

THE WELFARE STATE AFTER THE SECOND WORLD WAR: A COMPARISON BETWEEN ITALY AND CANADA (1945-2013)

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Introduction

There are many and different definitions that scholars of various subjects have given to the Welfare State. One definition that is quite a wide definition is that of a system in which the State protects the health and well-being of its citizens. Other definitions have added other aspects which the State should be responsible for, such as a minimum level of income for all citizens, the protection of children and senior citizens, and a minimum standard of services for everyone. It's a recent term probably coined for the first time during the Second World War in opposition to the term "warfare", which was used to define the financial needs of the military. After the end of this conflict many countries in the West decided that a large part of the State's income should be channelled into social policies, healthcare and education, to help the physical and moral reconstructions of countries affected by the war. These initiatives varied from country to country since they strongly affected economic, political, and cultural development in the countries in which they were developed. It is for this reason that certain welfare systems were set up in a wide ranging way to cover all citizens in respect of most of their needs, while other welfare states only covered some of the needs, leaving the private market to deal with the others².

Notwithstanding the many different opinions, historians have managed to summarise the origination, establishment and transformation of welfare systems around the world in a certain development path they have all followed. They have therefore identified a primordial phase in the first and limited attempts to help socially disadvantaged groups, the first example being the *poor laws* introduced in the United Kingdom in 1601. The second phase coincides with the Industrial revolution starting from the end of the eighteenth century, during which states started to respond to the new social needs created by the phenomenon of urbanisation and accidents at work. This period was particularly long and many scholars only

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² KNORR, K. "Welfare state measures and the free market in international trade". *The American Economic Review*, vol. 41, n. 2, 1951, p. 431-444. MERRIAM, I. C. "Trends in Public Welfare and their implications. *The American Economic Review*, vol. 47, n. 2, 1957, p. 470-482. ALBER, J. "Continuities and change in the idea of Welfare State". *Politics and Society*, vol. 16, n. 4, 1988, p. 451-468. ARMSTRONG, P. "The Welfare State as history". In: BLAKE, R. B.; BRYDEN P. E. & STRAIN, J. F. (eds.). *The Welfare state in Canada: past, present and future*. Concord: Irwin Publishing, 1997, p. 52-73.

believe it ended with the outbreak of the Second World War. Other parties instead believe the recession in 1929 to be the moment it finished, as well as being the start of another phase with a greater involvement of the State in social policies. In both cases it is after the Second World War that the so called golden age of the welfare state (1950-73) initiated. In other words, this was the period of major involvement of states in expenditure for social reasons. The latest phase, which we are currently undergoing, started with the economic recession in 1973, which caused the rethinking of the financial management of the welfare state. Historically it was industrialisation that simultaneously created a demand for new services and the capacity to generate the monetary income to finance it³.

However, when the economic recession of the seventies put a question mark against whether governments could still carry on with such costly welfare states, economists and politicians started talking about the need to start-up a new phase of renewal. The welfare state caused such an abnormal increase in bureaucracy, as well as a weight on the finances of states, that difficult public finance situations occurred. The states which suffered this phenomenon made changes in different ways and in different timescales, which however were all attempts to reduce the effect of the welfare state on public expenditure. This paper wishes to make a comparison between two of these countries: Canada and Italy, highlighting common and diverse factors in the development of welfare state reform, starting from the end of the Second World War⁴. Both are in the group that represents the most industrialised countries in the world, and both have developed complex and costly welfare states, even though each has done this in a different way. Moreover the results today are very different, Italy is living a period of high public debt strongly linked with the high expenses for social security; on the contrary Canada has reduced in the last years its public debt and eliminated for some years completely the government's deficit.

An historical evolution

Before the Second World War the welfare state in Canada was above all in the private sector, entrusted to charitable entities such as the Church, and in certain rarer cases, the municipalities. Despite this the Federal Government started to intervene in certain public assistance sectors at the beginning of the twentieth century. Canada was influenced by the social policies of the United Kingdom, having in effect remained a colony until 1867. In particular, Canadian society was permeated by individualism and independence, concepts which led to considering

³ LINDBECK, A. "Interpreting income distributions in a welfare state: the case of Sweden". *European Economic Review*, vol. 22, n. 2, 1983, p. 227-256. MOORE, W. J.; NEWMAN, R. J. & SCOTT, L. C. "Welfare expenditures and the decline of unions". *The Review of Economic and Statistics*, vol. 71, n. 3, 1989, p. 538-542; WILENSKY, H. L. *The Welfare State and equality*. Berkeley: Berkeley University Press, 1985.

