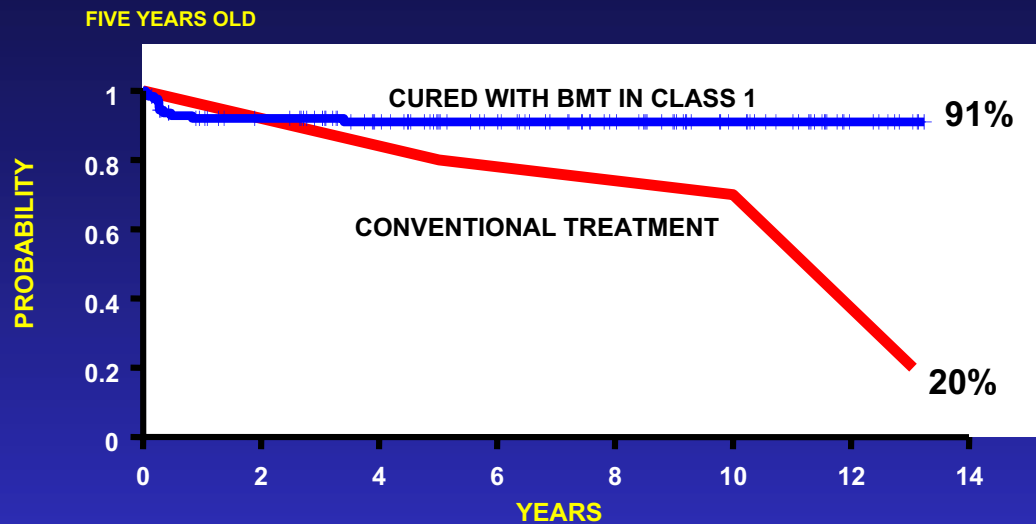
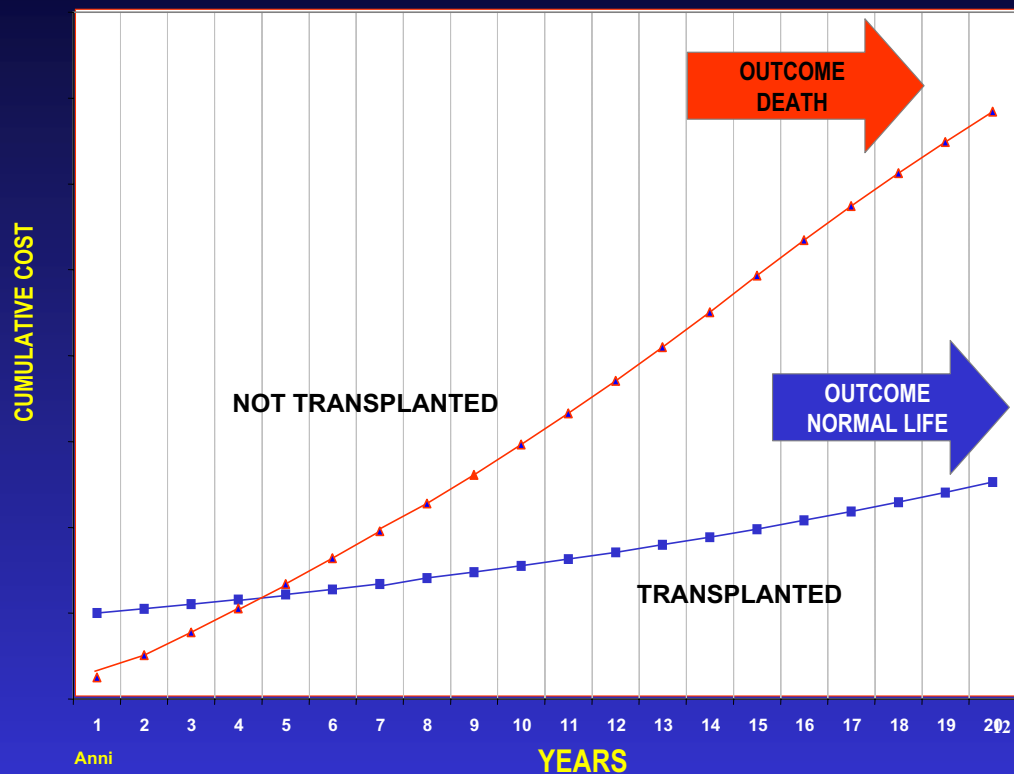


COST/EFFECTIVENESS



11

COST/BENEFITS



COSA FARE

- **Formazione e addestramento** di personale sanitario/tecnico dei paesi partner (training on the job)
- Aumento contestuale dell'**attività di cura** in Italia e presso i paesi partner
- Implementazione e sviluppo dei **progetti di ricerca** scientifica, contestuali alla cura
- **Accoglienza** in Italia dei pazienti e delle loro famiglie
- Creazione di un **network internazionale** dedicato di E-Medicine
- **Trasferimento di Know-how** e delle tecnologie nei paesi partner

13

GLI IMPEGNI INTERNAZIONALI PRIORITARI

- Territori Palestinesi in collaborazione con le Istituzioni sanitarie di Israele
- Iraq in collaborazione con le Istituzioni sanitarie internazionali
- Egitto, Iran, Libano, Bahrein, Tunisia, Marocco e Algeria
- Continuazione e rafforzamento della collaborazione clinico-scientifica e degli interventi di TMO in Italia a favore delle comunità talassemiche di altri paesi in particolare Pakistan, India, Cina e Maldive

STRUMENTO DI POLITICA ESTERA

- Sistema di relazioni internazionali
- Diffusione di un primato “solo” italiano, senza concorrenza da altri paesi occidentali
- Progettualità scalabile e trasferibile come modello per altre specialità e sistemi organizzativi
- Ruolo chiave del Governo italiano nella gestione del Progetto Internazionale

15

STRUMENTO DI RICERCA SCIENTIFICA

- Le tecniche di trapianto di midollo osseo insistono sulla frontiera della gene therapy e dell'utilizzo clinico delle cellule staminali
- Gli aspetti contestuali di cura diffusi sulla rete assicurano l'indispensabile supporto clinico per lo sviluppo della ricerca scientifica
- La valorizzazione degli esiti di ricerca rappresenta una ulteriore opportunità economica per il Progetto
- La rete di relazioni clinico-scientifiche coinvolge centri di altri paesi nella UE e negli USA

16

STRUMENTO DI POLITICA SANITARIA

- Progetto pilota IRCCS-Fondazione come modello di rete nazionale ed internazionale di eccellenze sanitarie
- Sperimentazione ed innovazione sul tema specifico dell'Ematologia, ma scalabile quale modello generale sui sistemi sanitari a rete
- Progetto che può essere utilizzato come modello per la pianificazione e la ristrutturazione di sistemi sanitari nell'area mediorientale

17

STRUMENTO ECONOMICO-IMPRENDITORIALE

- Il Progetto genera margini economici nella conversione dall'approccio palliativo (trasfusioni e farmaci) alla cura radicale mediante trapianto (costo una tantum)
- Il trasferimento di know-how va concepito come un processo industriale per la realizzazione di una rete internazionale di centri (strutture, infrastrutture e organizzazione)
- Sono attivabili risorse provenienti:
 - da fonte pubblica (nazionale, comunitaria, organizzazioni sovranazionali)
 - da fonte privata (venture capital e project financing) per la realizzazione dei centri di ricerca e cura
 - da fonte pubblica/privata (trust funds internazionali, restituzione del debito) per la realizzazione dei centri di cura nei **paesi partner**

18

CONCLUSIONI

- Abbiamo un primato italiano clinico-scientifico per modificare la storia naturale di una malattia
- Abbiamo la responsabilità scientifica, etica e politica di diffonderlo
- Dobbiamo creare una rete per trasferirlo nei paesi ad alta incidenza epidemiologica della malattia

*Il know-how è merito di chi l'ha ricercato e scoperto,
ma è proprietà di chi ne ha bisogno*

19

E5

WORKSHOP V

The Children and the Mediterranean



Genoa, 7-9 /1/2004

Reasons and Prospects of an Alternative Birth Centre

S. Morano, N.Ragni, F.Cerutti

University of Genoa

Dept. of Gynaecology and
Obstetrics



*Any woman should have the possibility
to give birth in a place where she feels
confident at the most possible
peripheral level, where she can be
provided with the appropriate care and
safety.*

*WHO " Care in normal birth
Report of technical working group.
WHO/FRH/MSM96.24 Geneve*

*...Those places can be respectively
the house,
the birth centres
the obstetric units in hospitals*

*In any case, it must be a place where
everybody's attention is focused on woman's
needs and safety, in a place as close as
possible to her **house** and her **culture***

WHO "Care in normal birth Report of technical working group".

WHO/FRH/MSM96.24 Geneve



Results suggest that care provided in birth centres is such to be able to identify significant maternal complications and, as a result, it is for women as safe as that provided in standard maternity wards

Hodnett ED “ Home –like versus conventional institutional setting for birth “ (Cochrane review 3, 2000)

Waldenstrom U “ A randomized controlled study of birth centre care versus standard maternity care: effects on women’s health” (Birth 1997 Mar; 24 (1)17- 26)

“Continuity of care by a midwives team versus routine care during pregnancy and birth: a randomised trial” Rowley M.J. Et al (Medical Journal of Australia 1995)

“ Does team midwife care increase satisfaction with antenatal, intrapartum and postpartum care? A randomised controlled trial” Waldenstrom U. et al. (Birth 2000)

“Pattern of routine antenatal care for low-risk pregnancy” Villar J. Et al. (Cochrane Library , 2000)

“Satisfaction with team midwifery care for low and high- risk women: a randomised controlled trial” Birò M.A. (Birth march 2003)

In the recent debate between a safer birth in hospitals and a more “natural” birth at home, we have set as our primary objective to identify an intermediate solution in order to bring some home in the hospital.



PORTARE UN PO' DI CASA IN OSPEDALE...
CONTINUARE LE CURE ALLA FAMIGLIA...

