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ISTITUTO REGIONALE
DI RICERCA
DELLA LOMBARDIA

SUBSIDIARITY: POSITIVE ANTHROPOLOGY AND SOCIAL ORGANIZATION

FOUNDATIONS FOR A NEW CONCEPTION
OF STATE AND MARKET AND KEY ELEMENTS
OF THE EXPERIENCE IN LOMBARDY

Alberto Brugnoli and Giorgio Vittadini



GUERINI
E ASSOCIATI

Contents

Foreword from IReR	7
Foreword from Fondazione per la Sussidiarietà	9
Introduction	11
1. Subsidiarity: positive anthropology and social organization. Foundations for a new conception of state and market and key elements of the experience in Lombardy	13
Part I - Foundations for a new conception of state and market	
1.1. The state, the market and negative anthropology	15
1.2. A positive anthropology at the basis of sociality	18
1.3. New perspectives for 'reading' subsidiarity	22
Part II - Key elements of the experience in Lombardy	
1.4. An economic theory as reference: quasi-markets	27
1.5. Quasi-markets and Lombardy subsidiarity governance: key elements and tools	32
1.6. Concluding remarks	45

Conclusions	51
Glossary	71
Bibliography	73

Foreword from IReR

Over the last few years, IReR (Lombardy Regional Institute for Research) has come to play an ever more prominent and decisive role in support and consultancy to the Lombardy regional policy makers and stakeholders. We refer to this role as ‘accompanying’ (*accompagnare*). In the planning and implementation of policies, it is no longer sufficient (if it ever was) to employ scientific and methodological rigour in choosing, gathering and analysing data; nor is it sufficient to have excellence in skills, nor even effectiveness in feedback. The illusion that politics will define the problem and science provide the analytical tools for identifying the solutions has been irrevocably dispelled. That linear process has been halted: the problem itself is no longer clearly definable.

Consider the technical and scientific innovations in healthcare, the transformation of the very concepts of ‘quality of life’ and ‘health’; consider the new horizons that have opened up, the potential in innovative materials or nanotechnology, which are redefining the concepts of ‘resources’ and ‘tools’; consider the transformation in the landscape and the way we live, the interconnections which force us to reassess the notion of the ‘environmental impact’ of laying down infrastructure.

The process of producing knowledge is increasingly a question of making a contribution to the actual identification of the problem, with all its various facets and implications, even before beginning to focus on solutions.

The function of ‘accompanying’ therefore implies recognizing this change of perspective, no longer limiting the contribution of science to coming up with an answer, but ‘bringing in’ science at the moment that the question is actually being formulated, as well as subsequently, during the stages of implementation.

This role also means that it is no longer possible to research planning operations without also looking into strategic aspects. That is

why the Institute has in recent years increasingly been ‘in the front line’ in giving strategic support to the Regional Government.

The collaboration with the IReF-*Scuola Superiore di Alta Amministrazione* (School for Higher Administration Education) was one of the most significant stages in this strategic ‘accompanying’ role. In particular, that experience stimulated us on two fronts. The first of these is in the relationship between research and training. In a context of institutional innovation, those carrying out policy research must organize their work to focus on the aim not only of communication, but also of training the recipients of the information. What is more, the training process is what helps to give an appropriate focus to research questions and key issues.

Indeed, sometimes – as in the case of creation of this volume – it is during the training process that the ‘reality’ comes to be known, and existing scientific paradigms may be challenged or even new ones created.

The second front consists in an in-depth assessment of the government model. There is no doubt that an experience as significant as that in Lombardy cannot be consolidated without examining and conceptualizing the content, words, and basic ideas that have sustained it. That task is the responsibility of the government itself and of its political and technical personnel, but also of those – like the Institute – who are both sufficiently ‘on the outside’ as to make unbiased assessments, and quintessentially ‘on the inside’, so as to have an appropriate level of understanding. An examination of the theoretical basis of the experience of government and its translation into widely differing contexts can no longer be deferred, and above all represents an extremely interesting opportunity for the mission of the Institute itself.

That this path may be fully exploited is also the wish that, on behalf of IReR, I would like to express in signing off this volume. A wish that is also an expression of gratitude for the faith once again placed in us on this occasion by the Regional Government.

Adriano De Maio
President

Foreword from Fondazione per la Sussidiarietà

The principle of subsidiarity has been introduced into regional, national and European regulations, in order to bring about a transition from the current state-centred vision to a model which places at its centre the person and social groupings.

It is first and foremost an anthropological approach, which emphasizes the primacy and dignity of the person and which, following on from this, makes the most of the role of every component of society. Subsidiarity means giving space for the free initiative of individual persons and social groups so that responses to the needs of human beings may be as close as possible to their desires, in the certainty that this is the premise for the creation of the common good. Subsidiarity therefore means looking, listening and turning to account what already exists and what freely develops as a response to needs, rather than imposing schemes that are in some degree ideological.

The need for a different model arises from the reality of a complex and diversified society, producing stratified interests and increasingly qualified requirements. The ability to govern is the ability to respond to this reality, combining in timely fashion efficiency and effectiveness of action, reliability and responsibility towards the citizens.

This fundamental revolution in the relationships between public and private sectors and non-profit organizations is at its dawn, but is now inexorably underway. There are many developments to be expected from this radical change in the sectors offering services to the public; first and foremost, greater freedom of choice for citizens through de-taxing of social expenditure and a more streamlined bureaucracy. All this will increase users' trust in the institutions, as yet still considered too remote.

A virtuous example of this is represented by the policies of Lombardy Region. In the last ten years we have witnessed a pro-

gressive transformation of the actions of the Regional Government: firstly directed onto problems and then increasingly focused on exploiting the potential of and fostering interaction between the various parties – institutional and social, public and private – with all their needs, interests, competences and resources, in pursuit of achievements expected to promote the common good.

The Lombardy model has a matrix at its basis which is above all cultural rather than political or organizational, founded on the principle of subsidiarity. This has created interesting and innovative pathways, both on an institutional level and on the level of major issues in civil life such as education, training and labour, social care services and healthcare, the sectors which this book examines in depth.

Giorgio Vittadini
President

Introduction

Over the past three legislative periods, the Lombardy government has based much of its action on the affirmation of subsidiarity. This has been translated into policies having different forms and solutions, affected both by the degree of innovation of the concept – largely unknown in the Italian and international political panorama in the early nineties – and by many institutional and administrative contingencies. Sometimes there have been structured and structural solutions, other times bold intuitions, and still other times adjustments, adaptations and necessary approximations.

The result has been a rich and complex panorama of political, legislative and administrative initiatives, which we considered worth discussing in order to better understand their reach and limits.

For this purpose, since autumn 2006 a programme has been in place to define and theoretically systemize the experience underway, involving the highest management levels of the Lombardy Government. ‘Defining’ and ‘systemizing’ the experience has meant reflecting critically upon the policy actions promoted, understanding their constituent elements (aims, beneficiaries, objectives, methods, etc.), their results and prospects. The objective was to increase awareness concerning the model of subsidiarity among those involved in its application and thus to develop their capacity for implementation, discussion and communication of that model.

The programme, conducted by IReF-*Scuola Superiore di Alta Amministrazione* (School for Higher Administration Education), IReR and *Fondazione per la Sussidiarietà* (Foundation for Subsidiarity) has enabled us to reassess the most emblematic policy initiatives from a subsidiarity perspective, in particular in three sectors: education, training and labour; social care services; and healthcare.

From this initial reflection, the text goes on to consider the subsidiarity model in Lombardy in the sectors indicated, but above all to explore future solutions.

In the original volume, after a first chapter on the anthropological foundations of subsidiarity and the key elements for its implementation in Lombardy, there followed a presentation of regional policies in education, training and labour (by Roberto Albonetti and Lorenza Violini), social care services (by Umberto Fazzone and Luca Pesenti) and healthcare (by Carlo Lucchina and Antonello Zangrandi).

Each contribution in the Italian volume was followed up with considerations and comments by discussants in order to evaluate the coherence and appropriateness of the regional policies under examination: Gilberto Antonelli, Alberto Bramanti, Daniele Checchi, and Paolo Trivellato, for education, training and labour policies; Giorgio Fiorentini, Mauro Magatti, Emanuele Ranci Ortigosa and Giovanna Rossi for social care services policies; Pier Alberto Bertazzi, Elio Borgonovi, Piero Micossi and Giuseppe Remuzzi for healthcare policies.

The involvement of external discussants from among the major experts in the areas investigated has added a valuable contribution to the debate, despite the inevitable lack of homogeneity in approaches and styles. It has thus been possible to broaden the discussion and analysis of the Lombardy model and of its perspectives with respect to subsidiarity, and the conclusive remarks of this volume therefore come back to this point in some detail.

1. Subsidiarity: positive anthropology and social organization. Foundations for a new conception of state and market and key elements of the experience in Lombardy

This chapter describes in detail the basic elements of subsidiarity: the anthropology underpinning it and the characteristics which make it a driver of institutional and state innovation. The work offers at the same time a preliminary summary of the key elements and the tools of the subsidiarity policy adopted by the Lombardy Region in the sectors of education, training and labour, social services and healthcare over the past years.

The first part identifies the emergence of new viable conceptions of state and market through recognition of the positive anthropological root which qualifies subsidiarity as an appropriate principle of social organization. That recognition asserts the value of each individual; it states the breadth of desire for good and the importance of relationships lived as good which constitute every person; it affirms the central role of social contexts – which foster the desire for truth, justice, beauty, happiness and love – and the worth of the endeavours undertaken to realize these desires.

In the second part, a summary of the fundamental elements of the quasi-market theory (Le Grand-Bartlett, 1993) precedes a presentation of the key elements and the tools adopted by the Lombardy government in an experience strongly oriented towards the affirmation of the principle of subsidiarity. In the process that led to defining the key elements and tools in the sectors mentioned above, that approach was recognized as the most apposite, though not exhaustive, theoretical paradigm of reference for the current experience¹.

¹ It needs to be pointed out that the connection between the quasi-market theory and government practice in Lombardy over the last legislatures was made *a posteriori*. As we will see, the two experiences in fact developed independently even if reference to quasi-markets progressively entered into analyses of Lombardy policy. In this respect, for further reference see also Vittadini (2002) and Gori (2005).

The tools of the Lombardy model² described in this contribution were identified exclusively on the basis of a critical reflection process which is still in progress, and therefore do not claim to represent an exhaustive classification.

² The experience of the Lombardy government over the past three legislative periods has not, however, been proposed – at least not in the first stage and not explicitly – as a ‘model’ to be constructed. If we speak about a model we do so, again, *a posteriori*, because of the awareness that some choices and experiments have produced significant and reproducible results, especially in an institutional and political environment that had been stalled for decades by unfinished reform processes. For further details about the profiles of the Lombardy model and its peculiarities see IReR 2007a.

Part I Foundations for a new conception of state and market

1.1. The state, the market and negative anthropology

Today's prevailing statism – that is, the contract giving rise to the Leviathan described by Hobbes, well-documented in the work of Pierpaolo Donati (2007) – is based on distrust and on suspicion; in other words, on a negative conception of the human being which debases human capabilities and the positive contribution which the individual can make to the common good, to progress and to the struggle for justice. According to Thomas Hobbes, such a conception makes it necessary to draw up a social contract in order to counteract the war-like relationships between one person and another in the 'natural state'; it is also at the basis of a certain idea of the welfare state. Donati writes:

There are two key players in the thinking of Hobbes which return in the lib-lab organization of welfare; on one side, property-owning individuals (with their original freedoms and in search of their own profit) and, on the other side, the sovereign state (as a projection of all the rights of society). This signifies devaluing the relationships between stakeholders, reducing the importance of communities and intermediate social bodies as subjects entitled to citizenship, limiting social pluralism, in short, devaluing the sociality of the person, also and precisely as a constitutive element of the welfare state (Donati, 2007, p. 39, translated by IReR).

Donati demonstrates that this conception of the welfare state of Hobbesian origin is no longer able to respond to contemporary circumstances:

With the progress of globalization it is no longer possible to turn to a Leviathan type authority to establish order in society; the level of complexity is too high, and moreover this complexity cannot be reduced in

an external and coercive way; the reduction of complexity should open up new opportunities and new worlds, not close them. A civil society is emerging which is by no means that of the 17th century: individuals are more aware of the inalienable character of their fundamental rights, they are on average better informed (and this is all due to the rise of modern citizenship) and above all they set up organised networks to resolve their problems by themselves, networks which do not require government (a restricting power) but governance (open coordination) (Donati, 2007, pp. 42-43, translated by IReR).

There is a strong risk that the obstinate pursuit of an out-dated welfare state model will lead to the loss of our greatest and most precious achievements, in particular, the achievements of European-style welfare: universality, respect for the individual person and equality in treatment in terms of guaranteed minimum standards of quality and quantity of service. The practical implications are significant because, as Lorenzo Ornaghi (2006) states, the traditional model of the welfare state is no longer able to respond to the expectations of the citizen-user for an effective and efficient supply of these welfare services, with the regard to both to the availability of material resources and the insurance and distribution systems.

In this regard, Julian Le Grand (2007a) demonstrates that systems based on the welfare state, apart from failing to furnish incentives towards efficiency and innovation of services, also respond inadequately to the needs of users. These systems indeed are guilty of paternalism¹, as in reality they are based on a superficial awareness of such needs. Moreover, contrary to what is generally believed², they are also inequitable: in a system which does not incentivize the user's free choice and responsibility, poor and ill-educated people are less well able to benefit adequately from services on offer, while affluent and educated people more easily find ways to navigate the rigidity and uniformity of the system, thus seizing opportunities more in harmony with their needs.

Although it is apparently based on a logic opposed to that of the statist model, the typical image of society which comes from neo-classical liberalism is, in fact, based on the same negative anthropology. At its basis is the idea of a purely selfish individual, who

¹ Or at least of an excess of paternalism. See in this regard Burrows (1993) and Moramarco (2006).