⁴ LUNDBERG, E. "The rise and fall of the Swedish model". *Journal of Economic Literature*, vol. 23, n. 1, 1985, p. 01-36. FERGE, Z. "The crisis and the 'Welfare State' in eastern Europe with a focus on Hungary". *European Economic Review*, vol. 31, n. 1-2, 1987, p. 212-219. LINDBECK, A. "Individual freedom and Welfare State policy". *European Economic Review*, vol. 32, n. 2-3, 1988, p. 295-318. GREVE, B. *Historical Dictionary of the Welfare State*. Lanham:, The Scarecrow Press, 2006, p. 01-10.

poverty as an individual failure when applied to social policies, and which also led to a marginal level of assistance. In Canada, as in Europe, industrialisation caused a growth in social and financial needs, which became a subject matter for domestic debate. The responsibility for assistance passed to local authorities and private Federal Government institutions. In 1908 the *Government Annuities Act* permitted people who had personal funds to transfer them into government pension plans, and this was replaced in 1927 by the *Old Age Pensions Act*. Other projects were developed at provincial level and after spread to cover the entire Federal State. The *Workmen's Compensation Act* was introduced in 1914 in Ontario in order to offset a strong increase in work related accidents, which then gradually spread to the other provinces. *Mother's allowances* (an assistance programme for mothers) were implemented starting from 1916 in Manitoba and then in the other provinces. Right in the middle of the great recession the Federal Government intervened to counter unemployment with the *Unemployment Insurance Act*, which also marked the start of greater involvement by the central government in subject matters that were believed to be the prerogative of the provinces.

The years after the Second World War saw a fast expansion of the Canadian economy, as well as an increase in the requests for Government involvement in the well-being of citizens. The United Kingdom's Beveridge Report influenced the Marsh Report presented to the Canadian Parliament in 1943. This underlined the need for a comprehensive and universal welfare state programme. According to Marsh the state should not only provide assistance in particular situations but assure a certain amount of permanent protection to everyone. Two types of social security should be created; the first covering all people who had a salary, and the second for those who were unfit for work, such as disabled people and senior citizens. With these ideas the Marsh Report influenced the development of the Canadian welfare state, so much so that halfway through the seventies all its principles had become law. The many projects approved during the years may be summed up in three categories: education, health, and *income security* (including pensions)⁵.

Starting from 1973 the Canadian economy saw its high growth rates stop and it suffered increasing inflation and unemployment. Therefore, the macro-economic models applied up to that time were redesigned. The Phillips curve, which had linked inflation to unemployment in accordance with a simple equation, was abandoned while facing the phenomenon of stagflation. The debate on public expenditure became a debate of primary importance in Canadian politics and the most evident result was that at the end of the seventies no new social programmes were introduced. Cuts were also made to existing programmes so that they were more in line with the State's budget. This gradual review of the State's role in public assistance was continued during eighties by both the Liberal and Conservative parties. They were also influenced by the reduction of the public expenditure made in the same years in the United States and in United Kingdom by the President Ronald Reagan and by the Prime minister Margaret Thatcher. In general, Federal Government intervention put a heavier emphasis on the markets and market

⁵ HICK, S. *Social Welfare in Canada: understanding income security*. Toronto: Thompson Educational, 2004.

incentives to guide economic decision making⁶.

1994 is considered a turning point, and there were two reasons that guided this change. Firstly, there was the financial difficulty the State was facing; in fact, the indicators were showing an increase in federal debt and the forecasts all indicated that this limit was to increase in the following years. The second reason concerned the uneasy relationship between the Federal and provincial governments in the management of tax income. In this period there was also an occasion to once again intervene in the question of Federal priorities related to provincial independence. The changes in the expenditure programmes of the Finance Department, along with a strong level of economic growth, resulted in a reversal of this trend in just a few years, so much so that in 1999 the Canadian Government could boast of a budget surplus. The main cuts regarded the elimination or reduction of subsidies for business activities. Welfare state expenditure instead suffered similar cuts in other expenditure items⁷.

