

The Third Sector in Italy

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A. DEFINITION OF THE THIRD SECTOR

The phrase 'third sector' covers 'the whole of that variegated archipelago of organisations which, although private in character along the lines of business companies, are different from them because of their declared non-profit making purpose' (Tubaro, 2001, p. 313). The activity of these organisations, given that their aim is not to make a profit, is directed towards social and economic ends. One could, therefore, define the third sector in a more effective way as being 'that set of formally established private bodies that engage in productive activity (usually involving health care, educational, care, recreational, cultural etc. services) with the aim of serving in the best way possible the specific need of a category of users, rather than with the goal of producing a dividend or profit' (Barbetta, 1996, p. 6). The term 'non-profit making' in the proper sense of the phrase captures the distinctive character of the organisations of the third sector as economic actors but it is not on its own adequate and sufficient to take into account the specific features of this sector both because it tends to end up with a 'rigidly economistic definition of a whole variegated magma of initiatives generated by personal and social motives which at their outset had little to do with business' (Tubaro, *ibidem*), and because not making a profit in itself does not in the least guarantee the social purposes or the public utility of the services that are offered. From this point of view, it is necessary to broaden the characteristics of the third sector by connecting it to the dynamics of that intermediate space of society which is located between the state and the market – civil society – in order to identify the non-profit making dimension as being 'social private' or as being that set of 'systems of action' which are autonomous in the defining and management of their own objectives and in establishing the rules by which to achieve them, and which can also be organised in the form of a 'firm' (Donati, 1996). In placing emphasis more on the characteristics of the supply of the third sector than on its needs and on the social demand to which it tends to respond, Donati identifies the specific features of the third sector as being the production of 'social goods' and the ability to promote a cultural orientation directed towards the improvement of human relationships and social co-existence based on solidarity. A good is relational when it cannot be created or enjoyed in an individual way, that is to say when both its production and its use are the result of the relationship that different subjects construct by coming together around an interest or a need (Donati, *ibidem*). Beginning with these considerations, one can understand in a more effective way the link that exists between a non-profit making organisation and social goals: 'although, in fact, it is not the character of being non-profit making that necessarily guarantees the goals of collective interest and the effectiveness of a service carried into effect by an organisation of the third sector; in truth, the relationship is the opposite: given certain collective goals, the organisational and legal profile of a

non-profit making organisation allows a realisation of that organisation which is notably effective and which most of the time is in line with its initial objectives' (Ranci, 1999, pp. 23-24).

Despite the great intricacy and complexity of the activities of the third sector which take place in the various domains of civil society (here one goes from cultural and recreational associations to helping drug-addicts, and from health care to tourism), it is nonetheless possible to identify the privileged areas of action as being those involving social assistance, health care and education. It should also be noted that a low level of functional specialisation corresponds to a rather high level of sectoral specialisation (Barbetta, 1996).

Given the high differentiation of the organisational and juridical forms involved, it is not possible to provide a unitary definition of the organisations of the third sector. Nevertheless, it is possible to provide a typology:

- *PIACs* (public institutions of assistance and charity). These have a distinctly relevant role above all else in the health care and hospital domains. They are defined by an ambivalent juridical status which combines elements of a private nature and elements of a public nature. Their establishment at the level of legislation goes back to a law of 1890 – the 'Crispi Law on Charitable Works' – which imposed a legal nature on all the private and religious institutions providing assistance. The aim of this law was to create instruments of control and a homogeneous discipline for charitable activity of public interest. The most recent legislative measures in this field have been marked by the tendency to acknowledge the private nature of these PIACs;
- *Recognised private bodies* (in this case as well we are dealing with bodies of a semi-public character). These bodies have a primarily operational character, and to them belong;
- *Ecclesiastical institutions*. These are private religious bodies that are recognised at a civil level because they engage in activity of public interest in favour of lay people as well. Their legal recognition allows autonomy with regard to their assets but creates constraints as regards modifications of their statutes and systems of donations;
- *National associations for special categories* (for the blind, for the deaf and dumb, for war and civilian invalids etc.). These associations perform the role of legal representation;