Alternative Birth Centre

A.O. San Martino

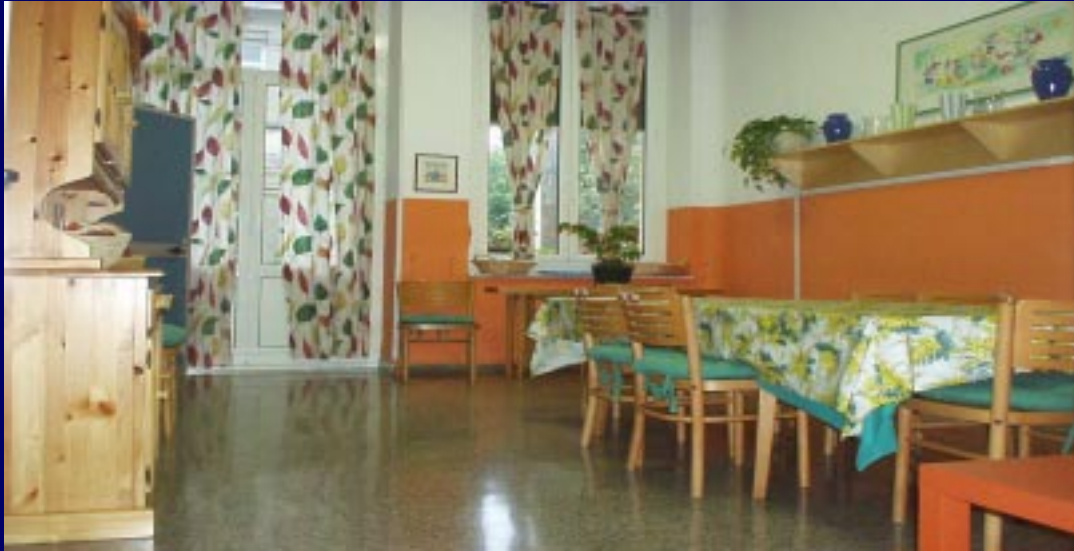
Our Alternative Birth Centre, which has been working since the end of the year 2000, with its organizational independence gives the opportunity to

- Carry out the evidence-based obstetrics*
- Provide continuity of care, with the training course*
- Support couples until the 42nd week*
- Build up a care model based on parents and on family*
- Respect the timing of each woman in labour, the physiological phases, as far as the labour and the childbirth are concerned*

- Concretely allow a mother-baby relationship to begin*
- Practice the rooming in*
- Foster a friendly relationship with the staff and among the guests*
- Concentrate the 48-hour stay in the centre on the opportunity, for the new family, to focus on the new experience*
- Meet again the couple one or two days after its discharge*

WHAT HAVE WE DONE?

We have replaced the centrality of the hospital and its rules with the needs of the woman and the family



E5

WORKSHOP V

***We have transformed the environment:
in the Hospital just like at home***



E5

WORKSHOP V



*Who will take care of the baby
during hospital stay ?*

*Its mum, of course,
supported and advised by a
midwife*



*The support
and closeness
to the mother
during the
puerperium
help breast-
feeding*

*If the
environment
can ensure
an adequate
support,
the woman is able
to care about
herself
and her baby.*



Non-pharmacologically controlled pain



OBJECTIVES OF THE BIRTH CENTRE:

IMPROVEMENT OF BIRTH CARE

TOOLS

LOW RISK PREGNANCY SCREENING AND MANAGEMENT

CONTINUITY OF CARE

EVIDENCE-BASED OBSTETRICS

INDEPENDENCE OF MIDWIVES

THE CENTRE IS TODAY:

- **EXPERIMENTATION OF “ALTERNATIVE” MODELS MANAGED BY MIDWIVES**
- **TEACHING PRACTICE OF CONSISTENT PEDAGOGIC MODULES**
- **ANTENATAL CLASSES**
- **HOME LIKE BIRTH SETTING**
- **EXERTION OF DECISION MAKING IN POSTDATE PREGNANCY, OR /AND DEVIATIONS FROM NORMALITY**
- **RESPONSIBILITY OF THE WOMAN IN CHILDBIRTH AND OF THE NEW-BORN CHILD**
- **NURSING SUPPORT BY MIDWIVES (tutorship of the paediatrician)**



The Centre is just a part of a more
global
“Birth Path”
that introduces care in a space-time context
of real support to maternity and
parenthood before and
after discharge

*In this direction our Centro Nascita Alternativo
aims to avoid some of the existing distortions:*

*some people are given very
expensive and yet not much useful
medical care, while others may
have difficulties to get even the
most basic care.*

All this leads us to ask the following question:

is it ethically fair to take resources away from less developed populations to provide those in the developed world with simply ineffective care?

Our primary challenge is to try and get as many children as possible born alive and healthy, although we cannot say that “a baby is born alive and healthy until he is not happily integrated in the family and in the society”

(Ann Oakley, 1985)

OUR CHALLENGE



BUILDING UP A BIRTH CULTURE

Strong points :

- * **Interdisciplinary and multicultural point of view**
- * **Revaluation of educational and curricular priorities**
- * **Concern about different cultures of people receiving care**
- * **Women-baby centered birth care**
- * **Training experience focusing on the change of standard cure**

Opportunities and perspectives about birth in the Mediterranean

*An “alternative”, interdisciplinary and intercultural
care model, could mean:*

*↳ a redistribution of resources that can guarantee
appropriate care for all babies and not an useless
overtreatment for only a few*

*↳ the opportunity to give back to all the subjects
involved in birth – parents, babies and birth attendants
– the **warmth** of a familiar environment, the **colours** of
emotions, the **hope** of a more just world*

E5

WORKSHOP V



*...thank you
for your
attention*



SCHOOL AND EMOTIONS: THE STORY OF THE QUEEN FISH

Author: Giorgio Matricardi 1 and Antonietta Calvisi.

Address: 1 Università di Genova - Dipartimento di Biologia Sperimentale, Ambientale ed Applicata. Viale Benedetto XV, 5 16132 Genova (Italy)

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WORKSHOP V

Abstract:

The current neurobiological research stressed the central role of emotions in the knowledge construction processes. On the other hand, the constructivistic paradigm provides to the school a teaching environment in which the emotional involvement of the pupil is significant for the construction of a reliable and permanent culture.

Following an environmental education experience in a kindergarten of Genoa, this paper focuses on the relevance taken on by the personal culture of children in the learning processes. The every-day experiences allow children to build their own knowledge; a learning process in which the pupils' personal experiences are assembled in a network by brain storming techniques supports, in each subject participating to the process, the awareness to be a resource for the other members of the learning group. The discussion of the personal ideas allow the pupils to construct hypotheses about the solution of the examined problem; some kind of experimental context allow the group to contextualize these hypotheses and to match them with the direct observation of the experimental events. So the group can establish to generalize the shared and mediated knowledge to some kind of theory. Such a learning process stimulate the emotional participation of both pupils and teachers and ensures a permanent and reliable knowledge.

Children & the Mediterranean

GENOA, 7th - 9th January 2004

The Health International Co-operation in Tuscany and "A. Meyer" Hospital



Dr. Marco Evi Martinucci
Dr. Maria Francesca Reali
Dr. Franco Riboldi



Health Co-operation in Tuscany

Regional Deliberations :

n° 313, 26-03-2001

n° 1479, 23-12-2002

n° 821, 18-08-2003



AIMS

- Admitting in Tuscany hospitals those children with complex pathologies, for which there isn't yet any treatment in their own countries
- Training and up-dating Courses for DC's health workers (physicians, nurses, technicians)
- Supplying dismissible medical devices
- Providing drugs in emergency circumstances



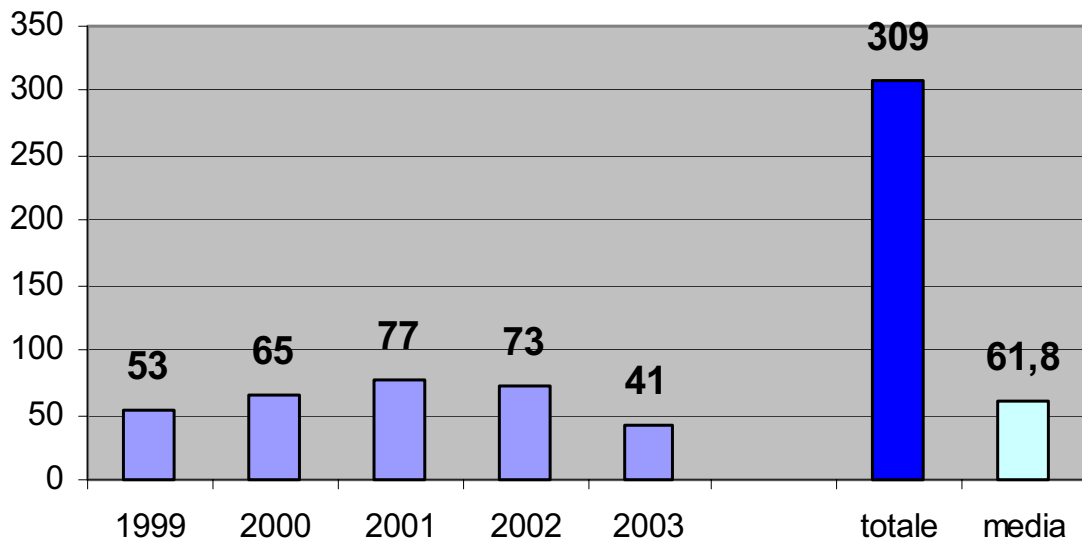
Geographical areas

- **South East Europe** (Albania, Kosovo)
- **East Europe** (Belarus, Romania, St. Petersburg)
- **Mediterranean area** (Palestina, Libya,
- **Middle East, Africa** Iraq, Yemen, Eritrea)





