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The Italian welfare reform trajectory in turbulent times.

Income support, family and pension policy during the XVIII parliamentary term

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Abstract

Absolutely exceptional in many respects, the XVIII parliamentary term represented a peculiar terrain for welfare reform. On the one side, over the past five years, three highly heterogeneous governments have alternated in power, supported by different coalitions, each the result of demanding negotiations and alliances between parties, within a moving political landscape. On the other side, the legislature has been heavily affected by the unprecedented challenges posed by the Covid-19 health emergency and its harsh social and economic consequences. Despite the complexity of the scenario and the internal frictions experienced by the three short-lived cabinets, since 2018 important reforms have been enacted in key welfare sectors, marking in some cases a break with the previous institutional legacy. The paper aims to critically examine the trajectory of welfare reforms during the last parliamentary term, shedding light on how they have been shaped through time by a combination of external turbulences and political constraints. Adopting a historical institutionalist approach, the analysis focuses on the transformations which have occurred in key social policy areas – anti-poverty policy and income support, family policy and pensions – in order to examine the major innovations and shifts occurring under the three cabinets, featuring such diverse electoral bases and ideological stances.

1. Introduction

Absolutely exceptional in many respects, the XVIII parliamentary term represented a peculiar terrain for welfare reforms. The five-year legislature witnessed the alternation in power of three heterogeneous governments, supported by different coalitions that formed after demanding negotiations between political parties in a rapidly changing environment, affected since 2020 by the dramatic Covid-19 health emergency and its socioeconomic consequences.

Despite such unprecedented challenges and the frequent internal frictions, the three cabinets managed to pass important reforms in key welfare areas, marking at times a substantial break with the previous institutional legacy.

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Against this backdrop, the paper critically examines the trajectory of welfare reforms during the last parliamentary term, shedding light on how they have been shaped through time by a combination of external turbulences and unlikely political constraints, from the naissance of the 'yellow-green coalition government', the populist alliance between the Lega (L) and Movimento 5 Stelle (M5S), through the yellow-red coalition, led by M5S and the Partito Democratico (PD), to the multi-coloured technocrat-led unity government headed by Mario Draghi, supported by all the parties but for Fratelli d'Italia (FdI). In order to examine major innovations and possible shifts occurring under the three cabinets that featured very diverse electoral bases and ideological stances, the article employs a historical-institutionalist approach, focusing on the transformations taking place in key social policy areas – namely anti-poverty policy and income support, family policy and pensions.[1]

In so doing, the article contributes to the scholarly debate about the recalibration of the Italian welfare state, asking how far these reforms have helped to move the country beyond a partially frozen landscape (cf. Palier and Martin, 2007), long characterized by distinctive functional and distributive distortions (Ferrera, 2019; Ferrera and Hemerijck 2003; Jessoula and Locatelli 2009). Remarkably, functional distortions arise from deeply-rooted imbalances in the internal allocation of social spending, biased in favour of the elderly. Comparatively, a broader share of resources has traditionally been absorbed to protect against longevity and survivorship risks, i.e., through the pension system; whereas other welfare functions – such as catering for the family and children and insuring against unemployment, social exclusion and poverty – have been rather neglected. Furthermore, cash transfers largely prevail, towering over the modest efforts in the provision of in-kind social services. Besides, the distributive distortion intersects the functional one, and refers to the gaps in the protection granted (in terms of coverage, requirements to access benefits and their generosity) across occupational categories and social groups, which have resulted in segmentation between insiders, who enjoy high protection against a wide range of risks, and outsiders (Jessoula, Graziano, Madama, 2010). These include individuals only weakly tied to the formal labour market, such as atypical employees, the long-term unemployed, and those employed in the informal sector, only marginally or poorly protected.