² See in this regard the vast bibliography on the welfare state as a tool of social equity in Patterson (2000).

responds exclusively to economic motivations, both in carrying out a task assigned by a superior and in developing an enterprise alone. Thus in liberalism the individual follows a utilitarian principle, without taking into consideration, in satisfying personal needs and those of others, criteria and aspirations based on ideals and free association with other people.

The difference between the two approaches consists in the mechanism identified to correct the 'evil' produced by the behaviour of the human being; for statism, that mechanism is the action of central power; for liberalism, it is the market, understood only as the sphere in which the selfish actions of each individual join with those of others to form – thanks to the mechanism of Adam Smith's invisible hand (whose application has never been satisfactorily explained) – an equilibrium which allocates resources in an efficient, if not necessarily fair, way.

The weakness of neo-classical liberalism – often re-proposed today in the form of international financial capitalism, which is seen as the miracle cure for every problem – does not lie in its proposal of a free market in which free enterprise is championed³. What is radically questionable is more the fact it implies a solely utilitarian conception of the relationship between persons; although acknowledging that individuals have a limited rationality and therefore are seldom able to take the best possible decisions, liberalism concludes that their utilitarian action leads, as if by magic, to the common good. This gives rise to a lack of realism and a conception of competition that is not applicable in the real world, as is demonstrated by recurrent socio-economic crises and by the contradictions of a financial system considered as the paradigm of the 'perfect private market.'

The Darwinian conception of society, in which only the fittest survive, dominates in such a vision.

In this vision, enterprise is also understood in a reductive way, that is to say, as a machine whose sole aim is to produce profits, often to the detriment of respect for human beings. In reality, however, enterprise represents the effort of a person, working together with others and on the basis of different levels of responsibility, to contribute to the common good through their own intelligence and work.

³ See in this regard the contributions of the Cato Institute (www.cato.org) and in particular Tanner (2003), Tanner (2004) and Cannon and Tanner (2007).

On the other hand, generating and measuring the current competitiveness of an enterprise and of its long-term value constitutes one of the crucial challenges both for the person managing the enterprise and for the person studying it or monitoring its operation. The financial imperatives of the economy tend to equate ‘current competitiveness’ merely with short-term profitability and ‘long-term value’ with Stock Exchange value and/or the price at which an enterprise is sold, merged or split up. However, Adam Smith, in his well-known distinction between the ‘use-value’ and ‘exchange-value’ of a good (water in the mountains costs nothing but does not on that account lose its absolute value for life), in reality only introduced a technical-analytical restriction, not a value judgement. In other words: that to which the individual assigns a value (that is to say, a good or a service which is personally important) is not always translated into a price, but the absence of an exchange-value does not necessarily imply an absence of value. An example of this is the used car, as in the ‘Market for Lemons’ described by Akerlof (1970): the buyer is not convinced of the quality of the used car – fearing it may be a ‘lemon’ – and this reduces the price the buyer is prepared to pay for it. In this way, good used cars do not come onto the market, because the owner of a good used car knows it will not fetch a fair price. Thus the absence of a price does not imply that a good lacks value.

1.2. A positive anthropology at the basis of sociality

As has been argued so far, the response to such reductive conceptions of state and market cannot merely address ways and means, but should relate to the conception of the human being. To quote Donati again:

Welfare cannot be constructed on the basis of a negative anthropological vision such as that of Hobbes. A new model, that of the positive vision of human beings, their dignity and rights, is appearing on the horizon as an alternative solution (Donati, 2007, p. 43, translated by IReR).

An authoritative suggestion about the path to take comes from the papal magisteria of John Paul II and of Benedict XVI, who in their encyclicals link the theme of the deficiencies of state and market with a renewed anthropological understanding of the human being.

In *Centesimus Annus*, John Paul affirms:

The individual today is often suffocated between two poles represented by the state and the marketplace. At times it seems as though he exists only as a producer and consumer of goods, or as an object of state administration. People lose sight of the fact that life in society has neither the market nor the state as its final purpose, since life itself has a unique value which the state and the market must serve (par. 49).

While in *Deus Caritas Est*, Benedict XVI reminds us that:

The state which would provide everything, absorbing everything into itself, would ultimately become a mere bureaucracy incapable of guaranteeing the very thing which the suffering person - every person - needs: namely, loving personal concern. We do not need a state which regulates and controls everything, but a state which, in accordance with the principle of subsidiarity, generously acknowledges and supports initiatives arising from the different social forces and combines spontaneity with closeness to those in need (par. 28).

Where can an anthropology appropriate for today's human being come from – that is, an anthropology which fully affirms human dignity, on a personal and social plane? Help in this direction comes from the re-examination by Luigi Giussani of the word 'experience', which was for a long time given a subjectivist meaning deriving from modern empiricism. This author from Lombardy, re-working in an original way certain concepts from Christian realism, has re-interpreted the term 'experience' by proposing the notion of 'elementary experience', that is, the set of structural needs and evidences which constitute – in biblical language – each human being's 'heart'; inner face; religious sense; desire for truth, justice, beauty, happiness and love:

That is why the fundamental criterion for facing things is an objective one, with which nature thrusts man into a universal comparison... (Giussani, 1997, p. 10)

Attention to elementary experience is therefore the factor which is common to every culture that places at its centre the human being and the human heart. The experience of a correspondence between what is real and human structural needs provides us with an objective criterion for judging and acting: what is reasonable is that which corresponds to the heart.

Such structural needs are manifested in a conscious and dynamic way as one 'desire', not restricted to partial desires, which is at the root of human economic, social and political action:

Desire is like the spark which ignites the engine. All human actions originate from this phenomenon, from this constitutive dynamism of man. Desire ignites the human engine. And then humans start looking for bread and water, for work, for a mate, for a more comfortable seat or better accommodation, they take an interest in why some have and others have not, in why some are treated in a certain way while they themselves are not; and all this thanks to these stimuli that they have within themselves, which grow, expand and mature, and which altogether the Bible calls 'heart' (Giussani, 2000, p. 173, translated by IReR).

The experience of religious sense is however continually betrayed by the human being, who essentially does not succeed in governing this constitutive tension of human nature. Such a betrayal is facilitated in the contemporary world, where the dominant mentality tends to systematically limit human desires, seeking to govern and to crush them, so as to create, as Giussani maintains, 'the confusion of the young and the cynicism of adults' (2000, p. 168, translated by IReR). It is again the dynamism of the religious sense and of desire which responds to this inevitable failure, because it drives people to come together around criteria based on ideals:

It is impossible that the starting out from religious sense should not drive people to get together. And not for the sake of a temporary advantage, but in a substantial way; to come together in society with a surprising degree of integrity and freedom (the Church is the best example of this). The resulting emergence of movements is a sign of vivacity, responsibility and culture, making the whole society dynamic (Giussani, 2000, p. 168, translated by IReR).

Social bodies, intermediate communities are not idyllic, 'pure' places, where there no longer exists the limitation of desire, nor error, nor the selfishness denounced by Hobbes. They are rather realities where a continual education towards a re-discovery of human structural needs helps people in a dramatic and ongoing way, to grow, to achieve self-awareness and awareness of reality, to educate desire, defending it against both human and externally imposed limitations. The reconciliation between the interests of the individual and of the common good takes place not in a coercive

and repressive way as in the Hobbesian model, but in a continual education in the experience of the correspondence between heart and reality, which represents the true satisfaction, gain and liberty of the human being.

All this comes about in terms which are not dialectical and abstract but functional, because, as Luigi Giussani again states:

Movements are not capable of remaining in the abstract but tend to show their truth through addressing the needs which embody desires, imagining and creating extensive and timely initiatives which we call 'works', 'new forms of life for mankind' as Pope John Paul II said at the Rimini Meeting in 1982, re-launching the Social Doctrine of the Church. Works constitute a genuine contribution to innovation in the fabric and face of society (Giussani, 2000, pp. 168-169, translated by IReR).

Italian economic and social history has been interwoven by the action of these works, which sprang from the characteristic Italian Catholic, socialist and liberal spirit of idealism⁴.

There is a remarkable harmony between this approach and that expounded by the Nobel prize-winner, Kenneth Arrow in a classic text of contemporary economics, which deals with the link between individual utility and collective well-being. Arrow seeks to outline the 'rational rules' to which individual preferences are subject and the possible links between such preferences and collective choices. What determines the manifestation of virtuous collective arrangements in individual preferences? According to Arrow:

It is the ordering according to values which takes into account all the desires of the individual, including the highly important socializing desires, and which is primarily relevant for the achievement of a social maximum (Arrow, 1951, p. 334).

It is therefore possible to reject the absolute value of the good of the individual, understood in egotistical terms, in the interests of the construction of the common good. For that reason, speaking about the majority principle, Arrow suggests how these 'socializing desires' allow the personal good of individuals to be harmonized in the

⁴ See, for example, Alber (1986), Farrell Vinay (1997), Bressan (1998), Ritter (1999) and Zamagni, V. (2000).

interests of common ideals. Agreement is not achieved in dialectical terms, through a reduction of differences as a result of social, economic or political conflict, but in ideal terms, through reciprocal recognition: in politics through the majority principle, and in business through the promotion of the most capable and worthy, within a framework of healthy competition.

In opposition to neoclassical utopias and Hobbesian paradigms, Arrow arrives at conclusions similar to those reached, in a different context and following other methods, by Luigi Giussani and the social doctrine of the Church. In both cases, 'socializing desire' is identified as the heart of political and economic actions which move towards democracy and a market not suffocated by conventions imposed upon it. In both cases, it is suggested that 'socializing desires' give rise to social realities in which individual interest is allied with the common good.

1.3. New perspectives for 'reading' subsidiarity

The perception of 'socializing desire' as a factor determining action enables us to re-think and elaborate on the principle of subsidiarity. This principle, whose roots go deep into the classical and modern tradition⁵, finds its most apt theoretical and practical formulation in the social doctrine of the Church and in the history of its works, in the history of the Catholic movement but also to a large extent in the secular, socialist and workers' 19th century Italian tradition of solidarity (Bressan, 2007). Its first formulation dates back to the encyclical *Quadragesimo anno* (1931) of Pius XI:

Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them (par. 79).

From the beginning, the principle is therefore characterised by the call for a twofold obligation upon the government: the 'negative'

⁵ For a reconstruction of the philosophical, historical and legal evolution of the principle of subsidiarity see Millon-Delsol (1995), Donati and Colozzi (2005) and Feliciani (2007).

obligation to abstain from intervention when individuals and smaller associations can more appropriately carry out a particular function; and the 'positive' obligation to assist and support the free initiative of individuals and of social groups when necessary (Feliciani, 2007).

The obligation on the government to 'abstain' and to 'assist' implies the decisive affirmation of the freedom of the human being as the primary and constructive dimension in the social and institutional context⁶. Subsidiarity suggests, that is, that there is a need to see, to hear, to foster that which exists originally and freely develops 'from below' as a response to the needs of individuals and the community.

The principle is based on the hypothesis that the person, individually or in association with others, is potentially able to confront collective needs and to satisfy them. It is a perspective which starts from a positive rather than a negative point of view: the human being is not defined principally in terms of suspicion regarding the possibility of pursuing a peculiar desire and the consequences that may have for the common good. There is rather a positive belief that the human being's 'constructive tension' will lead to a good outcome for the single person and for everyone. To speak of subsidiarity means, therefore, to place at the centre of social, economic and political action a human subject endowed with a desire for good, which is personal and collective at the same time, and focused on developing relationships which aim at realizing this good⁷.

From this point of view, the considerations expressed above about 'socializing desires' reveal the anthropological root of the principle of subsidiarity: a recognition of the value of the ego which takes account of the fullness of its nature. In this light, the motivational structure of a person, which is a richer concept than the mere pursuit of a peculiar individual interest, is the point of departure for a re-organising of society which goes beyond both the presumed rationality of the *animal economicus*, and a conception of citizenship reduced to rights (and duties) handed down by the 'Providence-state' (*l'Etat-Providence*, as it is called in France). In fact, works gen-

⁶ As Paolo Carozza has observed, 'subsidiarity presupposes that the prosperity of the human being requires freedom: individuals must be free to fulfil their own destiny through their own initiative and response to the concrete circumstances which life presents' (2007, p. 115, translated by IReR).

⁷ In this sense, it has been noted that the principle of subsidiarity 'originates from those operating in the society and moves towards their organizing principle', revolving 'around the concept of person and the living reality of people' (Del Debbio, 2007, p. 52 and 64, translated by IReR).

erated from the initiative of persons and social groups motivated by 'socializing desires' are more capable, in the first place, of responding accurately to needs, and at the same time of pursuing the common good, avoiding the imposition of oppressive pre-conceived schemes. As Donati has stressed:

At the basis of the reform of systems of education, healthcare, social assistance and social security, in fact in every aspect of the need for well-being in daily life, there is the centrality of the link between freedom and responsibility, not only in relation to the behaviour of individuals but also to the consequences of their behaviour towards others (Donati, 2007, p. 48, translated by IReR).

In this context, where the person is conceived as embodying a desire for good and a capacity for relationships, the state is based on respect for the dignity of each person, and it resolves to act in order to increase – rather than restrict or diminish – the autonomous capacities of citizens, whether individually or freely associated. For that reason, in certain fields such as those relating to welfare, where the initiatives of social bodies do not respond appropriately to the various needs of the person, the state must act principally according to subsidiarity. In these cases the state's intervention can take the form of an incentive in support of the initiatives and works of individuals or of social formations, without necessarily taking their place.

It follows from this that the norms which regulate the state must not spring from new Leviathans, but must be the fruit of a virtuous compromise between various social and political realities, according to the majority principle set out by Arrow. An example of this is the process at the origin of the Italian Republic, which grew out of the convergence of the various philosophically-based groupings of Italian society and was strongly oriented towards enhancing the value of the role of social movements motivated by philosophical ideals. Article 2 of the Constitution states that 'The Republic recognizes and guarantees the inviolable rights of the person, both as an individual and in the social groups where human personality is expressed. The Republic expects that the fundamental duties of political, economic and social solidarity be fulfilled'.