1990-2003 : admissions per year

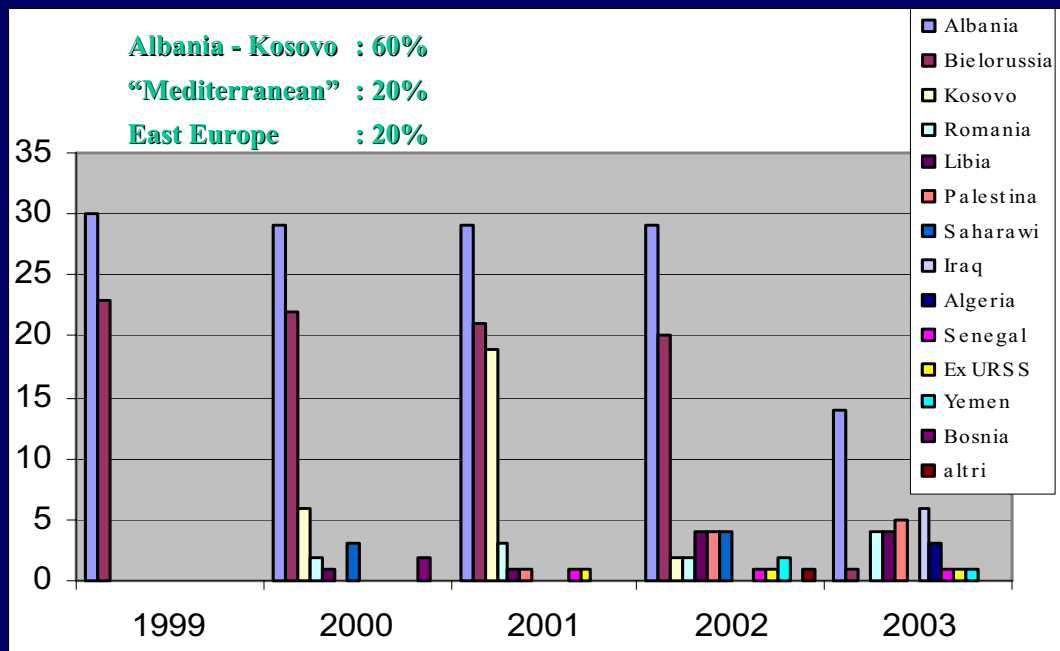


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WORKSHOP V

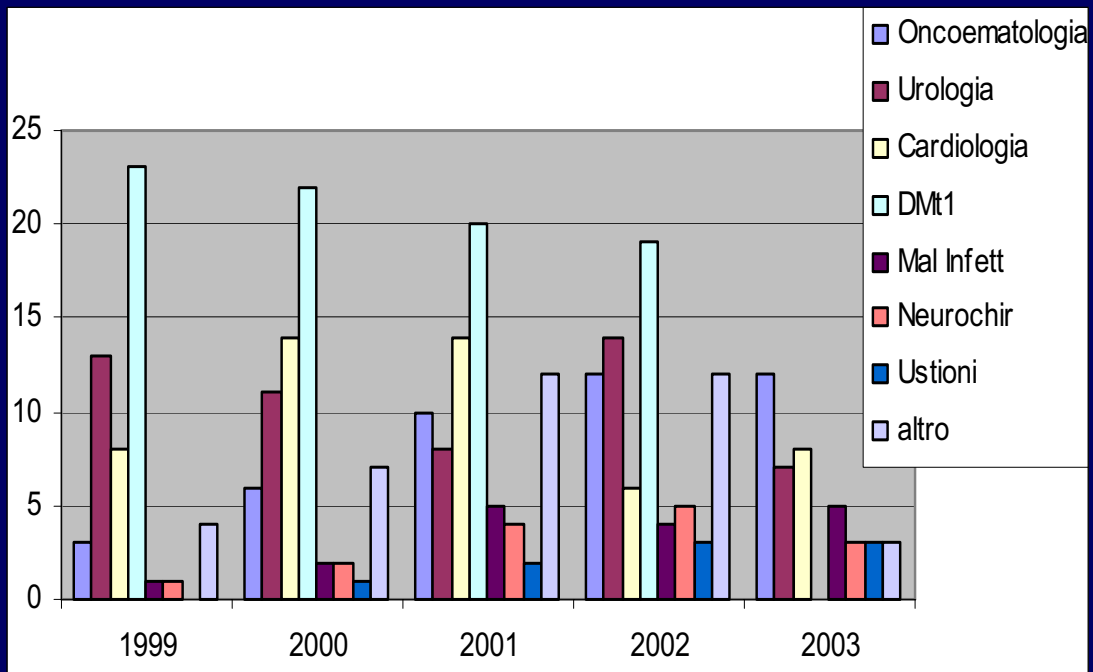


1999-2003 : admissions per Country





1999-2003: admissions per pathologies



BMJ, december 2003

During 1990s in Developing Countries (DC) :

- + 1,6% gross domestic product
- from 29% to 23% people with < 1 \$/day

but:

150 million of malnourished children

(BMJ 2003;327:1415-6)

- **AIDS infection** **40 million**
- **Tuberculosis, malaria** **9 million/each**
 or which, 2 million deaths
- **Diabetes Mellitus Type 2** **150 million**
 in 2025: 300 million
- **Cardivascolar diseases, stroke**
 more than in developed countries

BMJ, december 2003

*. . . “The encoraugement of a much more
global view of teaching and research in
the universities of the richer countries,
would be an excellent*

New Year's resolution

for those who run them” . . .

BMJ, december 2003

Future perspectives

- to limit hospitalisation to the most serious cases
- to improve training and up-dating activities *for* and *in* those DC
- to model our initiatives on each local real necessity
- to promote the Health Co-operation forward DC in the other Italian and European Regions

two examples: Palestine and Eritrea



Palestine :



on 17th november 2003 in Florence,

Simon Peres and **Claudio Martini** in the name of:

- Peres Center for Peace in Tel Aviv - Israel
- Tuscany Region - Meyer Hospital - Florence
- Paediatricians Palestine Association - Palestine

signed

a triennial co-operation project for 400.000 €/year
for the treatment of 350 sick palestinian children/year in
Tel Aviv, Jerusalem and Haifa israelian hospitals

12-14 november, 2003 - Dead Sea (Israel)
1st Paediatric Conference
Palestine –Tuscany – Israel

Saving Children
Medicine in the Service of Peace



ERITREA :



renewal and reorganisation of :

- **Pediatric Emergency Department in**
"Mekane Hiwet" Pediatric Hospital
- **Emergency Department in**
"Orotta" General Hospital

and establishment in Asmara of the

- **School of Medicine**

thanks to the cooperation between eritrean and tuscan
medical and technical teams

E5

WORKSHOP V

“...to help MSF you don’t need to be a physician, but to have no borders...”



by “Medecin Sans Frontieres” (MSF)

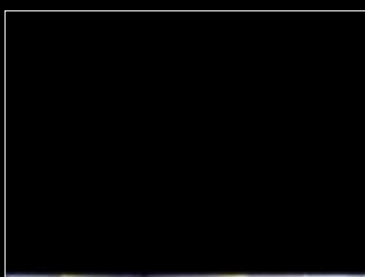
The Gaslini's Presence in Iraq

P.Di Pietro, PL.Bruscettini, S Gregorio, M.Lattere, M. Magnani,
G.Martucciello, G.Mattioli, M.Torre, V.Jasonni

Giannina Gaslini Institute - University of Genova

Presented by: Giuseppe Martucciello

May-October 2003
participation of 8 paediatric specialists



General Conditions in Baghdad

- Less than 6 hours per day of **electricity**
- Some areas of Baghdad without regular **water supply**
- No **telephone** lines
- **Psychological distress** in the population
- Lack of **security**



POTABILIZZATORE - WATERLINE



Croce Rossa Italiana





Conditions in the Italian Red Cross Field Hospital

- Temperature 40-58°C
- Irregular supply of disposable material
- Necessity for adoption with limited equipment
- Enormous request from paediatric age group for management
- Problems related to the request of MEDEVAC



MEDEVAC PROBLEMS

*"areed arouh l Italia
hatta a alaj abni "*

We heard this
sentence 30-40
times per day



Paediatric Activity

- | | |
|---|--|
| • Personal Period
(31 may-2 July)
1808 consultations | • General Period
(May-October)
More than 5400 |
| 81 admissions | More than 150 |
| 46 paediatric surgical
procedures | More than 100 |

Burned patients

- More than 80% of body surface
- High risk of septic shock
- High risk of respiratory distress
- High mortality and morbidity rate



Indications for Paediatric Surgical Interventions

- 1) firearms accidents in children (selected cases)
- 2) life-saving procedures (central line catheters, intestinal occlusion, complicated hernias, etc...)
- 3) major procedures for congenital malformations (Medevac problems)

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WORKSHOP V

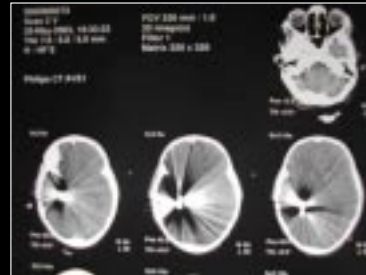
Firearms accidents



Direct and indirect bullet shots



It is not always better to remove the bullet



E5

WORKSHOP V

Iraqi hernias



Anorectal Malformations



Paediatric Hospitals in Baghdad

- **Al-Eskan Central Teaching Hospital**
4 floors
Neonatology
IUC 3 beds
- **Al Mansour Hospital**
Neonatology
Oncology
Paediatric Surgery (15 beds)



Thanks



The “Gaslini team” who operated in Baghdad is particularly grateful to the **Carabinieri of “Reggimento Toscana”** who provided our security in the Field, to the **Iraqi Colleagues** who collaborated with great competence, and at last but not least to **Gaslini Foundation** which is supporting some fellowships at Gaslini Institute for some excellent young doctors from Baghdad

Vouchers and Personal Welfare Accounts¹

Edwin Morley-Fletcher

E5

WORKSHOP V

1. Problematic Sustainability

For some time now, the path of the welfare state has appeared to be proceeding constantly uphill without, however, affording those who travel it any clear and non-fragmentary overview of the panorama.²

The welfare system's characteristics of real sociality³ and effective redistributive capacity, rather than mere discriminatively distributive allocation,⁴ have been broadly called into question, especially in Italy,⁵ not to mention its long-term "sustainability",⁶ an issue on which misgivings have been expressed all over the world due to the international scale of the problem.

It is in any case hardly surprising that forms of "rent seeking" and "capture" on the part of reasonably well-to-do classes at the expense of those in real need should generally prove dominant factors in determining the area of effective welfare coverage.⁷ These are in fact distortions that appear to a great extent to be inherent in the basic mechanism generally adopted hitherto, i.e. the practice of regarding it as obvious if not indeed optimal to cover the costs of social security by increasingly broad recourse to fiscal or semi-fiscal funding accompanied by policies of targeted tax allowances. As is well known, these tools have often proved susceptible to the influence of particular pressure groups or of neo-corporative attitudes, a point to which we shall be returning later in the course of this paper. Suffice it for the present to recall the apt expression "political raiding" adopted in this connection by the Onofri Committee.⁸ Leaving aside their particular characteristics, attention should be drawn primarily to the fact that the pay-as-you-go (PAYG) system, which must also be seen as encompassing the forms of fiscal and semi-fiscal funding, will by definition necessarily prove inadequate with respect to the current development of the welfare system. In crucial sectors such as health and education but also social security (as a result of demographic change), the prevailing dynamic is currently characterized (and will probably continue to be so over a long historical period) by growth rates higher than those of the gross domestic product.

Given the situation of growing international fiscal competition and the increasingly widespread political and social demands for the reduction of fiscal burdens, one can hardly suggest that taxation should be increased, as happened in the past, to a level above the growth rate of GDP so as to keep up with the dynamics of sectors of the welfare system that now prove to be structurally characterized by higher rates of development.

There is no need here to reiterate the arguments repeatedly put forward by others, such as the so-called "pathology of costs" in activities not readily susceptible of automation (especially forms of care) pointed out by William Baumol (and all too often uncritically repeated in the current literature). Nor need we go over the intrinsic characteristics of certain sectors characterized by the apparently paradoxical fact that the more we invest, the more we will have to invest (the "paradox of medicine" formulated by Olof Palme in the 1970s⁹).