Drawing on well-established historical-institutionalist theoretical frameworks, we develop different expectations regarding the trajectories of the three policy fields. According to classical works on welfare state retrenchment, or, better on the possibility to reform social policy in the 'age of permanent austerity' characterised by public budget constraints, Pierson (1998) posits that mature (mostly, insurance-based) welfare state areas will elicit greater resistance by beneficiaries and the involved interest groups compared to underdeveloped ones. In a similar vein, Bonoli (2012) argues that decision-making strategies involving affordable credit claiming can be fruitfully applied to policy fields that cost comparatively less, compared to encompassing social insurance benefits, and that do not cater to established constituencies. Considering the distributional

[1] The selection of policy fields was driven by the importance attributed to these sectors by the recalibration framework (Ferrera and Hemerijck 2003). For this reason, we do not include here policy changes occurring in the field of healthcare which, nonetheless, in recent decades has been subject to major cuts made even more evident during the recent pandemic crisis (Guillèn et al. 2022).

conflicts highlighted above, it becomes clear how pensions, which traditionally absorbed the vast majority of Italian social policy resources, have a limited potential to be either retrenched or significantly expanded as institutional change may occur only 'at the margin' (Myles and Pierson 2001), vis-à-vis social assistance and family policies. The latter display totally different political and institutional dynamics, being both less costly and long neglected areas throughout the history of the Italian welfare state development. Hence, we maintain that path-departure is more likely to happen in the latter two domains and is much less probable for insurance against old age.

The article is structured as follows. Sections 2, 3 and 4 outline the reforms that have occurred in three main policy fields: Section 2 focuses on labour market reforms and anti-poverty policies, Section 3 deals with the main novelties in the area of family policy and work-family balance, Section 4 provides an overview of the changes in pension policy. Section 5 concludes by discussing the overall trajectory of reforms in light of their possible contribution to the recalibration of the Italian welfare model along the functional and distributive axes.

2. Labour market and anti-poverty policies

In the aftermath of the March 2018 general election, the Italian labour market displayed distinctive features: very low work intensity, due to a comparatively limited number of good quality permanent jobs available and low levels of female and youth labour-force participation, stagnating wages, and a high incidence of informal and precarious employment (Ferrera, 2022; Tassinari, 2022). In the previous legislature, a three-decade trajectory of labour market de-regulation culminated in the adoption of the so-called Jobs Act, which combined the relaxation of dismissal for workers on open-ended contracts with the expansion of unemployment benefits, targeting in particular labour market outsiders (Picot and Tassinari, 2017; Sacchi, 2019). This did not result, however, in a significant boost of employment nor in reduced labour market segmentation (Giuliani and Madama, 2023), which actually remained pervasive since new types of low quality 'cheap' atypical contracts spread and the social condition of many solo-self-employed people critically deteriorated.

Such labour market features, along with the peculiarity of the Italian welfare system, contributed to the dramatic rise of poverty and social exclusion in Italy in the post-Great Recession decade (Gori, 2017; Madama et al., 2014; Saraceno et al., 2020). According to the Italian National Statistics Office, in 2006, in the pre-crisis scenario, the absolute poverty rate was 2.9 per cent; it almost tripled in the following years, reaching 8.4 per cent in 2018, corresponding to more than 5 million people. To respond to this alarming social trend, in 2017 the centre-left Gentiloni government introduced an anti-poverty programme, the Inclusion Income (*Reddito d'inclusione*, REI), finally overcoming the most visible comparative weakness of the Italian social protection system, that is, the absence of a national minimum income scheme (Jessoula and Natili, 2020). Some features of REI made the programme peculiar in comparative perspective: indeed, it was one of the least generous and inclusive minimum income schemes in Europe (Natili, 2020). Due to severe budgetary constraints, only a limited number of poor individuals could receive this benefit, which was also very meagre – equal to EUR 187.5, i.e., just 23.7 per cent of the relative poverty line, for single member households. Furthermore, strict

duration limits, constraints on beneficiaries' discretion in the use of the monetary component as well as a pervasive sanctioning system led experts to question the effectiveness of REI in actually 'empowering' the poor (Granaglia, 2018).