- *Associations* such as the Red Cross, the Italian Touring Club, and the Italian Alpine Club which are recognised as public entities because of their aims of a collective interest;
- A *foundation* is a body based upon assets provided by one or two donors and invested in such a way that the returns obtained can finance specific types of initiatives that have a purpose of public utility. The institutional purposes of these foundations can be of a charitable, care, socio-health care, recreational, cultural or research character. This excludes a profit-making purpose and takes the practical form of meeting the needs of specific categories of subjects who are different from the founder. A special category belonging to this group is that of banking foundations. This category was established by law n. 218 of 1990 which handed over credit functions to limited liability companies and entrusted to foundations the pursuit of goals of a social or cultural character. The banking foundations play a very important role in support for the activities of the organisations of the third sector.

The recognised private bodies and the PIACs are the most traditional forms of the third sector in Italy, together with the associations dedicated to representation of a political and trade union character.

- *Voluntary work organisations.* Most of the voluntary work organisations carry out their activity in the sector of the production of social services, but their presence in the health care and environmental sector is also strong. They are also relevant in the cultural, recreational and sports fields. This is the component of the third sector that has undergone the greatest quantitative development and has obtained the greatest recognition at a political-legislative level. According to the Italian Foundation for Voluntary Work (FIVOL) 11,000 organisations exist which offer ‘primary’ and complementary services. They are markedly widespread throughout the country;
- *Social co-operatives.* On the basis of the new legislation on social co-operation which makes a distinction between co-operatives engaged in production and co-operatives concerned with work, these bodies can be of two kinds: a) those that provide (health care, social, and educational) services, and b) those that are dedicated to the insertion into the world of work of disadvantaged people.

B) THE NATIONAL SCENARIO

1. THE ORIGINS AND EVOLUTION OF THE THIRD SECTOR

The presence of non-profit making charity and care providing organisations was already to be found in imperial Rome, and during the medieval period in Italy there was a flowering of a series of experiences, such as charities and brotherhoods, which are in part still present today in the form of PIACs.

The modern evolution of non-profit making organisations is characterised by three fundamental historical stages:

1. The first stage went from the middle of the nineteenth century until the 1960s. During this period the increase in the functions of the welfare state acted both to limit and to control the influence of the Catholic Church through the transformation of charitable works into public institutions of assistance and charity, and to fully integrate the working classes into the state through special policies. This stage was characterised by large-scale and discretionary public support for organisations which were neither public nor private in character, and which were defined as 'private bodies of public interest'. These were organisations that were non-profit making and took two forms: on the one hand, there were the ecclesiastical institutions whose activity was inspired by a 'moral duty' to engage in charity and assistance, and on the other hand there were the national associations of a particular category which engaged in the defence of the interests of specific groups of subjects. Together with the trade union organisations, these associations 'had a function of a corporatist kind in our country...which constituted a major obstruction to the creation of a system of social protection based upon universalistic principles' (Ranci, 1999, p. 160), by, for example, making enrolment necessary for anyone who wanted to obtain the provision of public aid.
2. The second stage, which began in the 1970s, was closely connected, on the one hand, with the expansion of the welfare system, with increased legislation in this sphere and the trend towards the absorption of private organisations by the public system, and on the other hand, with the crisis of the 'Fordist paradigm' which brought out the inadequate character of basing the universalism of the policies of the welfare state on the social figure of the permanent employee and which sought to offer standardised services to meet elementary and 'mass' needs. This crisis affected not only Italy but Western society as a whole and

