

Capability Income: A policy proposal in the fight against poverty and social exclusion

Rosangela Lodigiani and Egidio Riva

Department of Sociology
Università Cattolica di Milano
Largo Gemelli 1
20123 Milano (Italy)
e-mail: rosangela.lodigiani@unicatt.it
e-mail: egidio.riva@unicatt.it

Summary

This paper presents, through highlighting and discussing its goals and key principles, a policy proposal – written on behalf of Caritas and presented in 2011 – to introduce in Italy, and especially in the Lombardy Region, a minimum income scheme, whose designation is Capability Income (Lodigiani and Riva, 2011). The proposal intended to be primarily a platform for useful discussion, in order to let civil society and policy makers evaluate, from a cultural, political as well as institutional perspective, the opportunity of establishing a “selective universalism” measure to fight poverty and social exclusion. Then, the paper highlights the organizational and implementation details, which are necessarily designed according to the specificity of the Lombardy welfare regime, but are surely transferrable to other models of local welfare. Above all, it discusses the rationale of the proposal, starting from the idea that the fight against poverty is “constituent”, in the true meaning of the word, as it forms not only the model of the welfare state but also of the society itself.

The Capability Income invites to give priority on the political agenda to the fight to poverty and social exclusion and to embrace an “active inclusion” strategy. It states the right to be supported against the risk of poverty and social exclusion as a real and true right of citizenship, not subjected either to political will or to a compassionate and stigmatizing reading of the poor. Then, it identifies the most appropriate response to poverty in an “enabling” approach, which intervenes on the conditions that prevent the fulfilment of life. It provides for in cash and, above all, in kind benefits, so as to guarantee anyone the opportunity to enjoy “substantial freedom”, as suggested by the “capability approach”. Indeed, the lack of income is just a part of poverty, being the capability for agency the main skill to master one’s own life. Accordingly, the Capability income aims at detecting and removing the causes of poverty and their reproduction across generations through a combined intervention of welfare, welfare to work and learnfare, in which centrality is given to social inclusion alongside labour market activation and in which education, from the early childhood, vocational training and lifelong learning are promoted as an opportunity for empowerment and not only for employability.

The paper addresses these questions and also discusses the implications of a political approach which recognizes that employment is not always sufficient to protect against poverty and which states that achievement of wealth and autonomy requires a merging of capabilities and rights; that is to say of individual responsibility and collective solidarity.

1. Introduction

Twenty years ago, the European Community Council attempted to define “common criteria concerning sufficient resources and social assistance in social protection systems” in its Recommendation 92/441/EEC. It was affirmed therein that every person has a fundamental right to receive the support necessary to live in conformity to human dignity. Accordingly, all member states, given national specificity and authority, were invited to adapt their welfare provision so as to provide the implementation of such right through a guarantee of resources and social assistance. In particular, the European Community Council explicitly indicated guaranteed minimum income as an effective means to lift people out of poverty and deliver their right to have a decent living. In the following years, while establishing an integrated strategy for the active inclusion of people excluded from the labour market, both the European Parliament and the European Commission have continued to declare themselves in favour of establishing minimum income schemes in Member States, as part of consistent and comprehensive efforts to fight poverty and social exclusion and to boost reintegration into society. As a result, despite the non-mandatory nature of European soft law, in most EU countries there are different schemes of minimum income or income support aimed at promoting the socioeconomic inclusion of people experiencing poverty.

Italy is one of the last two countries in Europe without some general minimum income schemes at national level for those who are not eligible for social insurance payments or have no other means of financial support. There are, instead, several fragmented and partial anti-poverty measures which are limited to some specific social categories. They do not succeed in covering the people in need with adequate support, especially the new profiles of risk (labour market entrants, lone-parent households, immigrants). At the same time, as they are not linked to any active inclusion policy or strategy, they are largely ineffective, given that the proportion of persons removed from the risk of poverty as a result of social transfers is not significant at all (European Commission, 2010).

The above quoted Recommendation 92/441/EEC did inspire the introduction, in 1998, of a minimum income scheme (Reddito Minimo di Inserimento). However, after a few years, what was meant to be an early experimentation awaiting to be introduced nationwide was cancelled and not resumed ever since. Some local and regional initiatives have been carried out (Strati 2009), but they haven't succeed so far in stimulating national welfare state reform towards the provision of adequate income support and a more effective tackling of poverty and social exclusion. Anyway, as the national level has transferred legislative functions in the policy field of social services to either Regions or local authorities, there is still some room for substantial and innovative initiative at local level, which could be eventually transferred at the national level.

In this framework and under the 2010 European Year for Combating Poverty and Social Exclusion initiative, Caritas stressed its commitment to fighting poverty and social exclusion. In particular, it intended to raise awareness about the right of people experiencing poverty and social exclusion to live in dignity and called for collective responsibility to be unveiled in ensuring a decent live to all those who lack sufficient resources. Then, it not only launched and endorsed a campaign named “Zero poverty” throughout Europe, but it also commissioned a study so as to stimulate public discussion about measures and policies ensuring effective economic and social cohesion as well as to contribute actively to the policy-making process. The result was a policy proposal to introduce in Italy, and especially in the Lombardy Region, a minimum income scheme, whose designation is

Capability Income (Lodigiani and Riva, 2011). The policy proposal intended to be primarily a platform for useful discussion, in order to let civil society and policy makers evaluate, from a cultural, political as well as institutional perspective, the opportunity of establishing a “selective universalism” measure to fight poverty and social exclusion. It aimed at boosting social and political innovation, while offering a framework for debate (not all the parameters are set) and action to all the stakeholders concerned, especially in times when budget constraints are often used as a justification for non-action.