What has been argued thus far, moreover, has much in common with conclusions recently reached by significant schools of scientific thought. The reference here is particularly to the sociological concept which identifies intermediate bodies and forms of associa-

tive democracy as experiences of reconstruction of the role and legitimization of the state. Authors such as Salamon and Anheier (1998), Anheier (2000), Hirst (2002) and Wagner (2000) indicate how a modern social arrangement cannot be based on the state-private sector duality, but finds in civil society and in its expressions a third element which is fundamental and not residual.

In particular, Salamon (2004), speaking of the so-called paradigm of conflict, maintains that the true conflict in modern society is not that between state and individual but that between social groups, civil society, and non-profit entities on one side, and the state on the other – the state in its expansion in the 19th and 20th centuries having overlooked such groups, to the great detriment of the common good. Salamon therefore proposes a new social paradigm and a new governance based on collaboration, interdependence, negotiation, partnership, and recognition of the necessity for interaction between public and private entities and in particular non-profit organizations of the third sector.

In a similar way, on the level of economic analysis, Alberto Quadrio Curzio has observed how a subsidiarity already implicitly in practice in our country is at the heart of the vitality of the world of small and medium enterprises and, if adopted explicitly as a founding principle of the social order and of related legislation, can usher in new development. The economist explains in this regard:

Liberal subsidiarity can contribute as much to the competitiveness of a national system as state trade unionism or global liberalism can damage it [...]. We believe that a social liberalism closely focused on economic and social dimensions can be founded upon the combination of horizontal subsidiarity, development and solidarity (Quadrio Curzio, 2007, pp. 173 and 172, translated by IReR).

Finally, the research and analyses conducted in recent years by authors belonging to what is known as the school of New Public Management⁸ have demonstrated how motivational and ideal struc-

⁸ For example, Besley and Ghatak (2006) show the advantages which derive, in the process of economic development, from the involvement of non-profit organizations, as compared to the intervention of public administration, precisely in the light of the different motivational structures which characterize these two suppliers of the same good or public service. In the same way, Le Grand (2007b), referring to the British healthcare system, sets out two motivational structures (selfish and altruistic) in the light of four organizing structures of service supply (trusts, targets, voice and choice) and argues in favour of organizations which promote the choice of the citizen.

tures influence conditions which permit the affirmation of competition, choice and autonomy and therefore effect an improvement in the quality and efficiency of services supplied (Pestieau, 2006). This creates the necessity for a new design of institutional forms and organising structures able to modify incentives both to players involved in the process of production and supply of social services (more competition) and to users of those services (more choice and autonomy).

The following section will set out the key elements and tools of subsidiarity that characterized the Lombardy experience of government, with particular reference to the area of welfare and possible links with the theory of quasi-markets.

Part II Key elements of the experience in Lombardy

1.4. An economic theory as reference: quasi-markets

In the past decades, particularly following the UK experience at the end of the 1980s, the organization of public services and of social and healthcare services in particular has been transformed, with the adoption of solutions that diverge from the universalistic model by which the state directly provides services to all¹.

The main theory that has accompanied this transformation is that of quasi-markets², systems in which the state funds but does not necessarily directly provide services. These systems are ‘market-s’ in that the providers compete with each other in order to attract users, receiving in exchange proportionally distributed public resources³. And they are ‘quasi’-markets in that such systems differ

¹ For a general overview of the welfare systems see Ferrera (2006).

² The theoretical model of quasi-markets was developed after the reform initiative of the welfare state begun by the Conservative government under Margaret Thatcher, in particular in the sectors of education, with the *Education Reform Act* of 1988, and of the Health Service, with the *National Health Service and Community Care Act* of 1990. For further understanding of these reforms, the School for Advanced Urban Studies of the University of Bristol ran the research programme ‘Quasi-Markets Programme’, partly financed by the British Economic and Social Research Council. It is to this research group, and in particular to the work done by Julian Le Grand and Will Bartlett (Le Grand 1990, Le Grand and Bartlett 1993 and, more recently, Le Grand 2007a) that we owe the identification of the characteristics and opportunities of quasi-market systems.

In Italy the quasi-markets theory has been studied since the 1990s with reference mainly to the education sector (Buratti 1995), and in particular to university education (Agasisti and Catalano 2007), to the social services sector (among others Fazzi 2000 and Fazzi and Gori 2004) and to the reform of the healthcare system (Neri 2006).

³ While the traditional provision scheme for public services attributes to the state the task of identifying the recipients and defining beforehand which services they will benefit from, when and in particular from whom they should receive them, the quasi-market systems attribute to the citizens the essential prerogatives of buying power, in other words the possibility to choose which benefit to obtain and when and where to buy it, while the state retains the role of planning and regulation.

from the traditional markets both on the demand and on the supply side (Le Grand and Bartlett, 1993).

On the demand side, users choose within a competitive system among several providers; however, buying power is not expressed only or mainly through the payment of a price, but also in the form of *vouchers* issued to individual consumers by a public body.

On the supply side, the single producers participate in this competitive system, but they are accredited according to requirements laid down by public bodies and without which they may not enter the market; and public funding of services remains the principal financial support of the system, given that the state, even if no longer the direct producer, remains the main buyer of the services.

Paraphrasing the title of a recent essay by Julian Le Grand (2007a), quasi-markets are based on free choice and on competition: the service is still public, in that it is guaranteed to all, but the user is free to choose among several providers including private ones, above all in the social private sector, who – accredited on the basis of minimum quality requirements – compete with each other in delivering their services.

The conditions for success of quasi-markets

For a correct functioning of quasi-markets certain conditions are necessary concerning the planning and provision of services and the effective exercise of free choice by users⁴.

As regards the market structure, competition must be real: a variety of suppliers must be available (including both for-profit and non-profit private suppliers), avoiding situations of monopoly or oligopoly. The functions of planning and provision must be separate: ‘public administration’ maintains the function of planning, while it assigns that of providing at least in part to the private sector (profit and non-profit) through the system of accreditation.

In a quasi-market system information is fundamental: users and suppliers must have at their disposal complete, appropriate, reliable, accessible and independent information.

Transaction costs must be low, in any case lower than those of a traditional universalistic system, and the user must have access to services without economic, logistical, social etc. restrictions; as regards selection costs, the criteria for financial remuneration for

⁴ The identification of the conditions for success of a quasi-market was made by Le Grand and Bartlett (1993, pp. 13-34) and Le Grand (2007a).

services provided by the producers must be such as to avoid, or at least significantly reduce, gaps between the most and the least lucrative services. This last condition is closely related to the phenomenon of cream-skimming (Dixon - Le Grand, 2006), by which hospitals choose patients with less serious pathologies who need less costly services, or schools select the best students or those from better social backgrounds, who therefore require a smaller educational investment⁵. Similarly, there need to be compensation mechanisms for those who provide more expensive services (Smith *et al.*, 2001).

Finally, there is the need to plan and adopt strict and shared evaluation systems as to the quality and quantity of services provided, to which the accreditation of the supplier will be subordinated.

Therefore, in order to be able to speak about a quasi-market system, on the supply side plurality, competitiveness and a sustainable economy need to be ensured, while on the demand side it is essential to guarantee buying power in a rational way. It is therefore crucial to develop competences able to analyse transaction costs, prevention of information asymmetries, definition of standards, quality evaluation of the services and performance measurement for the supplying parties.

In short, what is required is genuine competition without monopolies, the possibility for suppliers, including public ones, to enter and leave the market (Cafferata, 2000), assessment and accreditation procedures capable of overcoming information asymmetries and correlated phenomena of adverse selection (which leads users not to choose the best agents) and moral hazard (which makes advantages and incentives the prerogative of non-profit managers) (Moramarco, 1999). Also the setting up of ghost companies for financial speculation purposes (Fiorentini, 1996) can be countered by introducing assessment and accreditation systems (Gori and Vittadini, 1999), implemented also with the help of independent central organisms, such as the UK's Charity Commission. In this way it is possible to identify those service providers for which users' free choice could be supported by means of fiscal subsidiarity (Antonini, 2005; Fiorentini 2006).

⁵ To prevent cream-skimming one might, for example, introduce so-called positively discriminatory *vouchers* (Le Grand 1990), which confer a higher-value *voucher* to students from poor families; or systems to reward deserving consumers who demand less expensive services.

Exploiting the potential of intermediate social bodies

If, as we have seen in the first part of this chapter, the modern (Hobbesian and liberal) contractual tradition is based on the exclusive state-private duality, quasi-markets represent a significant innovation in the social order because they identify in civil society and its expressions a third element which is fundamental and non-residual: intermediate social bodies. By introducing elements of civil society into the system stably and with equal dignity, quasi-markets attribute a public system function to associations of the private social sector.

In quasi-markets 'the money follows the choice', which means money is allocated so as to support the free choice of the user. According to Hirst and Bader (2001) the strategic choice is for public services to be provided by voluntary and democratic organizations which are self-governing, compete with each other and receive public funds for the activities supplied. By this logic, non-profit organizations (NPOs)⁶ are an expression of social realities which operate according to ideal criteria and express those 'socializing desires' described in the preceding section. In structure they differ from both public and private institutions, not only in revenue remuneration but also because of their other characteristics. In many cases they are set up as proper companies⁷, with well-developed governance⁸ and good financial capacities⁹. Their ori-

⁶ The non-profit world presents itself to the scientist as an accumulation of strongly heterogeneous realities and, looking more closely, non-profit organizations prove to be quite similar. One might even say, obviously in a paradoxical way, that in Italy non-profit does not exist. From the point of view of terminology, in fact, the word 'non-profit' is not found in any state regulation or law. And yet, notwithstanding this absence, and even though the use of the term non-profit is criticized by many experts for various reasons, it needs to be recognized that it has become part of the current language in various forms (non-profit institution, non-profit organization, non-profit company or non-profit association) and therefore we need to accept its use, at least until alternative terms are found and equally commonly used.

⁷ The term 'non-profit company' was swiftly taken up in business studies, especially after the conference hosted by the Accademia Italiana di Economia Aziendale (Italian Academy of Business Economics), *Le aziende non profit tra Stato e mercato* (Non profit companies between state and market) (Rome, 28-30 September 1995). The speeches made on this occasion, among others by Giuseppe Airoidi, Elio Borgonovi and Pellegrino Capaldo, are noteworthy in this respect. See also Matacena (1998), Travaglini (1998) and Antoldi (2002).

⁸ On the subject see: Cavenago (2004), Borzaga and Depedri (2004), Fazzi (2007), Ostrower and Stone (2007).

⁹ On the subject see Fiorentini (1996), Scalvini (1998), Amatucci (2000), Borgonovi *et al.* (2000), Anheier (2000).

gin and their mission with a strong idealistic connotation (Min-koff and Powell, 2006) mean that in the welfare sector, compared to private and public sector companies, NPOs distinguish themselves by a capacity to validate workers in particularly labour intensive¹⁰ activities, attention to results in terms of company efficiency¹¹, effectiveness in terms of the user's well-being and satisfaction (Matacena, 1998), and fairness in terms of their readiness to intervene on behalf of socially disadvantaged groups (Zamagni, 1998). NPOs therefore represent a significant aid in the pursuit of equity of treatment and universality of services. Their growth does not reduce or substitute the role of the public institution, but rather it increases the importance of its planning functions.

Quasi-markets thus do not envisage the withering away of the public institution but a change of its role to that of regulator, for a variety of parties involved in providing services and in all collateral activities, including the decisive one of guiding choice. These conditions open up a system which allows those capable of choosing to do so, while those who are not capable are guided and supported by a public body or NPO to put them in the position of exercising their right of choice.

Quasi-markets and universality of service

Often – and not always unjustifiably – criticisms of the privatization of welfare services express the fear that it will lead to their commercialization (Vicarelli, 2005). This fear, however, does not exist with respect to quasi-markets as such. In fact, as long as the conditions discussed above are met, quasi-markets are structurally conceived so as to guarantee universality of service and equality of access.

Quasi-markets abandon neither universality of service nor the necessity of assuring minimum guaranteed standards of interventions, assistance and parity of treatment, particularly with regard to the less well-off: the fact that public institutions set guidelines for interventions taking into consideration these fundamental aspects does not mean that they can prosecute them only through publicly run service suppliers or through direct management of the services provided.

¹⁰ See Marzocchi (1996) and Borzaga and Valline (2003).

¹¹ See Sostero (2003), Zangrandi (2000), Borzaga and Musella (2003), Farsi and Filippini (2004).

Sometimes it is even this universalism itself that creates forms of injustice for the weakest. In the British experience, for example, studies show that it is those belonging to the less well-off classes and the socially most disadvantaged who are keenest on freedom of choice (Le Grand, 2007b). This can be explained by the fact that in a universalistic system that supplies equal services for all, those who have a socially or economically higher position have more possibilities of finding preferential solutions thanks to the use of relational resources (acquaintances, friends etc.) at their disposal. If, on the other hand, everyone (including the less well-off) can choose the best services, the competitive advantage of the higher social classes tends to become less significant.

A system inspired by the quasi-markets theory, therefore, is not only fully compatible with observance of minimum guaranteed standards, but also, by capitalizing on freedom, tends to increase the responsibility of supplier and user, empowering even the most marginal sectors of society to exercise choice as to the service most suited to their needs (Le Grand, 2006).

1.5. Quasi-markets and Lombardy subsidiarity governance: key elements and tools

In the process of critical reflection on the experience in progress, as clarified above, we discussed the quasi-markets theory in that it represents a paradigm of reference which is useful for the application of the principle of subsidiarity and, without doubt, also for the consolidation of the Lombardy government model.