involved politics being understood as institutional representation, on the one hand, and the action of protest expressed by social movements, on the other. It also led to a profound cultural modification marked by the 'death of ideologies'. It was precisely this political-cultural transformation which favoured the birth of associations promoted both by subjects from the local religious communities - which, however, tended to engage in action that was autonomous in relation to the ecclesiastical hierarchies - and by subjects who had come out of the experience of the social movements and who transformed political objectives which sought an overall transformation into more concrete forms of action designed to transform the social conditions of daily life and into attempts to increase the rights of the citizenry. The significance of the action of these new subjects was to be found in the overcoming of the assistance approach, which had characterised the origins of philanthropy, and a commitment to the struggle against marginalisation: in practice, the more the public universalistic tendency to acknowledge the rights subjects grew, the more the subjects of the third sector mobilised to defend the subjects excluded from the benefits of the welfare state. It should be emphasised, from this point of view, that in Italy today an effective set of policies designed to deal with social exclusion and poverty does not exist. This is because the Italian welfare system is characterised by the tendency to 'guarantee' those who leave the system of rights more than those who do not manage to enter it. The third sector, from this point of view, although it has not developed in open opposition to the welfare state, nonetheless does reveal its limits.

3. One can affirm that during the 1980s this pioneering stage came to an end and that another stage involving the transformation of the organisations of the third sector began. With regard to welfare policies, the need became clear to reduce the levels of expansion of public expenditure and to review the overall approach of the welfare state, an approach which was characterised by non-transparent features that generated waste and forms of inefficiency, favouritism and complicity (one need only think here, for example, of the case involving the PIAC, the Pio Albergo Trivulzio, which began in 1992 - that season of judicial inquiries afterwards known as 'clean hands'). The social work carried out by non-profit making organisations displayed greater efficiency than the state, a more precise identification of needs accompanied by a more flexible offer of services, and this in turn involved a less *residual* characterisation of its role in comparison with welfare policies. The modification in the meaning and the goals of social work involved, on the one hand, an enlargement of its sphere of activities which tended to include, in addition to socio-health care assistance, services of a more professional and specialised kind, and on the other, a necessary

transformation at an organisational level because the traditional approach of philanthropic organisations was too centralistic and rigid. There thus took place in the context of the 'voluntary work' sector the emergence of increasingly less informal associations which were real and authentic companies and characterised by autonomy and flexibility - elements that were required for experimentation, innovation and direct participation - as well as an increasing professionalisation of human resources. During these years, which were of crucial importance for welfare policies, the third sector saw its role as an active partner in the planning and implementation of public policies recognised. First and foremost what happened was that the ability of voluntary work groups to meet emerging social needs in an efficient way, as well as their competence in identifying 'invisible' needs in the workings of the welfare state, came to be recognised.

4. The last decade has been marked by a further transformation in the role of the third sector in the sense that it has had an increasing high profile, a process encouraged by the evident weakening in the mediations of the Church and the political parties and the emergence of new social problems -for example, AIDS. The contemporary situation is characterised by a strong interdependence between the state and the third sector as regards a supply of services which is marked by the absence of a net distinction of roles and spheres of competence and by low levels of co-operation - a state of affairs which leaves non-profit making associations strongly suited to the management of services but only involved to a small degree in the decision-making process affecting public policies. This interdependence seems, therefore, to be characterised by a progressive shifting of public responsibilities(1) in the area of the social private domain, which is exposed by its very nature to discretionary considerations and forms of local favouritism and controlled to a small extent by the public administration. The principal consequence of this configuration of the relations between the public and the private negatively affects the possibility of growth in the competitiveness and the innovative capacity of many non-profit making organisations, which thereby lose an incentive to develop and advance (D. Da Empoli and G. Muraro, 1997).

2. THE ECONOMIC RELEVANCE OF THE THIRD SECTOR

On the basis of the first census of non-profit making organisations which was carried out by ISTAT (ISTAT, 2001) in 1999, the active non-profit making institutions were 221,412 in number and had an income of 73,000 milliard (almost thirty-eight million Euros), and an expenditure of 69,000 milliard (about thirty-five million Euros). About a half of these institutions were located in

North Italy and two-thirds largely worked in the sector of culture, sport and recreation. In 55% of cases these were 'young' institutions, that is to say institutions which had come into existence over the last decade.

The number of employees in the third sector

In 1999 there were 630,000 paid employees in non-profit making institutions. Such institutions also drew upon 3.2 million voluntary workers, ninety-six thousand members of religious orders and twenty-eight thousand conscientious objectors. It should also be emphasised that there was a very strict relationship between the availability of economic resources and the kinds of human resources employed: the higher the level of income, the greater the employment of paid workers.

Employers by Category of Organisation: 1999						
<i>Legal category</i>	<i>Employees</i>	<i>Outside workers</i>	<i>Co-ordinated and continuous workers</i>	<i>Voluntary</i>	<i>Religious</i>	<i>Conscientious objectors</i>
Recognised associations	116,553	3,523	22,745	1,107,531	27,018	14,365
Foundations	50,674	1,138	4,333	63,226	1,372	834
Social co-operatives	121,894	871	7,558	19,119	560	2,995
Non-recognised associations	102,423	9,938	39,378	1,931,550	36,432	6,779
Committees	767	46	1,000	38,750	287	194
Other types	139,615	2,030	4,926	61,009	30,379	2,621
Total	531,926	17,546	79,940	3,221,185	96,048	27,788

Source: ISTAT, 3 August 2001

Activities engaged in

About two-thirds (63.4%) of non-profit making institutions worked in the main in the sector of culture, sport and recreation. Within this sector, sports activities were those engaged in by the highest number of institutions (25.7% and 56,955 bodies), followed by recreational activities and

activities involving socialisation (19.4% and 42,884 bodies), and cultural and artistic activities (18.3% and 40,553 bodies). The number of institutions that in the main engaged in other activities such as trade union relations and the representation of interests (7.1% and 15,651 bodies), services involving social assistance (6.6% and 14,621 bodies), other health care services (3.7% and 8,234 bodies), the defence of rights and political activity (3.1% and 6,842 bodies), activities involving religious promotion and formation (2.7% and 5,903 bodies), and primary and secondary education (2.3% and 5,153 bodies), was much lower. The other types of activity covered by the classification were principally engaged in by less than 2% of these institutions for each category.

61.5% of the institutions declared that they worked in only one sector of activity. This percentage rose to 68.6% in the case of institutions that engaged in activities involving religious formation and promotion, to 64.2% in the case of those active in culture, sport and recreation, and to 63.2% in the case of institutions operating in the health care sector. A diversification as regards their sectors of activity characterised 38.5% of the institutions. Bodies that carried out two or three kinds of activity, that is to say 30.5% of the institutions, were more concentrated in the sector of activities in large part concerned with the defence of the environment (40.7%), economic development and social cohesion (39.3%), and co-operation and international solidarity (38.2%). Lastly, the institutions that had the greatest diversification in their activities (that is to say more than three kinds of activity) – 8.0% at a national level – were more often present in the sectors of activity in the main dedicated to philanthropy and the promotion of voluntary work (23.1%), co-operation and international solidarity (19.1%), and economic development and social cohesion (18.3%).

The economic dimensions

Taking into account both available and utilised resources, the universe of non-profit making organisations is to a very great extent made up of small-size bodies. Despite the fact that the average level of income and expenditure exceeded 300 million Italian lire, over a half of these institutions can be located at levels lower than thirty million in income and expenditure taken together; almost a third were to placed in the band of income (and expenditure) ranging between thirty and two hundred and fifty million, and about 5% in the band ranging between two hundred and fifty and five hundred million. Lastly, less than one institution in ten had an income and expenditure higher than five hundred million. In this way, 9.0% of the institutions (those belonging to the band of income higher than five hundred million) had 88.3% of the global sum, whereas the remaining 91.0% had just 11.7%.

Significant differences were also to found in the distribution of the non-profit making institutions according to classes of income and principal forms of activity. Income levels (and thus expenditure levels) above two hundred and fifty million were mostly to be found amongst the institutions active in the main in the sectors of other kinds of activity (42.0%), trade union relations and the representation of interests (36.9%), education and research (35.9%), economic development and social cohesion (33.1%), social assistance (28.05), and co-operation and international solidarity (24.4%). In contrary fashion, the number of institutions with income levels lower than two hundred and fifty million tended to be significantly higher than the number of those calculated on the basis of the total of bodies observed (85.6%) in the sectors of activity mainly dedicated to culture, sport and recreation (93.0%), and the environment (92.1%).