At the same time, it will no longer suffice to invoke the perspective of a necessary transition from the *welfare state* to the *welfare society*, as was fashionable in the 1980s, i.e. the albeit necessary contribution offered on the one hand by strategies of de-institutionalization and the involvement of the

non-profit sector, and on the other by the introduction of a “quasi-market” approach into the operative mechanisms of the public sector.¹⁰ The fact cannot be overlooked that all of these often entail an immediate increase in expenditure (i.e. the “J effect”¹¹ whereby the benefits offered appear to be obtainable only in the longer term and only after an initial increase in running costs) as a result of what can be termed the “information paradox”.¹²

Centralized decision-making on the basis of bureaucratic data (i.e. assumptions formulated “upstream” with respect to the actual provision of services) is in fact certainly more economical (albeit less effective) than decision-making on the basis of decentralized meetings involving a multiplicity of autonomous parties all of which are capable of dynamic interaction with one another.

There is in any case nothing new about the observation that the mess served in barracks is more susceptible of bureaucratic management than the choice of dishes offered to customers of a restaurant. For some time now, however, private firms have shown an increasing tendency to supply luncheon vouchers for use with providers offering the highest levels of customer satisfaction rather than operate their own canteens, even through forms of outsourcing. While the immediate result is in fact an increase in costs, especially where economies of scale are available to company canteens, this proves a more efficient and effective solution in the medium term.¹³

The problem of the “short-term sustainability” of welfare systems has generally prompted efforts to cut costs by the following means:

- i. Increasing recourse to forms of authentic “administrative rationing” of services (often masked as “rationalization”¹⁴) through what is referred to as targeting (i.e. making services conditional on “means tests” or other forms of selective access, or more simply by allowing waiting lists to build up)
- ii. Cyclical political recourse to the crude and regressive tool of co-payment (e.g. through the introduction of prescription and treatment charges).

1.1. The welfare system as “piggy bank”: a premise for new questions

In this context, interesting progress has recently been made in terms of increased realism with respect to the previous excesses of redistributive rhetoric. The discovery that welfare constitutes a form of “socialism in just one class”¹⁵ in that it is paid for primarily by the employees who are also its primary beneficiaries, which was made as long ago as the 1980s, has led to the realization that the welfare system could be viewed as a sort of piggy-bank¹⁶ enabling individuals to draw upon in advance or defer utilization of the resources they will need as a whole during their lives.

If it makes sense to interpret the basic logic underlying the systems of social security now operating in Europe in these terms, at least to a large extent, it may well be worth hazarding some innovative questions in this regard while bearing in mind a number of caveats.

There are in fact at least two points to be borne in mind. The first is the observation succinctly formulated by Samuel Bowles and Herbert Gintis in *Recasting Egalitarianism*: “If one considers a sufficiently long time-horizon, redistributions that are productivity reducing are difficult to support, even if one’s sole concern were the well-being of the less well-off: after some years, they would have had a higher living standard under the less egalitarian status quo. A single minded desire to redivide the pie has sometimes diverted egalitarians from the task of producing a better pie.”¹⁷

The second is due to the Nobel laureate Amartya Sen, who connects Marx’s reiterated insistence on the importance of “replacing the domination of circumstances and chance over individuals by the

domination of individuals over chance and circumstances”¹⁸ with the following assertion made by Peter Bauer in *Dissent on Development*: “I regard the extension of the range of choice (...) as the principal objective and criterion of economic development; and I judge a measure principally by its probable effects on the range of alternatives open to individuals.”¹⁹

The hopefully innovative questions can be presented as a connected series of logical arguments arranged in the following order:

- i. It is worth examining the idea that the way out of the crisis affecting the welfare state is to be sought in the creation of a “virtuous circuit” promoting responsibility and a free-market approach. By analogy with the previous example of luncheon vouchers, this would make it possible to obtain beneficial competitive effects together with greater satisfaction for users in that their continual choices would enable them to exercise a form of quality control over the services they are offered.
- ii. Clear indications would in fact emerge as to the most efficient providers together with automatic sanctions for those proving inefficient.
- iii. This circuit would make possible the long-term objective of making users jointly responsible for payment, thus creating an initial dynamic factor capable of helping to compensate for the structural insufficiency of fiscal yield alone.
- iv. At the same time, the circuit could offer citizen-consumers the alternative of opting to “save” and capitalize the resources set aside to support the potential paying demand of users, thus introducing a second factor of dynamism and of responsibility in the use of resources and the pursuit of their necessary growth.

1.2. *The approach adopted here*

The set of points listed above can be summarized in two basic questions:

- i. Should efforts not be made to effect an intelligent reduction of direct public spending, thus gradually bringing all the direct and indirect costs involved in the provision of welfare services under more efficient control?
- ii. Can we not attempt to attain this goal by simultaneously promoting the growth of paying demand capable of fostering the development of a social market that can operate, through specific personal welfare accounts, also as a tool for the “guided” transfer over time of the resources available to individuals during their lifetimes?

If an affirmative answer can be given in both cases, the two questions (and their practical consequences) can be seen as an interconnected synthesis providing the ambitious recipe required by any political party proposing to carry out a radical reform of the welfare system at the beginning of the new millennium.

We shall seek in the following pages to outline a few essential features of this approach, starting from examination of the reforming potential inherent in the tool of vouchers and showing how this potential can be enhanced still further by harnessing advanced technology to introduce a system of personal welfare accounts.

It should also be pointed out that the perspective in which this possible pathway is viewed is pervaded by awareness of the urgent need to save one peculiar feature of the European model that prevailed during the “social democratic century”,²⁰ a model that is now in danger of collapsing under the pressure of numerous calls to abandon its underlying logic due to the fact that it is seen increas-

ingly as a source of bureaucratic impediments, distributive opacity, and an overall increase in costs. After an initial examination of the various possible uses of vouchers and virtual welfare accounts,²¹ the proposal considered will, as mentioned above, involve a process of fostering user responsibility through extensive recourse to the second of these tools. This will have to begin as early as possible in the user's lifetime so as to ensure the longest possible period of capitalization.

In specific terms, it is suggested that users be granted constant freedom of choice as regards the use of a set but growing amount of resources susceptible of accumulation (at compound interest) and integration (through a suitable component of cost sharing) in order to cope with the requirements of social protection on a "guided" basis.

A further suggestion, which we regard as particularly attractive and shall outline at the end,²² is for a new form of property to be applied to the "social wealth" individually assigned through the mechanism of virtual welfare accounts and gradually accumulating within them. This would be capable of acting as a permanent (intergenerational) prerequisite for a stable core of extra-fiscal funding of the welfare system, which could become far more fully dependable in that it stems from a form of property that is individually accessible (on certain conditions) and yet "light" in that its sustainability no longer involves the burden of constant high taxation on productive activities.

Before arriving at this stage, which will also involve various proposals for a redrafting of the overall architecture of the welfare system, as outlined in the conclusion, it will be necessary to go through the whole range of the primary targets to be achieved. This will entail detailed examination of the mechanisms for the provision of services in cases where it is possible to opt for the use of one of the tools or the other, i.e. vouchers or personal welfare accounts, or an evolutionary pathway leading from one to the other.

Our analytical examination is also intended as an attempt to obviate, at least partially, what has proved until very recently a stubborn obstacle within the sphere of the options open to a policy for reform of the welfare system.²³ This needs to be discussed rigorously and with no stale prejudices as regards the effective potential of these tools, and especially vouchers, which are older and more limited but unquestionable less complicated in technological terms.

2. Vouchers: characteristics and cash-equivalence

Vouchers, which provide those who receive them (either free or at a charge) with purchasing power as regards particular goods and services, can be used in both the private and public sectors. The use of vouchers in the public sector obviously has greater economic and social implications, and constitutes a fundamental element of the "Copernican revolution"²⁴ involved in the new view of welfare policies as the result of *demand-oriented* rather than *supply-oriented* processes.

While the use of vouchers instead of cash in the private sector can be attributed to particular motives regarding the objectives of the issuing party,²⁵ the use of vouchers in the public sector presents significant implications in terms of economic policy capable of justifying their use rather than cash, especially in relation to their allocational and productive efficiency as well as the redistribution of income and transaction costs.

As regards *allocational efficiency*, vouchers make it possible to control demand and direct it toward certain goods and services to which the policy makers attribute particular social or individual importance.

This characteristic makes them a suitable tool to tackle a series of problems connected with allocational efficiency, such as informational asymmetry, externalities, and merit goods.

2.1. *Informational asymmetry*

E5

WORKSHOP V

According to the neoclassical theory of demand, in a situation where complete information is enjoyed by consumers basing their choices on their individual preferences, the efficient allocation of resources can be ensured as regards consumption by unconditional freedom of choice with respect both to the goods and services to be purchased and to how the available resources are to be allocated amongst them.

There are, however, cases where it is necessary to start by assuming that complete information is not available to consumers.²⁶ As they can be used by holders only with authorized suppliers and only for specific goods and services, vouchers can thus make it possible to obtain an efficient allocation of consumption, at least in certain sectors. This holds even in the presence of information gaps whenever it is reasonable to assume that the authorities responsible for organizing their use are not equally handicapped by a situation of insuperable informational asymmetry. Where such conditions obtain, the information gap can thus be tackled (and potentially solved) “upstream” through the prior selection of products and suppliers.

A voucher system can, however, have a twofold effect on the informational asymmetry between principal and agent. As suggested, by permitting direct control over demand on the part of a public body presumed to be in possession of adequate information, such a system can help to reduce the effects of the shortage of information affecting beneficiaries. At the same time, however, control over demand does not always mean that beneficiaries are not free to choose. On the contrary, one important objective of a voucher scheme is in most cases precisely that of affording beneficiaries a certain freedom of choice.²⁷ Even in the presence of control over demand and supply, this freedom to choose among different competing parties can give rise to an informational asymmetry between the principal (the beneficiary) and the agent (the provider) that may have negative effects on the efficient allocation of resources in both social terms (e.g. in relation to externalities) and individual terms (e.g. in relation to merit goods).²⁸

The effects of imposing stringent restrictions on the power to choose how to allocate resources amongst different goods and services can also be ambivalent. While such restrictions can be justified (also) by the incomplete nature of the information available to beneficiaries, they can also present risks in terms of effectiveness (information gaps could also exist in the opposite direction²⁹) at the educational³⁰ and psychological³¹ levels.

2.2. *Merit Goods*

There are also cases where the purchase of a certain good or service is accorded priority by policy makers in the interests of citizens, whereas the latter would not make such purchases in sufficient amounts on their own initiative despite being in possession of sufficient information as regards the characteristics of the items in question and how to obtain them. This is the case of merit goods, with respect to which the state plays a typically “paternalistic role”³² with respect to citizen-consumers. The ability to direct demand offered by a voucher scheme can therefore serve also in this case to improve the efficiency of allocation.