Against such a backdrop, the yellow-green Conte I government (M5S-L) promised to change the direction of labour market and income protection reforms. In the Contract for the government of change, signed by the M5S and the Lega, it is stated that "*Particular attention will be paid to combating precariousness, caused also by the 'jobs act', in order to build more stable labour relations and allow families a more serene planning of their future.*" The same document also identifies the introduction of a new minimum income scheme called 'Citizenship Income' (*Reddito di cittadinanza,* RdC) as a priority of the new government's action. This was not surprising, considering that the M5S was the coalition leader (in light of the higher share of parliamentary seats vis-à-vis the Lega) and strengthening minimum income protection was the *pièce de résistance* in M5S's programmatic agenda. Thus, a few months after the establishment of the Conte I government, Law Decree No 4/2019 introduced the Citizenship Income, replacing REI from April 2019. Although the name recalls the idea of a universal unconditional basic income, the Italian RdC is a minimum income scheme – a monetary benefit targeting poor households conditional on participation in job-search activities – not so different from those already introduced in all other EU-28 member states. Compared to REI, RdC is endowed with greater budgetary resources, it is more generous, inclusive, and with less strict duration limits. In 2020, resources allocated to RdC amounted to 0.43 per cent of GDP, and coverage was relatively broad in comparative terms, around 5.1 per cent of the total population (Jessoula et al., 2021). Relevantly, the new RdC maintained the uniform national standards for the provision of integrated social services for the poor introduced with the previous Inclusion Income,[2] while also investing additional resources for active labour market policies (ALMPs).

Despite these unquestionable merits, scholars have highlighted some of RdC's shortcomings (Gallo and Raitano, 2019; Gori, 2020; Natili et al., 2022). In order to reach an agreement with the Lega (Jessoula and Natili, 2020; Landini, 2021), eligibility conditions for immigrants were significantly tightened: indeed, the ten-year residence requirement and the obligation to provide detailed certificates about their wealth in the countries of origin exclude many poor immigrants from RdC provision. Second, a very strong workfare activation profile was introduced, a feature that contrasts with Italy's persistently limited labour demand, especially in southern regions. Finally, in order to increase the number of beneficiaries without expanding costs, the government introduced an equivalence scale for computing the RdC amount that favours single member households, whereas it is detrimental for large families, thus providing relatively fewer resources to poor children (Saraceno, 2019).

[2] At the same time, it is important to underline that some of the innovations that followed the introduction of the Citizenship Income are detrimental to the provision of integrated services to the poor (Gori, 2019). Indeed, the REI had envisaged that social services had to manage access to the measure and define the type of inclusion path ('simple' or 'complex'; devoted to 'social' or 'labour' inclusion). Conversely, with the new Citizenship Income, local social services are no longer the 'single point of access' and local social workers no longer carry out pre-assessment in order to design a household-specific social and/or labour inclusion path. Moreover, there are no adequate coordination methods between municipalities and PES, and effective guidance allowing families to orient themselves in the local 'social system' is lacking, generating a 'fragmented' social inclusion system (Gori, 2019).

Along with the introduction of the RdC, the yellow-green government adopted a reform of employment-protection legislation (EPL) sponsored by M5S, the 'Dignity Decree', which reduced the maximum number of renewals allowed for temporary contracts and marginally increased monetary compensation in cases of unfair dismissal for open-ended contracts (Bulfone and Tassinari, 2022). Overall, these welfare reforms constituted significant changes compared to the social and labour market policies promoted in the previous decades. While the Citizenship Income finally put an end to Italian exceptionalism, as a fully-fledged minimum income scheme with no budgetary constraints eventually institutionalized minimum income protection in Italy (Jessoula and Natili 2020), the introduction of the Dignity Decree (partially) interrupted a three-decade-long trajectory of labour market deregulation.

The coalition government of the M5S and the Lega was short-lived. Frictions between the two parties led to the formation of a new government coalition between the M5S and the PD, in charge from September 2019 until January 2021. The labour market and social policies of this government were dramatically affected by the Covid-19 pandemic. The government's response relied, on the one hand, on existing social protection schemes – the main unemployment protection scheme NASPI (*Nuova prestazione di Assicurazione Sociale per l'Impiego*), the Citizenship Income and especially the short time work compensation scheme CIG (*Cassa Integrazione Guadagni*). On the other hand, several measures were introduced (and often extended) by a series of government decrees aimed at cushioning the social impact of the crisis by providing protection to workers against income shortfalls resulting from protracted lockdowns.

Overall, the most consistent interventions concerned employment retention and were characterised by heavy reliance on short-time work schemes to protect firms and employees. The emergency packages also introduced new income support benefits for workers not otherwise covered: workers in a continuous and coordinated collaboration agreement (the most common form of bogus self-employment in Italy), the self-employed, seasonal workers, and workers in the entertainment industry. Although they included many groups of non-standard workers, these ad hoc provisions were not particularly generous and maintained the typical fragmentation and complexity of the Italian system (Jessoula et al., 2021).

