the mainstream economy rather than a route back into it, especially in those areas most marginal to the labour market of formal economy’.

In 2000 the policy changed and focused on the closure of programs and re-insertion of the unemployed in the labour market through job-creation schemes. This more mandatory approach centred on job-creation. However it also pursued a second important aim, which was the privatization of public services that SUWs and PUWs were involved in. Instead of compelling SUWs and PUWs to search for jobs, the central state put pressure on local bodies to find resources for the outsourcing of the services to companies that would employ SUWs and PUWs. Unemployed activation and privatization became two interwoven sides in the welfare reform. As is demonstrated in chapter 7, despite this market-oriented policy turn, many SUWs and PUWs found jobs
in the public sector and a smaller number of them were employed by social enterprises, especially cooperatives.

2.3.3 Shift from KWNS to SWPR

The monetarist ideas had considerable impact on the polices promoted in the USA and the UK in the second half of the ’70s. The political economy changed in many fields and the national welfare state was under attack. Jessop’s influential work on the transition from the Keynesian welfare national state (KWNS) to the Schumpeterian workfare post-national regime (SWPR) presents the distinctive features of these ideal-types as well as ‘the four ideal-typical strategies for moving to SWPR: neoliberalism, neo-corporatism, neo-statism and neo-communitarianism’ (Jessop, 2000:177).

Table 2.1: Main features of the Keynesian welfare national state and the Schumpeterian workfare post-national regime

<table>
<thead>
<tr>
<th>Keynesian</th>
<th>Schumpeterian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full employment</td>
<td>Innovation and competitiveness</td>
</tr>
<tr>
<td>Closed economy</td>
<td>Open economy</td>
</tr>
<tr>
<td>Demand management</td>
<td>Supply-side policies</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Welfare</th>
<th>Workfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generalized norms of mass consumption</td>
<td>Subordinates social to economic policy</td>
</tr>
<tr>
<td>Welfare rights</td>
<td>Puts downward pressure on ‘social wage’</td>
</tr>
<tr>
<td></td>
<td>Attacks welfare rights</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>National</th>
<th>Post-National</th>
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</thead>
<tbody>
<tr>
<td>Relative primacy of national scale</td>
<td>Relativization of scale</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markets and state form mixed economies</td>
<td>Increased role of governance mechanisms to correct market and state failures</td>
</tr>
<tr>
<td>State corrects ‘market failure’</td>
<td></td>
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</tbody>
</table>

Source: Jessop (2000), p. 173 and 175

The author underlines that there are ‘also obvious continuities between past and present welfare regimes […] in general we can expect greater continuities in those areas of economic and social policy that are less directly implicate in international competitiveness, permanent innovation and flexible labour markets’ (ibid.181). The area of labour-intensive public services seems to fit perfectly into this description.

The transition to the SWPR occurred in Italy relatively late in comparison with other western capitalist countries and the neo-corporatist strategy brought privileges to the socially useful workers. Policies oriented towards innovation and
competition involved firstly the young workforce who paid the price of the post-Fordist economic requisite for flexible working.

During the ‘90s many countries began reforms to their welfare states, leading towards the introduction of workfare regimes. Important adjustments were made to tackle the increase in unemployment and, in almost all the countries, these took different forms of active labour market policies. The way in which they were amended was deeply influenced by the institutional arrangements available in different states. The workfare states did not however develop in a linear way: ‘workfare ideologies, and strategies have emerged unevenly and iteratively, as the outcome of years of institutional experimentation, policy reforms or political struggles’ (Peck, 2001a:341). The workfare polices aimed to increase labour-markets flexibility through supply-side approaches and changed the balance between rights and obligations of welfare beneficiaries. Various strategies were adopted, ranging from Human Resource Development, which understands rights in a wider sense than basic entitlement to economic benefits, to Labour Market Attachment, which uses insertion into the labour market as an instrument for preserving benefits (Lødemel, 2001).

The burden of the huge Italian public debt conditioned the policy-making over the five-year period preceding the country joining the European Monetary Union. The active labour polices introduced in the late ’90s were aimed principally at the flexibilization of labour, the privatization of employment services and the transformation of the ‘old’ public employment offices into ‘new’ structures, ready to deliver services. In the name of the new faith of employability, the activation of the unemployed became a profitable business which provided jobs to many consultants and trainers paid from national and European funds. Many of the socially useful workers had participated in various training programs during their lengthy period of unemployment and further training was provided during SUJs and PUJs. Most of these workers, made redundant from industrial plants and large infrastructural projects, were over-qualified for the low-skilled positions which were allocated to them during SUJs of PUJs. When training was necessary, it was always specific and tailored to the skill requirements of public administrations. The relevance of these experiences is investigated in chapter 5 which analyses the policy implementation.

The activation of the Italian labour-market did not, however, open the way to ‘pure’ workfare programs, such as those implemented in the Anglo-American countries. The principal aim of the these programs was to compel welfare recipients to
work under the threat of withdrawal of their benefits, while supporting them with ‘a package of actions in form of job-search assistance, subsidised employment, basic education and training and work experience in the social and environmental sectors’ (Peck and Theodore, 2000a:730).

Torfing makes distinction between the ‘offensive, neo-statist workfare strategy’ promoted in Denmark (which put emphasis on activation, skills improvement, training and education, empowerment and inclusive workfare programmes) and the ‘defensive, neo-liberal workfare strategy’ promoted in the USA and the UK (which put emphasis on benefit and wage reduction, increasing job-searching efficiency, work-for-benefit, control and punishment and targeting the unemployed) (Torfing, 1999:17). Moreover, criticism brought against the punitive American workfare explained how it became a way to ‘exclude poor from broader social life and political process’ and this led to the creation of a new under-class (Shragge, 1997:31).

Job-search assistance and training have become principal components of more recent Italian active labour policies, but they are often limited to improving CVs, producing ‘skill-balances’ for potential job profiles and promoting training courses. These activities increase to a certain extent the unemployed ‘job-appeal’, but a large rift still remains between supply and demand polices. The supply side-actions become less and less efficient with the increase of the duration of the unemployment. This situation brings to mind Solow’s famous analogy as the labour market as being a game of musical chairs. As the number of chairs (available jobs) is smaller than the number of players (welfare beneficiaries), when the music stops, the losers are left standing.

Adding more players – which is what forcing welfare beneficiaries into the labour market would do – can only increase unemployment. Some former welfare recipients will find jobs, perhaps many will, because they are hungry, but only by displacing formerly employed members of the assiduously working poor (Solow, 1998:26).

The only possible way to have a smaller number of losers is by adding ‘new chairs’. Although findings from micro-econometric studies prove that compulsion and screening effects contribute to reducing the welfare expenditure, there is very little evidence that active labour market policies increase employment at aggregate level (Eichhorst et al, 2008).
2.3.4 *The Third Way*

At the end of the 1990s a New Politics for a dynamic, knowledge-based and globalized economy was announced in the UK, after its debut in the USA with Clinton’s administration. Presenting his vision about the Third Way, seen as ‘new politics for the new century’, Tony Blair writes:

The Third Way approach to the challenge of modern employment is about extending welfare to work, making work pay, and investing in the skills individuals need. In a more insecure and demanding labour market, it recognises that people will change jobs more often, and believes government has a vital role in equipping individuals to prosper (Blair, 1998: 9).

Many scholars saw the Third Way as a compromise between social-democracy and neoliberalism and questioned the changes brought about by this set of ideas and polices in the USA and the UK. In the UK the Third Way did not seem to bring strong innovation, compared to the ‘old’ social-democratic principles (Hall, 1998; Ryan, 1999); neither did it break away from Thatcherite policies (Lund, 2008; Rhodes, 2000; Walker, 1999). In the USA the Third Way has succeed in lowering the public’s expectations of government’s capacity to deliver either progress or justice (Faux, 1999:76).

In a joint document prepared in 1999 for Prime Ministers Blair and D’Alema, four strategies were presented to prevent long-term unemployment. Analysing the structure of the British and Italian labour markets, the authors of the document underlined that one of the most serious problems with unemployment is that ‘even when there are large numbers of vacancies, many people remain unemployed either because they do not find work sufficiently attractive or because they are not offering employers what they want or because the system of matching workers with jobs is inadequate’ (Boeri et al, 1999:5). Boeri, Layard and Nickell seem to assume that high unemployment is caused by lack of wage adjustment and low regional labour mobility. Their solution for the long-term unemployment in Southern European regions is ‘a mixture of job promotion through managed programmes, wage flexibility and outward migration’ (ibid.).

Even if we accept this as an accurate assessment of affairs, there is still much more to be said regarding the sheer size and geographies of the unemployment. In the case of Italy, moving thousands of people from the southern to the northern regions, where most of the vacancies were registered, was not a feasible solution. The argument becomes even more complicated considering that during the ’90s many sectors of the Italian industry were in crisis, economic growth decelerated and job vacancies were...
scarce. However, matching the unemployed to vacancies is not simply a numerical and geographical issue. The creation of new jobs in emerging sectors which require new-technology skills have brought about difficulties such as training or even professional skill-conversion for a large number of unemployed, particularly older workers.

The economic literature provides two different approaches to unemployment: 1) if the economic capacity is under-utilised we have an under-utilisation of labour supply usually called ‘Keynesian under-employment’; 2) if the demand is sufficient for the existing economic capacity, but the economic capacity is growing too slowly to absorb the labour supply, it is called ‘classical under-employment’. Recent unemployment is caused by both low demand and slow growth of the economic capacity. To increase economic output, it would be necessary to increase both; that is ‘more demand and more things that combine with labour to produce goods and services – consumer markets, physical capacity and business organisation’ (Marris, 1996:64). The government responds to expanding the macroeconomic demand, while the private sector responds to increasing the economic capacity but, in the case of the latter, ‘it is more likely to do so if it has confidence in the growth of demand’ (ibid.).

Boeri et al (1999:26-27) put forward a three-tier reform of active labour policies in Italy to bring about the following changes: firstly, a universal employment benefit system should be introduced (benefits should be fixed term and should decrease over the time in order to avoid people getting caught in long-term unemployment traps); secondly, an unemployment insurance on top of this basic allowance could be provided only in the context of voluntary, self-financed schemes; thirdly, a third tier of social protection should be introduced on a means-tested basis.

The report to Prime Ministers Blair and D’Alema concludes with recommendations to EU heads of government. All four strategies to prevent long-term unemployment advocated in the document place activation in the central position to restore full employment in Europe: 1) development of a modernized public employment service that can compete with private agencies; 2) strict reduction in the unemployment benefits; 3) encouragement of regional employment through decentralization of wages setting and collective bargaining, labour mobility and taking-up of low-paid jobs; 4) phasing out of policies such as early retirement and invalidity pensions (Boeri et al, 1999:30).

The exercise of showing how the system should work, if all necessary conditions were reached, is always intellectually stimulating. Unfortunately, many
policy recommendations draw on assumptions which do not exist in complex realities such as those of the southern regions. Implementation of labour market reforms requires time and political mediation usually brings different results from those proposed in policy reports. Different factors could compromise those which look like good policy proposals but, in the same time, good results might be obtained in unorthodox ways. In other words, local realities count and local labour markets might need different regulatory systems. For example, in certain areas of Mezzogiorno, where unemployment rates are high and the criminal economy is developed, the lack of any income forces the unemployed to work for very low wages, without social rights and, often, in illegal sectors. Therefore, an active attitude towards work is not enough to combat unemployment in areas where jobs are scarce and the young unemployed entering the labour market for the first time have little alternative to accepting illegal jobs or, in the worst case scenario, in companies controlled by criminal organizations. The effectiveness of workfare policies is strongly connected to the contingency of the labour demand in local contexts. In the UK, a country with universal welfare benefits and almost non-existent criminal economy, the evaluation of the New Deal for Young People shows this successful workfare programme, ‘worked best and hit more on its targets in areas of buoyant employment growth’, while ‘the limitations of the work-first strategy [...] have been most clearly visible in depressed local labour markets’ (Sunley et al, 2006:190-191).

While the neoliberal philosophy has emphasized the poor’s welfare dependency, the compulsory work participation has been the foundation stone for the workfare programs since their beginning on both sides of the Atlantic:

Compulsion, a defining feature of the US workfare regime, has long been resisted by the left in Britain [...] but has since the 1997 election become a central plank of the Labour Government’s (strongly US-inflected) ‘rights and responsibilities’ approach (Peck and Theodore, 2001: 429).

This new political message influenced the transformation of the Italian welfare state, especially after 2000, when two right-wing coalition governments led by Silvio Berlusconi, actively promoted labour-market deregulation and introduced many forms of flexible jobs. Again, the residual forms of the KWNS were not completely dismantled and this new transformation had a greater impact on those entering the labour market for the first time. As a result, there are currently about 1.6 million atypical contracts, representing 11% of the overall employment (Banca d’Italia, 2009).
These workers have no rights to receive any wage compensation in the case of unemployment. Anastasia, Mancini and Trivellato (quoted by Pizzuti, 2009:218) estimated that only one third of the total number of those unemployed are currently insured against unemployment through one of the national schemes in force. This polarization of the Italian labour market puts further pressure on the policy makers to reform unemployment benefits on a universal basis. Yet nothing followed the positive announcement about redefining the safety net for both workers and enterprises, increasing protections and assurances that marked the Italian commitment to the Third Way politics in 1998, described in chapter 4.

In the case of SUJs and PUJs, after 2000, the administrations were under far more pressure to end the projects, while the workers had to accept more unstable jobs as their ‘employment stabilisation’. Nevertheless, the national state has never withdrawn financial support to the programs and the overall policy has continued with the aim of finding acceptable job-arrangements for its beneficiaries. The state labour agencies supported many administrations in closing the projects and outsourcing the public services; these activities, examined further in chapter 6, influenced the policy outcomes in a significant way.

2.3.5 Public services outsourcing

The neoliberal dismantling of public space concerned not only the welfare state. Market liberalization and privatization was another area where much effort was put into selling public companies, privatizing the provision of public services and reducing market regulations. This section presents a concise review of the main literature concerning recent debates surrounding public service outsourcing. Most of the literature dealing with the model of public service delivery uses a new institutional economics perspective and theories of public choice. These scholars pay particular attention to the transaction costs, the trade-off between cost-reduction and quality of the services outsourced, and the incentives favouring outsourcing. Scholars criticizing this approach look instead at how privatization affects state, democracy and the social contract. Another stream of literature investigates the consequences of outsourcing on employment and attempts to identify which factors make the privatization of certain public services problematic. Finally, some authors analyse various forms of public-private partnerships with the aim of evaluating the achievements brought by these partnerships to both parties involved.
Looking at the dynamics of outsourcing and insourcing within USA municipalities during 2002-2007, Warner and Hefetz (2012) find that monitoring is critical for private delivering of public services. During the period 1997-2002, insourcing was instead crucial for reducing transaction costs and for ensuring a balance between markets, planning and citizens satisfaction (Hefetz and Warner, 2007). Many other authors have highlighted the importance of transaction costs in contracting when the decision to service outsourcing is taken (Brown and Potoski, 2003; Levin and Tadelis, 2010). Bennedsen and Schultz (2011) developed a model that focuses on the trade-off between cost and quality in service provision. They argue that cost-reduction is the most important objective of the service providers and, if both objectives are followed, only one will be met successfully.

Barbieri and Salvatore (2010) build a model based on incentive power and authority types. They conclude that the combination of the two dimensions led to contractualization to private, public or non-profit organizations, and when the incentives are high-powered and the political authority is low, the services should be privatized (Barbieri and Salvatore, 2010:362). Bae (2009) argues that services outsourcing requires collaborative relationships and choices that formalize them. She finds that the transaction costs of both supply and demand factors affect the choices of collaborative arrangements and determine alternative mechanisms of service delivery.

Hood (1997) argues that approaches such as transactional cost analysis, recognition of intrinsic state functions and of core-competence activities fail to explain over-outsourcing and inappropriate contracts. These depend primarily upon the values characterizing ‘the contract state’: ‘the limits of outsourcing will be different according to whether a state aims at ‘steering’, ‘empowering’, ‘consumerism’ or ‘amoral’ goals’ (Hood, 1997:120). Analysing the relationship between contractualism and democracy Zifcak (2001) questions the ethics of quasi-market provision in relation to three values: transparency, probity and public deliberation. He concludes that although through market mechanism the best distribution of services of goods may be achieved, markets ‘are far less suited to addressing the distribution of rights and entitlements’ (Zifcak, 2001:96).

Some authors also argue that privatization should be seen as a political phenomenon that ‘takes the form of strategy to realign institutions and the decision-making process so as to privilege some groups over the competing aspirations of the others’ (Feigenbaum and Henig, 1994:191). On a broader scale, privatization is seen as
being part of an international agenda of hollowing-out the state and altering the social contract. Osborne and Gaebler (1993) explain how the entrepreneurial spirit was reinventing the public sector putting forward the concept of de-bureaucratisation, as a sum of decentralization, deregulation, downsizing and outsourcing. Argyriades (2010:288) affirms that, in this process, the concepts ‘of the state as a model employer and of the public service as a strictly neutral profession’ have lost their vitality and have been undermined by the managerial reform.

Another stream of literature investigates the reluctance of local authorities or public companies to externalize public services and the consequences of outsourcing for employment and working conditions. Entwistle (2005:194, 203) identifies five reasons for a reluctance to externalize: ‘good and big employer, public service ethos, control, supply-side problems and core competence’. In the author’s opinion they do not seem supported by much academic theory and ‘seem to identify a weak-procurement capacity and a risk-adverse culture of the UK local authorities’. Looking at more specific service areas, for example health services, Macinati (2008) and Young (2007), arrive at the conclusion that clinical services are not usually outsourced because the qualitative nature of these core-services is more difficult to measure.

Regarding instead the consequences of outsourcing for the workforce, Flecker and Hermann (2011) acknowledge that the liberalization of public companies, located in six countries and operating in key service sectors such as electricity, postal service, local public transport and hospitals, pursued a cost reduction goal that was achieved at the expense of workers, who saw their employment and working conditions deteriorating. This situation characterized the public-private partnerships (PPP) programmes as well, which were strongly promoted in the UK under the New Labour Government. These partnerships were supposed to combine strengths of both public and private sectors, namely the profit maximization goal with the ethos of the public sector (Smith, 2012:96). Furthermore Whitfield (2010) suggests there is little evidence of job creation through PPP contracts, yet these arrangements threatened employment and further fragmented and blurred the boundaries of the private and public sectors (Smith, 2012:108). Grimshaw et al (2002) confirm that there is little evidence about mutual gains inside PPP, but there is an imbalance of power between the private and public partners and any gains achieved are distributed unevenly.

Looking at the SUJs and PUJs projects’ closure, there are some important considerations that do not seem to be resolved from the theoretical contributions about
outsourcing. Firstly, the decision of whether to outsource the public services was political and not a result of inexorable proof that services provided by private companies are, in all circumstances, more efficient and of better quality than those provided by civil servants. The starting point of outsourcing of local public services in Italy was the reduction of the funds transferred to public bodies and the block on public employment. Since the public administration were forbidden from replacing any lost workforce, the only remaining way available to them was services outsourcing.

Bearing in mind that a public workforce is not more costly than equivalent jobs in many private sectors, and services outsourced are only privately delivered but paid for with public money, it is not always apparent that privatization brings economic advantages per se to the public sector. Moreover, as will be explained in chapter 6, there were many economic incentives that reduced labour costs during the first three years of the contracts, but this was, in many cases, to the advantage of the employers, who had their profits increased, and did not decrease the costs of the services for the public administrations.

Secondly, the transition of bureaucrats into public managers was not just a ‘natural’ result of the process of privatization. As the public managers continued to play an important role within the public administrations, having responsibility for monitoring the services outsourced, they needed to develop these skills drawing on their previous experience. The coordination of large public workforces delivering services for the public administrations was good training for many civil servants to acquire managerial skills. The more involved they had been in such activities before, the more skilful they became in monitoring the services outsourced.

2.4 Conclusion

This chapter has presented the broader theoretical framework for the transformation of the Italian political economy which influenced the labour market regulation and, first and foremost, the policies for tackling long-term unemployment. The gradual abandonment of the Keynesian demand management policies, the transformation of the welfare state, the deregulation of job markets and the privatization of public services are the most significant areas that influenced the policy of socially and publicly useful jobs during its various stages, and determined its results.
The first part of the chapter explained that the abandonment of the commitment to the policy of full employment – a fundamental part of the Keynesian economic model – completed the transformation of the welfare state after the second oil crisis. The focus shifted to the control of monetary aggregates, and the reduction of inflation became the first objective of macroeconomic policies. This was pursued through an income policy that managed to keep the cost of labour low, and also through deflation due to the contraction of aggregate demand. Furthermore, the depreciation of the Italian lira maintained the competitiveness of Italian exports.

These polices had high costs in terms of unemployment created as a result of industrial restructuring. The Italian corporative welfare-regime, nevertheless, provided protection for the unemployed created by this phenomenon and people who had been employed in large industrial plants benefited from many years of wage compensation funds. Moreover, the segmentation of the Italian labour market and unevenly distributed unemployment protection fuelled discrimination against other categories of unemployed who remained outside the labour market for many years and did not receive any benefits. The difficult situation of the public finances, but also some specific aspects related to the high level of criminality in certain geographical areas, did not allow the introduction of a universal social income. Although this aid could have alleviated poverty, such a policy would have been problematic for the labour market and, most likely, it would not have counteracted long-term unemployment. The key advantage for those unemployed involved in SUJ and PUJs was that they belonged to a group entitled to receive economic benefits and, at the same time, had the opportunity to access new jobs.

The second part of this chapter presented the main characteristics of the shift to monetarism and the affirmation of a Schumpeterian workfare regime. Two important features characterized this transformation: the pressure to reduce welfare provision, and the placing responsibility away from the state onto single individuals in facing unemployment. The Italian welfare state encountered difficulties in addressing a new structure of social risks which had emerged because of the development of the service sector, and the increased participation of women in the labour market. In addition, the fiscal crisis of the state predisposed the shift of social policies towards more active labour market measures and workfare. These transformations, however, involved those entering the labour market for the first time, especially youths, and the weakest categories within the labour force, women and immigrants.
Third Way politics gave a strong impetus to supply-side labour market policies which, alone, failed to visibly change the situation of the long-term unemployment. Nonetheless it was efficient in pursuing further deregulation of the labour market, and the subsequent right-wing government even increased the typologies of flexible short-term contracts.

The neoliberal transformation reinforced the privatization processes and the local public services started to become a target after 2000. The closure of SUJs and PUJs projects and the public services outsourcing became two indivisible goals that many public administration pursued. In the last subsection of this chapter it was questioned to what extent the privatization of public services brought advantages to the public administrations. The benefits of cost-reduction and increased quality of the outsourced services should be considered carefully. Taking into consideration the overall reduction of public workforce, it appears clear that through public service outsourcing, the public administrations were able to transform an important share of their fixed costs into variable costs. As the public workforce represented a good proportion of the PAs annual budgets, this cost became more flexible through privatization and, in this new scenario, the PAs could amend the budgets allocated to services outsourcing according to their financial capacity. At this juncture, it is less clear whether the responsibilities for redundancies and reduced incomes for the workers delivering services in the private sector are attributable to the state (which cuts the public funds), to the public bodies, (which decide how to allocate their funds), or to the private employers (who set their objectives of profitability).

The first two chapters of this thesis presented the theoretical frameworks, the research questions, the methodological approach and the categories employed in the evaluation of the three stage of the policy system. The following four chapters will investigate each of them in turn. Chapter 3 analyses the early stages of the policy-making when, mostly in the ’80s, a large number of unemployed receiving wage compensation funds become a specific target group, and emergency solutions tackling long-term unemployment and social marginalization were implemented. The financial constraints imposed on Italy by its joining of the EMU made it even more difficult for public funds to be available for such policies. In 1994 there was an explicit introduction of socially useful jobs aimed at activating long-term unemployed in the delivery of activities of public interest as a condition of their admission to further benefits. For this
reason the programmes were presented as workfare, but they were greatly welcomed by both the unemployed and public bodies.

Chapter 4 investigates the culminating moment of the policy-making which was the policy choice. New legal provisions allowed the extension of the target group to long-term unemployed who were not entitled to receive benefits, and to youth unemployed in Mezzogiorno. In 1997 very detailed legislation provided the public bodies with instruments that allowed them to activate SUJs and PUJs projects in many sectors and also to create new jobs through the privatization of the services the unemployed were involved with. Almost 87,000 young unemployed were activated in PUJs projects in 1997, while the number of long-term unemployed participating in SUJs projects exceeded the remarkable figure of 149,000 in 1999.

Chapter 5 explores the mechanisms which shaped the policy implementation, the key factors for the projects start-up and execution, as well as the institutions involved. Many public administrations requested several extensions of the projects beyond the maximum period provided by law. In order to block the implementation of new projects and to force public bodies to end the existing ones and to accelerate the services outsourcing, the legislation was amended in 2000. The policy take-up was the most difficult and controversial part of the policy. Many projects were closed and the services outsourced, but also several public bodies decided to employ the socially useful workers directly and this is explored in chapter 6, focusing on the key determining factors and the role played by institutions in this stage of the policy.

In order to demonstrate how socially and publicly useful jobs projects functioned at a local level and to detail the determining factors and processes that lay behind their outcomes, four case studies are presented in chapter 7. The last chapter presents the conclusion of the whole work, drawing some explanatory patterns for this last Keynesian labour market policy in Italy.
Chapter 3

Structural unemployment: problem recognition and first set of policy solutions

What is workfare? As usual in this country, when you are in a difficult situation and you are unsure what to do, you start to think in English!

(Italian trade unionist interviewed in 2005)

3.1 Introduction

The Italian socially and publicly useful jobs programmes began in the second half of the '90s. While sporadic policy interventions existed during the '80s, many laws were created between 1995 and 1997 intended to help both local and national public administrations set up socially and publicly useful jobs' projects. The introductory quote above encapsulated the philosophy of the period preceding 1997 when the policy was launched with a strong activation ethos attached to it. As will be examined, much effort was put into creating new policy instruments which would facilitate the re-insertion of the long-term unemployed into the labour market. This was, in fact, the first stage of the policy-making process when structural unemployment was recognized as central problem and the first set of solutions were implemented.

The use of this redundant workforce in the delivery of public services appeared to offer solutions to a two-fold problem. Firstly, the activation of the long-term unemployed in works of public interest transformed passive assistance into active policy, making their benefits 'socially useful'. Secondly, at a time of severe cuts to public expenditure, this policy allowed local administrations to deliver public services at the same, and in many cases lower, costs. This choice, made in the very first stage of policy formation, played an important role in the policy’s later stages, as will be assessed in the following chapter. Drawing on Heclo’s, Sacks’, Weir and Skocpol’s works, Hall (1993:277) acknowledges that ‘one of the principal factors affecting policy at time-1 is policy at time-0’[because] policy responds less directly to social and economic conditions than it does to the consequences of past policy’. This path dependency can be seen in the policy’s shift between its first and second stages, but also from the influence that the emergency polices in the early '80s had on the early stages of the SUJs projects.
Another important factor that makes the Italian policy peculiar is that, compared to other European programs mainly implemented in Germany and France\textsuperscript{20} which targeted ‘hard-to-place’ groups (Erhel et al, 1996), the socially and publicly useful workers did not experience temporary public employment, although the legislation provided a fixed term for the programmes. The public administrations which began the programmes in the ’90s lacked the funds to replace the retired civil servants or buy the services in the market. Thus, at this economic conjuncture, this new and economically convenient workforce became particularly useful for local and national public administrations.

The chapter is divided into three parts. The first part presents a short overview of the Italian employment and unemployment rates, looking at their distribution within economic sectors, gender and age groups. The main trends are illustrated through the analysis of time series data for the period 1970-2010. The geographies of employment and unemployment are analysed by examining the distribution of these indicators across different groups of regions. Some significant divisions between the Northern and Southern regions are evident, leading to the creation of specific policy instruments designed to address unemployment in different parts of the country.

The second part looks at the preliminary conditions of the policy, beginning with the industrial restructuring which occurred in the ’80s, creating mass layoffs followed by long-term unemployment. This part focuses on the role of GEPI, a public company created to promote specific programs for enterprise restructuring by the introduction of new public capital into the enterprises at risk of failure. Many of these never recovered but their redundant workforce continued to be employed by GEPI. In order to create new ways to activate the long-term unemployed, especially in the production of the public-goods, some specific laws were passed initially in the mid ’80s. These allowed for the public administrations of cities experiencing high social tensions created by long-term and widespread unemployment, to employ large numbers of redundant workers to deliver activities of social and public usefulness.

\textsuperscript{20} The French Collective Utility Work programme represented another European policy that used temporary public employment for the young unemployed to help them re-join the workforce. The target was more limited (those aged under 25), the participants worked as trainees and the programs were intended to be temporary rather than permanent. The participants were supposed to improve their employability and to re-enter the labour market after one or at the most two years. (Enjolras et al, 2001:59).
At the end of the second part the main unemployment insurance schemes operating for industrial crises and restructuring are analysed. Particular attention is paid to the special wage compensation fund that has been used extensively to deal with structural employment redundancies caused by economic crises or enterprises’ reorganisation and restructuration.

The third part refers to the process of policy-making which took place in the early ’90s which was strongly influenced by the Italian commitment to achieve the economic parameters required for the entry into the European Monetary Union. This period is characterised by restrictive budgetary policies, the control of macroeconomic variables, particularly the inflation rate and the public deficit, a cut in the public expenditure and politically unstable coalitions. The policy-making had to face this difficult scenario where the high unemployment resulting from the industrial crises of the previous decade was yet another burden.

With the exception of Britain, many European countries invoked ‘Europeanization’ as an imperative to pursue unpopular legislative courses (Rosamond, 2003:53). Included in these countries was Italy which underwent major transformations in an extremely short period of time. The impact of European integration was of vital importance for the Italian governments between 1992 and 1996. The objective of reaching the convergence criteria reshaped state intervention in key areas of economic and social policy. With the collaborative participation of social partners, the policy formulated new solutions in order to face up to long-term unemployment. Between 1994 and 1996 there was very intense production of new norms associated with people dismissed by enterprises and living on unemployment aids. This was a period when the legislation of the socially and publicly useful jobs took great steps forward and which was characterized by a strongly galvanising approach.

3.2 Employment trends and geography of unemployment in a long-term retrospective

3.2.1 The rise of a service economy

During the 1970s and 1980s, industry in Italy underwent a harsh process of restructuring, with many industrial sectors seriously being downsized and a large number of jobs lost. This phenomenon also occurred in other western European
countries, but in Italy it resulted in more serious effects. Reviewing the economic background and the labour market in Italy, the European Commission noted that:

The economic structure has been increasingly marked over the past decade by a sharp decline in the number of jobs in the industrial sector, accompanied by an increase in the importance of the tertiary sector in the economy as a whole. This state of affairs does not of itself justify the view that a process of deindustrialization is in train: it is common to all western countries but it has certain worrying connotations in the case of Italy. First, because jobs have changed very quickly in a very short space of time and, second, because the associated contraction of industry started before the country had reached the levels of industrialisation obtained in the main European countries (European Commission, 1997:1).

The following data illustrate in detail the evolution of employment and unemployment after 1970 as a result of the workforce changes in terms of age, gender and geography. The data are sourced from statistics using the national economic accounts which have different methods of collecting data than those used by the annual workforce surveys.

From 1970 to 2009 there was a steady increase in employment in the services sector, alongside a sharp decrease in the agricultural sector and a steady decrease in the industrial sector which experienced a more accelerated trend after 1983 (figure 3.1). In absolute terms, 960,000 jobs were lost in agriculture which represents almost 64% of the level in 1971. In the industrial sector a reduction of 25% was registered, in absolute terms 1,400,000 people, between the maximum level in 1974 (6,886,500) and that in 2009 (5,504,500). During the same time the number of employees in the services sector had doubled, reaching 13,000,000 in 2009.

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21 The employed are those who are at least 15 years old and performed at least 1 hour of paid work during the week when the survey took place. If they have not worked during that week they should prove they had a job which give them an income. The following categories are included: people receiving wage guarantee aids for less than 3 months or those who receive aids equivalent to at least 50% of their salaries, people on maternity leave and on sick leave, self-employees who have enterprises or professional activities, unpaid carers out of work for less than 3 months.

22 The unemployed are those who are between 15 and 74 years old and they have neither delivered any hour of paid work during the week when the survey took place. They should not have had any kind of job. Furthermore, they should have done at least one active action to search for a job during the 4 weeks before the survey, they should be ready to start a new job within the next 2 weeks or are going to start a new job within the next 3 months.
Fig. 3.1: Employment rates by economic sector

Source: adapted from ISTAT, national economic accounts

A similar increasing trend was registered for self-employment in the services sector where the number of people employed increased by more than 45%, from 2,152,000 in 1970 to almost 4,000,000 in 2009 (figure 3.2). The fall in the number of people employed through independent business in the agricultural sector was even sharper: from 2,546,300 in 1970 to 450,000 in 2009, which accounts for approximately an 82% decline in self-employment in this sector. Self-employment in the industrial sector experienced an increase of approximately 25% followed by a slight decrease. In fact, the number of people self-employed was approximately 1,073,000 in 1970, reaching 1,506,000 in 1992 and decreasing to 1,382,000 in 2009.

Fig. 3.2: Self-employment rates by economic sector

Source: adapted from ISTAT, national economic accounts
3.2.2 Gender disparities

The downsizing of the industrial and agricultural sectors alongside the rise of employment in the services sector has not been manifested in the same way within the male and female workforces. The distribution of the employment and unemployment rates has fluctuated in respect to age group and geographical distribution. Attention will be focused on the first two age groups (workers under 25 years and mature workers, 25 to 64 years) and will then look at the employment rates for males and females.

The employment rate of mature male workers (figure 3.3) decreased by 15% over 20 years, from 90% in 1977 to 75% in 1997. After a brief increase which brought the rate closer to 80%, it fell again with the start of the international financial crisis in 2007, reaching 75% in 2010.

The employment rate for young male workers experienced a similar decline, from 39% in 1977 to 24.4% in 2010, but with a sharper decreasing trend after 2003.

Fig. 3.3: Male employment rates by age group

Source: adapted from ISTAT, national economic accounts

The female employment rate (figure 3.4) had a contrasting trend during the same period, with a steady increase in employment for the mature female workforce while the younger workforce experienced cyclical variations. In 1997 the two employment rates were very similar, 33% for mature females and 29% for the youngest group. The positive trend of the first brought it to 52% in 2008, while the latter decreased steadily after 1999, reaching 16.6% in 2011.
The trends of the unemployment rates display important variations among the age groups and genders (figures 3.5 and 3.6). However, it should be noted that unemployment and employment rates for young people were influenced by the senior secondary school reforms, which raised the statutory school-leaving age from 14 to 16 during the second half of the ‘90s.

The unemployment rate among young males increased by 10% in 10 years, from 20% in 1977 to 30% in 1997, but experienced a major decrease from 1995 to 2003 when it reached 18.5%. As an effect of the international financial crises it started to rise sharply after 2007 and reached almost 27% in 2010. The unemployment rate for the mature male workforce was under 5% until 1991. However, the data need to be interpreted with caution. A large number of claimants of the special wage compensation...
benefits had continued to be recorded as employees with zero working hours per week,\(^{23}\) before 1991, meaning the data underestimated the actual level of unemployment for this age and gender group.

The unemployment rate for mature females has not been less than 6\% since 1977 and from 1986 to 2002 it has always exceeded 10\%. The same rate for young females is four times higher. It increased from 28\% in 1977 to 42\% in 1987 when it reached the highest level. Following this it experienced various periods of decline and reached 23\% in 2007 when it began to rise rapidly again.

Fig. 3.6: Female unemployment rates by age group

Source: adapted from ISTAT, national economic accounts

Finally, the differences between male and female employment and unemployment in relation to their age groups are smaller than those that can be observed in relation to their geographical provenance. However, it is difficult to assess the real extent of the labour market disparities at regional level. Extensive research drawn on empirical observation from the UK shows how job loss could result in increased recorded sickness rather than recorded unemployment (Beatty \textit{et al}, 2000). It appears that, in industrial northern areas in particular, which mostly suffered from the de-industrialization process, job losses affected to a large extent the older, less skilled and less healthy workers. A large proportion of the people who ‘have found themselves

\(^{23}\) The special wage compensation fund (CIGS, \textit{cassa integrazione guadagni straordinaria}) is a wage compensation given to workers temporally laid off by enterprises passing through the reorganisation and restructuration processes. It is not considered an unemployment benefit \textit{tout court} because at the end of the restructuring it is expected the enterprises to take the workers back on or at least part of them. The workers are considered employed whilst the industrial restructuring is on-going. This mechanism was extensively used during the ’80 for enterprises which were insolvent and have never restarted their activities. In 1991 the jurisdiction was reviewed and ‘the mobility aid’ for mass layoffs was introduced.
at the back of the queue for jobs’ claimed sickness benefits and never returned to the job market (Fothergill, 2001:244). This phenomenon was also manifest in Italy where, particularly in the Southern regions, different types of subsidies were used to tackle hidden unemployment. Pension provision for invalidity was widespread in the past and even at present it accounts for 40 per cent more than those recorded in the Northern regions (MEF, 2011).

3.2.3 Geographical disparities

The following three figures present the geography of the employment distribution for age groups. In 1997 the differences between the employment rates for young people employed in most developed parts of the country (the North East and the North West), and those employed in the less developed (the South and the Islands) was approximately 20%. The charts plotted in figure 3.7 show short periods of convergence between 1985-1987 and 1993-1994, and a strong decline in employment in the North after 2001. During the last decade the North regions experienced a reduction of more than 16% of youth employment, whilst the South and the Islands lost approximately 7% and 5% respectively.\textsuperscript{24}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fig37.png}
\caption{Employment rates by geographical distribution for the age group 15-24}
\end{figure}

\textsuperscript{24} The employment rate for young people dropped from 41.3% in the North West and 44.8% in the North East, in 2001, to 25.3% and 28.3% respectively in 2010. In the South it decreased from 21% in 2001 to 14% in 2010 whilst for the Islands the decrease was from 20.6% to 15.3% in the same time period.
Things are rather different however for mature employees in the age group 25-64 years (figure 3.8). From 2000 until 2008 the employments rates registered an upward trend in the North and Centre of Italy. The most recent international financial crisis seems not to have influenced this trend significantly as the employment rates for this age group have decreased by only 0.5-1% annually after 2008. The particularities of the special wage funds explained earlier, suggest that these figures could change drastically when those enterprises which do not manage to recover from the crisis, begin mass layoffs and the actual recipients of benefits become unemployed.

However, the situation in the South is more critical. The employment rate decreased slowly during the entire period, falling approximately 9% over three decades, from 59% at the end of the ’70s to 50% in 2010. The employment rate for the mature workforce in the Islands experienced a reduced variation remaining close to 50%, generally lower than the rates registered in the other regions during this period.

Fig. 3.8: Employment rates by geographical distribution for the age group 25-64

![Chart showing employment rates by region and age group](chart.png)

Source: adapted from ISTAT, national economic accounts

The employment rates for people over 65 years (figure 3.9) have declined steadily since 1977 across the whole country. There are no significant differences between regions even though the rates have always been higher in the North and Centre (approximately 8-9% in 1997) and lower in the South and Islands (approximately 6-7% in the same year). Since 2010 they have maintained this 2% gap, registering 4% with the former and 2% with the latter.
The employment rates for people over 65 years (figure 3.9) have declined steadily since 1977 across the whole country. There are no significant differences between regions even though the rates have always been higher in the North and Centre (approximately 8-9% in 1997) and lower in the South and Islands (approximately 6-7% in the same year). Since 2010 they have maintained this 2% gap, registering 4% with the former and 2% with the latter. Lastly, the geographies of employment mirror those of unemployment. The unemployment rates are higher in the South and the Islands for both age groups. The figures regarding the youth unemployment (figure 3.10) are dramatically high at the end of the ’80s, reaching 50% in the South and 58% in the Islands.
These differences are present also between the mature unemployed (figure 3.11) although the unemployment rates are lower than those registered for the younger group. They did not exceed 18% in the South and 14% in the Islands and were much smaller for the Northern regions where they have never exceeded 5%. The highest levels of unemployment for all groups were registered between 1993 and 2000. As regards the economic cycles, there are some important differences instead. The graphs show similar trends from 1993 till 2000 but a considerable divergence occurred from 1987 till 1992 when the unemployment rates decreased in the North whilst noticeably increasing in the Centre, South and the Islands.

Fig. 3.11: Unemployment rates by geographical distribution for the age group 25 and over

The data presented above illustrate geographical distribution of employment, reflecting different organization patterns of production across regions (Massey, 1995). The fragmented distribution of Italian employment has deep roots in the history of the country’s capitalistic development and has made many scholars assume that Italy is divided into two distinct parts, characterised by different features which lead to different forms of social integration. By the end of the Italian economic miracle, in the mid ’60s, the North was characterized by the concentration of industries and innovation that was lacking in the South. Until 1994 there was a strong alliance between large and medium firms in the building industries and in the production of intermediate goods. This brought about a fluctuation of ‘extensive’ and ‘intensive’ phases of development (Secchi, 1977). However the South was characterized by a large
migration of its labour force to the North and the compensation of its de-ruralisation through a system of ‘political patronage’. This compensation was based on monetary transfers from the state to families and however, following the state’s fiscal crisis in the ’70s, it was insufficient and led to the expansion of the criminal economy (Mingione, 1993:310).

Many factors have influenced the profound transformation of the Italian labour market during the last forty years; some of them being the subject of animated political debates; others passing unnoticed but which have foreseen global changes. Since the mid ’70s ‘the three creeping revolutions’ came into being: the increase of the female labour-supply, the rise of retirement programs used in many cases as instruments for industrial restructuration, and the transformation of the welfare state into the major agent of labour market clearing (Esping-Andersen, 1990:147-149). The following parts of this chapter will explore how the Italian state recognised the problem of the industrial change which began in the ’70s and why the instruments used to contrast the unemployment following the enterprises’ restructuration came to have specific frameworks during the following decades.

3.3 Changes in the ’80s: industrial restructuring processes and role of the unemployment insurance schemes

3.3.1 The corporative roots of Italian capitalism

According to Barca (1999) the history of Italian capitalism is marked by many moments of political compromises in an attempt to satisfy corporative and often opposite interests, but they did not help the country to achieve those important reforms necessary for its modernisation. Shortly after WWII, the ruling party, Democrazia Cristiana, made a decision to bring state intervention into the economic life of the country. This political ethos probably has deeper roots in the Italian fascist past when state intervention was used to support a weak private sector. In the same way it was assumed that the state must provide key public goods such as energy, water, telecommunication, gas and oil refined products. State owned holdings such as IRI and ENI were created for this purpose and played an important role in the early development of Italian post-war capitalism and were the protagonists of the Italian industrial miracle in the ’60s (Saraceno, 1975).
IMI was another central public instrument used in this strategy. Created after the 1929 crises, this industrial credit company had to protect the deposits of many banks from the risks of industrial investment, especially in companies at risk of closure, and to supply credit for new industrial investments (Castronovo, 1995). In 1962 EFIM was created, another state-owned company for industrial credit as a result of the closure of FIM, an industrial fund created in 1947 to reconver the aeronautical industries involved during WWII. EFIM acted in many economic sectors, especially in the South, becoming the owner of many industries considered to be of little interest to private investors or state bodies. Since the ’70s it accumulated a significant number of debts and despite the process of restructuration which occurred during the ’80s, it was always in a difficult financial situation (Tordi and Bemporad, 1995).

All these state-owned holdings faced the crises which gradually affected many industrial sectors such as the iron and steel industry, mechanics, chemical and nautical building sectors. Becoming more and more subordinated to the *political clientele* who used them to subsidize insolvent companies, they accumulated a large amount of debt which brought about the closure of many industrial plants (Perrone, 1991). In the ’90s they were gradually transformed into joint-stock companies.

Despite the criticism raise over the efficiency of these public companies, many scholars acknowledge the fact that, in the early ’80s, Italy had overcome its economic backwardness, yet the South was still far behind the North (King, 1992; Spooner, 1984). Even with massive industrial investment and infrastructural works, the South’s development pattern was seen as a dependent type of development which reflects the interests of the owners of Italian capital in the North (Wade, 1980:161).

The alliances and conflicts between various economic actors and social groups in different parts of the country did not however follow a linear trajectory. Both capital and labour did not act as monolithic blocks during the different phases of development that shaped the territorial inequalities of the Italian economic system (Secchi, 1977). The distribution of power among broad social groups with divergent interests was acknowledged as a distinctive characteristic of the movement from Keynesianism to monetarism which took place in many European countries in the ’70s (Hall, 1992). Various segments of the working class and industrialists found themselves in conflict but some formed alliances in order to claim protection for their common interests. Such collaboration also took place between large industrial companies and unionized blue-collar workers in Italy during the lengthy period of industrial
restructuring in the ’70s. Therefore, despite the de-industrialization of the Italian economy, support from the welfare state was increased.

GEPI (Società per Gestioni e Partecipazioni Industriali - Company for Management and Recapitalization of Industries) was a public company created in 1971 and which played an important role in shaping the principals of the policy analysed in this thesis. It promoted industrial investments with the aim of boosting economic development and increasing employment countrywide. Its activity was focused on: 1) acquiring stock options from companies undergoing temporary difficulties; 2) creating its own companies and joint-ventures for developing industrial areas and 3) providing facilitated credit to private companies.

In a first stage GEPI concentrated most of its activities on the third option, but only a small part of the enterprises which received credit returned it. Many of them preferred to remain linked to GEPI and some went into liquidation and had to close. The company was accused of operating in a discretionary way, by using non-transparent criteria in relation to the enterprises’ finances, and it was inferred that it responded to political clientele (Bonafede, 1988).

In 1980 the situation became even more problematic because GEPI had been asked to take on the workforce made redundant by enterprises at risk of closure, and to provide for their re-employment. Initially this was supposed to be a new extra task for GEPI with a fixed time period, in addition to its usual activity. During the ’80s more than 30,000 people receiving benefits, especially in the Southern Regions were taken-on by GEPI but only a small number of them found further employment. In order to manage this large redundant workforce, GEPI created companies for re-employment (so-called ‘box enterprises’) which were fictitious companies completely inactive in terms of industrial production. The principal role of these companies was to provide the central state with an administrative form by which it was able to pay wage benefits to people out of work and to carry out activities aimed at their re-employment.

Although the workers were totally excluded from the production process, they were involved in various training programs aimed at their professional progression. In 1990 training became an important area of activity for GEPI. As a large number of people needed to be re-qualified, a consortium for professional orientation and training was created with this purpose in mind.

At the end of the ’80s serious difficulties were encountered in finding jobs for these people, especially in the South where large industrial plants had undergone
harsh downsizing and restructuring. The situation resulted in alarm, both economically and socially. The public expenditure for unemployment aid was increasing and long-term unemployment was reaching high levels; ‘while the proportion of people finding work in less than three months fell from 12.0% in 1981 to 6.3% in 1991, the percentage who took more than two years to find work rose sharply from 18.8% in 1981 to 32.5% in 1991’ (European Commission, 1997:4).

The longer the time spent on benefits, the more difficult it was to overcome this situation. Sometimes the workers refused jobs in small enterprises which seemed not to meet their requirements, especially in terms of stability of the new jobs. By remaining connected to their previous enterprises and colleagues, they continued to be in a strong bargaining position and to receive support from trade unions through collective agreements.

The workers continued to stick to their original situation for the reason that the few jobs found by GEPI were usually very unstable, in very small companies and they were often obtained through mutual agreement under the following terms: ‘I will give you financial aid if you employ some of these people. They are also cheap and you can have some additional tax benefits too’. In such a situation it was safer for workers to remain connected to their previous companies or, when the companies closed, to their former colleagues. This connection made them feel less worried from a social point of view. It was not for obtaining further extensions of their benefits, but because of the insecurity within unstable jobs in these small companies. If they had lost those jobs they would have found themselves in serious trouble, without any entitlement for further unemployment aid. In this case we were unable to help them (interview with B.M., CGIL, Executive in charge for active labour policies before 2002).

3.3.2 Emergency policies in the early ’80s

The long term unemployment became a striking feature in some areas of the country where social disorder began to become frequent. Specific solutions were sought in order to deal with these emergencies and certain laws were adopted under ‘conditions of extraordinary necessity and emergency’. Under Law 390 of 1981 the Regional Commissions for Employment (CRI)\(^\text{25}\) had the task of engaging workers who were receiving wage compensation funds in activities of public use. The delivery of such activities would not establish a job-related relationship between workers and public administrations and should have lasted for limited time periods. The participation in

\(^{25}\text{CRI (Commissione Regionale per l’Impiego) were tripartite regional bodies participated by region, trade unions and entrepreneurs’ associations. Their role was that of programming, implementing and controlling the local active labour policies.}\)
public activities was viewed as being compulsory for those who had been called to take part, and those who refused would be withdrawn from receiving further benefits.

The central government was searching for new ways to award benefits and involve people who remained out of work for long periods of time in useful public activities. This became an urgent necessity in cities such as Naples and Palermo, for example. With a dedicated law passed in 1984, the Ministry of Labour gave 27 billion ITL to the City and Province of Naples to finance socially useful work for the workforce who had been made redundant in the nautical sector. In 1986 a similar law was passed to begin socially useful work in the City of Palermo. In this case 25 billion ITL were given to the City of Palermo from funds made available from the Ministry for Internal Affairs. One thousand people made redundant from the construction sector, were employed in varying activities for the maintenance of the city’s artistic and architectural heritage.

This new possibility was extended to the workers employed by GEPI in 1987. For this to happen, GEPI proposed business plans to the public administrations in order to program all costs related to new activities to be undertaken by the unemployed and to organize their work delivery.

We started to make the first business plans at the beginning of the '90s. The first initiatives took place in the Region of Lazio and after that we tried to export them to Sardinia. We had a ‘box-company’ in Villacidro which had taken-on the employees from a local enterprise which was closed. Every month we were going to bring them home the wage benefits checks. When we started to look for socially useful work for them we contacted the local administration. We adapted the business plan format that we used to prepare for starting new companies and we presented an evaluation of the costs connected to the new activities to the administration. It was very useful for the administration to understand clearly how much each activity would cost. The workers were for free at the beginning [the unemployed were receiving benefits] but there were other costs for tools, safety equipment for example that the administrations had to cover (interview with P.M., Unit for Business Planning, GEPI/ Italia Lavoro).

During the following years, much public administration at central and national levels started programmes for people receiving special wage compensation funds or unemployment aids. The unemployed were activated in many different activities. Some of them were completely new and others were regularly delivered by public administrations. Before explaining in detail this complex array of activities and how

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[26] In 1991 the Law 223 reformed the main Italian unemployment insurance called the special wage compensation fund (CIGS). The law introduced the ‘mobility’ aid for people made permanently redundant. In this way the improper use of CIGS made in the past was stopped.
they were implemented, an explanation is needed in order to clarify how the Italian unemployment insurance schemes operate.

3.3.3 The social shock absorbers: CIG and CIGS

The normal wage compensation fund (Cassa Integrazione Guadagni Ordinaria - CIG) was created in 1941 with an Agreement between the social partners to contrast the unemployment situations during the war period\textsuperscript{27} and was ordinarily used as an unemployment absorber during the cyclical oscillations of labour demand. It fulfils two inter-connected functions: guarantees reduced salaries for people placed in short-time employment and allows enterprises to reduce their labour supply without paying the cost for the redundant workforce. This aid is normally given for a three-month period which can be extended to a maximum one-year period. It is used for occasional reductions in the aggregate demand at the end of which people are normally put back on full-time work.

The necessity of having a system of aid to absorb social shocks following the mass layoffs entered the political agenda in 1965 when the social partners asked the Government to provide instruments to face the problems arising from dismissals. The response arrived in 1968 with law 1115, which introduced three types of aid. The first two, allowances for senior employees and special unemployment aids, were introduced for the dismissed workforce (‘structurally redundant’), while the third, the special wage compensation fund (Cassa Integrazione Guadagni Straordinaria - CIGS) was introduced for the ‘temporally redundant’ workforce. The legislation provided a maximum period of time for benefits provided to temporally redundant workers and only a limited number of extensions were accepted.