As far as the Italian welfare state is concerned, its origins can be found in voluntary associations mainly tied to the Catholic Church, which carried out assistance activities in favour of the poor and the sick. In the nineteenth century secular mutual assistance associations (friendly societies) also started operating in addition to the Church; the actions of these associations were no longer aimed at the weakest sections of societies such as sick and poor people, but was aimed at workers. Through the payment of rates the mutual assistance societies covered workers in case of accidents at work and sickness, and partly guaranteed old age pensions. Pre-unitary States did not intervene in this subject matter as the Italian State did in the first decades after unification⁸.

The real involvement of the Italian State in the welfare state started with the advent of the First World War, when the needs generated by the conflict increased the government's weight in the domestic economy. From this a first minimum level of assistance was established for numerous groups of citizens, and this carried on until the beginning of the thirties when the great depression changed the situation. Each State responded to the recession in accordance with its own political developments. Italy intervened in a corporative and authoritarian manner, creating big public institutes to manage and finance accidents at work and pensions. The second post war period also marked a turning point in Italy, as it did in the countries in Northern Europe. The State moved towards a more advanced concept of social protection. However, contrary to these States which moved towards the creation of a system of social rights in all aspects of life, Italy intervened in a limited way. The D'Aragnona Parliamentary Commission, which was meant to be similar to the British Beveridge Commission, developed a decidedly universal concept of the welfare state which was not, however, put into practice by the Italian Government for various reasons. The main reason was financial; Italy was still a mainly agricultural country and it could not afford to finance such a complex system. The Italian State intervened

⁶ NORRIE, K.; OWRAM, D. & EMERY, J. C. H. *A History of the Canadian Economy*. Toronto: Thomson/ Nelson, 2008, p. 361-431.

⁷ BOURGON, J. *The Government of Canada's experience eliminating the deficit (1994-1999): a Canadian case study*. Waterloo: CIGI, 2009.

⁸ CONTI, F. & SILEI, G., *Breve storia dello Stato sociale*. Roma: Carocci, 2005.

with more gradual policies aimed at the economic and industrial development of the country during the fifties and sixties. The Italian welfare state was initially designed in consideration of the social and economic structure of the first post war years, and therefore to protect families with a source of income derived from a single employee. Starting from the seventies the coverage was also extended to self-employed workers and then to the subjects that were penalized the most. In these years healthcare assistance and pensions also became a right for the self-employed, even if general State healthcare expenditure remained decidedly low since there was no national health service. Pensions were reformed in 1969, with the system passing from a capitalization to an allocation based system. In this way even people who had not paid any contributions were given a pension. The State exploited a kind of generational pact: young people pay the pensions of the older generation with the promise that in the future the same would be true for them on their retirement. The same reform also granted a pension to people over 65 years of age without a source of income.

As in many other countries, the golden age of the Italian welfare state came to an end at the beginning of the seventies. A combination of stagnation and inflation frustrated the traditional implementation of public spending expansion policies (deficit spending). A Keynesian approach was therefore dropped when faced with too high public expenditure in which the welfare state had shown a growth rate that was superior to the growth in GDP. However, the Italian response was partly different from other countries. The containment of expenditure was centred more on increasing taxes than cuts in social policies. Also, the Italian welfare state was clearly behind those of other Western countries in respect of healthcare expenditure. Only in 1978 was a law passed concerning the national health system which permitted Italian citizens to have healthcare standards but which further increased public expenditure. From the eighties work started on trying to contain expenditure through the introduction of payment for healthcare services and the cancellation of the possibility of very early retirement. In 1995 an important change was made to the pension service. In European countries in those years it became necessary to reform pension systems, which had become too costly, above all due to demographic changes. Italy, which had one of the most unbalanced pension systems to the detriment of the State, introduced a new system with increased contributions elements, namely those tied to actual contributions paid during people's working lives⁹.