Furthermore, a few groups of workers were excluded from these emergency measures: some categories of seasonal and intermittent workers, unemployed people who were no longer eligible for unemployment benefits before the emergency, poor migrants and informal workers. The need to protect these households in need could have been met either by expanding the RdC through the relaxation of the conditions for entitlement, or by introducing a new means-tested benefit. The government preferred the second option, and in the so-called 'Decreto Rilancio' (Decree No. 34/2020 of 19 May) introduced the Emergency Income (*Reddito di emergenza*, REM), a less generous, residual and temporary safety net for poor households who could not access the RdC (Natili et al., 2022a). To contain the dramatic rise of material needs, the government and the regions launched emergency initiatives aimed at temporarily addressing the economic difficulties of poor tenants, thus avoiding the risk of eviction, without, however, solving any of the multiple structural problems of housing policies in Italy (Jessoula et al., 2021).

In a nutshell, the Italian government reacted to the Covid-19 crisis by expanding its income-maintenance protection schemes. At the same time, it returned to its traditional model, prioritising well-established insider-biased policies, such as short-term work, while granting a patchier response and delays in guaranteeing economic support to the outsiders (Natili et al., 2022b). Moreover, with the exception of ISCRO (*Indennità straordinaria di continuità reddituale e operativa*), the extraordinary allowance aimed at guaranteeing income and operational continuity to a small category of the self-employed, introduced as a pilot scheme for three years (2021-2023), all other measures were short-term. Overall, and differently from other countries such as Spain, during the Covid-19 pandemic the Italian government did not introduce structural measures, so that the main weaknesses in labour and social policy remained in place. Mounting tensions between the centrist Italia Viva (IV) and the M5S over the allocation of Next Generation EU funds led to the resignation of the Conte II government and the formation of a coalition government led by Mario Draghi (Guidi and Moschella, 2021; Domorenok and Guardiancich, 2022). The new government finalised the drafting of the Italian National Resilience and Recovery Plan (NRRP), officially handed over to the European Commission in April 2021. In line with the social investment paradigm promoted by EU institutions (Ferrera, 2017), the plan focuses on financing childcare, ALMPs and social services, and reducing the traditional cash-transfer bias that characterises the Italian welfare system (Madama, 2010). Overall, while investing in several underfinanced social policy areas, there is continuity in the supply-side approach to labour market policies, in that the plan focuses on activating and training workers rather than creating jobs or reducing labour market fragmentation (Tassinari, 2022). In other words, the NRRP does not address some of the longstanding structural weaknesses mentioned above: low work intensity, low wages, labour market segmentation and little protection for those with a weaker labour market attachment. Indeed, some proposals to tackle these issues, like the minimum wage or the reform of a short-time work compensation scheme in a universal direction (with the aim of covering atypical workers), were not included in the final version of the NRRP (Mirò et al., 2022).

Beyond the drafting of the Italian NRRP, the Draghi government intervened in the anti-poverty field with the Budget Law for 2022 (Law no. 234/2021). Indeed, in March 2021, the Minister of Labour, Orlando, announced that the bureaucratic mechanisms of the RdC would be assessed and revised. To this end, a committee composed of experts chaired by sociologist Chiara Saraceno was set up, which by October 2021 came up with ten policy proposals on how to improve the design of RdC in order to make it more equitable and effective, in particular by relaxing its access requirements (for migrants especially), supporting families with children and encouraging employment through tax breaks (Saraceno et al., 2021). The Draghi government, however, decided to tread a different path, thereby ignoring the main issues highlighted by the Saraceno Committee (Gori 2021). The main changes to the RdC, then, included stricter conditionality for beneficiaries and meagre links to ALMPs, with the aim of reducing the disincentives to job search. In other words, in line with a neo-liberal approach to anti-poverty benefits, 'negative activation' prevailed.

3. Family policies

The XVIII legislature marked important transformations in the sphere of family policies too, interrupting a long cycle of substantial institutional and political inertia. Notably, the major innovations were passed during the second part of the legislature, under the lead of the yellow-red coalition (the Conte II government), and under the technocrat-led unity government headed by Mario Draghi. Changes concerned all the three core areas of family policy, namely: childcare services, thanks to the investment planned within the framework of the NRRP and the setting of national thresholds in minimum levels of service provision; parental leave, through the further extension of the compulsory paternity leave, in line with the requirements envisaged by the 2019 EU directive on work-life balance (Directive (EU) 2019/1158); and, remarkably, child allowances, with the introduction of the Single Universal Allowance (*Assegno unico e universale*, AUU).