This paper presents the Capability Income proposal in its main features and also discusses the implications of the underlying cultural and political justification. In details, the first section highlights the rationale and the main guidelines of the Capability Income. The second session shows the organizational and implementation details of the measure, which are necessarily designed according to the specificity of the Lombardy welfare regime, but are surely transferrable to other models of local welfare. The third session focuses on the importance of this minimum income scheme at both individual and institutional level. The paper ends with concluding remarks.

1. The Capability Income: rationale and guidelines

International comparison shows that, reflecting deeply rooted cultural and political traditions, minimum income schemes vary to a big extent across, and sometimes within, countries. The variety is found as regards basic principles and objectives, eligibility criteria, conditionality rules, the nature and value of the benefits, interaction with other social protection or labour market policies and other main characteristics (Frazer and Marlier 2009).

In the existing clustering of national, regional and local social assistance schemes, the Capability Income is characterized by specific and somehow pioneering features. These features are designed according to the specificity of the Lombardy welfare regime, but they are surely transferrable to other models of local welfare. Briefly, the Capability Income:

- is designed as a non-categorical scheme for all the members of the local community experiencing poverty and social exclusion;
- combines income support with a link to the labour market and access to quality services in a comprehensive active inclusion strategy. Indeed, while establishing an integrated strategy made up of coordinated social protection and employment measures, it envisages the objective of taking claimants off welfare dependency, as proposed by welfare-to-work policies, with a view to promote the full and active participation of all in society. That means, following the EU perspective, the incorporation into sustainable and quality employment for the person capable of working and the provision of minimum standard of living and support for social participation for those who cannot work;
- recognizes individual right to decent living, self-determination and self-fulfilment and contributes to the process of capability building through overall empowerment. Actually, it intends to mobilise and further develop personal skills and resources, since the income support is considered as an necessary but not sufficient means in the struggle against poverty;
- asserts that the pathway to decent living and full citizenship requires to combine individual responsibility and collective solidarity, personal skills and willingness and rights. Accordingly, the concept of personal autonomy at the basis of its design is closely related to that of agency,

namely to the idea of an actor who is able to act freely and responsibly. In this respect, the same principles of agency and activation are also referred to all social partners, local authorities, NGOs and the private sector, which have to play an active role in combating poverty and inequalities through various actions: developing, implementing, evaluating strategies; promoting initiatives; providing quality services, rising public awareness on poverty and social exclusion. For these purposes, the Capability Income calls for bringing together all concerned stakeholders in partnerships to tackle poverty as well as strengthening current partnerships by involving new actors at various levels;

- promotes education, training and continuous learning as strategic opportunities for empowerment, consistent with the learnfare perspective and the social investment paradigm (Esping Andersen, 2009; Ferrera 2008; Jenson, 2004). In so doing, it reaffirms that investing in early childhood education and learning can reduce the intergenerational transmission of poverty and protect from social exclusion in the long run (Heckman, 2009).

All in all, the Capability Income is not just an income support measure in so much as it also set to strengthen the “power to act”. As we will see later more in details, it combines a monetary component with a so-called Project for social and economic inclusion, that is a personalised program made up of a comprehensive policy mix – labour market policies, housing policies, work-family reconciliation measures, education, care and childcare – expected to recover the main personal and social resources and remove the obstacles that individuals and their families encounter in living a dignified life.

The rationale of the Capability income is grounded on three background choices.

The first choice regards the option between minimum income and basic income. The two concepts are not fungible at all even if both assume the form of an individual right. Basic income, also called universal income (but the terms are not perfectly synonymous), is a universalistic measure. It is paid individually to an entire population belonging to a specific community. The delivery is unconditional; neither income/means nor employment are considered (Van Parijs and Vandeborgh, 2006). Minimum income, instead, is generally defined as minimum income for inclusion or last resort income (once again the terms are not perfectly synonymous), and it is a selective universalism measure. With this “apparent oxymoron”, the measure can be considered as universal when it comes to the beneficiaries. In other words, it isn’t limited to some categories according to employment condition, age, gender, place of residence, but it is selective when it comes to resource allocation. Minimum income measures are applied only to those subjects who are effectively in a state of poverty after their situation has been verified (Granaglia, 2008).

By opting for a minimum income scheme, the Capability Income proposal is consistent with European Parliament resolution of 20 October 2010 on the role of minimum income in combating poverty and promoting an inclusive society in Europe (2010/2039(INI)) and with other European strategic documents which seem to lean towards the introduction of guaranteed minimum income measures following the principle of selective universalism in social assistance.

Minimum guaranteed income measures have various advantages, also in harsh times. The above mentioned Resolution clearly affirms that “introducing and strengthening minimum income schemes is an important and effective way to overcome poverty by supporting social integration and access to the labour market and allowing people to have a decent living”. Besides, such schemes promote a fair redistribution of wealth, ensure solidarity and social justice and, especially

in times of economic downturn, play a counter-cyclical role by providing additional resources to sustain the demand and consumption in the internal market. Therefore, they should not be considered a cost factor but a central component in fighting the consequences of the crisis, in order that it won't be the poor to have to pay the highest price (ibidem).

The second choice has to do with the principle of "conditionality", referred not to only the poverty threshold (as requested by the criterion of the selective universalism) but to social and labour market participation. As a matter of fact, "being active" is an eligibility criterion. Incidentally, the Resolution is clear and explicitly refers to "active welfare" principles undertaken as the European Union model from Lisbon 2000 onwards. The benchmarks of that position has been already expressed in the European Commission Final Communication 639/2008 on the active inclusion of people excluded from the labour market. Since then, the Commission has taken on the objective to design and implement a comprehensive and integrated strategy for the active inclusion of those excluded from the labour market. It has identified the right mix among three pre-existing conditions, defined as the "three pillars for active inclusion": adequate income support, inclusive labour markets, and access to quality services.

It is in this framework the European Parliament resolution of 20 October 2010 has established a direct connection between founding principle of the European Union – the respect of human dignity – and the targets of full employment and social progress, the fight against social exclusion and discrimination, the promotion of justice and social protection. "The most effective ways to reduce poverty is to make the labour market accessible to all" can be read in that Resolution. As a result, job creation has turned to be the main priority for the Commission and the member states' governments, and the first step towards reducing poverty. Moreover, the Commission has clarified that if active inclusion policies facilitate labour market integration and lead to sustainable and quality employment for those who can work, it must, at the same time, guarantee sufficient resources for a decent life and support in social participation for those who are not able to work.

Almost everywhere in Europe, minimum income measures include conditionality rules that bind income support to activation in the labour market. However, the Capability Income refers to activation considering it in a broader sense, closer to its original semantic fullness. The earliest meaning of activation, as enunciated at the Lisbon summit in 2000, was multidimensional and suggested different forms of active participation, rather than just employment. Anyway, this same meaning has been overlooked to a certain extent, given the strict "neo-liberal economics vision" that has prevailed over time. The Capability Income goes back to that original meaning, in accordance with a threefold principle.

- I. Not any job is better than welfare dependency. If the job is not qualified, if it doesn't guarantee a sufficient level of income and security, if it isn't decent work, then, far from being a springboard for active social inclusion, it represents a sliding door back to a condition of need. In addition this condition may no longer be "certifiable", because it gets to be invisible and, therefore, no longer supported by welfare policies. In this respect, it is noteworthy that the European Parliament Resolution has attempted to contrast the so-called working poor risk in a particular way. It has requested that those workers who, for whatever reasons, remain below the poverty threshold, "should receive top-ups that are unconditional and easy to take up". Active welfare state sustainability rests on guaranteeing a "good" job, not any job. Job quality and income support are conditions that could lift people out of poverty, enable them

to live in dignity and to realize their potential, i.e. the foundation from which the European Union moves in calling for ineluctable minimum income schemes.

- II. There are different forms of “work activities”, i.e. many employment status and working conditions (paid and unpaid, formal and informal). Some examples are care-giving within the family, informal jobs, civic engagement and service, volunteering, education and lifelong learning (Supiot, 2003). Much has been written about this topic (Castel, 2004; Beck, 2000; Paci, 2005), but little has been accomplished regarding an effective recognition, both legal and cultural, of those status and conditions. The opposite of this prospective is that which is defined as the “orthodox” vision of welfare-to-work policies. Such work-centred and merely economic vision embodies in the workfare approach, where activation coincides with employment. Employment is considered “a moral and civic imperative” and a “social control” function is assigned to it. The beneficiary either accepts the job he has been offered, whatever it might be, or loses eligibility to subsidies. In this way, activation is “forced” (Van Berkel and Moller, 2002). We may overcome the “orthodox” vision by broadening our vision of work. Considering different working status and conditions allows for a more extended base for social recognition, where activation policies and minimum income measures can grow. We have examples of activation outside of the labour market, when individuals carry out civic engagement and service in accordance with their possibilities and capabilities. So “reflexive” vision of activation (a person-centred activation) emerges. It includes the orthodox vision and therefore goes beyond it. The “reflexive” (person-oriented) vision gives importance to the initiative of the beneficiaries, their “expertise” about the conditions of their own life, their preferences or desires, their capacity to express their point of view and have it respected when applied to their activation. As such, inclusion is reached through participation (Van Berkel, 2002; Van Berkel and Moller, 2002). By broadening this view, the principle of the active welfare state is saved, but paid employment gets to be one of the various ways to achieve well-being (Pizzolato, 2004) in a “multi-active society” (Beck, 2000).
- III. Such an inclusion strategy requires that social and employment services know how to apply reflexive (person-oriented) practices that comprise negotiation and mutual learning. They have to understand that individual with their social condition, desires, motivation, and identity are where intervention begins (Van Berkel, 2002). Using the categories provided by the Nobel Prize economist Amartya Sen (2000): we need services and practices that are oriented in developing the subject’s capabilities and fundamental freedom to follow his own objectives in self-realization and personal well-being. We need services and practices that provide resources and create conditions which can translate capability and freedom into concrete and responsible action. We need services that allow the recipients to become co-authors of the policies, because they have the right and the ability to express their own point of view and make themselves heard in the policy-making process (capability for voice).

The third choice has to do with the just mentioned concept of capability for voice. The capability for voice has not to be understood only as an individual need. Rather, it needs to be extended to groups, organizations and institutions which can put it into effect. As it is emphasized, once again, in the European Parliament Resolution of 20 October 2010, “it must be ensured that people experiencing poverty and their representative organisations are made stakeholders”. Indeed, favouring the capability of voice implies promoting a dialogue with organizations representing people in need and their networks. Furthermore, it can be read on the same Resolution, they

should be provided with financial or other resources and adequate support, in order to “enable them to participate in the preparation, application and monitoring of policies, measures and indicators at European, national, regional and local levels”.

In this perspective, even education and training, or better, lifelong learning, are crucial. This is true when lifelong learning represents a genuine opportunity for personal and professional growth. It is not by chance that the European Union recognizes access to lifelong learning either as a right or a means or even more radically as a requisite for citizenship (active citizenship, of course). Lifelong learning therefore becomes one of the pillars of the active welfare approach and can be redefined as “learnfare” (Lodigiani, 2008). Learnfare is an activating protection system that integrates with workfare without replacing it. The priority of learnfare is the individual right to learn for the entire life, as it identifies permanent education and training as a decisive factor for inclusion, activation, and empowerment. For this reason, equal opportunities for quality learning must be developed, and it is necessary to develop conditions that permit everybody to enjoy this right. Formal recognition, although essential, is not the only problem, nor does the fruition of the right depend exclusively on the availability of adequate training conditions. Individuals should be in a condition to take advantage of learning, given circumstances or their background (suffice to think about how much age or employment or family condition might be influential). They must also be able to recognize the value of their investment. To achieve these objectives, multiple actions are needed. For example: educational leaves, financial support (scholarship and grants), learning opportunities for all ages, with particular attention to children, so that they may “learn to learn” from the beginning of their life. One of the most innovative learnfare policies has to do with binding the fruition of some welfare provisions to lifelong learning. Indeed, the use of financial levers may boost human capital investments on behalf of weaker categories (Ferrera, 2008), a very interesting strategy for the active inclusion purposes discussed herein.

2. Description of the measure

Let us proceed in presenting an overview on the design of the Capability Income, in its main characteristics. As the initiatives implemented in Italy, both nationally and locally, suggest it is not enough to define eligibility criteria, conditionality, penalties and sanctions, time limits to guarantee the effectiveness of minimum income schemes. What is useful, instead, is an adequate set of rules about the crucial features of the measure, among them the governance and the link with other social benefits and welfare arrangements. We will pay particular attention to these aspects with the intention of learning from previous experience.

Basic principles

The Capability Income is an active inclusion measure inspired by the principle of selective universalism. It is aimed at guaranteeing social and economic support to those who are in a situation of need due to a lack of economic resources and therefore experience poverty. It is made up of two pillars which are an income support and a so-called “Project of social and economic inclusion”. It is overall focused on:

- promoting an integrated framework which can appropriately tackle the multidimensional nature of poverty and social exclusion;
- contributing to break the transmission of disadvantage across generations, by attaching great importance to education and lifelong learning as means for individual empowerment;
- endorsing a new model of citizenship, founded on the proper combination of rights and duties.

Eligibility conditions

Entitled persons/beneficiaries: the Capability Income is supplied to households, i.e. single persons of domestic units in which cohabiting people share the same resources. Anyway, due to budgetary constraints, a progressive implementation may be foreseen. Considering both recipients, the financial resources available and the overall characteristics of the measure, it may be useful to first allocate the Capability Income to households with children, starting from the less-favoured groups such as single-parent families and families with large numbers of children. Such options not only has achieved widespread success (CIES, 2010; Sacchi, 2005), but are also focused on the privileged target-group of the local welfare system.

Age: The head of the household must be aged 18 or older.

Residence: access to the Capability income is based on a residency principle. To be entitled, applicants must have been a resident, without interruption, in the regional territory for a specific number of years (long-term resident). Also the homeless can be entitled, through the certification of their “habitual” residence in the regional territory for the same amount of time.

Nationality: There are no nationality conditions on claimants of the measure, but non-nationals must have a valid residence permit and must have resided in the regional territory for the above mentioned number of years.

Existing means and resources: Eligibility is conditional on need. In particular, claimants must have resources of any nature (earnings, social security benefits, family allowances, movable or immovable properties) which are below a set minimum level, that is the extreme poverty threshold, as defined by the National Office for Statistics.

Conditionality

All the members of the household are subjected to conditionality rules.

Persons of working age who are able to work who are unemployed, underemployed, or inactive, are required to register as unemployed/job seekers and state their immediate availability for work. Some categories are temporarily exempted from these obligations:

- a. individuals in education up to upper secondary school or vocational training;
- b. individuals (only one per household) responsible for the care of children under 3 years of age or of a disabled person;
- c. individuals in rehabilitation programs for drug and alcohol addicts;

It is important to underline what has been affirmed regarding persons with childcare responsibility, especially if children are very young. The formulation of this passage, even if already foreseen in minimum income schemes which have been implemented before in Italy, supports and gives importance to the principle that the family is responsible in producing welfare for its own sake and for the community's. In any case, exemption from the above obligations normally are due to the limited diffusion or scarce accessibility to territorial childcare and early education services. On the contrary, giving the regional government the task of increasing the availability and affordability of these services may lead to the lowering of the threshold of three years, whilst aiming at two objectives. First, a reduction in the inequalities due to family background. Second, the increase in the female activity and employment rates.

Besides, following the social investment approach (Jenson, 2004), minors are required to attend education. In detail:

- children of pre-school age (3-5 years) are required to be enrolled in pre-primary schools. In case territorial childcare and educational services were already available and affordable, attendance is requested, at least part-time, from two years of age onwards. This kind of requirement, inspired by the international experience (Ferrera 2008), gives a strong character of novelty to the Capability Income in Italy. It refers to the learnfare perspective which expects education and lifelong learning to be a means for empowerment, inclusion, and activation (Lodigiani, 2008). However, it calls the regional government to guarantee the necessary structural conditions, in terms of availability, accessibility and quality of childcare and early education services;
- individuals between 16 and 18 years of age, according to national education legislation, have the right/duty to attend education up to upper secondary level.

The Project for social and economic inclusion

Apart from the payment of a financial benefit, the Capability Income is a contractual provision. The income support is granted when all members of the household undertake to participate in a Project for social and economic inclusion and then take part in some specific activities according to their social, educational, professional and health situation.

The Project for social and economic inclusion is jointly planned and signed by all of the family's adults (also on behalf of eventual minors) and all of the stakeholders – employment services, qualified private agencies, the voluntary sector, that is to say the associations, organizations or social cooperatives listed in the Regional Register (Regional Law 1/2008) – each according to their share of responsibility. The Project clearly describes objectives and means of the plan for inclusion, the needs of the beneficiaries as well as their obligations and duties, the conditions for guidance and support, the functions attributed to the different stakeholders. It is meant to:

- i) individuate and remove the factors that determine the risk of poverty and social exclusion.
- ii) give value to, promote and activate those abilities and resources, both at individual and family level, in finding solutions to need;
- iii) make the beneficiaries responsible for achieving social integration and economic autonomy, and for not implementing opportunistic behaviour.

The Project for social and economic inclusion provides one or more coordinated measures and arrangements, targeted at achieving social, education or labour market inclusion of the beneficiaries. In particular:

- for persons of working age who are able to work and are unemployed, underemployed or inactive but also on some precarious employment benefits, as well as for the working poor, all measures of active labour market policies provided by the current regional labour market jurisdiction:
 - ✓ guidance: coaching and counselling, skills evaluation;
 - ✓ training programs developing and uncovering professional, social and linguistic skills;
 - ✓ job placement or job replacement measures: traineeships, jobs on special terms, wage subsidised employment schemes, apprenticeship, mentoring, work-family life balance vouchers and so on;
 - ✓ assistance for self-employment;
 - ✓ incentives for the regularization of undeclared employment;
- for individuals in rehabilitation programs for drug and alcohol addicts, for those who suffer from extreme social deprivation or are not capable for work due to health problems:
 - ✓ rehabilitation or therapeutic programs;
 - ✓ specific personalized programs designed to recuperate, develop and promote basic personal abilities as well as the involvement in any social network.
- for minors:
 - ✓ actions to reduce early school leaving and inequalities in education;
 - ✓ initiatives to improve access to education for specific groups;
 - ✓ effective action to support and guarantee enrolment in childcare and early education services.

The subdivision of functions and responsibilities concerning the planning and realization of the Project for social and economic inclusion is as follows.

The municipal social services have the exclusive task of recording an evaluation of the household conditions in order to assess: a) the extent of material deprivation, through the assessment of key aspects of material living conditions; b) the extent of eventual social or health problems. The choice to entrust municipal social services with that function is coherent with the will to guarantee professional criteria, as well as transparency and equity, in the evaluation. Other subjects, such as volunteer organizations, who might have contact with potential beneficiaries may also perform the same task.

The municipal same social services or, according to the choice of beneficiaries, other qualified agencies, or those associations, organizations and social cooperatives listed in the Regional register (L.R. 1/2008), proceed to elaborate the contents of the Project for social and economic inclusion as regards social, health, educational issues, with the active involvement of the beneficiaries.

Employment services or other qualified agencies, once again according to the choice of beneficiaries, arrange the objectives, contents and means of the pathways to labour market integration, in accordance with the regional legislative framework.

The recurring affirmation of the choice of beneficiaries is consistent with one of the foundations of regional welfare system: the principle of “freedom of choice”. Following the subsidiarity perspective, this principle moves in two directions. First, it recognizes the faculty of the beneficiaries to decide by whom receiving assistance and support, among public or other qualified subjects. Second, it offers beneficiaries a chance to use their capacity in finding solutions to their own need.

For each Project for social and economic inclusion a tutor is appointed among the municipal social service personnel and is specifically trained in order to coordinate, supervise, guarantee, monitor the project itself. The appointment of a tutor with the above mentioned tasks is due to the necessity to tackle the multidimensional nature of poverty and social exclusion through an integrated and comprehensive approach. Indeed, limiting the diagnosis and intervention only to the labour market dimension is not enough; it is instead required the management of a plurality of actions, so as to remove the roots of poverty and then progressively reduce its effects.

Organization and governance

The overall organization and governance of the Capability Income is as follows.

Municipalities that belong to the same district, in accordance with law 328/2000, are assigned the implementation of the Capability Income, beyond the functions and responsibilities already assigned to them through the tutor. They are required to organize, manage and advertise the measure. Hence, they must arrange adequate administrative and information offices that could offer assistance in filling up, gather the applications, verify the authenticity of the data declared by claimants, deliver income support, make sure recipients as well as the stakeholders satisfy their obligations, attest the accomplishment of the contents of the Project for social and economic inclusion.

Both the Regional and Provincial governments participate, each according to its specific competencies, in programming, organizing, implementing and evaluating the Project for social and economic inclusion. More in details:

- the Provinces provide the organization and management of the arrangements in the field of education, training and employment;
- the Region coordinates the programming between different levels of government. In addition, it insures technical and other kinds of support throughout all the different phases of the Project for social and economic inclusion. Finally, it is in charge for the assessment.

The third sector, in all of its forms (L.R. 1/2008), is assigned the responsibility to control and monitor the overall implementation of the Capability Income.

Sanctions

Beneficiaries are required to fulfil requirements specified in the Project for social and economic inclusion and to immediately communicate any relevant change that have eventually happened in the family status, income and means and so on. In such a case, the monetary transfer that integrates income is re-calculated according to the changes that have occurred.

Refusal to participate in or to fulfil the Project for social and economic inclusion, loss of unemployment status for reasons different than having found a job, refusal to undertake training or rehabilitation and similar failure to comply with the requirements may result in the suspension of, in case of repeated breaches, in the withdrawal of the income support.

Adequacy and duration

The amount of the income support is calculated as the difference between the overall economic situation of the household, according to standard national indicators (ISEE), and the poverty threshold. The poverty threshold may be modulated, through equivalence scales, according to household composition and structure, health status, housing conditions. Moreover, the amount, again coherently with appropriate national indicators, is also differentiated according to reference rates which differ from urban to rural areas and from one municipality to another according to the number of inhabitants.

Duration of income support entitlement is set (initially according to budget available). There is the possibility of just a renewal.

If beneficiaries return to gainful employment, bringing about an increase in overall income beyond the poverty threshold, the income support is not suspended, reduced or withdrawn. A similar financial incentive, which is intended to encourage willingness to work and to avoid long-term benefit dependency, leave social assistance, is foreseen in case beneficiaries set up an entrepreneurial activity.

Financing

While waiting for National Welfare State reform and for the establishment of a general minimum income measure, the Capability income is financed under the responsibility of the Regional government. In this regard, the Regional government may reorganize all those resources and arrangements that are meant to combat poverty and social exclusion. Besides, so as to avoid the overlapping of anti-poverty welfare provisions and to increase the available funds, local and provincial governments could contribute to finance the undertaking of the Capability Income.

An evidence-based approach

Before implementing the Capability Income on a structural basis, an experimental phase followed by appropriate evaluation is suggested. A sample population opportunely selected in a local context may be identified and submitted to experiment. With a process of randomization the

sample could be divided into two statistically equivalent groups: the experimental group, composed of beneficiaries of the Capability income; the control group, composed of those who don't enjoy the measure. Comparison between Capability Income beneficiaries and the control group will allow for an estimate of the effects of the measure and provide information on how to proceed on and improve the cost-effectiveness of the measure.

The effectiveness of the Capability income could be assessed, according to the specific profile of beneficiaries, by means of some of the following indicators, which intend to measure the overall potential to live in a manner compatible with human dignity and participate in society:

- ✓ increase in household income;
- ✓ childcare and early education services attendance;
- ✓ basic skills acquisition or growth;
- ✓ professional skills acquisition or growth;
- ✓ improvement of labour market status;
- ✓ improvement of occupational status;
- ✓ better control of personal life.

3. The Capability Income: the cornerstone of a “welfare of capabilities”

As literature suggests, a set of individual or household socioeconomic characteristics are associated with the probability of being at risk of poverty and social exclusion. They are the following:

- a) activity status and work intensity of the household;
- b) age and gender;
- c) human capital;
- d) migratory background and ethnic origin;
- e) household structure and the presence of dependent individuals;
- f) the housing tenure status;
- g) health status.

Problems differ in the same way that capabilities to deal with them differ. This is also true for policies and arrangements. They not only need to be personalized and differentiated if they intend to be effective, but they must also be integrated and coordinated among them. Actually, when facing multiple deprivation, complex solutions are required, such as combined welfare, welfare to work and learnfare arrangement and a general support for beneficiaries.

These are the reasons why the Capability Income proposal represents the core of a broader strategy aimed at elaborating an explicit, comprehensive and integrated policy to fight poverty and social exclusion. It follows the perspective of the active welfare state by supporting individuals and families in developing self-protection capabilities when facing social risks through the use of personalized and promotional social services.

Indeed, the Capability Income is an active, enabling and preventive inclusion measure. It is enabling because it intends to make recipients the real protagonists in social and economic inclusion processes by recognizing their resources and supporting their capability to make

decisions or choices, to be independent and responsible. It is preventive because it doesn't limit intervention to short-term measures for material deprivation like income support, but it assesses and try and remove the causes of poverty, implementing synergic actions in different areas.

It is noteworthy to underline the importance of this measure at both individual and institutional level. First of all, it affects individual and family life by helping people experiencing poverty to overcome social exclusion. Secondly, it affects the contexts in which it is implemented by innovating the local welfare system, by involving all the stakeholders in policy planning and delivering, by promoting the inclusiveness of the labour market. The process of socioeconomic inclusion requires adequate contextual conditions, as the European Commission underlines [COM (2007) 620]. That means qualified and accessible services of general interest which are enabling and inspired by a person-oriented and relational approach as well as an inclusive labour market offering working conditions and jobs that are decent, high-quality and poverty-preventing.

Besides, it is extremely important to pay attention to practices of frontline workers employed in service provision. The difference is determined by daily procedures in which theoretical principles become concrete due to the actions of those who are involved. Care must be given to creating quality relationships between the supplier and the beneficiary where the beneficiary's status as an actor needs to be appreciated. He must be recognized for his abilities and for his desire to use them instead of being identified just as an individual with some kinds of deficit, either moral or material (De Leonardis, 2000). This attention is even more important when applied to minimum income policies in so much as they are addressed, by definition, to the more fragile group of the population. They are people who are on the sidelines, who are excluded in many ways and who have a minor capability for voice.

As foreseen through the Capability Income, when the procedures are inspired by a reflexive vision of activation (person-centred activation), the relationship that emerges is empowerment-oriented and tends to give value to the beneficiary's ability to define his needs and negotiate solutions. Giving value to a person's ability does not mean taking it for granted, but helping it to grow. The Capability Income consider activation as a goal in welfare politics, not as a measure for classifying people. Its ultimate purpose is to develop "capability for life" by helping beneficiaries in acquiring or maintaining control of their own lives and choices. Protecting a person's dignity can also be accomplished by recognizing the possibility for negotiation and voice when priorities for the "good life", in relation to personal circumstances (work, health, family, life phase, etc), are being identified.

Even if the Capability income could be implemented in any context, it is coherent with the Lombardy welfare's rationale and legislation. Then, it follows and substantiates some of its aims and principles. One of these is overcoming a charitable approach to poverty in favour of a promotional, emancipatory, and responsabilizing approach. In fact, its main pillar, the so-called Project for social and economic inclusion is personalized and moves from the person's needs and resources. Another point of contact with the logic of the regional welfare is the centrality given to the family, both as a subject of policies and as a place for integrating sectorial policies. We may add also the shift from a welfare state to a welfare community approach, since both the Lombardy Region welfare and the Capability Income proposal give value to the principle of subsidiarity and then to the collaboration between different stakeholders in policy-making. Finally the proposal lays its foundations, consistent with the inspiring rationale of the local welfare architecture, on the promotion of a renewed vision of citizenship where freedom and responsibility proceed together.

In addition, the Capability income proposal stimulates further institutional innovation in the Lombardy welfare regime as it calls for correcting some critical matters.

The first matters are both the residual nature of the regional welfare – according to which welfare is a safety net, confined to those who are unable to manage otherwise – and its emergency and compensatory overall approach. By contrast, the Capability income:

- recognizes the presence of an area of “integrated poverty” that doesn’t necessarily coincide with social exclusion and that consists of the working poor, household with low work intensity, lone parents with children, household with the presence of dependants or individual in bad health, lone elderly people;
- encourages the rationalization of the financial resources and the re-organization of institutional tasks and competences in the field of social policies;
- aims at accompanying individuals and families throughout life transitions, in the awareness that such transitions, even the more ordinary ones (buying a house, entering the labour market, having a child) are risky.

Another matter is the narrow definition of activation upon which the Lombardy welfare is based. Indeed activation tends to coincide with labour market entry. On the contrary, as we have already underlined and discussed above, the Capability Income attaches a broader and multidimensional meaning to the activation principle: inclusion in the labour market for those who are fit for work; education and training; therapeutic care to regain control of one’s own life for those who cannot work, at least soon. That certainly doesn’t mean denying that employment is at the origin of economic independence and social recognition. It means admitting, instead, that activating individuals and families is more at the finishing line rather than at the starting point of troublesome life courses. The Capability Income proposal suggests that various forms of “activities” can become occasions for empowerment, awareness, involvement, self and family responsabilization and, more generally, for collective well-being.

After all, there are many good reasons for introducing the Capability Income in the Regional welfare system (as well as in other local welfare regimes). The main one is the lack of a minimum income scheme and the proposal is the first step to fill that gap. Nevertheless, several fundamental choices are still to be made; among them the ones regarding beneficiaries, adequacy and duration of income support, but also the search for new ways of allocating social expenditure. These issues have a twofold and inseparable connotation, both technical and of principle. The technical dimension requires to find appropriate, sustainable and efficient solutions. As regards principles and values, making those choices implies making explicit the idea of society and citizenship which is embedded in the welfare system. Thus, they must clearly emerge as a result of the political commitment of the entire local community.

4. Concluding remarks

To conclude, the Capability Income combines three active welfare paradigms – workfare, learnfare, the capability approach – in a new way. Its starting point is the recognition of the “basic right of a person to [have] sufficient resources and social assistance to live in a manner compatible with human dignity” (92/441/EEC). This same principle is the foundation of any welfare system

that identifies and recognizes the right to a decent life as a non-negotiable value and as a principle for which we all are responsible. Hence, the struggle against poverty and social exclusion is far from being something residual: indeed, it's a "constituent" issue, in the true sense of the word (Revelli, 2010). It is precisely the rationale about how to deal with poverty and social exclusion that determines any welfare structure. And the welfare structure is embedded in the idea of society we all share. In this respect, the Capability income, as any minimum income measure, is meant to be a social citizenship right, i.e. one of the elements that compose the "common base of rights and protection" on which Europe intends to build not only its welfare model but also its society.

References

- Barbier J.C. (2004), *Activation Policies: a Comparative Perspective*, in Serrano Pascual A. (eds), *Are Activation Policies Converging in Europe? The European Employment Strategies for Young People*, Bruxelles, Etui.
- Beck U. (2000), *Il lavoro nell'epoca della fine del lavoro*, Torino, Einaudi.
- Castel R. (2004), *L'insicurezza sociale. Cosa significa essere protetti?*, Torino, Einaudi.
- De Leonardis O. (2000), *Quel povero abile povero. Il tema della povertà e le culture della giustizia*, "Filosofia e questioni pubbliche", p.2, pp. 89-116.
- Esping-Andersen G. (2009), *The Incomplete Revolution: Adapting to Women's New Roles*, Cambridge, Polity Press.
- European Commission (2010), *Combating poverty and social exclusion. A statistical portrait of the European Union 2010*, Eurostat, Luxembourg, Publications Office of the European Union.
- Ferrera M. (2008), *Learnfare per i giovani. Istruzione e lavoro un binomio inscindibile*, "Arel-Europa, Lavoro, Economia", Un welfare per crescere, Numero speciale, Roma.
- Frazer H. and Marlier E. (2009), *Minimum Income Schemes Across EU Member States, Synthesis Report for EU Network of National Independent Experts on Social Inclusion*, available at: <http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/>
- Granaglia E. (2008), *"Universalismo selettivo" e contrasto della povertà: necessità, condizioni, criticità*, in Guerzoni L. (a cura di), *La riforma del welfare. Dieci anni dopo la "Commissione Onofri"*, Bologna, il Mulino.
- Heckman J.J. (2009), *Investing in our Young People: Lessons from Economic and Psychology*, Lectio Magistralis, Catholic University of Milan 28, September.
- Hemerijck A. (2002), *Come cambia il modello sociale europeo*, "Stato e Mercato", n. 65, pp. 191-235.
- Jenson J. (2004), *Changing the Paradigm: Family Responsibility or Investing in Children*, *The Canadian Journal of Sociology*, 29, n. 2, pp. 169-192.
- Lodigiani R. and Riva E. (2011), *Reddito di Autonomia. Contrastare la povertà in una prospettiva di sussidiarietà attivante*, Trento, Erickson.
- Lodigiani R. (2008), *Welfare attivo. Apprendimento continuo e nuove politiche del lavoro*, Trento, Erickson.
- Paci M. (2005), *Nuovi lavori, nuovo welfare. Sicurezza e libertà nella società attiva*, Bologna, il Mulino.
- Pizzolato F. (2004), *Minimo vitale: profili costituzionali e processi attuativi*, Milano, Giuffré.
- Revelli M. (2010), *Poveri noi*, Torino, Einaudi.

- Sacchi S. (2005), *Reddito minimo e politiche di contrasto alla povertà in Italia*, Working Paper Urge 1/2005, testo disponibile al sito <http://www.urge.it>
- Sen A. (2000), *Lo sviluppo è libertà. Perché non c'è crescita senza democrazia*, Mondadori, Milano.
- Strati F. (2009), *Italy, Minimum Income Schemes: A study of national policies*, paper available at www.peer-review-social-inclusion.eu
- Supiot A. (2003), *Il futuro del lavoro. Trasformazione dell'occupazione e prospettive della regolazione del lavoro in Europa*, Roma, Carocci.
- Van Berkel R. (2002), *Inclusione attraverso la partecipazione? Riflessioni sulle politiche di attivazione nell'Unione Europea*, in Borghi V. (a cura di), *Vulnerabilità, inclusione sociale e lavoro*, Milano, Franco Angeli.
- Van Berkel R. and Møller H.I. (eds) (2002), *Active social policies in the EU. Inclusion through Participation?*, Bristol, Policy Press.
- Van Parijs P. and Vandeborghet Y. (2006), *Reddito minimo universale*, Milano, Università Bocconi Editore.
- Vandenbroucke F. (1999), *The Active Welfare State. A European ambition*, Lecture Den Uyl, Amsterdam, 13 December.