⁹ LA VOLPE, G. "La Previdenza Sociale nella formazione del reddito nazionale: evoluzione recente e prospettive in Italia (1956-1970)". *Giornale degli Economisti*, vol. 22, n. 11-12, 1963, p. 751-772. CASTELLINO, O. "Un sistema di pensioni per la vecchiaia commisurate ai versamenti effettuati e alla dinamica dei redditi medi di lavoro". *Giornale degli Economisti*, vol. 28, n. 1-2, 1969, p. 01-23. GRONCHI, S. "Sostenibilità ed equità del sistema pensionistico italiano". *Economia Politica*, vol. 12, n. 1, 1995, p. 03-21. GIARDA, P. "La revisione del sistema pensionistico nel 1997: come avrebbe potuto essere". *Economia Politica*, vol. 15, n. 2, 1998, p. 267-294. GRONCHI, S. "La sostenibilità delle nuove forme previdenziali ovvero il sistema pensionistico tra riforme fatte e da fare". *Economia Politica*, vol. 15, n. 2, 1998, p. 295-316. BUTI, M.; FRANCO, D. & PENCH, L. R. *Il welfare state in Europa: la sfida della riforma*. Bologna: Il Mulino, 1999. BOERI, T.; JAPPELLI, T. & BERTOLA, G. "The Italian pension system in transitino". *Giornale degli Economisti*, vol. 61, n. 2, 2002, p. 127-129.

Elements of convergence

Although Canada and Italy had different historical and economic development, their welfare states have many common elements which we will focus on in this paragraph. The Second World War was a fundamental turning point for both States, a moment in which the highest demand for governmental involvement in the well-being of citizens was catalysed. The post war years saw a strong diffusion of Keynesian ideas which sustained the actions of governments in relation to the economy following the effects of the British Beveridge Report, so much so that both States established Commissions based on that model in order to study reforms in favour of a welfare state. The Marsh Report and the D'Aragona Commission's report came to similar conclusions, that is that the state should take responsibility for developing a system of social rights covering all aspects of life: work, the home, education, and healthcare. These ideas were also channelled into Italy's new constitution, prepared by the State in 1948 after a referendum had abolished the monarchy in favour of a republic. Therefore, the universalistic option of a welfare state seemed to be the option destined to take shape, but this didn't happen. In this aspect Canada and Italy are substantially different, as we will see in the next paragraph¹⁰.

The two countries were very similar in terms of economic development in the last six decades. In both cases it is not easy to summarise the unprecedented economic development which led to extremely complex social changes in just a few sentences. The first general impression is that both countries became very wealthy in a period of sixty years, in which the GDP increased circa seven times in both Canada and Italy. In both cases, above all during the fifties and seventies, the rapid growth in gross domestic product was sustained by an increase in investment, exports and private consumption.

The second impression regards structural changes in employment. To the strong decrease in the number of people employed in agriculture in the first decades after the war there was a corresponding increase in industrial employment. In the subsequent decades in both countries there was a rapid transition towards the services sector which is now the compartment with the biggest number of workers. A small but important difference between the two countries in this transition can be seen in the industrial sector. In Canada the increase in workers in industry started before the conflict and continued after 1945 until the end of the fifties, when a small but constant decrease began. In Italy the same trend occurred further on in time. In fact, the transition towards industrialisation only fully happened towards the end of the sixties.

The third important common element is the effect of economic development which is reflected on society, and this has a fundamental effect on the welfare state,

¹⁰ FIOCCA, M. "La scelta di un individuo provvisto di assicurazione fra la struttura sanitaria pubblica e quella private". *Note Economiche*, vol. 20, n. 2, 1987, p. 127-146. CHAPPELL, R. *Social Welfare in Canadian society*. Scarborough: Nelson-Thomson, 2001. BARIGOZZI, F. "Il mix pubblico-privato nel sistema assicurativo sanitario". *Rivista di Politica Economica*, vol. 91, n. 4-5, 2001, p. 245-278. DAMMACCO, G. *L'evoluzione del servizio sanitario in Italia e l'applicazione del controllo di gestione in una realta locale*. Bari: Cacucci, 2007.

and this is demographic growth. In those decades Italy and Canada, like most of the Western world, had what was known as the “baby boom”, in other words a strong increase in the population caused by an increase in births and a strong decrease in mortality. The “baby boom” required both countries to carry out important changes in their healthcare and education systems, and this still affects the pension system in the present day¹¹. The things that both countries have in common can also be seen in what happened after 1973, the year which marked an important change in the world economy. Inflation and unemployment led to decidedly reviewing economic policy. Also, the increased deficit led to a rethinking concerning the possibility of sustaining their welfare states. As we have already stated, from 1973 Canada started a period in which no new social programmes were introduced. Italy instead was late in developing certain issues, such as healthcare, and continued the process of expansion of its welfare state. However, in both countries the economic recession of 1973 led to profound changes in the employment structure. The tertiary sector became the sector with the most workers, in reality completing a transition that had been initiated in Canada at the end of the fifties, and in Italy a little later¹².