2.3. *Externalities*

Then we have the case where the purchase of a certain good or service by citizen-consumers must be ensured not only in their own interests but also in the interests of the community as a whole. This is

the case of the positive externalities of consumption, which constitute one of the effects, for example, of schooling, which produces benefits in social, cultural, political and economic terms for the community for which no recompense is made.³³

Externalities linked to vouchers can also serve as an incentive for donations to specific initiatives of social solidarity, guaranteeing the donors both direct benefits linked to the very act of donation and indirect benefits through the associated potential increase in consumption externalities. The sums donated are in fact of benefit both to the recipients, who are enabled to purchase certain goods and services, and indirectly to the donors by improving the social context in which they live.

2.4. *Productive efficiency*

As regards productive efficiency, vouchers can trigger virtuous mechanisms of cost reduction by enabling consumers to obtain certain goods and services from different competing suppliers.

Where the economic conditions of the market in question (including the nature and degree of the economies of scale and the presence or otherwise of barriers to entry and exit) permit the production and/or distribution of certain goods and services by competing private concerns, this competition on the supply side can help to improve productive efficiency³⁴ and “have important effects on quality”.³⁵

This is true above all to the extent that competition is expanded. In point of fact, a voucher system not only guarantees users of public services a substantially larger range of choices and exit margins but also places all the different types of suppliers of the service (or services in the case of multi-purpose vouchers) on an equal footing and thus contributes to a possible broadening of supply, even though the scale of this will depend on the conditions obtaining in the different markets. On the other hand, the users’ freedom of choice and hence their concrete exit capacity can have the effect of reducing the economies of scale and thus increasing initial costs even where it does not extend to opting out completely but is restricted to the ability to switch to a different supplier. It will therefore be necessary to keep a constant check on the potential trade-off between the first effect (increased competition) and the second (reduced economies of scale).

As is known, information gaps between principal and agent can also lead to contract failures³⁶ where the agent’s profit motive reduces the trust of the principal (the consumer) rather than increasing it. Situations of competition in conditions of informational asymmetry could thus sharpen the struggle for profits that are increasingly hard to obtain and thus have adverse effects on product quality. In other words, if competition on the supply side can offer the consumer a greater range of choice, there is a risk that this will be “better” only for the informed consumer.

A voucher system for certain public services can also help in the *redistribution of income* among different sections of the population. Public services are in fact one of the means of redistributing income and “the mechanism used to distribute public services, or – more narrowly – the details of a particular voucher scheme, may have a considerable impact upon the redistribution of income which is achieved”.³⁷

2.5. *Impact in terms of transaction costs*

Without going into the above-mentioned “information paradox” – whereby the massive influx of additional information made possible by setting up a voucher scheme necessarily entails an initial increase in transaction costs with respect to a scheme based on centralized decision making³⁸ – it

must also be stressed that a voucher scheme can also help to bring about a significant reduction of the transaction costs deriving from the informational asymmetry between principal and agent within the mechanisms for the supply of public services. In a centralized system for the supply of public services, such transaction costs can take the form, for example, of spending on increased control procedures in the public agent's pursuit of ends other than those required ("moral hazard") or the gradual extinction of potentially efficient markets ("adverse selection").

By directly empowering its beneficiaries to obtain certain goods and services from specific competing suppliers, a voucher scheme reduces these transaction costs. For example, it could prove far more difficult and less attractive for criminal organizations to appropriate a huge number of vouchers distributed to numerous beneficiaries and usable only in order to obtain specific goods and services through specific structures than to bribe a public official to make improper use of the sums allocated by government to the body responsible for providing the good or service in question.³⁹ As a result, it could prove more economical to institute a voucher system upstream than to apply the necessary control procedures downstream.

In short, the particular feature of vouchers underlying all the advantages they offer in terms of efficient allocation and production, redistribution of income and reduction of certain transaction costs is the fact that they can be used only with certain providers and only for certain goods and services. In other words, vouchers differ from cash by making it possible to control demand directly through the earmarking of specific sums of money for the purchase of specific goods or services.⁴⁰

2.6. Information content and the simplification of control procedures

As things now stand, the continued existence in modern welfare systems of vast sectors of services provided free of charge "in kind" appears to be due essentially to a widespread conviction of the greater efficiency of public monopolies in the presence of various kinds of "failings of the market", in which connection a significant role is also played by the high costs of administration and transactions in an decentralized system. As is known, a hierarchical structure proves to be the most efficient form of market organization when the costs are so high that contracts cannot be used for individual transactions.⁴¹

The revolutionizing of transaction costs brought about by digital technology can, however, make it economically efficient to grant citizens purchasing power also for services supplied in kind, which would also serve to redistribute power downwards and *empower* citizens.

What distinguishes vouchers from cash is the amount of information they contain, which extends far beyond mere purchasing power. The use of smart cards making it possible to store a vast amount of information and process it automatically at various levels could lead to an exponential increase in the amount of information contained in vouchers. This would work simultaneously to reduce the associated administration and transaction costs of vouchers and expand their use also in horizontal terms (for the purchase of goods and services belonging to different categories, with freedom of choice being granted to the citizen-consumer).

The technological potential deriving from the storage of voucher information in smart cards would serve first of all to bring about a concrete reduction of monitoring costs. This hinges basically on the fact that the digital accounts kept by smart cards make it possible to keep track of the operations carried out. In particular, the availability to policy-makers of analytic data in digital format permits the automatic creation of databases, aggregated in terms of the services utilized by the different categories of citizens, which can be queried at negligible cost.⁴²

As a result of the increased opportunities for the horizontal use of vouchers, they would also come to resemble cash benefits more closely (in terms of “liquidity”). As Bradford and Shaviro point out, this would afford individual beneficiaries a higher degree of well-being with respect to the state before they received the vouchers (remaining equal in the abnormal case where the recipient is completely indifferent to the item to be obtained by means of the vouchers received), and hence place them on indifference curves equal to or higher than those that could be reached before the allocation of vouchers.⁴³ In the absence of informational asymmetry, situations such as to justify a paternalistic attitude on the part of the state, or externalities, vouchers thus make it possible to obtain a Pareto improvement. In the presence of the above-mentioned factors, however, the greater opportunities for the horizontal use of vouchers, as facilitated by the use of smart cards, could reduce the policy makers’ ability to direct demand with respect to the allocation of resources amongst different categories of goods and services, thus reducing their social impact while preserving unaltered the possibility of monitoring the types of use actually chosen by users.

2.7. “Tied money” and cash equivalence

Vouchers thus constitute a form of tied money (*monnaie affectée*). Unlike money, vouchers produce no interest or, to be more precise, generate interest for the issuer, not the recipient. In this sense, the voucher acts for the recipient as what might be described as “Thomist” money in that it precludes any possibility of generating further value by assuming the power over time condemned for centuries by theologians, especially those of the Thomist school (but also their Muslim counterparts). It is instead money that accentuates the function of a means of exchange and mediation of needs, elements for which the voucher proves a highly suitable means of communication while being incapable of assuming a privileged position with respect to the goods exchanged. Acting essentially as a unit of measurement and means of exchange, the voucher – as has been pointed out – helps to distinguish the functions of *monnaie* from those of *argent*.⁴⁴

In practical terms, the relationship between vouchers and money boils down to what is known as cash equivalence: the higher the degree of cash equivalence, the greater the resemblance of vouchers to cash. One of the most evident indicators of the cash equivalence of vouchers is the possibility of using them for products belonging to different categories. Another regards individual preferences: the greater the difference between individual preferences and the good (or goods) that can be obtained with vouchers, the lower their degree of cash equivalence.

In addition to the horizontal extension of the goods obtainable and individual preferences, the cash equivalence of vouchers may also depend on the value of the vouchers provided in relation to the other resources possessed by the recipient. In particular, the cash equivalence of vouchers may increase as their value decreases. The value of the vouchers received often decreases in actual fact as the recipient’s income rises, and beneficiaries with a comparatively high income (who therefore receive vouchers of comparatively limited value) would in any case spend an equivalent amount of money (equivalent to the limited value of the vouchers received) on the purchase of the good or service in question (for example, food with respect to non-food).

2.8. Price discrimination and need discrimination

A further point that may be worth taking into consideration regards the possible effects in terms of price discrimination. This is a situation that could arise if certain suppliers of goods and services

decided to charge voucher holders higher prices so as to make use of vouchers not as tools of consumption but as authentic “subsidies for production”.⁴⁵

On the other hand, as has been pointed out with respect to the problem of long-term care, the voucher system “enables the organization providing care to recognize the right to decent services while allowing those in a position to do so to add their own resources in order to receive services of higher quality without giving up the public component of care. In other words, the presence of a compulsory public system operated through a mechanism of ‘service vouchers’ can enable citizens to take out private insurance policies with an ‘exemption’ consisting of the value of the services covered by the public system. This may reduce the cost of such private supplementary policies (individual and collective) by a large amount.”⁴⁶

It is indeed well worth stressing that the voucher system constitutes a particularly advantageous tool precisely to the extent that it succeeds in discriminating between different need situations: “If it does not discriminate, it places all purchasers on the same footing and thus acts as a disincentive to individual responsibility (...). Good service is one way to stimulate demand by fostering the responsibility of citizens directly and indirectly. (...) If [they] know the cost of the service because they act as direct purchasers (...) they will tend to be more careful about their purchases and hence seek to select services that really correspond to their present needs. And this will happen especially if the value of the service voucher is calculated in relation to the purchaser’s real spending power.”⁴⁷

We shall examine at a later stage the possibility of connecting the logic of the voucher system with special indicators of the recipient’s economic, social and health situation so as to develop a market with “personalized” charges by harnessing the potential of smart cards for use as “citizenship cards” in conjunction with the creation of authentic “virtual citizenship accounts”.

3. Further reforming potential of vouchers: from micro to macro

In order to understand the full scope of the effective reforming potential peculiar to vouchers and their capacity not only to make public services more competitive but also to transform them radically, it may be helpful to consider the framework formulated by Albert Hirschman⁴⁸ on the basis of three elements, namely *loyalty*, *voice* and *exit*.