Funding: an analysis

Non-profit making institutions were financed in 87.1% of cases by funds that in the main were private in origin, and the remaining 12.9% were largely financed from public sources.

As regards the legal status of institutions, the prevalence of their use of private funding, measured at an overall level, was greater in the case of non-recognised associations: 90.4% of non-profit making institutions which had adopted this form of legal status declared that they were financed in the main from private sources. A contrasting situation was to be found in the case of social co-operatives – in 58.8% of cases they were financed from sources that were mainly public in character.

In the case of the sector of principal activity as well, most of the institutions of each sector were financed principally from funds from private sources. In particular, notable numbers of institutions largely financed from private sources were recorded in the sectors of religious promotion and formation (+ 10.1 percentage points as compared to the national level), trade union relations and the representation of interests (+ 10.0), the defence of rights and political activity (+ 6.5), philanthropy and the promotion of voluntary work (+ 3.9), and culture, sport and recreation (+ 3.2). In contrary fashion, the numbers of institutions largely funded from the private sector at levels inferior to the general level were recorded for the sectors of health care (- 27.0 percentage points compared to the national level), social assistance and economic development and social cohesion (- 13.5 percentage points in both cases), the environment (- 12.9), and education and research (- 7.2).

3.LEGISLATION GOVERNING THE THIRD SECTOR

In relation to the third sector, it should be observed that there is no overall and unified approach within the Italian legal system to the organisations belonging to the third sector and the norms that define these organisations can be identified at different levels, beginning with the Constitution, where intermediary social formations (art. 2) and freedom of association (art. 18) are recognised, in the same way as the relations between Church and state, as well as the ecclesiastical status of the civilly recognised ecclesiastical bodies, are also defined. There is also the Civil Code in which private non-profit making bodies are endowed with the status of 'legal person'. Here one is referring to associations, foundations etc.

The 1990s witnessed an important legislative attempt to secure an improvement in the definition of the components of the third sector, a more suitable fiscal regulation, and a greater transparency in the relations between the non-profit making sector and the public administration. The principal legislative measures in this sphere were the following:

- **The Consolidating Act (Law n. 266/1991).** This law is the reference for point for voluntary work because it recognised its social value. It established the characteristics of the activity of voluntary work, seeing it as 'provided in a personal, spontaneous, and freely given way, through the organisation of which the voluntary worker is a part...and exclusively for the purposes of solidarity'. The non-professional character of these organisations was emphasised and they had to draw in large measure on voluntary work. In addition, public funding was confined to 'specific and documented activities or projects'. This law also established the regulations governing these organisations as well as the fiscal advantages they were to receive, and obliged them to provide for the insurance and social security coverage of their voluntary workers;
- **The regulation of social co-operatives (Law n. 381/1991).** This law defined the goals of such bodies and laid down the ways in which they should be created by providing indications regarding the nature of these business undertakings. In the definition provided in article 1 – 'Social co-operatives have the task of pursuing the general interest of the community in the human promotion and social integration of citizens' – we already encounter a new kind of business undertaking – the social business – which has a sort of mirror image between goals and constraints/opportunities as compared to the conventional firm. For this last, the goal is economic growth in conditions of satisfactory earnings, whereas meeting the requests of the various social interlocutors (workers, partners, the local

community, the defence of the environment etc.) is the pre-condition of, and the way of, achieving this goal over time. *Vice versa*, the aim of a social co-operative is the pursuit of the general interest of the community, respecting the criteria of economic rationality and the efficient use of all the resources available. This law thus introduced a 'subject *sui generis*' of a public and private nature – public as regards goals and private as regards organisational form. 'The general interest' is bestowed by the human promotion and social integration of citizens, and thus there is no reference to categories of subjects in particular or to specific needs, but to the need for every man and woman to fulfil himself or herself as an individual and to become integrated into society;

- **The regulation of non-profit making organisations of social utility (Legislative decree n. 460/1997).** This regulation sought to unify (quite apart from the legal forms employed) the tax status of non-profit making organisations and non-commercial bodies on the basis of the principle of the non-taxation of the profits obtained from business activity carried out in conformity with the institutional goals of non-profit making bodies. Although this measure did not create a new legal figure, it should be noted that many subjects of the non-profit making sector are by law non-profit making organisations of social utility (such as social co-operatives, associations, non-governmental organisations etc.) and thus this tax regime is automatically extended to them as well.

4. INSTITUTIONAL SECTORS RELEVANT TO THE THIRD SECTOR

A more recent law bears upon the relationship between public bodies and the third sector: the **Consolidating Act for the creation of an integrated system of social policies and services (Law n. 328/2000)**. This law accepted and expressed the principle of subsidiarity and understood it in a broad sense both as regards the relations between public bodies themselves and between such bodies and the subjects of the third sector. In addition to the objectives and general goals that should be pursued by the integrated system of policies - guaranteeing quality of life, equal opportunities, non-discrimination and the rights of citizens, the prevention and reduction of conditions of disability, need or individual or family difficulty – the law specifies in article 2, commas 4 and 5 that:

- local authorities, the regions and the state, within the sphere of their respective tasks and competence, recognise and facilitate the role of non-profit making

bodies of social utility , of bodies dedicated to co-operation, of associations and bodies involved in social promotion, of foundations and benevolence bodies, of voluntary work organisations, and of bodies recognised by religious confessions with which the state has signed pacts, agreements or understandings and which work in the sector of the planning, organisation and management of the integrated system of social policies and services;

- the management and supply of services is to be engaged in by public subjects, as well, in their capacity as active subjects in the planning and co-ordinated realisation of policies, as non-profit making bodies of social utility, bodies dedicated to co-operation, voluntary work organisations, associations and bodies engaged in social promotion, foundations, benevolence bodies and other private bodies. The integrated system of social policies and services has amongst its tasks also that of the promotion of social solidarity, accompanied by the appreciation of the initiatives of individuals, family units, and forms of self and mutual help and of organised solidarity.

In addition, article 5 expressly lays down that to ‘foster the implementation of the principle of subsidiarity, the local authorities, the regions and the state...promote actions for the support and training of subjects that work in the third sector, through training policies and measures for facilitated access to credit and the funds of the European Union as well’ (comma 1), and that ‘local authorities promote actions to foster administrative transparency and simplification as well as recourse to forms of adjudication or negotiation that allow subjects working in the third sector the full expression of their own planning activity’ (comma 2).

The integrated system envisages different tasks and responsibilities for each institutional actor:

- the state is to engage in the direction, the co-ordination and the regulation of social policies, above all as regards ‘the identification of the essential and uniform levels of services’;
- the regions are responsible for the planning, co-ordination and direction of social policies at a regional level, as well as the system of governance which integrates the measures themselves;
- the provinces are responsible for knowledge about, and the gathering of, data on the needs and available resources in the communes, and initiatives involving information;

- the communes are to dedicate themselves to the programming, planning and implementation of the local system and the indication of priorities and sectors of innovation through the co-ordination of local human and financial resources, with the involvement of the subjects of the third sector.

The method adopted for the implementation of the integrated system is that of the 'planning of measures and resources, feasibility studies of the projects, the systematic verification of the results in terms of quality and efficacy'. The various institutional levels and the subjects of the third sector 'which take part with their own resources in the implementation of the network' of services should take part through co-ordination and co-operation

The instruments adopted for the establishment of the integrated system are the National Plan, the Regional Plan, and the Zone Plan.

- The National Plan is discussed by the Council of Ministers after that body has heard the views of the relevant Ministers. It is triennial and establishes the fundamental principles of the measures involved, in particular as regards the definition of: the characteristics of the essential levels of intervention (measures to counter poverty, income support, economic support for seriously disabled people or for minors in situations of difficulty, and support for family responsibilities); the priorities of intervention; the identification of target projects; and the directions to be taken as regards innovative experiments. It also defines the modalities of implementation for the integration and the co-ordination of social measures with other public policies connected with health care, education, training and work, as well as the directions to be taken in relation to basic training and the refresher courses of personnel; and the allocation of funds.
- The Regional Plan deals with socio-health care integration and the co-ordination of policies bearing on education, professional training and work.
- The Zone Plan, which is the responsibility of the communes, involves the activation of the indications of the Regional Plan through the identification of strategic objectives, priorities, and the instruments and the means for this implementation, establishing 'the modalities for co-operation between the services of the local area and the subjects working in the sphere of social solidarity at a local level and other resources of the community' through agreements on programmes. The communes are also responsible for the authorisation and accreditation of organisations of the third sector as regards the supply of services.

To summarise, one can say that the state has to define the general principles of the planning and identification of the approaches to be used at the level of regulation for the achievement of the implementation of the system of services, whereas the regions have to deal with the rules for the implementation of the measures in their respective local areas, the putting into effect of which is the responsibility of the communes, which, respecting the dictates of the state and then the regions, are the agents which really act at a ground level.

The allocation of funds follows the same principle of decentralisation. Such funds, at a government level, are placed in the National Fund for Social Policies and subsequently distributed to the various regions, which then allocate them – drawing on their own budgets as well – to the communes of their respective local areas.

The principle of subsidiarity is thus interpreted both in the form of the decentralisation of state functions in such a way that operational decisions are taken at the level which is nearest to those who are affected, and in an organisational sense through the fostering of the autonomy of the public bodies and the organisations belonging to civil society.

C) THE WELFARE SYSTEM

As can be understood from the text of the law on the integrated system of services in Italy, the evolution of the relationships between the state and the third sector is becoming increasingly characterised by a ‘welfare mix’, defined in terms of increasing co-operation between the public administration and the third sector (Ascoli and Pasquinelli, 1993). In reality, this mixed approach oscillates between two basic paradigms, both of which are based on the principle of subsidiarity and the promotion of solidarity: ‘a new welfare model’ based upon the dominance of public control and the idea of managing to link the greatest individual freedom with the minimum of universalistic guarantees, and a ‘model of welfare pluralism’ that envisages a clear differentiation of the actors involved, who in full autonomy establish the principles by which public welfare is defined and pursued (Donati, 1996). Taking into consideration and combining the two determining variables of the relationship between the state and the third sector – the level of responsibility of the state in ensuring, on the basis of constitutional dictates, an essential level of services for all citizens, and the irreplaceable nature of the third sector – one can understand how the mixed approach does not only indicate a plurality of actors but also a plurality of organisational and relational arrangements between the third sector and the public administration (Ranci, 1999).

From this point of view, the differentiation of relationships depends upon the different sectors:

- in the **sector of health care policies**, the *joint-work model* is dominant because the hospitals managed by non-profit making bodies are recognised as being an integral part of the national health service and are thus generously financed specifically in order to respect universalistic guarantees. The sector of professional training also follows this model;
- in the **sector of education**, where the state has created a unified and homogenous system of public education, a *model of public dominance* is clearly prevalent: in this sphere the state does not depend on the non-profit making organisations for the provision of services and thus the regulation of these organisations is on a greater scale in order to guarantee equality of treatment;
- in the **sector of social services**, a *dual model* predominates, and this is characterised by a fragmentation of responsibilities in which, however, the responsibilities of the state are prevalently of a financial kind (even if we are dealing with partial funding), and by a strong presence in the supply and management of services of non-profit making organisations - especially those of a religious character;
- the *model of private predominance* prevails in the sectors of the environment, culture, sport and recreation, in which dependency of the state on bodies belonging to the third sector is at a low level (Ranci, *ibidem*).

As has already been pointed out in this paper, the presence of the third sector in Italy not only has not developed in opposition to, and in competition with, public policies, but has acquired more specifically the characteristics of a 'mutual accommodation'. The model of relations that emerges from the text of the law would seem to sanction a regime of partnership in which the state keeps its responsibilities in relation to the defining of the general principles and to the financing of services at the same time as sharing the management of such services with subjects belonging to the third sector. But the state must also guarantee a satisfactory level of services and in this task it also has the fundamental responsibility of control. The problem is that in practice the procedures of control reflect:

the historical dominance of a system of public regulation based upon direct control through uniform and homogenous rules, directed above all else to avoiding forms of discretionary behaviour. This has perversely favoured the development of a slow and inefficient public administration, which has made necessary recourse to hidden negotiations in order to overcome the formalism of procedures and the abstract principle of equal treatment for all citizens. The reality of local clientelism and favouritism that characterises the public regulation of private action in the field of welfare policies does not thus derive from insufficient

regulation but from excessive regulation, which has in paradoxical fashion increased the discretionary power of the bureaucrats and political heads who control the administrative processes, reducing at the same time the possibility of carrying out effective controls (Ranci, pp. 235-236).

This situation has had two fundamental consequences: on the one hand, in many sectors it has made public authorities dependent upon the activity engaged in within the third sector above all as regards services of a primary kind in which non-profit making organisations have a contractual advantage; on the other hand, it has provoked a low level of autonomy on the part of the third sector which, because of a low level of regulation, has organised its relationships with the public authorities in the form of personal ties when not, indeed, in the form of real and authentic expressions of political patronage. The development of 'protected markets' – informal networks of information, co-operation and exchange between political elites and the leaders of non-profit making organisations, both religious and otherwise – has prevented the third sector from playing a more incisive role in the process of the defining of welfare policies as well as in the development of greater competitiveness in the supply of services. To summarise one can affirm that:

The Italian case cannot be referred to any of the most known about conceptual models that are advanced to interpret the relationship between the state and the third sector. It cannot be placed within the liberal model because of the low level of independence of the non-profit making organisations in our country; it cannot be placed in the social-democratic model because of the weak regulation carried out by the state; and it cannot be placed, lastly, in the corporative model because of the lack of unifying values and the low level of co-ordination that exists between the sectors. The Italian case does not seem to be characterised, for that matter, by anything else than contradictory elements: a strong functional interdependence in the absence of an effective form of co-ordination; the great managerial autonomy of non-profit making organisations in the absence of a definite legal profile which distinguishes them from the sphere of state action and makes them independent of the influence of business interests; and the tendency to allocate increasing public responsibilities in the presence of a regime that is characterised by the dependency generated by political patronage and favouritism (Ranci, *ibidem*, p. 246).

D) THE TRENDS IN THE DEVELOPMENT OF THE THIRD SECTOR

The challenge involved in the relations between the third sector and the state is to be found in the increased tendency to entrust ever more public responsibilities to a sector which by its very nature cannot guarantee a standardised system of services (and which, indeed, owes its success specifically to a capacity to specify and personalise to the maximum the service involved) or the supply of services on demand based upon the claims of the rights of the citizens, precisely because the supply of its services is voluntary and not obligatory in character. Located in this trend is the

risk of a withdrawal of the responsibility of the state outside the framework of the 'essential levels' of a guaranteed defence for all citizens.

The legislative initiatives of the last decade, however, allow us to perceive: on the one hand, a clear intention to interrupt the practice of mutual accommodation both through an increasingly marked decentralisation of the decision-making processes - which is also characterised by the autonomy and competition of the local authorities of the state - and through a clearer and more transparent regulation of public bids for contracts and the increasing tendency to move from forms of special agreement to forms of accreditation; and on the other hand, a substantial modification of the traditional configuration of the function of the state, which is limiting its action to the regulation and general co-ordination of measures, rather than the defining of their contents, a process in which the third sector has showed itself to be much more competent given its proximity to the emerging problems of civil society and its capacity to understand the relevant contexts. In order to achieve a 'real mixed system' of welfare, therefore, the organisations of the third sector, although they are becoming increasingly professional and business-orientated, should be able to defend and increase their autonomy by drawing upon the meaning of their specific identity – that of being an expression of civil society.

Note

1. At the present time the third sector is entrusted with public responsibilities in co-operation with the judicial system. These involve, for example, planning rehabilitation treatment for young deviants; supporting measures of rehabilitation for drug-addicts as alternatives to prison; and providing on-going consultation on policies relating to AIDS, drugs, civil protection, blood donation etc.

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