Elements of divergence

There are many elements that have resulted in Canada’s development resembling that of other Western economies; in this sense the development of a welfare state is one of them. However, there are other factors that make Canada different not only compared to Italy but more in general compared to other Western countries and to the United States. What happened that didn’t happen in the other countries in those years was that in Canada economic and constitutional issues became thoroughly mixed up. Thus, the political debate involved the improvement of the welfare state, energy policy, the autonomy of Quebec, and internal economic union, all at the same time.

Let’s start with the Canadian constitution, which in reality left very little room for State intervention in typical welfare state sectors such as healthcare and education. The development of the Canadian welfare state was thus conditioned by this continual attempt to balance Federal power with that of individual provinces. Italy, which instead has always had a centralised State, did not have to face these kinds of issues. The debate on the autonomy of the provinces heated up in the sixties when

¹¹ SCARPA, S. “I problemi della riforma sanitaria”. *Politica ed Economia*, vol. 2, n. 1, 1971, p. 35-42. FORNERO, E. “Problemi nella valutazione dei costi della riforma sanitaria”. *Studi Economici*, vol. 30, n. 3, 1975, p. 99-150. SCARPA, S. “L’assistenza ospedaliera dalle mutue alle regioni: i problemi aperti”. *Politica ed Economia*, vol. 6, n. 3, 1975, p. 57-70. HARRIS, R. G. “The public debt and the social policy round”. In: RICHARDS, J. & WATSON, W. G. (eds.). *Paying our way: the Welfare State in hard times*. Toronto: C. D. Howe Institute, 1994, p. 01-31. BATTILANI, P. & FAURI, . *Mezzo secolo di economia italiana (1945-2008)*. Bologna: Il Mulino, 2008. CARRIERI, V. & GRANAGLIA, E. “Searching for new ways to finance National Health Services: a note on the role of cost-sharing”. *Economia delle Scelte Pubbliche*, vol. 26, n. 2-3, 2008, p. 109-122. CARRIERI, V. “The effects of cost-sharing in Health Care: what do we know from empirical evidence?”. *Economia Politica*, vol. 27, n. 2, 2010, p. 351-374.

¹² RICHARDS, J. “Living within our means: what will it take?”. In: RICHARDS, J. & WATSON, W. G. (eds.). *Paying our way: the Welfare State in hard times*. Toronto: C. D. Howe Institute, 1994, p. 32-76.

the “Quebec issue” arose. These were the years of the rebirth of French nationalism, and the people who supported it wished to fight against the cultural predominance of the United States and modernise Quebec. The issue was only partially resolved when the Government in Ottawa decided to put a sort of cooperative federalism into practice, guaranteeing powers to the provinces that they had tried to limit in the fifties. Ottawa was therefore to consult the provincial governments in order to take its decisions. In reality the Quebec issue recently re-emerged when in a referendum there was a vote in favour of secession from Canada. The supporters of secession did not prevail only because of a few thousand votes and Quebec continues to be part of the Canadian Federation¹³.

Canadian Federalism is also strongly present in the financial management of the welfare state and in particular in the sharing of taxes between Ottawa and the provinces. In 1977 the *Federal Provincial Fiscal Arrangements and Established Programs Financing Act* came into force. Through this Act half of the shared costs for universities, hospital insurance, and medical care would be paid for with cash subsidies, while the other half would be paid for by transfers of tax money to the provinces. This system gave the provinces the possibility of spending these subsidies on those programmes with a certain amount of freedom. Although it has been much reduced in recent decades this set-up has remained part of the relationship between the Federal Government and the provinces.

Italy differentiates itself substantially from Canada since its institutional structure is a central and not a federal type of structure. In this way, the main elements of the welfare state such as pensions, healthcare, and education are directly managed and financed by the State. Nevertheless, certain more recent reforms have increased the powers of the regions, above all in relation to healthcare. However, a shared management of taxes as is the case in Canada still seems a long way off¹⁴.