To a great extent the distant paternalistic origins of the social state have left their imprint also on the bureaucratically oriented development of the modern welfare system. Despite the fact that their rights are recognized, citizens remain essentially in a position of simple *loyalty*, i.e. passive acceptance, with respect to the institutions. The development of widespread awareness of citizens’ rights and the spread of democracy have unquestionably served to legitimize the expression of the citizens’ opinions (*voice*) in various forms, in terms both of protest and of participation in organs of representation and self-government. The effectiveness of such expression has, however, been weakened by the lack of real alternatives, which has worked in the long run to make protest largely sterile and participation ineffective as regards the decisions that really count. It is thus time for citizens to move from the infantile state of obedience and the adolescent stage of protest and determination to have their say no matter what, to the adult condition of responsible and effective decision making, which can hardly be such if there is no possibility of *exit*, i.e. no practicable alternative.

By endowing citizens with purchasing power as users of public services, vouchers can open up for them the possibility of using one supplier rather than another for the same service (*exit*) within an articulated system of options.

By thus providing citizen-users with the tools needed to obtain access to services and take effective independent decisions, vouchers make it possible to introduce entrepreneurial and free-market ele-

ments into the organization and operation of public services. It is no coincidence that the approach thus developed has been adopted by the New Public Management school through the idea of customer-driven administration, i.e. a public sector capable of “putting customers in the driving seat” by entrusting them with the financial resources and power to decide on which supplier of services to use.⁴⁹ This may in fact serve to spread responsibility for the production and provision of services over a number of parties, thus making it possible to frame the relations between the same in terms of competition.

The recent amendment of title V of the Italian constitution also appears to move in a direction presenting analogous features in this connection, especially where it stipulates⁵⁰ that “State, regions, metropolitan cities, provinces and municipalities shall encourage autonomous initiatives of citizens, both as individuals and as associations, to undertake activities of general interest in accordance with the principle of subsidiarity.” While no specifications are given as regards criteria for the selection of procedures and parties to carry out this task, the possibility is thus left open of taking advantage of the contribution of “promoters of initiatives”, consisting not only of state institutions but also of movements generated by society.

3.1. “Essential levels of service” and the revised Title V of the Constitution

The amendment of Title V raises another question connected with the subject of vouchers, i.e. the question of “essential levels of service”, which are endowed with the status of constitutional rights through their appearance in article 117 and entrusted to the “exclusive legislation” of the state.⁵¹ Under the revised terms of the constitution, the “Government” is empowered to “take the place of the organs of regions, metropolitan cities, provinces and municipalities (...) when this is required in order to safeguard (...) economic unity and in particular the essential levels of service with respect to civil and social rights, regardless of the territorial boundaries of local government” (art. 120, II). As has been pointed out, “with respect to [the respective legislative and regulatory powers of the state and the regions] the new Constitution is radically innovative, even though the absence of any provisions as regards institutions and mechanisms linking and relating the different levels of government makes highly problematic both the phase of transition from the old system to the new and the complete implementation of the new architecture. (...) Determination of the essential levels of service necessitates [moreover] preliminary identification of civil and social rights that admit of no differentiation as regards recognition, protection and satisfaction on the grounds of or as a result of the geographical location of their possessor. The essential level of service corresponds to a set amount of protection, guarantee and satisfaction that is not susceptible of other choices and must rather be available in any case to the possessor of the rights in question, which would otherwise presumably be violated. This is a condition never before reached in Italy, where inequality and disparity in the delivery of services over national territory are a constant feature of both the past and the present. In this respect, the definition of essential levels of service could be, for legislators endowed with courage and intelligence, a great opportunity to redefine the welfare system as a whole and correct its distortions, offering protection and guarantees for needs and risks now devoid of coverage and redressing injustice and disparity between different sectors and areas of territory.”⁵²

With respect to such perspectives, it may be worth pointing out that the concept of “essential” is itself by no means straightforward but characterized rather by a high degree of ambiguity. What is in fact meant by “essential”? Everything that ensures full enjoyment of civil and social rights or what government is able to provide in view of the resources available at the time? In the latter case, it might have been better to use the expression “guaranteed levels” rather than “essential levels”.

In any case, the constitutional status conferred on the expression “essential levels” and the associated powers of protection entrusted to the state oblige the regions in concrete terms to preserve a delicate balance between equality and autonomy. Despite the intentions of the constitutional amendment as regards furthering federally oriented experimentation and forms of organization, this could actually lead to a reappearance of new pressures for centralized planning in the provision of services.

As long ago as 1984, the paper *I servizi pubblici negli anni '80* by constitutional expert Fabio Merusi pointed out, with reference to the Italian health service, “the contradiction between the generalized and unlimited right to services and the centralized funding of the health service through the state budget. Centralized funding presupposes prior estimation of costs giving rise to a plan of provision based on the costs foreseen. The generalized right to services inevitably entails unforeseeable expenditure and the progressive formation of costs based not on planning but on the trends as regards demand for services. The combination of predetermined external funding and a generalized right to services can only lead to the formation of an unforeseeable deficit for the institution providing the service to be settled *ex post* by the external source of funds, except of course in the practically impossible event of requests for services falling below the planned levels.”⁵³

3.2. *Conflicting views in the USA*

Problems of an analogous nature in some respects have given rise to heated debate in the United States, and it may prove useful to examine the terms of the discussion currently underway there with reference to two comparatively recent works, one by David Kelley and the other by Stephen Holmes and Cass Sunstein. These can be regarded in many respects as exemplary by virtue of their sharp ideological opposition, even though, as we shall see, this ends up somewhat crudely with the emergence of a few not very reassuring points of disconsolate convergence.

In actual fact, Kelley's book is intended as a direct and violent attack on the very conceptual foundations of social rights: “the concept of welfare rights does not represent a historic advance in moral development, as its advocates often assert. It represents a reversion to a primitive moral code.”⁵⁴ Moreover, “the classical rights are rights to freedom of action, whereas welfare rights are rights to goods (...). The classical liberty rights are concerned with processes, whereas welfare rights are concerned with outcomes.”⁵⁵ As a result, “welfare rights impose on others positive obligations to which they did not consent and which cannot be traced to any voluntary act (...). A welfare right is by nature a right to a guaranteed positive outcome that is not contingent on the success of one's own efforts. It must therefore impose on those who *can* produce the goods the obligation to share them.”⁵⁶

Holmes and Sunstein instead regard the essence of the question as lying in the fact that “a legal right exists (...) only when and if has budgetary costs”,⁵⁷ and that “all rights are claims to an affirmative governmental response”⁵⁸ It must therefore be acknowledged that all rights are “positive rights” and “taking rights seriously means taking scarcity seriously”, in that “nothing that costs money can be an absolute.”⁵⁹ In this sense, they conclude, “redistribution is omnipresent” because “redistribution also occurs (...) when the public force is made available, at the expense of taxpayers generally, to protect wealthy individuals from private violence and threats of violence.”⁶⁰ In any case, “there is nothing particularly eleemosynary about poor relief when seen from the property owner's perspective (...) Welfare benefits can also be understood as a tactical side payment to the poor attached to the original taxation-for-protection deal struck between property owners and their government.” In point of fact, “to interpret rights as welfare-enhancing investments, extracted by society for society's purpos-

es” is a key step that “should improve our understanding not only of the rationale for rights, but also of their inevitably redistributive character”.⁶¹

As they point out, however, experience teaches us that unfortunately “it is generally true (...) that vital public services are allocated unequally because the weak and the poor, being relatively disorganized, have too little political leverage to obtain their share of public resources”, and that “unfortunately but inevitably, whenever money is distributed, power is likely to have some influence on who loses and who gains. Politically untouchable expenditures are usually those that provide special benefits to well-organized social groups.”⁶²

Thus, as they are forced to admit, “while it may sound fair or prudent to restrict entitlements to the most desperately impoverished, programs that prove to be of no benefit to members of the middle class or others with political clout risk becoming extremely attractive candidates for the next round of budget cuts.”⁶³ In this sense, it can be stated that since welfare is a sort of agreement between conflicting interests, guaranteeing a safety net for the needy ends up being far more costly than it actually need be.

To quote Kelley, it is therefore possible for Holmes and Sunstein to adopt, albeit with a reversed value judgment, the words of Wilbur Cohen, former head of the department of health, education and welfare: “A program that is only for the poor – one that has nothing in it for the middle income and upper income – is, in the long run, a program the American public won’t support.”⁶⁴

3.3. A proposal for individually based quantification and charges

Returning to the situation in Italy, in order to ensure that the “essential levels” do not become “a right that is formally recognized but not *justiciable* (...) [and hence] wholly non-existent”⁶⁵, and that they do not come to form an inevitable source of waste, as Holmes and Sunstein apparently take for granted, we can examine the alternative possibility of their being quantified and charged for on a rigorously individual basis in close connection with specific indicators of health and economic situation. Given an approach of this nature, vouchers would be related to the needs of the individual within a multiplicity of personalized situations and could thus constitute an effective way to give concrete shape to the need to eliminate arbitrary elements set forth in the revised constitutional provisions while avoiding any risk of thereby leading to any outmoded and inadvisable return to the logic of centralized planning.

In this perspective, with European welfare systems increasingly obliged to face the terrible political and economic dilemma of raising taxes and/or social contributions (an alternative practically ruled out by the already high levels of fiscal pressure) or seeking to contain costs through forms of rationing, vouchers “could become *the* public policy innovation of this decade” – as Michael Prowse observed in the *Financial Times* as long ago as 1990 – and prove “as important in reshaping the public landscape in Britain as privatisation was in the 1980s”.⁶⁶

In actual fact, a voucher system may also have interesting political consequences. If the presence of a situation of scarcity in the supply of welfare services is no longer masked by de facto forms of rationing – often introduced by increasing the cost of access in terms of time, which can give rise to the paradoxical situation whereby certain services appear practically inaccessible to everyone except pensioners in reasonably good health – and visibility and transparency are instead conferred upon the objective fact of the amount of resources the government has decided to allocate in order to cover certain socially important needs, this may give rise to a political battle to alter the decision taken, but will leave no space for the currently prevailing irresponsibility in terms either of the preventive allo-

cation of resources or of the final balance sheet because the global capacity for expenditure will have been the figure set and will have been used up by the citizens themselves.