Under the pressure of the economic crisis in the ’70s this legislative system changed drastically. Law 464 from 1972 removed these time limits for the extensions, stating that these should be requested in relation to the enterprises’ restructuration, re-organisation and industrial reconversion. In this way the distinction between structural and temporal redundancies was cancelled, making the last one the object of political bargaining (CNEL, 2003:25). Moreover, in 1977 law 675 was passed, which extended the use of the special wage compensation fund to enterprises undergoing industrial

\textsuperscript{27} The first law existed in 1945 (D.Lgs. 788/1945) and was revisited in 1975 (Law 164/1975).
crisis, transforming factually the instrument into unemployment aid. In this way the special wage compensation fund has become the most important unemployment aid in facing structural employment redundancies caused by economic crises or enterprises’ reorganisation and restructuration. It normally lasts 12 months in the former case and 24 months in the latter. These periods can be extended accordingly to the age of the workers and to the enterprises’ geographical positions (Central-North or South). Despite all the restrictions imposed by the juridical norms these limits can be extended through *ad-hoc* legislation usually in cases of emergency.

CIG and CIGS are measured in number of hours not worked and are paid by the National Institute for Social Assistance (INPS), none of which is paid on a universal base. They are provided only to long-term employees from large enterprises and belonging to certain sectors, mainly industrial sectors and large trading companies or enterprises which tender for cleaning services and catering. There is a similar aid for the agriculture and another one for the construction sector. The aids are asked at local level (Regions and Provinces) following negotiations between enterprises and trade unions. In the case of CIGS the enterprises have to present restructuration plans which should be discusses with trade unions. The people receiving these benefits remain formally employed by the enterprises during their entire period, and this is possible as long as the enterprises are not formally closed.

During the key years of transformation of the industrial sector, this instrument was used to provide employees of enterprises without any chance to restart, with the maximum amount of benefits possible. As long as the enterprises’ plans were subject to many variations during their implementation, it was more advantageous for trade unions to ask for benefits gradually and to gain time while searching for further solutions, rather than anticipating unemployment. The trade unions’ strategy was to ‘keep the enterprises hostage in order to guarantee that they would take responsibilities for the employment of their workforce till the last moment’ (CNEL, 2003:26). The mobility of the workers from employment to unemployment was not yet accepted and the focus was on keeping the redundant workforce on benefits as long as possible. This is the motivation for the core policy implemented during that period when even some unworkable solutions like the ‘box-enterprises’ created by GEPI were put into practice.

Lastly, the allowance placing older workers into early retirement was transformed at the beginning of the ‘80s. The allowance was replaced directly by the pension, given in advance, with a maximum five years payment, with respect to the due
period. In this way, the anticipation of a pension became an explicit incentive for older employees to exit the labour market. After many negotiations the reform of these forms of aid arrived with Law 223 in 1991 which will be presented in this chapter.

CIGS remains the main important aid in the cases of industrial crises at this time. Despite much criticism of the previous system (Garofalo, 2008; Liso, 2000, 2002; CNEL, 2003) a proper reform of the unemployment benefits has not been carried out in Italy. Whenever a serious situation of mass unemployment is faced, the existing benefits receive dispensations which can then be passed onto employees or enterprises which have previously been excluded. Recently this happened in 2005 under pressure of the crisis which damaged the manufacturing industries in the Northern regions in particular. On this occasion the special wage compensation fund with special dispensation (CIGD) was introduced. This extended the special wage compensation fund to the small craft enterprises (with less than fifteen employees) and to categories of employees who were previously excluded.

The overall number of hours of wage compensation funds paid in 2009 (914,000,000 hours) and 2010 (almost 1,203,640,000 hours), was considerably higher than those paid during the industrial crises which took place during the ‘80s when the total for both CIG and CIGS did not rise above 816,500,000 hours. The data plotted in figure 3.12 show the predominant use of CIGS during the periods of industrial crisis (1981-1986, 1991-1994) and the very high increase of all three funds starting in 2008.

**Fig. 3.12: Number of hours paid by typology of compensation fund**

Source: adapted from @-inail, *CIG Focus Maggio 2011* and *Osservatorio CIG*
In certain areas the special wage compensation fund was the only aid received by people who were unemployed for long periods of time. It was a solution to tackle social tensions while allowing the restructuring of various segments of capital. It was also an instrument which safeguarded the unemployed from the risk of social exclusion. The Italian policy makers attempted to find new ways to make this dismissed workforce *socially useful* and the public sector was the first to benefit from its activation. During the ’90s there were certain important moments which marked the policy-making process, moving the state and the main labour-market actors in the direction of introducing a new welfare-to-work approach.

### 3.4 Changes in the early ’90s: policy creation during a period of financial rigour dominated by the aim of entering the European Monetary Union

#### 3.4.1 Macroeconomic recovery towards EMU

The ’90s represented a difficult decade for Italy from both economic and political points of views. In 1992 many problems which Italy had amassed in the past, reached a dramatic stage. Following the *Tangentopoli*\(^28\) scandal which started in February 1992, the political parties which had ruled Italy for the previous 45 years were passing through the last stage of a dramatic crisis which led to their dissolution in 1994. The main architects of the Maxi Trial against the Mafia in the mid ’80s, the judges Giovanni Falcone and Paolo Borsellino, were both assassinated by a criminal organization in 1992, one within a short space of time of the other\(^29\).

The inflation rate reached 6.5% in 1990 and the public debt increased over a period of six years (from 1987 to 1992) by more than 20% of GDP. The families’ savings used for many years to sustain the public expenditures were diminished and

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\(^{28}\) *Tangentopoli* ("bribesville") refers to the corruption system involving exponents of many political parties and industrial figures, which was revealed through a nationwide judicial investigation guided by the Public Prosecutor’s Office from Milan. It began on 17\(^{th}\) February 1992 and concluded in 1994 when Silvio Berlusconi, leader of the new party *Forza Italia*, entered politics and won the elections. The four parties in government in 1992 (the Christian Democrats, the Italian Socialist Party, the Italian Liberal Party and the Italian Socialist Democratic Party) disappeared and this is known as the end of the First Italian Republic.

\(^{29}\) On 23\(^{rd}\) May 1992, Giovanni Falcone was murdered with his wife and their three bodyguards by a bomb placed underneath the motorway at Capaci, on the route from Palermo airport to the city. On 19\(^{th}\) July the Mafia shot Paolo Borsellino and the five agents in his escort in Palermo.
when the domestic savings began to become scarce, financial resources were required by foreign creditors which led to an increase in foreign debt.

Under strong speculative pressure, the European exchange market spiralled out of control and the Italian lira had to abandon the European Monetary System on 18th September 1992. The country was very close to a financial crisis but was avoided, thanks to the Italian central bank’s use of its resources and instruments (Rossi, 2008). In such a difficult economic scene, the worst problem remaining was the huge public debt accumulated over the previous two decades, which was increasing more rapidly than the domestic wealth. The ratio between public debt and GDP increased from almost 100% at the end of 1991, to 108% one year later, to 119% two years later and to more than 125% at the end of 1994. The payments for interests accounted for 12% of GDP in 1993. The notion of having spent the future generations’ income had gradually started to find place in the public opinion alongside the feeling that the time for paying the debt had already arrived (Rossi, 2008).

On 7th of February 1992 the Treaty for the European Union was signed at Maastricht, meaning that Italy had a very serious commitment to achieve the economic parameters required by the European regulations. Most of the efforts made during the ‘90s towards bringing equilibrium into the main macroeconomic variables were significantly influenced by the need to recover the situation created by previous policies (Rossi, 2008: 106).

The European economic convergence was a difficult process for Italy. The drastic reduction in the inflation rate and the deficit’s downturn became the most important goals in this process. The macroeconomic policies implemented by 1997 aimed at decreasing the inflation rate through rigorous control of the incomes’ dynamics; and secondly, at bringing about the privatisation of the economic public sectors and raising revenue by cashing in on public assets; thirdly, provoking a drastic downturn in the deficit in the presence of a stable national currency.

The parameters, written in the Treaty and the integrated protocols, were applicable to all European countries interested in adopting the euro on 1st of January 1999. The euro-zone member states were asked to ensure their long-term stability of public finances and to prevent excessive debit from occurring. The following five criteria are part of the convergence goal and their observance is mandatory for admission into the EMU (European Monetary Union): 1) ratio between deficit and GDP less than 3%; 2) ratio between public debt and GDP less than 60% and if more should decrease quickly and reach 60%; 3) the medium gross rate for prices increase must not exceed by more than 1.5% the average of the lowest three rates in Europe; 4) the average rate of interest for long-term governments securities must not exceed more than 2% the average of the lowest three rates in Europe; 5) the national currency rate exchange must respect the normal limits of fluctuation agreed by the European Monetary System at least two years before the joining.
As a result of the continued collaboration between the government and its social partners, important steps were taken in reducing inflation. From 1992 the practice of closing mutual-agreements supported by the collaborative participation of trade unions and entrepreneurs’ associations was widely used during the policy-making process. In a first stage (1991-1993) the drastic reduction of the inflation rate by controlling the salary growth was seen as a main concern. In a second stage (1994-1996) great effort was put into reforming large parts of the labour market regulations. On the whole, the laws passed before 1998 were aimed at restructuring the instruments that were used to deal with industrial crisis in the previous two decades and to promote labour market flexibility through new forms of contracts. Additionally, these laws wanted to deregulate careers guidance and vocational training by transferring the state authority to regions and local bodies, and to abandon the public monopoly on the employment services by encouraging private players to enter the market. Many actions towards the privatisation of the public sectors began in 1992. Privatisation involved state-owned holdings, entire economic sectors - such as food and the steel industries - as well as banking and public utilities services. It brought many financial resources to the state funds but there is still doubt regarding its impact on the overall economy in terms of both growth and improvement of the economic competition (Boeri et al., 2005; Martellini, 2007; Rossi, 2008). The privatisation of the Italian public assets was remarkable and exceeded those of the Thatcher and Reagan Governments. It brought 150 billion Euros to the State at the prices calculated in 2005, representing 10.5% of the GDP that year (Rossi, 2008:84).

The monetary policy was managed successfully and the inflation rate decreased to 2% by the end of the decade. The exchange rate was stabilized and the Italian lira returned to the European Monetary System in November 1996. The financial policy first saw positive results in 1995 when primary surplus was equal to 4.4% of GDP and the ratio between public debt and GDP was allowed to fall by less than 1%.

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31 This practice is called *concertazione* (“harmonization”) and can be defined as a collaborative form of participation. The social partners are large organisations (trade unions and entrepreneurs’ organizations) which represent widespread economic and social interests. They take part in the decision making process by means of agreements with the Government, setting up reciprocal obligations and exchanging concessions. During the ‘90s this practice was institutionalized. The ‘Protocol surrounding the Incomes’ Policy’ (1992), the ‘Agreement between Government and Trade Unions’ (1994), the ‘Agreement of 23rd July 1993’, the ‘Deal for Employment’ (1996) and the ‘Social Deal for Development and Employment’ (1998) are the most important agreements carried out to this purpose. This form of collaborative participation was abandoned in 2001 when the method was considered inefficient. The ‘White Paper of Labour Market in Italy’ claimed the autonomy of the executive in terms of policy-making. The role of the social partners was limited to that of being participants in the social dialogue.
This trend was maintained over the following years. The interest payments were halved in only three years, from 12% GDP in 1993 to 5% in 1996. The financial resources used for this came from a rise in taxation, the reduction of the primary state’s expenses and lump-sum taxes collected before 1998.

3.4.2 The first labour market reform: a revision of the social shock absorbers

Unemployment reached a remarkable figure in the early '90s. The crises began in the last quarter of 1992, leading to the loss of 750,000 jobs, representing more than twice those lost after the oil shock on 1973 (CNEL, 2002:159). A large number of people receiving wage compensation funds were out of work but still linked formally to their enterprises. After a long period of negotiations, a reform was passed in 1991, a year of significant economic difficulties. Law 231/91 provided for new benefits for industrial restructuring and transformed some of the previous ones. The main change introduced by this law was a net distinction between temporal and structural redundancies. The special wage compensation fund remained the main instrument used in the first case, while in the latter ‘mobility aid’\footnote{CIGS is equal to 80\% of the total income due for the working hours not delivered. Mobility aid is equal to CIGS for the first 12 months and after is 80\% of CIGS for the further periods. It cannot exceed maximum limits imposed on the monthly payments.} was used only for the dismissed workforce. The use of early retirement was not abandoned totally but it was linked to part-time work\footnote{The redundant employees who have already received the special wage integration funds for a certain period of time and had reached the requirements described in the previous note were entitled to receive their pensions in advance if they agreed to transform their full-time jobs into part-time ones. In this case, the pensions would cover that part of the salaries lost due to the transformation of their work contracts.} for people receiving special wage compensation funds. This instrument was used very seldom, but opened the way to extensive use of early retirements in the case of workforce redundancies. The reform introduced by law 231/91 had important repercussions on the unemployment phenomenon as a whole:

Until then the special wage compensation fund had been used as an unemployment aid. It was used for temporary crises but, when the crisis became structural, this instrument started to be used improperly; essentially it became an instrument to integrate the employees’ wages. Some people have been receiving these aids for fifteen-year periods in Italy. Although the legislation established a maximum period for receiving benefits, they were extended several times because the aids were given to a large number of people; there were entire ‘basins’ of unemployed relying on special wage compensation funds. In 1992, following the reform, these people were registered as unemployed. Just a few months after law 231 was passed, the number of unemployed claiming mobility aids increased exponentially; 70-80,000 people were registered as receiving these aids at a certain time. These people had been out of the labour market for many years. Most of them
had a poor education and had never been involved in any training program so it was not at all easy to re-train them for taking new jobs (interview with C.P., UIL, Executive in charge for active labour policies before 2000).

The total expenditure for the unemployment shock absorbers reached its maximum level in 1994 (table 3.1).

The expenditure for special wage compensation funds fell steadily from 1996 until 1999 and, from 1994 it became smaller than the expenditure for mobility aids. The early retirements were used intensively to deal with structural redundancies since the early ’90s. Their share of the overall expenditure turned out to be smaller than that allocated to the mobility aids only after 1996 (figure 3.13).

Fig. 3.13: Percentage of total expenditures allocated to different typologies of unemployment

Source: adapted from ‘Rapporto CNEL’, October 2003; table 5, p.138
Table 3.1: Payments by typology of unemployment aids (Italian lira, billions)

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<tbody>
<tr>
<td>Normal wage compensation funds (CIGO)</td>
<td>677</td>
<td>1,558</td>
<td>1,905</td>
<td>2,596</td>
<td>1,749</td>
<td>1,155</td>
<td>1,098</td>
<td>958</td>
<td>903</td>
<td>936</td>
<td>752</td>
<td>887</td>
<td>1,146</td>
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<tr>
<td>Normal wage compensation funds for agriculture (CIGOA)</td>
<td>21</td>
<td>28</td>
<td>23</td>
<td>31</td>
<td>27</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>13</td>
<td>15</td>
<td>17</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Special wage compensation funds (CIGS)</td>
<td>1,793</td>
<td>2,024</td>
<td>2,451</td>
<td>2,601</td>
<td>2,542</td>
<td>1,750</td>
<td>1,276</td>
<td>1,135</td>
<td>889</td>
<td>678</td>
<td>912</td>
<td>905</td>
<td>1,110</td>
</tr>
<tr>
<td>Mobility aids</td>
<td></td>
<td></td>
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<tr>
<td>Unemployment aids</td>
<td>4,790</td>
<td>4,891</td>
<td>5,401</td>
<td>6,611</td>
<td>7,331</td>
<td>6,619</td>
<td>7,719</td>
<td>7,630</td>
<td>8,210</td>
<td>8,000</td>
<td>7,621</td>
<td>8,285</td>
<td>8,702</td>
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<tr>
<td>Other aids for unemployed activation:</td>
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<tr>
<td>1) socially useful jobs</td>
<td>261</td>
<td>826</td>
<td>1,102</td>
<td>1,664</td>
<td>1,686</td>
<td>1,243</td>
<td>630</td>
<td>550</td>
<td>2</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) publicly useful jobs</td>
<td>261</td>
<td>826</td>
<td>1,102</td>
<td>1,263</td>
<td>1,435</td>
<td>550</td>
<td>2</td>
<td>5</td>
<td></td>
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<tr>
<td>3) socially useful activities</td>
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<td>4) schemes for professional insertion</td>
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<tr>
<td>5) grants for work activation</td>
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</tr>
<tr>
<td>Early retirements</td>
<td>3,248</td>
<td>3,931</td>
<td>4,839</td>
<td>4,011</td>
<td>3,280</td>
<td>3,440</td>
<td>3,798</td>
<td>3,158</td>
<td>2,444</td>
<td>1,855</td>
<td>1,900</td>
<td>1,808</td>
<td>1,886</td>
</tr>
<tr>
<td>Total</td>
<td>10,529</td>
<td>12,651</td>
<td>15,552</td>
<td>18,122</td>
<td>18,401</td>
<td>15,976</td>
<td>17,494</td>
<td>16,614</td>
<td>16,351</td>
<td>15,483</td>
<td>14,852</td>
<td>14,975</td>
<td>15,849</td>
</tr>
</tbody>
</table>

Source: Rapporto CNEL, October 2003; table 5, pag. 138
The other aids introduced in 1995 saw a sharp increase until 1999. These aids were allocated for the unemployed activation and mainly financed the socially useful jobs programs. In many cases, these programs engaged people who were no longer eligible for other forms of unemployment aids. The first of these programs began in 1995 in response to protests from a large number of benefit claimants. Since their start-up, it was clear that the programs did not have any of the characteristics of the ‘work first model […] based of a series of active measures, such as assisted job-search, mandatory workfare programmes, short-term work preparation and the threat of benefit withdrawal, which are designed to propel welfare recipients into the labour market as rapidly as possible’ (Peck and Theodore, 2000b:120). On the contrary, they were implemented as ‘old style’ Keynesian policy measures, where the state and its local bodies functioned as key actors in the creation of labour demand. The participation in the delivery of public services was received positively by the unemployed as they saw this not only as way of maintaining their income, but above all, as an opportunity to re-enter the labour market.

3.4.3 Involvement of the social partners in the policy-making: the first four social pacts

Thus far, it has been shown that since the early ’90s the Italian governments became aware of the fact that the rational use of public resources has become crucial. The political agenda has been significantly influenced by its commitments in joining the EMU. Any political choice was bound by the Maastricht parameters, and the convergence goals influenced the way in which many domestic policies were formulated.

Starting from the five stages of the policy cycle model proposed by Howlett and Ramesh (1995), differentiated by their relationship to applied problem-solving, the policy-making process carried out during the whole decade in Italy was characterised by the active participation of the social partners to both the agenda setting and policy formulation. Despite the instability of the political coalitions and the fact that seven different governments ruled the country during that time, five important social pacts were concluded between 1992 and 1998. Four of them are briefly analysed below in respect to the evolution of the policy-making process. As the last social pact belongs to
a different stage of this process, beginning in 1997 and ending in 2000, it is analysed in the next chapter.

As recent research acknowledges, the social pacts in Italy were signed over a period characterized by poor economic conditions, weak governments and strong unions (Regini and Colombo, 2011:142). The authors show that the pacts of 1992 and 1993 were stronger because of the urgent need to respond to the economic problems and they also seemed to achieve a substantial reduction in industrial conflict, and better coordination between the objectives and the outcomes of the industrial relations policies. However the positive effect was not long-lasting and ‘the lessening of the ‘problem load’ proved to be only temporary’ (ibid., 140).

The agreements are complex documents touching on many policy areas and macro-economic goals. In this chapter only a brief list of the macro-economic goals are presented, highlighting the overriding policy areas, as well as the strategies used to reduce unemployment and to improve employment. With regard to improving employment in particular, the focus will be on the activities of social/ public interests and the creation of the policy.

Box 3.1: Protocol of incomes’ policy, inflation and labour cost, 31st July 1992

<table>
<thead>
<tr>
<th>Government:</th>
<th>In power from 28 June 1992 to 28 April 1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister:</td>
<td>Giuliano Amato (coalition: the Christian Democrats, the Italian Socialist Party, the Italian Socialist Democratic Party and the Italian Liberal Party)</td>
</tr>
<tr>
<td>Main goals:</td>
<td>To arrest inflation, bringing it to 2% by the end of 1994; to have a stable exchange rate; to reduce the public deficit.</td>
</tr>
<tr>
<td>Main means:</td>
<td>By the ending of the automatic increase of salaries in relation to the rate of inflation; the dynamics of the labour cost and incomes are linked to the increase of the programmed rate of inflation.</td>
</tr>
<tr>
<td>Policy areas:</td>
<td>Prices and tariffs; taxes and social contributions; employment and labour market.</td>
</tr>
<tr>
<td>Strategies to contrast unemployment and to improve employment:</td>
<td>a) to promote new employment through flexible contracts; b) to optimise the use of the unemployment aids for the reorganisation of enterprises or crisis management and to encourage use of flexible contracts to reduce redundancies; c) to adopt specific laws to provide incentives to the regions towards promoting vocational training schemes for unemployed receiving mobility aids;</td>
</tr>
</tbody>
</table>
d) to create a task-force dealing with policies for employment growth and defence of professional skills in areas at high risk of unemployment.

**Box 3.2: Agreement of 23rd July 1993**

<table>
<thead>
<tr>
<th><strong>Government:</strong></th>
<th>In power from 28 April 1993 to 10 May 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prime Minister:</strong></td>
<td>Carlo Azeglio Ciampi (coalition: the Christian Democrats, the Italian Socialist Party, the Italian Socialist Democratic Party and the Italian Liberal Party)</td>
</tr>
<tr>
<td><strong>Main goals:</strong></td>
<td>To have an inflation rate close to that of other EU countries; to reduce both public deficit and debt; to have a stable exchange rate; to increase GDP and employment, particularly in crisis areas and female employment.</td>
</tr>
<tr>
<td><strong>Main means:</strong></td>
<td>The increase of salaries in relation to the programmed rate of inflation; the enlargement of the employment opportunities through the enforcement of efficiency of enterprises, especially in the economic sectors unaffected by international competition and in the public administration sector; the Government and the social partners have two annual meeting sessions to discuss the main goals of macro-economic and budgetary policies.</td>
</tr>
<tr>
<td><strong>Policy areas:</strong></td>
<td>Incomes and employment; work arrangements, labour and sustainability of the productive system.</td>
</tr>
<tr>
<td><strong>Strategies to contrast unemployment and to improve employment:</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Employment management in areas affected by industrial crises through:*

- a) revision of the legislation concerning the use of special wage compensation funds;
- b) support of the regions and local bodies for the promotion of vocational training programs;
- c) promotion of specific incentives suitable for the services sector.

*Employment promotion and more training for young people through:*

- a) use of apprenticeship contracts;
- b) revision of the legislation concerning the training-on-the-job contracts with the purpose of having more flexible training periods.

*Reactivation of the labour market through promotion of:*

- a) **programmes of public interest**, in conjunction with the regions, aimed at the activation of long-term young unemployed and recipients of special wage compensation funds;
- b) special measures to provide incentive for equal opportunities between genders within the labour market, focusing primarily on increasing female employment;
c) specific legislation aimed at regulating temporary work agencies;

Box 3.3: Agreement between Government and Trade Unions, 2nd December 1994

<table>
<thead>
<tr>
<th>Government:</th>
<th>In power from 10 May 1994 to 17 January 1995</th>
</tr>
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<tbody>
<tr>
<td>Prime Minister:</td>
<td>Silvio Berlusconi (coalition: Forza Italia, the National Alliance, the Northern League, the Centre Democratic Union and the Christian Democrats Coalition)</td>
</tr>
<tr>
<td>Main goals:</td>
<td>To achieve structural adjustments of the public balance for 1995 aiming to reduce the interest rate; to reach an agreement with trade unions with regard to reform of the social security system.</td>
</tr>
<tr>
<td>Main means:</td>
<td>The government’s fiscal policies.</td>
</tr>
<tr>
<td>The Government’s attempt to make radical changes to seniority pensions faced strong opposition from the trade unions and, as a result, failed. In January 1995, it was replaced by a technical Government led by Lamberto Dini (in power from 17 January 1995 to 17 May 1996), which managed to find an accord with the social partners and to bring about the pension reform.</td>
<td></td>
</tr>
<tr>
<td>Policy areas:</td>
<td>Employment, labour and Mezzogiorno’s development; family and social solidarity; aids for flooded areas; health system; education and vocational training; research; social security system; fiscal drag.</td>
</tr>
</tbody>
</table>
| Strategies to contrast unemployment and to improve employment: | The structural adjustment of the mobility regime was considered essential by this Government. The goals were that of interrupting the continued extensions of the periods for claiming unemployment aids and moving to a ‘more active’ approach (the previous agreement was signed on 18th November 1994). At that point it was seen as mandatory to:
  a) introduce new regulations for urgent activation of socially useful jobs;
  b) help the central state’s administrations to make a decision on which projects could start in 1995;
  c) motivate the local public bodies for services of public utility delivery through the creation of joint companies with private partnerships. |

Box 3.4: Deal for Employment, 24th September 1996

<table>
<thead>
<tr>
<th>Government:</th>
<th>In power from 17 May 1996 to 21 October 1998</th>
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<tbody>
<tr>
<td>Prime Minister:</td>
<td>Romano Prodi (coalition: the left-wing coalition Ulivo and the independents)</td>
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<tr>
<td>Main goals:</td>
<td>To urgently activate a special plan for employment, aimed above all at increasing the employment rate, especially in <em>Mezzogiorno</em>.</td>
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<tr>
<td>The agreement relies on the statements of the Delors White Paper on Growth, Competition and Employment. The focus is on the increase of investments in infrastructures, training and research, services for local systems of small-medium enterprises as well as the development of job opportunities in some ‘new employment areas’ such as environmental and territory’s maintenance, the upgrading of urban spaces, personal care and social services.</td>
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</tr>
<tr>
<td>Main means:</td>
<td>The Government took responsibility for presenting a project aimed at reorganising the agencies for employment services, jobs and enterprises creation and at giving more strength to the policies for reindustrialisation and development by the end of 1996.</td>
</tr>
<tr>
<td>Policy areas:</td>
<td>Education and training; scientific research and innovation, promotion of employment and improvements in public infrastructures and services.</td>
</tr>
<tr>
<td>Strategies to contrast unemployment and to improve employment:</td>
<td>An array of instruments for labour market regulation was considered fundamental to increasing employment. They are listed as follows: a) apprenticeship contracts; b) work-experience periods; c) permanent training; d) on-going training; e) part-time jobs; f) temporary contracts; g) socially useful jobs; h) new employment services; i) tax reliefs; j) specific instruments to promote emersion of informal labour.</td>
</tr>
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<td></td>
<td>As regards the socially useful jobs, the policy focused predominantly on two objectives. Firstly to provide incentives to transform these into self-sustainable jobs, particularly in the new employment areas listed in the above goals. Secondly to improve the quality of the projects through the promotion of SUJs in new activities such as: transformation of former industrial areas, hydro-geological risk prevention, environmental reclamation including areas contaminated by asbestos, maintenance of protected areas and natural parks, and management of cultural goods.</td>
</tr>
</tbody>
</table>

From the documents presented so far it can be observed that the socially useful jobs became a clear policy statement in 1994. Their legitimation is strongly connected to a broader plan of economic development within the *Mezzogiorno*. Many social actions were organised by the unemployed in that period, principally in areas characterised by high unemployment rates where the unemployment aids were a secure source of income for many families.
A new wave of unemployment arrived at the beginning of the '90s. The difficulty of providing for further unemployment aids was increasing and the long-term unemployed became a very urgent social problem. Households were by that time certain to have an income thanks to such unemployment aids [special wage compensation funds and mobility aids]. They became very worried when they understood that the aids would be stopped because of the restrictive budgetary policies. So the unemployed started to organise themselves asking more decisively to have their aids made secure. They were still in contact with us because, as former employees receiving special wage compensation funds, they were still registered as members of trade unions. Therefore in 1994 we were “forced” to a certain extent to represent, for the first time in the trade union’s history, the unemployed (interview with C.P., UIL, Executive in charge for active labour policies before 2000).

The agreement signed at the end of 1994 pulled strings for the new policy but it also confirmed that the unemployment aids would be available for another one-year period. In January 1995 a new political coalition came into power and the Government, led by Lamberto Dini, had to face the trade unions once again.

At that time, I found myself in a position with the trade unions of negotiating another extension of the special wage compensation funds. The story was always the same: the receivers were still unemployed and in need, without other source of income. I remember that we had lived for two years with these continued extensions carried out by means of specific decrees and without passing any law. I may be wrong, but I believe there were thirteen extensions in little more than two years. At that point, we decided not to allow further extensions. Many of my colleagues were sceptical because everybody was convinced that it would be impossible to interrupt the distribution of special wage compensation funds, especially in areas with high unemployment. I told them ‘we can do this if we offer something else in exchange, another form of allowance, but we will ask the unemployed to work for their benefits’. So we decided that the last extension would be that one (interview with M.G., Under-Secretary of State in the Ministry of Labour and Social Security from 7 March 1995 to 17 May 1996).

That was not the last extension but this state of affairs was brought to an end. The last decree which covered urgent measures surrounding socially useful jobs, wage compensations and the social security sector was passed on 1st October 1996 and became law on 28th November 1996. Large parts of this law were still concerned with the unemployment aids and wage compensation funds but much space was dedicated to the regulation of socially useful jobs. At that point in time a wide range of juridical instruments were provided by the state with the purpose of promoting social activities through unemployed activation. The restructuring of the entire legislation concerning the active labour policies was becoming necessary.

34 The Italian legislation makes distinctions between the two norms. The ‘Decree with the force of Law’ (Decreto Legge) is a norm realized directly by the Executive in emergency cases. It lasts for only 60 days and after that is has to be transformed in Law by the Parliament through the normal legislative procedure. Otherwise it ceases to be valid. Turning to the example given here, every time a decree for the extension of the benefits’ length had lapsed, a new one replaced it. For more than a two-year period, this procedure was repeated every 60 days.
This occurred in 1997 when the policy makers had to face a twofold difficulty. The first was ensuring continuity of the wage benefits given to the long-term unemployed while finding new ways to keep them active and professionally upgraded. The second was activating young unemployed living in Mezzogiorno by helping them gain access to the labour market for the first time. For both targets, activating of the demand for public services was seen as a good solution.

The extensive use of the socially useful work started around 1994 when about 50-60,000 people receiving special wage compensation funds and mobility aids arrived at the end of the periods of receiving these benefits without having found jobs. For this reason we signed an agreement with the Government [led by] Berlusconi in order to use this workforce in some way. We thought that it would be better to have such an instrument allowing them to work for public administrations while continuing to receive work allowances. This would be called workfare today but at the time our aim was to help people whose unemployment benefits were coming to an end, in order for them to have a further income. The socially useful jobs have arisen as a result of this situation, from a lack of labour demand for this redundant workforce.

As employment was not increasing during those years, we imagined using this policy instrument for young unemployed as well. In 1996 the social partners signed an agreement with the Government [led by] Prodi asking for the enlargement of the socially useful jobs to this new target. We were thinking that it could be a way to help young unemployed to begin working, to help them gain their first work experience because many enterprises were asking for this before taking on new employees. Young people usually encounter difficulties in getting their first work experience after they finish their compulsory education (interview with L.R. CISL, Executive in charge for active labour policies).

The reform introduced by law 196 in 1997 intended to address both these problems. The law was completed with two specific decrees which reviewed the whole legislation regarding the activation of socially and publicly useful activities, as well as the main rules for job-creation schemes. They are analysed in the following chapter.

3.5 Conclusion

This chapter has offered an evaluation of the policy-making during its first stage, from the early ’80s to mid ’90s. During this stage, structural unemployment was identified as the core policy problem, and the first set of solutions was created to reform the social shock absorbers and to form specific enterprises capable of providing the unemployed with further benefits and training.

The main structural disparities of the Italian labour markets were presented briefly in the first part. The data show noticeable disparities between the Northern and the Southern regions which, with the exception of rare moments of convergence, have tended to widen. The striking rise of unemployment in Mezzogiorno after 1987 and
during the early '90s placed more pressure on the policy makers to find new solutions to activate the labour demand and create occupational opportunities for a large number of unemployed people.

The second part presented a detailed overview of the principal social shock absorbers that have been used since the '70s to combat industrial crisis and aid restructuring. Their inadequacy in responding to structural crisis and long-term unemployment became evident in the late '80s which led to major labour market reform in 1991. This reform brought about the transformation of the wage compensation funds which had been used inappropriately to tackle long-term unemployment, yet they were an important instrument in insuring a basic income. The sharp increase in unemployment in the '90s called for urgent action, with almost 60,000 jobless at risk of losing their benefits, and their needs becoming more pressing. All this happened within a complex macroeconomic context, and after the collapse of the first Italian Republic, but despite the succession of various political coalitions over a short period of time, the policy problem was never dismissed.

The third part of the chapter has assessed the complex state of affairs which played an important role in the policy formation with Italy’s entrance into the European Monetary Union. It has been shown that the socially useful jobs came into the policy arena offering an urgent solution to the long term-unemployed who were at risk of losing their benefits, yet had to comply with the budgetary restriction imposed by the macroeconomic policies aimed at decreasing inflation and reducing the public deficit. Due to the budgetary constraints and because the policy beneficiaries were receiving welfare benefits, this first stage of the policy was legitimated as a welfare-to-work approach. The policy was instead demand-oriented, as a large range of institutions promoted a plethora of public services, making it possible for a large number of unemployed to be involved. The approach towards unemployment was very different form workfare in this case: instead of compelling the unemployed to work for their benefits in marginal sectors, there was a large mobilization of local and national institutions creating new activities that the SUWs could be involved with. The socially useful jobs were therefore considered part of a wider group of policy instruments for labour market regulation, aimed at creating employment, especially in the new employment areas. From an early stage, the values underpinning the policy-making attached an equal importance to the income provision as to the social reproduction of labour.
The important role played by the social partners in shaping the policy goals and building the policy solutions was analysed through the four agreements signed between 1992 and 1996. Given the difficult macro-economic scenario of that period, and the instability of the political coalitions, it is somewhat surprising to see a strong link between the political agendas of different governments with the shared goal of SUJs promotion, which became apparent in 1994.

The final part of this chapter has examined the reason why a policy created to tackle long-term unemployment was also extended to youth lack of employment, in this way becoming a large scale national policy. The next chapter will examine the policy choice which culminated in the creation of a complex infrastructure of laws and actors involved in the promotion of different types of socially/publicly useful jobs and, most importantly, provided for several job-creation schemes that would facilitate the re-insertion of the unemployed into the labour market.
Chapter 4

Policy choice: active labour policies and job-creation schemes

I would like to know what the Danish Government would have done if they had had to face the problems of Naples. Not even they would have succeeded! We did all that was necessary.  
(Italian Minister of Labour interviewed in 2009)

4.1 Introduction

The policy choice represents the core of the policy-making process which began after Italy joined the EMU. In this new context, the challenges of implementing domestic policies, targeting long-term unemployment and industrial development, had to match the country’s commitments to fiscal austerity, flexible labour and low inflation. Moreover, in certain geographical areas unemployment had reached a worrying level, Naples and Campania being the worst affected. Therefore, under these circumstances it was even more difficult for the policy to be framed.

The Italian state was called to perform in a new international neoliberal environment which limited its range of options in public policy. In fact, the shift from Keynesianism to monetarism become clear after 1997 when the state began to reduce its role, following administrative devolution. This did not mean the role of the state was necessarily diminished, but the functions of the state institutions have been entirely restructured. Peck (2001b:447) acutely observes that ‘what is ‘hollowed out’ is not the state per se but a historically and geographically specific institutionalization of the state, which in turn is being replaced, not by fresh air and free markets, but by a reorganized state apparatus’.

The political choices surrounding the policy analysed in this thesis foreshadow an attempt to synthesise the challenges placed in both domestic and international arenas. The transformation of welfare aids in active labour policies came hand in hand with the liberalization of the job market for those entering it for the first time. Socially and publicly useful workers therefore gained legitimization as a hard-to-place group and this would protect them from radical restructuring of the welfare state at the end of the decade. The neoliberal adjustment, begun in 1997, would increase labour market segmentation and be most detrimental to the young people, women and
immigrants out of the labour force or already employed in the irregular economy (Ichino et al, 2005). These groups would mostly have the choice of temporary and short-term jobs and, after the reform that further deregulated the labour market in 2003, they would face increasing job instability. The limited social rights associated with these contracts have also raised concern that entire generations would face destitution at the age of retirement if they were employed exclusively under temporary contracts (Ichino, 2006). The publicly useful jobs addressing long-term youth unemployment were an exception from this general trend; it was in fact criticised even by its promoters and the reasons behind the formulation of this policy, are analysed in this chapter.

The chapter is divided into two sections, each formed of three subsections. This division corresponds to the paradigm shift occurring in 1997, when the ‘third way’ rhetoric entered the political debate in Italy. The idea that the goal of the Social Democrats should be to combine social democracy with dynamic economy started to take hold in the new politics of many European countries (Giddens, 2001).

The first section of the chapter presents the choices that formed the core of the policy-making, culminating in the legislation passed in 1997. The first subsection presents the premises of this process, summarized in the report prepared by the Onofri Commission which drafted the plan of an organic reform of the welfare state. Although the reform was not implemented in the way it was proposed, and the system of social shock absorbers was not revised, some important changes took place within Treu Reform. The second subsection analyses this reform, focusing particularly on those parts dealing with the revision of SUJs legislation and the new instruments created to combat youth unemployment in Mezzogiorno.

The third subsection is dedicated to the main two laws which set the SUJs and PUJs as active labour policies. Many articles of the legislation are analysed here paying attention to the policy goals, the participation and activation terms, the incentives and penalties regimes and the tools provided for various job-creation schemes. The data relating to the number of people activated and the number of new projects, gives an overall view of the success of the policy with the local administrations. Despite the imposed time limits of the projects, they have remained in place for many years because of repeated extensions. This led to a gradual internalization of this work force whose tasks closely resembled those of the civil servants already employed by the public bodies. Aspects concerning the legitimization of
SUWs and PUWs as *internal* rather than *external* staff to the administration have been questioned by many Italian jurists.

The second part of the chapter analyses the policy shift which began in 2000 when the policy changed radically, the goal being the closure of all projects. The fifth social pact, analysed in the first subsection, anticipated the restructuring of the central state as a result of the administrative devolution. The discourse of the Italian third way introduced by Prime Minister D’Alema shows an attempt at reconciling the increasing opposite interests of labour and capital. The policy changes anticipated in this agreement are examined in the second subsection which deals with the last legislation of SUJs, passed in 2000.

The policy’s aims shifted in the direction of the local administrations which were prohibited from starting new projects but were encouraged to concentrate their efforts on completing the existing ones. This process was influenced by the administrative devolution of the state authority to the local bodies which gave resources, autonomy and responsibilities for the implementation of labour market policies. The Regions became more involved and the new policy instruments were prepared in readiness to respond to the local labour markets’ needs. Most of the norms passed after 2000 focused on providing various incentives for local bodies to complete the projects. After 2003, there was a drastic reduction in the number of jobs created in the private sector. Since 2004, the policy structure has not changed, but various incentives given to the local administration for speeding up the closure of the projects and, frequently, to create new public jobs for the unemployed. This argument is explored in the final subsection underlining the role that the central state has continued to play in the new scenario. Some unpublished data surrounding the various special norms and related funds given to the local administration in order to continue the projects and promote ‘employment stabilization’ are presented at this point. This chapter closes by analysing the resilience of the Italian welfare state, despite the pressures from the neoliberal retrenchment.

Finally, drawn from the data analysed in this chapter, the four structures characterising the policy choice emerge in the conclusion: the value structure, the associative structure, the market regime and the legal structure.
4.2 The policy choice: development of active labour policies for long-term unemployed

4.2.1 Proposals for welfare state reform after Italy’s adhesion to EMU: the Onofri Report

Fulfilling all the criteria apart from its public debt, Italy joined the European Monetary Union in May 1998. The entrance with the first group of EMU members cost the country dearly spanning a six-year period of financial adjustments. Considering the fact that by mid-1996 the likelihood of Italy being admitted to the EMU was slim, the efforts made during the final eighteen months before its entrance seems now to be even more impressive. The fiscal adjustment had already been made in the early ’90s but joining the EMU later than the other countries from the first group ‘accelerated the convergence of the interest rate and provided a sizeable bonus of interest expenditure [...] The Italian government understood this and behaved accordingly. It was in a way a confidence trick, but one that could succeed because of earlier adjustments’ (Chiorazzo and Spaventa, 1999:130).

The process of adjustments had costs in terms of employment and growth. Some macroeconomic indicators show the difficult conditions of the Italian economy in 1996: the lowest GDP’s growth rate in the European Union (equal at 0.7%); its unemployment rate of 12.1%, above the European average of 10.9%; fiscal and social pressure on the ‘standard’ worker of 40%, noticeably higher than the European average of 30% (Rossi, 2008:103).

Unemployment was not at all a homogeneous phenomenon. The deindustrialization process promoted in the ’80s and the end of the state subsidies as a consequence of the legislation promoted in the ’90s, led to a major collapse in employment in the South. Between 1991 and 1996 approximately 600,000 jobs were lost and in 1996 less than 38% of the population of working age in this area were employed (Bodo and Viesti, 1997). Moreover, in the mid ’90s Italy held an unhappy record with youth unemployment which exceeded the alarming level of 60% in Calabria, Campania and Sicily.

The worrying situation of the Italian labour market called for profound transformations. The reform of the welfare state was anticipated by the Deal for Employment in September 1996. At the beginning of 1997 the Government led by
Romano Prodi appointed a commission of experts, chaired by the economist Paolo Onofri, to draft the plan for reform. By the end of February 1997 the Onofri Commission submitted a report which focused on re-balancing the social expenditure with reference to its major components: labour policies, social assistance, housing policy, health assistance and pensions (Onofri Commission, 1997:13-25). Specific recommendations for every policy sector were made in the document.

As regards the labour policies, the overall aim of the reform recommended in the paper was to ‘give a central place to the active labour policies as main component of the welfare state. This implies the transformation of the “passive social expenditure” which was simply offering compensations into an “active social expenditure” aiming at increasing opportunities and promoting change’ (Onofri Commission, 1997:17).

A radical transformation of the social shock absorbers was projected, aimed at the creation of a new system of universal aids based on citizenship rights and a link to real needs; yet the report was not welcomed by the social partners and a number of political parties. Some of the policy changes proposed in the document were never carried out, while others were partially implemented (for an extensive analysis of the welfare reform ten years after the Onofri Commission, see Guerzoni, 2008). The reform of the senior pensions which led to the failure of the Government led by Berlusconi at the end of 1994 was one of the most debated arguments.

4.2.2 **The second labour market reform: the law 196/1997 known as the Treu Reform**

Many of the recommendations concerning the labour market activation made by the Onofri Commission became new policy instruments as a result of law 196, passed in June 1997. It is known as the Treu Reform after the name of the Labour Minister, Tiziano Treu. Some important innovations were introduced by this law, considered to be the hallmark of the labour market reform in Italy. First and foremost was the
annulment of public monopoly on the system regulating labour supply and demand. At the end of the ’70s a previous reform had already attempted to liberalise the public job placement, doing away with the anonymous hiring system\textsuperscript{35}. The Treu Reform opened the activities regarding job placement and intermediation, introducing temporary agency work contracts\textsuperscript{36} in the private sector. The law contains many regulations concerning this atypical\textsuperscript{37} contractual form that is a fixed-term contract characterised by limited barriers for accessing new jobs, alongside low costs for dismissals. The law also reviewed the apprenticeships and the work-training contracts aimed at facilitating the first entrance of the youth into the labour market.

Many studies have investigated the effects of the Treu Reform and ‘it is widely recognised that the promotion of atypical contracts contributed to the employment growth of the second half of the 1990s (especially in the period from 1995 to the spring 2001) when 1,500,000 new jobs were created’ (Ferrera and Gualmini, 2004:104). The evaluations of the flows from atypical contracts to a new condition (non-working, permanent contracts or new atypical contracts) can lead one to think that it was a trade-off between employment growth and job stability in the post reform period. In particular for young workers, women and white collar workers, these atypical contracts determined their exit from the non-working state, but did not represent a ‘springboard’ towards long-term permanent contracts. On the contrary, and in particular for the people working in the services’ sectors, the recurrence of many atypical contracts reduced the probability of moving towards permanent contracts (Sciulli, 2006).

\textsuperscript{35} Anyone searching for employment was required to register at the local employment office. This registration was classified in terms of professional sector, skills and specialisation of the person. The potential employer was not free to choose the person to hire, but could only indicate to the employment office the number of workers needed and the skills required. The employment office would select the people responding to those criteria according to their numerical order on the list (for this reason this system was known as the ‘numerical call’). This principle was not valid for employees moving from one job to another who were allowed to respond to the employers’ ‘nominative call’. After this system was dismantled the employment offices remained in charge of managing the ‘list for placement’ and the ‘mobility list’ introduced by law 223/91. The registration on the ‘list for placement’ saw the activation of a person seeking a new job. Anyone registered on this list for more than 12 consecutive months had to be considered long-term unemployed. This bureaucratic form of registration was compulsory for those receiving any form of active labour policies; in the second part of the ’90s most of the activities consisted of vocational training courses organized by the Regions.

\textsuperscript{36} This new form of employment is characterised by a triangular contract between the worker seeking employment, the company interested in hiring the worker for a limited period of time and the agency employing the worker and making him/her available to the company through a temporary assignment.

\textsuperscript{37} In the literature they are also called flexible contracts. The term ‘atypical’ was introduced in contrast to ‘typical contracts’ which until the Treu Reform, were referred to as long-term full-time jobs.
In 2003 a new regulation known as the *Biagi Reform*\(^{38}\) expanded the group of flexible contracts, adding new typologies, increased their duration and further liberalized the employment services. The *Biagi Reform* did not consider the SUJs and PUJs policy directly, and for this reason it is not analysed in this thesis. However, as we shall see in the second section of this chapter, the introduction of flexible contracts did influence the closure of the SUJs projects after 2000. If in the mid '90s a stable job consisted of a long-term full-time contract, ten years later it became equivalent to a short-term atypical contract. The public administrations adapted their strategies to the new labour market configuration but the supply of less stable job arrangements increased noticeably after 2003, especially in the private sector.

Finally, the *Treu Reform* made a clear statement about the socially and publicly useful jobs, incorporating them into the active labour policies. The Government asked Parliament to act as delegate for the general revision of the normative regarding the socially useful jobs (art.22) and for the promotion of new policy instruments addressing the youth unemployment in *Mezzogiorno* (art.26). Consequently two specific decrees were passed in 1997 which provided the core of the normative on socially and publicly useful jobs\(^ {39}\). The parts concerning some specific legal provisions will be analysed below, while the implementation of the policy at local level and the occupational outputs will be examined in the next chapter.

4.2.3 *Socially and publicly useful jobs as active labour policies*

Policy makers, bureaucrats and scholars who deal with different kind of norms on a regular basis are keenly aware of the difficulty in understanding legislation. The policy process is constructed through negotiations and the norms contain many ambiguities which offer room for interpretation. In Italy it is not rare for additional legislation to be made in order to interpret or clarify laws already in force. Laws become ‘alive’ during the everyday process of implementation when their prescriptions become political decisions and administrative practices. The main articles of these two laws are presented schematically in this section with the aim of providing the reader with an overall

\(^{38}\) Law 30/2003 took this name after the jurist Marco Biagi who was assassinated by the terrorist group *Nuove Brigate Rosse* in March 2002.

\(^{39}\) Decreto Legislativo 7 agosto 1997, n. 280, Implementation of the policies concerning young unemployed from *Mezzogiorno* anticipated by the article 26 of the Law 196 of 24 June 1997; Decreto Legislativo 1 dicembre 1997, n. 468, Revision of the normative concerning socially useful jobs as anticipated by the article 22 of the Law 196 of 24 June 1997.
‘juridical infrastructure’ of the policy. The ways in which these legal provisions are interpreted during the implementation process will be analysed in the following two chapters and they will be revisited in the chapter presenting case-studies.

Decree 280/’97 introduced two specific policy instruments to tackle youth unemployment in Mezzogiorno: the workshops (grants given to the employees for taking-on any temporary young unemployed and provide them with training-on-the-job; from the Italian borsa lavoro) and the publicly useful jobs (PUJs). Following the recommendations made in article 26 of the Treu Reform, this policy activated a unique two–year plan for a minimum 100,000 youths in Mezzogiorno. The overall budget allocated to this policy was 1,000 billion ITL: 300 billion ITL in 1997 and 700 billion ITL in 1998.

The key contents of the legislation which regulated PUJs are presented below.

Box 4.1: D.Lgs. 280/’97 (publicly useful jobs for young unemployed)

<table>
<thead>
<tr>
<th>Promoters:</th>
<th>National and local public administrations (regions and provinces).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities:</td>
<td>The ‘new employment areas’: personal care services, environmental protection and risk prevention, rural development, rehabilitation of urban spaces and management of cultural goods.</td>
</tr>
<tr>
<td>Recipients:</td>
<td>Young unemployed between 21 and 32 years old residents in those regions/provinces registered as having an unemployment rate higher than the national average in 1996 (regions: Sardinia, Sicily, Calabria, Basilicata, Puglia, Abruzzi, Molise; provinces: Massa Carrara, Frosinone, Rome, Latina, Viterbo).</td>
</tr>
<tr>
<td>Participation terms:</td>
<td>Participation in the projects was on a voluntary basis. The unemployed had to be registered for at least 30 months in the ‘lists for placement,’ managed by the Employment Offices and were selected in a ranking order from these lists.</td>
</tr>
<tr>
<td>Main goals:</td>
<td>To bring about new steady and competitive activities, to promote autonomous jobs and to improve the theoretical and professional training of the unemployed.</td>
</tr>
<tr>
<td>Duration:</td>
<td>The maximum duration of the projects was set at 12 months. The law did not make any provisions concerning further extensions of the projects beyond this period.</td>
</tr>
<tr>
<td>Activation terms:</td>
<td>The law required the stability of the new activities throughout the time period meaning that it must be economically self-sufficient in order for it to continue at the end of the projects.</td>
</tr>
</tbody>
</table>
All projects were required to provide a written statement from an ‘Agency for Jobs and Enterprises Promotion’ (AJEP) attesting to the fact that the project would meet the technical requirements for realising sustainable activities. These agencies were entitled to help the administrations in designing the projects and were paid for their services.

**Financial provision**

The monthly allowance of 820,000 ITL per person, corresponding to a work commitment of 20 hours per week and a maximum 8 hours per day. The public bodies interested in using the workers for more than 20 hours per week were asked to integrate their allowances for the supplementary hours worked.

**Incentive regime:**

1) 1,500,000 ITL per person for buying equipment (especially new technologies) used during the implementation phase or essential for the delivery of the activities at the end of the projects; 2) 500,000 ITL per person for paying the AJEPs for their technical assistance provided for project design and implementation. Thirty per cent of these amounts was provided at the projects start-up and seventy per cent was given when the projects were *successfully ended* (explanation given in a successive Decree of the Ministry of Labour, June 1999).

**Funds:**

National Fund for Employment (NFE); the resources were distributed to the regions in proportion with the number of the young unemployed involved in the projects.

As explained beforehand, PUJs were introduced to contrast the strikingly high level of youth unemployment in Mezzogiorno. Trade unions considered them a useful instrument to help young people boost their employability and to enter the job market. The Communist Reconstruction Party was particularly supportive of the use of this instrument on a broad-scale and threatened not to vote for the *Treu Reform* if this law were not passed.

The first big wave [*the increase of the socially /publicly useful jobs*] came about because we had to give something in exchange to *Rifondazione Comunista* (Communist Reconstruction Party) in order to have their favourable vote for the liberalisation of the

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40 The agencies were public bodies stated by law as having unique experience and expertise in polices for re-employment. They were mostly at provincial and regional level, but some agencies operated nationwide (e.g. IG that was a company involved in the promotion of youth entrepreneurship, GEPI and, after its closure, Italia Lavoro, which become the national agency for active labour policies).