Another element that substantially differentiates Canada from Italy is that of immigration. Between 1941 and 1968 the population of Canada increased from eleven and a half million to over twenty million. Two million of these were emigrants from Europe, most of which arrived after the Second World War. Canada has always been a country that attracts international immigration flows, although until the thirties it encouraged the policy aimed at populating farms, mines and forests with workers who were preferably white and British. Restrictions on immigration were enhanced during the Great Depression, but after the end of the war the country was re-opened to immigration. The demand for workers increased more than internal supply, and it was focused on unqualified labour and general workers. One third of the new Canadians were British, one third Italian and the remaining third were Hungarians who became political refugees after 1956, as well as Dutch people. These people settled in the cities, strongly increasing the country’s urban character. The assimilation of these ethnic groups was less problematic than in other contexts since even the first generation of immigrants entered the political arena, as well as business sectors and the professions¹⁵.

¹³ CONRAD, M.; FINKEL, A. & JAENEN, C. *History of the Canadian peoples*. Toronto: Pitman, 1993.

¹⁴ MELIS, G. *Storia dell’amministrazione italiana (1861-1993)*. Bologna: Il Mulino, 1996.

¹⁵ NORRIE, OWRAM & EMERY, *A History of the Canadian Economy*, p. 361-431.

In a certain period of Canada's history the welfare state was used to favour immigration. In 1950, when the number of immigrants was decreasing, Ottawa changed the programme for family allowances to include a special payment which included immigrant families, which was the case at that time in the United Kingdom and Australia. This policy was implemented because it was believed to be necessary for the manufacturing industry¹⁶. Only in more recent times has Italy known the phenomenon of immigration from certain developing countries and after 1989 from Eastern European countries. Also, in recent years the admission of some of these countries in the European Union has facilitated immigration to Italy.

Let's now take a look at the main programmes of the Canadian welfare state in light of the differences with Italian programmes. The Canadian welfare state consists in many projects that can be summarised in three categories: education, health care and *income security*. The social services, in other words the programmes that give material benefits to people who need them, is added to the income security programmes, which provide monetary benefits to support people's income. It is for this reason that many scholars describe the third item of the Canadian welfare state as the *Social welfare system*, a system created to help members of society to have a stable income and a minimum level of social security. Income security can be divided into four main objectives. The first objective is to help citizens who at a certain time in their lives end up in a specific group that the State believes it is important to help. Assistance for middle aged people and family allowances are part of these programmes. The second objective involves assistance in accordance with defined income criteria decided by the State. Starting from 1945 the income limit under which people have to receive assistance has changed substantially, being raised and then lowered above all in times of economic recession. The third objective helps certain categories, such as the blind and disabled people, whatever their income levels. Lastly, the fourth type of income security is social insurance that provides benefits based on contributions paid during a person's working life¹⁷.

The pension plans of Canada and Quebec are part of this category, which was introduced in 1967 as a Federal programme with a certain number of variants in Quebec. Through these plans all employees in Canada start paying compulsory contributions into the pension plan during their working lives. These contributions constitute a certain percentage of annual pension income to which employers add an equivalent contribution. The accumulated funds are managed by the provinces, so they can therefore manage immense monetary funds from which they can take out loans at subsidised rates. In Quebec the contributions are received by a specific institute that may use surpluses for investments¹⁸. As previously stated, in Italy the pension system has developed over the years with gradual increases, until it reached a contributions system which, however, also guarantees a minimum pension under the minimum income level. The other services for material and

¹⁶ BLAKE, R. *From rights to needs: a History of Family allowances in Canada (1929-1992)*. Vancouver: UBC Press, 2009.

¹⁷ FINKEL, A. *Social policy and practice in Canada: a History*. Waterloo: Wilfrid Laurier University Press, 2006.

¹⁸ MCGILLY, F. *An introduction to Canada's public social services: understanding income and health programs*. Toronto: McClelland & Stewart, 1990.

financial assistance for citizens are instead rather limited. If, for example, we look at family allowances we can see how in Canada they were granted until the end of the nineties in accordance with general criteria, while in Italy they have always been considered an addition to salaries and therefore granted in particular to people who are employed¹⁹.

As far as the healthcare service is concerned, for constitutional reasons the provinces made the first efforts to provide services to citizens. The Canadian national health service was never set-up because when the first proposals were made the conflict between the provinces and the Federal Government regarding taxation powers immediately emerged. Rich provinces such as Ontario applied pressure to reduce the power of the Federal Government to impose taxes which had increased during the war. On the other hand the poorer provinces such as Saskatchewan favoured maintaining the tax policies that has been initiated in exchange for the transfer of funds to support social programmes at provincial level. It was Saskatchewan that in 1947, followed by British Columbia in 1948, provided a free health service to its citizens in exchange for a specific tax. The Government intervened in 1948 a number of times to provide funds to the provinces to be spent on healthcare, as well as for building hospitals and training healthcare workers. In 1968 the Medical Care Act came into force, and it is still substantially functioning in the present day. This involves a system of costs that are shared between the federal Government and local authorities. The provinces have to develop healthcare insurance plans that respond to the criteria of general healthcare coverage imposed by Ottawa²⁰.

Instead, in Italy the public health service has been managed since 1978 by the national healthcare system, which is financed through general taxation and the public income of the State. This ensures healthcare assistance to all citizens according to a general system. Before 1978 the system was based on numerous healthcare entities (friendly societies), each of which had responsibility for a determined category of workers for which they provided healthcare, as well as hospital services financed by contributions from workers. The right to healthcare protection up to that time was therefore only assured for workers and their relatives. The people who were not part of this system was assisted by charity organisations, often of a religious nature, even if since 1958 that State also intervened in favour of poor people after the creation of the Ministry of Health.

Similar to healthcare, education in Canada is the responsibility of the provinces for constitutional reasons. Despite this, the Federal Government had a particularly important role since it made a more efficient and equitable State education financing system possible. The *Foundation Programme*, whose objective was that of financially guaranteeing that all children from all provinces would have the same possibility for developing their potential, was of great importance. Through this programme the

¹⁹ SARACENO, C. *Mutamenti della famiglia e politiche sociali in Italia*. Bologna: Il Mulino, 2003, p. 120-136.

²⁰ DUNCAN, R. P.; MORRIS, M. E.; McCAREY, L. A. "Canada". In: JOHNSON, J. A. & STOSKOPF, C. H. (eds.). *Comparative health systems: global perspectives*. Sudbury: Jones and Bartlett, 2008, p. 59-82.

provincial authorities establish a level of services that must be provided on a local level. The local authorities are obliged to make a uniform contribution taken from part of its taxation, in particular from the *property tax*, while the provinces pay the difference between the Foundation Programme costs and the local contribution as a subsidy²¹.

The presence of the State in the education sector in fact exists since the nineteen forties, in full compliance with provincial autonomy. It was starting from the Rowell-Sirois Commission's findings on the relationships between the State and the provinces that recommendations were made on how the two subjects needed to cooperate in areas of mutual interest such as education. In the fifties Canada also had to face the Baby Boom which required a never before seen effort to provide education services to an increasingly large number of children. Federal intervention was in any case limited by the constitution, so that Canada has never been able to institute a national education office. Despite this, as Hugh A. Stevenson observed, Federal intervention between 1930 and 1980 managed to touch all levels of education. This was an extremely important element since it permitted Canada to create an education system which was only slightly different from province to province. In reality the Federal financial effort was a minor effort in primary and secondary education. Above all the State pushed to attain the objective of equality between the various provincial education systems. In respect of University education the State made a bigger contribution, channelling funds into programmes that were often tied to healthcare and social services. In Italy the education sector from primary schools to the University system fall within the area managed by the State. Thus, primary schools, for example, have not been managed by the municipalities since before the Second World War²².

Lastly, there is an additional differentiating factor between Italy and Canada in relation to the welfare state. There is an element which has distinguished the Canadian welfare state from those of other Western countries, being the fact that it has often been considered an element of national unity. In Canada the social state is in fact seen by many scholars as a way of maintaining national cohesion in a State where strong national symbols are lacking. This element was underlined in particular by Raymond Blake in his *Family allowances* study, according to which the Federal Government has used these instruments to help the nation develop in the post war period from both an economic and social point of view²³. In reality, in many other countries such as Italy, the expansion of social programmes after the war served to encourage a more diffused sense of citizenship, although it was above all in Canada where the welfare state became a founding element of national unity.

²¹ JOHNSON, F. H. *A brief history of Canadian education*. Toronto: Mc Graw-Hill of Canada, 1968, p. 105-117.

²² STEVENSON, H. A. "The federal presence in Canadian Education (1939-1980)". In: IVANY, J. W. G. & MANLEY-CASIMIR, M. E. (eds.). *Federal-provincial relations: education in Canada*. Toronto: OISE Press, 1981, p. 03-22.

²³ BLAKE, *From rights to needs...*

Conclusions

Bent Greve, the author of a *Historical Dictionary of the Welfare State* (2006), developed a comparative framework of various welfare states around the world, mainly starting from the amount of coverage of the services to citizens and the level of State intervention²⁴. The benchmark system that has historically always shown the highest level of coverage of services and the greatest amount of financial assistance from the State is the welfare state of Northern Europe (Denmark, Finland, Norway and Sweden), which is the system that is closest to an ideal general model. In this system access to social security rights and benefits are mainly a consequence of being citizens.

A welfare state which is in an antipodal state is defined as being residual, meaning a welfare state in which State intervention only occurs where no other type of private intervention is possible. In the middle of these two models we find most of the welfare states, including those of Italy and Canada. These are defined mixed systems because certain services are provided on the basis of a general model, in other words the service is provided to everyone, while in others the service is based on a particular model, only providing it to those who fall within certain criteria such as being poor or having a job and paying contributions. On the basis of these elements and their specific historical development, Bent defined the Canadian welfare state as a mixed system somewhere between a general system based on citizenship and an occupational system based on employment. Therefore, in Canada access to certain services concerns all citizens while other services are limited to workers or particular categories such as poor people.

The Italian welfare state is also in reality a mixed system with these two conditions, but with a development that is historically different. According to Brent, Italy is part of the Southern European model of the welfare state which includes Greece, Portugal and Spain. A limited system for the coverage of services which is strongly influenced by the Church, with the result that much importance is given to the family as an institution which supports certain services of the welfare state. This also explains what we have seen so far about the Italian welfare state, that it is backwards compared to other nations such as Canada. To tell the truth this definition appears very restrictive, and in particular it seems to be difficult to insert countries with a historical and economic development which is very different from Italy, such as Greece, Portugal and Spain. However, we must recognise that in the Southern European model healthcare and pensions appear to be very well developed, while on the contrary social security seems to be marginal compared to Northern Europe and Canada.



²⁴ GREVE, *Historical Dictionary of the Welfare State*.

RESUMO

O modelo geral elaborado pelos historiadores estabelece a base do Estado de Bem Estar Social no início da era contemporânea, ainda que a assim chamada Era de Ouro tenha se iniciado apenas ao final da Segunda Guerra Mundial. Depois disso, a crise econômica de 1973 é, geralmente, vista pelos analistas como o início de um processo de reflexão a respeito das políticas sociais que também envolveram Canadá e Itália. Alguns elementos tornam estes dois países muito interessantes para os historiadores. Seus Estados de Bem Estar Social tem alguns elementos de convergência e outros de divergência. Os principais aspectos do caso canadense são: a estrutura federal do país, que limita o poder de Ottawa sobre cada um dos distritos; a grande importância que a imigração teve em sua história e seu sistema econômico; e, finalmente, o fato do Estado de Bem Estar Social ter sido usado ao longo dos tempos como um elemento para favorecer a coesão nacional que de outro modo seria difícil de estabelecer. Por sua vez, a Itália dá menos força aos poderes locais e a instituição da família tem mais importância como um auxílio fundamental da política social. Com diferentes caminhos históricos, os dois países chegaram a resultados parecidos e os dois têm hoje em dia, inclusive neste período difícil, Estados de bem estar social estruturados, que são, em alguns aspectos, modelos para outros países.

Palavras Chave: Estado de Bem Estar Social; Itália; Canadá.

ABSTRACT

The general model elaborated by the historians establishes the basis of the welfare state at the beginning of the contemporary era, even though the so-called Golden Age started only at the end of the Second World War. After that, the 1973 economic crisis is generally viewed by analysts as the beginning of a rethinking process of social policies that involved also Canada and Italy. Some elements make these two countries very interesting for historians. Their Welfare states have some elements of convergence and some others of divergence. Main aspects of Canadian case are: the country's federal structure, which limits Ottawa's power towards every single district; the great importance that immigration had in its history and economic system; and, last but not least, the fact that the welfare state was used over the years as a mean of favoring a national cohesion otherwise difficult to establish. On the contrary Italy gives less power to local powers and in Italy the institution of Family has more importance as a fundamental aid of social politics. With different ways in their historical paths both countries have reached similar results and both have today, also in this difficult period, a structured welfare state and for some aspects a model for other countries.

Keywords: Welfare State; Italy; Canada.

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