As regards childcare services, the most important intervention came late in the parliamentary term and corresponds to the investments passed under the Draghi government in the context of the Italian NRPP. As highlighted in Section 2, the third government of the parliamentary term revised and finalized the drafting of the NRRP, submitted in April 2021, boosting a social investment-oriented plan, thereby prioritizing childcare, ALMPs and social services. More in depth, the NRRP targeted approximately 4.6 billion euros to the extension of childcare facilities for children aged 0-6, as one of its flagships, with an expected growth of 228,000 childcare places by 2026. Coherently with these objectives, the Budget Law for 2022 allocated resources – as part of the national strategy to increase levels of service provision – with the aim of reaching an overall coverage of at least 33 per cent of the 0-3 population for each municipality or territorial area by 2027. Funds are to be distributed on the basis of a strict monitoring system and starting from municipalities with lower coverage rates (less than 28.88 per cent). Further, resources are planned to grow from 120 million in 2022 up to 1,100 million annually starting from 2027 (175 million in 2023, 230 million in 2024, 300 million in 2025, 450 million in 2026 and 1,100 million from 2027 onwards). Starting from a coverage rate stuck at 26 per cent at the national level – yet with very large variations, from 9.3 per cent in the Campania region to 38.6 per cent in the Lazio region – such an investment is meant to imply an increase in access to childcare facilities for children aged 0-3 from the current 312,000 places in either public or private services, to 454,000 (Minzyuk and Stradiotto, 2022).

Turning to cash transfers, the most important reform, the AUU, was framed under the Conte II government but approved under the cabinet led by Draghi, as part of the so-called Family Act. The latter was a broader package of measures aimed at reorganizing the system of family and work-life balance policies, representing one of the flagship measures sponsored by Matteo Renzi's IV party, and championed by Elena Bonetti, Family Minister both under the Conte II and the Draghi government (therefore from September 2019 to October 2022).[3] Through the Delegation Law of April 2021 (Law no. 46/2022), the government was in fact required to adopt, within 12 months, one or more

[3] The Family Act was passed in the form of a Delegation law in April 2022 (Law no. 32/2022). Its concrete implementation will depend, therefore, on subsequent implementation laws, except for the AUU, which followed a different path, via a dedicated law anticipating its entry into force.

legislative decrees *'aimed at reorganising, simplifying and strengthening'* child allowances. The implementing act was passed a few months later, in December 2021.

The main goal of the AUU is to simplify and rationalize the plethora of existing measures to support the costs of raising children, overcoming some of the disparities that have long characterized the Italian model. The new scheme has in fact replaced various benefits including birth or adoption bonuses, child allowances, birth allowances (baby bonus) and tax deductions, setting a unified allowance, which covers from the 7th month of pregnancy up to the age of 21 (under certain conditions) and without age limits for disabled children.[4] The monthly amount ranges from a maximum of 175 euros per child for low-income families up to a minimum of 50 euros per underage child for those on higher incomes. In addition, top-ups are foreseen for families with more than three children or having children with disabilities, for young mothers and in the event that both parents are employed.

Totalling about 18 billion per year (MEF, 2022), of which 6.8 billion comes from additional fiscal resources, the new AUU concerned about 7.2 million families, with 77 per cent of the children covered by the reform expected to benefit from a net increase in transfers, 672 euros on average, with a significant progressiveness in favour of low-income families (UpB, 2022). Thanks to its design – in particular universal coverage, type of financing, and the generosity of the benefits combined with the different progressiveness of the amounts and top up – the new scheme overcomes, in fact, some of the distributive disparities and coverage gaps of the previous model, based on two main programmes, namely the household allowances and tax deductions for dependent children (UpB, 2022). The former was in fact a categorial measure, targeting employees only and income-tested,[5] whereas tax deductions de facto excluded families in situations of major need, i.e., those with a yearly income of less than 8,000 euros, as they fell within the no-tax area.