41 This legal statement is not written explicitly in decree 280/97, but makes reference to two previous norms concerning activation of socially useful jobs (Decree 510/1996 and Law 608/1996) where the amount of 800,000 ITL per month per person was specified for the first time. A decree from the Minister of Labour passed in December 1997 specified that the monthly allowance plus any additional expenses amounted to 820,000 ITL.

42 The maximum hours worked per week was 36. The sum integrating the allowance was calculated on the basis of the basic hourly rate of a civil servant doing equivalent work.
labour market (they abstained from voting). For this reason we enlarged the target of the policy recipients to people who had never worked. Otherwise the reform would never have been passed (interview with T.T., Minister of Labour and Social Security from 17 May 1996 to 21 October 1998).

Just after the Decree 280 was passed, the publicly useful jobs had a true explosion in June 1997. There were more than 3,200 applications, most of them associated with local projects. Almost 87,000 young unemployed were involved nationwide, 80% of whom were concentrated in four regions: 34% in Sicily, 17% in Sardinia, 14% in Calabria and 15% in Campania (table 4.1). There was also a strong demand for workships with almost 107,000 youths involved. As a result, the overall number of young unemployed wanting to participate in PUJs and workships reached almost 194,000, showing a high interest for this policy.

These figures provide evidence that PUJs acted as an active labour market policy in regions which suffered from high rates of unemployment. However, after a certain period of time it became evident that the creation of economically self-sufficient activities at the end of the projects was not at all straightforward. This policy lasted for a short period of time and there are no data detailing its outcomes, particularly as regards the dimension of the employment/self-employment created. Many projects closed without reaching this ultimate goal, yet some of them did manage to achieve this. One of the case-studies presented in this thesis analyses the factors which made this possible.

In the opinion of one prominent policy maker, expressed almost five years after the formal end of the projects, PUJs proved not to be the most appropriate policy for tackling youth unemployment:

This policy instrument is temporary and exceptional; the youth employment needs a strategic policy composed of three aspects: work experience, vocational training and incentives for the enterprises interested in providing them with stable employment. In the presence of a stable set of active labour policies the publicly useful jobs would be an exception. They were used because an emergency situation came about dramatically in certain territories. Along with the general reform of the shock absorbers [expected to introduce a universal unemployment aid] the future policies for increasing the youth employment should be connected to the development of these areas (interview with A.P., Under-Secretary of State in the Ministry of Labour and Social Security from 17 May 1996 to 21 October 1998).

43 The Regions of Calabria and Sicily, which had a large number of PUJs ‘transformed’ them into SUJs during the transitory regime stated by D.Lgs. 81/2000. In 2000 more than 10,000 PUWs in Sicily and 2,000 in Calabria became SUWs and in this way they were able to continue receiving allowances.
Table 4.1: Number of young unemployed involved in publicly useful jobs and projects with their relative costs on 30th June 1997

<table>
<thead>
<tr>
<th>Regions</th>
<th>Projects (D.Lgs. 280/97)</th>
<th>Publicly Useful Workers (in local projects)</th>
<th>Publicly Useful Workers (in national projects)</th>
<th>Publicly Useful Workers (total)</th>
<th>Total costs (Italian liras, millions)</th>
<th>Average cost per worker (Italian liras, millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sicily</td>
<td>646</td>
<td>28,247</td>
<td>1,517</td>
<td>29,764</td>
<td>115,390</td>
<td>17,961</td>
</tr>
<tr>
<td>Calabria</td>
<td>518</td>
<td>11,339</td>
<td>450</td>
<td>11,789</td>
<td>51,134</td>
<td>5,328</td>
</tr>
<tr>
<td>Campania</td>
<td>471</td>
<td>11,805</td>
<td>1,185</td>
<td>12,990</td>
<td>70,781</td>
<td>14,030</td>
</tr>
<tr>
<td>Basilicata</td>
<td>112</td>
<td>1,262</td>
<td>211</td>
<td>1,473</td>
<td>4,188</td>
<td>2,498</td>
</tr>
<tr>
<td>Puglia</td>
<td>335</td>
<td>6,745</td>
<td>1,007</td>
<td>7,752</td>
<td>23,303</td>
<td>11,923</td>
</tr>
<tr>
<td>Abruzzi</td>
<td>102</td>
<td>2,122</td>
<td>141</td>
<td>2,263</td>
<td>6,688</td>
<td>1,669</td>
</tr>
<tr>
<td>Molise</td>
<td>64</td>
<td>717</td>
<td>37</td>
<td>754</td>
<td>2,897</td>
<td>438</td>
</tr>
<tr>
<td>Lazio</td>
<td>276</td>
<td>4,685</td>
<td>684</td>
<td>5,369</td>
<td>18,943</td>
<td>8,099</td>
</tr>
<tr>
<td>Tuscany</td>
<td>18</td>
<td>252</td>
<td>16</td>
<td>268</td>
<td>748</td>
<td>191</td>
</tr>
<tr>
<td>Total</td>
<td>3,265</td>
<td>81,301</td>
<td>5,614</td>
<td>86,915</td>
<td>345,011</td>
<td>66,470</td>
</tr>
</tbody>
</table>

Decree 468/’97 conducted a general revision of the entire body of regulations concerning SUJs and PUJs and provided detailed legal provisions for their implementation.

**Box 4.2: D.Lgs 468/’97 (socially and publicly useful jobs for long-term unemployed)**

| **Promoters:** | National and local public administrations, public economic bodies (e.g. National Parks, Environmental Authorities), public companies (e.g. Local Health Companies, National Railway Company), social cooperatives and their consortiums. |
| **Activities:** | In general terms ‘activities for the achievement of works and services of public utility through use of specific categories of subjects’. |
| **Categories:** | SUJs were grouped into four categories characterized by different aims, duration and possibility of extension. PUJs were very similar to those introduced by decree 280/’97. They were linked to the ‘new employment areas’, like the others. |
| **Recipients:** | The various categories of unemployed entitled to participate in SUJs and PUJs were grouped together:  
   1) People searching for their first employment and who have been registered in the ‘lists for placement’ for more than two years;  
   2) People not receiving any unemployment aid and registered in the ‘mobility lists’;  
   3) People receiving mobility aids or special unemployment aids and registered in the ‘mobility lists’;  
   4) People receiving special wage compensation funds for zero working hours;  
   5) Restricted groups of workers made redundant because of industrial crisis (from specific companies, industrial sectors or areas);  
   6) Categories of workers made redundant because of major industrial restructuring in specific territorial areas;  
   7) Prisoners granted permission for external work as part of their detention programme. |
| **Participation terms:** | Unemployed receiving benefits could be activated by the public bodies through a direct call. Their participation in SUJs and PUJs projects was compulsory. For all the others unemployed - with the exception of the prisoners - participation was voluntary. Two principles were applied to all unemployed participating in the |

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44 The social cooperatives have a special status in Italy. They are non-profit organisations and benefit from a specific regulatory system. There are two types of social cooperatives: A) cooperatives for the delivery of social and care services, working mainly in the health system; B) cooperatives for social integration, which have at least 30% on their members as people with different kinds of disabilities. All social cooperatives benefit from fiscal benefits which are equivalent to those received by NGOs.
projects: 1) the matching of people’s professional qualifications with skills required to carry out the activities and 2) equal opportunities.

<table>
<thead>
<tr>
<th>Main goals:</th>
<th>The Ministry of Labour and the regions promoted SUJs as an active labour policy for professional upgrading and for the creation of new jobs and new entrepreneurship, with the formation of cooperatives and self-employment covered under entrepreneurship.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Duration:</th>
<th>1) SUJs for professional upgrading: maximum 12 months, no extensions; 2) SUJs for non-ordinary public works: maximum 6 months, 6 months extension; 3) SUJs for people receiving special wage compensation funds and ‘mobility aids’: the benefits time-span was the maximum duration; 4) PUJs: maximum 12 months, 6 months for the first extension, 6 months for the second extension.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Activation terms:</th>
<th>Local administration presented the projects to the Regional Commission for Employment, using a format indicated by the Ministry of Labour. The inter-regional public administrations presented projects to the National Commission for Employment. These projects were part of special agreements containing the general plan for socially public activities prepared with the Ministry. According to each specific category of SUJs or PUJs, the projects were required to submit additional documents: 1) Plans for vocational training (SUJs for professional upgrading); 2) Plans for non-ordinary works (SUJs for non-ordinary public works); 3) Detailed business plans explaining how the new jobs were expected to be created at the end of the project and why the new activities were considered economically feasible throughout the time (PUJs).</th>
</tr>
</thead>
</table>

| Financial provision: | All workers, with the exception of those receiving special wage compensation funds or other unemployment benefits, were entitled to receive an allowance of 800,000 ITL per month for a work commitment of 20 hours per week. The allowances paid for SUJs and PUJs were compatible with: 1) other forms of incomes obtained from autonomous occasional jobs with a maximum threshold of 7,200,000 ITL (earned during the project period); 2) salaries earned from part-time jobs and not exceeding 600,000 ITL per month; 3) allowances and pensions for civil disabilities or attributable to work accidents. The cancellation from the lists, the loss of the status of unemployment and the cessation of the allowance would occur in the following circumstances: employment in a long-term full-time job, |
start-up of an autonomous activity and retirement.

**Incentive regime:**

1) 1,000,000 ITL per person for training (SUJs and PUJs projects); 2) 5,000,000 ITL per person for buying equipment necessary for enterprises start-ups (only PUJs projects); 3) 500,000 ITL per person for paying the AJEPs for their technical assistance provided for project design and implementation (only PUJs projects). Fifty percent of the incentives described in the last two points above were given when the business plans for the new enterprises were **effectively completed.**

**Penalty regime:**

For the long-term unemployed receiving benefits it was compulsory to respond to the public administrations’ calls. Any refusal would have resulted in the benefits being withdrawn and them being cancelled from the ‘mobility list’. However, there were some exceptions to this rule: those unemployed participating in vocational training courses; activities taking place more than 50 km from the workers’ area of residence or in a place more than 60 minutes away by public transport.

The socially useful workers who had not participated appropriately in the activities would also be crossed off the ‘mobility list’. In this case the public administration had the right to ask for their substitution with other unemployed person.

**Job-creation schemes**

The law made specific provisions as to the creation of new jobs through two job-creation schemes which put in central place the outsourcing of the public services to companies that had to hire the workers involved in the projects:

1) Public joint ventures founded directly by the local administration together with a private company which would employ a minimum quota of 40% socially/publicly useful workers and a maximum of 30% other people.

2) Private enterprises which would employ a minimum quota of 40% socially/publicly useful workers and a maximum of 30% other people. The private enterprises could also be cooperatives formed by the workers themselves.

The keys success of these services’ outsourcing from public administrations directly to private companies was provided by dispensation from European competitive tender rules which was made possible by this law which addressed disadvantaged subjects such as the long-term unemployed.

This dispensation would be in force for a maximum of a five-year period from the services’ outsourcing. After then the companies would tender for the services accordingly to the free-competition

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45 The financial incentives were not indicated in this law. The Inter-ministerial Decree of May 18th regulated all financial aspects concerning the policy. The law provided for a one-off payment of 18 million ITL for every SUW employed on a long-term permanent contract; for a part-time permanent contract of minimum 20 hours/week the incentive was reduced accordingly. Moreover, this incentive was in addition to other tax reliefs provided by different laws and it was also available for the self-employed.
rules which characterize the European market regime. Finally, there was a third job creation scheme (relatively small at the beginning due to lack of public funds) which gave the public administrations power to directly hire SUWs and PUWs for low-skilled jobs, allowing them to fill a maximum of 30% of vacancies available with these workers.

| Funds: | 1) Most projects were financed with resources from the National Fund for Employment. Starting in 2000 the financial resources were divided between regions which became fully entitled to make their own local active labour policies. 2) The law entitled the regions and local administrations to finance projects with their own funds. The most important of these was the Region of Sicily which, because of its autonomous status, passed several norms to activate regional SUJs projects. |

As can be observed, a wide range of unemployed were entitled to participate in the projects, yet participation in the SUJs/PUJs projects was not considered equivalent to gaining ‘proper jobs’. The law stated clearly that the public bodies were not employers but ‘users’ and the workers were not employees but ‘unemployed receiving allowances for socially and publicly useful jobs’ (D.Lgs. 468, art.8 and D.Lgs. 280, art.1). As a result, many Italian jurists considered SUJs and PUJs, especially those related to the unemployed receiving benefits, as mere workfare policies (Bettini, 2001; Lunghini et al, 1995; Mazziotti, 1999; Monaco, 2000; Tursi, 1998, 1995; Vergari, 1996). Tursi considered this policy a consequence of a renewed European welfare state from a liberal perspective, where ‘workfare is part of a bigger and ambitious programme that asks public institutions to create conditions for unemployed to find an optimum match in the labour market and to increase their employability’ (1998:1372). The extension of the policy to the long-term unemployed without benefits was instead criticised and seen as an application of the Keynesian theory of full employment outside of the labour market (Lunghini et al, 1995:35), or even as the creation of sui generis work relationships (Vergari, 1996:698). This dichotomy of work relationships occurred because although the public administrations were legally entitled

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46 The unemployment status lasted until the moment when they were in employment again. As a consequence, during the period of the projects the socially/publicly useful workers continued to be registered on the ‘lists for placement’, managed by the employment offices. This part of the legislation has never changed although various preferential channels were found for allowing the public administrations to hire the socially/publicly useful workers directly. These exceptions to the general rule of the public employment - that ask everybody who wants to became a civil servant to pass a public assessment - was made more flexible under ‘special circumstances’. Even then ‘internal and restricted’ selections have been made.
to *use* the unemployed in SUJs, at the same time they were not entitled to change their status from socially useful workers to employees. Bettini (2001:255) also noticed that, despite specific regulation, the SUJs allowances provided the unemployed with certain rights that brought them ‘dangerously’ close to having the same rights as those provided for traditional long-terms jobs (e.g. sick and maternity leave). Merlini (2000:20) sees three functions of the SUJs in relation to the employment perspectives of their beneficiaries: a ‘park area’, where the unemployed are placed to allow them to receive an income; a ‘gym’, where the unemployment are trained to increase their chances of re-entering the job market; and a ‘springboard’ which encouraged the recipients of passive benefits to become more entrepreneurial.

The policy design however was not casual. According to Ripley and Franklin (1982:5-6) there is a logical flow between the formulation, legitimation and implementation of a policy, although to a certain extent these phases overlap during the policy process. The policy formulation occurs when different alternatives to tackling a problem are developed; then the policy passes through the legitimation phase when a set of alternatives are ratified. Finally, implementation takes place after the laws are passed.

The enlargement of the SUJs and PUJs policies to the non-employed*47* operated by the decree 468/97, was a response to the immediate need to provide a large number of unemployed with an income, but also to allow them being involved in socially useful activities; this was evident in the policy choice. During the policy implementation there was a sharp increase in the number of projects and many administrations were requesting extensions. These facts brought the problem of the policy’s economic sustainability in the long-term to a head. Furthermore, in territories with a scarcity of jobs and in the presence of local administrations sensitive to political patronage, these policy instruments were at risk of being perceived as a new form of passive benefits. The introduction of PUJs was in fact an attempt to increase the quality of the projects, to limit political patronage and to encourage the local administrations to take responsibility for the projects’ outcomes:

Unfortunately, there are still such high figures in the South because so many people have been placed in inactive positions. They have always lived there and until that time they were put into these activities without following specific rules. Once the legislative

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*47* The non-employed are people looking for their first job. The distinction is made here to highlight the difference between those who are unemployed as a result of having lost a job and those who are looking for their first job. In order to be entitled to receive SUJs and PUJs, both sets had to be registered in the ‘list for placement’ managed by the Employment Offices for a certain period of time (usually a minimum of 24 months).
enforcement arrived, they started to feel stronger. Inside the groups [of socially useful workers] you would find ‘everything’. We tried to improve the quality of the participants implementing the publicly useful jobs who have always had formal rules and an explicit time-limit (interview with T.T., Minister of Labour and Social Security from 17 May 1996 to 21 October 1998).

At the end of June 1997 the number of unemployed involved in socially useful jobs reached almost 114,000. About 81% of the projects were implemented in Mezzogiorno and almost 19% in the northern and central regions. Approximately 77% of the unemployed participating in the projects were blue-collar workers while 23% were white-collar workers, with a very low number of middle-level managerial staff (table 4.2).

Table 4.2: Unemployed receiving allowances for socially useful jobs by regions, 30th June 1997

<table>
<thead>
<tr>
<th>Regions</th>
<th>Blue-collars</th>
<th>White-collars</th>
<th>Managerial staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piedmont</td>
<td>3,473</td>
<td>410</td>
<td>0</td>
<td>3,883</td>
</tr>
<tr>
<td>Valle D’Aosta</td>
<td>46</td>
<td>9</td>
<td>0</td>
<td>55</td>
</tr>
<tr>
<td>Lombardy</td>
<td>685</td>
<td>323</td>
<td>15</td>
<td>1,023</td>
</tr>
<tr>
<td>Liguria</td>
<td>705</td>
<td>352</td>
<td>0</td>
<td>1,057</td>
</tr>
<tr>
<td>Trentino A.A.</td>
<td>46</td>
<td>1</td>
<td>0</td>
<td>47</td>
</tr>
<tr>
<td>Veneto</td>
<td>385</td>
<td>150</td>
<td>0</td>
<td>535</td>
</tr>
<tr>
<td>Friuli V.G.</td>
<td>96</td>
<td>28</td>
<td>0</td>
<td>124</td>
</tr>
<tr>
<td>Emilia Romagna</td>
<td>211</td>
<td>227</td>
<td>0</td>
<td>438</td>
</tr>
<tr>
<td>Tuscany</td>
<td>1,115</td>
<td>348</td>
<td>0</td>
<td>1,463</td>
</tr>
<tr>
<td>Marche</td>
<td>831</td>
<td>204</td>
<td>0</td>
<td>1,035</td>
</tr>
<tr>
<td>Umbria</td>
<td>880</td>
<td>225</td>
<td>0</td>
<td>1,105</td>
</tr>
<tr>
<td>Lazio</td>
<td>9,370</td>
<td>1,014</td>
<td>0</td>
<td>10,384</td>
</tr>
<tr>
<td>Abruzzi</td>
<td>2,088</td>
<td>150</td>
<td>2</td>
<td>2,240</td>
</tr>
<tr>
<td>Molise</td>
<td>577</td>
<td>41</td>
<td>0</td>
<td>618</td>
</tr>
<tr>
<td>Campania</td>
<td>26,451</td>
<td>827</td>
<td>3</td>
<td>27,281</td>
</tr>
<tr>
<td>Puglia</td>
<td>12,644</td>
<td>527</td>
<td>43</td>
<td>13,214</td>
</tr>
<tr>
<td>Basilicata</td>
<td>1,906</td>
<td>82</td>
<td>0</td>
<td>1,988</td>
</tr>
<tr>
<td>Calabria</td>
<td>4,877</td>
<td>461</td>
<td>8</td>
<td>5,346</td>
</tr>
<tr>
<td>Sicily</td>
<td>16,411</td>
<td>19,965</td>
<td>1</td>
<td>36,377</td>
</tr>
<tr>
<td>Sardinia</td>
<td>4,990</td>
<td>317</td>
<td>165</td>
<td>5,472</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td><strong>87,787</strong></td>
<td><strong>25,661</strong></td>
<td><strong>237</strong></td>
<td><strong>113,685</strong></td>
</tr>
</tbody>
</table>

The number of SUJs projects continued to increase until 1999 when the striking figure of almost 150,000 unemployed joining these projects was reached (table 4.3).

Table 4.3: Stock of socially useful workers by groups of regions (1997-2001)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North-West</td>
<td>6,018</td>
<td>6,506</td>
<td>8,568</td>
<td>2,945</td>
<td>2,116</td>
</tr>
<tr>
<td>North-East</td>
<td>1,144</td>
<td>2,435</td>
<td>3,334</td>
<td>869</td>
<td>321</td>
</tr>
<tr>
<td>Centre</td>
<td>13,987</td>
<td>17,970</td>
<td>18,717</td>
<td>11,370</td>
<td>9,749</td>
</tr>
<tr>
<td><em>Mezzogiorno</em></td>
<td>92,536</td>
<td>110,204</td>
<td>118,483</td>
<td>98,067</td>
<td>92,806</td>
</tr>
<tr>
<td><em>Italy</em></td>
<td><strong>113,685</strong></td>
<td><strong>137,115</strong></td>
<td><strong>149,102</strong></td>
<td><strong>113,251</strong></td>
<td><strong>104,992</strong></td>
</tr>
</tbody>
</table>

Source: Ministero del Lavoro e delle Politiche Sociali, Monitoraggio delle politiche occupazionali e del lavoro, *Nota di aggiornamento* luglio 2002, table 13, p.32

However the public administrations, needing employees, were interested in using the SUWs extensively. This seemed to be a perfect match between public labour demand which had limited financial resources, and an excess labour supply experiencing difficulties in re-entering or even accessing for the first time the labour market.

The number of projects increased significantly. The regions and the central state have started to use these workers to fill the empty positions on their organizational charts. Almost all ministries had SUJs projects: Public Instruction, Justice, Civil Protection, Environment, Transport, Cultural Heritage. Without socially useful workers these important public services would have stalled.

Regarding the ‘employment stabilization’, I think we were all under an illusion: as the workers were useful to the public bodies, they would form companies that would deliver the same services to the administrations; this second part was not so straightforward (interview with G.C., Ministry of Labour, General Director at the ‘Directorate-General for employment’, from 1995 to 1999).

While the implementation of the projects challenged the local bodies concerned with the organization of the activities over this time, the central authority of the state has become gradually more concerned with the need to develop tangible job-opportunities for such a large number of people. The policy was revised in 2000 with the aim of halting the start of new projects and closing the existing ones by June 2001. This change in the policy will be analysed in the following sections.
4.3 The policy change in late ’90s: first and foremost creation of new jobs through services outsourcing

4.3.1 An Italian Third Way: the fifth social pact

The entrance into the European Monetary Union tied Italian domestic policies with decisions taken at European level. In 1998 the Government was ready to push forward the modernization of the country to challenge the increased competition created by globalization. Once again the social partners were called on to take part in the policy-making process. A new agreement was signed in December 1998 but it was different from the social pacts signed before 1996.

At the end of 1997 the government led by Romano Prodi passed a crisis raised by the Communist Reconstruction Party (Rifondazione Comunista), which asked for the reduction of the working week to 35 hours. The unions and entrepreneurs’ associations were opposed to this arrangement and the Rifondazione Comunista retracted its political support for the government and Prodi resigned. The new government, formed of a new centre-left coalition led by Massimo D’Alema, was very interested in renewing dialogue with its social partners. The new social pact reinforced this dialogue as its central objective and, as Italy had recently emerged from the emergency state, no new reforms were under debate. This social deal ‘was symbolic in nature, one in which the actors sought to consolidate their mutual spheres of influence, rather than a pact for negotiating detailed reforms’ (Regini and Colombo, 2011:133). It was however the last agreement where the SUJs policy was named among the active labour policies.

The document, signed by 32 organisations representing the social partners, heralded a very ambitious program for development and employment growth, developed through more than 200 policy goals. The most important policy areas and goals are presented below, emphasizing those referring specifically to employment and SUJs.

<table>
<thead>
<tr>
<th>Box 4.3: Social Deal for Development and Employment, 22nd December 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government:</strong> In power from 21 October 1998 to 22 December 1999</td>
</tr>
<tr>
<td><strong>Prime Minister:</strong> Massimo D’Alema (coalition: the left-wing coalition <em>Ulivo</em>, the Party of the Italian Communists, the Democratic Union for the Republic and the independents)</td>
</tr>
</tbody>
</table>
Main goals: To promote development and employment growth through the participation of the social partners and the local administrative bodies (regions, provinces and municipalities) in the policy-making process.

The agreement makes explicit references to the European Employment Strategy launched by the Amsterdam Treaty of 1997 and which received official ratification during the summit held in Luxembourg in November 1997. On that occasion four pillars were identified as the core objectives for the national labour market policies: employability, entrepreneurship, adaptability and equal opportunities.

Main means: New stage of collaboration with social partners; reinforcement of the link between macro as well as micro economic variables and the labour market regulation; maintenance of the incomes policy and promotion of macro policies capable to provide incentives for non-inflationist growth.

Policy areas: Simplification of the administrative procedures and promotion of innovative management of public administrations; raise of employment; development of the integrative system between education, research and training; reduction of the fiscal burden of the enterprises.

Strategies to contrast unemployment and to improve employment: In 1998, four working groups were set at governmental level with the following commitments:

a) to verify the incentives regime and evaluate their efficiency;
b) to simplify the bureaucratic procedures for incentives distribution, infrastructures and start-up of new businesses;
c) to evaluate the policy instruments for the employment growth, particularly those implemented to promote emersion of informal labour and the socially useful jobs;
d) to identify connections between the different levels of the public administration in order to accelerate and improve the use of the European Structural Funds.

The Government was aiming at reviewing the labour legislation in four important policy areas: 1) new instruments for the emersion of the informal labour; 2) reorganisation of incentives for employment; 3) reform of the social shock absorbers; 4) revision of the legislation concerning the socially useful jobs.

As the Social Deal for Development and Employment (SDDE) was signed immediately after a period of economic emergency and after the Maastricht goals had

\[48\] Employability means promotion of new skills and incentives with the purpose of enlarging participation in the labour market. Entrepreneurship means promotion of active behaviour in order to provide incentive for the creation of new firms and business. Adaptability means the promotion of flexibility for both companies and workforce in response to external challenges. Equal opportunities are promoted especially in terms of reduction of the gender gap in the labour market.
been reached, this agreement appears more a political programme aimed at the development of a modern Italian economy in Europe. The political values and goals expressed in SDDE have many similarities with those stated by Tony Blair’s ‘third way’ politics. Both documents emphasise the importance of creation and development of a knowledge-based economy in order to allow Italy and Britain to compete successfully in Europe and internationally. Both acknowledge the importance of policies for education, training and research development. Finally, both underline the importance of the markets for economic development and employment growth.

The British ‘third way’ politics has no doubts of this approach:

I fully recognize that the private, not government is at the forefront of wealth creation and employment generation. Yet government has a vital role in promoting competitive markets, encouraging long-term research and investment, and helping to equip citizens with the skills and aspirations they need to succeed in the modern economy. Dynamic markets and international competition are vital spurs to economic growth and innovation […] Our approach is competition where possible, regulation where necessary (Blair, 1998:10)

The Italian approach was more cautious and reassured its social partners that both capital and labour would have their interests secured:

The new economic environment asks to redefine the safety net for both workers and enterprises, increasing protections and assurances. As concerns the former, new forms of protection are necessary in order to avoid the risk of exclusion: acknowledging the right to be re-inserted in the labour market (then an efficient training system), redefining some components of the welfare state (among them the social shocks absorbers), creating efficient ways of representation and social participation, and reaffirming the right for workers’ dignity.

As concerns the latter, enterprises must be protected not ‘from’ the market, which happened too often in the past, but ‘in’ the market, which still happens too seldom at present. The social partners sustain the Government’s commitment for markets deregulation and, when necessary, their regulation as a key element for assuring an important presence of Italy in Europe. Social partners also take the Government’s recommendation upon which all enterprises – big, small, medium, art crafts and trade enterprises – are “the primary engine” of employment (SDDE, art. 46 and 47).

Five prominent leaders49 of the New Left commented on the ‘third way’ politics during a public dialogue held in Washington in April 1998. All agreed that the goal of the new left politics is to combine a dynamic economy with social solidarity. D’Alema said that in pursuit of this goal ‘we will need less national government, less central government, but greater governance over local processes as well as opening out in the direction of global community’ (Giddens, 2001:5). In 1997 a major reform in this

49 Bill Clinton (USA), Tony Blair (UK), Gerhard Schröder (Germany), Wim Kok (Netherlands) and Massimo D’Alema (Italy)
direction began, aimed at the devolution of the Italian state authority to the regions\textsuperscript{50}. From this new perspective, the SUJs policy passed through a radical review in 2000 which will be analyse in the next section.

4.3.2 Policy change: DLgs 81/2000

The revision of SUJs arrived in 2000 when a new law both integrated and modified the previous legislation. With decree 81 the policy had a radical transformation, as the focus was moved from the labour active polices to the firm promotion of ‘employment stabilisation’. This law banned public bodies from starting new projects, yet it introduced a rule which entitled workers to continue the projects\textsuperscript{51}.

The most relevant provisions introduced by the new legislation are listed below:

- The various categories of SUJs stated by Decree 468 were simplified and the differences between SUJs and PUJs were eliminated. The public administrations were asked to state clearly what jobs would be created for the SUWs at the end of the projects.
- The area of activities carried out by the unemployed involved in the projects was enlarged, adding clerical services to public administrations as well as transportation and logistics.
- The duration of the projects was set at six months and an extension of a further six months was permitted. Where the extension occurred, the public administration ‘using’ the workers would pay half of the total amount of SUJs allowances. The Regions and Provinces would become the new bodies governing the employment policies and the job placement. By gaining new autonomy in matters of planning, coordination and management of active-labour programmes, they would also become responsible for the allocation of their financial resources.

\textsuperscript{50} The so-called Bassanini Reform was introduced by Legge 15 Marzo 1997, n. 59. The reform was led by the EU effort towards the harmonisation of different administrative practices of the member states. It had two principal aims: 1) the simplification of different administrative practices and bureaucratic limits for the private businesses and 2) administrative federalism through the devolution of the state authority to the local administrations. The reform was completed by other decrees that set norms for specific sectors. Decreto Legislativo 23 dicembre 1997, n. 469 brought about changes in the labour market regulation.

\textsuperscript{51} The workers entitled to continue the projects had to have been involved in socially useful jobs for at least 12 months between 1st January 1998 and 31st December 1999.
• The various instruments created for the outsourcing of the public services were enlarged with a new one: the public administrations were entitled to stipulate contracts of collaboration directly with the workers involved in SUJs projects. As a result, the public bodies started to become interested in preserving this workforce to deliver a wide range of activities.

The innovations brought about by this new legislation reflected the policy makers’ awareness of the difficulties encountered during the implementation process. Although the former legislation made clear statements about the need to create new and stable jobs for the unemployed involved in SUJs and PUJs, this remained more a desirable rather than a firmly pursued goal. Many local administrations invested a great deal of effort in starting the projects, organizing the activities and increasing the quality of the services delivered. Yet it was far more difficult for public bodies to have access to the financial resources necessary for the creation of new companies, or the outsourcing of services. The administrations were late in reaching this goal, it being repeatedly postponed through project extensions. If the policy found no particular obstacles during its implementation, the policy take-up through the privatization of the public services was much more complex and controversial.

One of the most important innovations introduced with the reformulation of the policy was the acknowledgment of those activities delivered by SUWs directly to the public administrations. There was a considerable number of workers involved in clerical activities who were not entitled to receive a job offer, firstly because it was not possible to outsource those activities and, secondly because the public employment regulation in Italy does not allow public bodies to hire civil servants directly. In order to overcome this, the policy introduced a new form of fixed term contract (collaboration) that allowed public administrations to hire SUWs directly. This type of contract, introduced with the Treu Reform (1997), was enforced in subsequent legislation. The number of flexible jobs increased significantly after the Biagi Reform (2003) and it was estimated that 13% of more than two million jobs created between 1996 and 2005 were freelance jobs and collaborations (Samek Lodovici and Semenza, 2008:163).

Table 4.4 (pages 119-120) presents the overall number of employees in public sectors and the related percentage of socially useful workers in various sectors over a ten-year period (2001-2010). It can be observed from these data that the share of socially useful workers as the total number of civil servants was relatively small at
national level (from almost 1.7% in 2001 to 0.55% in 2010), yet it was significant at regional level and for local administrations (from more than 8% in 2001 to almost 5% in 2005 and 2.7% in 2010).

On the one hand, the policy makers were confident about the fact that employing SUWs with atypical contracts within the public sectors would enlarge the area of potential jobs to be offered to this category of long-term unemployed. On the other hand, this offered solutions to those public bodies willing to keep the workers involved in activities with few possibilities of outsourcing.

This stage was really empirical; our motto was ‘it is better to make them [socially useful workers] work just for a few hours, even with atypical contracts, rather than keep them out of work’; this was our sole “theory”, all the rest was empirical. The solutions put into practice were many.

When I arrived [at the Ministry of Labour] I found SUJs and PUJs of many kinds created by various laws which overlapped during that time. We tried to rationalize them, bringing all of them into a single category, to set some limits, to improve the quality of the projects and to decentralize the public expenditure. This was our work (interview with R.M., Under-Secretary of State in the Ministry of Labour and Social Security from 21 October 1998 to 11 June 2001).

Due to the legislation passed in 2000 the ‘basin’ of the public useful workers was definitively ‘frozen’. Many administrations started to close the projects but in some parts of the country, the socially useful activities continued for many years. In some public sectors, SUWs have continued to be employed in activities usually carried out by civil servants. This created several difficulties for HR management and introduced a regime of a two-tier public employment: civil servants employed with long-term permanent contracts alongside SUWs employed with short-term flexible contracts. On several occasions, SUWs substituted civil servants, thus allowing public bodies to reduce their budgets for new staff.

By employing a socially useful worker, the administration ‘froze’ a public vacancy. This had a positive effect on the budget, but in some administrations, the public servants almost disappeared. I took part in an assembly in a school in Sicily, where only SUWs were employed, and I am not referring to the cleaning staff only, but to any kind of clerical job. As SUWs were employed as collaborators, they should be considered autonomous workers and they could not be constrained with respect to a timetable. This situation created many problems and I understand the position of the Head of the School who has tried to manage them in the same way he does with long-term employees. The school administrations need rules and organization and this should affect every person working there (interview with G.B., UIL, Executive in charge for active labour policies after 2000).

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52 This is not the author’s ‘jargon’. Many official documents prepared by the Ministry of Labour, INPS, CNEI, ISFOL and Italia Lavoro make references to these policy goals: to ‘freeze’ the number of SUJs by stopping the promotion of new projects and ‘to empty the basin’ of socially useful workers by promoting ‘employment stabilisation’.
The data plotted in figure 4.1 show that the overall number of public employees decreased by more than 160,000 units between 2002 and 2010. In a ten-year period, the number of long-term permanent contracts and socially useful jobs decreased by almost 4% and 69% respectively. Instead, the fixed-term contracts had a considerable increase of 255% (from 3,542,000 in 2001 to 12,573,000 in 2010) as did long-distance work, which increased significantly by 543% (from 216,000 in 2001 to 1,389,000 in 2010).

Fig. 4.1: Public employees for different typologies of contracts (2001-2010)

Source: adapted from National Accounts Department, annual accounts

Due to the devolution of the state authority to the regions and local administrations, the national policy came to an end. Decree 81/2000 made specific provisions for the financial resources to be transferred to the local administrations by the end of April 2001. All SUJs projects were to be entirely financed by the National Fund for Employment during the period 1st January – 31st October 2000. This state financial contribution would be halved for the following six-month period (1st November 2000 – 30th April 2001) and, afterwards, the local bodies would finance the SUJs projects entirely from their funds.

After 2000, many regions passed laws providing incentives to create new jobs for socially useful workers. Despite the commitment to ‘empty the basin’ in two years, the local administrations have continued the projects and claimed funds from the state. The following section will present the policy development after 2000 where the central state has continued to play a decisive role in the continuation of the policy and for the creation of new employment opportunities for socially useful workers.
Table 4.4: Total number of employees in public sectors and related quota of socially useful workers(*) during the period 2001-2010 (continues)

<table>
<thead>
<tr>
<th>Public sectors</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total no. Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Health Services</td>
<td>714,330</td>
<td>715,771</td>
<td>713,978</td>
<td>717,584</td>
<td>723,034</td>
</tr>
<tr>
<td>Non-economic local authorities</td>
<td>67,014</td>
<td>67,106</td>
<td>66,936</td>
<td>66,372</td>
<td>65,681</td>
</tr>
<tr>
<td>Research organizations</td>
<td>20,540</td>
<td>20,743</td>
<td>20,405</td>
<td>20,226</td>
<td></td>
</tr>
<tr>
<td>Regions and local administrations</td>
<td>690,891</td>
<td>700,369</td>
<td>688,512</td>
<td>685,461</td>
<td>681,588</td>
</tr>
<tr>
<td>Ministries, agencies, presidential office</td>
<td>273,888</td>
<td>270,497</td>
<td>266,354</td>
<td>262,178</td>
<td>260,109</td>
</tr>
<tr>
<td>Autonomous public companies</td>
<td>38,960</td>
<td>35,605</td>
<td>34,415</td>
<td>35,208</td>
<td>36,410</td>
</tr>
<tr>
<td>Schools and training institutes</td>
<td>1,143,371</td>
<td>1,139,930</td>
<td>1,127,422</td>
<td>1,128,148</td>
<td>1,137,030</td>
</tr>
<tr>
<td>Universities</td>
<td>126,213</td>
<td>130,367</td>
<td>133,185</td>
<td>133,853</td>
<td>121,581</td>
</tr>
<tr>
<td>Police</td>
<td>320,972</td>
<td>321,674</td>
<td>321,238</td>
<td>324,731</td>
<td>330,548</td>
</tr>
<tr>
<td>Army</td>
<td>125,160</td>
<td>130,229</td>
<td>132,792</td>
<td>132,585</td>
<td></td>
</tr>
<tr>
<td>The Bench</td>
<td>9,961</td>
<td>10,514</td>
<td>10,434</td>
<td>10,768</td>
<td>10,627</td>
</tr>
<tr>
<td>Diplomats and prefects</td>
<td>2,589</td>
<td>2,574</td>
<td>2,571</td>
<td>2,532</td>
<td>2,547</td>
</tr>
<tr>
<td><strong>Total civil servants</strong></td>
<td>3,533,889</td>
<td>3,540,325</td>
<td>3,516,017</td>
<td>3,520,032</td>
<td>3,521,966</td>
</tr>
</tbody>
</table>

(*) SUWs: socially useful workers
<table>
<thead>
<tr>
<th>Public sectors</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total no.</td>
<td>of whom SUWs (%)</td>
<td>Total no.</td>
<td>of whom SUWs (%)</td>
<td>Total no.</td>
</tr>
<tr>
<td>National Health Services</td>
<td>725,479</td>
<td>392</td>
<td>0.05</td>
<td>727,727</td>
<td>633</td>
</tr>
<tr>
<td>Non-economic local authorities</td>
<td>64,349</td>
<td>374</td>
<td>0.58</td>
<td>64,077</td>
<td>344</td>
</tr>
<tr>
<td>Research organizations</td>
<td>19,940</td>
<td>20,314</td>
<td></td>
<td>22,302</td>
<td></td>
</tr>
<tr>
<td>Regions and local administrations</td>
<td>682,551</td>
<td>29,666</td>
<td>4.35</td>
<td>672,868</td>
<td>23,937</td>
</tr>
<tr>
<td>Ministries, agencies, presidential office</td>
<td>257,277</td>
<td></td>
<td></td>
<td>254,251</td>
<td></td>
</tr>
<tr>
<td>Autonomous public companies</td>
<td>36,009</td>
<td></td>
<td></td>
<td>36,981</td>
<td></td>
</tr>
<tr>
<td>Schools and training institutes</td>
<td>1,158,141</td>
<td></td>
<td></td>
<td>1,158,038</td>
<td></td>
</tr>
<tr>
<td>Universities</td>
<td>122,867</td>
<td>102</td>
<td>0.08</td>
<td>122,442</td>
<td>48</td>
</tr>
<tr>
<td>Police</td>
<td>331,698</td>
<td></td>
<td></td>
<td>331,698</td>
<td></td>
</tr>
<tr>
<td>Army</td>
<td>137,342</td>
<td></td>
<td></td>
<td>137,342</td>
<td></td>
</tr>
<tr>
<td>The Bench</td>
<td>10,428</td>
<td></td>
<td></td>
<td>10,428</td>
<td></td>
</tr>
<tr>
<td>Diplomats and prefects</td>
<td>2,544</td>
<td></td>
<td></td>
<td>2,544</td>
<td></td>
</tr>
<tr>
<td>Total civil servants</td>
<td>3,548,625</td>
<td>30,534</td>
<td>0.86</td>
<td>3,520,847</td>
<td>24,962</td>
</tr>
</tbody>
</table>

Source: adapted from MEF (2001-2010), annual accounts; (*) data refer to all SUWs paid through national and regional funds.
4.3.3 Local projects with national money

At the beginning at 2001 approximately 113,200 people were involved in socially useful jobs: 60,400 paid with resources from the NFE and 52,700 paid with regional funds. A striking number of people involved in regional projects were located in Sicily: 42,700 in total, 6,000 of whom were working for the City of Palermo. According to the administrative deregulation, the central state had to transfer financial resources from the NFE to the regions in order to allow them to continue the projects until 30th June 2001 and to finance job-creation schemes for the 60,400 ‘national’ SUWs. The remaining 52,800 ‘regional’ SUWs were paid exclusively with regional funds.

The financial state law 2001 (L. 388/2000) made specific provisions here, asserting that financial transfers must be backed by specific agreements between the Ministry of Labour and each region. These agreements included specific conditions, following are the most relevant:

- The financial resources transferred to the regions can be used exclusively to pay the SUJs allowances and to support job-creation schemes aimed at stabilising the employment of these workers.
- The regions make a firm commitment to empty the basin of SUWs by a proportion agreed with the Ministry (minimum of thirty per cent).
- Italia Lavoro, the national agency for active labour policies, was responsible for monitoring the process. The funds were transferred to the regions directly by INPS (National Institute for Social Security) according to the figures communicated to the Ministry by Italia Lavoro.

Due to the large number of people still involved in the projects in 2001 there was less optimism about the real possibility to create new jobs for all SUWs. The expectation for the SUJs to act as intermediate labour market that would allow a hard-to-employ group to be gradually inserted into the labour market faded; the creation of new employment proved to be, once again, strongly influenced by the overall demand in the local labour markets (Nativel et al., 2002). The public sector became, in fact, the main labour market for these workers, and the ‘employment stabilization’ started to appear as a process where people’s job expectations needed to be negotiated against the limitations of public expenditure. Even the trade unions, strong supporters of the policy in the past, were aware of these constraints:
There is a part of the Left wing that imagined this policy as a ‘labour army’ formed of people who work outside the labour market for non-mercantile businesses (e.g. personal care services and environmental protection). The workers would receive an allowance very similar to a salary received under a private labour contract. We should have followed this early proposal and developed this kind of services, but we did something that enlarged the basin greatly while the state of public finances did not improve. So this dimension of the phenomenon showed us that, instead of doing things we do not have money for, we should find other ways to empty the basin of socially useful workers (interview with C.T., CGIL, Executive in charge for active labour policies after 2002).

The continued extensions of SUJs projects and the difficulties encountered in the creation of new jobs led to a change of attitude towards the policy. In the Labour Market Report 1997-2001 (CNEL, 2002:271) it claims that if SUJs were still classified as an active labour policy aimed at the ‘direct creation of jobs’ it would only be ‘as tribute to the European criteria’ used by EUROSTAT as a definition and evaluation of labour market policies. In fact, from 2003, the official documents classify SUJs as passive labour policy, alongside unemployment benefits and early retirements (Ministero del Lavoro e delle Politiche Sociali, 2003:73) or as ‘expenses for preserving salaries’ (INPS, 2003-2011).

Despite the rhetoric surrounding the importance of reducing the role of the central government, the SUJs national projects have continued to be financed entirely by the state after 2001. The central administration played a crucial role in finding resources for this purpose and creating new schemes to employ the workers. This choice was carefully made and involved different policy instruments, mostly special norms that supported various forms of public employment and ‘extraordinary agreements’ with the regions that found it difficult to close projects.

The basin was frozen, two laws for early retirement were passed and the local municipalities received resources to employ SUWs directly. Early retirement is not a feasible solution any longer because it costs too much. New employment was created by the municipalities that hired the SUWs. Employment in public companies is not realistic because, for some companies, the SUWs do not have adequate skills and most of the companies do not want them. So we have the part of the SUWs population that is very difficult to relocate in the labour market.

None of the public bodies felt like closing the projects and sending the workers home; this has never been seen as a solution. The choice to keep the SUJs going was shared with the central state administration because we do not want to provoke social tensions in those regions which already have enough occupational problems, where the unemployment rate is higher than other regions.

For this reason the Ministry has always tried to find financial resources to completely cover the SUWs allowances and the family subsidies, where requested. Although it is a law stating that the local bodies should cover at least 50% of the allowances, without the money coming from the National Fund for Employment many socially useful workers would have seen their activities interrupted (interview with M.M., Ministry of Labour, General Director at the ‘Directorate-General for social shock absorbers and incentives for employment’ after 2002).
The data presented below illustrate the state expenditure for the special laws and agreements which allowed some regions to obtain additional resources for the SUJs projects and for the job-creation schemes; the figures relating to the specific number of workers involved in these are indicated where available.


The following two agreements involved the regions Campania and Calabria which received additional funds because of ‘employment stabilization’ difficulties of the SUWs.

Table 4.5: Additional funds transferred to the Regions of Campania and Calabria to counteract difficulties related to the closure of socially useful jobs projects

<table>
<thead>
<tr>
<th>Region</th>
<th>Date</th>
<th>No. of SUWs to be ‘stabilized’</th>
<th>Funds transferred (euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calabria</td>
<td>22nd October 2008</td>
<td>712</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Campania</td>
<td>3rd July 2008</td>
<td>300</td>
<td>10,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,012</strong></td>
<td><strong>70,000,000</strong></td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment

2) Agreements for additional resources ex art 78, sub. 2, let. D) L. 388/2007

These additional resources were given to the Lazio and Molise regions which implemented different measures of ‘employment stabilizations’ aimed at the closure of their SUWs ‘basins’. Some of the measures in Lazio focused on providing additional incentives to those workers willing to leave the projects.

Table 4.6: Additional funds transferred to the Regions of Lazio and Molise in order to close their socially useful workers ‘basins’

<table>
<thead>
<tr>
<th>Regions</th>
<th>Date</th>
<th>No. of SUWs to be ‘stabilized’</th>
<th>Funds transferred (euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lazio</td>
<td>15th September and 19th November 2008</td>
<td>1,038</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Molise</td>
<td>10th June 2009</td>
<td>128</td>
<td>4,363,233</td>
</tr>
<tr>
<td>Lazio</td>
<td>15th July 2011</td>
<td>1,254</td>
<td>25,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,420</strong></td>
<td><strong>36,363,233</strong></td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment
3) Special laws for the regions part of the objective Convergence. Agreements for additional resources ex art. 2, sub. 549, L. 244/2007

Fifty million Euros from the National Fund for Employment have been allocated to the five Italian regions which have access to the European Structural Funds as part of the Convergence Objective (Basilicata, Campania, Puglia, Calabria and Sicily). The funds are provided every year from 2007 to 2013; the sums for 2008 and 2009 have already been transferred to the regions. Calabria was excluded from this distribution in 2008 as it had allocated 60 million Euros for itself.

Table 4.7: Additional resources transferred to the regions as part of the Convergence Objective to pursue the ‘employment stabilization’ of socially useful workers

<table>
<thead>
<tr>
<th>Regions</th>
<th>No. of SUWs paid by NFE at 1st Jan 2008</th>
<th>Funds transferred 2008 (euro)</th>
<th>No. of SUWs paid by NFE at 1st Jan 2009</th>
<th>Funds transferred 2009 (euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basilicata</td>
<td>320</td>
<td>1,224,680</td>
<td>216</td>
<td>836,960</td>
</tr>
<tr>
<td>Calabria</td>
<td>-</td>
<td>-</td>
<td>3,332</td>
<td>12,417,250</td>
</tr>
<tr>
<td>Campania</td>
<td>7,591</td>
<td>35,970,440</td>
<td>7,079</td>
<td>27,222,430</td>
</tr>
<tr>
<td>Puglia</td>
<td>1,965</td>
<td>9,895,620</td>
<td>1,727</td>
<td>7,622,470</td>
</tr>
<tr>
<td>Sicilia</td>
<td>574</td>
<td>2,909,260</td>
<td>462</td>
<td>1,900,890</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,450</strong></td>
<td><strong>50,000,000</strong></td>
<td><strong>12,834</strong></td>
<td><strong>50,000,000</strong></td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment

4) Special contributions for towns with fewer than 5,000 inhabitants, ex art 1, sub. 1156, let. F) and F-bis), L. 296/2006

This is a contribution given to almost 500 small towns interested in employing SUWs as civil servants. The funds cover the costs of employing a maximum 2,450 SUWs in total and are calculated at an amount of € 9,296.22 per annum per person. In the table below, the number of SUWs employed refers to the same people; the variations reflect new employment or retirement. The costs for the SUWs hired directly by the administrations will be covered annually by NFE until they retire. The funds are transferred to the municipalities with special Decrees of the General Director of the Ministry of Labour (1/4/2008, 3/6/2008, 16/2/2009 and 1/10/2009).
Table 4.8: Additional funds allocated to small towns in Mezzogiorno which were interested in employing socially useful workers directly

<table>
<thead>
<tr>
<th>Towns in the Regions</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. SUWs</td>
<td>Funds (euro)</td>
<td>No. SUWs</td>
<td>Funds (euro)</td>
</tr>
<tr>
<td>Basilicata</td>
<td>83</td>
<td>771,586</td>
<td>76</td>
<td>706,513</td>
</tr>
<tr>
<td>Calabria</td>
<td>1,033</td>
<td>9,602,995</td>
<td>911</td>
<td>8,468,856</td>
</tr>
<tr>
<td>Campania</td>
<td>410</td>
<td>3,811,450</td>
<td>414</td>
<td>3,848,635</td>
</tr>
<tr>
<td>Lazio</td>
<td>407</td>
<td>3,783,562</td>
<td>385</td>
<td>3,579,045</td>
</tr>
<tr>
<td>Molise</td>
<td>54</td>
<td>501,996</td>
<td>53</td>
<td>492,670</td>
</tr>
<tr>
<td>Puglia</td>
<td>58</td>
<td>539,181</td>
<td>56</td>
<td>520,588</td>
</tr>
<tr>
<td>Sardinia</td>
<td>35</td>
<td>325,368</td>
<td>33</td>
<td>306,775</td>
</tr>
<tr>
<td>Sicily</td>
<td>52</td>
<td>483,403</td>
<td>50</td>
<td>464,811</td>
</tr>
<tr>
<td>Total</td>
<td>2,132</td>
<td>19,819,541</td>
<td>1,978</td>
<td>18,387,923</td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment

5) Financial resources for the projects financed with regional funds

- A contribution of one million euro to towns with fewer than 50,000 inhabitants

This is given to finance SUJs projects started in 2000 at the latest, and financed entirely with regional funds. From 2004 to 2007 the contribution was given to finance both the projects and the job-creation schemes involving SUWs. Beginning in 2008 the contribution was given for job-creation schemes only, with most municipalities receiving these funds located in Campania, Calabria and Sicily. The last funds transferred were for 2008, but further resources for 2009 and 2010 are available.