From the cross-reading of the theoretical paradigm of quasi-markets and the experience of subsidiary governance in Lombardy, we can extract three key elements around which the currently existing tools and experiences can be united and presented. They are: 1) pluralism of supply, made available through tools like the separation of provision and planning and the separation of ownership and management; 2) freedom of choice, through the tools of accreditation and quality evaluation; 3) fiscal subsidiarity, whose tools may include the *buono*, the *voucher*, the *dote* (see glossary) and the mechanism of tax exemptions and allowances.

Note that the key elements and tools overlap widely: they can be (and have been) used together. Furthermore, this is a non-conclusive classification that is as yet only aimed at setting forth our experience and not at proposing a definitive paradigm. The reference to

quasi-markets should be interpreted in the same way, in that it provides, as already explained above, not an established model of reference but a heuristic and hermeneutic tool.

In fact, the role of the key elements and tools in providing a classification explains much, but also leaves much to be explained and understood. The same can also be said for quasi-markets, which contribute to illuminating and confirming various aspects of the Lombardy experience, but at the same time also show its originality, pointing the way to the development of new possible reference paradigms.

With these qualifications, there follows a discussion of each of the key elements and the related tools. In some cases the evidence gathered and the reflections carried out will allow for significant deeper insights and interpretations; in other cases descriptive elements, typical of an ongoing process – that of defining and finding a system – will prevail.

Freedom and responsibility

Before proceeding with the analytical presentation, it should be underlined that fundamental to interpreting the three key elements, or what they indirectly refer to, is the reciprocal interaction between freedom and responsibility. This should also be kept in mind as it may represent an important distinctive element between the paradigm of subsidiarity and that of quasi-markets.

In the documents laying out the policies of the Lombardy government¹², freedom and responsibility are seen as necessary and inseparable conditions for the application of subsidiarity and they concern both supply and demand sides of services.

They are necessary conditions because without them there is no personal, relational or institutional autonomous action, and they are inseparable because the freedom we refer to, as explained above, is not an end in itself but from the start implies the energy for, and the prospect of, constructing a personal and common good.

Freedom and responsibility also concern both demand and supply of services. Often a system is imagined in which freedom is a right on the demand side, of consumers, of the users of services, while responsibility is a duty on the response side, of the supplier, of the party commissioned with the service. However, there is also

¹² See, in particular, the *Documento politico programmatico* of the VIII Legislative period (June 2005).

the responsibility of the user and the freedom of the supplier, which must be guaranteed in the same way in order to make the subsidiarity process mature, institutionally stable and economically viable.

It is upon this interplay of freedom and responsibility that Lombardy policies over the past decade have at least tentatively been based, and upon it that some fixed points can be established.

1. Pluralism of supply

Pluralism of supply, in terms of the quasi-markets theory, corresponds at least in part to the measures necessary in order to guarantee a better exercise of competition in systems that are mostly publicly funded. In Lombardy, this has been brought about through structural interventions in complex systems (especially healthcare and social care services) which has allowed a substantial equalization of public and private suppliers and the recognition of the systemic role of NPOs.

We need to remember that the pluralist reorganization of a supply system requires a series of actions that include the separation of the planning role from that of provision, with the establishment of general guidelines and the pursuit of financial equilibrium.

In considering this set of actions, we wish here to look at the use of two tools: the separation of provision and planning and the separation of ownership and management. In Lombardy this has typically occurred in the healthcare sector where one finds its most significant applications.

The first step was taken with an Act of the Lombardy Region defining the reorganization of the regional healthcare system (regional law no. 31/1997) which was notable for its originality. Following this measure, the local health authorities (*ASL*) have ceased to be suppliers of services and have become planning centres. On the supply side, *ASL* undoubtedly have more freedom, as they implement those planning lines and healthcare areas most relevant to the territory in question. Another interesting prospect is that of innovating their internal organization in order to become ever more capable of efficiently carrying out the management and planning activities assigned to them.

As regards the separation of ownership and management, one of the most significant examples of the past years is represented by the constitution of hospital foundations. The *fondazione di partecipazione* is a non-profit institution which partners may join by contributing money, tangible or intangible assets, professionalism or services. The transformation process of all or part of the regional

hospitals into foundations, which began with the *Piano Socio Sanitario* (social-services and healthcare plan) 2002-2004 and was further regulated by the regional law no. 3/2003, is being implemented in Lombardy by means of the tool of management experiments¹³. The particular non-profit quality of this form of management makes it a tool that can be used in the healthcare sector. The management profile of the Foundation, as it is an autonomous institution, renders it independent of circumstances (including political ones) that might affect the parties it is made up of, thus permitting the planning of long-term projects and a long term in office, which are indispensable elements for a complex structure like a hospital.

The legal model of this foundation, as conceived by the Lombardy Region, benefits the development of public-private interaction in social and healthcare services. The purpose of the foundations is not the 'privatization' of healthcare, but instead to favour the adoption of management strategies (characteristic of the private sector), which will enhance flexibility, efficiency and economic savings in structures that are publicly owned. In addition, the involvement of university bodies also promotes the conducting of intra-hospital research activities. Lastly, the hospital foundations are in a position to transfer more responsibility to the territory and involve different local levels in the policy process.

The relationship between foundations and territory, for example through the local planning role played by the *ASL* authorities, is a useful reminder of their difference from quasi-markets. In Lombardy, policies for pluralism of supply have always been coordinated with policies of comparison between regional and local institutions. This has produced valuable confirmation of some practices in operational procedures and variations in others, as well as indications for new frontiers, especially in the welfare system.

¹³ To date in Lombardy four hospital foundations have been constituted: the Foundation 'Elli Montecchi' following the transformation of the hospital facilities at Suzzara (Mantua); the Foundation 'San Pellegrino' following the transformation of the hospital facilities at Castiglione delle Stiviere (Mantua); the IRCCS Foundation 'Ospedale Maggiore Policlinico, Mangiagalli e Regina Elena' with the objective of reorganizing the functions and structures of the 'Istituti Clinici di Perfezionamento' (ICPs) and the Ospedale Maggiore di Milano, in compliance with article 1, legislative decree 288/2003 (Restructuring of the IRCCS) and, more recently, the Foundation 'Monza per il bambino e la sua mamma' at the San Gerardo di Monza Hospital with the aim of setting up a Mother-Child department with the twofold mission of providing excellence in care, and promoting clinical, epidemiological and basic research where assistance and research are considered as elements in an integrated approach.

2. Freedom of choice

To guarantee freedom of choice means putting people in a position to exercise an option as to which supplier to use in order to meet a need. As in the paradigm of quasi-markets, also in Lombardy this fundamental principle has been supported by two means of intervention. The first involved putting into the system economic resources and information targeted at the individual users; the aim of the second was to propose, within the reorganization of the supply system, providers accredited according to quality standards established by the Region. The economic resources provided to users were *buoni* and *vouchers*: they will be discussed later. Here we would like to further discuss the main aspects of two other tools the regional government found effective in supporting freedom of choice: accreditation and assessment¹⁴.

2a. Accreditation

Put simply, to accredit means to ‘certify’ that a supplier meets the necessary quality requirements and is therefore fit to provide a public service. The most common and consolidated form of accreditation in the Lombardy system is what might be defined as an *ex ante* accreditation, as it is implemented before the beginning of an activity by means of an inspection verifying that the party in question satisfies the parameters and prerequisites defined by the Region to provide the services under consideration. It is present in the policies regulating professional education through a system of accreditation of those who provide training courses, and in procedures for the accreditation of those appointed to supply healthcare services.

It must be underlined that, in both areas of application, the regulatory framework drawn up at a regional level has been improved, resulting in greater importance being given to defining the requirements necessary for operators seeking accreditation, and in an overall focus on raising their quality standards. This helped to fulfil a twofold objective: on one hand, the aim of the Region to achieve a

¹⁴ It should be stressed that the offer of services in a subsidiary form – in addition to creating problems related to information asymmetries, which may be solved by means of accreditation and evaluation systems of which the following chapters will provide examples – in itself provides a possibility of solving inefficiencies created by asymmetric information and allows situations of market failure to be avoided. It was a deliberate choice not to concentrate on these aspects but to discuss, instead, the organizational and regulatory means which made subsidiarity possible in a specific experience, while respecting quality and efficiency requirements imposed on the supplier.

high-quality system of provision for training and healthcare; and on the other hand the goal of service providers competing for public funds to come to the market better prepared.

In the case of healthcare, the regional law no. 31/1997 sanctioned the conditions whereby the supply parties, both public and private, could put themselves in a situation of equality in terms of their respective rights and obligations within the same competitive environment.

In the area of professional education the accreditation process began with implementation of the regional law no. 1/2000 concerning the reorganization of autonomies, and within the framework of the measures of the *DM* no. 166/2001, implemented by the *DGR* no. VII/6251 of October 1, 2001 *Disciplina per l'accreditamento dei soggetti che erogano attività di formazione e di orientamento* ('Regulation for the accreditation of providers of training and guidance'). Other steps¹⁵ followed that have characterized accreditation in Lombardy as a benchmark for the selection of providers of educational and training services who possess structural, logistic and process related prerequisites, in a system focused on openness to both public and private operators, recognition of the autonomy of providers, and quality improvement.

Recent regional laws concerning the labour market (regional law no. 22/2006) and the educational and training system (regional law no. 19/2007) finally created the bases for an inclusive regional accreditation system which qualifies public and private suppliers of services as parties participating in the implementation of training and labour policies, as well as representing a condition for access to public funding.

A salient feature of the new accreditation system is the constitution of an integrated model by which accreditation for professional education and training services and accreditation for labour related services are covered by a single regulation¹⁶. In this context the accredited party acts in conjunction with other parties in the

¹⁵ In particular, see the *DGR* no. VII/19867 of December 16, 2004, on the accreditation criteria of the party providing training and orientation activities.

¹⁶ The *DGR* no. VIII/6273 of December 21, 2007 defines the characteristics and procedures of accreditation for public and private parties carrying out professional education and training services under regional law no. 19/2007 and labour related services under regional law no. 22/2006. It regulates the characteristics and procedures for enrolment in the regional registers of accredited parties and the requirements for the issue of accreditation to public and private operators supplying services.

network, including through flexible groupings acting in response to specific policies and interventions.

If we reconsider all this with respect to the quasi-markets theory, one of the difficulties of the Lombardy model of *ex ante* accreditation becomes clear, which might be summarized in the problem of so-called stalled accreditation. This happens when the number of parties supplying services within the system cannot be increased, often because of a limited overall budget. In theory, with the same resources the number could be increased by reducing the amounts paid out to each supplier. In reality, though, some structures – particularly public structures in the healthcare sector – cannot operate below a certain funding threshold.

One of the prospects for development envisaged for the accreditation system is so-called time-limited accreditation. In this case exit from the system would not only occur, as happens today, in the case of any failure to meet the requirements, but accreditation would come to an end for all providers after a set period of time. On that date a new invitation to tender would be announced, allowing parties previously not accredited to participate. However, also the prospect of time-limited accreditation raises some concerns, because the above mentioned cost rigidity is structural in nature and therefore probably cannot be dealt with in this way alone.

2b. Assessment

The subject of assessment of public policies is important and widely dealt with in literature (Moro, 2005 and Lippi, 2007). Here, we will only concentrate on the most relevant aspects with regard to quasi-markets as proposed or implementable in Lombardy.

In the quasi-markets theory, assessment is a necessary condition as it aims to ensure that producers carry out their functions in an appropriate way, and that all users are in a position to exercise their choice. It is, ultimately, the process by which government bodies, through planning and checking, verify that the provider (of any service) fulfils the objectives as to efficiency and effectiveness, agreed upon, established and declared *ex ante*. This activity can be carried out by an independent authority providing transparent results.

In Lombardy an interesting case of assessment in this sense is represented by hospital structures and *ASL* authorities which adopt some quality standards set by Joint Commission International (JCI), the agency accrediting the majority of healthcare structures

in the United States¹⁷. The JCI system considers the hospital in its entirety and consequently the accreditation covers the whole facility and not only part of it. The standards, which define achievable expectations for hospital activities involving the facility, processes and outcomes, should be in line with promoting systematic, purposeful management of activities for improvement.

In the first period (2004-2007) the evaluation process carried out in Lombardy only covered hospitals and concentrated on organizational behaviour; in the second period (2008-2010) the assessment is to be extended also to local healthcare structures and will thus involve a total of 190 public and private hospitals and 15 *ASL* authorities in the Region.

The actual practice of carrying out assessment has raised a series of issues.

First of all, assessment can be carried out only by defining indicators which report output (results related to agents) and outcome (results related to recipients) of a service. This presupposes an adequate system for gathering data on service provision.

Moreover, indicators have a structural relationship with policy objectives: they cannot therefore be meaningful if policies are drawn up with a limited awareness of what results they actually intend to achieve. In other words, the indicator depends on what the policy (at least internally, if not publicly) expressly indicates in terms of beneficiaries and performance targets. From this point of view there is a fundamental link between assessment and accreditation: in accreditation the minimum (or maximum) requirements can be modified, shared and included as measurable performance parameters over a period of time. The achievement of targets thus becomes an integral part of the service provision contract.

Secondly, assessment is not only a question of quantity (efficiency) but must also consider quality. In Lombardy an example of this is provided by the healthcare system: the *ASL* authorities have been reorganized as tools for planning and control and, in order to limit costs, they have developed significant quantitative evaluation processes concerning the number and type of illnesses treated (these processes are closely linked to the reimbursement system based on *DRGs*).

¹⁷ The experience of accreditation for excellence developed in the United States basically revolves around a system for evaluating medical facilities on the quality of the service provided for patients. www.jointcommissioninternational.org.

However, a critical analysis shows that a real planning function (and not only a control function) also requires the evaluation of quality and effectiveness. An alternative idea would be to consider a remuneration system for services which is no longer based (or no longer only based) on the *DRG* system, but linked also to the person-user: reimbursement should be paid not upon the provision a service and based on rates set exclusively for the type of illness, but at the end of the therapeutic process with a positive outcome.