Finally, and differently from the intervention on the two other areas of family policy, the extension of paternity leave can be seen as part of an incremental process, beginning in 2012 with the labour market reform enacted by the Monti government (Law no. 92/2022). More precisely, the reform introduced for the years 2013-2015 a compulsory pilot leave (of one day) and an optional leave alternative to the maternity leave (of two days) for employed fathers in the private sector, during the first five months of the child's life. In 2015, the compulsory paternity leave was then extended by increasing its duration to two days; and then further increased to four days for 2017-2018, augmented to five days in 2019, then seven days in 2020. The Budget Law for 2021 (Law no. 178/2020) further increased the number to 10, while the Budget Law for the year 2022 (Law no. 234/2021) stabilized the leave, which therefore lost its experimental character.

How far are these measures affecting the Italian traditional model of family policies, that has long remained, echoing Naldini and Saraceno (2008), far from structural reforms? The overview offered above shows that during the XVIII legislature, albeit with considerable delay compared to other European countries, family policies in Italy experienced, partly at least, the transition from a frozen landscape to structural reforms (cf.

[4] The previous system is maintained for dependent relatives aged over 21, including tax deductions for dependent children.
[5] More precisely to households with an income coming for at least 70 per cent from wages (or pensions of previous wage earners) and funded via social contributions.

Palier and Martin, 2007). A neat expansion occurred in the funds devoted to family policies, affecting both coverage and benefit generosity, enriched through significant innovations. In this novel scenario, the reform of child allowances is undoubtedly the most far-reaching intervention, not only for the additional resources made available, but above all for its path-shifting scope with respect to the pre-existing policy structure in terms of distributive outcomes (Madama and Mercuri, 2022; Naldini and Saraceno, 2022). Besides this, the investments in childcare facilities may in the medium term counterbalance the deeply-rooted cash-transfer bias. Lastly, on the side of parental leave, the extension of paternity leave to ten days, although possibly relevant from a cultural standpoint, is more a kind of symbolic top-up, unable to offset gender disparities in the fruition of care leaves.

In sum, even though comparative social spending data still fails to capture recent changes, the yellow-red coalition and the technocrat-led unity government shaped reforms aimed at strengthening long-neglected welfare functions in the field of family policy, and social groups – including in particular underage children, over 1.4 million of whom lived in absolute poverty in 2021, i.e., one out of seven – and which, not surprisingly, were more dramatically affected by the Great Recession and by the Covid-19 pandemic. Whether these reforms will also offset the alarming and long-lasting decline in fertility rates while supporting employment, especially for women, which are currently two of the major challenges the country has to cope with, needs a longer time horizon to be appreciated.

4. Pensions

With regard to old-age pensions, the XVIII parliamentary term continued treading the 'new path' inaugurated by the previous centre-left governments, especially the ones led by Matteo Renzi and Paolo Gentiloni, aimed at tackling two main challenges befalling the Italian retirement system. First, as a result of previous reform rounds during and immediately after the sovereign debt crisis (2009-11), the pensionable age and early retirement contributory requirements have risen rapidly and significantly. This has generated problems of retirement duration and difficulties arising from the interplay between expected longer working lives, the insufficient absorption capacity of labour markets for older workers and the chronic underdevelopment of social services, often filled through domestic care carried out by retired women. Second, despite Italy being the second highest pension spender in the EU, its retirement system only limitedly shields pensioners against the risk of poverty in old age, resulting in an uneven distribution of pension incomes, increasing pension inequality and a marked gender gap. Thus, Jessoula and Raitano (2019) consider this 'new path' a reaction against previous cost containment measures, consisting of *'measures aimed at relaxing the eligibility requirements for (early) retirement with measures designed to support low-income pensioners.'*

Fundamentally the interventions during the XVIII parliamentary turn boiled down to two: i) the Di Maio-Salvini reform in 2019 (Law Decree No. 4/2019), and ii) the minor adjustments introduced by Mario Draghi's Budget Law of 2022 (Law No. 234/21).

The former consisted of two innovations: the 'citizenship' and the 'quota 100' pensions.[6] The citizenship pension (*Pensione di cittadinanza*) was introduced by the M5S as a complement to the new minimum income scheme (the already-mentioned RdC), with which it shares several features and flaws. The anti-poverty measure is a means-tested benefit for people aged 67 and above who have resided in Italy for at least 10 years and who earn less than EUR 9,360 in annual equivalised income. The individual monthly benefit was EUR 630, plus EUR 150 for housing.