Table 4.9: Additional funds allocated to towns with fewer than 50,000 inhabitants to pursue the ‘employment stabilization’ of socially useful workers (projects paid by regional funds)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds transferred (euro)</th>
<th>No. of SUWs</th>
<th>Laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,000,000</td>
<td>370</td>
<td>Art. 3, sub. 82, L. 350/2003</td>
</tr>
<tr>
<td>2005</td>
<td>1,000,000</td>
<td>342</td>
<td>Art. 1, sub. 263, L. 311/2004</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,000</td>
<td>343</td>
<td>Art. 1, sub. 430, L. 266/2005</td>
</tr>
<tr>
<td>2007</td>
<td>1,000,000</td>
<td>146</td>
<td>Art. 1, sub. 1156, let. E), L.296/2006</td>
</tr>
<tr>
<td>2008</td>
<td>1,000,000</td>
<td>37</td>
<td>Art. 2, sub. 552, L. 244/2007</td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment

- An annual contribution for the City of Palermo which has seen a remarkable number of SUWs. The project began with funds from the Region of Sicily which, after some time, had insufficient resources to finance the various job-creation schemes.
Table 4.10: Additional funds allocated to the City of Palermo to carry out activities and pursue the ‘employment stabilization’ of socially useful workers

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds transferred (euro)</th>
<th>Laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>51,642,000</td>
<td>CIPE Decision n. 17 of 28th March 2002</td>
</tr>
<tr>
<td>2003</td>
<td>80,000,000</td>
<td>Art. 1, sub. 1, L. 289/2002</td>
</tr>
<tr>
<td>2004</td>
<td>47,063,000</td>
<td>Art. 3, sub. 76, L.350/2003</td>
</tr>
<tr>
<td>2005</td>
<td>22,000,000</td>
<td>Art. 1, sub. 262, L.311/2004</td>
</tr>
<tr>
<td>2006</td>
<td>35,000,000</td>
<td>Art. 1, sub. 430, L. 266/2005</td>
</tr>
<tr>
<td>2007</td>
<td>35,000,000</td>
<td>Art. 1, sub. 1166, L. 296/2006</td>
</tr>
<tr>
<td>2008</td>
<td>55,000,000</td>
<td>Art. 2, sub. 550 and 551, L. 244/2007</td>
</tr>
<tr>
<td>2009</td>
<td>55,000,000</td>
<td>Art. 41, sub. 16 –ter., D.L. 207/2008 and L.14/2009</td>
</tr>
<tr>
<td>2010</td>
<td>55,000,000</td>
<td>Art. 41, sub. 16 –ter., D.L. 207/2008 and L.14/2009</td>
</tr>
<tr>
<td>2011</td>
<td>55,000,000</td>
<td>Art. 41, sub. 16 –ter., D.L. 207/2008 and L.14/2009</td>
</tr>
</tbody>
</table>

Source: unpublished data, Ministry of Labour, D.G. for social shock absorbers and incentives for employment

Although the administrative devolution led to an enlarged autonomy of the local public bodies, along with a reinforced responsibility for the local political choice, it did not come with the ‘hollowing out’ of the state (Peck, 1996). The data presented above show that the high national financial provisions have allowed the policy to continue after 2000 and integrated the local resources allocated to the SUJs projects and their related job-creation schemes.

Swank argues that although the structure of conservative welfare states like Germany, France and Italy ‘facilitated the integration between labour and capital, offered a formula for sharing the proceeds of national economic growth and promoted a “culture of solidarity” and trust in the welfare state’, this model was less able to address problems of social exclusion of immigrants, long-term unemployed or workers in irregular labour markets (Swank, 2002:213). As concerns Italy, the evolution of SUJs policy after 2000 is an example of how the problem of long-term unemployment was challenged by the Italian welfare state, despite the pressure of the neoliberal retrenchment. How institutions and local actors acted during the implementation of the policy will offer further understanding of this process in the following chapter.

4.4 Conclusion

This chapter has presented the culminating stage of the policy-making known as the policy choice, that consisted of the creation of socially and publicly useful works as active labour policies. A clear shift from welfare-to-work interventions designed to help
long-term unemployed obtain further benefits was made in 1997 when a rich body of laws was passed with the aim of promoting new jobs through the public services outsourcing. Although the creation of new jobs was declared to be the policy’s ultimate goal, the outsourcing of a wide range of public services was considered an important means and it was pursued diligently by many public administrations. The way in which the activities were carried out during the projects’ implementation was of fundamental importance to make this goal more or less achievable.

The first section of the chapter presented the elements on which this policy choice was based, starting with recommendations towards a labour market reform. Socially useful workers are recognized as a special hard-to-employ group and then entitled to further intervention for their re-insertion into the job market. The actions put in place to achieve this goal responded also to the need of the state to deliver public services with limited financial resource. The value structure of the policy choice was therefore solidaristic-cooperative and tried to maximize the benefit of both the public sector and unemployed. It led to the creation of a set of norms and rules able to deal with the claims of various categories of unemployed and to satisfy the labour demand of a wide range of public bodies. This ‘legal infrastructure’ was formed by a rich body of laws, but also made provision for specific institutions which played an important role in the implementation of the projects and during the policy take-up. The second and third subsections explain the core parts of the legal provisions introduced by the Treu Reform, with specific focus on the two decrees that designed the policies of socially and publicly useful jobs.

Regarding the associative structure of the policy, the analysis principally showed a corporate regime that represented the interests of a definite group of people who were of significant relevance because of their large number and had the capacity to represent these interests collectively due to their strong unionization. In fact, the important role played by the social partners, firstly the trade unions, in proposing the first set of policy solutions has already been illustrated in the previous chapter. These have continued to play this role over a long period of time and all three principal Italian trade unions (CGIL, CISL and UIL) created dedicated sections for socially and publicly useful workers. The inclusion of the non-employed into the policy targets was an attempt to enlarge the group of interests represented and this signalled a shift towards a more pluralistic regime. However, many policy makers considered this transformation problematic for different reasons; firstly it led to a rapid increase in the number of
projects and secondly, it created problems in managing the projects during their implementation. Once the public administrations were prohibited from promoting new projects, SUWs and PUWs were seen to be privileged in comparison to other categories. The conflict between their interests and those of other disadvantaged groups in the labour market was resolved by means of regulations, often to the detriment of the ‘new interest’ expressed by young unemployed or workers with unstable jobs.

The policy change in 2000 ‘froze the basin’ of the unemployed participating in SUJs and, consequently, the group was further limited. Specific data presented in this section acknowledge the importance of the SUWs in the local public administrations. The relevance of the public sector in policy choice displays a social market regime. The social status recognised in this category of unemployed justified promotion of activities in the public sector, although the job-creation schemes promoted by the policy recognized the role of both private and public markets in creating new jobs. Moreover, the change in the legislation, enabling the public administration to employ these workers directly, enlarged the area of the public sector.

Various wage-subsidies schemes were used cumulatively to provide an incentive to the employers to hire SUWs and PUWs, but also different types of incentives for public administrations implementing PUJs. The policy regulated a particular regime, where the companies which employed SUWs and PUWs were protected from the market competition for the first five-year period. These norms, alongside many others analysed in detail throughout this chapter, provided a legal structure founded on the tradition of civil law where rights are formal, defined in every detail and therefore difficult to change by political means. This also explains to a certain extent why the special norms that followed the first decrees have touched on and often enlarged, the rights already acquired.

After the administrative devolution, the central state continued to play an important role in supporting the policy at regional level, even when the local bodies should have had full responsibility for the projects they promoted and funded them themselves. This is analysed at the end of the chapter, where it is highlighted that the thesis of ‘hollowing out the state’ is not applicable in the case of this policy which, despite the gradual change of the paradigm, preserved many characteristics of the Keynesian national welfare state.
Chapter 5

Policy implementation: exploring the ‘black-box’

‘How were the socially and publicly useful workers considered by the administration? Difficult to say; they were neither employed, nor unemployed. Instead I can say what they did, because without their work, we would never have been able to deliver all those services without asking money from our citizens’.

(Mayor of a small town in Calabria interviewed in 2005)

5.1 Introduction

Policy implementation represented the most complex part of the policy process. This complexity is not simply attributable to the length of programmes, but also to the multitude of roles that local contexts have played in determining several adjustments of the policy. The implementation stage includes all actions put into place beginning with the projects’ start-up and ending with their closure. The policy take-up is analysed in the following chapter, investigating the different modalities to close the projects and the ways in which the outsourcing of services was pursued.

The state administration at local, regional and central levels, local trade unions and public agencies represented those institutions actively involved in both policy implementation and take-up. The interaction between these actors played an important role in all the stages of SUJs and PUJs projects (start-up, execution and closure) and created a link between the projects’ implementation and the outsourcing of services and the creation of jobs for socially and publicly useful workers. Both entrepreneurial organizations and private enterprises were involved in the outsourcing of public services, but had little influence during the implementation stage.

The public administrations (PAs) implementing SUJs and PUJs projects were local institutions. Their actions in respect to this policy were driven by two

53 The projects have also been promoted by other types of public bodies (regions, provinces, national parks, public companies, ministries etc.), but for the purposes of this research this typology was chosen because, numerically, the local public administrations were the most important in this policy and the procedure to approve the projects promoted by a local public administration was more complex than in the case of
complementary objectives: firstly, there was a political objective, concerning labour market regulation in geographical areas with structural unemployment; secondly, there was a more administrative objective, driven by the need to find a balance between continuous cuts in public budgets and the commitment to providing services to the local communities. As the projects endured for many years, these attitudes achieved different importance during the policy process under the influence of many factors: the actions put in place by the actors involved in the process (firstly trade unions and the unemployed themselves), the interactions between local administrations and the national state which continued to play an important role through the financial leverage, but also changes involving the Italian welfare state and privatization of the public services.

The analysis presented in this chapter draws on interviews with various stakeholders and on a large number of observations collected when I was personally involved in these projects. The policy change in 2000 marked a divide between the two periods of the policy implementation in which different goals were pursued: expansion, mainly during the period 1997-2000, and contraction, after 2000. The period of expansion occurred after decrees 468 and 280 were passed in 1997 when the number of projects increased and many SUJs and PUJs had been extended several times over the maximum length provided by the law. During this period, most of the projects started and the public bodies focused on the activities’ start-up. There were a small number of administrations that implemented SUJs and PUJs for short periods of time and did not extend the projects. This occurred in particular in the northern regions where unemployment was reduced and the PAs activated a small number of SUWs and PUWs. Some of these projects finished without any ‘employment stabilization’ promoted by the PAs and in these cases the unemployed had to find alternative employment in the labour market.

The period of contraction occurred after decree 81 was passed in 2000 when the public bodies were banned from starting-up new projects and great pressure was put on them to close the existing projects and outsource the public services. During this period the administrations focused their efforts on preparing the outsourcing and on governing the process of ‘employment stabilization’. This stage, corresponding to the policy take-up, is analysed in the next chapter. Policy implementation and take-up were
not disjointed. Some of the policy choices made during the projects’ start-up influenced their closure.

The evaluation of policy implementation provides recognition of the institutions, processes and key determining variables involved from the projects’ start-up to their closure. This chapter is divided into three sections.

The behaviour of the policy actors during the implementation process determined hazards which are analysed in section one. Beginning with the activities carried out in an ideal-type of project, it is explained in which ways these activities moved away from this model and which factors determined this shift. In this section the importance that both politicians and public managers had in the projects’ start-up is acknowledged, together with the agencies for jobs and enterprises promotion (AJEPs) that acted as an independent technical actor during the phase of the projects’ preparation.

The second section investigates the interaction between the institutional actors during the implementation stage, in order to understand the competence structure that governed their behaviour, and the decision making and responsibility structure that ruled the transformation of the legal provisions into operational activities. The competence structure examines whether the activities put into place in this stage were more demand or supply-oriented, while the decision making and responsibility structure examines whether it was a hierarchical, autonomous or cooperative interaction. The financial and production structures of the services which were provided are also analysed in this section.

The key variables are then examined in section three, illustrating the way in which they shaped the policy implementation and pre-determined conditions for the policy take-up. The projects’ length, the numbers of unemployed involved in the projects and the amount of time for which the unemployed were engaged in the activities influenced the quality of the projects and, in different ways, the policy outcomes.

5.2 The ideal-type project and implementation hazards

The use of the long term unemployed in public works has a long history in Italian labour policies. The first examples of this can be found after the end of WWII, with the so-called ‘work-sites’ (cantieri-lavoro), which were public programmes involving a large number of unemployed building public infrastructures. Looking at more recent periods, the first projects of socially useful jobs managed by public bodies arrived during the ’80s. These
projects, which were aimed at the re-insertion of the unemployed, often young people, into the job market usually had a maximum duration of twelve months. Private companies were often involved in training these unemployed and had the opportunity of recruiting any of them at the end of the projects. The activities developed with these projects were of public interest, but they were not usually services that public administrations delivered on a regular basis. For example, activities such as the maintenance of the artistic and archaeological patrimony were without doubt important, but a mayor would not have seen them as urgent as cleaning hospitals, keeping refectories in public schools open or organizing the city’s waste collection.

During the '90s, two important factors occurred simultaneously. Firstly, the number of unemployed increased rapidly and different public actors were involved in their re-insertion into the job market. The ‘box-companies’ created by GEPI in many provinces – which had names like ‘Development of Initiatives for Re-insertion’, ‘New Occupational Initiatives’ or ‘New Entrepreneurial Activities’ – had their own organization and staff which they wanted to maintain. Secondly, over a short period of time, the restructuring of the public expenditure saw many public bodies lacking the financial resources necessary for the delivery of essential services. Moreover, the reform of local governments started in the '90s was pushed ahead in 1995 with the reorganization\textsuperscript{54} of the public accountancy and financial system (Grossi and Mussari, 2008; Mussari, 2006). The reform aimed to renew the relationship between local governments and their communities, and to reduce the central state control. If this signified in reality an increased degree of autonomy of local administrations, it came together as an increased responsibility concerning the use of resources and the accountability of the results achieved. This process of renewal brought a transformation of the entire model of administration which was now known as new public management. The promotion of market-type-mechanisms in the public sector and of new public management was seen by international organizations as the best strategy to modernize the administrative systems (OECD, 2005).

The policy of SUJs and PUJs aimed, in the first instance, to return the unemployed into the labour market. Decrees 280 and 468, passed in 1997, introduced an articulate normative body for addressing long-term unemployment that was mainly associated with specific categories of subjects from certain geographical areas of the

\textsuperscript{54} This reform was included in the Consolidated Act for Local Governments approved in 2000 (Law 267/2000, Testo Unico degli Enti Locali).
country. Could this legislation be a factor in explaining the extremely high increase in the number of projects after 1997? As this research will show, the presence of the socially and publicly useful workers helped the administrations in implementing new services and delivering activities which would otherwise have encountered difficulties because of lack of public personnel and insufficient financial resources.

This situation is associated with the fiscal adjustments that took place during the early ’90s which interfered with the public expenditure in different ways: the structural reform of pensions, limits to public employment and change to the rules regarding public bargaining, the introduction of rigid rules for public balances both for local and national public bodies, and limitation of public expenditure of local administrations determined at national level (Balassone et al., 2008).

Concerning the expenditure for civil servants, three different limits were placed on public employment from 1990 to 1997. Between 1994 and 1996 all public administrations with the exception of the public education sector could take on new employees with a limit of 10% of long-term contracts which had ceased the previous year. For a limited part of the public administration, a total ban on hiring was imposed after 1997. These measures led to a reduction in public employment of 2.7% between 1991 and 1997 followed then by an increase of 3.6% from 1998 to 2003 (Marino et al., 2008:37). The ban on hiring civil servants is also the result of a process of profound transformation of the public administration, aiming to increase the overall efficiency of the public personnel, to reorganise the services delivered, to improve their quality by evaluating new forms of management and delivery. For this reason, many organisational charts were revisited and the administrative procedures were streamlined.

Taking into account the legal provisions of the two cited decrees, an ideal-type of SUJs project can be drawn. It represents a case in which there is perfect correlation between ‘programme rationality’ and ‘implementation rationality’ (Schimd, 1997a:214), when implementation does not deviate from the statutory provisions for the projects. The actions put in place in such an ideal-SUJs project would follow a linear trajectory made up of three sequential phases in which the public actors perform specific actions:

1) Start-up: the public administration decides on the services to be delivered through the implementation of a socially useful jobs project. The political and administrative parts of the public body collaborate perfectly. The number of unemployed is decided according to parameters of productivity and the
required skills are defined in order to perfectly match the job description. The approval procedure for the project is short and no problems are encountered as concerns the selection of unemployed. The requisite number of people with the necessary skills are selected, and the project starts.

In the case of PUJs projects, there is an additional start-up action that corresponds to the activity carried out by an Agency for Jobs and Enterprise Promotion. The AJEP helps the PA in designing the project and assesses whether it meets technical requirements to meet sustainable activities. This kind of project provides an estimation of how much the outsourcing of the services is likely to cost at the end of PUJs and a proposal about the detailed organization of the activities. An ideal-type of PUJs project would follow, during its implementation, the prescriptions specified by the Agency and the outsourcing of the services would cost approximately the same amount as projected in the budget.

2) Execution: the project runs smoothly under the supervision of public managers. The activities proceed without problems, the unemployed improve skills and productivity and boost their motivation. As the project is financed with national funds, the PA saves the money that would have been spent on the delivery of the same services if they had been outsourced.

3) Closure: at the end of the project the PA decides to outsource the services to a private company or to a joint mixed public-private company which will employ the workers, or to a cooperative formed by the workers themselves. Trade unions and the unemployed welcome all of these decisions. The unemployed form the cooperative or accept the jobs offered by the company which the public services are outsourced to. The PA remains involved in the services’ monitoring after their outsourcing while the former socially useful workers consolidate their employment in the new company, through careers’ development, or are actively involved in the growth of their cooperative.

In areas where the number of unemployed was high and public money scarce, it was very rare for SUJs and PUJs projects to follow these phases without any impediments. None of the policy actors behaved in the ways described above. The behaviour of each key group of actors involved in the implementation of a social policy is associated with a type of hazard that is relevant for the policy success (Quaid, 2002). As
concerns the SUJs and PUJs projects, their potential hazards are briefly described below. The first three types of hazards came to light in the early stages of a project, while the last two were more frequent in the final stage, when the public administration decided on the project’s closure through the outsourcing of public services.

**Political hazard:** the politicians sell the idea of creating local jobs in order to obtain votes from the electors. No attention is paid to the organization of the services and to the financial resources necessary for their delivery.

**Public managers hazard:** the public managers create opposition to the project start-up or delay the project’s closure. In the first case, the public managers act in opposition to the political part. Managers believe that the project raises organization problems and generally see it as a burden for the administration. If, however, the project starts, public managers try to obstruct the activities being carried out to illustrate the futility of the project, the inadequacy of the unemployed and the managers’ preference for the services to be outsourced. In the second case, SUWs and PUWs fit perfectly into the gaps of the PA organization chart, and the managers want to use the workers as long as possible and try to delay the ‘employment stabilization’.

**Target-group hazard:** the long-term unemployed are interested only in earning their allowances, but put little effort into carrying out the activities. SUWs and PUWs limited participation in the project comes hand in hand with a steady involvement of these workers in illegal jobs.

**Trade-unions hazard:** trade unions claim public jobs for all SUWs or PUWs, which is why the unemployed are strongly opposed to any different proposal of ‘employment stabilization’ (e.g. jobs in private companies or cooperatives). Trade unions claim that a PA offers employment prospects to all unemployed involved in the project at the same time, meaning no partial solutions (e.g. jobs could be offered to one group of unemployed while another group remains involved in the project) and no different timing for different groups (e.g. the PA could decide to outsource different types of services over a longer period of time).

**Employers hazard:** the companies are interested in obtaining the services without competitive tendering and use the socially useful workers merely for this purpose. Once the services are outsourced, the companies increase their profits by cashing in on the economic benefits provided by law for employing SUWs or PUWs. When the benefits end the companies drop their services and dismiss the workers.
How could these hazards be avoided during the project implementation? There was no ‘one solution fits all’ that could be applied. These hazards did not manifest themselves as independent events and, in most of the cases, it was the interaction between the target group, institutions and private companies that determined the failure or success of a project.

Project implementation was driven by two objectives explained in the introduction, which were not incompatible. Although many projects were focused on the delivery of activities of public interest to local communities, the public administrations pursued the goal of job creation for SUWs and PUWs. In fact, the most important attainable outcome of the SUJs and PUJs projects remains the re-insertion of the long-term unemployed into the job market, principally by means of public services privatization. The outsourcing has always been a means and not an end, even though in the last stage of the policy it has assumed as much importance as job creation itself. The outputs of the policy are, instead, the activities delivered during the projects’ implementation. Their relevance for the local communities, as well as for the unemployed involved in their delivery, is part of the policy evaluation.

One should not overlook the fact that the implementation success does not coincide with the policy success, neither is it a simple measuring of the degree of success. As Palumbo et al (1984) show ‘there are many varieties of implementation, all of which might be judged successful in some regard and unsuccessful in others’ (Palumbo et al, 1984:47). In fact, according to this perspective of the analysis, the policy outputs were positive if the activities were delivered adequately, proved to be useful for the local communities and also if they helped the SUWs and PUWs to make up for the period of their long-term unemployment. Therefore, when SUJs and PUJs projects did not end with the outsourcing of services, this did not mean that the policy implementation had failed; as long as the activities carried out during the projects were socially relevant. For this reason it is important to understand the variables that determined the behaviour of institutional actors during the implementation stage, and to explain the variables change during the policy process.

5.3 Institutional actors involved in the policy implementation

Almost twenty years after the socially useful jobs began, the (very few) scholars interested in understanding this policy examined its outcomes exclusively in terms of the
employment created through the public services outsourcing. Very little consideration was given to the fact that the activities carried out by SUWs and PUWs had a considerable social benefit for the local communities since the beginning of the projects.

In many cities, schools and hospitals were cleaned, public spaces were cleared and waste was collected, all due to the socially useful workers. In several small towns, new services for elderly care or people with learning disabilities were introduced with publicly useful projects. Important environmental engineering work was carried out in five national natural parks exclusively using SUWs and PUWs. The list of works completed and new services implemented due to the SUJs and PUJs projects is extensive. They represent an important policy output that remained difficult to quantify in economic terms. If all these services had been delivered by public staff employed by public administrations, the overall cost of these activities would have been noticeably higher.

Table 5.1 presents the structure of the activities provided by SUWs and PUWs in 2001 and their geographical distribution. It can be observed that services of environmental protection were prevalent in the northern regions, the personal care services in the central regions and the ordinary administrative services in Mezzogiorno.

Table 5.1: Distribution of socially useful workers per services and geographical areas (%)

<table>
<thead>
<tr>
<th>Service</th>
<th>Total</th>
<th>North</th>
<th>Centre</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection and green spaces maintenance</td>
<td>28.80</td>
<td>34.40</td>
<td>15.70</td>
<td>29.50</td>
</tr>
<tr>
<td>Ordinary administrative services</td>
<td>17.60</td>
<td>6.90</td>
<td>30.00</td>
<td>17.80</td>
</tr>
<tr>
<td>Personal care</td>
<td>14.00</td>
<td>21.00</td>
<td>17.20</td>
<td>12.50</td>
</tr>
<tr>
<td>Services for schools</td>
<td>11.00</td>
<td>4.70</td>
<td>2.90</td>
<td>12.90</td>
</tr>
<tr>
<td>Upgrading of urban spaces</td>
<td>10.50</td>
<td>14.00</td>
<td>2.30</td>
<td>10.90</td>
</tr>
<tr>
<td>Cultural heritage maintenance</td>
<td>6.50</td>
<td>11.00</td>
<td>10.70</td>
<td>5.30</td>
</tr>
<tr>
<td>Waste collection</td>
<td>4.30</td>
<td>4.10</td>
<td>2.30</td>
<td>4.60</td>
</tr>
<tr>
<td>Non-ordinary administrative services</td>
<td>2.60</td>
<td>1.60</td>
<td>15.90</td>
<td>1.20</td>
</tr>
<tr>
<td>Protection of safety work environments</td>
<td>1.40</td>
<td>0.60</td>
<td>1.30</td>
<td>1.50</td>
</tr>
<tr>
<td>Environmental reclamation of disused industrial areas</td>
<td>1.10</td>
<td>0.00</td>
<td>0.30</td>
<td>1.30</td>
</tr>
<tr>
<td>Improvement of the hydrological network</td>
<td>0.90</td>
<td>0.30</td>
<td>0.30</td>
<td>1.20</td>
</tr>
<tr>
<td>Integrated technical services for the PAs</td>
<td>0.50</td>
<td>0.00</td>
<td>0.10</td>
<td>0.60</td>
</tr>
<tr>
<td>Improvement of public transport</td>
<td>0.50</td>
<td>0.30</td>
<td>0.40</td>
<td>0.50</td>
</tr>
<tr>
<td>Management of scrap-yards and systems for waste treatment</td>
<td>0.20</td>
<td>0.60</td>
<td>0.60</td>
<td>0.10</td>
</tr>
<tr>
<td>Hydrological assets protection</td>
<td>0.10</td>
<td>0.50</td>
<td>0.00</td>
<td>0.10</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: IL (2001a), ‘La ricollocazione dei lavoratori socialmente utili’, table 1, p.25
The public administrations were the most important institutions involved in projects start-up. The projects were first approved at regional and then at central level which also provided the financial resources. The projects involving publicly useful jobs had to first be certified by an AJEP and following this were passed to the regional authorities. The local trade unions championed the projects’ start-up and eased the relationship between the unemployed and PAs. Their presence was constructive, but not compulsory. Young unemployed for example had less contact with the trade unions because they were not members.

5.3.1 Public administrations (politics)

The activities presented below describe the implementation of the SUJs and PUJs projects promoted by the local public administrations. Beginning with the activities that the unemployed were supposed to be involved in, the SUJs projects were prepared by the PA. In this case, both the political and technical parts of the administration were fully prepared for the project start-up.

A new project initiative always started with the politicians. They were sensitive to the unemployment issues and were willing to show that they were able to find solutions to this problem. But in order to decide which services were to be targeted, how to organize them, how many people and what kinds of skills were necessary for them, politicians had to involve the PA managers. Only the managers of the public services knew these exact technical details and they were also able to suggest how to improve certain services, or the new ones that the PA could promote. When there was collaboration between politicians and public managers, the implementation of the projects worked well. When the politicians came with new ideas, but the administration opposed them, the projects failed.

A project would be strong if it started from a genuine need of the PA, if there was money to allow the outsourcing of these services at the end of the project or if, at least, the PA was committed to finding this money for the project’s end.

One of the most common problems I met in the field is that, as the projects were extended for many years, the politicians changed and, several times, this ‘communion of views’ between the politicians and managers failed. After a mayor worked to outsource a service and employ the SUWs, their successor may have very different views. In this case, the ‘employment stabilization’ may not be a priority and, consequently, the new mayor would not be engaged in finding the funds and closing the project. Sometimes the projects lasted because the managers did everything possible to keep them alive. At other times managers helped politicians to find the funds necessary for the outsourcing of the services [in the PA annual budget]. In other words, without the managers’ collaboration, in most cases the ‘employment stabilization’ failed (interview with R.DS., GEPI/JL, executive in the Region of Abruzzi).

The SUJs projects contained the description of the activities and the place where they were to be carried out, the number of people needed and their required skills. The projects were approved by the Regional Commission for Employment or by the
Tripartite Commission\textsuperscript{55}. In both cases, the projects approved at regional level were sent to the Ministry of Labour for the approval of the financial resources necessary for their execution. As explained in the previous chapter, after the administrative devolution occurred, the resources from the National Fund for Employment were sent to the regions based upon specific annual agreements. This two-tier structure of decision-making and responsibility has been maintained to the present; as long as the projects continued to be financed with national funds, the final decision was taken centrally, although the activities were promoted and approved locally. This rule concerned the start-up of new projects as well as the extensions to existing ones.

5.3.2 Public management (administration)

Once approved, a project was immediately executable, meaning that the workers could be selected and the activities started. The workers were selected in a ranking order, from the list managed by the local centre for placement\textsuperscript{56}. This list contained all the unemployed, who were classified according to their professional sectors, skills and specialisations. When the selection involved unemployed receiving wage compensation funds by GEPI through its ‘box-companies’, the selection was made directly by these companies following the same criteria: the ranking position in the list and the skills requested for performing the activities described in the project.

After the workers were selected, the activities were put in place. The cost of SUJs and PUJs activities was covered by a national fund, financed through tax revenue. The unemployed received their allowances directly from INPS, after the PA had provided proof on a monthly basis that they were present at work. The administration was more involved in this stage than the political part. The public managers responsible for the

\textsuperscript{55} Before the so-called Bassanini Reform (March 1997) the projects were sent to the Regional Office for Labour and Maximum Employment (Ufficio Regionale del Lavoro e della Massima Occupazione - URLMO) which prepared them and send them for approval to the Regional Commission for Employment (Comissione Regionale per l’Impiego – CRI) which was made up of trade unions, entrepreneurial associations, the Ministry of Labour represented by the regional councillor for labour and the URLMO’s general manager. The Bassanini Reform brought the administrative devolution of the state authority to the regions. As a result, CRI was transformed into Comissione Tripartita (Tripartite Commission) made up of trade unions, entrepreneurial associations and the region represented by the political part (the regional councillor for labour) and the administrative part (the regional manager for the labour sector).

\textsuperscript{56} The local centres for placement (centri per il collocamento) merely had bureaucratic functions. After the reform they were transformed into centres for employment (centri per l’impiego) that were to provide services for the unemployed. The centres for employment are organized on a provincial basis and are specialized particularly in supply-side services: counselling, CV checks, unemployed training, skills balances, preparation for job interviews etc.
various operational sectors were in charge of the execution of the activities and for checking workers’ compliance with their employment duties.

There is a strong body of research that has investigated the role of public management in the delivery of public policies and programmes (Behn, 1991; Denhardt, 1993). Other writers have analysed the positive effects of the public management from the point of view of the administration (Ingraham and Kneedler Donahue, 2000; Ingraham et al, 2003) or focused on behaviours and practices of public managers (Ingraham et al, 1998; Ricucci, 1996, 2005). Heclo (1977) argues that it is extremely difficult for managers to change the culture of public organizations and often do not succeed in challenging the inertia of bureaucratic systems.

Generally speaking, the role of public managers was substantially empowered in Italy after the radical transformation of the political system brought about by Tangentopoli in 1992. The investigations and processes carried out during this period placed an entire political class under suspicion. In order to limit corruption and reduce politicians having a role in running public economic activities, the public management received powers and responsibilities in this field. The managers responsible for different economic services in a public administration are in charge of competitive tendering and contracting (CTC), to authorize payments and monitoring the accomplishment of the quality of the services contracted out.

The implementation of SUJs and PUJs projects usually meant the public managers faced three different scenarios: 1) if the activities were completely new, SUWs and PUWs were the only workforce involved in their delivery; 2) if the activities were not new and the PA already had their own staff involved in those sectors, managers had the task to administer this mixed workforce made up of public employees and unemployed; 3) sometimes SUWs and PUWs were used to replace public staff in those sectors where the PA was not allowed to use any unemployed without running a public selection (e.g. clerical services, accountancy, HR and, generally all kinds of ‘white-collars’ jobs). These three scenarios determined different modes of work organization for SUWs and PUWs which created pre-conditions for different types of ‘employment stabilization’.

The decision to outsource has impacts on public organizations. A comparative survey of outsourcing conducted by the Cranfield School of Management demonstrated that the public sector managers could control the transactional aspects of outsourcing better than the private sector managers; yet the former, unlike the latter, affirm that outsourcing is detrimental to the public service companies (Kakabadse and Kakabadse,
In the late ’90s public managers in local public administrations in Mezzogiorno, dealing with SUJs and PUJs projects, were divided between two choices: some were championing the outsourcing of services and the SUWs being employed into the private sector, while others were in favour of the reinforcement of public employment through hiring SUWs.

5.3.3 Public agencies involved in the projects’ start-up

All stages described up to this point characterize the start-up and execution of both SUJs and PUJs projects. There is an important stage concerned only with the PUJs projects, which was relevant for their execution which is succinctly described below.

The statutory provision for PUJs projects was to improve the quality of services and, above of all, to promote activities in the so-called ‘new employment areas’ such as environmental and land management, the upgrading of urban spaces, personal care services and social services. These projects had to be certified by AJEPs, which were entitled by the law to carry out activities that supported the PAs. Drawing on data provided by a PA, an Agency would in fact prepare the project. Starting with the parameters of productivity necessary for carrying out certain activities (gathered from technical descriptions available for almost all categories of public services), the Agency would present the PA with an estimation of the number of unemployed needed for the project, an organizational structure of the activities and also the cost of these activities in the eventuality they would be outsourced to a private company at the end of the PUJs. In this way, the PA would have a reasonable cost estimation concerning the PUWs ‘employment stabilization’ at the end of the project. Once the project was approved by the Agency, the Town Council ruled on it and this document was send to the Regional Commission for Employment or the Tripartite Commission. Although this procedure required a more formal commitment from the PA towards the ‘employment stabilization’ of PUWs, it was however easy for an administration to change this decision before the project’s end. The lack of public funds for the outsourcing of the services was a compelling enough reason for any PA to revoke this bylaw.

57 The Town Council (Giunta Comunale) is a collective body, formed of the Mayor and Councillors, running policies, financial and administrative issues in a city. The Town Assembly (Consiglio Comunale) is a political body formed of all those elected, representing the majority and minority parities. The Town Assembly votes on the city’s annual public budget and approves all expenses that the PA needs in order to deliver various services to the community.
Moreover, the fact that the AJEPs were paid for their technical assistance by providing the project design, should not be underestimated. They received an amount of 500,000 ITL (approximately 250 Euros) for each unemployed individual involved in publicly useful jobs. Therefore, the PUJs projects involving a large number of workers were economically attractive for the agencies. This service, paid with resources from NFE, was imposed by law and it was seen as a routine for the agencies. As the responsibility for closing the projects always belonged to the PAs, no responsibility for the projects’ failures was attributed to the AJEPs.

The involvement of a significantly higher number of SUJs and PUWs than the required number of those needed for carrying out an activity, had a strongly negative impact on the perspective of their ‘employment stabilization’. This variable played an important role in determining many extensions of the projects over long periods of time and influenced the policy outcomes.

Finally, it should be stressed that during this start-up stage there was strong agreement between policy makers and implementers over initiating SUJs and PUJs projects. At local level, the politicians and trade unionists were concerned about the permanence of long-term unemployment and their geographical concentration; the public administrators were worried about the continued cuts to their budgets and the consequent negative impact on PAs’ capacity for providing services to the citizens; the entrepreneurs were interested in the privatization of public services at the end of the projects. At national level, there was a shared view surrounding the usefulness of the projects in both social and economic terms, which is why their extension was approved and financed over long periods of time. However, while many local PAs were motivated to start up projects, only a limited number were working to privatize the services. During this stage, a great deal of effort was put into carrying out the activities, along with involving a large number of unemployed in the projects. Some key variables of the projects implementation, which played an important role in the whole process and set priorities for the policy take-up are analysed in the following section.

5.4 Key variables for policy implementation

The majority of the PAs needed more than one extension to the projects before being able to outsource the activities carried out by SUWs and PUWs. When the number of
unemployed involved in the projects was greater, the organization of the activities was more complex, and the outsourcing of the services became more costly.

The strongest argument in support of the public services outsourcing was that private companies were able to organize these activities more efficiently than the public administrations. Therefore, the organizational economies brought thorough outsourcing to reduce costs are beneficial for the PAs and, as the public expense for public services is covered by tax revenue, for the entire community. Nonetheless, there are examples of services that became more expensive through outsourcing, and therefore detrimental to customers (O’Donnell et al, 2011)\textsuperscript{58}.

Other studies show that cost-savings are made when the outsourced services are measurable and easily monitored, but outsourcing is far more difficult for complex and ‘subjective’ services, such as welfare provision; in these cases the cost reduction is obtained at the expense of a lower quality of services delivered (Bendick, 1989). Even more interesting is the case of the city of Leipzig which, facing a high budget deficit, rejected privatization and created large-scale municipal companies which brought the needed revenues, social benefits, and greater efficiency in delivering the services (Garcia-Zamor and Noll, 2009).

The PAs interested in outsourcing the services however needed time to organize the activities and to find the financial provisions necessary for the privatization. The execution of the SUJs and PUJs projects allowed both.

If the creation of new jobs for SUWs and PUWs is the policy’s ultimate outcome, the execution of the projects is its output. Carrying out of the projects successfully was often the best premise for the ‘employment stabilization’. There are three key variables that influenced this stage of the implementation: the length of the projects; the number of unemployed involved; the amount of time for which the unemployed were engaged in the activities (part-time or full-time).

5.4.1 Projects’ length

Goggin puts forward ‘two “critical” variables that differentiate one style of implementation from another: duration and change’ (1986:332). He asserts that when the

\textsuperscript{58} The authors analyse the case of the privatization of Sydney Airport, highlighting the need for an appropriate regulatory system for this former public monopoly. After the privatization there was an increase in charges for the use of the airfield and car parks, which led to complaints from the major airlines and consumers.
implementation is delayed and the policy is substantially modified during this stage, the implementation becomes more political and is more likely to fail. If the implementation is instead rapid and the policy is little modified, it involves more administration and is more likely to be successful.

As regards the policy of the socially useful jobs, the main variable altered during the implementation process was the duration. The change of the policy during this stage was reflected by the fact that some administrations were implementing ‘good projects’ (characterized by real activities and SUWs actively involved in their delivery) while others were implementing ‘bad projects’ (characterized by a lack of real activities and SUWs who were receiving allowances without being involved). The reformulation of the policy in 2000 took into account these aspects and tried to favour the good practices:

The administrations who really believed in the policy benefited enormously, because with very little expense, entirely supported by the state from the beginning, they delivered useful services requested by the people. In fact there are many administrators requesting a renewal of the projects exactly for this reason, because in the absence of the services [delivered by the SUWs] the administrations would have faced complaints from the local residents. Other administrators were instead populist and responded to their political clientele. In this case, projects were inconsistent and the workers who were supposed to deliver the activities did very little. With the new legislation we required the administrations to improve the activities and, due to the devolution of the state authority at local level, we tried to increase the number of good projects and reduce the bad ones. So the real divide between the public administrations was not between those who implemented many projects and those who implemented only a few, but between the administrations who really believed in the policy and those who did not (interview with R.M., Under-Secretary of State in the Ministry of Labour and Social Security from 21 October 1998 to 11 June 2001).

The projects’ length depended upon many factors: the collaboration between politicians and public managers in the elaboration of the projects; the organizational capacity of the public management that determined how this new workforce was managed in relation to the activities to be carried out; and positive feedback from the local community and media concerning the utility of the activities which determined a positive reaction vis-à-vis the workers themselves.

The duration in itself did not determine a negative policy outcome because many of the unemployed were offered jobs at the end of the projects, but rather, it overshadowed the policy’s positive outputs. After 2001 the activities carried out by SUWs and PUWs started to be considered irrelevant and great emphasis was placed on the permanence of these unemployed with the public administration and their (presumed) adversity to work in the private sector. Nonetheless, having a large number of extensions could hide a political hazard, in particular in those situations in which a public
administration was not committed to the ‘employment stabilization’ objective but continued to ask for a project’s extension, in order to gain time. These situations came to light more clearly during policy take-up, due to the close involvement of the trade-unions in this stage.

5.4.2 Number of unemployed

The number of unemployed involved in the projects is linked to a certain extent to the previous key variable. If SUJs and PUJs were implemented in order to prioritize the quality of the services, the PAs selected a congruent number of workers with the required skills to carry out the activities. This was not however an easy aim to achieve, especially concerning the quantitative aspect. The gravity of long-term unemployment in certain geographical areas was an important determinant in this process. In fact, the majority of the PAs attempted to involve as many as possible of their citizens who were facing long-term unemployment in SUJs and PUJs projects.

For some policy implementers, the need to find employment solutions for a large number of unemployed was incompatible with that of providing public services based on market productivity parameters.

This process cannot be efficient because the parameters needed to deliver an optimal service are not taken into account when it is necessary to respond to an employment emergency. Attempts were made to match both these needs, but it is obvious that while the former determines the conditions for a company to survive in the market, the latter follows a totally different aim. In my opinion, it is the latter that determined how the policy worked; in other words, the public administrations looked firstly at the number of unemployed and lastly decided which activities these people could deliver.

Another important aspect is the geographical constraint: many enterprises could have offered jobs in the North, but most of the unemployed were in the South and they were not willing to move. We should acknowledge that the employment conditions came first with respect to the objective of efficiency followed by private enterprises (interview with N.F., President of Italia Lavoro from 2000 to 2009).

However, even when the projects began with an over-subscription of unemployed in relation to the actual number required to carry out the activities, certain PAs attempted to find more activities to involve the workers in, while other administrations did not. Instead, as regards the matching of a worker’s skills to the job description, many administrations ran short training courses to close such skill gaps. Again, the PAs which considered it important to train the unemployed sufficiently were committed to carrying out activities of a high quality throughout the projects’ execution.
The involvement of an extremely large number of unemployed in the activities prepared the ground for the public management hazard and for the target-group hazard. On the one hand, public managers found it difficult to administer large groups of workers who risked becoming a burden for the administration. However, on the other hand, the unemployed felt unmotivated and began to view their participation in the project as a compulsory, yet useless, activity required in order for them to be entitled to receive their allowances.

The enlargement of the target group from the unemployed receiving wage compensation funds to the wider group of the long-term unemployed placed great pressure on local administrators, particularly in those areas of Mezzogiorno where unemployment had reached worrying levels. From the point of view of one of the most experienced policy makers interviewed for this research, the relation between the target-group and the active work process had a strong influence in determining the success of the projects. He also believes that the most important factors are related to the efficiency of the PAs promoting the projects and championing the feeling of civic duty to a community.

It is much easier to activate people receiving wage compensation funds because they are still linked to their enterprises as well as people receiving unemployment aids because these are usually given for short periods. These are two cases of unemployed who are still close enough to active work, so there are margins for recovery. Instead it is very difficult with people who never worked or stayed outside the labour market for long periods of time. Furthermore, there is an opportunistic culture in some places that make things more difficult. At the demonstrations organised in Naples, as well as in Palermo, some Mafia bosses participated without fear.

Beyond the legislation, the policy is, above all, a matter of organisation and civic sense. The law introduced limitations and imposed alternative choices, but if there are no structures, no job opportunities, what can one do? Provisions for the project to last only six months can be made, but after six months when they [the unemployed] will occupy the City Council, what alternatives are available? Therefore the project will be extended for a further six months. It has always worked in this way.

Unfortunately the policy worked better in areas where there was less need, in Friuli, Veneto, Lombardy, in small counties were the labour market was already in a good situation and the number of unemployed was low. Their activities were checked, the administrations were efficient and everything worked well. In these places the workers were useful, but less needed than they were in Campania, for example (translated from an interview with T.T., Minister of Labour and Social Security from 17 May 1996 to 21 October 1998).

The question to be raised at this point is ‘what would have happened if the unemployed had not occupied the City Council when the project ended and they had been sent back home; what alternatives would they have had?’ In reality, the striking level of the long-term unemployed in these areas had already caused serious riots in the ’90s. In Naples for example, the movement of the organized unemployed was very active from this point of view.
The institutional success in certain Italian regions is explained through a number of specific social and economic factors. Institutions perform better in those regions where there are more favourable political traditions, more advanced social economic development, greater social stability and slower social change (Putnam et al., 1983). National policies such as those analysed in this research, are instead requested more in less developed regions, where all these factors that favour institutional success are fragile. The question remains therefore what configuration there needs to be to achieve a policy in order to be effective in such challenging conditions. The neoliberal turn blurred these concerns. In early 2000 the discourse in the field of labour policy started to emphasise the responsibility of single individuals with respect to their employment hazards and to stress the need to reduce the direct participation of public institutions in the economic field.

5.4.3 Part-time vs. full-time activities

The legislation provided for the amount of work for a minimum of twenty hours per week for a socially/publicly useful worker. The allowance covered this work supply, but the public administrations were allowed to use the unemployed up to thirty six hours per week, equivalent to a full-time contract in the public sector. The supplementary hours worked were paid by the public administrations with their own resources and were calculated on the basis of the basic hourly rate of a civil servant doing equivalent work.

The decision to use SUWs and PUWs either part-time or full-time was taken at the beginning of the projects but the PAs could change this during the execution of the activities. The total amount of work per person was, to a certain extent, determined by the overall numbered of unemployed involved in a project. In those cases were the number of unemployed was high, it was preferred to ‘share’ a full-time socially useful job between two people. Another important variable was the availability of public funds, so the PAs with very limited resources were not able to spend additional money for SUJs and PUJs.

The unemployed who had their allowances integrated with supplementary hours worked, earned net incomes close to those of the public servants. The gross cost of labour was however different, because the PAs did not pay national insurance for SUWs and PUWs. It is difficult to gauge whether there was a difference concerning people’s work commitment between the unemployed involved part-time and those involved full-
time in the projects, but it was generally agreed that the SUJs and PUJs allowances were rather small, even with respect to the minimum living expenses in *Mezzogiorno*.

The income from socially useful jobs was nonetheless important for workers and their families. During 1997-2000 Italia Lavoro carried out a survey on a representative sample of 10,598 SUWs. One of the variables investigated was the percentage of income received through participation in SUJs in the family’s income. Table 5.2 reports these results, divided according to gender and categories of unemployed involved in SUJs (former recipients of wage compensation funds and long-term unemployed without any form of benefit). It can be observed that the income from SUJs was crucial in those families where males, former recipients of wage compensation funds, were the sole bread-winners. In the same category the majority of females’ income was instead supplementary to that provided by their partners, yet more than 19% of long-term unemployed women were the sole bread-winners.

### Table 5.2: Sources for family income for socially useful workers (%)

<table>
<thead>
<tr>
<th></th>
<th>Former recipients of wage compensation funds</th>
<th>Long-term unemployed without benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males’ families</td>
<td>Females’ families</td>
</tr>
<tr>
<td>Only the socially useful worker</td>
<td>59.0</td>
<td>16.6</td>
</tr>
<tr>
<td>Socially useful worker and another family member</td>
<td>33.7</td>
<td>68.7</td>
</tr>
<tr>
<td>Socially useful worker and two or more family members</td>
<td>7.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Italia Lavoro (2001b), ‘Socially useful workers’, tables 9, 10, 30, 31, p.21 and 49

The law provided the possibility for SUWs and PUWs to earn additional money from other jobs, for a maximum of 600,000 ITL (about 300 Euros) per month. As the unemployed were interested in maintaining their “status”\(^{59}\) as SUWs and PUWs, the most common way to increase their incomes was by taking temporary jobs on the illegal market. It seems that the target-group hazard was, to a certain extent, increased by the fact that SUJs and PUJs allowances were generally insufficient when the workers were involved in part-time activities:

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\(^{59}\) This status entitled SUWs and PUWs to take part in projects implemented by the PAs, and, more importantly, to receive an offer for their ‘employment stabilization’ once the administrations decided to close the projects. Finding stable jobs was the most important goal for the unemployed and, as long as this opportunity was available, they preferred to remain involved in the projects. There are obviously cases of people leaving the projects for external job offers, but this was not on a large scale.
The black labour market exists, but it is not only for the working class. How many managers deliver consultancy services outside their jobs, without paying taxes? It is clear, if I have an income of 500 Euros per month, this is an incentive to work illegally. If you deduct the cost of the bills from the allowance for socially useful jobs, you have almost nothing left. If an MP tried to live on 500 Euros per month, he would understand that the law he made would encourage people to work on the black market. This crime involves, however, high risk. A person involved in this and then caught, faces serious allegations of robbery and fraud. There are two instruments of leverage, if we do not want SUWs and PUWs working on the black market: 1) they could work full-time for the public administrations and receive decent salaries; 2) they could receive allowances for part-time jobs but, for the remaining time, they could be paid to participate in training courses financed by European funds and this would also be useful to re-qualify them for jobs offered by private employers (interview with G.DO, Secretary of CGIL in the Province of Teramo, Region of Abruzzi).

The activities financed with their own funds were better monitored by the public administrations and this suggested a better outcome of public management in controlling the projects outputs. The unemployed involved for thirty six hours per week had major economic benefits for taking part in the projects. Moreover, this variable was important for the ‘employment stabilization’, because the trade unions did not accept reductions of SUWs salaries as a result of the services outsourcing and put pressure on the administrations to find enough financial resources to guarantee full-time jobs after the projects’ closure. These processes are investigated in chapter 6.

5.5 Conclusion

This chapter analysed the policy implementation that represented a complex part of the policy system. A well-structured group of laws, created to address many categories of long-term unemployment, entitled public bodies to implement socially and publicly useful jobs. After 1997 the number of projects noticeably increased and many public services were delivered by socially and publicly useful workers at both local and national levels.

The first section of this chapter presented the sequential phases of an ideal-type of project and the potential hazards relevant to the policy’s success. These hazards are associated with the principal actors involved in the policy process: politicians, public managers, trade-unions, potential employers and the unemployed themselves. Politicians and public managers were greatly involved during the projects’ start-up and execution. Trade-unions and employers played a major role during the projects’ closure, when the public services were privatized.
All activities carried-out during this policy stage were aimed at involving long-term unemployed in public activities. The *competence structure* of the policy implementation was therefore demand-oriented. The projects were promoted locally, but they needed central approval and funds were allocated at central state level. Moreover, any extension of the projects followed the same procedures and the final decision always came from the central state administration. As a result, the decision making structure associated with the project implementation was hierarchically-centralized for most of the projects. When the projects were paid instead with regional funds, they were approved by the Regional Commissions for Employment and, only in these cases, was the central state not involved in the decisional process.

The local and central state institutions had responsibilities during this stage. Trade unions championed project start-up, but the responsibility for implementation was always given to those public bodies that had prepared the projects, requested formal approval and then organised the execution of activities. The agencies which certificated the PUJs projects are acknowledged as an independent institution involved in implementation, although their responsibility vis-à-vis the final project outcomes was very limited. However, without their involvement in this policy stage, the PUJs projects would not have been implemented.

The way in which these three institutions have been involved in the implementation process was examined in the second section. A distinction is made between the roles of the PAs’ political and administrative parts (politics and administration) in the projects’ start-up. The role of the public management (administration) in the execution of the projects is examined separately, showing different scenarios which they were confronted with while the activities were carried out. It was also acknowledged that the transformation of the public administration due the devolution of the central state authority brought administrative power to local governments. This in turn, favoured the rise in market-type-mechanisms of the organization of public services and a new public management model.

The *decision making and responsibility* structure of the policy implementation was therefore hierarchical-centralized up to the time of administrative devolution. It became more autonomous-decentralized afterwards, although the financial leverage of the central state continued to play an important role during the further extensions to the projects. The AJEPs were involved in the implementation process as an
independent actor, but these agencies had cooperative relationships with the public administration through which PUJs projects were certified.

The financial and production structures of the policy were both entirely public. The cost of the allowances was covered through tax revenues, while the services were delivered by public structures without charging fees. The use of SUWs and PUWs in new types of activities has, in fact, allowed the delivery of new services without any additional cost to the communities. In the case of the most traditional public services, they have continued to be delivered without increasing taxation and, in many case, a better quality of the services was provided.

The third section analysed the key variables for the policy implementation which form the catalyst structure. The number of unemployed involved and the typology of socially useful jobs they accessed (part-time or full-time) influenced the development of the projects. The political and public managers’ hazards increased when this number was too high in relation to the workforce necessary to carry out a certain number of the activities. On the one hand the organization was more complex when a higher number of workers were involved and, at the same time, the likelihood of them accessing ‘employment stabilization’ in a short period of time was smaller. On the other hand, the participation of the unemployed in SUJs and PUJs projects with full-time contracts was more positive and this allowed them not only to earn higher incomes, but also to feel more motivated and consider themselves as ‘internal’ to the public organizations. For these reasons this factor reduced the target group hazard.

The most important variable was the long duration of the projects due to repeated extensions. In 2000 the frequency of extensions brought changes to the legislation to prevent the implementation of new projects and to close existing ones. However, the long duration of a project was not equivalent to a negative policy outcome. The projects were extended in order to allow the delivery of services to the local communities and also aid PAs in finding the funds for the outsourcing. When, despite several extensions to the projects, this did not happen, it is likely that political hazard occurred.

The services delivered by the unemployed during the execution of the projects remain a rather neglected policy output. The moral attitude against the public administrations which decided against privatizing the services and employed directly the workers was negative. However, the central state institutions did not withdraw their support and, as explained in the previous chapter, substantial public funds were allocated
to those public administrations which made this choice. The following chapter will explore the controversial process of the policy take-up which corresponds to the ‘employment stabilization’ together with the public services outsourcing.
Chapter 6

Policy take-up: the ‘employment stabilization’

‘While the public administrator tries to cut costs, the politician aims at creating jobs. Reaching both goals is how to try to square the circle. This was the ‘employment stabilization’ of socially useful workers’.

(President of Italia Lavoro interviewed in 2009)

6.1 Introduction

The policy take-up, as described by Schmidt (1997a), is the last part of the policy process where the goals associated with the target groups are achieved. The policy of socially and publicly useful jobs had as its ultimate goal the re-insertion of long-term unemployed in the labour market. The legislation called this objective ‘employment stabilization’, seen as the creation of new jobs that would be maintained over a long period of time. The means by which this goal was to be reached was specified during the policy formation: public services were to be outsourced to companies which would employ the socially and publicly useful workers for the delivery of these services. Four options were offered to the workers within this frame: to form cooperatives by themselves; to be employed by private companies; to be employed by joint mixed private-public companies (formed of PAs and IL); or to be employed directly by public administrations. This last option was not part of the initial policy choice, but was added when the policy was revised.