A third decisive element of assessment is communication. If the user¹⁸ does not know (or understand) the results of the assessment, it is as if the assessment never took place. The accessibility and clarity of evaluation information are therefore a necessary (if not sufficient) condition for reducing the risk of information asymmetries among the beneficiaries of the services.

Finally, a consideration for the future: if our reference principle is subsidiarity, we also need to be able to measure the quality of the service provided in terms of relational aspects. The pattern of needs, especially in the field of social care and healthcare assistance, is undergoing radical change, making it even more evident that the effectiveness of a service does not depend only on the technical capacity provided in response to a need, but also on the way this response is delivered. For example, in a sector like social care services, it is clear that the quality of relationships, the methods and skill of the operator in approaching and treating the patient, and in fully considering the person's general condition, are of decisive importance when it comes to effectiveness and outcomes. Similarly, in educational sectors where young children are involved, the technical competences and skills of the adults are crucial, but equally important are willingness to help, calm, warmth and the way in which they relate to the children.

The quality of relationships, however, is normally not taken into consideration in the awarding of a contract for provision and in the evaluation of the service provided. There are no indicators for the quality of relationships, nor consolidated methods for their measurement. Introducing these would be very significant because they could then also be included in the mechanisms and tools for accreditation, certification and assessment. Moreover, close consideration reveals that the history of 'assistance', not just in Lombardy but par-

¹⁸ The problem is less acute, though analogous, for providers, who however often have sufficient opportunity and time to gather the information necessary to address the competition.

ticularly there, flowered in the late 19th and early 20th centuries particularly thanks to the creation of innovative services on the part of institutions inspired by idealism. These proved able to combine efficiency and quality of relationships, making this the keynote of their success in the territory and contributing crucially to the development of the system (Colombo, 2004).

3. Fiscal subsidiarity

A third key point is fiscal subsidiarity, meaning all of the provisions of public resources aimed at supporting demand and supply of services. Such provisions can be made through direct or indirect distribution of resources or through tax exemptions or reductions.

It is immediately clear that for the time being regional policies in Italy can act primarily on the side of distribution of resources, given that there is no real fiscal federalism. However, in Lombardy efforts were focused on two groups of initiatives: first, the system of *buoni*, *vouchers* and *doti*; second, tax exemptions and allowances.

3a. Buono, voucher, dote

The *buono* represents funds issued by the ‘public administration’ generally in favour of families, to reimburse expenses incurred for the use of a service.

One significant example of *buoni* provided by the Lombardy Region is the *buono scuola* introduced by the regional law no. 1/2000 with the objective of promoting freedom of choice for families through economic support. Thanks to the *buono*, a part of the school expenses paid for attending regular courses in primary and secondary, state and non-state, schools¹⁹ is reimbursed.

From the perspective of subsidiarity and quasi-markets, the *buono scuola* is an intervention on the demand side, the beneficiary being the family. The family is put into the position of being able to choose freely. However, this raises the parallel question of how to manage and consolidate a corresponding development on the supply side. In the case of the *buono scuola* in Lombardy, it was possible to observe a stable situation (or even an upturn) of the ‘school parity’ system during years in which serious crisis was threatening its survival. At the same time, private schools run as cooperatives were sometimes able to enjoy favourable conditions and subsidies

¹⁹ For a detailed analysis of the tool and its application, including an evaluation see Violini *et al.* (2007).

thanks to other regional measures. This alone, however, cannot hold out the prospect of consolidation. We need to find a way to progress beyond contribution on the demand side *ex post*, in favour of funding provided *ex ante* which can lead to virtuous mechanisms in the demand itself.

An interesting development in this perspective is the recent introduction of the tool of the *dote*. This reinforces and rationalizes the motivations underpinning the policy of the *buono scuola* (freedom of choice and funding of the service directly to its users), extending them to all policies which support human capital (education, professional training, labour-related services). The ‘*dote system*’ may be defined as a set of resources in money and services made available to people in order to stabilize, maintain and strengthen the relationships that best preserve, develop and nurture their human capital. The system comprises different types of *dote* (for school, vocational training and labour), which tap traditional sources of funding, package them together and issue them directly to individuals, giving them the possibility of real choice among the services on offer²⁰.

Going forward, the *dote* system thus created should enhance the freedom of choice of families on the demand side, thanks to its *ex ante* provision and thanks to its support of individuals in the context of social relationships. On the supply side, there should be greater simplification and efficiency in administrative action and on the part of service providers.

In the system of quasi-markets a user may pay for a service using means which are not strictly monetary, such as *vouchers*. These are certificates issued to individuals, which they can ‘spend’ at accredited facilities. A significant example in the experience of Lombardy is the social care *voucher*, which is an economic non-monetary contribution issued by the Lombardy Region through *ASL* authorities in the form of a purchase certificate.

It may be used exclusively to buy integrated domiciliary social assistance and healthcare from *ASL*-accredited providers, public or private, profit and non-profit, carried out by qualified professionals. The social care *voucher* was introduced into the national welfare

²⁰ The ‘school *dote*’, for example, replaces with a one-off *ex ante* contribution the multiplicity of regional contributions which, in the past, supported families in expenses related to education (*buoni scuola*, study allowances, bursaries, free textbooks). See *DGR* no. VIII/6114 of December 12, 2007 for the criteria regarding the assignment of school *doti* for the 2008-2009 school year.

system by the law no. 328/2000, and by the Lombardy Region in the year 2000, initially on an experimental basis. In 2003 it was extended to all *ASL* authorities. The accredited provider is responsible for the quality of services and is required to provide regular reports to the *ASL* authorities in order to prevent information asymmetries. The *ASL* authorities are required to evaluate, supervise and monitor the units providing social care services.

At this stage in the experience, some general trends are recognizable. In terms of performance: a high number of accredited providers; a significant presence of non-profit providers; an increase in the number of beneficiaries of domiciliary assistance and care; a reduction of unnecessary or premature admissions to traditional facilities (hospitals, retirement homes and nursing homes); the spread of customer satisfaction measurement. On the other hand, among the limits in implementation, we should mention the 'resistance' in the territory towards initiating the *voucher* process for domiciliary care; and critical aspects related to the access to information for some categories.

The *buono, dote* and *voucher*, as mentioned earlier, operate on the demand side. This constitutes an important step towards quasi-markets in the Italian welfare environment, which is highly universalistic. However, the Lombardy experience, thanks to the positive results in the use of these tools, suggests a further development in the direction of subsidiarity and the link between freedom and responsibility already mentioned above. This is a proposal, still in the planning phase, called the 'Family Fund' (IReR, 2008) and based on the model of the 'Child Trust Fund' introduced by the British Government in 2005²¹. The system would grant families a sum of money to be saved, invested and used in the long term (with limited restrictions), enabling them to purchase the services considered most compatible with their needs (children's education, care

²¹ The Child Trust Fund is aimed at all children (of British nationality or from the European Union), resident in Great Britain, born after September 1, 2002, and provides to all families who apply for it a *voucher* to the value of £250 (£500 for low-income families) on the birth of a child, and another payment after seven years, which may be invested in a fund chosen out of a variety of options to which the family may also contribute voluntarily up to a maximum of £1,200 per year. The aim is to make sure that citizens upon reaching adulthood have an initial capital to be used to attend university, start an entrepreneurial activity, buy a house and so on. It is an 'extra' help in bringing up young people, allowing them to take advantage of the opportunities they encounter for educational, cultural and professional development. At the same time, families have an incentive to invest in the future of their children. For information on the 'Child Trust Fund' within a quasi-market system see Le Grand (2007b).

for the elderly, special medical care, etc.) The innovative characteristics of this tool lie in the fact that it is a resource which: a) is awarded before it is needed ; b) to fulfil a potential need (i.e. it is not granted for a specific purpose or in response to a specific need); c) not to a single individual but to the family.

With the 'Family Fund' we move from the concept of social 'expense' to one of social 'investment' and thus reinforce the balance of freedom and responsibility in the use of resources thanks to the direct involvement of families in saving up money, and their freedom in using the resource. In this way, the principle of taking responsibility is strengthened in harmony with the emerging rationale of fiscal federalism.

3b. Tax deductions and allowances

The second group of initiatives operates – as mentioned – on reducing or removing the fiscal burden. Tax deductions and allowances are the tools adopted with a view to rebalancing and equality, reducing the fiscal burden for particular categories of suppliers²². The initiatives of the Lombardy Region concentrated on the suppliers (and not on the beneficiaries²³) due to institutional reasons, given the lack of a comprehensive federal tax system.

An interesting initiative was the reduction of taxes for socially useful non-profit organizations (*ONLUS*) introduced into the Italian law by the legislative decree 460/1997. In addition to providing concessions on state taxes it also allowed local bodies to approve total or partial forms of reduction in the taxes due to them. On this basis the Lombardy Region, with the regional law no. 27/2001 decreed tax exemption with respect to *IRAP* taxation and the regional automobile tax for *ONLUS* operating in the region²⁴.

Checks carried out on a sample of *ONLUS* have shown that all the registered institutions, to varying degrees, have had significant

²² For the relationship between subsidiarity and equity see Musu and Antonini (2006).

²³ The logic of tax allowance / deduction in the context of subsidiarity would also, and in certain respects above all, require the beneficiaries to be subject to tax relief.

²⁴ According to article 1 of the regional law no. 27/2001, 'as from January 1, 2002, according to art. 21 of the legislative decree no. 460 of December 4, 1997 "Riordino della disciplina tributaria degli enti non commerciali e delle organizzazioni non lucrative di utilità sociale (Reorganization of the tax regulations for non commercial bodies and of non profit organizations of public utility)" the parties defined by article 10 of the same decree are exempt from the payment of *IRAP* and of the regional automobile tax for vehicles in their possession, without prejudice to the obligation of submitting an income declaration, also for the purpose of determining the *IRAP* taxable income, to the appropriate Revenue Office'.

tax savings. Those freed-up resources have in general promptly been ploughed back into the production process leading to further development of the sector or increased salaries (IReR 2004a).

1.6. Concluding remarks

This contribution looks afresh at subsidiarity, acknowledging its compatibility with a positive anthropological conception and the attitude of trust this creates. Subsidiarity thus emerges as the possibility of leaving behind the alternative between statism and liberalism, typical of the modern state system, based on a negative anthropological conception and on the suspicion it engenders.

The supposition is that mankind is characterized by a series of positive original desires. These desires, once socialized, create a network of social bodies which allow the building of a common good, an expression of people's freedom and responsibility.

We would argue that the experience of the Lombardy government in the past decade, based on the concrete implementation of the principle of subsidiarity, is an attempt at affirming this positive anthropological conception and the type of social organization best suited to it.

That attempt proposes both a theoretical outline and a systematic reference for the experience of policy implementation. This perhaps already represents an initial conclusion, in view of the fact that scientific literature still lacks frameworks of analysis capable of combining the founding principle of subsidiarity with a systematic representation of its implications related to policy implementation. We are aware, however, that our proposal is not complete and is more an invitation for reflection, rather than the formulation of a paradigm.

In that respect, some fixed points would seem to emerge, and, above all, some future perspectives which we outline below.

Quasi-markets and the Lombardy experience

In this attempt at systematization, the quasi-markets theory, even if developed in different contexts and for different reasons, seems to offer a theoretical framework which is at least partly suited to the key principles and tools adopted in government procedure. The quasi-markets theory in fact assists in organizing the experience of subsidiary governance in Lombardy by providing it with a sense of direction.

The point of intersection is to be found in the fact that both perspectives aim at enhancing freedom and responsibility. The major contribution of quasi-markets, which are more mature in experience and conceptualization, is related to the redefinition of the orientation of the measures implemented in Lombardy over the past years with respect to complex systems like education, training and labour, social care services and healthcare. The measures have been targeted at encouraging freedom and responsibility through conditions allowing the exercise and guarantee of: a) pluralism of supply from both public and private providers, b) freedom of choice, and c) fiscal subsidiarity.

Although useful at a hermeneutical level, the quasi-markets theory does not completely account for the Lombardy model with respect to its conditions, its contents and the development of freedom and responsibility.

The reasons that gave rise to quasi-market practices and those behind the application of subsidiarity in Lombardy are not the same. The former remain a contingent attempt to correct certain supply systems faced with the crisis of universalistic welfare which started in the eighties; the latter is a set of government practices developed over more than a decade and inspired by a principle of social reorganization based on precise anthropological premises and, as such, independent of geographical or time-related conditions.

The comparison also throws into relief the differentiating characteristics of the Lombardy experience. Certainly there is a focus on competition and the best match between demand and supply, but the experience also highlights a tendency to bring the two sides of the market together, getting both of them to act according to the principles of freedom and responsibility.

Another specific characteristic is the attention focused on the territory and the comparison between regional and local institutions, which, even if so far only partly satisfactory, is an important field for the confirmation of the results expected from the subsidiarity policies in place.

Some future perspectives: the demand side

Even if we are still far from a definitive systematization of the experience in Lombardy, we can, however, point out that the exercise of comparison opens up some interesting perspectives. One might envisage a more evolved role of the public institution than the founding and structural role played so far. We are referring to the

possibility for measures of consolidation and implementation that would be more challenging and far-reaching than those achieved so far. Such measures have been mentioned in part by our contributors, and are reconsidered here by listing some examples which are therefore neither exhaustive nor in order of priority.

In the area of information and communication, effective tools are necessary to provide suppliers with adequate and transparent feedback of their evaluation, to counter the risk of information asymmetries. In general terms, there also seems to be an important cultural change in Italian 'public administration', with a transition from communication conceived as a description of providers on the supply side, to communication designed as a representation of the needs of the demand side.

It seems possible that the process of assessment may evolve towards experimenting with forms focused on consumer choice, proposing a system of criteria to reward the deserving, to counteract the phenomenon of adverse selection.