More important for the pensions section is the early retirement 'quota 100', which drew criticism from the European Commission, contributed to a spike in the spread between Italian and German bond yields, was later revised by the Draghi government, but, at the same time, helped Salvini's Lega to its best electoral result during the EP elections in 2019.

'Quota 100' was a pilot measure lasting three years (2019-21), available to private and public sector employees starting from, respectively, April and August 2019. People aged at least 62 and having 38 years of contributions[7] were allowed to retire before reaching both the legislated pensionable age and the contributory period for early retirement. Pension payments begin three months after the criteria are met (six months for public employees). Unlike the standard pensionable age, the 'quota 100' requirement is not linked to changes in life expectancy. The early retirement scheme does not involve a reduction in benefits or require occupational hardship criteria to be met. A minimal disincentive is the prohibition of earning additional income from work worth EUR 5,000 per year or more – implying the re-emergence of a social insurance principle in fashion between 1980-2000, i.e., the attempt to restrain early retirement by means of introducing incentives and disincentives (Jessoula, 2009). Public employees get a (small) additional perk: severance payments continue to be made in accordance with the seniority requisites of pre-existing legislation, as if the retiree were still employed.

'Quota 100' legislation fulfilled one of the electoral promises that were inserted in the Lega's 2018 electoral manifesto, whose main aim, among others, was to partly cancel the begrudged 2011 Fornero pension reform, which eliminated several early exit options. 'Quota 100' was designed by Lega deputy labour minister Claudio Durigon, previously deputy general secretary of the right-wing trade union UGL (*Unione Generale del Lavoro*). The union had entered a close alliance with the Lega in 2018, thus providing some labour support to a party often siding with business organisations. Apart from this input, the policy's adoption was not done in concert with social partners.

As detailed by Brambilla and Gazzoli (2020) both the initial cost and take-up were lower than those predicted by the parliamentary budgetary office. Whereas Alfonso and Bulfone (2019: 248) described potential claimants as *'male workers from Northern regions like Lombardy, Veneto, Piedmont and Emilia-Romagna who started working early*

[6] Other measures not dealt with in this article were: i) the suspension, until 2027, of the automatic linkage of the contributory years for early retirement to changes in life expectancy, fixed at 42 years 10 months for men and 41 years and 10 months for women; ii) confirmation of the 'woman's option' pension, which allows early retirement for women who choose a purely notional defined contributions (NDC) pension calculation formula; iii) extension of the 'social APE' (*anticipo pensionistico*) pension. The latter two were extended through the Budget Law for 2022 until the end of 2022.

[7] Given the stipulation of two minimum thresholds, this is not a 'quota' in the sense of a share whose value can be obtained using diverse combinations of age and seniority. It is just a name given to the sum of two minimum thresholds.

with a stable contract', actual claimants were concentrated among public sector employees in the southern regions. As with many other social policy measures of the yellow-green Conte I government, this measure favoured male over female workers (Meardi and Guardiancich, 2022). The Lega almost doubled its vote at the 2019 EP elections and, unsurprisingly, its rise in popularity was primarily in the south and among public employees (Ipsos, 2019).

Without entering into excessive detail, the reversal of the Fornero pension reforms attracted the ire of the European Commission, which, rather laconically, included among its Country-Specific Recommendations for 2019 and 2020, which have to be fulfilled within the subsequent NRRP drafted in 2021, the need to fully implement past pension reforms (Domorenok and Guardiancich, 2022). Additionally, the huge budget overruns, partly imputable to 'quota 100' and the citizenship pension, led to a rise in sovereign bond yields, as predicted by the theory (see Guardiancich and Guidi, 2022).

In order to partially backtrack, the Budget Law of 2022 under premier Mario Draghi, replaced 'quota 100' with 'quota 102', a slightly more restrictive early exit option, which allows retirement to workers who fulfil combined contributory (38 years) and age (64 years) requirements. 'Quota 102' was in force until the end of 2022. If it keeps being renewed alongside the other derogation to the Fornero pension reforms it may generate additional pension spending worth 0.23 per cent of Italian GDP annually until the year 2034 (Ragioneria generale dello stato, 2022: 83).