As already explained in chapter 2, a large part of the academic literature dealing with public services outsourcing stresses the importance of transaction costs in service outsourcing and appears to recognize a trade-off between cost efficiency and service quality. While some authors acknowledge difficulties encountered in the outsourcing of quality services, they fail to provide an explanation of the way in which non-economic variables, such as institutions, local communities, national and international regulations etc., impact on whether outsourcing occurs or not. Although cost efficiency was taken into consideration, most of the public administrations willing to close SUJs or PUJs projects prioritized social goals over economic ones. Moreover, as the final policy goal was that of providing opportunities for stable jobs, its achievement cannot be limited to the moment of outsourcing the services. The success of ‘employment stabilization’ can be attributed to a combination of factors that continued to
play a role beyond project closure and, in fact, it is essential to understand under which circumstances those jobs were maintained over a longer period of time.

There are strong connections between the last two stages of the policy. Many actors involved during the implementation continued to play an important role in relation to the ‘employment stabilization’. Some public agencies which had been involved in the certification of PUJs projects, such as Italia Lavoro (former ‘Itainvest’), became key policy facilitators during this last stage. Trade unions continued to champion SUWs rights for jobs, but their strategy became stricter in order to respond to the new goals. Although the enterprises entered the policy scene later, they displayed a clear strategy to access the potentially large market of local services which was opened through privatization. In the previous chapter the trade-unions’ and employers’ hazards were pointed out. The ways in which they affected the policy outcomes are explained in this chapter.

The analysis of policy take-up provides recognition of the actors, processes and key determining variables involved in the last stage of the projects and, in many circumstances, during the first five-year period of services outsourcing. This chapter is divided into three sections.

The first section explains ‘employment stabilization’ and the other ways in which the projects could come to an end. Unpublished data provided by Italia Lavoro through its institutional function of monitoring the SUWs ‘basin’ are analysed here, looking at the geographies of the new employment and its temporal distribution. Drawing on these data, the competence structure that governed the behaviour of the institutional actors during the policy take-up is also presented.

Section two focuses on the role of Italia Lavoro and SCO as policy facilitators and on their relationship with the other actors (public administrations, trade unions and private employers). Drawing on the models of intervention of Italia Lavoro and SCO, the various stages of services outsourcing are also presented in this subsection. When the public administrations decided against using these two public agencies in this stage, they still had to perform the same activities with the private enterprises involved in the process. The decision making and responsibility structure concerning the transformation of activities into services is therefore investigated here, together with the incentive structure that sped up outsourcing.

The third section identifies the key variables acting during the ‘employment stabilization’ that are broadly recognized as determinants of policy success or failure. All
these categories employed in the analysis of policy take-up are then summarized in the conclusion.

6.2 ‘Employment stabilization’ and the different ways of bringing the projects to an end

The legislation concerning SUJs and PUJs entitled the public administrations to outsource services without running any competitive tender. The services were outsourced for a maximum five-year period and after this the public administrations organized competitive tenders, as for any other service outsourced. This dispensation from free-competition rules was temporary (until 31st December 1999) and it concerned exclusively companies hiring disadvantaged groups such as the long-term unemployed. However, this derogation was used after 1999 and, in 2003, Italy was subject to legal proceedings regarding its disrespect of the principle of free competition. As a result, the legislation was changed in 2003-2004 and, starting in 2005, the outsourcing of public services without competitive tendering and contracting (CTC) was strictly limited.

The use of CTC for public services outsourcing is a highly contested issue. Rimmer (1998) argues that the impact of CTC should be measured against accountability, service quality, costs, the sources of cost savings, broader social and economic impact, and its economy-wide effects. As concerns the cost savings, it is important to understand ‘whether this savings have been measured properly; whether savings are maintained in the long term; and the extent to which savings represent efficiency gains or simply transfers from a group to another’ (Rimmer, 1998:78).

More recent research carried out in Scandinavian countries investigated the politics of competitive tendering (Fredriksson et al, 2010) and the modernization of the regulatory state, focusing specifically on the regulatory regimes for tenders (Veggeland, 2008). Investigating the perceptions of local-level Finnish politicians, Fredriksson et al (2010:650) found that politicians do not have strong expectations that CTC will substantially reduce costs. Furthermore, the left-right dimension does not influence politicians’ opinions about tendering and all of them were instead worried about CTCs’ effects on local democracy, as they were expecting tendering to reduce the likelihood of them influencing services provision. Veggeland (2008) demonstrates that Norway and Sweden, setting their upper limit for bidding much lower than required by the EU regulation, favoured the growth of small and medium businesses with a lower investment
capacity. As a result, small enterprises had the opportunity to participate in tenders, win bids and become contractors. In this way, the number of small and medium businesses grew and employment increased between 1993 and 1998 in these countries.

The unpublished data analysed below are collected annually by Italia Lavoro within its institutional role as national agency for active labour policies. These data refer to SUJs projects promoted by local public administrations which are financed with resources from the NFE. The data presented in tables 6.1, 6.2, 6.3, 6.4, and 6.5 therefore do not include the projects promoted by the national public bodies and those paid for directly by the regions (especially the projects involving approximately 40,000 SUWs in Sicily), but also take into consideration those workers who have temporarily interrupted their participation in the projects. This activity of monitoring the SUWs ‘basin’ began in 2001 and it represents an important instrument for the Ministry of Labour in determining the amount on funds to be transferred to the regions through annual agreements.

Few detailed records exist before 2001 when the stock of SUWs was recorded at certain dates, usually the start, middle and end of the year. Overall, at the beginning of 2001 there were approximately 113,200 SUWs: 60,400 paid with resources from NFE and 52,800 paid for by the regions (about 42,700 SUWs in Sicily and 10,100 in the other regions). As Sunley et al (2001:494) acutely observe, ‘unemployment is not just about stocks, but also about flows into and out of joblessness: unemployment is not simply a state, but a process’. During the period 1994-2000 there was a high variation in both inflows of long-term unemployed into SUJs, who were not entitled to receive wage compensation funds, and outflows of unemployed who benefited from early retirement schemes. In 2000 the stock of SUWs remained steady, and all data recorded annually thereafter dealt only with the outflows.

Table 6.1 presents the geographical distribution of the SUWs used by local public administrations at the beginning of the period monitored by IL, and at present (the most recent data available), as well as the total number of people who exit the projects finding new jobs (‘with employment stabilization’) or for other reasons (‘without employment stabilization’). In order to have a more complete representation of the

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60 The law allowed for socially useful workers to interrupt their participation in the projects for periods less than 12 months. In this case they did not receive the allowances during the period of interruption, but did not lose their ‘status’ as SUWs and were entitled to be re-integrated in the projects at the end of this period. For this reason the data recorded by IL are slightly higher than those recorded by INPS for the same periods.
projects’ evolution, these data must be matched with those presented in chapter 4 (tables 4.2 and 4.3) which take into consideration the SUWs paid for by regional funds as well.

Table 6.1: Stock of socially useful workers employed by local public administrations and number of exits

<table>
<thead>
<tr>
<th>Regions</th>
<th>SUWs active at 1st Jan 2001</th>
<th>Exits between 1st Jan 2001 – 31st Dec 2011</th>
<th>SUWs active on 1st Jan 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>With ‘employment stabilization’</td>
<td>Without ‘employment stabilization’</td>
</tr>
<tr>
<td>Aosta Valley</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Piedmont</td>
<td>1,403</td>
<td>466</td>
<td>937</td>
</tr>
<tr>
<td>Lombardy</td>
<td>397</td>
<td>209</td>
<td>188</td>
</tr>
<tr>
<td>Liguria</td>
<td>1,287</td>
<td>368</td>
<td>919</td>
</tr>
<tr>
<td>Veneto</td>
<td>298</td>
<td>186</td>
<td>112</td>
</tr>
<tr>
<td>Friuli V. G.</td>
<td>44</td>
<td>16</td>
<td>28</td>
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<td>Emilia Romagna</td>
<td>220</td>
<td>-</td>
<td>220</td>
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<tr>
<td>Tuscany</td>
<td>1,102</td>
<td>687</td>
<td>415</td>
</tr>
<tr>
<td>Umbria</td>
<td>779</td>
<td>585</td>
<td>194</td>
</tr>
<tr>
<td>Marche</td>
<td>768</td>
<td>459</td>
<td>309</td>
</tr>
<tr>
<td>Lazio</td>
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<td>4,248</td>
<td>2,617</td>
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<td>Abruzzi</td>
<td>2,835</td>
<td>2,241</td>
<td>594</td>
</tr>
<tr>
<td>Molise</td>
<td>847</td>
<td>665</td>
<td>182</td>
</tr>
<tr>
<td>Campania</td>
<td>19,764</td>
<td>9,672</td>
<td>4,543</td>
</tr>
<tr>
<td>Puglia</td>
<td>6,872</td>
<td>4,126</td>
<td>1,438</td>
</tr>
<tr>
<td>Basilicata</td>
<td>2,404</td>
<td>1,984</td>
<td>275</td>
</tr>
<tr>
<td>Calabria</td>
<td>7,879</td>
<td>3,512</td>
<td>1,680</td>
</tr>
<tr>
<td>Sicily</td>
<td>3,548</td>
<td>2,435</td>
<td>793</td>
</tr>
<tr>
<td>Sardinia</td>
<td>3,069</td>
<td>2,251</td>
<td>736</td>
</tr>
<tr>
<td>Total</td>
<td>60,398</td>
<td>34,110</td>
<td>16,197</td>
</tr>
</tbody>
</table>

Source: unpublished data, Italia Lavoro – Division for crisis management assistance, monitoring of social shock absorbers and socially useful workers

An attempt to partially reconstruct the annual stock of all SUWs\(^{61}\) during a ten-year period is made in table 6.2. The data referring to the geographical macro-areas are an elaboration on data from the IL database. Additional data referring to the projects financed directly by the region of Sicily are indicated.

\(^{61}\) Decree 81/2000 cancelled out the difference between SUJs and PUJs, unifying them in a single category; socially useful jobs. The PUJs were more restrictive in terms of creating new jobs as the PAs had to specify how the new jobs would be created at the end of the projects, as well as the economic feasibility of the new activities. The PUJs which had not reached these goals but had been extended by the end of 2000, were therefore transformed into SUJs. In certain regions, such as Calabria, this transformation also interested the PUJs for the young unemployed promoted by law 280/\(^{97}\), although these projects should have been completed by 2000.
Table 6.2: Distribution of socially useful workers by geographical macro-areas and Region of Sicily (2001-2011)

<table>
<thead>
<tr>
<th>Group of Regions</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>North-West</td>
<td>3,104</td>
<td>722</td>
<td>509</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North-East</td>
<td>562</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centre</td>
<td>9,514</td>
<td>6,193</td>
<td>5,246</td>
<td>3,957</td>
<td>3,648</td>
<td>3,456</td>
<td>3,080</td>
<td>2,827</td>
<td>2,254</td>
<td>1,789</td>
<td>1,344</td>
</tr>
<tr>
<td>Mezzogiorno</td>
<td>47,218</td>
<td>32,249</td>
<td>26,845</td>
<td>20,674</td>
<td>19,007</td>
<td>17,977</td>
<td>17,111</td>
<td>15,724</td>
<td>13,371</td>
<td>11,509</td>
<td>10,361</td>
</tr>
<tr>
<td>Total</td>
<td>60,398</td>
<td>39,171</td>
<td>32,600</td>
<td>24,631</td>
<td>22,655</td>
<td>21,433</td>
<td>20,191</td>
<td>18,551</td>
<td>15,625</td>
<td>13,298</td>
<td>11,705</td>
</tr>
</tbody>
</table>

Region of Sicily

| Region of Sicily       | 42,735| 27,816| 25,591| 22,000| 16,000| 10,000| 7,327 | 7,321 | 6,708 | 6,000* | 6,000* |

Source: adapted from Italia Lavoro, unpublished data, and Region of Sicily (2009); (*) estimated

The regions of the North-East closed all their SUJs projects by the end of 2002 and those in the North-West one year later. Beginning in 2004, the SUWs in the central macro-area were all located in the region of Lazio. The highest number of SUWs was located in Mezzogiorno and, in particular, in the following three regions: Campania (accounting for 33% in 2001 and 55% in 2012), Calabria (accounting for 13% in 2001 and 27% in 2012) and Puglia (accounting for 11% in 2001, at parity with Lazio, and 13% in 2012).

Considering that statistics accounted for 113,251 SUWs, in total, on 31st December 2000 (table 4.3.), there were still 10,118 SUWs activated directly by the regions at the beginning of 2001. With the exception of Sicily, there is little evidence available from official sources of the geographical distribution and ‘employment stabilization’ for those unemployed paid by regional funds. It is striking that the number of SUWs activated in the region of Sicily in 2001 was almost equal to that of those activated in all the other Southern regions. The special status of autonomous region allowed Sicily to create a rich set of laws and regulations to this purpose. The regional norms followed the national legislation, but, due to its financial autonomy, the region was less limited in deciding the number of SUJs projects to be activated. However, as previously shown, the financial difficulties encountered during the last decade made the national institutions determined to provide financial support to some public administrations managing large numbers of SUWs in Sicily, primarily in the City of Palermo.
During the period 2001-2011, more than 50,000 SUWs exited the projects: 68% of them were employed or started their own business (so-called ‘employment stabilization’), while 32% exited the projects for other reasons (retirement, voluntary exit, a project’s end, death, a project being abandoned etc.).

The tables 6.3. and 6.4. (pages 161-162) present the geographical and annual distribution of different forms of ‘employment stabilization’ (the first seven columns, starting from the left side) and forms of exits from the projects (the next four columns moving to the right). All data refer to projects promoted by local PAs and financed with national money.

At national level the most frequent form of ‘employment stabilization’ was public employment, with more than 16,000 jobs accounting for 47% of the overall number of jobs created. More than 12,000 jobs were created in private companies, accounting for 37%, while almost 3,800 jobs were created by the joint mixed private-public companies (JMPPCs) promoted by Italia Lavoro, which account for 11%.

Voluntary exit was the most significant form of exit, accounting for 33% of the total. This form was especially promoted by the regions of Lazio and Campania (accounting together for the 68% of the total voluntary exits) which both provided for generous financial incentives to those SUWs willing to wind down the projects. The

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62 This figure does not include the people employed in the JMPPCs before 2001 who accounted for about 4,400 jobs for SUWs, long-term unemployed and people receiving mobility aids.
second form of exit was retirement, accounting for 27% of the total exits. The highest number of SUWs retired during this eleven-year period was recorded in the region of Campania (38%), due to the demographic features of the policy target group in this region.

As for the temporal distribution of the new jobs, the period 2001-2003 was crucial for ‘employment stabilization’: 82% of the jobs in private companies, 97% of those in cooperatives and 80% of those in JMPPCs were created in these three years. This situation was as a result of the increased pressure placed upon local PAs in order to close the projects but also by the derogation from the competitive tendering until 2004. Moreover, the technical assistance provided by Italia Lavoro was intensified in all southern regions during this period and many regions passed regional laws providing additional incentives to those companies which would employ socially useful workers in the delivery of public services. Almost 60% of the public jobs were created in the same three-year period but targeted legislation promoted in 2008 and 2010 helped small PAs to further employ SUWs directly. The contracts of collaboration were used for SUWs working in clerical positions until 2005; the majority of these contracts (64%) were stipulated in 2001. Finally, approximately 70% of all various forms of exit occurred between 2001-2003: 85% of total retirements, 55% of all voluntary exits, 75% of all exits due to a project’s end and 70% of all other forms of exit not classified.

From the data analysed above it can be seen that the pressure to close the projects noticeably increased in 2001 and, in certain cases, the public administrations did not create opportunities to employ the SUWs at the end of the projects. Flexible contracts were offered, as well as incentives to accelerate their exit from the projects. Early retirements were another measure promoted to reduce the number of SUWs. Therefore, the competence structure of the policy take-up that describes the behaviour of the institutional actors in this policy stage recognizes a shift from demand-driven to supply-driven measures after the policy change in 2000.
Table 6.3: Geographical distribution of different types of ‘employment stabilization’ and other forms of exits (1st Jan 2001 – 31st Dec 2011)

<table>
<thead>
<tr>
<th>Regions</th>
<th>Employed by joint mixed companies formed by IL</th>
<th>Employed by private companies</th>
<th>Employed by cooperatives</th>
<th>Employed by the PA which promoted the project</th>
<th>Employed by another PA</th>
<th>Flexible Contracts with the PA which promoted the project</th>
<th>Self-employment</th>
<th>Retirement</th>
<th>Voluntary exit</th>
<th>Project end</th>
<th>Other forms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aosta Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>17</td>
</tr>
<tr>
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<td>242</td>
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<td>108</td>
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<td>7</td>
<td>4</td>
<td>4</td>
<td>180</td>
<td>-</td>
<td>397</td>
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<tr>
<td>Liguria</td>
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<td>-</td>
<td>138</td>
<td>-</td>
<td>132</td>
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<td>2</td>
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<td>86</td>
<td>752</td>
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</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>5</td>
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<td>119</td>
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<td>4</td>
<td>8</td>
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<td>298</td>
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<tr>
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<td>-</td>
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<td>44</td>
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<tr>
<td>Emilia Romagna</td>
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<td>9</td>
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<td>122</td>
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<td>152</td>
<td>306</td>
<td>-</td>
<td>20</td>
<td>17</td>
<td>23</td>
<td>61</td>
<td>54</td>
<td>56</td>
<td>779</td>
</tr>
<tr>
<td>Marche</td>
<td>-</td>
<td>29</td>
<td>157</td>
<td>174</td>
<td>-</td>
<td>97</td>
<td>2</td>
<td>3</td>
<td>66</td>
<td>213</td>
<td>27</td>
<td>768</td>
</tr>
<tr>
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</tr>
<tr>
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<td>-</td>
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<td>823</td>
<td>568</td>
<td>-</td>
<td>410</td>
<td>20</td>
<td>122</td>
<td>76</td>
<td>328</td>
<td>68</td>
<td>2,835</td>
</tr>
<tr>
<td>Molise</td>
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<td>127</td>
<td>401</td>
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<td>6</td>
<td>13</td>
<td>42</td>
<td>67</td>
<td>54</td>
<td>19</td>
<td>847</td>
</tr>
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<td>1,263</td>
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<td>362</td>
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<td>719</td>
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<td>157</td>
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<td>5,564</td>
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<td>360</td>
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<td>119</td>
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<td>40</td>
<td>46</td>
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</tr>
<tr>
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<td>14</td>
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<td>615</td>
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<td>193</td>
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<td>159</td>
<td>14</td>
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<td>530</td>
<td>1,796</td>
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<td>5,358</td>
<td>2,498</td>
<td>3,939</td>
<td>50,307</td>
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</table>

Source: unpublished data, Italia Lavoro – Division for Crisis Management Assistance, Monitoring of Social Shock Absorbers and Socially Useful Workers
Table 6.4: Annual distribution of different types of ‘employment stabilization’ and other forms of exits (1st Jan 2001 – 31st Dec 2011)

<table>
<thead>
<tr>
<th>Years</th>
<th>Employed by joint mixed companies formed by IL</th>
<th>Employed by private companies</th>
<th>Employed by cooperatives</th>
<th>Employed by the PA which promoted the project</th>
<th>Employed by another PA</th>
<th>Flexible Contracts with the PA which promoted the project</th>
<th>Self-employment</th>
<th>Retirement</th>
<th>Voluntary exit</th>
<th>Project end</th>
<th>Other forms</th>
<th>Total</th>
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<td>1,492</td>
<td>1,897</td>
<td>21,227</td>
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<td>-</td>
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<td>953</td>
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<td>4</td>
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<td>2011</td>
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<td>-</td>
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<td>1</td>
<td>61</td>
<td>248</td>
<td>333</td>
<td>360</td>
<td>1,614</td>
</tr>
<tr>
<td>Total</td>
<td>3,787</td>
<td>8,853</td>
<td>3,214</td>
<td>15,539</td>
<td>530</td>
<td>1,796</td>
<td>391</td>
<td>4,402</td>
<td>5,358</td>
<td>2,498</td>
<td>3,939</td>
<td>50,307</td>
</tr>
</tbody>
</table>

Source: unpublished data, Italia Lavoro – Division for Crisis Management Assistance, Monitoring of Social Shock Absorbers and Socially Useful Workers
Table 6.5. presents the geographical distribution of five types of ‘employment stabilization’ occurring in the period 2001-2011. The data are presented incrementally, from the most stable form of employment (public employment) to the least stable (self-employment). The jobs created by the JMPPCs promoted by Italia Lavoro are categorized as ‘quasi-public employment’, those created by PAs using flexible contracts are categorized as ‘precarious’ and those created by private companies and cooperatives have been grouped together.

Table 6.5: Geographical distribution of different types of ‘employment stabilization’ (1st Jan 2001- 31st Dec 2011)

<table>
<thead>
<tr>
<th>Regions</th>
<th>Public employment</th>
<th>Precarious public employment</th>
<th>Quasi-public employment</th>
<th>Private and cooperative sector employment</th>
<th>Self-employment</th>
<th>Total (val.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>val.</td>
<td>%</td>
<td>val.</td>
<td>%</td>
<td>val.</td>
<td>%</td>
</tr>
<tr>
<td>Piedmont</td>
<td>317</td>
<td>68</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lombardy</td>
<td>108</td>
<td>52</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liguria</td>
<td>76</td>
<td>21</td>
<td>132</td>
<td>36</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Veneto</td>
<td>119</td>
<td>64</td>
<td>15</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Friuli V.G.</td>
<td>11</td>
<td>69</td>
<td>5</td>
<td>31</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tuscany</td>
<td>399</td>
<td>58</td>
<td>51</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Umbria</td>
<td>306</td>
<td>52</td>
<td>20</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Marche</td>
<td>174</td>
<td>38</td>
<td>97</td>
<td>21</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lazio</td>
<td>3,549</td>
<td>84</td>
<td>37</td>
<td>1</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>Abruzzi</td>
<td>568</td>
<td>25</td>
<td>410</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Molise</td>
<td>402</td>
<td>60</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Campania</td>
<td>4,021</td>
<td>42</td>
<td>114</td>
<td>1</td>
<td>2,460</td>
<td>25</td>
</tr>
<tr>
<td>Puglia</td>
<td>1,247</td>
<td>30</td>
<td>362</td>
<td>9</td>
<td>327</td>
<td>8</td>
</tr>
<tr>
<td>Basilicata</td>
<td>333</td>
<td>17</td>
<td>360</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Calabria</td>
<td>2,575</td>
<td>73</td>
<td>14</td>
<td>0</td>
<td>100</td>
<td>3</td>
</tr>
<tr>
<td>Sicily</td>
<td>910</td>
<td>37</td>
<td>152</td>
<td>6</td>
<td>712</td>
<td>29</td>
</tr>
<tr>
<td>Sardinia</td>
<td>954</td>
<td>42</td>
<td>14</td>
<td>1</td>
<td>141</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,069</strong></td>
<td><strong>47</strong></td>
<td><strong>1,796</strong></td>
<td><strong>5</strong></td>
<td><strong>3,787</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

Source: adapted from Italia Lavoro, unpublished data – Division for crisis management assistance, monitoring of social shock absorbers and socially useful workers

In order to better understand which variables shaped different choices concerning the projects’ closure, the next section will look more closely at the process of ‘employment stabilization’, focusing on the role played by the key actors during its main stages.
6.3 Public agencies as policy facilitators: Italia Lavoro and SCO

As the outsourcing of public services is not possible without the availability of public funds, the PAs were the most important actors, with formal responsibility for ending the SUJ's projects. The national state authorities played a binding role in this process, warning the PAs that their funds would be withdrawn if they did not adopt specific measures to promote ‘employment stabilization’. The annual agreements for the transfer of funds from the Ministry of Labour to the regions gradually became more stringent regarding this requirement, although it was the responsibility of every public administration to find the best solutions for outsourcing of services and the creation of new jobs. Nevertheless, the existence of public funds was necessary, but not sufficient to close the projects. The services had to be organized in such a way that they would permit a private company to carry out the activities without interfering with the PAs organization. This implied collaboration between the political and administrative sectors of the local bodies and the capacity to organize on an entrepreneurial basis the activities that were usually carried out in different ways.

The trade unions were another actor that put pressure on public administrations to create new jobs and close the projects. Public employment was the solution preferred by the unemployed and sustained by trade unions because it was considered to be the most stable over time. Another motivation that supported trade unions in their action which was in favour of public jobs was the belief that, given the activities and the organization of work, SUWs were formally unemployed, but basically did the same work as the civil servants, and it would have been discriminatory to employ them under a different type of contract. However, the law did not allow SUWs to be employed as civil servants without running a public selection. Specific legislation provided for a ‘reserve’ of 30% of the PAs vacancies which were to be made available for disadvantaged individuals as SUWs.

The third actors involved in this process were the private enterprises that aspired to deliver these services. In general, many companies in this sector were not aware of the legal mechanisms which would give direct access to public services if they

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63 This rule was available for the first three levels of public employment only, those corresponding to operational jobs. The clerical jobs, for example, could not be covered without recruiting externally or in the absence of specific legal dispositions. Before the arrival of special decrees that allowed PAs to hire SUWs directly, those employed in clerical positions had been ‘stabilized’ with flexible contracts (so-called co.co.co, contracts of coordinated and continued collaboration).
employed socially useful workers. The intense activity of supporting the PAs in promoting the ‘employment stabilization’ carried out by IL and SCO helped the entrepreneurial world to become closer to the reality of the SUJs. Those PAs that decided not to use IL and SCO directly during the projects’ closure, still used the activity of providing counselling on legal and technical areas delivered by these agencies in order to learn how to draw up ‘plans for employment stabilization’ (piani di stabilizzazione occupazionale) and to stipulate ‘contracts for services outsourcing’ (convenzioni per l’esternalizzazione dei servizi). The employers were the other actor responsible for the ‘employment stabilization’ and for the delivery of outsourced services. In the case of the JMPPCs formation Italia Lavoro played the role of the ‘private’ employer during the first period of the outsourcing and it became a formal contractee until its exit from the companies. As concerns SCO, it had the role of introducing its private shareholders (consortiums of cooperatives) to the PAs and to guarantee the accuracy and legality of the outsourcing process, but in this case the contractees became the consortiums.

Italia Lavoro and SCO played an important role as policy facilitators, not only in terms of the number of new jobs created due to their activity, but also because they introduced a method of intervention that increased the projects’ quality and the rigour of the whole process.

6.3.1 Italia Lavoro

The joint mix public-private companies were first created by GEPI, when it had to find solutions to the unemployed taken by its ‘box-companies’. Law 498/’92 provided the PAs with the possibility of forming mixed companies with private partners chosen through competitive tendering. The administrations could participate with a minority quota in the capital of the new joint companies which aimed at the delivery of public services, the realization of public works and other infrastructures related to the services.

GEPI passed under control of the Treasury in 1993 and changed its name to ‘Itainvest’. Law 95/’95 gave ‘Itainvest’ the task of creating joint mixed companies for specific social purposes, firstly with the re-insertion of long-term unemployed receiving mobility aids into the job market. In this case, the public administrations could form the companies directly with ‘Itainvest’, without running competitive tenders. The participation of the public agency in the joint mixed companies was limited to five
years, after which its quota of capital had to be sold on the market to private competitors. In 1997 ‘Itainvest’ merged with a new public agency for the development of new entrepreneurial initiatives, ‘Sviluppo Italia’, but the branch dedicated to active labour policies was dropped and formed Italia Lavoro. Nine JMPPCs formed by ‘Itainvest’ passed to Italia Lavoro in 1997, along with a fund dedicated to this activity. At that time business plans for forty other new joint mixed companies were in their first stage of elaboration in different regions and Italia Lavoro participated in the formation of many of them.

Decree 468/’97 enlarged the target group of long-term unemployed to SUWs and PUWs, who became entitle to be hired by joint mixed companies formed with the purpose of new job creation in the public services sector. Until the end of 2005 Italia Lavoro formed sixty eight JMPPCs with local and national PAs and eighteen instrumental companies which had specific duties, all connected to the general institutional aim of the agency\textsuperscript{64}. Over ten years of activity the JMPPCs formed by IL created 13,895 jobs, 8,245 of which concerned SUWs, the long-term unemployed and people receiving mobility aids. According to the services delivered, the average investment of IL was between €3,500 and €8,000 per job created\textsuperscript{65}.

Italia Lavoro participated with a share of maximum 49% of the capital in the JMPPCs and remained in the companies for a maximum period of five years. Afterwards IL had to sell its share on the market to private enterprises chosen thorough public tender. At the end of 2012, for an overall share capital issued of €26,950,928, the capital gain from all joint mixed companies of IL was €13,880,885 (table 6.6)\textsuperscript{66}. Moreover, IL earned dividends from a small number of JMPPCs, for an overall amount of €7,182,329. The data presented below show also that IL lost its quota of capital in those companies that went badly. In that case, if the loss was not covered by IL, it was

\textsuperscript{64} Italia Lavoro was created by the Treasury (today, the Ministry of Economy) to promote and manage SUJs and PUJs projects, in any economic sector, aimed at the creation of stable job opportunities for this target group, especially through the creation of joint mixed companies. This goal changed in 2001 when IL became the national agency for active labour policies and its role as technical instrument of the Ministry of Labour was formally recognized. The activity concerning SUWs declined rapidly after 2002 and the company started to carry out many different projects aimed at promoting employability of specific target groups who experienced difficulties accessing the labour market: the unemployed youth, disabled people, prisoners, unemployed women resident in the southern regions, the long-term unemployed over fifty, etc.

\textsuperscript{65} All data presented in this section are taken from the ‘Joint Companies Report’ (2008 and 2010) prepared by the IL internal Division for Joint Companies and presented to the company’s board of directors (unpublished documents).

\textsuperscript{66} The capital gain was calculated when IL dismissed its quota of issued capital by transfer to the PA partner, to a private company or, if the JMPPC was closed. The data include also eight of the nine joint mixed companies formed by Itainvest, which were passed to IL in 1997 and were sold by the latter.
the PA partner in charge for this. In one way or another, the losses of JMPPCs were however covered with public money.

Although IL is a public company, it participated in the JMPPCs as a private partner, as substitution for the private enterprises which entered only after the five-year start-up period. In another possible scenario, the private enterprises could participate in the management of JMPPCs from the beginning, but apparently they were not interested.

When IL was created I went to speak with Confindustria about their participation in the JMPPCs. I thought that this would be a real challenge. I asked them if they were interested in participating in the management, if they could indicate any managers who would be interested in working on the boards of directors of these new joint mixed companies, but they refused. I do not know why Confindustria did not agree to be involved directly. Although I repeatedly told them they could play an important role in determining how these companies would perform, Confindustria was sceptical and did not believe in this policy. We were not interested in asking for money, but expertise (interview with M.G., President of Italia Lavoro from 1997 to 2000).

Without the direct involvement of private managers, IL tried to find a way to play this role in the JMPPCs by selecting the head of the board of directors or at least one member. The formation of a joint mixed company involved the following stages:

1) Business plan preparation: starting from data provided by different technical offices of the PA, IL prepared a detailed plan of the services organization and quantified the costs relative to their delivery.

2) Business plan negotiation: following discussions with the PA, the plan was adjusted. The most important items for discussion were the number of SUWs to be employed, the typology of contracts, the amount of funds necessary for the outsourcing of the services and the amount of capital to be subscribed for the formation of the new company. Trade unions were an active partner in this stage, usually alongside the political branch of the PA.

3) PA formal approval: once the plan was agreed, the City Assembly ruled on it, together with other official documents such as: company’s statute, shareholders agreement and assembly regulation.

4) IL formal approval: IL board of directors approved the company statute, the share of capital to be subscribed (maximum 49%) and the period of time that IL would remain in the company (maximum five years). In this occasion IL also nominated at least one member to the board of directors of the new company and an auditor.
5) The JMPPC constitution, carried out in front of a public notary.

6) ‘Employment stabilization’ and activities start-up: once the company was formed, it was ready to employ SUWs (minimum 40% of the labour force necessary to deliver the services) and to start the new activities which were paid for by the PA according to the business plan.

7) Control and monitoring were regularly carried out by the IL internal Division for Joint Companies which checked the new company’s balances and acted to prevent or solve managerial problems.

8) IL exit: the PA had the right to make an offer to buy the IL share of capital. If this did not happen IL would exit the company selling its quota through competitive tender. The new private partner would be entitled to deliver the services without further tendering for another five years. The reform of local public services through decree 269/2003 and law 350/2003 completely changed this rule. The new regulation introduced the concept of in-house provision\textsuperscript{67}: a JMPPC is permitted to have the services outsourced directly by a PA without competitive tendering only if the former works mainly for the latter, and the latter controls the former in the same way it usually does with its own structure. In other words the public partner has to maintain the majority in the JMPPC ownership, but also to control the organization and services delivery.

Because of the new regulation concerning the outsourcing of public services, the interest of private companies in entering the JMPPCs changed. Under these circumstances, PAs remained the only partners entitled to buy the IL capital shares directly but, as their financial resources were limited, almost all the PAs were unprepared to make this acquisition at the end of the five-year period. As a result, the dismissal of IL financial participation in JMPPCs was delayed and these companies lost their appeal to potential private partners. As can be observed in table 6.6. in forty five JMPPCs out of sixty one the capital share of IL was bought by the local PA partner. A.V., Coordinator of the Division for joint companies in IL form 2002 to 2010, believes that ‘changes to the regulation started because Confindustria became interested in the

\textsuperscript{67}In 2005 the European Court of Justice further explained the specific characteristics of the in-house provision of public services. It was highlighted that the outsourcing of public services without public tendering to JMPPCs was illegal and could not be considered in-house provision if it did not respect the very strict rules of control over the joint mixed company (Judgment of 11 Jan 2005, Cause C-26/03/CE and Judgement of 10 Nov 2005, Cause C-29/04/CE).
market of local public services and the private enterprises were dissatisfied having to compete with the JMPPCs formed due to this policy’ (interview data).

Finally, it should be made clear that all activities carried out by IL with the purpose of SUWs ‘employment stabilization’ were paid for with national funds. Until the end of 2001 the money was provided by the Ministry of Labour through the so-called Project OFF (Orientamento e Formazione Finalizzata – Targeted Job Orientation and Training) that used financial resources from the European Social Fund. IL received in total €34,873,993 of which €1,801,661 had been given to SCO for the activities carried out by this company for the same policy goal.

In addition, the law entitled the AJEPs that certified PUJs projects to receive 3,000,000 ITL (approximately €1,500) for every publicly useful worker that exited the project through ‘employment stabilization’. IL also earned money from this activity because it was the public agency that certified the highest number of PUJs projects. It is interesting to note that the payment of this sum was not linked to the efforts put in by the agencies into activities aimed at ‘employment stabilization’ (technical aid for the PAs, training or counseling covering a large rage of legal and practical issues) and an agency that had done nothing to help a public administration in closing the project would still have received this money. The most notorious case was that of IL receiving €18,000,000 in 2001 for 16,300 SUWs employed as technical-administrative assistants in schools, an operation that was entirely projected and carried out by SCO and with minimal involvement from Italia Lavoro.

68 If the law was applied IL was entitled to receive more than €25,000,000. Taking into consideration also that IL was not implicated in this operation at all, the Ministry of Labour considered that €25 million was too much and decided to pay a lump-sum equal to €18 million.
Table 6.6: Joint Mixed Public-Private Companies formed by Italia Lavoro with local/ national public administrations. Accountability data at the moment of the companies’ transfer or their closure (continues)

<table>
<thead>
<tr>
<th>Joint Mixed Public-Private Companies created by Il and Pas</th>
<th>Issued Share Capital (Euros)</th>
<th>Capital (Euros)</th>
<th>IL quota</th>
<th>IL shares (Euros)</th>
<th>Price at transfer (Euros)</th>
<th>Capital gain (Euros)</th>
<th>Date of transfer</th>
<th>Type of transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACSE s.p.a.</td>
<td>1,032,920.00</td>
<td>798,396.00</td>
<td>5.00%</td>
<td>51,646.00</td>
<td>39,919.80</td>
<td>59,458.67</td>
<td>12/07/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ADRANO MULTISERVIZI s.p.a.</td>
<td>2,000,000.00</td>
<td>1,981,605.00</td>
<td>49.00%</td>
<td>980,000.00</td>
<td>242,746.61</td>
<td>245,000.00</td>
<td>11/10/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ALBA SERVICE s.p.a.</td>
<td>774,684.00</td>
<td>2,027,455.00</td>
<td>49.00%</td>
<td>379,595.16</td>
<td>993,452.95</td>
<td>1,029,000.00</td>
<td>01/06/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ALES s.p.a.</td>
<td>5,616,000.00</td>
<td>9,130,873.00</td>
<td>70.00%</td>
<td>3,931,200.00</td>
<td>6,391,611.10</td>
<td>-</td>
<td>19/06/2009</td>
<td>by law</td>
</tr>
<tr>
<td>ANDRIA MULTISERVIZI s.p.a.</td>
<td>361,480.00</td>
<td>1,131,687.00</td>
<td>49.00%</td>
<td>177,125.20</td>
<td>554,526.63</td>
<td>281,560.00</td>
<td>16/06/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ARAL s.p.a.</td>
<td>669,500.00</td>
<td>747,984.00</td>
<td>23.00%</td>
<td>153,985.00</td>
<td>172,036.32</td>
<td>173,023.00</td>
<td>07/02/2005</td>
<td>private company</td>
</tr>
<tr>
<td>ARPAC MULTISERVIZI s.p.a.</td>
<td>150,000.00</td>
<td>102,296.00</td>
<td>49.00%</td>
<td>73,500.00</td>
<td>50,111.81</td>
<td>73,500.00</td>
<td>16/06/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ARTI s.p.a.</td>
<td>104,000.00</td>
<td>98,750.00</td>
<td>40.70%</td>
<td>42,328.00</td>
<td>40,191.25</td>
<td>42,500.00</td>
<td>08/10/2002</td>
<td>private company</td>
</tr>
<tr>
<td>ASUB s.p.a.</td>
<td>1,549,200.00</td>
<td>1,722,929.00</td>
<td>49.00%</td>
<td>759,108.00</td>
<td>844,186.21</td>
<td>1,035,119.12</td>
<td>01/10/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>BARI MULTISERVIZI s.p.a.</td>
<td>1,033,000.00</td>
<td>1,307,033.00</td>
<td>49.00%</td>
<td>506,170.00</td>
<td>640,446.17</td>
<td>911,400.00</td>
<td>25/07/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>BRINDISI MULTISERVIZI s.p.a.</td>
<td>102,291.00</td>
<td>102,291.00</td>
<td>49.00%</td>
<td>50,612.50</td>
<td>50,612.50</td>
<td>1,084,559.49</td>
<td>30/07/2001</td>
<td>private company</td>
</tr>
<tr>
<td>CAPRI AMBIENTE s.p.a.</td>
<td>361,520.00</td>
<td>278,559.00</td>
<td>49.00%</td>
<td>177,144.80</td>
<td>136,493.91</td>
<td>775,718.26</td>
<td>20/07/2001</td>
<td>private company</td>
</tr>
<tr>
<td>CARBINIA s.p.a.</td>
<td>400,000.00</td>
<td>473,615.00</td>
<td>49.00%</td>
<td>196,000.00</td>
<td>232,071.35</td>
<td>70,031.00</td>
<td>07/03/2012</td>
<td>local PA partner</td>
</tr>
<tr>
<td>CASORIA S.p.a.</td>
<td>1,030,640.00</td>
<td>-409,492.00</td>
<td>23.71%</td>
<td>244,364.74</td>
<td>-97,090.55</td>
<td>-</td>
<td>29/11/2007</td>
<td>local PA partner</td>
</tr>
<tr>
<td>Joint Mixed Public-Private Companies created by Il and Pas</td>
<td>Issued Share Capital (Euros)</td>
<td>Capital (Euros)</td>
<td>IL quota</td>
<td>IL shares (Euros)</td>
<td>Price at transfer (Euros)</td>
<td>Capital gain (Euros)</td>
<td>Date of transfer</td>
<td>Type of transfer</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>-----------------------------</td>
<td>----------------</td>
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<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>CASTELLAMMARE DI STABIA MULTISERVIZI s.p.a.</td>
<td>1,796,082.00</td>
<td>1,944,658.00</td>
<td>42.28%</td>
<td>759,383.47</td>
<td>822,201.40</td>
<td>965,775.28</td>
<td>12/09/2001</td>
<td>local PA partner</td>
</tr>
<tr>
<td>CATANIA MULTISERVIZI s.p.a.</td>
<td>4,128,000.00</td>
<td>12,127,724.00</td>
<td>49.00%</td>
<td>2,022,720.00</td>
<td>5,942,584.76</td>
<td>2,281,000.44</td>
<td>28/11/2008</td>
<td>local PA partner</td>
</tr>
<tr>
<td>CATANZARO SERVIZI s.p.a.</td>
<td>866,400.00</td>
<td>971,190.00</td>
<td>49.00%</td>
<td>424,536.00</td>
<td>475,883.10</td>
<td>472,714.00</td>
<td>20/10/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>CITTA' SOLIDALI s.p.a.</td>
<td>120,000.00</td>
<td>121,964.00</td>
<td>49.00%</td>
<td>58,800.00</td>
<td>59,762.00</td>
<td>59,762.00</td>
<td>06/04/2006</td>
<td>private company</td>
</tr>
<tr>
<td>COPERTINO MULTISERVIZI s.p.a.</td>
<td>516,450.00</td>
<td>775,835.00</td>
<td>47.00%</td>
<td>242,731.50</td>
<td>364,642.45</td>
<td>242,732.00</td>
<td>01/08/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ETRURIA SERVIZI s.p.a.</td>
<td>2,678,040.00</td>
<td>2,824,841.00</td>
<td>49.00%</td>
<td>1,312,239.60</td>
<td>1,384,172.09</td>
<td>1,764,911.00</td>
<td>13/12/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>FINALE AMBIENTE s.p.a.</td>
<td>722,400.00</td>
<td>757,925.00</td>
<td>46.40%</td>
<td>335,193.60</td>
<td>351,677.20</td>
<td>394,655.00</td>
<td>27/11/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>FLEGREA LAVORO s.p.a.</td>
<td>1,300,000.00</td>
<td>379,438.00</td>
<td>49.00%</td>
<td>637,000.00</td>
<td>185,924.62</td>
<td>333,000.00</td>
<td>25/01/2011</td>
<td>local PA partner</td>
</tr>
<tr>
<td>GEMMA s.p.a.</td>
<td>774,685.00</td>
<td>5,484,772.00</td>
<td>25.00%</td>
<td>193,671.25</td>
<td>1,371,193.00</td>
<td>2,373,221.57</td>
<td>22/05/2002</td>
<td>private company</td>
</tr>
<tr>
<td>GE. SE. MA s.p.a.</td>
<td>750,000.00</td>
<td>169,337.00</td>
<td>49.00%</td>
<td>367,500.00</td>
<td>82,975.13</td>
<td>409,354.00</td>
<td>27/05/2009</td>
<td>local PA partner</td>
</tr>
<tr>
<td>GEO ECO s.p.a</td>
<td>463,441.00</td>
<td>115,040.20</td>
<td>49.00%</td>
<td>227,086.09</td>
<td>56,369.70</td>
<td>170,716.39</td>
<td>26/06/2009</td>
<td>closed</td>
</tr>
<tr>
<td>GESIP PALERMO s.p.a.</td>
<td>2,323,800.00</td>
<td>13,116,544.00</td>
<td>49.00%</td>
<td>1,138,662.00</td>
<td>6,427,106.56</td>
<td>4,000,000.00</td>
<td>16/02/2007</td>
<td>local PA partner</td>
</tr>
<tr>
<td>GEHELAS MULTISERVIZI s.p.a.</td>
<td>400,000.00</td>
<td>499,923.00</td>
<td>49.00%</td>
<td>196,000.00</td>
<td>244,962.27</td>
<td>229,361.72</td>
<td>15/06/2011</td>
<td>local PA partner</td>
</tr>
<tr>
<td>IGICA s.p.a.</td>
<td>2,066,000.00</td>
<td>2,630,489.00</td>
<td>49.00%</td>
<td>1,012,340.00</td>
<td>1,288,939.61</td>
<td>1,300,000.00</td>
<td>07/11/2007</td>
<td>local PA partner</td>
</tr>
<tr>
<td>INFRA TARAS s.p.a.</td>
<td>516,400.00</td>
<td>464,052.00</td>
<td>49.00%</td>
<td>253,036.00</td>
<td>227,385.48</td>
<td>289,797.69</td>
<td>10/09/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ISCHIA AMBIENTE s.p.a.</td>
<td>103,291.00</td>
<td>280,953.00</td>
<td>49.00%</td>
<td>50,612.59</td>
<td>137,666.97</td>
<td>402,836.70</td>
<td>25/12/2001</td>
<td>local PA partner</td>
</tr>
<tr>
<td>Joint Mixed Public-Private Companies created by Il and Pas</td>
<td>Issued Share Capital (Euros)</td>
<td>Capital (Euros)</td>
<td>IL quota</td>
<td>IL shares (Euros)</td>
<td>Price at transfer (Euros)</td>
<td>Capital gain (Euros)</td>
<td>Date of transfer</td>
<td>Type of transfer</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>----------------------------</td>
<td>----------------</td>
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<td>------------------</td>
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<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>LAZIO SERVICE s.p.a.</td>
<td>408,000.00</td>
<td>1,535,820.00</td>
<td>49.00%</td>
<td>199,920.00</td>
<td>752,551.80</td>
<td>900,000.00</td>
<td>25/11/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>LUPIAE SERVIZI s.p.a.</td>
<td>520,000.00</td>
<td>353,477.00</td>
<td>46.00%</td>
<td>239,200.00</td>
<td>162,599.42</td>
<td>268,344.69</td>
<td>13/10/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>MEGA SERVICE s.p.a.</td>
<td>500,000.00</td>
<td>260,597.00</td>
<td>49.00%</td>
<td>245,000.00</td>
<td>127,692.53</td>
<td>259,167.21</td>
<td>03/04/2007</td>
<td>local PA partner</td>
</tr>
<tr>
<td>MELITO MULTISERVIZI s.p.a.</td>
<td>310,000.00</td>
<td>271,344.00</td>
<td>49.00%</td>
<td>151,900.00</td>
<td>132,958.56</td>
<td>177,000.00</td>
<td>24/04/2011</td>
<td>private company</td>
</tr>
<tr>
<td>MOLFETTA MULTISERVIZI s.p.a.</td>
<td>516,000.00</td>
<td>1,192,323.00</td>
<td>49.00%</td>
<td>252,840.00</td>
<td>584,238.27</td>
<td>473,430.00</td>
<td>15/12/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>MULTISERVIZI s.p.a.</td>
<td>258,230.00</td>
<td>224,299.00</td>
<td>49.00%</td>
<td>126,532.70</td>
<td>109,906.51</td>
<td>142,985.79</td>
<td>05/07/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>MULTISERVIZI PALERMO s.p.a.</td>
<td>1,032,000.00</td>
<td>0.00</td>
<td>49.00%</td>
<td>505,680.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td>closed</td>
</tr>
<tr>
<td>NAPOLI SERVIZI s.p.a.</td>
<td>2,013,960.00</td>
<td>2,427,449.00</td>
<td>49.00%</td>
<td>986,840.40</td>
<td>1,189,450.01</td>
<td>1,418,054.00</td>
<td>26/02/2004</td>
<td>local PA partner</td>
</tr>
<tr>
<td>O.P.S. s.p.a.</td>
<td>516,457.00</td>
<td>682,240.00</td>
<td>19.00%</td>
<td>98,126.83</td>
<td>129,625.60</td>
<td>168,150.00</td>
<td>24/07/2002</td>
<td>local PA partner</td>
</tr>
<tr>
<td>PICENO DA SCOPRIRE s.p.a.</td>
<td>153,000.00</td>
<td>153,721.00</td>
<td>49.00%</td>
<td>74,970.00</td>
<td>75,323.29</td>
<td>75,322.00</td>
<td>17/10/2003</td>
<td>local PA partner</td>
</tr>
<tr>
<td>QUALIANO MULTISERVIZI s.p.a.</td>
<td>413,100.00</td>
<td>631,351.00</td>
<td>49.00%</td>
<td>202,419.00</td>
<td>309,361.99</td>
<td>309,127.00</td>
<td>21/12/2007</td>
<td>local PA partner</td>
</tr>
<tr>
<td>QUARTO MULTISERVIZI s.p.a.</td>
<td>1,068,948.00</td>
<td>1,416,256.00</td>
<td>49.00%</td>
<td>523,784.52</td>
<td>693,965.44</td>
<td>672,782.74</td>
<td>12/07/2005</td>
<td>local PA partner</td>
</tr>
<tr>
<td>RECAM s.p.a.</td>
<td>1,000,000.00</td>
<td>1,314,077.00</td>
<td>49.00%</td>
<td>490,000.00</td>
<td>643,897.72</td>
<td>554,844.81</td>
<td>01/08/2008</td>
<td>local PA partner</td>
</tr>
<tr>
<td>ROMA MULTISERVIZI S.p.A.</td>
<td>2,065,828.00</td>
<td>2,891,733.00</td>
<td>49.00%</td>
<td>1,012,255.72</td>
<td>1,416,949.17</td>
<td>3,581,628.69</td>
<td>10/05/2000</td>
<td>local PA partner</td>
</tr>
<tr>
<td>SALERNO MANUTENZIONI s.p.a.</td>
<td>1,032,900.00</td>
<td>2,409,418.00</td>
<td>49.00%</td>
<td>506,121.00</td>
<td>1,180,614.82</td>
<td>935,695.00</td>
<td>10/01/2006</td>
<td>local PA partner</td>
</tr>
<tr>
<td>SANTA TERESA s.p.a.</td>
<td>1,000,000.00</td>
<td>1,803,453.00</td>
<td>49.00%</td>
<td>490,000.00</td>
<td>883,691.97</td>
<td>490,000.00</td>
<td>29/12/2009</td>
<td>local PA partner</td>
</tr>
<tr>
<td>Joint Mixed Public-Private Companies created by Il and Pas</td>
<td>Issued Share Capital (Euros)</td>
<td>Capital (Euros)</td>
<td>IL quota</td>
<td>IL shares (Euros)</td>
<td>Price at transfer (Euros)</td>
<td>Capital gain (Euros)</td>
<td>Date of transfer</td>
<td>Type of transfer</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
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<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>SEA SERVIZI E AMBIENTE s.p.a.</td>
<td>1,669,355.00</td>
<td>1,562,146.00</td>
<td>38.00%</td>
<td>634,354.90</td>
<td>593,615.48</td>
<td>634,355.00</td>
<td>0.10</td>
<td>18/01/2006</td>
</tr>
<tr>
<td>SERSAN s.p.a.</td>
<td>516,400.00</td>
<td>295,627.00</td>
<td>9.00%</td>
<td>46,476.00</td>
<td>26,606.43</td>
<td>26,607.00</td>
<td>-19,869.00</td>
<td>29/10/2010</td>
</tr>
<tr>
<td>SE.TER.NA. s.p.a.</td>
<td>1,291,100.00</td>
<td>1,294,700.00</td>
<td>49.00%</td>
<td>632,639.00</td>
<td>634,403.00</td>
<td>632,639.00</td>
<td>0.00</td>
<td>09/12/2004</td>
</tr>
<tr>
<td>SIAL SERVIZI s.p.a.</td>
<td>500,000.00</td>
<td>166,669.00</td>
<td>49.00%</td>
<td>245,000.00</td>
<td>81,667.81</td>
<td>81,667.32</td>
<td>-163,332.68</td>
<td>25/05/2011</td>
</tr>
<tr>
<td>SIRACUSA RISORSE s.p.a.</td>
<td>750,000.00</td>
<td>870,188.00</td>
<td>49.00%</td>
<td>367,500.00</td>
<td>426,392.12</td>
<td>426,392.00</td>
<td>58,892.00</td>
<td>07/07/2010</td>
</tr>
<tr>
<td>SIT SICILIA s.p.a.</td>
<td>120,000.00</td>
<td>92,349.00</td>
<td>51.00%</td>
<td>61,200.00</td>
<td>47,097.99</td>
<td>61,200.00</td>
<td>0.00</td>
<td>13/02/2007</td>
</tr>
<tr>
<td>SIT NAZIONALE s.p.a.</td>
<td>350,000.00</td>
<td>313,935.00</td>
<td>49.00%</td>
<td>171,500.00</td>
<td>38,457.37</td>
<td>42,875.00</td>
<td>-128,625.00</td>
<td>14/05/2007</td>
</tr>
<tr>
<td>SOMER s.p.a.</td>
<td>310,967.00</td>
<td>357,077.00</td>
<td>30.00%</td>
<td>93,290.10</td>
<td>107,123.10</td>
<td>102,564.43</td>
<td>9,274.33</td>
<td>22/01/2004</td>
</tr>
<tr>
<td>TASTI s.p.a.</td>
<td>125,000.00</td>
<td>30,444.00</td>
<td>49.00%</td>
<td>61,250.00</td>
<td>14,917.56</td>
<td>9,999.67</td>
<td>-51,340.33</td>
<td>17/07/2009</td>
</tr>
<tr>
<td>TARANTO ISOLAFERDE s.p.a.</td>
<td>1,000,000.00</td>
<td>1,236,963.00</td>
<td>49.00%</td>
<td>490,000.00</td>
<td>606,111.87</td>
<td>489,996.50</td>
<td>-3.50</td>
<td>29/03/2011</td>
</tr>
<tr>
<td>TARANTO MULTISERVIZI s.p.a.</td>
<td>516,400.00</td>
<td>2,221,074.00</td>
<td>49.00%</td>
<td>253,036.00</td>
<td>1,088,326.26</td>
<td>500,000.00</td>
<td>246,964.00</td>
<td>23/01/2006</td>
</tr>
<tr>
<td>TECNOCIVIS s.p.a.</td>
<td>258,000.00</td>
<td>388,545.00</td>
<td>35.00%</td>
<td>90,300.00</td>
<td>135,990.75</td>
<td>175,000.00</td>
<td>84,700.00</td>
<td>12/03/2004</td>
</tr>
<tr>
<td>TERRA DI LAVORO s.p.a.</td>
<td>1,032,800.00</td>
<td>1,413,888.00</td>
<td>49.00%</td>
<td>506,072.00</td>
<td>692,805.12</td>
<td>692,805.12</td>
<td>186,733.12</td>
<td>17/01/2008</td>
</tr>
<tr>
<td>T.ERRE.E. CARE CAMPANIA s.p.a.</td>
<td>150,000.00</td>
<td>153,507.00</td>
<td>24.00%</td>
<td>36,000.00</td>
<td>36,841.68</td>
<td>36,000.00</td>
<td>0.00</td>
<td>03/08/2007</td>
</tr>
<tr>
<td>TRAPANI SERVIZI s.p.a.</td>
<td>413,120.00</td>
<td>2,300,378.00</td>
<td>49.00%</td>
<td>202,428.80</td>
<td>1,127,185.22</td>
<td>700,000.00</td>
<td>497,571.20</td>
<td>22/07/2010</td>
</tr>
<tr>
<td>TOTAL JMPPCs</td>
<td>56,521,789.00</td>
<td>92,423,614.20</td>
<td></td>
<td>26,950,928.47</td>
<td>43,765,131.26</td>
<td>36,394,903.61</td>
<td>13,880,855.14</td>
<td></td>
</tr>
</tbody>
</table>

Source: adapted from unpublished data from the Division of Joint Companies, Italia Lavoro
6.3.2 SCO (Sviluppo Cooperazione Occupazione)

SCO was a key company of Italia Lavoro which had the same goals as the national agency, but made use of different means: the creation of new job opportunities for SUWs and other categories of disadvantaged subjects through the formation of cooperatives or employing them in cooperatives already existed. SCO was created in 1998 with 60% of capital coming from IL and the remaining 40% equally divided between the most important national consortiums of cooperatives in the sectors of production (CNS – Consorzio Nazionale Servizi) and social services (CGM – Consorzio Gino Mattarelli).

CNS is a consortium of Legacoop that, at that time, had 180 associated cooperatives, while CGM is a group of Confcooperative that connected 44 territorial consortiums, accounting for more than 600 social cooperatives. In 2000, in order to rebalance the earnings between SCO’s private shareholders, another two consortiums joined the company. The IL maintained 60% of the shares of the capital, while the four consortiums had a share of 10% each. The new entrants were CICLAT (Consorzio Italiano Ausiliari del Traffico), a large structure of Confcooperative in the sector of production, that connected 96 cooperatives, and DROM, a new consortium of social cooperatives connected to Legacoop which had 11 territorial consortiums accounting for 190 cooperatives. CNS was the most important consortium in the service sector, and with some important exceptions, it has not cooperatives in the area of social services. The most important consortium in this area was CGM which had a very definite view of the importance that cooperation had in helping the social integration of long-term unemployed:

I believe that we need the others to solve problems. What I want to say is that, if you do not start from this starting point, it is difficult to understand the cooperative’s values. This is how we interpret cooperation in a global world; otherwise, without these values, what should we expect from competition? A global war? I do not want such a world. Thinking of our activity, we work for the social integration of people. If we are responsible for the re-insertion of somebody who was unemployed for a long period of time, it means that we are responsible for that person. This means, if they need a house, it should be possible to provide them with it; if they are experiencing a personal crisis, they should receive help to overcome it. I think

69 The services outsourced to production cooperatives were more expensive than the social services, the reason being that the turnover that CNS (Legacoop) had as a result of SUWs ‘employment stabilization’ was higher than that obtained by CGM (Confcooperative). The entrance of new members was carried out to increase Confcooperative’s turnover by bringing its production cooperatives into the policy process. DROM was a less active partner and the number of projects closed through its cooperatives was very limited.
70 The Italian legislation recognizes two types of social cooperatives (see footnote 43, page 100). CNS has specialized cooperatives for social integration (type B).
that SCO should have recognised these values in a better way. The cooperative spirit is not separate from a competitive one; they should co-exist and this is what we mean by economic democracy, which we want to build. There is, instead, a sort of hegemonic-thought: the best enterprise is that which obtains the greatest profit at the end of the year. I think that an enterprise should reach its goals, and those are not at all exclusively economic (interview with G.D., General Manager of CGM, consortium member of Confcooperative).

The reasons behind the adhesion of the consortiums of cooperatives to SCO are instead far more pragmatic: SCO was seen as a commercial organization which, due to its connections with institutions and public bodies, was able to bring contracts to its private shareholders. As long as they were recipients of outsourced services and if no contractual problems occurred, the cooperatives were engaged in employing the SUWs for the periods stated in the contracts. There are a few situations when the cooperatives formed by SUWs and PUWs were integrated in the consortiums and became competitive, but, in general, the consortiums were interested in hiring the unemployed in large, well established, cooperatives. When SCO was no longer useful for opening this market, the consortiums dropped it and tried to build a relationship directly with the contractees (Ministries for national services and local PAs for local services).

The enormous advantage brought by SCO was that it was a public agency that had its own preferential channels for dialogue with the institutions. It had contacts with various ministries, and also with INPS. It was similar to a commercial structure, but it was also able to solve our problems with the public administrations. At the time when SCO was closed [SCO was incorporated into Italia Lavoro at the end of 2006] we had to re-organize our regional structures in a short period of time. When Italy was the object of EU legal proceedings because of its disregard for the legislation of competitive tendering, SCO had largely lost its reason for existing. We also had to deal with a new government [a right-wing coalition] that did not want dialogue with SCO. We were actually told that they [the government] wanted to speak to us, but not with SCO. At that point the institutional mission of SCO was no longer recognized71. We overtook SCO because we wanted to build direct dialogue with the Ministry in order to have a direct contact with our service providers (interview with M.A., General Manager of CICLAT, consortium member of Confcooperative).

SCO carried out its activities in the same regions as IL, but usually in those cases where the PAs were not interested in forming joint mixed companies because of a lack of financial resources or for other reasons (e.g. a small number of SUWs, an interest to externalize the services to the private market, preference given to cooperatives with

71 In April 2005 Italia Lavoro considered the mission of SCO redundant. It bought the SCO’s private shareholders shares and became the sole owner of the company. In December 2006 SCO was closed and incorporated into Italia Lavoro. At this time SCO had seven long-term employees, approximately ten people employed as consultants in different regions, and €2,708,074 in capital. Italia Lavoro took-on SCO’s full-time employees and cashed in its capital.
respect to other arrangements of companies). The model of intervention of SCO was similar to that of Italia Lavoro, but the approach was very different. There are many interesting features regarding SCO’s technical intervention in the policy process, but the most important is that this small\(^\text{72}\) company was able to act to support private interests using public spirit. I will explain what this meant in reality by referring to my personal experience of working with SCO for a period of seven years.

From the beginning of SCO’s activity, we were aware that public funds would finish by the end of 2001 and, at that point in time, we should have enough financial resources to be financially independent and carry out our activities in the market. SCO was paid by its private shareholders, the consortiums of cooperatives, with 1.5% on the business turnover generated by each ‘employment stabilization’. This was transparent and each business plan indicated clearly an additional 3% that the PA would pay. This sum was divided between SCO (for its technical assistance pre and post ‘employment stabilization’) and the consortium (for tutoring and technical assistance during the delivery of services).

The part preceding a project closure was usually rich in negotiations. In the majority of the cases, SCO was called into action on those projects were IL had already determined the lack of opportunities for the formation of a joint mixed company, first of all the lack of money to pay the costs of a JMPPC (the board of directors on this type of company cost on average €200,000 yearly). The outsourcing to a cooperative was then seen as a more convenient solution, despite the additional 3% on the overall cost.

The PAs were not obliged to work with SCO and, in those situations where local enterprises were interested in taking on SUWs and deliver the services existed, our assistance was not requested. In certain situations, especially where the local enterprises were not seen to be reliable enough, trade unions requested PAs to ask for SCO’s assistance. During the stage of the projects’ closure, trade unions were concerned about the economic feasibility of the ‘employment stabilization’ and its duration. The involvement of a public company owned by IL was seen in itself as a guarantee yet, most importantly, it allowed trade unions to be more actively involved in this process, especially over the negotiation of the labour contracts.

Those at SCO who were involved directly in this activity had to negotiate requests that were very often difficult to resolve: 1) PAs wanted to spend a minimal

\(^{72}\) During its period of most intense activity, SCO employed a maximum of twenty people, while IL started its activities with about one hundred employees and this had risen to about seven hundred people by 2001.
amount, but in order to receive quality services of which the cost usually increased significantly from the fourth year, many administrations preferred to outsource the services for three years only; 2) trade unions and SUWs asked for the maximum period of time of outsourcing, decent salaries and full-time jobs, which in almost all cases, cost more than the expenditure carried out by the PAs during the execution of SUJs projects; 3) cooperatives asked for enough money to cover all expenses related to the services delivered and to assure them a profit. On top of this, we knew that any outsourcing of services that failed would mean that there would be a lack of money in the budget for SCO when the public aid would finish. For this reason great effort was put into closing a project, as well as our productivity for many business plans, re-drafting or for preparing other documents requested by the PAs.

In order to respond to the three different requests mentioned above we always followed a three-pronged goal in building up the business plans: economic convenience for the public administration, decent jobs for the workers and controlled profits for the cooperative. Firstly, we made use of all incentives provided by the legislation for the enterprises taking on SUWs in order to reduce the cost of the outsourced services. In this way the incentives were not cashed in on by the employers, but were discounted from the overall cost of the services and allowed the PAs to pay less during the first three years of the outsourcing. This method was different from that used by IL in calculating the costs, which has always taken into account the full costs of labour only. In this case the incentives were cashed in by the JMPPCs that usually closed during the first three years of activity with good profits. The IL’s justification for this choice was that this surplus of money would allow the joint mixed companies to create a fund for future investments, but things did not always work out in this way and ‘bad administrators used this money to employ more people in exchange for political consent’ (interview with A.V., Coordinator of the Division for joint companies in IL from 2002 to 2010). This practice was also encouraged in the cases of JMPPCs employing the minimum number of SUWs required by law (40% of the overall number of employees). Applying this rule, the PAs had more room to employ people outside the SUWs group. SCO was instead very strict on this rule

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73 The total number of incentives available for the companies employing SUJs and PUJs was by no means small, particularly in Mezzogiorno and were all provided during the first three years of the ‘employment stabilization: 1) wage-subsidies of 6 million ITL per SUW employed (until decree 81/2001, this amount was given for a full-time long-term contract and it was reduced accordingly for part-time jobs; after 2001 this incentive began to be offered for short-time contracts of a minimum of 12 months and for part-time contracts of a minimum of 30 hour per week); 2) total exemption from employees national insurance for enterprises located in Mezzogiorno; 3) additional incentives provided by regional legislation which usually doubled the national wage-subsidy of 6 million ITL per capita.
and formulated business plans in which the labour force was made up exclusively of SUWs.

Secondly, we respected the legal provision of the collective national contracts of labour as regards job description and salaries. We always tried to help the PAs in finding more services to outsource in order to secure full-time salaries for SUWs, but the system of full-time incentives for thirty hours per week was not helpful from this point of view.

Thirdly, we considered many costs necessary for the delivery of services, but in our business plan the profits were low for the cooperatives employing SUWs because we gave priority to the internal mutuality of a production cooperative, which provided its members with jobs. This rule applied to a lesser extent to the new cooperatives (formed by SUWs) which we were interested in seeing their assets increasing because it was beneficial for them to obtain sizeable profits during the start-up period.

Due to the principles explained above, during the period 1999-2002 we brought ‘employment stabilization’ to 2,000 SUWs, 260 of whom formed their own cooperatives. Additionally, the largest ‘employment stabilization’ operation was carried out in 2001 when 16,300 SUWs working in schools as technical-administrative assistants were employed by our cooperatives (9,000 people) and by another two private enterprise consortiums (7,300 people) which worked under the coordination of SCO. After the closure of this operation, SCO reduced the amount paid by its consortiums from 1.50% to 0.50% in 2001 and increased to 0.75% in 2002.

Finally, the average investment of SCO was €2,300 per job created, not accounting for the SUWs working in schools. If this large operation is taken into account, the average investment drops considerably to €250 per job created.

The operational process applied by SCO for the ‘employment stabilization’ involved the following stages:

1) Business plan preparation.
2) Business plan negotiation.
3) Pre-assignment of the project to one of the consortiums: in this stage the cooperative which would employ the SUWs was indicated. In the case of cooperatives formed by SUWs, the consortium would indicate a tutor, an

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74 One consortium (Manital) belonged to Confindustria’s services sector, while the other (Miles) to CON.FA.PI, an association of small companies.
experienced cooperative that would help the new one to overcome the difficulties during the start-up period.

4) PA formal approval.

5) Final assignment of the project to the cooperative formed by SUWs or to a cooperative chosen by the consortium: in this stage the cooperative would prepare, together with SCO, the operational plan for the delivery of services and the contract.

6) Creation of the cooperative formed by SUWs in the presence of a public notary and contract signing with the PA. The contract for the assigned services was always signed by the consortium in charge which indicated the name of the cooperative delivering the services.

7) ‘Employment stabilization’, activities start-up and tutorship activation.

8) Monitoring of the activities during the five-year period. SCO monitored the activity carried out by the tutors and provided business assistance to the newly-formed cooperatives.

Many projects were closed without SCO and IL intervention. In these cases the process was shorter, although certain steps were inevitable: business–plan and contract preparation, PA formal approval, contract signing and employment of SUWs.

The public administrations were the actors responsible for promoting the creation of new jobs for SUWs. However, they were not the only contractees for the outsourced services. IL, SCO and private companies also shared the responsibilities of the policy take-up. In addition, trade unions played an important role in determining the different choices regarding the ‘employment stabilization’. The decision-making and responsibility structure was therefore both autonomous-decentralized and cooperative.

Although the Ministry of Labour still continued to hold financial leverage through funds transferred to the regions, it did not question decisions taken locally as long as they continued to pursue the goals of job-creation and project closure.

6.4 Key variables for policy take-up

From data analysed hitherto it can be deduced that the likelihood of SUWs ‘employment stabilization’ being successful depended upon the way in which the projects began and how the activities were executed. Therefore, those projects concerning a large number of
unemployed not involved in the activities, but participating merely to receive their allowances, had little chance of being closed.

The assessment of any ideal-type of ‘employment stabilization’ could be a much contested issue. Some projects finished smoothly because the PAs employed SUWs directly, possibly during an electoral campaign; in other cases the PAs paid generously for services outsourced to companies that cashed in SUWs benefits and fired the workers when the benefits finished; some smaller PAs had insufficient financial resources to outsource services delivered by SUWs they had used for many years, but employed them directly when this opportunity became available.

The stigmatization of this policy after 2003 was very much driven by the shift to the neoliberal paradigm that brought about the privatization of the public sector and labelled the services delivered by the state as inefficient. There is no evidence to support the claim that SUWs ‘employment stabilization’ in the private sector was better than that obtained in the public sector in terms of costs. However, in term of duration it was more positive because, in general, the public administrations employed SUWs with long-term contracts. Therefore, the evaluation of policy take-up should take into consideration the following key variables: the suitability of outsourced services, their costs and the duration of the ‘employment stabilization’.

6.4.1 Services outsourced

The suitability of outsourced services was influenced by the nature of the activities SUWs and PUJs were involved in. The outsourcing of the clerical services to private companies delivering a totally different service (for example cleaning) created organizational problems\(^75\). This was a way of preventing the PAs from employing public personnel and to promote instable jobs within the public administration.

Another problematic situation was the ‘two-tier service delivery’ which meant that services were delivered in part by public employees and in part by the companies which employed the SUWs. In this case there were problems of personnel management due to differences applied to diverse categories of workers who did the same work. This case was more apparent for those administrations that decided to outsource a service but still had their own employees involved in those activities. In these cases, the trade unions

\(^75\) This was the case for example of the ‘outsourced secretaries’ who were paid only by the external companies, but worked for and responded to the public managers exclusively.
championed the public employment for SUWs, but this was rarely successful, as many PAs pursued a strategy of outsourcing and did not replace their retired public workforce.

6.4.2 Cost of the outsourcing

However, the cost of the outsourced services was the most disputed issue. As already explained in the previous section, the simplest way to reduce the cost of the outsourced services was to deduct wage-incentives and tax reliefs provided for SUWs employment in favour of the PAs, but this did not always happen and many administrations were not even aware of the incentives that companies employing SUWs could obtain. A further means of reducing the cost of the services was to reduce the cost of labour, by promoting part-time jobs. This solution has always been contested by the trade unions, but in those projects accounting for a number of SUWs much higher than the workforce that was usually necessary to deliver those services, it was accepted as a form of solidarity which allowed all to obtain a job.

The likelihood of being offered full-time jobs at the end of the projects was however greater for the SUWs who were already involved in those activities for thirty-six hours per week (a full-time contract in the public sector). The legal provisions introduced by decree 81/2000 made this goal less attainable because full benefits were provided for part-time jobs of thirty hours per week (75% of a full-time contract in the private sector, corresponding to forty hours per week) and this was a disincentive for full-time employment.

Finally, another attempt to diminish the cost of any large projects’ closure was that of promoting ‘employment stabilization’ of small groups of SUWs. This strategy is similar to that of ‘creaming’, when administrators of public programs provide a disproportionate share of benefits to the most advantaged in a target group. Robertson (1984:392) argues that ‘creaming offers an excellent test for the claim that policy design and implementation are disconnected’. In the case of SUWs, there was an attempt to introduce this practice in the final stage of the programs offering the opportunity to obtain ‘employment stabilization’ for a smaller number of workers only. Trade unions strongly opposed this practice and, although in certain projects the ‘employment stabilization’ occurred at different times for different groups, they continued to put pressure on the public administration in order to provide equal opportunities for all unemployed involved in a project. In this way creaming was obstructed and the closure of some projects was
delayed until the PAs had found solutions for the whole group of SUWs. This was a disputed strategy because, in certain cases, the trade unions’ opposition to the ‘employment stabilization’ of small groups of SUWs did not bring more opportunities for the whole group. In those circumstances, the trade unions hazard occurred and the unemployed remained involved in the projects, waiting for further offers. In other cases, this strategy was seen as positive and the PAs put more effort into finding the funds that allowed all SUWs to receive job offers.

The selection was, however, necessary in those cases where SUWs decided to form their cooperatives because any entrepreneurial project was expected to fail without strong support from its promoters. In these cases, the workers were encouraged to form their groups autonomously and they selected their partners themselves.

6.4.3 Duration of the ‘employment stabilization’

The duration of the ‘employment stabilization’ was, on the whole, longer than five years, the maximum period of time for the outsourcing of public services without competitive tendering. The national collective contracts of work in the service sector provide for the so-called passaggio di cantiere (literally translated as ‘work-site transfer’). This means that when a public tender was won by a company the winner was compelled to hire the employees of the company (who were already working in that work-site) which had lost the tender. This legislation protected the workers from being hired and fired as a result of changes in employers who followed on from one other.

The stability of jobs was guaranteed by the continuity of outsourced services and this was the greatest concern for trade unions, IL and SCO when the projects were closed. IL and SCO have never agreed to sign contracts for the outsourcing of services for periods of less than three years, yet the PAs were the only actors able to guarantee the continuity of the services. In turn, this continuity was strongly influenced by the nature of the outsourced services and the availability of long-term public funds.

For all the reasons explained above, services of low added value such as cleaning were safer than other ‘experimental’ services than could be more challenging but risked being interrupted because of a chronic lack of public funds.

There is a high incidence of labour within cleaning services. If one looks at the national market, from Trapani to Valle d’Aosta, one sees that there are some differences in productivity, but the most important thing is that in the South, cleaning employs many
people, while in the North it is marginal work. The majority of workers in the cleaning services are migrants in the North, but not in the South. In the North you go to work in a cleaning company because you are limited in finding work, and at a certain time you will leave it for something better. In the South, if you find a job in a cleaning company that is THE JOB, because that job could last forever (interview with B.P., General Manager of CNS, consortium member of Legacoop).

The stability of the jobs created through the outsourcing of public services was far more important than any other factor that would render a job attractive for a socially useful worker. Public employment was much championed by both the unemployed and trade unions that were aware that the failure of the ‘employment stabilization’ would have very serious consequences for people who had been out of the labour market for such a long period of time.

The involvement of IL and SCO in the policy take-up reduced the employers’ hazard, because the services were usually outsourced for the maximum period of time or for period of at least three years. Nonetheless, it was impossible for the public agencies to foresee what would happen at the end of the five-year contracts. If there was an explicit option for the public administrations to buy IL’s share of capital in the JMPPCs, the cooperatives introduced by SCO were companies that decided autonomously whether it would be convenient or not for them to participate in a new CTC at the end of the contract.

6.5 Conclusion

The success of the policy take-up goes beyond the choice between efficiency and efficacy of the services outsourced. This chapter has shown that there were different forms of ‘employment stabilization’ which, although regulated by law, took different configurations by the end of the projects. These forms depended upon the activities carried out by different public and private actors involved in the process. The situations where public actors were strongly involved led to different results in comparison with those situations where private enterprises had the leading role.

The first section of the chapter presented the geographical and annual distribution of different forms of employment stabilization showing that most of the results were reached by the end of 2003. The slowing down of the process, starting in 2004, is due to the change of the national regulation of competitive tendering which noticeably reduced the interest of private entrepreneurs in hiring the unemployed.
Therefore, the *legal incentives* played a much more important role than the economic ones for the policy success in this stage. The *economic incentive* however substantially reduced the cost of the outsourced services during the first three years, but this has not always been to the advantage of the public administrations.

The *competence structure* of the policy take-up was, on the whole, demand-driven, yet many supply-driven actions were put into place in order to put pressure on the SUWs to exit the projects. The central state used the financial leverage to accelerate the ‘employment stabilization’, but the resources were never withdrawn to the regions which did not respect their commitment to the Ministry of Labour when they signed the annual agreements.

Public administrations, public agencies, trade unions and private employers were the actors responsible in this policy stage. In most of the cases these actors operated cooperatively but, as the public administrations determined the conditions concerning projects’ closure, their decision could be made independently of those actors, sometimes resulting in disagreement. Therefore, the *decision-making and responsibility* structure of the policy take-up was both cooperative and autonomous-decentralized.

The second section analysed two different ways of closing the projects with the support of the main public agencies involved, Italia Lavoro and SCO. Although the legal procedures for closing the projects were similar, the evaluation of the outsourced services differed substantially between JMPPCs and the cooperatives brought by SCO or formed by the unemployed themselves. Contracts with the cooperatives were far more convenient from an economic point of view, but jobs in cooperatives were seen as less stable than those in joint mixed companies. For this reason, trade unions encouraged SUWs to be employed by large cooperatives that offered more guarantees than cooperatives formed by the unemployed themselves, or than small enterprises. Public employment has always been seen as the most stable employment, yet, at the beginning it was limited and generally was not easy to be promoted by PAs employing large groups of SUWs. Trade unions’ opposition to job instability brought, in general terms, positive results for the unemployed, but it also delayed the ‘employment stabilization’ of large groups of SUWs who risked not receive any job offer when the projects closed. These were the cases where the public administrations had too few services to outsource to create jobs for such a large number of people, but they could have found solutions for a small number of them. It was difficult however for trade unions to ensure equal treatment of all the unemployed in those cases where the number of SUWs in relation to services...
had been over-estimated. Many projects had been closed without any involvement from the public agencies and it is supposed that, in those cases, no policy facilitator was needed. Unfortunately, apart from the total number of exits from the SUJs projects, there are little data about the cases concerning the ‘employment stabilization’ with private enterprises, and it is difficult to determine the terms of those contracts, the duration of the outsourcing and to what extent the employers hazard occurred.

The third section investigated the key variables for the ‘employment stabilization’ (catalyst structure) that determined a more positive behaviour of the public actors involved towards the projects’ closure. The suitability of outsourced services was the first stage in determining the success or failure of the contracts. Yet, as the funds were scarce and the public bodies were banned from employing new workers, there were cases involving clerical jobs that were outsourced to companies which had a completely different focus of activity. Nonetheless, due to specific legislation, many public administrations were able to employ the SUWs directly after 2007.

The cost of the outsourcing was yet another critical variable. It was explained that the economic incentives provided during the first three years of the ‘employment stabilization’ were a positive accelerator for the projects’ closure. When these incentives were deducted from the overall cost of the contracts, these benefits were socialized; when, instead, the companies employing SUWs cashed them in, these benefits were privatized. It was also explained that SCO and Italia Lavoro applied totally different rules in their business plans when they were called into action.

Finally, the duration of the ‘employment stabilization’ was a very important factor, especially for trade unions and the unemployed. Part-time jobs were promoted in order to help a greater number of SUWs to access jobs, and much effort was put into securing maximum-term contracts. It was also explained that the chances of keeping these jobs was higher for those workers delivering essential services which were not stopped at the end of the first five-year contract.

This chapter and the previous one analysed the policy process during its more operational stages (implementation and take-up) explaining the complexity of the policy process at meso-level, that of the local public administrations. In particular, the changing roles of the institutions and public actors involved in both stages were investigated, including the hazards they faced and the key variables that influenced their decision making processes. The next chapter will analyse how these factors took effect at micro-level, in four different situations of services outsourcing.


Chapter 7

Analysis of case studies

The difficulties encountered during the start-up, execution and closure of SUJs and PUJs projects were analysed in the previous two chapters. Through the analysis of certain key determining variables it was shown that policy implementation and take-up were complex and controversial. The actions of the main public actors involved in these stages were investigated in order to understand the different ways in which the projects were carried out and the ‘employment stabilization’ occurred. What happened after the projects’ closure and the services outsourcing is even more difficult to be assessed. Italia Lavoro and SCO continued to monitor the process for their specific areas of competence: the JMPPCs formed by IL and the cooperatives belonging to the four consortium shareholders of SCO. IL was expected to exit the joint mixed companies after the maximum five-year period, which is why it was interested in seeing its net capital assets increased during this period. SCO was keen to cash in its percentage on the overall turnover of the cooperatives which employed SUWs or were formed by SUWs themselves. Both IL and SCO aspired to have positive feedback from the PAs and workers concerning the broader impact of the policy on the local communities.

The evaluation of labour policy impacts over a specific amount of time after the end of the programmes is a very difficult task. Data are not easily collected over long time periods and, if a job-creation programme ends successfully and new enterprises are created, there is little interest from its promoters in checking eventual failures which might have occurred afterwards. It is also problematic to attribute the closure of these cooperatives directly to the policy failure because many other factors influence business performance. How stable was the ‘employment stabilization’ and how can this be assessed? Have the outsourced services been delivered in a satisfactory way and in respect of the contractual provisions? What happened after the projects’ closure, in other words, after the moment in which it was declared that the policy had achieved positive outcomes on both sides: new employment and services outsourcing?

This chapter presents a multiple case study formed of four types of ‘employment stabilization’. The first two case studies are cooperatives formed by SUJs and PUJs through the SCO’s technical assistance in Casabona and Grottaglie, two small towns located in the regions of Calabria and, respectively, Puglia. The third case-study
analyses the formation of a joint-mixed public private company between the Province of Taranto (Region of Puglia) and IL. The fourth case study deals with the National Park of Gran Sasso and Laga Mountains (Region of Abruzzi) which directly employed the socially useful workers after the failure of their first ‘employment stabilization’ with a cooperative introduced by SCO.

As already explained in chapter 1, the analysis of the data presented in this part of the thesis aims at the construction of explanatory patterns around the closure of these projects and the events that followed it. In fact, at a micro-level, what happened at the moment of the projects’ closure cannot be the only indicator of the success or failure of the policy. The narratives encompass the entire period of the ‘employment stabilization’ that coincided with the services outsourcing and look at the evolution of the enterprises and groups of former SUWs and PUWs. The following themes are investigated in each case study: 1) the key factors describing the policy implementation; 2) the factors that influenced the ‘employment stabilization’ and relevant events occurring during this final stage of the policy; 3) the economic performance of the enterprises and relevant events occurring during the outsourcing of public services; 4) the overall impact of the policy on its beneficiaries and on the public administrations, and future perspectives for the outsourcing.

Finally, the data collected thorough in-depth interviews are organized around the role of the main actors involved in the policy process: public administrations (politicians and public managers), trade unions, Italia Lavoro/SCO, the consortiums (and the cooperatives responsible for the tutorship) and the former unemployed.

7.1 First case study: a cooperative formed by publicly useful workers (D.Lgs. 280/’97)

This project was implemented by the Municipality of Casabona, a small town of almost 3,000 inhabitants, located in the Province of Crotone, in south-eastern Calabria.

After decree 280/’97 was passed, the Region of Calabria identified two sectors of activity for potential new employment: services for personal care and environmental services. The municipalities interested in starting PUJs for young long-term unemployed were invited to prepare projects surrounding these two areas. The projects were certified by ‘Itainvest’ which became Italia Lavoro in 1997.
In October 1998 the administration of Casabona started a project of publicly useful jobs for ten young unemployed, five of whom were involved in environmental services. The PUJs project was implemented during the period 1\textsuperscript{st} January – 31\textsuperscript{st} December 1998 and it was extended for a further six months. The unemployed were involved full-time, for thirty six hours per week. At the beginning of 1999 the technical assistance of SCO was requested. In March 1999 eight of the PUWs formed a small cooperative\textsuperscript{76} and, as they were strongly motivated in starting to work within their own cooperative, they contested the second extension of the project. On 24\textsuperscript{th} June 1999, the Municipality of Casabona outsourced the following services, for a five-year period, to the cooperative ‘Giovani del 2000’ (‘Youth of 2000’) which had adhered to the consortium CNS:

- waste collection, roads sweeping and public buildings cleaning in Zinga (a small part of the urban territory);
- maintenance of the town’s hydrological network and sewerage;
- green areas maintenance;
- cleaning and minor maintenance of schools;
- school bus service;
- management of the town’s public library and of the recreation centre for the elderly;
- public billposting service;
- reading and activation/closure of public water consumers.

Before the implementation of the PUJs project, most of these services had been delivered by the PA with its own employees. The services concerning the territory of Zinga had been outsourced to another company, but the PA evaluated their quality as low and decided not to run the tender again, but waited for the PUWs cooperative to be formed. The contract between the PA and CNS indicates clearly that the principal aim of the services’ outsourcing is the optimization of the services and cost-saving. The expected turnover was 198,000,000 ITL (about €102,000) in the first year and 203,000,000 ITL (about €105,000) at the end of the first five years. The cooperative’s tutor was located in Sicily, but in reality the tutorship was provided directly by CNS.

\textsuperscript{76} The Italian legislation indicates two types of cooperatives of production: ‘small cooperatives’ (with fewer than nine members) and ‘cooperatives’ (with at least nine members).
through its local branch in *Mezzogiorno* (with its HQ in Naples) and its national HQ in Bologna.

The cooperative ‘Giovani del 2000’ appeared to start modestly but its striking development in the following years shows how a small group of people (reduced from eight to five in the first year) had become genuine entrepreneurs. When I carried out the interviews in 2005 the cooperative had one hundred and fifty employees and the turnover in 2004 exceeded €900,000. From the table below it can be seen that the cooperative’s turnover had a sharp increase in 2002 and also the net result, with the exception of the first year of activity, was always positive and its share in the overall turnover was extremely high during 2002-2003.

<table>
<thead>
<tr>
<th></th>
<th>1999 (Jul-Dec)</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected turnover*</td>
<td>44,498</td>
<td>102,258</td>
<td>102,258</td>
<td>104,841</td>
<td>104,841</td>
<td>52,420 (Jan-Jun)</td>
</tr>
<tr>
<td>Turnover**</td>
<td>159,455</td>
<td>138,717</td>
<td>304,207</td>
<td>602,924</td>
<td>802,557</td>
<td>923,767</td>
</tr>
<tr>
<td>Net result after taxes**</td>
<td>-5,681</td>
<td>8,121</td>
<td>42,195</td>
<td>136,517</td>
<td>148,624</td>
<td>22,291</td>
</tr>
</tbody>
</table>

Source: (* ) contract for services outsourcing between the Municipality of Casabona and the consortium CNS and (**)balance sheets, 1999-2004

The ‘secrets’ of such a success are: 1) sub-contracting with CNS which allocated them the management of several services won by the consortium in the Province of Crotone, and 2) new services won in partnership with CNS, as well as participating alone in various CTCs.

In 2001 the cooperative began delivering cleaning services in schools on behalf of CNS, and employed eighteen former SUWs for these activities. In 2003 the cooperative won the first competitive tender. In the following years, the more tenders they won, the larger the group of their employees became. In 2004 they had to face the decision to enlarge the cooperative to new members in order to avoid difficulties concerning internal mutuality⁷⁷. Eighty-five new members joined the cooperative in 2005, selected on a voluntary basis.

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⁷⁷ The reform of the Business Law in 2003 introduced the concept of ‘prevailing mutuality’ for the cooperatives. In order to maintain the fiscal advantage, a cooperative had to prove that the majority of its members participate in the cooperative’s social scope. For the cooperative of production this statement meant that the majority of its members were engaged in the production of goods or services that constitute its object of activity. A small cooperative employing a large number of people who were not its members was at risk of losing the character of ‘prevailing mutuality’.
The group of five members that have remained together since the beginning is the managerial group of the cooperative: they feel that the cooperative is ‘their’ creation, consider themselves responsible for its success or failure and see their personal futures strongly connected to it. The president is the leader of the group, this being acknowledged not only by his colleagues, but also by the PA, CNS and the local trade union (CGIL). He is very ambitious and is continuously pushing the cooperative ahead by implementing new services, obtaining qualifications which allow participation in new tenders and asking the members of the cooperative to take part in training courses and improve their skills (most of the courses are organized by CNS in Bologna and locally).

A.S. (President of the cooperative): ‘Sometimes I found I was in conflict with myself. Something inside me tells to always be active, to continuously evolve, and not to remain static. I would greatly continue to expand the range of services we deliver; I would diversify the sectors of activity. If the services we are delivering now remain our main activity, I think we will be in crisis in a few years, because this is a traditional area of activity. Lucky, the local services are the only thing that cannot be produced in Eastern China. These services must be produced here, by a local company, but we need to measure ourselves against others in the market. If we are good, the cooperative will get the services, otherwise we will lose.

The motivation to work in a cooperative is high. It brings enthusiasm, but also creates problems for those who do not accept sacrifices or who are searching for secure jobs (posto fisso).

A.S. (President of the cooperative): Some members left the cooperative because they were not ‘in tune’ with us. One left because the money from the Region arrived late and the administration did not want to advance the sum. A further two preferred to be ‘stabilized’ by the administration later, under contracts of collaboration. Those who believed in this project remained. At the beginning we had no money to employ other people, so we were the only workers; we organized shifts in order to be able to deliver all services. In July 2001 we employed eighteen former SUWs-TAA in the schools, on behalf of CNS, and we became employers. We started to grow and then we understood what it meant to be entrepreneurs, to manage other people and have responsibility for their work. When we won the first big tender in 2003, we felt that we had arrived at a turning point and the cooperative has started to grow rapidly.

In order to have sufficient cash flow to carry out the current activities, it is important that the cooperative has a good number of on-going contracts. This implies that the managerial group needs to take decisions concerning new activities and the tenders they want to compete in. Almost since the beginning they tried to diversify their offer and opened a small laboratory to produce traditional local sweets which were sold in several supermarkets in the Province of Crotone. This business remained opened until 2004 when, due to the increased amount of contracts for services, they could not continue to produce confectionery and closed it.
A.P. (member of the management group): The secret of the founders group is that we have always enjoyed working together and we really cared about the cooperative. We used to have discussions for hours, sometimes without concluding anything. In fact, the people who did exit the cooperative thought that working in a cooperative should be ‘easier’. They consider it as a job. We saw it, instead, as our future. They did not believe in the cooperative as much as us, especially as AS did.

M.F. (member of the management group): Anytime we meet we speak about work. Once we started to grow, we needed to continue. The only important thing now is to continue, not to stop. When we formed the cooperative we had little money but, despite this, we opened the confectionery laboratory. We had debts, and many months we had to save some money to pay the overdrafts. At that time I was scared, but if we receive overdrafts now I am not scared at all. Now we look only to have portfolio of contracts full.

Forming a cooperative in Mezzogiorno represents an audacious choice. Many interviewees stressed the negative associations with this type of enterprise, especially when cooperatives close for dubious reasons: ‘cooperatives were opened by some people to steal from the others’ (A.P.) or ‘because this was a way for obtaining public funds’ (M.F.). Accordingly to A.P. and M.F. these facts do not only involve cooperatives, but it appears that the censure against opportunistic behaviour is stronger when the facts involve cooperatives rather than private enterprises. This could have an explanation, if one considers the failure of agricultural cooperatives in Casabona, in the past:

F.S. (Mayor of Casabona): Many left-wing administrations championed the formation of agricultural cooperatives in the past. The agrarian reform brought a fragmentation of the land and many small farms raised in Casabona. During the ’70s and ’80s it was tempting to form cooperatives which would be an ideal size for agriculture, but they went wrong. These bankruptcies involved many citizens and the negative publicity was transmitted from one generation to another. The cooperative is ‘yours’, while a private enterprise belongs to ‘others’. If you work for a private enterprise which fails, it is not your fault, but in the case of a cooperative, you have a direct responsibility.

The former mayor of Casabona, who had implemented the PUJs project and wanted the ‘employment stabilization’, attributes the lack of trust in cooperatives to an excess of individualism in Mezzogiorno that, he thinks, should change.

F.B. (former Mayor of Casabona): They [the cooperative] did the right thing and have been able to resist the attacks. Here, in the South, when something good is born, it is always an adverse attitude. Unfortunately, there is not a cooperative culture here; we are not in the region of Emilia Romagna. There is too much individualism, too much distrust.

If forming and managing a cooperative of unemployed youth in Calabria was not easy in itself, there are two important factors that made it successful: the determination of the PA in pursuing the ‘employment stabilization’ and the role played by CNS in the development of the cooperative.
The former mayor of Casabona believes that PAs’ determination in implementing small and feasible projects led to these positive results. He is also convinced that many other PAs were not so determined in pursuing this goal.

F.B. (former Mayor of Casabona): I think that our success is due to the fact that we implemented projects which we knew since the beginning we were able to maintain our promises about. Through the implementation of PUJs projects with pachetto Treu [decree 280/’97] the PAs were committed to achieving certain results. We took this decision bearing the final goal in mind: we decided the activities to involve the youths with and we made available the funds necessary for outsourcing services to the small cooperative when it was formed. It was important to keep the number of workers low, because we wanted to create something feasible. How could have we guaranteed the ‘employment stabilization’ for a high number of people? All our neighbours implemented projects involving a large number of unemployed. I was criticised for my choice, but my aim was to give a concrete future to these workers, otherwise their stabilization would have failed. In fact, I did not like to act as a politician; I rather preferred to be an administrator. During the ’90s the economic situation was very difficult and we, the mayors, were asked to be administrators more than politicians. Before starting the PUJs project I was sure that outsourcing would allow the delivery of these services to our community without increasing taxes and, at the same time, would allow the administration to have them delivered at lower costs. Pachetto Treu allowed us to reach both these goals and to create employment, but it was not seen in the same way by other PAs. If I had to re-write the law, I would make the ‘employment stabilization’ compulsory for the administrations; and I would ask for the money to be returned to the state by those PAs which do not respect their commitments. This would be a serious deterrent.

The political elections ran only a few months before the project’s end and the mayor changed, but not the political coalition that maintained a left-wing majority. In many cases, the arrival of new politicians slowed down the closure of PUJs and SUJs projects because the new administrations wanted to put their new ‘imprint’ on the ‘employment stabilization’; sometimes new solutions were chosen. None of these happened in the town of Casabona. The new major signed the contract with CNS on time and the project was closed without problems.

F.S. (Mayor of Casabona): this was a continuation of the former administration’s political decision. We read the project and prepared the contract. We thought it was a good thing that would allow the administration to save some money and it would also create new jobs. Considering that they are now one of the most important enterprises in Calabria, it was a good bet. The quality of services delivered has always been good. Our school refectory was considered one of the best in our province, in 2002. We are among just a few towns that are able to have the meals prepared in the school and not buy ready-cooked meals. The teachers remain by choice to eat there. In a small community as ours, having high quality services is a great thing.

78 Decree 280/’97 provided for such a rule in the case of a project closure, but it was rarely applied. As the PAs were asked to state their commitment towards “the employment stabilization” in the projects, they would have to account for the closure of a project that did not reach its objective and, if it were evaluated that the project was speculative, the PAs would be asked to return to the state the funds spend during a project implementation. Nevertheless, this rule did not take into consideration the possibility of asking for several extensions of the projects in order to make the most of this workforce.
The new mayor is also convinced that outsourcing is the only possible choice for cost-savings, but when the provider is a cooperative, a good quality of services can be reached too. The manager responsible for the outsources services thinks that the fact the cooperative is local is also important. This favours the whole community to have direct control of the services delivered and, in this way, the cooperative should be more committed to maintain a high standard of quality.

F.S. (Mayor of Casabona): Due to permanent cuts in funds transferred from the state, the local PAs consider service outsourcing as a unique solution for cost-saving. There are entrepreneurs who look more at the quality of the services, and others that are interested in obtaining profits only. In my opinion, at least theoretically, outsourcing to a cooperative should be better, but it depends on how this cooperative is organized. As work is prevalent in a cooperative, they do not consider profit as a primary aim.

N.I. (public manager): whether the streets are clean or not is ‘measured’ directly by our citizens because if they were not happy with the service they would complain. The school refectory is directly checked by the school’s personnel and by the children’s parents. It is clear that, as this is a cooperative of youths from Casabona, its members pay more attention to how they work. If we were not happy with the services, their contract would not have been extended.

Starting with a small, yet stable contract was important for the cooperative, but being part of CNS allowed them to grow and to improve as an enterprise. In 2004 the contract with the municipality of Casabona was renewed and the cooperative continued to deliver almost the same services until 2009.

F.S. (Mayor of Casabona): Being part of a national consortium of cooperatives is very important. This helped them to have requirements to participate in certain tenders and also improved their personal skills. Being entrepreneurs is not easy. CNS transmitted an entrepreneurial culture to them and also helped the cooperative to assimilate it. These youths could have waited for another kind of ‘employment stabilization’. We had other PUWs here, working for the Mountain Community79, who preferred to cash in the incentives and to work for private enterprises that obtained more incentives to employ them. Other PUWs and SUWs waited instead to be employed by the public administrations.

The consortium covered three specific areas of tutorship that have been crucial for the development of ‘Giovani del 2000’: 1) technical support that helped the cooperative to learn how to prepare CTCs; 2) training for the managerial group, but also for other members involved in more operational activities; 3) financial support, first and foremost advancing of bills issued to PAs that paid late, helping the cooperative avoid cash flow shortages.

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79 The Mountain Communities are local public bodies formed through a specific legal disposition provided by the president of a Regional Council. They are formed by municipalities located in mountain and highland areas (although from different provinces), with the aim of protection and upgrading these areas.
A.S. (President of the cooperative): CNS gave us effectively new works when we employed the former SUWs-TAA, but the most important help is they have supported us practically in our entrepreneurial development.

Firstly CNS helped us to set our budgets and told us to control our growth. They literally told us: ‘your turnover can reach this point next year’. They taught us that our strategy should be to have our turnover doubled every year, but not more that this because we could risk failing: ‘you could risk finding yourselves not being able to respect the requirements, without human resources and money; who would manage your work-sites, who is prepared, among you, to manage a twenty-billion contract?’ In this way we learnt to decide when it is convenient or not to participate in a tender.

Secondly CNS helped us in our training. They invited us to several courses in Bologna and advised us which trainers to use for courses we organized in our cooperative; most importantly, they advised us which cooperatives to visit in order to learn from their experience. Thirdly, CNS helped us financially. None of the banks in Calabria helped us. When we asked for an advance of our bills issued the banks required ten per cent interest, a loan-shark’s rate!

Furthermore, CNS has helped us with many bureaucratic practices that we would never have been able to carry out in certain periods because we have a small number of people involved in preparing all necessary papers for tenders and other practices. When we take part in the assemblies in Bologna we see the cooperative spirit that exists in other parts of the country, in other youths, and it reinforces our will to bring it to our place. B.P., the general manager of CNS often says: ‘you are the only true cooperative that I have seen formed during recent years’. And we are proud of this.

Learning how to participate in and win competitive tenders was the most important entrepreneurial goal for the cooperative. Tenders are not easy to be won and sometimes it is not even clear why they are won by certain enterprises. Most competitive tenders are organized according to the rule of maximum price reduction as regards a given threshold. The law\textsuperscript{30} states clearly that the offers that are too low compared to the average offer should be excluded. Otherwise the PA running the tender should ask why they are such a low price, but this does not always happen.

E.A. (new member and vice-president of the cooperative): We were expecting the worst from the competitive tenders here, in \textit{Mezzogiorno}. First of all it is a general lack of transparency and tenders are also managed badly by the PAs who are not able to evaluate the quality of the services, but are interested only in the cost-reduction. The PAs do not understand that those companies that win due to very high price reductions often are not able to deliver those services. Many times they do not respect the labour contracts. Although the law asks enterprises to prove payment of their workers’ national insurances, this does not mean that all workers have regular situation. Sometimes we won tenders unexpectedly and this means that the PA did not expect us to win and they were surprised. When the tenders procedure asked, instead, for a technical project to be provided, we usually do well and are in a good position.

We won a tender with ANAS [\textit{National Company for Roads and Highways Network}] from Cosenza because we were the first lowest offer acceptable. This means that, after they excluded the differing offers, we had the best offer. In this case we were able to obtain this result because we estimated the price reduction offered by our competitors and we presented an offer very close to this figure. ANAS started to ask for an explanation for this price. We answered their questions, but also wrote a letter stating that, if they did not sign the contract, we would appeal to TAR [\textit{Regional Administrative Court}]. The best thing for us is to win competitive tenders. We all feel part of this success because we are a cooperative, exactly like a family.

\textsuperscript{30} Law 157/’95, art. 25: ‘Offers abnormally low’.
The HQ of the branch of CNS in Mezzogiorno is located in Naples. The director of this branch is the closest person to the cooperative for preparing the tenders. He acknowledges the high motivation of the group and their genuine interest in learning new things, but he considers the role of the PA as being a key determiner in the first stage. However, being a successful enterprise in Southern Italy depends on some specific factors, one of the most important being access to bank credit.

N.E. (CNS, manager for Southern Italy): The service sector, especially in Mezzogiorno, is a little bit ‘special’. It is seen as a marginal sector and does not receive much attention, the tenders do not always follow the right rules. Creating, in such an environment, an entrepreneurial community that brings true cooperative spirit creates ‘disorder’, is unexpected. These youths are very humble. They have tried to learn from others who were more experienced, to understand how tenders work; they were scared of their lack of experience, but were very receptive. The administration of Casabona has played a crucial role in this initiative start-up; they believed in it and sustained it. The youths participated with enthusiasm and CNS provided support to the cooperative’s development. All of us worked well, but without a good start locally, we would not have come so far. However, the access to banks’ credit remains a fundamental factor for enterprises working in Southern Italy. I am sure that, if this problem will not be solved, it is difficult to imagine a real entrepreneurial development in Mezzogiorno. In other countries you can obtain credit for ideas and initiatives. There the banks are used to evaluating potential. In Italy, and especially in Mezzogiorno, you firstly must provide proof of your financial solvency and after you can ask for money. How can we promote new entrepreneurial initiatives if there is no trust in them! In fact it is not a case that it is difficult to find true entrepreneurs in Southern Italy. The entrepreneur is, in Mezzogiorno, the person who works as a result of public funds. This is not entrepreneurial spirit, there is little initiative, and this is just an instrument formed because it is required by the state, often in sectors with low intensity of capital. In our sector, tenders based on projects have been introduced just recently; tenders are usually based on a maximum price reduction and sometimes the threshold is so low that it does not permit an enterprise to pay legal salaries (in respect of the national labour contracts) to those who work on the delivery of services.

From data presented in this case, there are three actors that appear as key determiners for the success of the PUJs project and the ‘employment stabilization’: the public administration, consortium of cooperatives and target group themselves. As the young unemployed had little connections with trade unions compared to long-term unemployed, the absence of trade unions in this process is justified. The efficiency of the public administration also contributed to this fact.

G.M. (CGIL, Region of Calabria, trade union leader): Most of the PUJs projects looked like a photocopy of the others; they were all identical: social services and environmental services. I think that is was a mistake that the Regional Commission for Employment approved all these projects without assessing them. All twenty-seven municipalities in the Province of Crotone started PUJs projects for young unemployed. Only the town of Umbriatico did not make a request, and only the town of Casabona closed the projects. All these youths were supposed to form cooperatives and this happened in many parts of the province. With the exception of ‘Giovani del 2000’ the other cooperatives never started their activities because the administrations did not outsource the services to them. At a certain moment they had to close,
because of financial costs. Due to a successive regional law these PUWs became ‘regional’, the region has started to pay them with its own funds. It is difficult to say which the best solution is. I am convinced that these people need to have a job, but this does not mean necessarily long-term contracts within the public administrations. Some years ago, quite a few of them were ‘stabilized’ by local private enterprises and, after about a year, these enterprises closed and sent them back home or asked for wage compensation funds. We do not have here an entrepreneurial community that can give guarantees for at least five years. Everybody tries to cash in on the benefits by employing PUWs and SUWs and keep the enterprises open for the minimum period requested by law. So, if the PAs really need them, PUWs and SUWs should be employed by the PAs. I am not looking for ‘posts’, I am looking for true employment for the people.

The cooperative has continued to grow and the contract with the municipality of Casabona has gradually become marginal in its overall turnover. In 2009 they did not compete any more for this contract. The cleaning sector continues to have an important role in the turnover, but in recent years the cooperative has become specialized in industrial cleaning, especially industries using biomass. This is a sector they would like to develop and that would allow them to move from the public service sector to the private sector. At present sixty per cent of their turnover comes from contracts with clients located outside the Province of Crotone.

Table 7.2/CS1: Coop. ‘Giovani del 2000’: turnover per typology of clients and sectors of activity, 2005-2011 (Euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Municipality of Casabona</th>
<th>Other clients</th>
<th>Cleaning services</th>
<th>Environmental services</th>
<th>Other services</th>
<th>Total Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>32,664</td>
<td>986,869</td>
<td>996,133</td>
<td>-</td>
<td>23,400</td>
<td>1,019,533</td>
</tr>
<tr>
<td>2006</td>
<td>32,664</td>
<td>1,101,245</td>
<td>1,110,509</td>
<td>-</td>
<td>23,400</td>
<td>1,133,909</td>
</tr>
<tr>
<td>2007</td>
<td>32,664</td>
<td>870,589</td>
<td>879,853</td>
<td>-</td>
<td>23,400</td>
<td>903,253</td>
</tr>
<tr>
<td>2008</td>
<td>32,664</td>
<td>836,837</td>
<td>846,101</td>
<td>-</td>
<td>23,400</td>
<td>869,501</td>
</tr>
<tr>
<td>2009</td>
<td>40,500</td>
<td>926,681</td>
<td>934,681</td>
<td>7,500</td>
<td>25,000</td>
<td>967,181</td>
</tr>
<tr>
<td>2010</td>
<td>17,500</td>
<td>1,073,228</td>
<td>1,035,728</td>
<td>22,000</td>
<td>33,000</td>
<td>1,090,728</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
<td>939,295</td>
<td>898,295</td>
<td>41,000</td>
<td>-</td>
<td>939,295</td>
</tr>
<tr>
<td>Total</td>
<td>188,656</td>
<td>6,734,744</td>
<td>6,701,300</td>
<td>70,500</td>
<td>151,600</td>
<td>6,923,400</td>
</tr>
</tbody>
</table>

Source: data provided by the cooperative according to the annual balance sheets

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81 In practice the region provided for the ‘integration’ paid by the local public administrations: 20 hours per week/worker were paid by the central state and the difference of 16 hours per week/worker was paid by the region of Calabria. As has been shown however, this money arrived from the central state through annual agreements.
Table 7.3/CS1: Coop. ‘Giovani del 2000’: labour costs and net results, 2005-2011 (Euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Labour cost (coop. members)</th>
<th>Labour cost (coop. employees)</th>
<th>Total labour cost</th>
<th>Net result after taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>504,229</td>
<td>432,567</td>
<td>936,796</td>
<td>- 123,132</td>
</tr>
<tr>
<td>2006</td>
<td>602,782</td>
<td>357,684</td>
<td>960,466</td>
<td>- 63,936</td>
</tr>
<tr>
<td>2007</td>
<td>422,832</td>
<td>298,291</td>
<td>721,123</td>
<td>3,810</td>
</tr>
<tr>
<td>2008</td>
<td>410,640</td>
<td>268,485</td>
<td>679,125</td>
<td>34,999</td>
</tr>
<tr>
<td>2009</td>
<td>420,995</td>
<td>360,377</td>
<td>781,372</td>
<td>18,533</td>
</tr>
<tr>
<td>2010</td>
<td>444,584</td>
<td>442,502</td>
<td>887,086</td>
<td>2,284</td>
</tr>
<tr>
<td>2011</td>
<td>209,476</td>
<td>428,319</td>
<td>637,795</td>
<td>54,402</td>
</tr>
</tbody>
</table>

Source: data provided by the cooperative according to the annual balance sheets

Some important contracts finished in 2005-2006 which brought about a serious deficit for these two years. However the cooperative overcame this and continued to search for new CTCs. The relationship with CNS is still important, but they have enlarged the network, starting to work with another two cooperative consortiums. Their principal objective for the future remains the diversification of their mix of services, empowering those most requested on the market, particularly in sectors that require more technology and specialised qualifications.

The last time I spoke with A.S. I asked him which factors allowed them to develop the cooperative during thirteen years of satisfactory activity. He answered without hesitation: ‘a mix of stubbornness, reliability, democracy and cooperation. But the most important thing is that we understood in time that none of us knows everything and is able to do anything, but everybody needs the others; therefore every person is important in keeping our cooperative in good health’.

7.2 Second case study: a cooperative formed by socially useful workers (D.Lgs. 468/’97)

This project was implemented by the Municipality of Grottaglie, a town of almost 32,800 inhabitants, located in the Province of Taranto, in south-western Puglia.

The cooperative analysed in this case was formed by thirteen SUWs taking part in this project. Before starting to analyse the cooperative’s history, a short description of the projects start-up is presented, focusing on the important role the trade unions played in this stage. This PA was very active in promoting a large number of SUWs with the aim of activating as many unemployed as possible. In 1996 there were
155 people involved in socially useful jobs overall. Many of those had been recipients of wage compensation funds since the end of the ’80s and had been involved in the so-called ‘Taranto dispute’. In 1995, there were still 3,350 unemployed who had not found jobs in that area, and the trade unions (CISL and CGIL) attempted to make the public administrations aware of the possibility of involving these people in SUJs projects. The majority of these workers were members of CISL and they worked in various building companies located in the Province of Taranto.

E.B. (Secretary of CISL in the Province of Taranto): On the one hand, many PAs were a little bit suspicious at the beginning; they did not know these people and were not keen on taking them on. When the administrations understood that it would be advantageous to have a qualified workforce at no cost, they became interested. On the other hand, there were those workers who were told by us to accept any activity the administrations wanted carried out. We told them that they should become more than useful, even indispensable, for the administrations. In this way, after two or three years, we asked the administrations to start the ‘employment stabilization’, providing multiple solutions: some formed cooperatives, some were employed by the PAs and others by local private enterprises. Sometimes we argued with these workers, some of them withdraw themselves from our organization, but our strategy was successful: basically we told the administrations, ‘if until yesterday they were all useful, now you have to find a solution for all of them’.

The municipality of Grottaglie had too many, about one hundred and fifty; we knew from the beginning that it was impossible for all of them to be employed directly by the administration. Yet, they did employ many SUWs directly because we promoted part-time employment. The workers accepted, but it is clear they were not happy; our aim was, first of all, to allocate as many SUWs as possible, and after, we fought to have their working hours increased.

The Municipality of Grottaglie tried however to offer an employment solution to a great number of SUWs: 13 formed the cooperative and another 22 were employed with part-time contracts directly by the administration. The over ’50s benefited from early retirement schemes, the SUWs working in the schools were transferred under the state’s control and later employed by private enterprises and cooperatives. As a result, there were still 48 SUWs mostly working part-time in Grottaglie at the end of 2005, awaiting a solution. These workers were considered by the administrations as having little interest in the ‘employment stabilization’, and being content to integrate their allowances with an income obtained on the illegal market. The trade unions believed instead that the administration was not respecting its commitment for an employment solution to all SUWs and more effort should have been put into finding other services. There were not however services available to be outsourced to provide employment to such a large group of people; neither were there funds available to pay for these services.

The trade unions’ strategy for championing solutions for small groups was far-sighted. The results were obtained through intense collaboration with a large number
of institutions working for the closure of SUJs projects in this province; some of them, like the prefecture⁸², do not have institutional responsibilities in relation to labour market policies.

A.M. (CGIL, Province of Taranto, trade union leader): our problem was finding different ways to employ all SUWs, but we knew that it would be impossible to see them all employed in the same way and at the same time. We have always championed their right to work, to give them back the dignity of work. We could not agree on the ‘philosophy’ of allocating money for designated “posts”⁸³. The administration understood and not only found the money, but found the services these workers could be involved in. In this way it was possible to create concrete jobs.

We did this work with many administrations in the Province of Taranto, but this was only possible because an agreement already existed between trade unions and all the mayors, coordinated by the prefect. The Ministry of Labour and various under-secretaries of state have always recognised this role of mediation by the prefecture. We had many meetings between trade unions, the mayor, the prefect, the representative of the Ministry of Labour and the executives nominated by the provincial manager for the labour sector. This was the negotiation board for all projects.

Not all the administrations had enough money to employ all the SUWs and so our aim was to defend the workers, and it thus became a union ‘battle’. We had very positive ‘negotiations’ with the municipality of Grottaglie, but in order to find all these solutions, we spent many days studying different possible scenarios for the ‘employment stabilization’ for each group of workers.

The PA asked for SCO’s assistance in June 2000. A group of thirteen socially useful workers decided to form the cooperative ‘Orizzonte 2000’ (‘Horizon 2000’) that joined CONSEA, a consortium of CICLAT. On 20th November 2000 the municipality of Grottaglie outsourced the following services to CICLAT for a five-year period on behalf of the cooperative formed by SUWs:

- maintenance of public buildings and schools;
- maintenance of urban streets and road signs;
- maintenance and cleaning of town’s sewerage;
- maintenance of public green areas and those in the town’s cemetery.

The PAs had used its own staff to carry out these activities in the past. There were about thirty workers employed by the City of Grottaglie in the ’80s and all maintenance work was carried out internally. Many of them gradually retired and now there remains only an electrician, a plumber, a joiner and a blacksmith. From the beginning, the cooperative was seen as an operative arm of the administration itself.

⁸² The prefecture is a representation of the Ministry for Internal Affairs at county level. It is managed by a public representative called the prefect who is responsible for various issues concerning the local communities’ life such as public order, immigration, economy and, more broadly, represents the government at local level.

⁸³ This term has a negative connotation because being given a post means the worker will receive a salary, but their work is not considered essential, while having a job meant providing a useful activity for the community.
The expected turnover of ‘Orizzonte 2000’ was 900,000,000 ITL (about €458,000) in the first year and 1,210,000 ITL (about €625,000) at the end of the first five years. The contract provided for an anticipation of 200,000,000 ITL (about €104,000) to be given to the cooperative in the first month; this money enabled the cooperative to buy machinery and to pay the salaries from the outset. As maintenance work is usually paid for in several instalments calculated on the basis of the quantity of work done (measured in meters, square meters etc.) the cooperative would receive its first payment when the first allocated work was completed.

The creation of the cooperative was very much supported by the PA, especially by the councillor for public works and the mayor. It was also seen as a better solution compared to other alternatives. The people who chose to form the cooperative were the most productive and actively involved during the SUJs projects. The councillor however thinks that the members of the cooperative are not equal in terms of the effort they put into carrying out their duties and, subsequently, the salaries should be different, according to the quantity and the importance of the work done.

C.T. (councillor for public works): All our SUWs were skilled. The differences in productivity were not because of their professional training, but their determination. When we started the meetings preceding the formation of the cooperatives, many of them were not convinced. A few of them believed in this entrepreneurial project from the beginning. We also tried to contact private companies to which we would have outsourced the services, but most of the private entrepreneurs did not want to employ SUWs. We also contacted the entrepreneurial organizations, but this did not work either.

From the outset we decided against creating a JMPPC because we thought the productivity of labour would decrease. We have always thought that the workers, by forming their own cooperative, would take full responsibility for their work. If the cooperative produces, it earns money; if it does not work, it does not survive. But it does not work like this with the joint mixed private-public companies.

When we began working with the cooperative there was a huge difference; we noticeably increased the maintenance work in our city. The citizens noticed this too and they started to be far more demanding, to notify us of work that needed doing. The relationship between administration and the community improved because of the cooperative’s good service.

They [the cooperative’s members] are satisfied now, both professionally and financially. I think however there are some problems, for example their decision to pay equal salaries to all members. I think this is wrong, not only from a financial point of view, but I think they are also not equal professionally and some are less committed than others.

There are two departments of the City of Grottaglie which deal directly with the cooperative’s work, maintenance of urban public buildings and the maintenance of green public spaces. As a great part of the services outsourced to the cooperative are under the supervision of the former, the relationship developed with its manager is very close. F.S. has supervised the SUWs involved in the project since the beginning and acknowledges that the quality of work improved after the outsourcing.
F.S. (public manager, maintenance of urban space): When they were involved in SUJs the most difficult thing was to control all the work-sites; we had quite a few and, although I used to visit all of them, I could not spend much time in each place, making it difficult to measure their productivity of work. The SUWs who formed the cooperative were people who used to deliver good work when they were sent to do something; they did not need somebody to continuously tell them what to do.

Once a cooperative is formed everything becomes easier. I am the one who estimates the new works to be done and then I contact them. The cooperative sends the work-team and, once they have finished, we check the quality and quantify the work according to the contract specification, and then we pay. We use a price-list approved in our region; everything they do is in this list and so we do not argue over anything.

It is enormously advantageous to work with the cooperative. If we had had to organize competitive tenders for all the work we had done with the cooperative over the last five years, it would have taken us fifteen years for the same amount of work. With the cooperative we can respond immediately. For the schools, for example, there are always things to be fixed. To give you an example, many schools asked to have security doors fitted in their multimedia laboratories. In the past we had to run tenders, then the company that won sent somebody to take the measurements, and this person did not take them well. The doors would not fit, and we had to contest the service and a lot of time passed before having the right doors in place. With the cooperative, all these kinds of problems are sorted out immediately.

Street maintenance is the only sector in which the cooperative is not productive enough because they do not have the machinery to produce bitumen, so they have to lease such machines.

The manager responsible for the maintenance of green spaces also deals with the cooperative, but also with external private companies that deliver specialized services. He would like the cooperative to be more involved in this service, but this would require investment in machinery, especially for the pruning of tall trees.

S.N. (public manager, maintenance of green spaces): they started with an advantage compared to other companies in the market, because a five-year contract gives you a lot of advantages. You can learn a lot, buy machinery, improve your skills. Their eyes are opened. The request for quality services is increased; there are other companies in the market offering these services, also for private clients. There is no reason for them to remain outside. Another problem is their organization, they are too busy to respond to all our calls [many jobs in this sector are emergencies], and we are continually asking them to do something. Their management should revise the internal organization and the distribution of work.

The cooperative managed to both respect the contract with the Municipality of Grottaglie and take work on the market, some of them participating in CTCs. They won a tender at Grottaglie airport, but the most important tender they won was organized by the Municipality of Grottaglie for re-building the town’s central square (p.za Principe di Piemonte). In this case they won it in association with a group of enterprises of which they were the coordinator. I will go back soon to this major contract.

Although the availability of a five-year contract with the PA can represent a good foundation for the creation of a cooperative, this process always reflects individual choices. Those considering forming a cooperative need to trust each other and accept being part of an organization ruled by themselves. In Grottaglie, the group who joined the
entrepreneurial project was formed at the outset of nine members. F.S. (a member of the cooperative) summarizes this process in a few words: ‘we chose ourselves; those who worked together well during the SUJs project decided to go for the cooperative’.

Before signing the contract, the PA decided to outsource the maintenance of green public spaces too, so another four people joined the group. The cooperative was now made up of thirteen members, but another five people were employed at short notice after the start-up. The employees were chosen for their skills, aiming to form a group able to deal with any kind of work required in the sector of maintenance services. The president of the cooperative is the leader of the group and a key person for the PA.

C.C. (President of the cooperative): We started from a business plan. We understood that the outsourcing was feasible; the administration was serious and really wanted to respect their commitments. When there were nine of us, the cooperative was ready to be formed. Then the administration decided to outsource the maintenance of green areas and we grew to a group of thirteen. After the cooperative’s start, some of the SUWs who had initially refused to become members of our group contacted the cooperative; they regretted not accepting our proposal when they understood that the cooperative was serious, with legal salaries and national insurance paid to everybody. These people are still SUWs at present, waiting to be employed by the administration. Some of them are happy this way; they are not looking for work. The other employees of the cooperative arrived a little bit later. Our aim is to offer all those skills requested in the maintenance sector.

As can be seen in the table below, the cooperatives’ turnover was stable and it exceeded the expected values written in the contract. This was because the cooperative had won other contracts, through tendering but also working directly with private clients, and also from the increased volume of outsourced services by the public administration (especially emergency streets maintenance work for).

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected turnover*</th>
<th>Turnover**</th>
<th>Net result after taxes**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 (Dec.)</td>
<td>38,734</td>
<td>458,419</td>
<td>485,469</td>
</tr>
<tr>
<td>2001</td>
<td>38,733</td>
<td>618,388</td>
<td>767,143</td>
</tr>
<tr>
<td>2002</td>
<td>38,579</td>
<td>3,054</td>
<td>-7,811</td>
</tr>
<tr>
<td>2003</td>
<td>38,579</td>
<td>-7,811</td>
<td>-10,273</td>
</tr>
<tr>
<td>2004</td>
<td>38,579</td>
<td>-7,811</td>
<td>-10,273</td>
</tr>
<tr>
<td>2005 (Jan.-Nov.)</td>
<td>38,579</td>
<td>-7,811</td>
<td>-10,273</td>
</tr>
</tbody>
</table>

Source: (* contract for services outsourcing between the Municipality of Grottaglie and the consortium CICLAT and (**) balance sheets, 2000-2005

During five years of activity, the cooperative obtained many qualifications necessary to participate in CTCs in the building sector (e.g. SOA, EMAS). It did this alone, without support from its consortium tutor. The training was almost non-existent in this project and the PA always considered that, apart from the insurance paid by the
consortium at the beginning, to guarantee the contract, its role was insignificant and it represented a bureaucratic complication that obstructed the cooperative. Both C.C. (president of the cooperative) and C.T. (the town councillor) explained that the period of time between the moment being paid in and when the money arrives in the cooperative’s bank account is unacceptably long: the PA pays CICLAT (a bank in Bologna) which keeps its percentage and then transfers the money to CONSEA (a bank in Bari) that keeps its percentage and then pays the cooperative (a bank in Grottaglie). This whole process can take up to forty five days.

These difficulties were, to a certain extent, increased by the fact that it was chosen as an ‘intermediate’ consortium as tutor for the cooperative. CICLAT created CONSEA which grouped all the cooperatives formed by SUWs and PUWs. The worry was that, if there were too many cooperatives they could destabilize the consortium’s internal equilibrium. With the creation of CONSEA, an additional step was introduced in the payment process and this new consortium had to divide the percentage of 1.5% on the overall value of the contract with CICLAT:

G.V. (President of the cooperative identified as tutor by CICLAT, at the beginning of the contractual period): Our interest was, first of all, to employ SUWs and PUWs directly and to deliver the services. All those cases involving new cooperatives between these workers were, for us, of marginal interest. As for Grottaglie, we were contacted during the last part of the negotiations when the cooperative was already formed and the PA was working on the contract. I remember we were asked to solve a problem concerning the contract: the transformation of a certain number of services delivered on a regular basis and any unexpected emergencies in a normal contract which would allow the cooperative to be paid in instalments.

C.M. (manager of CONSEA): the money we took for the training was too little to allow us to visit the cooperative regularly. For some cooperatives we provided technical training and we had costs of at least forty five thousands Euros. We had no chance of paying back this money. The cooperative formed in Grottaglie created few expenses because they were able to work alone; we did not however forget them. We form cooperatives and after follow them. When they are stable enough we let them go on their way. We do not gain any financial advantage from this, only to have strong cooperatives in our consortium. If this cooperative wants to work with us, especially locally, we have no problems working with them.

Both G.V. and C.M. were somewhat surprised that the cooperative expressed dissatisfaction towards the consortiums. For them, the unwritten rule of the training was

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84 Consortia are formed by cooperatives which are their members and have vote powers in the assemblies. The management group of a consortium is expression of the most important cooperatives in the group. The new arrivals can change the equilibrium and, in the case of the cooperatives formed by SUWs and PUWs they were seen as outsiders of this network because they were formed ‘artificially’, as a result of a legal provision. SCO was aware of these risks, but had little instruments to question these dynamics inside its three consortiums shareholders.
‘if the cooperative has no claims and does not contact the consortiums, things are going well and there are no serious problems in its activities’.

The cooperative participated in various tenders alone and even CICLAT won a tender in a field that they had not been involved in before, although they had the qualifications requested. As a consequence of this lack of interest from the consortium, the cooperative refused to create any kind of rapport with CONSEA. On the one hand, it had a strong relationship with the PA, and any administrative problems were quickly solved. On the other hand, they worked with two professionals who were not members but were nevertheless very involved in the cooperative’s strategies and decisions. The engineer A.A. met the SUWs for the first time before the cooperative’s formation. He drew up the first business plan and became the cooperative’s consultant for CTCs. He also prepares the documents that are sent to the PA once the work is finished and the administration needs to check it. He also acknowledges the skills of the cooperative members, but also stresses the importance of having adequate machinery that noticeably increases the productivity of work.

A.A. (external consultant with the role of technical manager): I think their success is due to more than one factor. First of all, it was important they were motivated, because this cooperative allowed them to build their future. We obtained many other contracts on the market; so they do not only rely on the contract with the PA. It was a period when the services for private clients were almost more than those we delivered to public clients. Another important factor is the quality of work. They all have very specific skills and there is also a high flexibility between them. Finally, the president was very astute since the beginning because he strongly promoted buying the machinery. Many cooperative members did not agree, but in the end the president convinced them and this was a very good decision. We brought a machine for the road signs and we did the same amount of work in half the time, using only half of the materials.

The question of machinery purchase is one area of dispute inside the cooperative. The business plan made provision for enough money to allow the cooperative to buy the machinery necessary to provide a high quality of efficient services. The accountant C.T. is the other important consultant in the cooperative. She considers that the president is ‘too democratic’ because every time a new purchase has to be decided upon, he calls a meeting of all the members. She believes the workload is unevenly distributed between the cooperative’s members, and some of them ‘should change their attitude or leave the cooperative’.

C.T. (external consultant with the role of accountant): This cooperative could have had a large number of fixed assets, but the members did not allow the president to decide autonomously. Any time it is necessary to buy new machinery he asks all of them if they agree. Since the beginning we have used this method and sometimes we have regretted it.
Some cooperative members do not have an entrepreneurial mentality and they are resistant to investments. Only ten members are entrepreneurial, the others behave as if they were employees; they are part of the cooperative only to secure their salaries. Another problem we tackled was their mobility. When they won tenders outside Grottaglie they had to move to those work-sites, staying away from home for ten, fifteen or twenty days. They made a decision on this aspect and all committed to respect it. I think that this enterprise would function better if the responsibilities were defined better, and this is very difficult in a cooperative. Another form of company, a ltd. co. for example, could guarantee jobs for those who do not want responsibilities and it would be easier to take certain decisions and to manage the business.

The idea of ‘transforming’ the cooperative into a limited company at the end of the contract was not an isolated one. The president was convinced that this would be the only way to compete in the market. He is aware of the difficulty in convincing the cooperative members to take this decision, but some of them could agree with him if they see their jobs saved.

C.C. (President of the cooperative): At the end of this contract with the Municipality of Grottaglie there is no reason to remain as a cooperative. We will not see the services outsourced directly to us. We will have to win a tender and, at that point, it is better if we participate as a ltd. company. The companies can have a higher capital and they have fewer problems with the banks; they are seen in a better way, and offered major guarantees. The cooperatives are not considered well in Mezzogiorno because they are not considered functional for an entrepreneurial initiative. Remaining together in a cooperative is also difficult, as many prefer secure jobs (posto fisso).

P.B. (member of the cooperative): We want to transform the cooperative into a ltd. company when this is possible. The number of members would decrease, but we are convinced that the management structure is important in a company. Those who are ready to accept certain responsibilities can be members, but those who do not accept could continue to work as employees. Being a member also means putting more money in, working whenever it is necessary, and not clock watching. If we become a ltd. company we will not have to respect the rules imposed on a cooperative, for example being controlled by the inspectors. This is maybe a good thing, but is something that limits your freedom in deciding the rules and regulations of a company.

The contract with the Municipality of Grottaglie was meant to finish in November 2005. However the cooperative obtained an extension to this contract for a further two years and six months, the maximum time allowed by law. Law 62/2005 (art. 23) entitled the public administrations to extend the contract for the outsourced services only once, for a length of time equal to a maximum of half of the original contract’s length and only if the price is reduced by a minimum five per cent. The PA renewed the

\[85^\] From a juridical point of view it is not possible to transform a cooperative into another form of enterprise without closing it. The cooperatives of ‘work-production’ (cooperative di produzione e lavoro) are companies that respect the principle of mutuality. When the cooperatives fail their capital is not divided between their members, but goes into a collective fund for the cooperation; there are different funds managed by different associations of cooperatives and one managed by the state for those cooperative which are not affiliated to any association. The cooperatives’ members are allowed to take back only their shares of capital issued, but there is no way to divide the profits.
contract directly with the cooperative, without involving the consortium that complained about this decision, threatening to take legal action against the administration, but it did not. In this way the reduction of five per cent of the contract’s price was obtained, cutting the consortium’s percentage and asking for only a two per cent reduction to the cooperative. The new contract had an overall value of €1,781,000. As already mentioned, the cooperative won a tender in 2005 with the same administration for restructuring the square Principe di Piemonte. That contract was worth about €800,000 of work, to be completed in two years.

Despite this impressive portfolio of work, the cooperative did not perform well. Trying to get in touch with some of my interviewees for data updating, it was impossible to find any of them. The only documents showing the end of the cooperative are the balance sheets and the figures that illustrate a significant loss of €291,458 in 2006, followed by another loss in 2007.

Table 7.5/CS2: Coop. ‘Orizzonte 2000’: turnover and net results, 2005-2007 (Euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>2005 (Dec.)</th>
<th>2006</th>
<th>2007</th>
<th>2008 (Jan.-May)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract extension*</td>
<td>59,386</td>
<td>712,392</td>
<td>712,392</td>
<td>296,830</td>
</tr>
<tr>
<td>Turnover **</td>
<td>1,397,849</td>
<td>1,157,462</td>
<td>887,777</td>
<td></td>
</tr>
<tr>
<td>Net result after taxes**</td>
<td>-10,273</td>
<td>-291,458</td>
<td>-53,968</td>
<td></td>
</tr>
</tbody>
</table>

Source: (*) Town Council bylaw 455/2005 for the extension of the contract between the Municipality of Grottaglie and the cooperative, and (**) balance sheets, 2005-2007

The documentation from the Court for Bankruptcies in the Province of Taranto shows that the cooperative presented its last balance sheet in 2007. The justification for the high loss recorded in 2006 seems to be attributable to an unexpected increase in the cost of materials used for the restructuring of the square Principe di Piemonte (Note to the Balance Sheet 2006).

The warning from one of the PA’s public managers about the risk of participating in large public tenders without having adequate financial structure, seemed to be very real.

S.N. (public manager, maintenance of green spaces): It is clear that the cooperative needs to grow, but good organization is necessary. I told them several times to be careful with certain CTCs because when the figures start to increase, the responsibilities and risks also increase. It could be that some prices are calculated incorrectly and the effective costs could change dramatically when the cooperative delivers the work. How can the cooperative respond to these risks? How can it anticipate certain expenses without having any adequate financial structure? With the maintenance service we are sure that they do not lose money. Yet, in some CTCs, they could find services where they are asked to cover some of the costs, and those situations could become very risky.
This pronouncement, given two and a half years before the cooperative’s end, now seems almost visionary. It is true that the management group of the cooperative was thinking of closing this practice at the end of the five-year contract with the Municipality of Grottaglie, but they had in mind a totally different closure and the start of another entrepreneurial project.

7.3 Third case study: socially useful workers employed by a joint mix public-private company formed by Italia Lavoro

This project was implemented by the Province of Taranto which is located in south-western Puglia and has twenty nine municipalities accounting for almost 580,000 inhabitants in total. The City of Taranto is the largest among them, with 195,000 inhabitants. It is important to understand the industrial history of the city and evolution of the long-term unemployment in this area which was significantly influenced by the development, and crises, of the steel industry.

Taranto was dramatically transformed in 1960, when the construction of the Fourth Iron and Steel Pole (named ‘Italsider’), the ‘biggest industrial project of the Italian entrepreneurial state’ (Dringoli, 2000:17) began. During the 1970s its industrial capacity was doubled and it became the largest steelworks in Europe. The development of ‘Italsider’ had a significant impact on the entire steel sector, but its continuous enlargements created a state of organizational confusion and also negatively impacted on the industrial plant’s production capacity (Osti, 1993:214). The steel sector entered a lengthy crisis in 1975. In the early 1980s IRI (the Italian Institute for Industrial Reconstruction) re-organized the state enterprises and, consequently, ‘Italsider’ was transformed into the ‘Ilva’ group in 1988.

The new company performed well during the first two years, but emerging difficulties in the steel sector and several failures of Ilva’s industrial strategy, especially buy-outs of bankrupt companies, led to the second serious crisis in the 1990s (Dringoli, 2000). In the mid ’90s, the state decided that public steelworks had no future and the companies should be privatized. In 1995 ‘Ilva’ was bought by the private group Riva, a family company involved in the steelworks since 1957. As a result of this acquisition, the Riva group increased its business considerably and from a medium-large company, it
became one of the biggest multinationals in the steel sector and the seventh producer of raw steel in the world (Dringoli, 2000:85).

In 2012 ‘Ilva S.p.A.’ was involved in a scandal concerning high levels of pollution in Taranto caused by its industrial plant. The company was presented with a warrant and its activity stopped and a plan for the complete environmental reclamation of the area was requested by the Bench. It seems that the owners had used the industrial plan without paying attention to any environmental consequences although, when the public company was privatized in 1995, the technology was very new (Dragoni, 2012).

The closure of this company was highlighted in the press and those in favour of the protection of the citizens’ health were almost equal with those in favour of their job security. ‘Ilva’ had always been important for the economy of Taranto. Its presence favoured the development of the province at higher rates than those registered in other geographical areas of Mezzogiorno, but also represented a strong attraction that disadvantaged other areas and sectors; the building and mechanical industries are the sectors that benefited most from the presence of this industrial pole, but their development was closely connected to that of ‘Italsider’, and later ‘Ilva’ (Cerrito, 2010). However, it is clear that every period of industrial restructuring of steelworks resulted in unemployment that was not easily reabsorbed into a strongly polarized job market. Many people dismissed by ‘Ilva’ and by the companies involved in its restructuring, received wage compensation funds for lengthy periods and finished by being involved in socially useful jobs.

Since the early 1990s, both the City and the Province of Taranto implemented SUJs projects involving a large number of people, with three hundred people working for the former and two hundred for the latter. Due to the early retirement of a large number of SUWs, this number fell substantially. The City of Taranto formed a JMPPC to employ the SUWs, which failed after the first five years and those workers once again became unemployed and the Province decided to give them job opportunities within a new JMPPC formed in 2004.

The joint mix public-private company analysed in this case study, ‘Taranto Isolaverde S.p.A.’, was formed by Italia Lavoro and the Province of Taranto on 27th December 2004 with the aim of employing 229 workers: 118 were SUWs used by the Province, 101 were former-SUWs used by the City of Taranto, and 10 were administrative and technical staff recruited by the market. The JMPPC was formed with a
total capital of shares issued of €1,000,000, divided between the Province (51%) and IL (49%).

The Province outsourced a wide range of services to the new company over five years, which allowed all workers to be employed for thirty hours per week:

- Cleaning services of schools (green areas included), public buildings and the province’s land estates (83 people);
- Security services of the public buildings (10 people);
- Maintenance of public buildings: precautionary and emergency (21 people);
- Porters for the Province of Taranto (12 people);
- Administrative services in support of the centres for employment (15 people);
- Public lighting maintenance (15 people);
- Maintenance of the province’s roads (60 people).

Apart from the public lighting maintenance, all the above services were delivered for the entire duration of the contract. Other new services were outsourced to the company during the five-year period and, for each of them, the JMPPC had to take on other long-term unemployed, with either short-term or long-term contracts.

The Province nominated the president of the company, while IL nominated the managing director, one of the former managers of IL in the region of Puglia. The managing director was not only a person who was very familiar with the territory, but due to his extensive experience as a trade unionist, had been involved for many years in policies combating long-term unemployment and also in the disputes concerning ‘Italsider’/‘Ilva’.

G.G. (Managing Director of the company): Some of these unemployed have a very long story, starting in 1973/’74. About 3,000 workers had been fired when the work for the fourth pole finished. There was a fear that they would be disruptive in any further work aimed to double the production capacity of the steelworks, and so they were given wage compensation funds just to stay home. Many of them remained unemployed for twenty years and some of them finished in the SUWs ‘basin’. At that time there was no limit for the wage compensation funds; it was possible to receive them for very long periods of time. Later, as a result of the Treu legislation, another category arrived, the PUWs who were not long-term unemployed beneficiaries of wage compensation funds. They were people who had never worked, those youngsters who registered themselves at the offices for employment while they were still going to school; just because they hoped to have some job opportunity in this way. In fact, many of them became PUWs. They increased the educational level of the whole group slightly, and the average age was reduced.
The employees I interviewed had not worked for ‘Ilva’, but they remained unemployed for very long periods of time before becoming socially useful workers. During the SUJs project, ‘employment stabilization’ was attempted for some of them, but the enterprises which delivered the services ‘sent them back to the public administration’ when the contracts finished. The likelihood of finding a stable job seemed greater in a company owned by a public administration.

R.F. (employee of the company): I was a driver in the building sector; I worked for many companies. In 1986 I lost my job and I signed up to the list for special unemployment aid [provided for the building sector]. In 1992 I was called to join the SUJs projects started by the Province of Taranto. First we had an interview and we were asked what we were able to do. Drivers were not requested. I worked in schools doing any work requested (painting, cleaning etc.). I always worked for twenty hours per week. After a while we were passed to the company ‘Jet s.r.l’ which was given the service of maintaining public signage. It was a little bit better: we had a uniform, a clocking-in and out card and a manager. I always worked for twenty hours per week, but we were entitled to have bank holidays and holidays. A couple of months before the contract ended they dismissed us. They could not have the service given to them again because they should have to compete for it in a public tender. Probably they knew that they were not able to win, so they gave up. This happened when the JMPPC was starting, so the Province gave us another opportunity with this company. Now I work for thirty hours per week and it is said that if this company should fail, we will have a better chance of being employed directly by the Province. If this is not possible and ‘Taranto Isolaverde’ fails, there is no future for us. I don’t think we are entitled anymore to receive wage compensation funds and, in the job market, nobody would take-on someone like me. Everybody would prefer a young guy, with less experience but who costs less and for whom it is possible to ask for public incentives [usually tax reliefs for national insurance].

The experience of long-term unemployment was devastating at a personal level. Although becoming a socially useful worker did not mean re-entering the job market, the delivery of practical activities for the public administration was, in itself, positive. For many SUWs, the activity delivered during the projects became actual jobs through the outsourcing.

N.I. (employee of the company): In 1973 I started to work for the company ‘Mantelli’, a building company from Genoa. I am an accountant and in 1983, when they finished their operations, the company left Taranto. Because of a regional law I registered for the special unemployment aid and I remained unemployed for twelve years; I had almost forgotten to use a pen in such a long period! Since then it has been a long period when many enterprises were closed in Taranto; large and small enterprises. When a small enterprise closed and seventy-eighty jobs were lost, maybe this was not such a big story for the press, but nothing else came out later to substitute this lost. So before I entered the socially useful jobs I had built up a lot of anger over this situation. This law gave us a chance, it was very positive and later these activities also became proper jobs. As a SUW, I worked in the office dealing with bylaws and when this company started the activity I continued to work in the same office, in the Province. Many people employed by the JMPPC continued to do the same things, because they were needed. The public servants gradually retired and SUWs took their place and in certain services they became invaluable. Then our director asked me to work, more operatively, in our company and I began to do what I used to do almost thirty years ago. Years ago the Province outsourced certain services to two private companies, ‘La Fiorita’ and ‘Chemi.pul’, but there were problems and these companies could not continue. Because of
the law the SUWs returned to the Province [the law provided for SUWs employed for less than twelve months by an employer, to maintain their status].

The full cost of the services outsourced was estimated by IL at €5,700,000 per annum. As the overall wage-subsidies and tax reliefs provided for the employment of such a large number of SUWs was estimated at €814,000 per annum (during the first three-year period) IL partially took into consideration this surplus and developed the business plan deducting it entirely from the cost of the services outsourced (first year), and by half (in the second and third years). These calculations took into account the fact that the number of works remained relatively stable during the whole period of the outsourcing. Things did not work instead in this way and from 2005, the company employed different groups of long-term unemployed for additional services that had been allocated by the Province. For this reason wage-subsidies tax reliefs were, overall, much higher than those estimated by IL and they allowed the JMPPC to benefit from high profits during the first three years of activity. As will be shown, the cautious choice to not pay dividends and retain the profits, allowed the company to create a reserve fund that was used to face the economic difficulties encountered after 2008.

From table 7.6 it can be observed that the company registered a serious loss in 2009, followed by another more limited one, in 2010. The profits accumulated during the first four years were used to cover these losses, but the overall management of ‘Taranto Isolaverde’ entered a difficult period at the end of 2008.

Table 7.6/CS3: ‘Taranto Isolaverde S.p.A.’: turnover, net results and tax reliefs provided by law, 2005-2011 (Euros)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expected turnover</strong>*</td>
<td>4,900,000</td>
<td>5,200,000</td>
<td>5,200,000</td>
<td>5,700,000</td>
<td>5,700,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td>4,902,656</td>
<td>6,132,737</td>
<td>6,288,437</td>
<td>7,305,084</td>
<td>7,215,339</td>
<td>7,095,410</td>
<td>6,765,670</td>
</tr>
<tr>
<td><strong>Net result after taxes</strong></td>
<td>505,758</td>
<td>398,774</td>
<td>336,762</td>
<td>56,777</td>
<td>-575,715</td>
<td>-173,054</td>
<td>2,296</td>
</tr>
<tr>
<td><strong>Wage-subsidies and tax reliefs of which</strong>*:</td>
<td>926,982</td>
<td>1,224,718</td>
<td>1,120,283</td>
<td>216,701</td>
<td>179,879</td>
<td>100,200</td>
<td>79,855</td>
</tr>
<tr>
<td>L. 407/1990</td>
<td>515,580</td>
<td>726,590</td>
<td>779,422</td>
<td>216,701</td>
<td>179,879</td>
<td>100,200</td>
<td></td>
</tr>
<tr>
<td>L. 388/2000</td>
<td>51,948</td>
<td>47,970</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLgs. 81/2000</td>
<td>359,454</td>
<td>350,158</td>
<td>340,861</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>79,855</td>
</tr>
</tbody>
</table>

Source: (*) note prepared for the IL’s board of directors (December 2004) and (**) balance sheets, 2005-2011
During its first three years of activity, the company increased its turnover due to new services outsourced by the Province of Taranto, but it had also to employ new people for their delivery 1) maintenance of heating systems (26 people with permanent contracts); 2) maintenance of the Province’s roads (35 people with short-term contracts, 13 of whom had been employed with permanent contracts in 2008); 3) additional administrative services to support the employment centres (15 people with permanent contracts); 4) seaside and seashore cleaning (seasonal workforce). The new employees were all long-term unemployed and the Province ‘had never asked the joint mixed company to employ “recommended people”\(^{86}\), as usually happens for these kinds of companies’ (G.G., managing director of the company, interview data).

Moreover, in order to enlarge the range of services delivered, and also increase their quality, during 2005/’06 the JMPPC proposed three new projects to the Province: 1) a video-car was projected and made, with the purpose of monitoring the public estates, primarily for checking illegally constructed buildings; 2) a solar plant was projected and then mounted on the top of the building where the company has its offices, with the aim of installing other solar panels on all public buildings in the Province of Taranto; 3) a project for the transformation of urban waste into dry biomass was prepared in collaboration with the University of Bari, with the aim of beginning recycling waste collection across the entire province. However, none of these initiatives led to the start-up of new services and, after 2007, the outsourced services were unable to cover the increased cost of labour.

Table 7.7 illustrates the changes to the average number of employees during and after the contract period. Italia Lavoro estimated that the cost of a total workforce of 229 people would account for 78% of the overall turnover in 2009 yet the real cost of labour accounted for 85% in that year and fell to 79% only because of the use of wage compensation funds for a large number of workers during the last term of 2010.

Article 3 of the contract for services outsourcing states that the contractees will revise the price after the first three years of activity, according to the new conditions put in place at the end of 2007, especially the full-cost of labour. In fact, when wage-subsidies and tax reliefs ended in 2008, the cost of labour was €1,413,000 more than that registered in 2007, this increase accounting for 35%. A further increase of €730,000,

\(^{86}\) The recommendation (la raccomandazione) has a negative connotation in Italian. It usually refers to political nepotism, especially those situations in which private companies are asked to employ friends and relatives of those who secure their incomes.
accounting for almost 14%, was recorded in 2009 (Incorporate Note, balance sheets 2008 and 2009). In 2010 an average turnover of €7,100,000 was then insufficient to cover the cost of the activities carried out by 286 employees.

Table 7.7/CS3: ‘Taranto Isolaverde S.p.A’: average number of employees per job type, 2005-2011

<table>
<thead>
<tr>
<th>Types of jobs</th>
<th>Part-time employees* (2004)</th>
<th>Average no. of employees per typology of jobs**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Managers</td>
<td>1</td>
<td>0.33</td>
</tr>
<tr>
<td>Coordinators</td>
<td>6</td>
<td>7.58</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>201</td>
<td>210.91</td>
</tr>
<tr>
<td>Total</td>
<td>229</td>
<td>218.82</td>
</tr>
</tbody>
</table>

Source: (*) Business plan prepared by IL (the figures represent the estimated number of employees part-time at 75%); (**) balance sheets (the average number is calculated on the basis of the overall annual number of hours worked per employee; the three types of jobs taken into consideration are: managers, white-collar and blue-collar workers)

The figures shown in the table above take into account the use of special wage compensation funds, for four months in 2010 and eight months in 2011, which is why the average number of employees is smaller than the actual number of people employed by the company in these two years.

Although the large profits accumulated during the first three years covered the loss, the discrepancies between the company’s increased costs and the shortfall in the value of the contract became evident. In October 2007 the JMPPC formally asked the Province to increase the value of outsourced services. With Decision 82/2008 the Province of Taranto acknowledged that this increase was equal to €850,271, but due to difficulties in finding new services, in addition to those already outsourced, it paid only €200,000 to the company (Management Report, balance sheet 2008). In February 2009 the company asked for a further €420,000 to cover the increased costs of the contract and received €390,000 (Management Report, balance sheet 2009).

Even if ‘Taranto Isolaverde’ encountered great difficulties in securing a sufficient number of services to cover its costs, the increase in quality of services delivered and productivity of the workforce remained one of the most important goals pursued by the company, with the aim of demonstrating its competitive advantages over
other competitors in the market. This gain was probably not true for all services delivered, but the JMPPC received positive feedback from the province’s technical divisions dealing with competitive tenders, especially street and building maintenance.

G.G. (Managing Director of the company): During one particular period we did not have good relationships with the Province’s office over street maintenance because, as our company delivers this service, it placed limits on running tenders for similar activities. So they contested our work and did not pay us for six months. They argued this was because we had delivered work that was too little for the money they should have paid us. I wrote them a letter of complaint saying that we would bring a case against the Province for this service. The public manager organized a meeting to clarify how much should be paid for the work we had delivered and according to their calculations, we should receive €90,000; we invoiced them, instead for only €78,000. With such a discrepancy it became clear that our services cost less than others on the market, possibly because we do not include any profit and the Province pays only the industrial cost.

M.R., technical manager of the company, was worried that SUWs would not have a proper ‘work mentality’ as a result of having been outside the labor market for a long period of time. He went to great lengths explaining to them the importance of delivering the work required in the given amount of time, of respecting the safety and security rules, and in combating absenteeism. The higher rates of absenteeism are recorded among the group involved in cleaning services, most of them older workers. In order to discourage this behavior, a bonus of approximately forty Euros per month is given to those who do record no more than two days’ absence. In addition, a questionnaire to verify ‘customer satisfaction’ is distributed to the schools’ directors requesting feedback on the services delivered by ‘Taranto Isolaverde’. The most important objective remains, however, the continuous benchmarking of the company’s costs with those normally paid by public administrations to companies which win competitive tenders. This is not an easy task because it requires the registration of all activity parts of a service.

M.R. (technical manager of the company): We have a procedure for each service we deliver. Everything is recoded on specific forms and tables, and then individual reports are written. For example, with the building maintenance, each worker has to record both the materials used and the time spent carrying out any single activity. Then, adding the costs for labour, materials, machinery depreciation etc., we are able to have an industrial cost for each service; we need to have a measure of comparison with potential competitors. We want to demonstrate to the Province that the money spent on the ‘employment stabilization’ of SUWs has good return, and the Province can save money using us, as an alternative to running competitive tenders. In other words, that our productivity is competitive with that registered by companies in the private sector.

The way in which our contract is set makes this objective difficult. ‘Taranto Isolaverde’ invoices the Province every month for a certain number of services delivered. Then, according to the prices of each technical division, the Province calculates its cost for that amount of work. If our price is higher than their price, the Province does not pay; if it is
smaller it pays, or at least should pay, the difference. For us it is important to demonstrate that our services can stay within that price. Recently we had a good opportunity to demonstrate our productivity and cost effectiveness. There is a famous high school in Taranto, named ‘Archita’, that was declared inaccessible for safety reasons. We were asked to rectify this problem in just a few days; so we had to use many workers on a single work-site, involved in a wide range of activities. The costs of these activities can be calculated from the price list used by the Province’s technical offices. They made all their calculations which suggested that all the work would cost €55,000 if they were outsourced through competitive tenders; and they would probably have to organize more than one tender. In reality, ‘Taranto Isolaverde’ invoiced only €38,000 for all the activities delivered for ‘Archita’, one third less of the cost estimated by the Province. This was a good opportunity to prove certain things that would be difficult to prove otherwise!

The Province of Taranto is not only the company’s owner, but also its single (most important) client. The decision to form the joint mixed company seemed to be dictated primarily by social reasons, but it excluded the possibility of alternative choices.

C.C. (councilor for public works): We are certainly very proud of our decision [of forming the JMPPC], because, beyond the economic issues, we provided a solution to a big social problem. Nevertheless, for us this solution signifies an economic commitment for several million Euros annually and this, in one way or another, blocks our balance and leaves us with few alternative choices. The former SUWs today are different from the past because now they begin work, at a certain time, every day, wear a uniform, respect an organization; all these things are a positive signal for the entire community. Nobody anymore can say that we pay people who work illegally, or who have two jobs. Providing such a large number of people with jobs was not an easy choice at all. This impacted on us spending in other initiatives that might give more visibility to the Province, also in the media. We decided to do the opposite; we saved the money in order to provide a solution to the occupational problem.

Although creating jobs for almost 300 people did not pass unobserved, this choice did not make the enterprises that aspired to deliver these services happy. The councilor C.C. is convinced that a ‘certain balance must be maintained’ and the ‘market should not be penalized’ (interview data). He also thinks that it is not so easy to assess the economic convenience between the joint mixed company and others potential private competitors.

C.C. (councilor for public works): Maintenance of the public signage, cleaning, and school maintenance are services that ‘Taranto Isolaverde’ delivers constantly. There is a very quick response now; in the past we had to wait a week and run a tender for repairing a tap. In any case, any bylaw we prepare requires time. In certain cases time saving means money saving. In-house provision of services has the advantage of immediateness, but I think that in many circumstances they are more costly. Today, as a result of a serious lack of demand, the private companies are ready to substantially squeeze their prices. In terms of economic convenience, and also of responsibility, when a service is outsourced it is as if one is washing their hands of it. An administrative bylaw is prepared and the delivery of services must be controlled, but there are no other problems. For the in-house provision, it is instead necessary to continually control the public expenditure that cannot be an overdraft, and this is far more complicated.
In fact, the Province managed to control this expenditure accurately and, due to a further reduction of public funds, the re-negotiation of the contract with the JMPPC became impossible after 2008. The province needed another year to find the money to buy IL’s capital quota at the end of the five-year period. The JMPPC became entirely public in March 2011, but its financial situation did not improve and, in order to reduce the labour costs, the company used special wage compensation funds for a period of twelve months during 2010-2011. Two hundred and eighteen workers remained out of work for an overall 13,200 hours per month, equivalent to 40% of their work time. Although this is not a sustainable path for the future, the use of social shock absorbers allowed the company to considerably cut its expenses: €519,213 (for labour) and €141,000 (for materials) in 2010, and €228,000 (for labour) and €270,000 (for materials) in 2011 (Management Report, balance sheets 2010 and 2011).

Considering that at the end of 2009 the company increased the number of working hours worked per week from thirty to thirty two for the entire workforce, to a certain extent this situation is a paradox. This rise had an immediate effect on labour costs and, as it was not counterbalanced with additional services, increased the company’s loss.

COBAS\textsuperscript{87} are the trade unions most active in the company. They did not encounter difficulties in having their requests met: a bonus for being present at work, an increase in the value of lunch tickets and, most importantly, a gradual increase in the number of hours worked, leading to a full-time contract of forty hours per week. For many reasons, ‘Taranto Isolaverde’ appears to be a perfect employer, although the economic sustainability of the company was uncertain.

S.S. (COBAS, trade union leader): I don’t think this company is the ‘usual’\textsuperscript{88}, public company because the management is adequately skilled. They agreed with our request to gradually move all workers into full-time jobs. We did not even have one day of strikes in this company. Why should we waste the workers’ time (and money) if we manage to get what we ask for during the negotiations? Admittedly, we are not foolish enough to ask for everything immediately: full-time jobs, a bonus for being present at work and better value lunch ticket. I cannot behave in this way, also because this is not a private company, there is no profit here. If a company makes a good profit, then I will fight to transfer part of it to the workers. But from whom in ‘Taranto Isolaverde’ should I take this money?

\textsuperscript{87} The acronym stands for ‘committee of the basis’; this organization presents itself as not being organized on a hierarchically basis, and as an alternative to the trade unions organized in confederations.

\textsuperscript{88} He used the term ‘carozzone’, that alluded to the lack of efficiency that is usually attributed to the public sector.
Instead, the managing director of ‘Taranto Isolavarde’ has another opinion of this. He thinks that ‘this is the problem of the public sector: the idea that a public company must not have profits’, but, at the same time, he does not believe in miracles made by the markets and magnanimous entrepreneurs:

G.G. (Managing Director of the company): This happened when I was involved, as a trade unionist, in the privatization of ‘Ilva’. There was a group of ten entrepreneurs who were trying to make an offer to buy ‘Ilva’, but they were not able to get together at least one billion Italian lira. The president of the Association of entrepreneurs at that time made an unhappy observation: as there was something to be shared out, they all wanted to be present. So their worries were not about restructuring the steel industry, buying ‘Ilva’ and transforming it into an efficient company. What I want to say with this story is that if you give a company that has problems to private entrepreneurs, they will not solve the problems, and neither will they agree to deal with those problems without receiving something in exchange.

When I called G.G in September 2012, the situation of ‘Taranto Isolaverde’ had not improved at all. The Province has not found the €8,000,000 necessary to maintain the company, and about sixty people would have to be dismissed to allow the company to survive with the funds available (Management Report, balance sheet 2011). To make this situation even more complicated, a recent reform of the public administration (L.211/2011) has threatened many provinces that are at risk of disappearing. The law states a minimum number of 300,000 inhabitants and a minimum area of 3,000 km², and the Province of Taranto does not fit into these criteria. It is a predictable unification of the Provinces of Taranto and Brindisi that opens many questions regarding the movement of certain institutions from one territory to another. In addition, the recent decree regarding the spending review provides legal disposition concerning the public companies for in-house provision. According to this recent legislation ‘Taranto Isolaverde’ should be closed by 30th December 2013 or privatized by 30th June 2013. In this last hypothesis, the new private company would secure a five-year contract beginning in January 2014.

7.4 Fourth case study: socially useful workers employed by a National Park

The National Park of Gran Sasso and Laga Mountains (abbreviated hereafter to the Park) was established with DPR 5th June 1995. It is a national public body which has as institutional mission to protect and promote sustainable development of its land, an area of 150,000 hectares, located in the Region of Abruzzi, but which also crosses the borders of the Regions of Lazio and Marche. There is specific legislation for the national parks,
which are public bodies under control of the Ministry of Environment. Like other public bodies, they are set up with a specific organizational arrangement provided by law, known in administrative jargon as the staff chart (pianta organica), which defines the number of employees and their functions within the organization. It is commonplace for the national parks to begin their activities with a very limited number of individuals (usually the president and the director) and the staff to be appointed after a certain period. The continued cuts to public expenditure during recent decades blocked the employment of civil servants and, as a result, the national parks appointed only some of the professional profiles provided by their staff charts. This chronic lack of personnel is partially resolved with temporary contracts, especially consultants who have contracts renewed over several years.

The National Park of Gran Sasso was set up in a period of high unemployment in the Provinces of L’Aquila and Teramo, as a result of the closure of many building companies that had been involved in the construction of the L’Aquila-Teramo highway, some of these during the trials opened by Tangentopoli. If on the one hand there was a social emergency, on the other hand the Park needed personnel, as many jobs were needed to make the territory accessible to visitors and to maintain conservation of the environment. In 1997 a training course for approximately 150 long-term unemployed was organized in both provinces and on 1st January 1998 the Park started a SUJ project involving about 80 people. As a considerable number of these workers were over fifty years old, they benefited from early retirement and in 2000 there were only 37 SUWs in the group. In the second half of 2000 the Park activated SCO with the aim of closing its SUJs project and providing ‘employment stabilization’ for all SUWs involved. I was directly involved in this first ‘employment stabilization’ that set in place what happened almost seven years later, when the workers were taken back by the Park and employed in positions that did not exist in the staff plan, and which were made for them on an ad-hoc basis.

In 2000 the Park ran a public competition and thus managed to employ a large proportion of its staff (thirty people out of forty five expected) to fill both technical and administrative roles. When SCO started to work with the Park we were impressed by both its strong organization and determination regarding the future of SUWs. The first

89 I refer to people appointed with contracts of consultancy and collaboration. The collaborators are linked to specific projects or are re-appointed with short-term temporary contracts, so are in effect working on a regular long-term basis for the administration.
President of the Park promoted the outsourcing of the Parks’ services to a cooperative formed of the SUWs themselves, while the director was more sceptical about the feasibility of this plan. The suggestion of forming a JMPPC with Italia Lavoro had been abandoned because it was not supported by the Ministry of Environment. In fact, as the Ministry made the necessary funds available for SUWs employment stabilization, it was the last to approve the project and the related costs.

We explored then the possibility of SUWs forming a cooperative, but the group was not homogenous and they would never be able to agree on the many decisions that a company run by themselves requires. Trade unions also opposed this suggestion and promoted the employment of SUWs through an established cooperative introduced by SCO. This project was assigned to the consortium CNS which chose the cooperative ‘29 Giugno’ as the future employer of this group.

For the most part, the group was involved in land maintenance. These thirty one qualified workers had already carried out much environmental work during the implementation of a SUJs project. A small group of six were involved in auxiliary services such as cleaning, car maintenance and operating the telephone exchange. The table below presents data included in the business plan prepared by SCO which was annexed to the contract for outsourced services.

The first proposal for the ‘employment stabilization’ took into consideration a part-time contract for all workers, for thirty one hours per week, and the labour cost was calculated based on the National Contract of Labour for Forestry which was related to this typology of work. The trade unions strongly opposed this proposal as all workers were involved in SUJs for thirty six hours per week. After negotiations it was agreed that all workers would be employed by the cooperative for the same amount of time and a different labour contract was applied for those employed in the delivery of non-forest services. Therefore the cost of labour slightly increased, yet it never exceeded 1,200,000,000 ITL per year (about €620,000). It can also be seen that the important financial contribution from the Ministry of Environment (more than 3 billion ITL)

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90 The Ministry of Environment never agreed for the National Parks being part of joint mixed companies, but championed outsourcing of services to small cooperatives which would be formed locally. Five National Parks began SUJs projects in 1998, involving an overall number of 1,000 long-term unemployed. At the end of 2000 there were still 650 SUWs involved in these projects (NP Garagano 42, NP Gran Sasso 37, NP Majella 36, NP Vesuvio 99 and NP Cilento 435). During 2001, 450 SUWs were offered the possibility of accessing ‘employment stabilization’ through outsourced services to cooperatives which would employ them or would be formed by themselves. The Ministry of Environment made 22.5 billion of ITL available (about 11.6 million Euros) to finance the contracts for outsourced services over a period of five years.
accounted for 61% of the overall value of the three-year contract. As these funds were
given as a lump-sum for the closure of SUWs projects, and the cost of the contract would
increase during the fourth and fifth years, the Park did not commit itself to a five-year
contract from the beginning. Still the contract was necessary to maintain the jobs and the
continuity of the services, and so the second President of the Park extended it for other
two years.

Table 7.8/CS4: Cost and relative funds concerning the closure of the socially useful jobs
project implemented by the National Park of Gran Sasso and Laga Mountains (continues)

<table>
<thead>
<tr>
<th>FUNDS* (Italian Lira)</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Environment</td>
<td>1,007,768,956</td>
<td>1,007,768,956</td>
<td>1,007,768,956</td>
</tr>
<tr>
<td>National Park, own funds</td>
<td>350,000,000</td>
<td>350,000,000</td>
<td>350,000,000</td>
</tr>
<tr>
<td>Residual funds from SUJs project</td>
<td>80,645,008</td>
<td>80,645,008</td>
<td>80,645,008</td>
</tr>
<tr>
<td>Wage incentives for SUWs employment (D. Lgs. 81/2000)</td>
<td>222,000,000</td>
<td>222,000,000</td>
<td>222,000,000</td>
</tr>
<tr>
<td>Total funds available for the 'employment stabilization' (A)</td>
<td>1,660,413,964</td>
<td>1,660,413,964</td>
<td>1,660,413,964</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST* (Italian Lira)</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour (37 people, part-time 31 hours per week, National Contract of Labour for Forestry )</td>
<td>1,016,649,000</td>
<td>1,016,649,000</td>
<td>1,016,649,000</td>
</tr>
<tr>
<td>Materials</td>
<td>109,000,000</td>
<td>109,000,000</td>
<td>109,000,000</td>
</tr>
<tr>
<td>Equipment (rent)</td>
<td>60,000,000</td>
<td>60,000,000</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Other</td>
<td>161,295,000</td>
<td>161,295,000</td>
<td>161,295,000</td>
</tr>
<tr>
<td>Total cost</td>
<td>1,346,944,000</td>
<td>1,346,944,000</td>
<td>1,346,944,000</td>
</tr>
</tbody>
</table>

| Cost of services for sale, VAT included (B) | 1,616,332,800 | 1,616,332,800 | 1,616,332,800 |
| DIFFERENCE (A-B) | 44,081,164 | 44,081,164 | 44,081,164 |
| Turnover**(Italian Lira) | 1,674,000,000 | 1,674,000,000 | 1,674,000,000 |
| Turnover**(Euros) | 864,549     | 864,549      | 864,549      |

Source: (*) SCO, internal documents and (**) Contract for outsourced services between the National Park of Gran Sasso and Laga Mountains and the consortium CNS

On 27th May 2001 the National Park of Gran Sasso outsourced the following services to CNS for a three-year period on behalf of the cooperative ‘29 Giugno’ which employed the socially useful workers:

- cleaning of the Park’s offices;
- administrative support (operating the telephone exchange)
- services protecting the environment (environmental recovery of damaged areas, construction of paths and dedicated areas for wildlife protection, restoration of shelters, maintenance of Park’s signage etc.).
As will be explained in the following section, after six years of work, these workers were dismissed in 2007, and then employed by the National Park of Gran Sasso in 2008.

In October 2001 the cooperatives ‘29 Giugno’ (located in Rome) and ‘Formula Servizi’ (located in Forli) formed a consortium called ‘Formula Ambiente’ (FA) specializing in a wide range of environmental services. The contract with the National Park of Gran Sasso passed to this new company together with their thirty seven employees, former SUWs. In 2002 the President of the Park changed; the new president managed the contract for the outsourced services and developed a collaborative relationship with FA. He considered this company a good entrepreneurial instrument for the Park, despite still being too costly.

W.M. (President of the Park from 2002 to 2007): Nowadays it is more important to have highly skilled people in the public administration, rather than a large number of civil servants who do not know what to do. The national parks should be allowed to form public companies in order to manage their estate patrimony in a more entrepreneurial way, but for this activity, skills that public staff usually do not have, are necessary. I think the public administration has to use the market mechanism for certain activities, at least for those requiring specialized management.

FA worked well, but they were always complaining over money. On the one hand we did other projects with them; for example we opened a restaurant in a road inspector’s house that had been restructured with our funds; this was a window for the Park, for its local products and traditions. On the other hand, the outsourced services cost more than when they were produced directly by the Park. I always managed to find money for this contract, thanks to our relationship with the Ministry of Environment and the Region. In 2008 SUWs returned to the Park and became its direct employees; they saw this as being their real ‘employment stabilization’, and considered it a reward. These workers have been always useful to the Park, but I think that they could be managed in a better way today, more productively.

At the end of the three-year contract, W.M. championed the formation of a cooperative among the workers, but they refused; the proposal to form a public joint mixed company was again rejected by the Ministry for Environment. The contract with FA was then renewed for a further two years, at a higher price. SCO was not involved in the contract renewal, but during a monitoring visit to the Park, in June 2004, we were told that FA had asked €1,250,000 per year for the new contract, an amount considered excessively high by the Park.

The administrative coordinator of the SUWs group had a clear idea about the reason behind the failure of the formation of a cooperative among these workers, but she underlined that it was always clear that the Park was their primary employer.

A.F. (Park’s employee, administrative coordinator of SUWs until 2002): The SUWs never wanted to form a cooperative. They felt that being the Park’s employees had always been
their dream, but at that time they were threatened by the uncertainty and precariousness of their work. They were very unionized and rather quarrelsome, as they are still now but they are professional and carried out valuable work for the Park. The first president, G.R. proposed they form a cooperative to which the Park would outsource these services. The second president, W.M. did the same, and if the cooperative had been formed, the Park would not have renewed the contract with FA. SUWs worked well also when were employed by FA, but in reality their work did not change too much. They were however managed by the Park; FA nominated one of them as coordinator and had a manager who kept contact with the Park. As far as the Park’s employees were concerned [those employed in 2000], they felt solidarity for SUWs in 2008 [when they became the Park’s employees], but the consultants felt they were in competition with them, because the number of posts available was insufficient to employ all precarious workers.

All former SUWs (today’s Park’s employees) highlighted the importance that the Park’s management had on their work. P.T. (Park’s employee, former SUWs and coordinator nominated by FA) described this organizational model as follows: ‘FA was our employer, but it was always the Park who ordered the work to be done, through its consultants’.

As a result of the constant monitoring carried out by the Park and the fact that FA was far from the employees’ location, many SUWs considered this company of little significance for their ‘employment stabilization’.

R.DD. (Park’s employee, former SUW): This employer [FA] was only symbolic, on paper, because we were managed by the Park and its consultants. So this company existed in name only, it was not physically present.

S.M. (Park’s employee, former SUW and trade union leader): True ‘employment stabilization’ would have occurred if FA had arrived here, had taken other work in this area, had employed more people. It should have participated in CTCs in our province. It had asked for money, instead, only when the funds finished; and the justification was that they would keep our jobs.

FA nominated new heads of the four operational squads, who were not easily accepted by the others. As a result, the group’s dynamics changed and many tensions appeared. During the SUJs project the workers used to organize their daily activities themselves, although even then it was not easy to meet everybody’s expectations.

S.M. (Park’s employee, former SUW and trade union leader): When I was a trade unionist [until 2002] we had no problems with the Park, but with the workers. When the Park gave us the programme of activities to be carried out, we used to organize our work autonomously. For some people this did not work, they did not want to take responsibilities without

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91 The expression ‘precarious’ job or worker (precario) refers to those situations when people are employed with short-term contracts for long periods of time, for regular activities that would require permanent contracts. Although there is a specific labour regulation, the use of short-term and flexible contracts is abused in Italy and, for the PAs banned from employing staff for many years, this became common practice.
receiving anything in exchange. So they opposed every proposal; they said ‘I do not want to
do this’ or ‘if I do this what do I get for it’? The coordinator nominated by the Park [who was
a consultant] did not want to become involved; he said from the beginning: ‘I do not want to
deal with these stories, the only thing I am interested in is to see the work done well and on
time’. So we had to deal alone with our quarrels.

The group conflicts also explain the reason why the formation of a
cooperative between these workers was not achieved.

S.M. (Park’s employee, former SUW and trade union leader): I’ll tell you why it was not
possible to form the cooperative. In my opinion the whole discourse started badly. When the
coopera tives are formed, they should have a future; they are not formed just to get rid of
workers, who then have to find a way of coping with the problems.
During the meetings [the training course run by SCO] my colleagues were only thinking of
how much they would earn if they became members of the cooperative. Five of six people
thought of being coordinators since the start-up, while the others would carry out the work.
We had never discussed about activities, skills, budget, and everything needed to start an
enterprise. There was not enough mutual trust between us.
If I had received a certain number of services with a contract, and I had had the possibility to
choose my work colleagues, I would have agreed immediately to form a cooperative; but it
would have had only nine members. I was told that this is not acceptable because all of us
have to be stabilized together.

However, despite the new organization introduced by FA, the former SUWs
acknowledged that this company offered better salaries and career prospects than those
available for the Park’s public employees. In the end, work experience in the private
sector, can be valuable in the public sector as well.

R.DD. (Park’s employee, former SUW): The only thing I am sorry about is that I spent so
many years in socially useful jobs. I think that before starting a public job everybody should
spend fifteen years in the private sector; they would understand then what work means.

The contract with FA finished at the end of the maximum period of five
years, in May 2006, when the Park had to decide on a further extension of the contract or
to find alternative options. The continuation of outsourcing services to FA, or through a
new CTC, would have still cost much more than the Park was able to afford. At that point
in time, the idea that directly employing SUWs would cost less and would be beneficial
for the Park, started to gain ground. In 2005 the National Park of Abruzzi received funds
to employ its precarious workers, and this began precedence for other parks facing
similar problems. Making the former SUWs the Park’s direct employees was both
politically and economically attractive.

A large group of institutions worked around this plan: the Park, trade unions,
the Ministries of Environment, Public Function and the Treasury, and some MPs elected
in the Province of Teramo. The financial law of 2007 (law 296/2006) allowed the
National Parks of Gran Sasso and Majella (both located in the Region of Abruzzi) to
employ, in positions ‘outside the staff chart’\textsuperscript{92}, the precarious personnel used by these public bodies. For this purpose, an annual fund of €2,000,000 was transferred to both Parks. The amendment\textsuperscript{93} states that the funds should be used for the stabilization of those working as consultants for these two National Parks; the Parks were allowed to carry out this operation during the period 1\textsuperscript{st} January 2007 – 31\textsuperscript{st} December 2008. The former SUWs had been included in this category, but the fund made available had to be divided, and the National Park of Gran Sasso could employ 36 people in total.

The Region of Abruzzi paid the extension of the Park’s contract with FA until April 2007. On 7\textsuperscript{th} June 2007 the company dismissed the workers, while the trade unions helped them have access to mobility aid with derogation, a special aid introduced to tackle the unemployment created by the financial crisis begun in 2007.

The National Park of Gran Sasso and the CGIL in the Province of Teramo are the protagonists of the SUWs ‘occupational adventure’ in this stage.

M.M. (Director of the Park since 2004): before the second president left, in 2007, I raised the problem of SUWs ‘employment stabilization’. We had to find the best way to close the contract with FA who was claiming the money provided by the financial law for 2007. They claimed that that money had been made available to pay for the outsourcing. When I prepared the documentation for the Ministry of Environment, which was working for the insertion of this amendment in the financial law, the SUWs were in an uncertain situation. Some maintained that this provision was for SUWs, while others claimed that it was for the consultants. In the end we considered both categories. If the National Park of Majella also did not receive these funds, we would have ‘stabilized’ all our precarious workers.

There are two fundamental values that supported these operations: the economic convenience and the determination not to abandon a qualified workforce. In addition, I wanted to prove that a park’s administration was able to offer solutions when facing employment difficulties. There is an historic conflict between the Park and local people which goes back to basic fundamentalism; the people did not want the park because it brought with it limitations related to the protection of the environment. So I wanted to demonstrate that the Park is able to help the community and to create employment in a transparent way. My dream is to organize the economic activity in this area with a team that works with us. Relatively speaking, thirty six people working for the Park is the equivalent of two hundred people in an enterprise.

Looking back at the difficulties encountered during the implementation of this project and the subsequent results, D.F. (Director of the Park from 1998 to 2004) acknowledges the role played by SUWs in the realization of a great deal of important environmental work and services, but does not consider their becoming public employees as the best solution. He believes that the outsourcing of services to FA was the best possible solution during the period and, only because of the gradual reduction in the number of SUWs, their ‘employment stabilization’ within the Park became feasible.

\textsuperscript{92} This means that the personnel employed in this way occupy positions that do not exist in the staff chart. When they retire, the public body is not permitted to replace these staff.

\textsuperscript{93} Law 27 December 2006, n. 296, article 1, come 940.
D.F. (Director of the Park from 1998 to 2004): We started the SUWs project when the Park was just beginning; we had no employees, just a few consultants. It was an enormous effort for all of us, and having eighty people to manage was not easy. We used them for all light environmental restructuring and they did many good jobs. This happened because the Park was asked to take on long-term unemployed. In 1998 many public administration did this, but the numbers were limited as our municipalities are usually small; so all those who did not find a place, were supposed to work for the Park. I remember the fierce arguments I had with CGIL who wanted to send all of them to us. Undoubtedly, the Park needs these skills but the problem is that you need to match the right number of workers to a certain type of work. Eighteen is certainly acceptable, but one hundred twenty or eighty was totally irrational.

There is also another aspect that was never taken into account: the young consultants working for the Park are all very motivated guys. People in their fifties however, with a long history of work and experience, when inserted into socially useful jobs at that age, are not motivated to work for the Park.

The outsourcing of services to FA was a good choice in that stage. The Park would not have been able to manage the SUWs, on top of all the organizational problems we had at that time and the solutions we had to find for various problems in the local communities. Although the cost with FA was higher, things were going well at the beginning. The SUWs wanted, in any case, to become the Park’s employees and this created tension. The Park would have preferred to outsource these services to a cooperative formed by them. It would have secured an annual income, certainly not one hundred per cent of its budget, but a good share. It was impossible to convince the SUWs, although some people were more inclined to do this.

D.F. thinks that the principal role of a National Park should not be that of providing jobs and offering solutions to employment problems.

D.F. (Director of the Park from 1998 to 2004): The social problems of the local communities and employment are not the main purpose of a Park, but one cannot wash one’s hands completely of it. A partial vision of the function that a national park should have in Italy is not possible, because in this country humans occupy every centimeter of this land. So it is impossible not to take this aspect into consideration, but a certain balance must be found and the functionality of the National Parks should not be unbalanced. In my opinion the Park should be a soft agency in a territory which promotes its sustainable development and protects the environment. It should not do business, run restaurants, hostels or provide guest rooms. My major regret is that the parks have become possessions for political parties and they have lost sight of their fundamental mission.

The workers’ transition from FA into socially useful jobs, before becoming the Park’s employees, was strongly led by trade unions. The management of the provincial section of CGIL in Teramo was particularly involved in this complex process. Timing and understanding many juridical aspects were fundamental in reaching the goal.

G.DO. (Secretary of CGIL, Province of Teramo): The Park considered organizing a tender, extending the contract with FA or finding other solution for these contracts, but the problems was that it would have to find the money every year. In 2006 the Park did not have enough money to pay the contract because the Ministry had discontinued the funds for this outsourcing. So one year we asked elsewhere for this money: €300,000 arrived from the regional councillorship for agriculture, €300,000 for training courses, and a small part from the Ministry. The Region of Abruzzi could not continue to finance this ‘stabilization’ because this is a National Park and the Region has its own regional parks to finance. So we worked around an idea that was not so fashionable, which is how the regular activities of a public administration should be carried out. We did not understand why these activities must be outsourced by force. We believe that it is not true that the outsourcing to private companies necessarily brings savings. Maybe this is true in certain cases, but it was not in our case.
We hold many meetings with the Ministries of Environment, Public Administration and Treasury, during a period of harsh cuts to public funds; all of the ministries wanted to know if the Park would save money as a result of direct employment of these workers. We did our calculation and showed that there was about 40% savings: 20% from the VAT, which for the Park is an additional cost, and 20% from the money cashed in by FA. Another problem was juridical: how can the Park be allowed to employ these workers directly? We knew that the enlargement of the public staff chart was not possible, so we worked with the Ministries of Environment and Treasury to insert an amendment into the financial law which would create a regular fund for these workers. Once the legal provision was done and the funds were available, the Ministry of Public Administration prepared a legal document to create these posts, external to the public staff chart. The Ministry which had the most resistance to the whole operation was, as usual, the Treasury. The Ministry of Public Administration asked who would pay, while the Ministry of Environment said it was okay as long as this would not impact on the public staff charts of the National Parks involved.

When everything was ready we then had to manage the return of these workers to socially useful jobs. After they were dismissed in June 2007, we asked for mobility aid with derogation, because they were employed with the national labour contract for forestry and the regular mobility aid was not available for this contract. We met the Ministry of Labour first which recorded the justification of the return of these workers to SUJs: the ‘employment stabilization’ with FA was an afterthought because, as they were dismissed, they were not, in fact, ‘stabilized’. This was not, however the first case where workers employed by private companies returned to socially useful jobs within public administrations.

After that, as these benefits were managed at regional level, we only had to produce the documents and present them to the Regional Commission for Employment, without the formal approval from the Ministry. In 2007 the crisis was just beginning and the mobility aid was still linked to the implementation of projects for re-insertion with clear job perspectives; today, with such high unemployment, it no longer works. When the workers obtained the mobility aid we asked the Park to prepare a project for their ‘employment stabilization’ which declared the intention to employ them directly. As the Park is a public body, it had to organize a public competition and, until that point, these workers had been paid in this way; in fact their work continued almost without interruption.

As the mobility aid is similar to the allowances for socially useful jobs and is given for twenty hours of work per week, the Park made up the workers’ allowances to the maximum of thirty six hours. It did this for a period, but as a number of workers were not employed (there were 18 jobs for the consultants and 18 for the SUWs), the Park decided to save this money for those who would not pass the competition.

R.DD. (Park’s employee, former SUW): After we were dismissed we continued to work for the Park. The money came from the Region and at the beginning the Park gave us the increase. After a while the director told us that they would cut it as they wanted to save money for those who would remain outside. We were thirty workers in total. After the selection only eighteen of us passed, and twelve workers remained outside [nine of them did not meet the minimum requirements94], together with a few consultants.

There was however a commitment to finding a solution for those who remained outside and the director of the Park was searching for some companies that could hire them, but he considered this should not be the responsibility of the Park only.

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94 The minimum requirements are related to number of years of education. Civil servants in Italy must have completed at least secondary education.
M.M. (Director of the Park since 2004): We are trying to find an indirect solution for them, we are searching for some companies in our area that would agree to offer them a contract. I have told trade unions that the Park put great efforts into closing this project and other channels should be found for those who remained outside. All these responsibilities cannot be placed on our shoulders.

Finally, the opinion of ‘Formula Ambiente’ on the development of the whole story is different from that given by the public actors and the workers. They believe that this outcome is a result of the workers’ aspiration to become public employees, and this never changed. The manager who was responsible for this group maintained that their experience of this contract with the Park was, in general, positive. He believed that FA worked well with the group of SUWs who demonstrated a good mix of skills; the presence of the Park’s consultants, who maintained constant contact with FA, facilitated the organization of work locally. They felt that they were present enough, and they did not obtain other contracts in that geographical area because no CTCs had been organized while they were working for the Park there. At the end of their contract they would also have participated in a competitive tender, if the Park had organized it.

F.R. (manager of the group of SUWs for FA): It was a very positive and interesting experience but it did not finish in a way I had envisaged for the ‘employment stabilization’ of SUWs. The Park should have had the courage to outsource the services through a competitive tender. We would have participated, because we were always there and we were interested in continuing to deliver these services. Sure, there were certain economic conditions: if the contract had been economically feasible, for example one million Euros, we would have competed; but we would not, for six hundred thousand Euros, for example. After five years of contract, when we repaid our investment, we were also able to offer a better price. And, still, we had not won, the workers could have obtained better conditions with another company which would have won the tender.

F.R. is strongly convinced that the outsourcing of public services brings better results to the public administration and is also beneficial for the workers.

F.R. (manager of the group of SUWs for FA): I have always been a supporter of the privatization of public activities. A public administration must govern, control, but should never deliver the activities directly. The fact that the SUWs had been employed directly by the Park was, in my opinion, an error. During my career I have always noticed a general decrease in the quality and productivity of work, a repose for those who work in public bodies, because they do not have incentives. In comparison to a private company, the public administration does not aim to gain profit that can be reinvested, which serves to improve the company itself. For me this is not positive because the commitment to work tends to lessen, leading to lower levels of quality.

The trade unions consider the work aspects from a different perspective and they are not convinced that the public administration is per se inefficient and ‘relaxed’.

G.DO. (Secretary of CGIL, Province of Teramo): The direct employment of these workers by the Park brought into question a basic rule of the outsourcing: the Park makes the projects,
the external companies fulfill the work and the Park pays. If it has to pay more, we do not understand why the Park is not allowed to do the work itself. This is valid also for other public administrations. Before deciding whether to outsource or not, they should determine how much a specific service costs when it is provided in-house. The public administrations have the responsibility for public tenders, they should check under which conditions the workers provide the services, and if they are paid. This is the main problem concerning the public tenders regarding the rule of maximum price reduction. For certain offers it is clear, with such a reduction, that a company is not able to pay the minimum salary requested by law. So the public administrations should check these situations; they already know that either the company comes from “strange backgrounds” and it is involved in another “business” or, it will not pay the salaries due to the workers. Finally, something that should never be forgotten: the work is fundamentally important for all of us, irrespective of educational background. It is a way to define ourselves as human beings, and not only as an economic necessity. The workers wanted to prove that they were able to be employed by the Park not only as socially useful workers, but because they were useful for the Park.

Recent legislation (DPCM 23rd January 2013) concerning the rationalization of public expenditure again cut the funds allocated to public bodies, national parks included. All parks had funds for their regular staff cut by 10%. The staff employed outside the staff charts were not taken into consideration, and the funds available for them remained intact. Ironically, after many years of tumultuous events, SUWs presence was beneficial for the Park, for financial reasons too.

The four case studies presented above investigated different typologies of ‘employment stabilization’ and a large range of aspects connected to them. The role played by institutions was analyzed, together with the many factors that influenced the varying degrees of these projects’ success. Although the PUJs project implemented by the Municipality of Casabona represented a springboard for the cooperative ‘Giovani of 2000’, its entrepreneurial success can be largely attributed to the important role played by the consortium tutor in the cooperative’s growth. The Municipality of Grottaglie played an important role in the development of the cooperative ‘Orizzonte 2000’, yet this was not sufficient enough to influence the choices made by the cooperative and to prevent its closure. The Province of Taranto championed the formation of the joint mixed company with IL, but it could not sustain its costs. Despite the efforts made by the management of ‘Taranto Isolaverde’ to keep the costs under control and to account for the company accurately, the services outsourced were not enough to cover the effective costs for their delivery, and in particular the large workforce. Finally, the National Park of Gran Sasso, strongly supported by trade unions, promoted the direct employment of the socially useful workers, but this was a drawn out process in which the services had to be privatized. The lack of public funds made the Park aware that the least expensive way to maintain the same services was to employ the SUWs directly.
In the next chapter, themes resulting from the policy process evaluation as well as the case studies analyzed in this chapter, are pulled together in order to draw patterns illustrating the ways in which the policy outcomes were achieved, and their significance within active labour market policies.
Chapter 8

Conclusion

‘When the last men who have driven and cared for steam locomotives retire – and will not be long now – and when engine-drivers will be little different from tram-drivers, and sometimes quite superfluous, what will happen? What will our society be like without that large body of men who, in a way or another, had a sense of the dignity and the self-respect of difficult, good, and socially useful manual work, which is also a sense of a society not-governed by market-pricing and money: a society other than ours and potentially better? What will a country be like without the road to self-respect which skill with hand, eye and brain provide to men – and, one might add women – who happen not to be good at passing examinations? Tawney would have asked such questions and I can do no better than conclude by leaving them with you’.  
(ERIC HOBBSBAWN, 1984:271-272)

In 2006 an Italian opinion poll asked the following question: ‘some people prefer to have a secure job, earning less money during their lifetime; others prefer a less secure job but with potential to earn more money. Which statement do you agree with? The answer was 71% of the sample interviewed agreed ‘with the former’, while in 2001 only 59% of the sample did so (Floris, 2007:29). If the poll was repeated nowadays, during an economic crisis, the number of people giving this answer would most likely have increased. This does not mean that people in Italy are more risk averse than in other countries, but rather it sheds light on how perilous losing one’s job is perceived by the majority of Italian workers.

The development of the policy evaluated in this thesis shows high importance attached to the stability of jobs for those who experienced long periods of unemployment. Before being involved in these projects, the majority of socially useful workers had received wage compensation funds for many years and, as a result, they became a specific target for active labour market schemes. It was explained that peculiarities of the Italian conservative-corporatist welfare create disparities in terms of granting social rights
(Esping-Andersen, 1995; Ferrera, 1996, Ferrera \textit{et al}, 2003) and this fact reinforces preference for those jobs that allow access to the safety net.

The industrial restructuring following the oil crises, the rise of the global economy and new challenges in sustaining the competitiveness of the national economy, brought profound transformation to economic conditions, political choice and consequent economic policies (De Cecco, 1989, 2000). The major changes concerned deindustrialization, privatization of public assets, market deregulation and a steady decline in expenditure on public employment. The new economic scenario was associated with a new structure of social risks (Bonoli, 2007) which the Italian welfare state was not prepared to undertake.

The growing gap between the potential supply and demand for labour across various Italian regions generated serious problems of non-employment and unemployment, as described in chapter 3. The social protection was unbalanced, and these distortions within different sectors of the labour market became more evident in the last decades and favoured older workers and specific economic sectors (Ferrera, 2007). The majority of socially useful workers belonged to these categories and they are part of the last group of unemployed who benefited from targeted policy measures which helped their re-insertion into the labour market through state intervention. As explained in chapter 4, the enlargement of this policy to long-term unemployed who were not entitled to receive benefits had a limited duration and received criticism. This fact was, however, important as it represented an attempt to move towards a more pluralistic welfare regime. Instead of integrating new sectors of the labour market into the existing safety net, the labour market deregulation was pursued with increased force after 2000. As a result, a variety of flexible contracts providing minimum social rights and no unemployment protection became very popular after 2003. Job instability was then made ‘by law’ (Gallino, 2007) and labour market deregulation further increased inequalities between various categories of labour.

\textbf{8.1 Policy transformation during the paradigm shift}

In this thesis political economic concepts were used to examine the underlying economic drivers of change, and in particular the shift from Keynesianism to neoliberal economics, although most attention was paid to the policy response. The policy of socially and useful jobs has lasted for almost twenty years, with early programmes implemented before the
1990s. In chapter 3 it was explained that the programmes developed rapidly after 1994, a period of harsh budgetary constraints brought about by Italy joining the EMU. On the one hand, several Italian governments operated to maintain fiscal austerity, low inflation and promote labour market deregulation, while on the other hand, there was a clear commitment to finding new solutions to reduce the long-term unemployment which has reached worrying levels in certain geographical areas. This goal was resolutely pursued on a national scale through the activation of labour demand in the public service sector.

Hall (1990:59) calls ‘the overarching framework of ideas that structures policy making in a particular field a policy paradigm [that] defines the broad goals behind policy, the related problems or puzzles that policy makers have to solve to get there, and, in large measure, the kind of instruments that can be used to attain these goals’. Looking at these three aspects – goals, related problems and instruments – in the case of the policy of SUJs and PUJs, the policy paradigm had a strong Keynesian approach. Firstly the persistence of long-term unemployment was seen as a demonstration of inadequate aggregate demand and the state itself promoted the use of this surplus labour supply in the public services sector; secondly, despite limited public funds and cuts to public expenditure, welfare rights of certain categories of workers continued to be preserved; and thirdly, a large number of job-creation schemes was put into place in order to promote the re-insertion of socially and publicly useful workers in the labour-market. The state acted to correct the market failures. In fact, the institutions in charge of the policy implementation were responsible for the achievement of the employment goals and, when they failed to achieve them, new objectives were pursued. Therefore, both the policy choice, analysed in chapter 4, and the policy implementation, analysed in chapter 5, preserved the main features of the Keynesian welfare national state (Jessop, 2000). Recognizing a labour market policy as an institution of its own (Schmid and Schömann, 1994) that reflects institutional choices which determine different kinds of measures to alleviate the consequences of unemployment, the policy of SUJs and PUJs included: collective agreements with the social partners, legal provisions, wage subsidies and tax relief and, most importantly, the involvement of the state as role of employer.

The transformation of the policy at the end of the ’90s brought, in the first place, cuts to public expenditure and the reinforced ethos of public services privatization. The implementation of new services was blocked, and privatization was pursued as one of the policy goals. The neoliberal turn became apparent when the policy had already reached an advanced stage. The main changes introduced in 2000 concerned the
promotion of flexible contracts, the strengthening of incentives to take part-time jobs and to exit the projects, and pressure put on the public administration to promote outsourcing of public services. Nonetheless, SUWs and PUWs kept the right to receive an offer for their ‘employment stabilization’ at the end of the projects, this representing the most important element of the KNWS that was preserved.

Another element of continuity was the financial support provided by the state which, despite the administrative devolution of its authority to the regions, continued to provide all the funds necessary for the projects’ execution and closure. These aspects were investigated in chapter 6 which analysed the policy take-up and its outcomes.

Figure 8.1 presents the main structures of the policy choice, implementation and take-up, which were analysed using a categorical framework designed to capture the role of institutions in determining the policy process. This framework was adapted from Schmidt (1997a) and, concerning the last two stages in particular, new categories have been introduced to analyse the ways in which institutions structured the interactions of individuals (Hall, 1986:19) and the key variables that influenced their actions. These key variables form the catalyst structures of policy implementation and take-up which accelerated (or impeded) the achievement of the policy goals in each of these stages.

The early stage of the policy presented in the '80s dealt with groups of outcast unemployed, that numbered many, in geographical areas such as Naples and Palermo. After the economic crises began in 1992, the phenomenon of unemployment spread and it became clear that the wage compensation funds, usually used to fight temporary unemployment, were instead used to tackle long-term unemployment. Due to a new system of benefits introduced in 1991, a large number of people who had received wage compensation funds for many years, and who did not return to their enterprises (which often were downsized or even closed), became formally unemployed. In certain geographical areas, due to the restructuring occurring in many industrial sectors, and the creation of very few jobs in other sectors, unemployment lasted for long periods. The policy choice for the involvement of these unemployed in the sector of public services corresponded to a large and unfulfilled demand for workers in the public administration. For this reason the policy choice was welcomed by public bodies that saw in this policy a way to resolve their major problems, the lack of employees due to the block of public recruitment and the cuts to public funds.
Fig. 8.1: Stages of the policy process and relative structures

**POLICY CHOICE**

**ACTIVE LABOUR MARKET POLICIES FOR LONG TERM-UNEMPLOYED AND JOB-CREATION SCHEMES FOR THEIR RE-INSERTION INTO THE LABOUR MARKET**

- **VALUE STRUCTURE** → solidaristic-cooperative
- **ASSOCIATIVE STRUCTURE** → corporate regime moving towards pluralistic regime
- **MARKET ECONOMY REGIME** → social market regime
- **STATE’S LEGAL STRUCTURE** → civil law

**POLICY IMPLEMENTATION**

**START-UP OF SUJS AND PUJS PROJECTS AND THEIR EXECUTION**  
**DELIVERY OF ACTIVITIES OF SOCIAL USEFULNESS FOR THE PUBLIC ADMINISTRATION**

- **COMPETENCE STRUCTURE** → demand-oriented
- **DECISION MAKING AND RESPONSIBILITY STRUCTURE** → hierarchical-centralized
- **FINANCIAL AND PRODUCTION STRUCTURE** → public
- **CATALYST STRUCTURE** → 1) project length  
  2) number of unemployed  
  3) part-time vs. full-time involvement in the projects

**POLICY TAKE-UP**

**‘EMPLOYMENT STABILIZATION’ OF SUWS AND PUWS. CLOSURE OF PROJECTS AND OUTSOURCING OF PUBLIC SERVICES**

- **COMPETENCE STRUCTURE** → demand and supply-oriented
- **DECISION MAKING AND RESPONSIBILITY STRUCTURE** → autonomous-decentralized and cooperative
- **INCENTIVE STRUCTURE** → economic and legal
- **CATALYST STRUCTURE** → 1) suitability of services  
  2) cost of outsourcing  
  3) duration of outsourcing
By using socially and publicly useful workers, an economically convenient and well skilled workforce was available, whose costs were completely supported by the state. The Keynesian character of the policy embraced both these sides: the response to the long-term unemployment problem and the public production of a large range of useful social and public services.

8.2 Policy process evaluation: achievements and limitations

The research method chosen in this thesis applies the institutionalist approach to policy process evaluation. The socially and publicly useful jobs for long-term unemployed is an active labour market policy with a demand-driven structure. The ultimate policy outcome was the re-insertion of long-term unemployed into the labour market, but, as explained in chapters 5 and 6, there are at least two other policy results that were assessed: the activities carried out by the unemployed during the projects’ execution, which represent an implementation result, and the outsourcing of public services at the end of the projects, which is a result of the policy take-up. I refer to these results differently during the analysis to distinguish them from the statutory policy goal, which was the creation of stable jobs for socially and publicly useful workers. In fact, the activities provided during the projects’ implementation were policy outputs, while the privatization of public services was a policy instrument for creating new employment. These results should then be taken into consideration within the policy evaluation.

The policy evaluation presented in this thesis captures different types of problems that policy-makers were confronted with during different stages of the policy process. One of the main problems acknowledged during the policy implementation was the length of the projects, due to the addition of several extensions beyond the period provided for legally in the legislation. This key variable represents the measure of the distance between the policy fiction and the policy facts (Brodkin, 2000) and led to the policy change in 2000. The policy fiction in this case, implies the statutory provision of a project length of twelve months, renewable for a further twelve. The policy facts illustrated the implementation of significantly more lengthy projects that had several renewals before being closed. Despite this considerable variation of the policy in respect to the statutory provision, the central state did not apply the penalties provided by law, which would have ended the projects and required the public bodies to return the funds spent during their implementation. The main reasons for this fact are: firstly, the social
utility of the activities carried out by SUWs and PUWs and secondly, the lack of better alternatives for their re-insertion into the labour market.

Finally, the assessment of the activities carried out by SUWs and PUWs also has a financial aspect. Given the low cost of this labour (an average cost of €400 per month, for a part-time worker), if the same services had been carried out by a public workforce or through outsourcing to private companies, they would have been more costly. Furthermore, many new services would have never been implemented because of the lack of public funds. The cut to the public expenditure was, in this way, counterbalanced by the use, for public purposes, of this surplus labour supply.

An overall evaluation of the policy impact on the reduction of unemployment is not possible due to a lack of data before 2000. However, the data analysed in chapter 6 show that during a ten-year period after 2000, more than 34,000 jobs were created, that represent 70% of the workers involved only in local projects paid with national funds; 63% of these jobs were in the public and quasi-public sectors, while 34% were in the private sector. The creation of such a large number of public jobs was an outcome not anticipated by the policy design. This provided various norms and regulations as an incentive to outsource public services to companies which would employ the SUWs and PUWs involved in these activities. The possibility for public administrations to hire the unemployed directly was added later and it was primarily applicable only for those activities which were not suitable for outsourcing. Despite a clear preference for the privatization of public services promoted by statutory provision, the expected results were not met. As explained in chapter 6, the main driver of the privatization of public services was the dispensation from free-competition rules that allowed private companies to have the services outsourced without competitive tendering. This legal incentive, although temporary, was a key determinant for the outsourcing, and most of the jobs in the private sector were created when this dispensation was in force. After 2003, when it was removed, many private companies lost interest in these services and also in acquiring the shares held by Italia Lavoro in the joint mixed public-private companies. This again led to public intervention and, as a result, the majority of the JMPPCs were acquired by the public administrations and, because of specific legislation, funds were allocated to those public bodies interested in hiring SUWs and PUWs directly. The central state

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95 The total number of jobs created is much higher if the national projects are taken into consideration (e.g. the people working in schools, the projects implemented by various ministries, by the national parks etc.) and if the jobs created before 2000 and from projects paid with regional funds are also accounted for. Unfortunately there are no consistent data to account for the overall employment created.
institutions continued to play an important role in this stage, but the role of trade unions and public bodies, championing the unemployed hired directly by the public administration, was equally important.

The major job creation schemes promoted during policy take-up were analysed in chapter 6, while the way in which they impacted on the creation of new employment was investigated in great detail through a multiple case-studies analysis, presented in chapter 7. A complex reality emerges from these case-studies, suggesting that a web of factors determined the policy success or failure in a local context.

Some of these factors can be attributed to the policy itself, firstly to the role of public administrations in determining the projects’ closure and the outsourcing of public services. Other factors, and in particular the entrepreneurial propensity of certain groups of unemployed, go beyond the policy process, although the role played by the consortium tutor during the start-up of the cooperative formed by the young unemployed, was relevant.

Public employment became possible when the public administrations were able to involve other institutions in pursuing the goal of ‘employment stabilization’; in fact, while the National Park succeeded, the joint-mixed company of the Province of Taranto became economically unsustainable after 2007. These two case studies show how the broader framework, within which the privatization of public companies had gained priority, impacted on the policy outcomes.

There is a large body of literature detailing the effects of active labour market policies on the functioning of labour markets that make use of both quantitative methods (quasi-experimental and experimental analysis, aggregate impact analysis and cost benefit analysis) and qualitative analysis (Pierre, 1999; Martini and Sisti, 2009). However, ‘the net effects of ALMPs may be difficult to identify because of their interaction with other policies’ (Pierre, 1999:5). Calmfors (1994) and Schmid (1997a) assert that three types of controversial effects can be identified: deadweight, substitution and displacement effects.

In relation to the policy assessed in this thesis, the deadweight effects refer to the utilization of SUJs and PUJs projects for activities that would have occurred without the policy; the displacement effects refer to those cases when socially and publicly useful workers, favoured by the policy incentives, would have displaced other categories of unemployed who would otherwise have obtained the same jobs; and the substitution effects refer to different policy programmes that competed for the activation of SUWs
and PUWs. Although the policy target was very specific and the creation of new jobs was stated as a statutory goal from the beginning, the validation of the propositions listed above would necessitate complex econometrical tests and accurate quantitative data.

It is instead important to understand whether and in which terms the policy feedback, the fourth stage of the model proposed by Schmid (1997a), occurred. We could expect that in the presence of adequate decision-making structures, the political system learns from the policy process and this has repercussions on the policy itself. In fact, the restricted legislation aimed at ‘freezing’ and ‘emptying’ the unemployed pool implemented after 2000, represented the most important learning moment during the policy process. Following the exponential increase in number of the projects after 1997, the central government ‘learned’ that local administrations would not have brought the projects to an end if they had not also been involved in the responsibility for the projects’ closure.

The SUJs and PUJs projects lasted for many years but no similar policy was promoted afterwards. It is difficult to determine to what extent the abandoning of this policy stems from a negative assessment of the implementation results, mainly the projects’ length and their cost, or to other factors that have speeded up the privatization of public services and promoted labour market deregulation since the late ’90s. Many policy makers interviewed for this research stressed the fact that this policy was linked to a ‘hard-to-employ’ group who needed specific interventions. They also underlined that the policy implementation and take-up were possible due to ad-hoc regulations as the derogation to the European legislation for competitive tendering. The positive policy impact on the creation of new employment would not have been possible without strong intervention from the state.

Thus, the lessons learned from the policy process appeared to be negative on the grounds of the difficulties encountered during the policy implementation and take-up in geographical areas experiencing long-term unemployment. However, despite the fact that the policy makers do not see a possible replication of this policy, they acknowledge its positive results, in particular the activation of a large number of long-term unemployed, and the delivery of relevant public services that would have been disrupted as a result of the severe reduction of the public workforce.
8.3 Policy patterns and the role of institutions

Reflecting on the recent financial crisis, it can be asserted that the instruments used to contrast high levels of unemployment have very little, if anything in common with the proclaimed new agenda in the field of active labour market policy. In fact, the old wage compensation funds became of primary importance once again for an increasing number of people out of work, in geographical areas facing an exceptional reduction in labour demand. The return to passive benefits which were used extensively in the past shows that radical policy innovation is difficult to be achieved and path dependency is strong during the policy process (Krasner, 1998). Indisputably, the wage compensation funds have been of great importance for income recovery during economic crises, but their transformation into a more active instrument of labour market policy does not appear achievable without a radical transformation of the Italian welfare state, which would involve areas such as the introduction of a minimum wage, the revision of poor unemployment benefits and pension rights for the weakest categories of labour, and also a new role of training in maintaining skills or re-skilling those out of work for long periods of time.

The concept of path dependency is linked to that of incremental returns of the policy (Pierson 1994, 2001). In fact, the implementation of SUJs and PUJs created a new category of ‘users’: the former beneficiaries of wage compensation funds became socially useful workers and their new ‘status’ made entitled them to become targets for further policy actions. In response to their new needs, a large number of job creation schemes were implemented. Once the policy had promoted new legislation and concentrated many resources on the ‘employment stabilization’ it would have been difficult to switch to a totally new route.

Finally, some of the policy results influenced the policy process in a way that was not expected during the policy making. The first set of rules stressed the creation of new enterprises and jobs in the private sector, but after the abrogation of the legislation that limited competitive tendering, the interest of private enterprises in hiring SUWs and PUWs noticeably diminished. Many public administrations decided to hire these workers directly and the majority of JMPPCs formed by Italia Lavoro were acquired by public bodies; these policy outcomes are unintended consequences of the policy choice at an early stage (Baldwin, 1992).
Looking closer at the role of institutions in shaping various policy patterns, it can be observed that the central state, the public administrations and trade unions were the main actors involved in both policy implementation and take-up. The public agencies Italia Lavoro and SCO played the role of policy facilitators in the last stage: the former was directly involved in the formation of JMPPCs which employed SUWs and PUWs, while the latter was responsible for the tutoring of cooperatives formed by the unemployed themselves. The case studies analysed in chapter 7 reveal that the durability of the policy’s positive results beyond the first five-year period can be attributed to diverse factors. In the case of the JMPPC formed by IL, there was insufficient public money to fund the services necessary to maintain a relatively large workforce, and this was the cause of the company’s loss. The diligence of the company administration in retaining the profits and attempting to control the costs, however, was not sufficient for finding alternative solutions to save the company and, most likely, after the foreseen privatization the number of employees would be drastically reduced.

The cooperative formed by the young publicly useful workers was successful due to its motivated management group and the positive role played by the consortium tutor in their entrepreneurial formation. In fact, the cooperative no longer delivers the services initially outsourced to it by the public administration, and it has become an independent company operating in the market. This aspect seems particularly important for those groups of unemployed who chose self-employment. The cooperative of social useful workers had a less successful history and miscalculations concerning the feasibility of external work seem to have brought about its closure. In this case the positive disposition of the public administration for outsourcing the services could not, however, have changed this outcome.

The case of the national park is even more unusual because it shows that the outsourced services could be more costly than the in-house provision. In this case, because of efficient organization, this public body was able to cut the costs by almost 20% (plus an additional 20% for the VAT). These additional costs included the contract management cost and the relative share of profits cashed in by the private enterprise which delivered the services during the first five-year period. This last case helps in understanding the dynamics of the privatization of public services that was paid entirely with public funds, and was convenient for the public administrations only when the incentives provided by law for the ‘employment stabilization’ of SUWs and PUWs were deducted by the overall cost of the contract.
Despite the fact that the services delivered by SUWs and PUWs could not have been provided by lower labour costs, the private employers were largely interested in employing these workers only because they would provide them with direct access to the outsourced services, thus avoiding the rule of competitive tendering.

The number of unemployed involved in the projects, the availability of public funds and the suitability of services to be outsourced, are the three key variables which determined different patterns of the policy process leading to different policy outcomes. The interaction between various sets of factors was influenced by the role played by the main institutional actors, the central state, public administrations and trade unions. Figure 8.2 describes these patterns highlighting various outcomes as a result of different combinations of these three key variables. Two assumptions have been made in all the cases: 1) when the services were suitable for outsourcing, the public administrations would have taken this choice; 2) on the contrary, when services were not suitable for outsourcing, the public administration would have chosen to employ the workers directly and, if this option was not possible due to insufficient public funds, they would have chosen to outsource the services to a joint mixed company controlled by the public administration itself.
Fig. 8.2: Policy patterns and the main institutions involved

- Small number of unemployed
- Public funds available
- Services suitable for outsourcing

- Outsourcing to private companies which hire SUWs/PUWs
- Outsourcing to cooperatives formed by SUWs/PUWs
  (if self-selection is possible)
- Full-time jobs
- Maximum duration of outsourcing

- Small number of unemployed
- Public funds available
- Services unsuitable for outsourcing

- Jobs for the public administrations which implemented the projects
- Long term full-time contracts

- Small number of unemployed
- Public funds not available/insufficient
- Services suitable for outsourcing

- Outsourcing of a limited number of services to private companies which employ some SUWs/PUWs
  (partial solutions and different timing)
- Project extensions and need for additional funds for outsourcing
- Part-time jobs
- Short duration of outsourcing

- Small number of unemployed
- Public funds not available/insufficient
- Services unsuitable for outsourcing

- Project extensions and need for funds for public employment
- Flexible contracts with the PAs
- Project closures without ‘employment stabilization’

- Public administrations
- Trade unions
  (less involved in the case of cooperatives)
- SCO
  (for cooperatives)

- Central State
  (specific legislation)
- Public administrations
- Trade unions

- Central State
  (additional funds)
- Public administrations
- Trade unions

- Central State
  (specific legislation and additional funds)
- Public administrations
- Trade unions
The eight policy patterns illustrated above show some common features of a wide range of projects:

- The availability of public funds influenced the number of jobs created, while the unsuitability of public services for outsourcing mostly favoured the creation of public employment.

- The outsourcing of services to private companies or to cooperatives formed by the unemployed was more likely to occur when the number of unemployed involved in the projects was limited. The projects with a large number of unemployed had different forms of ‘employment stabilization’ which, in many cases, included public or quasi-public employment (formation of JMPPCs).

- The lack of public funds generally led to many extensions of the projects, while insufficient funds favoured partial solutions and different timing for the ‘employment stabilization’. In the case of insufficient funds the small projects had a higher probability of finishing without ‘employment stabilization’, while the large projects, due to stronger trade union involvement, continued to be extended.

- The public administrations were responsible for both project implementation and take-up, while trade unions were particularly involved in the last stage, usually as support to the target group. However, the creation of stable jobs was influenced by the availability of funds and by the nature of the outsourced services. Insufficient funds led to the promotion of part-time jobs in order to allow as many workers as possible to be employed, while the duration of outsourcing went beyond the first five-year period when regular public services were outsourced.

- The role of the central state concerned two different aspects: firstly, the creation of the legislation necessary for public bodies to be entitled to hire socially and publicly useful workers directly, and secondly, the transfer of additional funds to the public administrations which pursued ‘employment stabilization’.

There are however other factors that are not captured in these patterns. On the supply side, it should be taken into consideration that different attitudes towards ‘employment stabilization’ were influenced by socio-cultural factors and historical-
political events. On the demand side, it could be argued that local labour markets played different roles in the creation of a variety of jobs, especially in areas with large number of long-term unemployed.

There are at least three main areas that could be explored with further research. Firstly, new policy patterns could be identified according to a more complete set of factors; this could be particularly relevant for certain regions that encountered great difficulties during the policy implementation and, especially, take-up. For example, the evaluation of the policy process in the Region of Sicily, which had its own funds and promoted specific legislation, might reveal different patterns and institutional arrangements that could be strongly influenced by regional characteristics.

Secondly, a comparative study between different active labour policies designed for hard-to-employ groups, in different political and institutional contexts, could also be extremely valuable. The recent economic crisis has offered a large area of interest to researchers involved in labour market policy evaluation, from a comparative perspective. Although these policies differ from state to state, there are common features that vary from enabling to workfare polices, in all European countries.

Thirdly, the research method used in this thesis is innovative. The institutionalist approach can be applied in the context of policy process evaluation for other public policies than those concerning the labour markets, to understand the role of the institutional actors in shaping the policy choice and implementation, and in determining its outcomes (e.g. environmental policies, housing, health, education etc.).
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