In more general terms, one might foresee the possibility of making it a priority to transfer public funding – where possible – directly to the user, rather than to the supplier, and *ex ante* rather than *a posteriori*. This prospect is perhaps the most innovative and complex at an organizational level; however, it would allow the activation of a social quality market system²⁵, in which people and families, having the necessary resources directly at their disposal beforehand, would be put into the position both of exercising their own choice more efficiently and of planning long-term investments. Suppliers would be in genuine competition for resources and very probably this would reward not only and not so much services provided effectively and efficiently, but above all those with the high 'quality' relationships typical of the non-profit sector.

Some future perspectives: the supply side

There are also some fairly clear avenues of intervention aimed at consolidation of the system on the supply side, in terms both of service providers and of services provided.

One of the most urgent measures involves leaving behind the forms of mere outsourcing that afflict part of the experiences related to a subsidiarity supply of welfare services and, in general, find-

²⁵ See also Bruni and Zamagni (2004) and, more recently, with reference also to the situation in Lombardy, Zamagni S. (2007).

ing solutions for a time limited accreditation, or in a form that give direction to the planning capacities of public, private and non-profit producers.

Regarding the allocation of resources, as we have seen, it might be taken into consideration to abolish the current remuneration model of hospital structures, regulated by *DRG* criteria, in favour of remuneration based not on pathology but on the patient.

An integrated vision of the effects of the system should also encompass evaluation models, for example through the development of tools for 'joint evaluation', whereby producers, regulation and planning systems, users and citizens would be considered and analysed together. An evolution in this direction of the monitoring and control systems would make it possible to better understand the opportunities and critical aspects of the system, also to the benefit of communication processes.

A new phase is also expected for the involvement of professionals operating within the various systems. Here we refer – though not exclusively – to the crucial role that can be played by general practitioners, as the counsellor of first resort when choosing between possible providers.

Structural limits and underlying rationale

It is clear that in the current context not everything lies within the power of the regional government and that, together with new prospects on the demand and supply sides, there must be concrete progress in at least three areas beyond the scope of the Region, which represent the main structural limits imposed by the current incomplete federalism.

The first is the impossibility of implementing an adequate levy system at territorial level in order to make available suitable resources without compromising – where possible and obvious – necessary national solidarity. We are referring to the need to redefine the financial agreement among Regions and between Regions and state according to rules more focused on virtuous standardization of costs and on abandoning the system based on historical expenditure, an obstructive factor to the introduction of fiscal federalism, although it has been part of the constitution since 2001, in the much discussed article 119.

The second is the level of effective institutional autonomy of the Region, which for some issues should evolve towards a regime of differentiated competences as foreseen by article 116, par. 3 of the Constitution. In this respect it is worth remembering the action

undertaken by the Lombardy Region in a resolution approved by the Regional Council on April 3, 2007 requesting the devolution of major competences in twelve areas²⁶.

The third is the system of labour organization and protection, which must urgently be redesigned in order to allow for greater dynamism on the supply side. It is paradoxical that perhaps the main difficulty in introducing systems of free choice aiming at equity is, today, the resistance exerted by corporate rationales, which – particularly in schools and in healthcare – are still being proposed by some in the name of a misguided protection of the weakest.

Action envisaged in this way both for demand and supply, as well as for institutional and structural limits, can, however, only be carried out by following two basic rationales which the Lombardy experience has helped to shed considerable light on, including at the level of theoretical analysis.

The first of these entails escaping both the limitations of universalism – meaning the assumption that all government bodies must be directly responsible for guaranteeing uniform and universal access to rights – and those of the tendency to politicize everything, the illusion that politics defines the common good as the algebraic sum of particular interests, furthers its pursuit and indicates the means and methods for its achievement.

The second rationale attempts to overthrow the state-market dichotomy by opening up the sphere of society and of improvement for individuals, singly or in groups. This rationale is inborn and, as we have tried to show, has within itself desires, ambitions and possible solutions. It is a sphere that does not require concessions but recognition and perhaps delegation, not only for the management of services, but also for forms of decisional power with respect to these services.

²⁶ The twelve subject areas about which the Region confronted the Government, in order to draw up an agreement in conformity with article 116, par. 6 of the Constitution, are: ecosystem and environment, cultural heritage, magistracy, health, communication, emergency relief, complementary pensions and benefits, infrastructure, research and innovation, university, cross-border cooperation, regional banks.

Conclusions

The main aspects of the system: the freedom-responsibility axis

The book presents the fundamental elements of the Lombardy government experience, inspired by subsidiarity in the sectors of education, training and labour, social care services, and health-care. The first chapter proposed the positive anthropological bases of the subsidiarity principle and the quasi-markets theory as a reference paradigm, though incomplete, for the application of that principle, and the key elements and tools identified by the Lombardy government in the three areas studied. The following chapters described in detail the policies implemented, for which critical remarks and ideas for further discussion by some influential discussants were proposed.

Numerous ideas emerged concerning various aspects. We will not try to offer a summary, which may be inappropriate here. Nor do we wish to suggest a systematic policy agenda indicating precise measures to be adopted. Instead, the objective is to pick out the systemic aspects which, directly or indirectly, emerge from the contributions in this book. The systemic aspects are, in fact, those that more than others might help in understanding the structural and non-contingent dimensions of a governance inspired by subsidiarity; those aspects which, now that more than 10 years have passed, make the guiding principles and the direction of implementation clearer. Predominating over them all is the relationship between freedom and responsibility, which we identified in the introductory chapter as the original key of the model of subsidiarity compared to other analogous systems. It is in that relationship, we believe, that we must look for the modifications and implementations of an institutional consolidation. We have therefore selected the following observations as they link back, directly or indirectly, to free responsibility, in both supply and demand.

The importance of the 'sectors'

For the purposes of clarity, the conclusions are presented for each of the three areas studied here, even if, naturally, many of the considerations are interchangeable. A first conclusion is precisely this: the methods of application and implementation in quasi-markets and in subsidiarity governance strongly depend on the policy sectors. While it is true that the principle of subsidiarity is a principle of social philosophy and as such applicable to all human interactions (affective, productive, social and institutional), its concrete form depends very much on the specific environment where it is implemented. The quasi-markets themselves find a more immediate application in the policy sectors which directly concern¹ personal utilities.

The 'sector' dimension is, for that matter, unavoidable also for the entire reflection on the system proposed in this book; it could not even have been started without the specific application of the principles of free choice, competition or responsibility in distinct contexts. In other words, without discussing, sector by sector, measures aimed at modifying the internal coherence of the regional system of demand and supply in healthcare, in the social care services sector and the education, training and labour sector, it would not have been possible to propose an initial assessment of the results, of the performance achieved and of the wider prospects for development.

As we began with the sectors so we must return to the sectors, with their particular analogies and differences, in order to present the results attained, to identify the reasons for success and the critical elements that still need to be worked on, to focus on hypotheses and build links with the more general principles of government in Lombardy.

A new conception of state and market

The reflections proposed in the text and above all the contributions of the discussants confirm – even when underlining problematic aspects – that the Lombardy subsidiarity governance experience represents a real alternative to the exclusive state-market duopoly which still seems to be at the root of interpretations and proposals for solutions of the crisis in traditional welfare systems.

¹ 'Directly' as, by definition, each sector and each policy choice represent in the last resort ('indirectly') a service for the individual.

The universalistic system of service provision has not been superseded in Lombardy simply by opting for the market, almost as if it were, precisely, the alternative to public intervention. Similarly, resorting to private or non-profit parties was not considered nor even tentatively practised as representing the most economically efficient solution for the systemic crisis. Subsidiarity breaks the state-market duopoly because it makes both relative: the state is not omniscient, and is legitimized by the priority of people and society; the market does not guarantee the optimum allocation of resources, and represents by its very nature a regulated and relation-oriented institution. The distinctive starting point is trust in individuals as embodying what Arrow has defined as 'socializing desires'. Such a view recognizes the role and the public function of society as original and not assigned by the state; at the same time it acknowledges the original relational nature, protected through regulation, of the exchange of goods on the market.

The effect is an increase in the role and responsibility both of the public authority, whose function of guarantee becomes even more binding, and of the market, whose authentic dynamism is extended to sectors previously unexplored.

In Lombardy this shift has taken place; perhaps not completely, sometimes not even in a coherent way. The important thing, however, is to understand where to start in order to verify, sector by sector, how this alternative can be appropriately implemented.

The healthcare sector

Context and results of reform

On the eve of the reform introduced by regional law no. 31/1997, the healthcare sector presented itself as the area with the best condition² for applying the subsidiarity model. Its regionalization had led the sector to be the most important economic and service function in the Regions, widening the margins of autonomy for regional intervention. Public funding was regulated to a considerable extent by the Regions directly, which also put them in a position to introduce accreditation rules for the services offered by individual producers. Lombardy, meanwhile, already boasted a wide array of

² Technical conditions, that is, not political ones. As is known, the introduction of the regional law no. 31/1997 was contested with determination by the central government and was also resisted within the Region.

institutional and individual healthcare providers, who generally had a positive interest in accessing and being part of the system.

Against this background the regional law no. 31/1997 started a reorganization process which has removed the disparity between public and private, equalizing the rights and duties of players operating in the same environment. The reorganization has favoured a system that separates the providing parties from those buying their services, entrusting the *ASL* authorities with the task of planning and funding healthcare services and of checking their quality and quantity. The reorganization of competences and the accreditation of suppliers has set up regulated competition among suppliers which contributes to the free choice available to the patient-user.

Lucchina and Zangrandi point out some positive results of the reform. The first is financial equilibrium: unlike other Regions, funding was regulated in a responsible and efficient way and no restructuring was necessary. The second is the strengthening of freedom of choice thanks to a more widespread and varied offer in the territory, and quality services available to everyone. The third is the rationalization of resources: the overall number of hospital beds has increased, with a decrease in the number of ordinary beds and an increase in those for services related to rehabilitation; day hospitals and services for the territory have increased, along with improvements in the appropriateness of hospitalizations and the activities of prevention and diagnostics.

Ten years on from the reform, the direction of the work to be carried out for thorough consolidation becomes clear. Some areas in particular need closer examination, and almost all the contributions in this book focus on these areas.

From quantitative planning to strategic planning

A first set of questions is related to the planning carried out by *ASL* authorities. The development of planning functions and related tools still tends to be understood mostly in terms of quantity, of maintaining the efficiency of the system through a careful redistribution of resources related to 'historical' expenditure and to restrictions determined by the remuneration system for services provided. The leap forward that is expected (and already provided for in the regional law no. 31/1997) is the transition from predominantly quantitative to strategic planning, centred on quality analysis, for the organization of services in the territory, with evaluation of not only its efficiency but also its effectiveness. This entails strengthening the function of matching needs and services (a capacity which,

according to Bertazzi, is still weak); defining what the public needs and who should provide specific services; monitoring the activities of suppliers; verifying and forecasting the epidemiological dynamics of the reference area; ascertaining which supplier, at the same level of effectiveness, has lower costs.

Financial resources: a problem not of quantity but of distribution

The subject of financial resources is obviously central. The contributions in this book, however, focus not so much on lack of funds as on distribution mechanisms. In particular, there is agreement on the need to guarantee that such mechanisms become factors for incentivizing regulated competition. The criterion of 'historical' expenditure needs to be eliminated in order to avoid it turning into a restriction of efficient competition. In a rather radical perspective, but which is worth relating, at least in order to grasp the structural elements for curbing the system, there is the hypothesis proposed by Micossi of separating planning, accreditation and control functions from those of the operational management of the *ASL* authorities and from those related to health protection (currently combined in the Region). Based on the example of national health service systems adopted in other European countries, the expense strategy would follow the actual preferences of the citizens and not 'historical' expenditure. Part of the protection function should be guaranteed by the Region through planning, accreditation and control, while the remaining part could be entrusted to the contractual relationship between health insurance funds and hospitals.

A limit to the planning role carried out by *ASL* authorities is not only presented by constraints on the budgets at their disposal but also by the remuneration system for services based on *DRGs*. Such a system leads to cream-skimming, a typical distortion of quasi-markets: providers become selective, selecting the more remunerative users and rejecting the more burdensome. A system based on *DRGs* in fact tends to reward certain services and not others, consequently creating the uneven development of structures providing those services in the territory. In this way, private operators will concentrate on the most profitable activities and leave the more difficult and less lucrative situations to public hospitals. Typically these are cases of chronic or complex pathologies which require continuous assistance and treatments. In this sense, the consolidation of a system like the one introduced in Lombardy needs to find, in the future, systems of incentives capable of avoiding the paradoxical aspect of *DRGs* by which the sickest patient is the least lucrative.

Consolidating the business approach

A further question raised by the various viewpoints is related to the role of hospital structures, which need to consolidate their business approach. Even if it is true that the 'public sector' is not always inefficient and the 'private sector' efficient, it is also true that there is a cultural time-lag within the 'public administration' as regards the processes of reorganization and management. What comes across consistently from the contributors is a call for the confirmation and strengthening of the business approach according to the regional law no. 31/1997, together with the development of a network of competitive, efficient and differentiated hospitals.

Together with the relative lack of sensitivity and specific managerial competences, however, there are two structural restrictions which almost 'force' non-private hospitals into deficit situations that heavily weigh on the system's accounts. The first is the costs due to a typical rigidity of the 'public' organization; the second is the previously mentioned phenomenon of cream-skimming, which compromises genuine competition by overloading budgets, because non-private hospitals must always and in any case guarantee their services while private hospitals can choose whether to do so or not.

Making freedom of choice effective through quality evaluation

The various analyses concur in considering free choice, one of the system's key elements, an option that has been made available but is still not fully guaranteed; freedom of choice must relate to the possibility of having options available, which remains a problematic aspect as it is associated with the type of user who is, by definition, fragile (Bertazzi). In fact the wide variety of offer represents, as already pointed out in the first chapter, a necessary but not sufficient condition for freedom of choice. To achieve this, choice as to opportunities must be accompanied by a simplified method of access to information and logistics processes. Now that the principle of freedom of choice has been introduced and is present also in other regional environments, the transition from freedom towards the concrete possibility of choice is perhaps the distinctive element which singles out the Lombardy Region as differing from other regional healthcare systems (Remuzzi). This implies, for example, the existence of services really worth choosing because they correspond to a need and because they are really capable of addressing it (Bertazzi).

Once again, the theme is the role of government in planning and control. The creation of opportunities for choice is an important

issue which even the most mature quasi-market systems still continue to experiment with and compare amongst themselves. The definition of performance indicators, ranking systems for providers, and tools for evaluation and communication, is an ongoing process and implemented in a dynamic way. However, perhaps the decisive step towards real change would be to relinquish – through deeds rather than intentions – a concept of ‘quality’ and ‘evaluation’ which is often, understandably, still limited only to procedural aspects, as if the excellence of the procedures is equivalent to the quality of care (Remuzzi).

As was rightly to be expected up to now, during the period of consolidation of the reforms, checking and controlling have mainly been oriented towards efficiency of supply rather than effectiveness of outcome. The way forward, as indicated also by Lucchina and Zangrandi, lies in implementing an evaluation based approach.

Investment in networks

It is interesting to note that, alongside the need to improve and make innovations in the perspective of the quasi-markets, another position emerges in this book which is relatively independent from the fundamentals regulating the sector. According to this perspective (Borgonovi), following the rationalization of the supply system, the priority would be investment in structure and service networks as well as the setting up of partnerships and collaborations between ‘public administration’ and the private sector, not only for the supply of services but also for the funding of health protection expenses. Purely competitive scenarios would widen the gap between groups of the population in their access to the best qualified services, and would not be appropriate to address the changes in healthcare needs. What is required, instead, is consideration of the fact that effective healthcare systems are ever more characterized by a mix of elements from different models, and their success depends more on issues related to management and process than on the impact of structural system.

Human capital

A transversal aspect emerging persistently from the different analyses proposed is the decisive role of human capital. The implementation and innovation of a system are in the hands of human beings who manage that system and cannot be delegated to rules. Borgonovi quotes the opinion of Bismarck that a system with bad laws and good administrators can work to serve its citizens, where-

as the converse is not true. And he appropriately adds that ‘positive results depend more on the type of values and on behaviour than on the quality of the rules’.

The development of the human capital of health professionals, an evaluation system better suited to the competences and economic-managerial roles that are needed in hospital facilities, the importance of continuous training, the selection of competences suitable for public appointments: these are only some of the aspects that all the authors concur in believing to be decisive for the revival of the initiatives launched by healthcare reform. Indeed, it seems that we can affirm the shared thesis that a system based on regulated competition must embody the deepest meaning of healthcare functions and health protection, or it has no reason to exist.

It appears that the skill, competence, sensitivity and idealism of the men and women working in healthcare are attributed a decisive role in delivering a healthcare governance capable of responding to the evolution of health needs, and thus able to go to the very heart of a healthcare service which more than ever before also comprises prevention, health promotion and predictive action, alongside the quality of care.

The social care services sector

A sector in transformation

It is worth remembering, as already pointed out by Fazzone and Pesenti, that the social policy sector is the one most subject to external and internal changes: external – related to the institutional framework (national regulations, the new role of regions, and notions of welfare itself) and internal – related to changes in demographic composition, family networks, and the needs and methods of care.

Bearing in mind the extent and rapidity of these changes, it is both needful and interesting to reflect on systemic aspects affecting the adaptation and consolidation of an experience of subsidiarity such as that of Lombardy. Also in this case our point of reference is the elements of analysis that all the contributions in this book seem to agree upon.

The central position of titoli sociali (buoni and voucher): a process ‘in midstream’

In order to consolidate the opening up to various types of public-private service providers, and to support the creation of a social

market for services, in particular by trying out alternatives to the institutionalization of the elderly and disabled, the tool of *titoli sociali* was adopted. These were designed as economic allowances to be provided to an individual or family in order to support the expenses of a caregiver within the family or from the primary social services networks. The regulating principle of “social credits” is that the integrated need for healthcare and assistance for a person in need can be more appropriately met by giving the user a wider choice of options with respect to suppliers – private and non-private. The quantitative data demonstrate a generalized penetration of *buoni* but a slower implementation of *vouchers*, due to the tendency of local authorities to pursue traditional methods for transferring funds to families. This places a limit on the effective development of the tool of the *voucher* as a key component in the construction of the service network, despite this being a declared objective of the regional legislator.

Having taken on the risk of innovating the regional social-healthcare services, and having passed the reality test, it has now become clear that we have reached a sort of ‘midstream’: turning back would not only be wrong but impossible, observes Magatti, yet in order to proceed we need to clarify in which direction we intend to go forward.

Freedom of choice

On the subject of freedom of choice the comments are analogous to those already discussed for healthcare; the effectiveness of quasi-markets and *a fortiori* of a system inspired by subsidiarity involves not only government choices, but the presence of some basic conditions. These include – for example – a variety of producers operating in the same territory, an overall supply which exceeds demand (so as to guarantee competitive conditions), the existence of requirements of transparency and guarantee of services such as are clear to those choosing from a position of fragility and need. The prospect for evolution once again in this case is based first and foremost on planning capacity. To put it simply, one might say that governance (and the effective implementation of horizontal subsidiarity) depends on an effective government, meaning the capacity to safeguard the implementation and outcome of operations also by means of keeping performance records, thus translating the reform into perceived and communicable results (Fiorentini). Along similar lines, another necessary component for consolidation is seen as the transition from accreditation controls *ex ante* to inspections car-

ried out afterwards, particularly checks focused more specifically on assessing single cases and projects rather than structures (Ranci), and results rather than processes.

The integration of social care and social-healthcare services

The focusing of the government control function on recipients rather than structures is also consistent with the urgent need to achieve effective integration of social care services with social-healthcare services. This integration is too crucial to be further postponed. This will address, on one hand, the growing complexity of the needs of the population (which makes it more difficult to define clear boundaries between pathologies) and on the other, criteria for the optimization of resources (financial, but above all human, time and structural) available for government of the system and to the users themselves, who are often faced with having to extricate a single solution from a mass of services offered by a variety of supply channels.

The relational dimension

The contributions in this book (Rossi, in particular) underline the central role of relationships, which must be kept in mind when building a welfare system, such that it constitutes both a criterion for, and a factor in, practical implementation. According to that interpretation opting for a regulated market would favour the recognition of third sector associations as managers of personal services, but could overlook the family and its potential as a social and relational party. Here the contributions seem to agree on what Rossi suggests we consider as the necessity to redefine wellbeing in terms of relationships, paying specific attention to the interrelations between welfare and social capital, and between wellbeing and the quality of relations based on trust and reciprocity. This is true both at a micro-level (the role of family relationships with regard to the recipient of care) and at a macro-level (the role and methods of care, the quality of relationships between suppliers and recipients, and between suppliers and 'public administration').

Focusing on relationships as a discriminating factor for welfare implementation also offers a strong possibility of avoiding the trap of a subsidiarity-inspired welfare system conceived as the mere outsourcing of services. The *voucher* was created as an attempt to overcome the depersonalization of the provision offered by the public-state apparatus. However, if the involvement of a plurality of offers from private profit and non-profit suppliers is not succeeded by the transition towards an increased personalization, the process of reifi-

cation, as Magatti observes, constantly runs the risk of shifting from a bureaucratic to a techno-economist rationale.

To this end, the suggestion that emerges from this book is that of formulating interventions considering the recipient not as a 'subject' but as a 'person': one whose essence is defined by a series of relationships, through which, in turn, the person lives. Social care and social-healthcare interventions, therefore, are created and built as a relationship, taking account of the dynamics and interpersonal ties of and for the user. In this respect, it becomes crucial from the very start to back up intervention for the person in need of the service with a support system for the network of people who can help that person.

'Accompanying'

The positive results achieved so far make possible, and call for, the transition from a function of guaranteeing services to one of support, or rather, 'accompanying'. Providing structural preconditions, guaranteeing minimum codified levels, evaluating quality and coherence of processes and maintaining financial balance were necessary achievements but they are no longer sufficient. A further element, which also represents a cultural leap for 'public administration', is in the direction of the activity of 'accompanying'. If free choice is introduced, the public role is no longer only about organizing the supply side, but also about 'taking care' of the practical exercise of options on the demand side. This issue is today perhaps the central question facing innovative welfare systems. One needs to be aware that in the daily implementation of policies this is met by a formidable resistance, even unconscious and implicit, at all levels of the 'public administration' organizational structure (and sometimes also of the private one); the reason is that this perspective is in contrast with the traditional way of thinking and acting within the 'public administration' itself, which prioritizes process and quantity over results and quality. But even the most positive experiences (within and outside Lombardy), indicate that this is the road to be taken in the near future. This is the background that needs to be considered when reviewing the role of *ASL*, the integration of social care and social-healthcare services, and local planning and relationships with local institutions.

Levels of government

The system created over the past years has reached a level of maturity which demonstrates with sufficient clarity the decisive role of the network of relations between different levels of government and

administration. A regulated system in the social-healthcare sector (covering authorization, accreditation, freedom of choice of the user), meaning the series of possible interventions on the side of both demand and supply, presents fewer difficulties for social-healthcare policies governed directly by the Region. However, the inclusion of social care policies carried out by local authorities is less easy to attain. With respect to local institutions, in fact, which act based on a different profile of competences and with requirements of autonomy, the levers available to regional government do not seem substantial, as the Region has only a minor control over policies or over targeting social expenses.

The education, training and labour sector

A policy aimed at human capital

For cultural and political reasons, Lombardy has for a long time considered human capital a key development factor. The organization of the regional administrative structure is emblematic because it unites education, training and labour in a single department.

In this sector, the Region planned to introduce policies that apply fair principles to all schools (*parità scolastica*, see glossary) and, furthermore and maybe even more decisively, to develop a double-track system of regional professional training. This would comprise not only an integrated component communicating with the broader and more compartmentalized sector of education, training and labour, but also a path differentiated from the other educational departments, allowing a more unconventional approach to education and training than that of the prevailing school model.

The context in which Lombardy had to operate was characterized by a tendency to reinstate a centralistic educational system with rigidly imposed school curricula, notwithstanding the contrasting trends of the major European countries. The Region also introduced innovations autonomously and almost alone, in comparison with the caution and delays in the rest of the Italian regional system. The underlying rationale is clearly discernible: an integrated educational path, in which the training of human capital within the work environment is on an equal footing with the school curriculum. In addition, the path can lead upwards, giving access to further training; and, in particular, it can and must be built to incorporate a new relationship with companies, tapping their crucial, and not merely potential, role in education.

At the start of a process

In order to guarantee this path, regulatory leverage was applied, with the provision for the reform of the education and training system (regional law no. 19/2007) and the labour market (regional law no. 22/2006), discussed in detail by Albonetti and Violini in their contribution.

However, we are still only at the beginning of this implementation which marks a cultural and methodological break with the prevailing system; there is still a long way to go. Moreover, the positive effects on the system do not automatically follow regulatory provisions. On the contrary, there are still unknown elements and risks related mostly to factors outside of the regional system. Tertiary professional training, for example, could end up as an area that risks being absorbed into the educational mainstream, liable to be confined to the function of providing remedial courses for early school leavers, instead of being used to train new technical and professional managers. There is an analogous risk for the higher functions of permanent education, for which universities might legitimately claim an exclusive right of provision and leave to professional training services the equally important (but difficult and less sought-after) role of rehabilitating those excluded from the labour market.

Vocational education and training

It has been observed that professional education, from an economic point of view, can be considered as more of a club benefit than a public benefit (Antonelli). In this case, accreditation might be a tool able to mitigate the negative characteristics of the sector and favour its opening up. As we have seen, accreditation was used in Lombardy, based on an existing national regulation (*DM* no. 166/2001), as a key to gain access to educational institutions in the regional system and to public funding; it has already been used in more selective applications than at national level. Now, with the regional law no. 19/2007, a structured evaluation system has been created which comprises the institution of a regional Observatory and an independent Evaluator. Furthermore, a rating system focusing on evaluating the results, rather than on monitoring the process, has been set up internally. By doing this, the technical bases for a new phase in the support of freedom of choice have been created, offering the eventual option of providing complete information to the entire system on the characteristics and results achieved by different operators.

Networks, companies and the dote

The new phase could also have important effects on the relational structure of providers who, either autonomously or with regional guidelines, might organize themselves into specialist networks or partnership networks, both tools that might arise from subsidiarity forms of regulation, to the advantage also of the users. Here the role of companies will be decisive, as being the parties related to training and education and the first bases for the construction of a network. If it is true, as Bramanti observes, that the mission of training is employability, then the company itself plays an educational role. The planning, provision and verification of the contents of educational courses must, therefore, directly involve companies. And they will be the first point of reference for the admission of other parties, with a wide diversity of flexible forms, based on a variable structure, and with the objective of a dual and transparent system of verification: monitoring both the satisfaction of the companies and that of the student.

The role of the network is central, and equally central is the role regional government can play in promoting vertical and horizontal integration. On this aspect, Bramanti and Trivellato positively remark on the emblematic experience of the network of *Poli formativi* for higher professional and technical training and education piloted in Lombardy. If companies are directly involved as players delivering training solutions, then one might consider in terms of policy implementation the proposal made by Antonelli for a co-funding by companies of the *buono scuola*.

A final point: the network must be further enhanced in order to address the need to focus on the individualization of educational paths. Various authors (Checchi and Trivellato) insist on the fact that education is not a question of cohorts of scholars, but of individuals, of people investing in their own future, each of them bringing particular resources of capability and functioning, to use Sen's categories. The effectiveness of an educational path is measurable in terms not only of achieving standards, but of the capacity of adjustment between demand and supply, particularly in an environment undergoing profound transformation in the economic and productive system, as Antonelli aptly described in the opening of his contribution. The network thus also becomes the framework for the creation of evaluation and for the development of individualized and flexible paths, for example for entering and leaving the world of work and in future also for setting up links between professional and permanent education.