5. Conclusions and discussion

In this article, we analysed the policy trajectory of the Italian welfare state during the turbulent XVIII parliamentary term, through a careful investigation of social policy reforms in three crucial policy fields: family, pensions, labour market and anti-poverty policies. Although in some respects one may argue that in the course of the legislature labour and income support policies turned to more traditional tracks, the legislature brought about the introduction of a minimum income scheme (the RdC), finally overcoming one of the main weaknesses of the Italian welfare state, the lack of a safety net guaranteeing income protection to all poor (Italian) individuals. Equally relevant, a neat expansion occurred in another traditionally neglected policy field, family policy, in particular through the introduction of the Single Universal Allowance. Further, with the launch of the Italian National Recovery and Resilience Plan and the setting of essential levels of provisions, significant investments were made in social – and in particular childcare – services, which should allow reaching, in the medium term, a coverage rate closer to the European average. As expected, less incisive reforms were adopted in pensions and labour market fields. As to the latter, the Italian labour market is still heavily affected by low employment levels, stagnating wages, and the high incidence of atypical work. In the pension field, reinstated early exit options have been criticized by European institutions for being contrary to the efforts to modernize and slim down the Italian retirement system.

Overall, the analysis of welfare developments in the three major policy fields during the XVIII parliamentary term thus shows a rather mixed picture, where highly exceptional contextual conditions and political configurations made it possible to adopt reforms resting on heterogenous ideological and normative bases. Against such a backdrop, three main considerations can be made. First, after a decade mainly characterized

by retrenchment, during the latter legislature expansion occurred in all three social policy areas considered here. However, and second, in terms of distributive profiles and outcomes, the reforms had very different implications. If in the field of pensions, 'quota 100' strengthened the traditional approach to welfare, prioritizing pensions by means of well-established insider-biased policies, in the areas of family and anti-poverty policies, instead, the AUU and, most notably, the RdC, have a clearly redistributive impact in favour of disadvantaged groups, and strengthen the protection of social risks (related to the family situation, to poverty and social exclusion) that have been long neglected. This is despite the fact that the de facto exclusion of most poor migrants from the main anti-poverty policy creates a 'new' group institutionally excluded from the Italian social protection architecture. In this respect, it is interesting to note that RdC and 'quota 100' were the two flagship initiatives of the yellow-green coalition, targeting almost opposite electoral constituencies, being almost a perfect school case of logrolling. Third, and finally, as regards functional recalibration, looking at spending commitments, it is possible to point out how the investment in pensions, although targeting a restricted social clientele, could count on an overall allocation of over EUR 30 billion in the 2019-2022 period, comparable to the outlays estimated for RdC and the additional resources allocated to AUU. The net impact of the recalibration across welfare functions is therefore limited.

In sum, from a theoretical point of view, our historical-institutionalist conjectures are by and large vindicated. Path-departing reforms, largely conforming to Bonoli's (2012) affordable credit claiming, have been enacted in less costly and institutionalized policy fields, where there was the potential to expand social protection onto previously neglected (and politically weak or dispersed) constituencies (the poor, families, etc.). Yet, quite surprisingly, Italian governments pursued 'affordable credit claiming' strategies also in the retirement field, through the marginal (and catering to specific constituencies) expansion of pension rights. As expected, the potential to either further retrench or embark on a comprehensive reform path in the pension field was radically reduced, on the one hand, by deeply entrenched interests and constituencies and, on the other hand, due to budgetary and external political constraints.

One may argue that to the surprise of many, despite heterogeneous and unstable political configurations with assorted majorities and short-lived governments and lacking an overarching reform plan, welfare reforms during the XVIII parliamentary term broadly contributed to a recalibration of the Italian welfare state in both functional and distributive terms, thanks to the adoption of structural reforms in the anti-poverty field and in family policy, and the increase in expenditure in services (in childcare, active labour market policies, etc.). Yet, not all the reforms introduced in the last legislature went in the direction of making the Italian welfare state more sustainable and equitable, and the traditional distributive and functional distortions were not fully overcome. Moreover, it is debatable whether with this legislature Italy structurally embarked on a reform path leading to the recalibration of its welfare system. Rather, the reforms promised and included in the Budget Law for 2023 in the pension and in the anti-poverty fields, along with multiple problems in the implementation of the National Recovery and Resilience Plan at the local level, may signal a return to the traditional Italian welfare model.

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