With regard to the possibility of using vouchers in connection with the “essential levels”, it may be worth considering an example drawn from what is probably the most difficult sector, namely health. Let us examine the “emerging paradigm” at the international level as stated by Dov Chernichovsky. Vouchers based on a scheme of universal capitation that can be transferred at the user’s discretion to bodies responsible for organizing and managing the consumption of care (OMCC institutions) make it possible to combine “the advantages of a centralized, state-run system with those of a decentralized system (...). [In a system of this type], the levels of public expenditure on medical care are determined in advance. In addition, the capitation formula can be designed so that public resources are allocated according to a set policy and priorities. At the same time, capitation lets consumers choose among competing OMCC institutions offering an assortment of services, subject to some mandatory and other regulations (...). [Finally], capitation has another important feature: it specifies in financial terms the public entitlement to a package of care whose substance and form are largely determined by consumers as a group.”⁶⁷

3.4. *The logic of a “social dividend”*

Following a similar approach designed to translate the objective of “essential levels” into a form of welfare guarantee for citizens, the adoption of mechanisms such as vouchers – or better still (as we shall see) “virtual citizenship accounts”, understood as tools for a transparent redrafting of the system of social security for the entire body of citizens – takes its place within a perspective of radical reform. In this perspective, it is regarded as advisable that a start should be made on transferring back to citizens a proportion of what society has accumulated hitherto. This could be commenced by instituting, for example, a “social dividend”⁶⁸ capable of reflecting to a growing extent the potential of a renewed economic system in which the state is gradually transformed from an often clumsy manager into a *rentier* of financial resources entrusted to competing institutional entrepreneurs in order to distribute the revenues thus obtained amongst citizen-shareholders in the form of a “dividend”.⁶⁹

Within this framework, vouchers or “virtual citizenship accounts” would not only make it possible to grant the citizen-user freedom of choice as regards the services to be used, which is in fact denied in the traditional form of welfare, but also provide a valid tool to make the reasons underlying political and electoral choices more transparent, concrete and conscious.

Attention will be drawn below to the recent developments in this area as exemplified by the writing of Bruce Ackermann and Anne Alstott⁷⁰ and the “baby bonds” initiative launched by the Blair government in the United Kingdom in 2001. It may also be worth recalling that even proposals for market-based socialism, such as the one put forward by John Roemer in *A Future for Socialism* (1994), refer to the potential of vouchers as a tool to introduce a new form of property allocation that can be methodically reallocated from generation to generation.⁷¹

3.6. *“Social money” for the development of the social market*

Vouchers have long been recognized as the primary tool for the creation of a social market “capable of expanding the area of inclusion and fostering the emergence of paying demand and entrepreneurial supply”⁷², and of involving the “greatest number of citizens within new logics such as to combine

efficiency and the assuming of responsibility, acceptance of a motivated constraint of solidarity and control over the ‘transparency’ of the use of resources”⁷³. In this context, welfare will be able to accompany market relations, without taking their place, while vouchers can replace the redistribution of services in kind with the redistribution of purchasing power, thus placing beneficiaries (now customers) in a position to select and change their suppliers.

Together with public institutions, it would thus also be possible to involve non-profit associations in the supply of services available through vouchers, thus expanding still further the citizen’s margins of choice and serving to supplement, complete and – where possible – replace a series of strictly public administrative structures.

In addition to developing forms of supply stemming directly from society, the non-profit sector would also lend itself to the management of the voucher system by virtue of its tendency to take the characteristic shape of a sector with an emergent entrepreneurial structure capable of attracting other resources in addition to public funding. These are additional not only as gifts or donations on the part of those participating but also because they are handled in such a way as to enrich both the results achieved and the parties performing the activities required by the social objective pursued, to the point where the latter can find true fulfillment and expression, thus obtaining a “bonus” in moral and psychological terms.

The emergence in competitive rather than monopolistic conditions of non-profit firms operating in the sector of merit goods can also serve to create overall conditions of information, regulation and market structure such as to allow the reappearance of for-profit concerns precisely in an area initially characterized by the presence of glaring “failings of the market” that made it unacceptable or unsuitable for the purposes of the criteria pursued by public policies. In this sense, the “social market” will be increasingly able to acquire the characteristics of a market that is regulated and open to a growing number of suppliers.

In this context, having abandoned the role of a monopolistic producer and provider, the state will finally be in a position to assume a new function of regulating and promoting supply and demand, redistributing resources, and strengthening the purchasing power of the poorer sections of the population without discouraging the social consumption of those more fortunate and better off.

4. Vouchers in public services

There are many areas of application for vouchers in public services. As Albert Hirschman points out, “Voucher schemes have been proposed for many other public services (...) but their appropriateness largely turns on the characteristics of the good or service that is to be provided. According to one survey the voucher (or exit) solution works best under the following conditions: (1) when there are widespread differences in taste that are recognized as legitimate; (2) when people are well informed about the quality of the goods and services they want and can easily compare and evaluate them; (3) when purchases are relatively small in relation to income and recurrent, so that buyers can learn from experience and easily switch from one brand and supplier to another; and (4) when there are many competing suppliers.”⁷⁴

Particular importance attaches to four of the many areas of application for vouchers in public services: food, health care, housing and education. The following pages provide an overview of the characteristics of the application of “service vouchers” in each of these areas, with particular attention focused on education vouchers and “solidarity vouchers”.

The first area of application is food. In their most elementary form (*food stamps*), these vouchers are intended to ensure an adequate, minimum level of diet, above all in quantitative terms.

More advanced forms of food vouchers can, however, serve to guarantee a diet that is not only sufficient but also qualitatively complete and/or particular (e.g. consisting of foodstuffs that have not undergone genetic modification, should these be made compulsory in state schools or hospitals, etc.). The target functions obviously become more complex. The amount of information to be managed increases – together with the opportunities to cut management and transaction costs offered by the use of smart cards⁷⁵ – as does the overlapping of spheres of operation. For example, in the case of a food voucher scheme designed to ensure a diet that is not only complete but also suited to the specific characteristics of each individual (both physical characteristics such as height, weight, etc., and medical characteristics, e.g. diets set for particular illnesses), there is an overlapping of the food and health areas. Consider also the case of employment vouchers acting as a sort of “dowry” brought to the employer by the new employee, the use of which could be accompanied by particular forms of control ensuring compliance with specific provisions of the law governing the employment sector. In their most elementary form of application, i.e. the form presenting quantitative objectives, food vouchers are distributed free of charge to parties meeting certain set requirements. In order to guarantee an effective structure of incentives and for obvious reasons of cost, the quantity of vouchers received by each entitled party varies in relation to a number of variables (e.g. income).⁷⁶ These vouchers can only be spent on specific products (typically for home preparation) at specific distributors, which can then present them physically to the issuing body for reimbursement or have the relevant amounts credited to their accounts in the case of transactions digitally registered via smart card.

4.1. Health care vouchers

The second area of application is health care. These vouchers can be used both in a public system of health services and in a private system based on insurance coverage, even though the application of vouchers in contexts connected with insurance presents specific characteristics and complexity.⁷⁷

Health care vouchers can also be applied in mixed or intermediate systems with respect to the above two extremes, as in the example given above with reference to Chernichovsky’s hypothesis in connection with the constitutional issue of “essential levels of assistance”.

The objectives of a voucher scheme can vary in different cases.⁷⁸ In schematic terms, where health services are provided directly and free of charge by the public sector, a voucher scheme could be applied more readily in the area of prevention. This holds especially for cases where the costs of illness are covered completely by the national health service while preventive activities are carried out predominantly by private concerns, thus denying access to a certain section of the population. In such cases, vouchers could provide an effective tool to direct the demand for health services toward preventive types of health care potentially capable in the long run or raising the general level of health and thus reducing the proportion of GDP taken up by public spending on health.

In the sector of directly provided national health services, interesting areas of application can, however, be identified not only in prevention but also in the case of medical treatment for illnesses. A system for the provision of all health services where the sum charged for the treatment received by each patient is linked to set indicators of economic and social situation and/or health⁷⁹ could in fact present considerable potential with respect to reducing national health expenditure. Smart cards could once again be used to store and process the information needed to determine the level of co-payment for the treatment received by the patient in accordance with a series of set parameters.

In the case of health services provided privately through insurance, the most elementary form of voucher scheme could involve automatic coverage for certain essential services costing above a set level⁸⁰ and optional coverage for services such as laboratory tests, rehabilitation, etc.

Voucher schemes connected with medical savings accounts are already operating in Singapore⁸¹ and have been introduced in China.⁸²

4.3. *Employment vouchers*

One criticism often expressed with respect to employment policies is that government ends up paying people when they are unemployed and taxing them when they get a job. Instead of encouraging workers to seek employment and firms to hire them, these policies thus create disincentives for both parties and ultimately work to increase unemployment.

The argument put forward by the leading advocate of employment vouchers is as follows: “If the money governments spend on unemployment benefit could be redirected so as to provide an incentive, rather than a disincentive, for employment, many countries struggling with the twin burdens of high unemployment and costly unemployment benefits might reap a substantial benefit.”⁸³

The basic idea of the Benefit Transfer Programme (BTP) proposed by Snower is that the jobless, and especially those that have been so for a long period, should be offered “a new option: to use a portion of their unemployment benefit *as vouchers for employers that hire them*. In this way, unemployment benefit systems, which currently impose an implicit tax on work, could become a source of employment subsidies for the people who need these subsidies most, namely, the longterm unemployed.”⁸⁴

As regards young unemployed people, the analysis carried out by Snower together with Michael Orszag suggests that an optimal voucher scheme would need to draw a distinction between mature and young workers in relation to a number of key variables: the “deadweight” effect as regards their respective rates of employability, i.e. the waste involved in issuing vouchers to people who would find jobs in any case; the disruptive effect of the increase in sackings that could be produced by the introduction of employment vouchers; voucher-effectiveness, i.e. the impact of the new voucher system on the hiring of young and mature workers; the mortality rate; the level of unemployment benefits.

Having made the necessary calculations and identified the optimal form of voucher scheme, the authors claim that this “can lead to significant reductions in unemployment at no extra cost to the government”.⁸⁵ These are in fact *budget-balancing vouchers*, i.e. vouchers subject to the constraint of not costing more than the reduction in previous spending on unemployment benefits brought about by their introduction.⁸⁶

After this short overview of some of the main applications of vouchers in the sphere of public goods and services, we shall go on to examine in greater detail the particularly important and ideologically controversial case of education vouchers, which have long been one of the most debated and widespread applications of this tool. Large-scale experiments have been carried out in the United States together with referendums in individual states and repeated rulings of constitutional law at the federal level.

Within the sphere of vouchers issued by private concerns, we shall then examine the particular case of “*solidarity vouchers*”, which focus on certain externalities of consumption and can thus constitute an incentive for donations aimed at specific initiatives.

6. Other types of vouchers

6.1. *Municipal vouchers for social services*

A law for the creation of an integrated system of social services⁸⁷ was passed in Italy during the year 2000.

The law is markedly innovative in character in that explicit provision is made in article 17 for the introduction of voucher systems for public social services.⁸⁸ At the same time, while introducing a “social services charter” for access to general information on procedures for the provision of the services in question,⁸⁹ the law goes no further and makes no mention of the need to issue smart cards in order to facilitate digitized management of the vouchers for public services.