It is particularly in the field of professional education that the innovative introduction of the *dote* seems to be leading to the most promising developments. Its main positive features, according to the proposed analyses, are seen in the promotion of time as a potential personal resource – so far little exploited by policies – and in the possibility of consolidating networks. The *dote* assigns resources to the person ‘putting a stake’ on a personal capacity for planning and investment. This makes the recipient of the education ‘attractive’ for the providers and offers government another lever for uniting the parties of the supply system.

The buono scuola

This represents without doubt one of the most significant policy actions developed in Lombardy. It was mainly introduced in order to redress a national deficiency present both in the general area of education provision and in the regulation of the *parità scolastica* in Italy. It therefore had neither the power nor the explicit objective of modifying the general system of education regulated by the state.

The *buono scuola* takes the form of a reimbursement paid to families to help them cover educational expenses. Formally, it disregards the distinction between the choice of state or private school; in practice, though, it has proved to be a significant contribution for families opting for private schooling. It is not a ‘systemic’ mechanism – as Antonelli rightly points out – in that it only acts on the side of demand. Furthermore, its effect is not sufficient to produce a transfer of that demand. The reimbursement of up to 25% of the expenses, even if increased in the case of low means-tested incomes (determined by the *ISEE* indicator) plays a determining role in allowing those who have already made a choice to bear the expenses, but does not influence choice. In other words, it is a system that supports a choice already made but it does not put people in the position of choosing among different options.

Accreditation and assessment across the whole education and training system

A subject for future reflection is the relationship between accreditation and assessment, especially with regard to the need to make the accreditation system more dynamic by linking it to evaluation. Assessment should be carried out with respect to learning, rather than – as is currently done in most of the public support, selection and admission initiatives – simply related to school results. Especially in case of significant discrepancies (also among different

Italian regions) between evaluations given to the students (the grade) and levels of learning recorded (IReR, 2004b, 2006 and 2007b), it is even more evident that evaluation cannot be carried out by members of the school staff. Paradoxically, the most significant evaluation is the one affected by subsequent recipients, not the one provided by the institute of provenance. For example, in order to evaluate a high school, it is not only the average grades of the final high school exams of the previous years which are significant, but rather the results of the university admission tests or the average grades of university exams of the school leavers in the following years.

*The question of *parità scolastica**

The Lombardy government has aimed, and is aiming, at an effective equal status among schools. But there is no doubt that, as this question still remains beyond the competence of the regions, the process so far adopted in Lombardy has taken the form of an attempt to create remedial practices to counterbalance a system that is still very centralistic. How and under which conditions it might be possible to create a truly equal education system, based on subsidiarity and free choice for families and students remains up to now essentially a national problem. That said, it is conceivable and right that the path taken in Lombardy, even given the constraints of an experiment carried out with residual tools, should have opened and should continue to open the discussion on the necessary and sufficient conditions for the hypothetical system of *parità scolastica* to genuinely provide equal opportunities for everyone. The contributions in this book also offer several considerations on this issue. With reference to these comments, we can briefly summarize them in the view that investments should be directed towards a capitation system (i.e. funding of a fixed amount for each student), but with effective mechanisms of balance on two fronts. The first one is to guarantee that the public contribution – whether provided directly to families or to schools – has an effect on the side of supply (and not only demand), and is sufficiently flexible in providing the contribution as to really allow choice. From this point of view, it would perhaps be preferable to have a system that directly funds schools based on choices made by families. The second front deals with the mechanisms of compensation for a user-base which is diversified by definition. Students are not all the same: a bright student is less expensive than a duller student or yet again a disabled one. Here again, the danger of cream-skimming exists and needs to be avoided, otherwise schools will tend to select the less costly students.

Checchi is therefore right to stress the importance of class composition and the peer effect. The interdependence between pupils with different innate abilities has a crucial role in the development of each student's functions.

The risks of a system with state monopoly on education

It is also true, as Checchi again observes, that the existence of a private sector favours the self-selection of students upwards or downwards. But this already takes place today in Italy precisely because of the persistence of a state monopoly on education, which exacerbates the privatistic-selective character of private schools. It seems that the peer effect is today jeopardized more by the current state monopoly rather than the hypothetical *parità scolastica*.

Another commonly expressed opinion holds that freedom of choice in education is jeopardized by the fact that, by definition, one who needs to learn does not know, and families are not always in a position to choose. We consider that this difficulty, even if considerable, can also be overcome. First of all we would observe that trusting families' capacity to choose is congruent with what is prescribed by the constitution, which gives them a central role. Secondly, today educational freedom of choice is already effectively being exercised, at least by a certain number of families, though in an unequal manner: these are the still relatively few households who can afford it financially, or those who exercise this right despite the financial burden.

Implementing a system of equal treatment

As rightly observed by Trivellato, the equitable dimension of a system with *parità scolastica* (in the residual form so far piloted and implemented in Lombardy, or in the form extending at national level) certainly depends on legislative choices, but even more on resources and concrete implementation provisions, as well as on the capacity of the administration to create a dynamic and effective balance between the system of guarantees and the offer of opportunities.

Moreover, all the contributions have made it clear that, in education also, there are no automatic mechanisms for the maintenance of a system inspired by subsidiarity and freedom of choice. We can rather say that appealing to responsibility obliges public functions to undergo a continuous process of creation, maintenance and management of dynamic corrections of the system based on needs. In quasi-markets the role and responsibility of the public sector are not reduced; on the contrary, they are strengthened. This is not only, as

Antonelli rightly points out, because education is a typical area for market system failures, but also because public policy based on responsibility requires a commitment and a much greater organizational culture than that which is applied in a universalistic system. Monitoring and evaluation, for instance, are not only necessary but also more exacting. To give an example, it will not be enough to check the processes, but it will also be necessary to evaluate performance, which should be conceived from the very start directly in relation to communication with users. From this point of view, the rating system adopted in Lombardy for all parties accredited for the supply of education is innovative. Even conceptually, the rating criterion, which puts the end users in a better position to choose, is still relatively foreign to the traditional assessment procedures in 'public administration'.

In summary

A brief outline of the prospects which seems to emerge is that the experience in Lombardy is important historically speaking not so much because of the successes it can rightly boast of, nor the inevitable delays it may regret. The real innovation is that Lombardy has translated the idea of subsidiarity into government practice, and has thus started a process that is by its nature implemented in a dynamic way. Setting up a system of government action inspired by subsidiarity requires a perspective of 'permanent' implementation. The absolute importance persistently attributed to the resources (personal and associated) of society has shifted the gravitational axis of good government from the virtue of the *princeps*, who organizes solutions, to the circumspection of the *auctoritas*, which recognizes and promotes virtuous systems for responding to need and regulates their initiative.

Lombardy did not try to find and carry out 'conclusive' actions; devoting a new attention to society and the person moves action forward but does not exhaust it; it responds to needs, but does not presume to address them to the point of completely satisfying them.

Adopting a perspective of 'permanent subsidiarity' based on specific rationales which comply with the quasi-markets paradigm in fact favours constant creative adaptation and even takes on the form of learning, because it increases – both in those operating within the 'public administration' and in users – awareness of the type of system being created.

The fact that the process is one of learning and dynamic implementation does not mean it is automatic. Among the conditions suggested here there is probably one that, over all the others, summarizes the different aspects discussed: the strengthening of assessment as a form of authoritative support towards responsibility.

Assessment and 'accompanying' of people and territories

The subsidiarity practised in Lombardy differs from the liberalist approach because it does not apply exclusively to market goods, nor delegate the allotment of resources to its mechanisms, nor measure the positiveness of results in terms of mere efficiency. What counts – and must be evaluated – is above all effectiveness in terms of personal and social needs, which involve quantitative elements but also qualitative and intangible elements. Actions are more important than processes.

And assessment represents a sort of interface, a point of contact between actions and those exercising responsibility. Thus, it is first of all a function of government, but not merely a technical one; it should be conceived and practised ultimately as a tool in the service of freedom and responsibility. Controls are there not only to gather necessary feedback on supply mechanisms, but in order to appropriately respond to demand.

This perspective requires a much bigger cultural change within 'public administration' than is usually considered. For example, it is not simply a question of improving communication in order to obtain greater freedom of choice. Information asymmetries for the user are not resolved – as far as this directly pertains to the role of 'public administration' – by the technical capacity to supply all the information, but by constant support, by the ability to understand (and identify with) the need and change in response to it, making the supply systems flexible and usable. The bureaucratic-incremental logic (confronted with a new need it creates a new structure) must be replaced by a rationale of creative service (confronted with a new need, it reorganizes the supply). Assessment is certainly crucial in verifying the efficiency and the quantity of the response, but more importantly its quality and effectiveness. Assessment is also the occasion for properly receiving and supporting and 'accompanying' the demand, its constructive capacity, its weak points, its necessary recourse to the network of relationships that make up people's lives.

The resistance to this function on the part of the 'public administration' is not only a question of corporate aspects or organizational inertia, but is above all due to cultural and even psychological reasons related to its perception of itself and of its role. And yet this

opposition can be overcome, as shown by the experience in Lombardy in the past years, especially if the resistance itself is accommodated within the framework of an educational process in order to raise awareness of the innovations that the 'public administration' can produce in a subsidiarity governance.

Not only people, but also local systems should be supported. If – as is true – the resources of a society are of prime importance, then also local areas, where the initiatives of people and their networks of relations take form and sustenance, become the term of reference on which policy must be drawn up, built and adapted. What works in one context may not work in another; above all, what one context succeeds in expressing in an original way but with appropriate results should be encouraged and not restricted by predetermined policy methods. Local systems have played a decisive role in Lombardy and they constitute an important resource. This also extends to local territories and is a decisive aspect in the relationship with local institutions, represents for Lombardy an innovative frontier for the development of responsible freedom.

Towards a system of subsidiarity

In the (cultural and disciplinary) variety of voices which accompanied the analysis of the Lombardy experience present in this book, one might perhaps summarize and express the wish, translated always into relevant suggestions, that subsidiarity should find a way to become a system, in other words become a form of institutionalized government. The 'rules of the game' need to be defined and shared in order to allow this policy innovation, this different concept of state and market, to persist and become established far beyond the intuition and political propulsion which introduced it and made it grow.

In Lombardy, a process has been completed, not without the strain, hard work and isolation that are typical of radical innovations. The process seems sufficiently mature and accepted in order to allow this transition towards institutionalization of the experience. Not so much, and not only, in terms of the formal constitution, important though that is; but in substantial terms of the material constitution, of processes, actions, solutions and recognized benefits. Such a transition, more than ten years after the initial step, is the task in store for the Lombardy 'laboratory', also within a national and global context which realizes the necessity for new political thrust, but finds it difficult to recognize the original and profound reasons for giving innovative and authoritative form to the necessary function of guaranteeing the common good.

Glossary

ASL (Azienda sanitaria locale) - Local health authority.

Buono (pl. *buoni*) - Provision in the form of cash or *vouchers* to persons or families to purchase services of their own choice.

Buono scuola - Provision for the reimbursement of expenses related to taxes, fees and contributions for enrolment and school administration (excluding expenses for educational travel, additional training activities, remedial and extra-curricular activities). Further expenses are reimbursable if directly paid by families of pupils with disabilities for the educational personnel needed for supportive teaching activities.

Documento politico programmatico - Policy planning document submitted by the President of the Regional Government to the Regional Council at the beginning of the legislative period.

DM (Decreto Ministeriale) - Ministerial decree: formal judgment or mandate handed down on a specific issue from a ministerial level.

DGR (Deliberazione della Giunta Regionale) - Resolution by the Regional Executive

DRGs (Diagnosis Related Groups) - A system to classify hospital cases into one of approximately 500 groups, expected to have similar hospital resource use. The DRG classification constitutes the basis for the funding provided by the Regions for hospital facilities: the National Healthcare Service provides funding based on the registered activities of hospitals and pays for the services by means of predetermined rates associated with each DRG.

Dote (pl. *doti*) - Blend of financial resources and services assigned through a targeted *voucher* system. It is based on the integration of various funds and tools (introduced by the Lombardy Region in 2005).

Dote system - Comprises *doti* for: 1) school - education up to the age of 18; free choice of school (public or private); 2) vocational training - fostering lifelong employability; 3) labour - supporting

labour market integration, up-skilling of the workforce, entrepreneurship.

Fondazione di partecipazione - A non-profit institution which partners may join by contributing money, tangible or intangible assets, professionalism or services.

IRAP (Imposta Regionale sulle Attività Produttive) - Regional tax on business.

ISEE (Indicatore di Situazione Economica Equivalente) - Tool for the measuring a household's economic situation. The indicator takes into account the individual's or family's income, property and profile (number of people, ages etc).

ONLUS (Organizzazione non lucrativa di utilità sociale) - Non-profit organization (NPO).

Parità scolastica - Equal treatment of schools. The constitutional principle of freedom of education (article 33.2 of the Italian Constitution) is achieved by state schools and schools *paritarie* (private and local authority schools) in accordance with state law no. 62/2000.

Poli formativi - Centres for higher professional and technical training and education focused on the main productive sectors of Lombardy. The goals of the *Poli* are: a) mapping economic, productive and local needs; and b) creating professional profiles to meet these needs.

Scuola Superiore di Alta Amministrazione - Institute for regional government executives of the Lombardy Region, founded in 2000 to support the top management of the regional government in its innovation processes.

Social care *voucher* - Economic non-monetary contribution issued by the Lombardy Region through *ASL authorities* in the form of a purchase certificate. It may be used to buy integrated domiciliary social assistance and healthcare from *ASL*-accredited providers, public or private, profit and non-profit, carried out by qualified professionals.

Titoli sociali - *Buoni* and *vouchers*

Voucher - Credit certificate to be used in accredited structures in exchange for services.

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