Moreover, while the law recognizes “the fostering of social solidarity, with the promotion of initiatives launched by persons (...) and organized solidarity” (art. 1, c. 5) as one of its aims, it does not rule out, in principle, recourse to particular types of voucher making new forms of organization possible. In actual fact, due also to the ability to exercise control over demand while ensuring that beneficiaries enjoy a certain freedom of choice, new forms of organization based on the use of vouchers appear to possess interesting potential in terms not only of reducing transaction costs but also of the capacity to attract sizeable donations.

By ensuring that donations are used solely to purchase specific goods and services generating particular externalities of consumption and only from certified suppliers, vouchers are in fact capable of making significant improvements as regards in the structure of incentives for donations and thus laying the foundations for considerable expansion.

The fact that the flow of donations is closely linked to the guarantee that the sums donated are to be used solely and exclusively for the purposes specified by the donor is demonstrated by a recent survey reported in the *International Herald Tribune*,⁹⁰ which states that 75.8% of the donations made in the United States in 2001 came from individuals and the rest from legacies (7.7%), foundations (12.2%) and commercial companies (4.3%).

A concrete example of the application of vouchers in the social sphere is provided by *Ticket Service*, a company founded in France in 1992 and specializing in the issuing and management of “vouchers for the purchase of social services” in place of aid in cash form, the goal being to use tools for administrative simplification and to monitor the effectiveness of the services provided.⁹¹ The company now operates in various European countries including Austria, Germany, Belgium and Italy (since a few months ago).

6.2. Solidarity vouchers

Another concrete application of vouchers for social services is contained in a project to be launched shortly that was initially proposed to the Fondazione Gerolamo Gaslini, Genoa, by the research and consultancy firm Lynkeus. The program is being joined by other foundations and organizations of social utility, and has been endorsed by many important figures. It will be managed by a leading company in the sector of consumption vouchers.⁹²

The “solidarity voucher” project is to be called *AssegnoAmico* and will be piloted locally at the outset.⁹³ It is designed to assist the weaker sections of the community, especially children, by channeling new flows of funding towards solidarity activities.

The *AssegnoAmico* project hinges on the issuing and distribution of vouchers for essential goods and services to beneficiaries in need of concrete support and solidarity. The vouchers can be distributed in place of cash aid and will make it possible to achieve five primary objectives.

- i. Donors will know for certain how their money is spent.
- ii. The flow of *ad personam* donations for children and other disadvantaged sections of the community will be channeled to accredited public and non-profit organizations capable of providing essential goods and services, thereby bringing beneficiaries into a circuit of legality and support.

- iii. Starting from initial pilot schemes at the local level, every effort will be made to win the support of public institutions and a broad range of private donors so as to expand and replicate the fiduciary circuit channeled through *AssegnoAmico* at the inter-regional, national, and ultimately European levels.
- iv. The creation of a new fiduciary circuit that is better organized and guaranteed will make it possible to increase the spontaneous flow of solidarity initiatives, where improvisation currently plays too large a part.
- v. Companies and individuals involved in the *AssegnoAmico* project will become eligible for tax deductions.

A specific organization will be appointed to run the entire operation and to develop and promote, directly or indirectly, activities and initiatives designed to channel donations to those in need.

This organization will enter into an agreement with a partner responsible for issuing the vouchers. It will order their production, handle their delivery to donors, coordinate all the activities designed to publicize and promote the project, and guarantee its non-profit nature.

Donors can obtain vouchers from the organization in question or from the issuing company (and hopefully from other points of sale in banks and post offices) and supply them to beneficiaries by whatever means they choose, both directly and through special channels of distribution (e.g. parishes, social workers, specific non-profit organizations selected *ad hoc*).

The beneficiaries can use the vouchers as they choose at one of the accredited service centers, which will take the vouchers and send them to the management company periodically for reimbursement. The aim of the *AssegnoAmico* project is to develop a fiduciary circuit consisting primarily of donors, beneficiaries and accredited providers of goods and services. This should serve to establish a network of structures capable of providing the services required by those in need and offering solid guarantees for donors and recipients alike. Donors will know that their money is going into a system capable of channeling the flow of donations with no waste and that they are taking part in a charitable initiative to assist the less fortunate. Recipients will benefit in two ways:

1. They will receive financial and moral support with no loss of dignity.
2. They will be welcomed into the *AssegnoAmico* circuit, which will not only direct them to accredited centers where they can make real use of the services they require but also help to protect them against possible forms of exploitation and foster social integration.

The accredited centers will be essentially public and non-profit structures explicitly responsible for providing specific types of goods (medical items, food, clothing, etc.) and services (accommodation, housing, training, legal assistance, etc.). They will be inspected periodically to ensure that they are operating correctly.

6.3. Service credits

Another interesting possibility of implementation for the vouchers introduced by the new law regards the application of solidarity vouchers (e.g. the above-mentioned case of *AssegnoAmico*) together with service credits.

Service credits were introduced by Edgar S. Cahn in 1986 and have found concrete application in various parts of the United States. They are intended to act as a new kind of money applicable in the area of care and based on units of time.

Schematically, the basic idea is to enable individuals to offer a certain number of hours of their time (depending on availability) to undertake non-specialized social services (e.g. general assistance for the elderly, the ill, and so on.) with the guarantee (which Cahn originally envisaged as being provided by an agency of local government) of receiving the same number of hours when in need.

The project is based on an idea primarily regarding the elderly:⁹⁴ “When a society has vast unmet needs at the same time that there are large numbers of healthy, energetic productive human beings for whom the society can find no use – even though they would like to be useful – then something is wrong.”⁹⁵

One potential problem with Cahn’s model lies in the ratio of 1:1 between units of time given and received. There are people, e.g. the unemployed and immigrants, who generally have a great deal of time on their hands. As time is not a scarce commodity for them, they might well be very willing to “trade” it, but much less interested in receiving it.

Another important element is the formation of human capital that the system of service credits produces. In addition to keeping a person active, with all the positive effects this can bring at different levels, carrying out a social service can enrich the performer with certain skills and contacts that could also increase, where possible, his or her chances of obtaining employment.

Service credits have come in for criticism on four counts. The first regards the quality of the services (“The non-professional work performed under the scheme [could prove] qualitatively insufficient to meet the needs and requirements of its users.”⁹⁶). The second refers to problem of a redistributive nature and the possible creation of “distributive vacuums” (“As people grow older they can no longer enter the system on the supply side.”⁹⁷). The third concerns problems of the “erosion of altruistic motivation”⁹⁸ (the possibility of service credits introducing motives that some would regard as “selfish”⁹⁹ also in the sphere of unpaid voluntary work). The fourth points out the risk that such a system might offer “a pretext to reduce welfare services, which are already under pressure, still further and rely on their role being taken over spontaneously by self-help mechanisms”.¹⁰⁰

The experience with service credits subsequently led to the *Time Bank* project. The concept was taken up in Parma¹⁰¹ in the early 1990s and the first concrete *banca del tempo* was founded in the same period by a group of women at Santarcangelo di Romagna. About 220 time banks were founded in Italy between 1995 and 2001, a success that won the project some international resonance.¹⁰² Frequently compared with the British LETS (*Local Exchange Trading System*) and the German *Talente Tauschringe*,¹⁰³ the *Banca del Tempo* is based on the reciprocal exchange of time but eschews the barter approach peculiar to the LETS in favor of indirect exchange. In other words, each exchange results in debits and credits with respect to the bank rather than between the actual individuals involved. Those who lend some of their time thus accrue credit in the bank, which it will pay back by making available the time owed by those who have enjoyed services for an equivalent number of hours. This time can also be used for services other than those through which the credit was accrued. To give an example, if Tom devotes two hours of his time to gardening for Dick, he has a credit of two hours at the bank, which can repay him with two hours of babysitting from Harry. The time involved is in any case “objectivized”, i.e. an hour is always an hour regardless of whether the person involved is a housewife, employee, worker or employer.¹⁰⁴

On this basis, those registering with the time bank normally specify the services they can provide and those they need. A current time account is then usually opened to record the transactions and a check-book is issued for accounting purposes, units of time being credited to those who perform services and debited to those who receive them.

It is possible to imagine possible forms of convergence between this approach and solidarity projects such as *AssegnoAmico*. Under certain conditions, time checks could become convertible into soli-

darity vouchers, thus combining the system of reciprocal exchange with that of donations. For professionals registered with time banks, this could constitute an attractive form of non-monetary¹⁰⁵ exchange by permitting access to certain social services and goods that are otherwise hard to obtain while also offering some freedom of choice. Moreover, the fact of “earning” vouchers rather than receiving them as charity could obviously have positive effects for the beneficiary (e.g. at the psychological level) and also serve to improve the incentive structure significantly for donors,¹⁰⁶ thus helping to increase the flow of donations.

7. From vouchers to virtual citizenship accounts

With reference to the rich and varied range of applications examined above, importance obviously attaches to the fact that any voucher system can in principle be organized as a mechanism based on smart cards.¹⁰⁷

As pointed out, these cards can be used to store the information contained in the vouchers and indeed to strengthen and fine-tune their character as “tied money”, making them a tool capable of acting as the “social money” needed to take advantage of the opportunities of the “social market” while minimizing transaction costs.

In point of fact, the use of smart cards would permit both automatic processing of the information contained at various levels and a marked reduction in monitoring, management and transaction costs. In this technological form, vouchers would be easy to personalize and could also become multi-functional, permitting the holder access to goods and services from a multiplicity of sectors governed by different rules, constraints and indicators of economic, social and health status.¹⁰⁸ Transformed into “cards for access to social services”, vouchers would thus also come to form an effective technological prerequisite for the launching of a welfare policy based on the creation of “virtual citizenship accounts” capable of permitting far broader and more equitable recourse to forms of co-payment.

The technology of virtual accounts in the welfare sector has been tested extensively in the United States with a view to the electronic management of many social services, within the framework of the EBT project (*Electronic Benefit Transfer*). This initiative successfully undertook to digitize the benefit system through the introduction of a conventional stripe card replacing all previous paper documents for access to and payment for services. In this connection, attention should be drawn to the firm decision (open to question but unquestionably clear and effective) to bring the new and pervasive EBT program – launched in 1994 and still expanding – into line with the commercial standards of credit cards.¹⁰⁹

Given the essentially residual nature of the US welfare system, EBT accounts cover only a section of the population. In the universalistic perspective characteristic of European approach to welfare, every citizen would have a personal virtual account to handle all transactions with government at both the central and the local level. Virtual accounts were also created in Italy with the reform of the pension system in 1995 and transition to a mechanism based on contributions.¹¹⁰

7.1. Four personal welfare accounts for each citizen

Any proposal for a generalized system of virtual accounts for all citizens would probably need to be framed in terms of the four welfare accounts suggested by Michael Orszag and Dennis Snower: