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**Transformation of the Italian Labor Market under the Renzi Government: Explaining the Shift to Flexicurity**

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# Table of Contents

List of Figures .................................................................................................................. 3  
List of abbreviations ......................................................................................................... 3  
1. Introduction..................................................................................................................... 4  
   1.1 Puzzle ....................................................................................................................... 5  
   1.2 State of the Art ......................................................................................................... 7  
2. From Labor Rigidity to Flexicurity: the long and slow Trajectory of the Italian Labor Market ......................................................................................................................... 9  
   2.1 What is Flexicurity? ................................................................................................. 9  
   2.2 General Features of the Italian Welfare State ....................................................... 11  
      2.2.1 Labor Rigidity 1948-1975 .................................................................................. 12  
      2.2.2 The 1980s: regulated Flexibility ....................................................................... 14  
      2.2.3 The 1996 Treu Package and 2003 Biagi Reform: “Flexibility without Security”... 15  
      2.2.4 The Adjustments during the Euro Crisis ............................................................ 18  
   2.3 The Jobs Act: Completing the Flexicurity Model .................................................... 20  
3. Theory .......................................................................................................................... 24  
   3.1 Policy Entrepreneurship: from Kingdon to own Theoretical Lens ......................... 26  
   3.2 Hypotheses ............................................................................................................... 32  
4. Methodology .................................................................................................................... 32  
5. Analysis .......................................................................................................................... 36  
6. Conclusion ...................................................................................................................... 54  
Literature ........................................................................................................................... 57  
Internet Sources ............................................................................................................... 66
List of Figures
1. Theory-testing process tracing adapted to the case study........................................34

List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALMPs</td>
<td>Active Labor Market Policies</td>
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<tr>
<td>ANPAL</td>
<td>Agenzia Nazionale per le Politiche Attive del Lavoro</td>
</tr>
<tr>
<td>ASPI</td>
<td>New Ordinary Unemployment Benefits (Assicurazione Sociale per l’Impiego)</td>
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<tr>
<td>CIG</td>
<td>Short-term earnings replacement (Cassa Integrazione Guadagni)</td>
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<tr>
<td>CIGS</td>
<td>Extraordinary short-term earnings replacement (Cassa integrazione guadagni straordinaria)</td>
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<tr>
<td>CISL</td>
<td>Italian Confederation of Trade Unions (Confederazione Italiana Sindacati Lavoratori)</td>
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<tr>
<td>CGIL</td>
<td>Italian General Confederation of Labour (Confederazione Generale Italiana del Lavoro)</td>
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<tr>
<td>DC</td>
<td>Christian Democrats (Democrazia Cristiana)</td>
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<tr>
<td>EES</td>
<td>European Employment Strategy</td>
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<tr>
<td>INAIL</td>
<td>National Institution for Insurance against Accidents at Work (Istituto Nazionale Assicurazione Infortuni sul Lavoro)</td>
</tr>
<tr>
<td>INPS</td>
<td>National Institute for Social Insurance (Instituto Nazionale della Previdenza Sociale)</td>
</tr>
<tr>
<td>ISFOL</td>
<td>Institute for the Development of Vocational Training for Workers</td>
</tr>
<tr>
<td>MSI</td>
<td>Italian Social Movement (Movimento Sociale Italiano)</td>
</tr>
<tr>
<td>NASPL</td>
<td>Unemployment Benefits (Nuova prestazione di Assicurazione Sociale per l’Impiego)</td>
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<tr>
<td>NCD</td>
<td>New Centre Right (Nuovo Centro Destra)</td>
</tr>
<tr>
<td>OUB</td>
<td>Ordinary Unemployment Benefits</td>
</tr>
<tr>
<td>PCI</td>
<td>Italian Communist Party (Partito Comunista Italiano)</td>
</tr>
<tr>
<td>PD</td>
<td>Democratic Party (Partito Democratico)</td>
</tr>
<tr>
<td>PE</td>
<td>Policy Entrepreneurship</td>
</tr>
<tr>
<td>PEC</td>
<td>Public Employment Center</td>
</tr>
<tr>
<td>PI</td>
<td>For Italy (Per l’Italia)</td>
</tr>
<tr>
<td>PLMPs</td>
<td>Passive Labor Market Policies</td>
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<tr>
<td>PSI</td>
<td>Socialist Party (Partito Socialista Italiano)</td>
</tr>
<tr>
<td>SC</td>
<td>Civic Choice (Scelta Civica)</td>
</tr>
<tr>
<td>SVP</td>
<td>South Tyrolean People’s Party (Südtiroler Volkspartei)</td>
</tr>
<tr>
<td>UBR</td>
<td>Unemployment Benefits with reduced Eligibility</td>
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<td>UIL</td>
<td>Italian Labour Union (Unione Italiana del Lavoro)</td>
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1. Introduction

The 2014 Italian labor market reform, commonly known as the Jobs Act, represents one of the broadest welfare reforms in the Italian history and contemporary Europe. This reform, which was intensively promoted by former Prime Minister and rising star of Italian politics Matteo Renzi, had the fundamental goals of reinvigorating the economy while also reducing unemployment and precariousness in the working population (Fana et al. 2015). In order to accomplish these ambitious goals, the Jobs Act was designed following the labor strategy of flexicurity, a policy framework already in use in several other European countries (Ichino 2014b). Some of the most significant modifications included the easing of dismissal regulation through the removal of antiquated and strict rules, more emphasis on active labor market policies, and additionally, a new supervising national authority to enhance coordination among public and private actors. In Renzi’s words (2014f): “We abolish article 18 of the Workers’ Statute, totem of a past that does not exist any longer. But above all we make the Italian labor market modern and functional, with certain and inclusive rules”.

The Jobs Act also intervened to neutralize a dysfunctional aspect of the Italian labor market, being the segmentation between workers’ layers. Herein, some ultra-protected groups with open-ended contracts enjoy a tight dismissal protection and generous benefits in the case of unemployment and sickness, while others with atypical contractual forms, enjoy a smaller dismissal protection and less generous benefits (if any) (Ferrera 1996; Jessoula, Graziano, and Madama 2010). In this sense, Italy has long followed the paradigm of “social protection through job security”, meaning that stability at the workplace is protected as an absolute value, while the outsiders pay the price for the insiders’ stability (Ichino 1998, 303). The changes were summarized by Giuliano Poletti, the Minister of Labor and Social Policy (2016a):

“We shifted from a system that basically exclusively protected employees within their job place to a more flexible system that better responds to the dynamic marketplace – where certain jobs disappear and new ones are created. This means that employees are protected within the labor market and not only the workplace”.

In many aspects, the Jobs Act with the shift to flexicurity represents what Peter Hall (1993) calls a “third order” or “paradigmatic change”, meaning the overall change in aims and instruments of a policy. Therefore, rather than on the outcome of the reform, the present work
aims at shedding light on the output, the shift to flexicurity. Explaining the policy output, as well as accounting for the different drivers and pathways which ultimately influence that output, represents the underlying challenge of policy analysis (Dür 2008; Knill, Schulze, and Tosun 2012). In order to better determine the direction and scope of this work, the following research question will be formulated: “How did the 2014 shift to flexicurity happen”?

The work is structured as follows: section 2 will first describe the features of flexicurity, followed by drawing the trajectory and transformation of the Italian labor market from the post-war time until the Jobs Act. This trajectory will focus on specific features of the labor market, such as employment protection legislation, reliance on active and passive labor market policies, and safety nets for the unemployed. This section is integral to understanding the paradigmatic change introduced by the Jobs Act. Section 3 will then move to the formulation of hypotheses from the policy entrepreneurship framework, after some general considerations on policy change. Section 4 will describe the methodology applied to this case study and the operationalization of the theory. Section 5 will look for evidence which can verify or falsify the hypotheses advanced from the theory on policy entrepreneurship. Section 6 will be the conclusion. However before moving to section 2, it is necessary to talk about why the Jobs Act is so puzzling and also to review the prominent literature concerning welfare change in Italy.

1.1 Puzzle

Why is the Jobs Act so puzzling? A large body of literature regards welfare retrenchment as inherently unpopular and hence difficult to pursue. In his seminal work “New politics of the welfare state”, Paul Pierson (1996) develops three arguments describing why welfare state retrenchment is such a difficult political task. First, he refers to socio-psychological reasons ranked in variety of psychological studies that treat people as risk averse, meaning they respond more strongly to potential losses than to potential gains. Following this logic, citizens are much more likely to prevent any worsening of their current situation and much less likely to pursue what would be the equivalent improvements in their situation (ibid. 144-145). Second, through time, social policies have created strong popular support. Attempting to scale back the welfare state quickly becomes an electoral hazard for parties (ibid., 151). Third and most importantly, there are “policy takers”, well-organized in interest groups, which are ready to resist potential cutbacks and stick to “path continuity’. The historical legacies or "policy legacies” located in the welfare state itself ‘lock in’ policy changes, regardless of the
preferences of contemporary governments (ibid., 153-154). According to Pierson, entrenchment becomes an exercise of blame avoidance rather than credit claiming, “because the costs of retrenchment are concentrated (and often immediate), while the benefits are not” (ibid., 145). Pierson’s argument about historical legacies parallels the path-dependent institutional inertia explained by Esping-Andersen’s (2013) in his “Three Worlds of Welfare Capitalism”.

In addition to this, the scholarly literature on the Italian political system has attested the inability of the government, together with the parliament, to deal effectively with substantive issues during the First Republic (1948-1992), as well as in the Second Republic (since 1992) (Kreppel 1997; Döring and others 1995). According to Di Palma (1976, 147): “The Italian parliament tends to displace aggregative and controversial legislations and to make special room for legislation of limited import on which coalition partners and opposition can more easily agree”. These pieces of legislation of limited importance described by Di Palma are also named leggine (“small laws”), and reflect the interest of restricted clientelistic circles (Bobbio 1984). In this regard, the literature offers several explanations for this inability. The first set of explanations stresses the ineffective role of the parliament dominated by strong parties and self-interested legislators (Di Palma 1976; Di Palma and Cotta 1986; Panebianco 1987). A second body of literature stresses the strong role of committees in the legislative process (Valentini 1970; Urbani 1984; Della Sala 1993). Finally, the third set of explanations stresses the condition of polarized pluralism, which creates weak and fragmented governments. Strong ideological separations between parties result in a series of coalitions that tend to fall apart when dealing with controversial issues (Furlong 1990; Hine 1993; Sartori 2005).

Although Europeanization and decentralization processes in the 1990s have curtailed the role of the Italian Parliament as the ‘almighty legislator’, it still remains a powerful institution capable of conditioning the legislative process and the survival of executives (Capano and Giuliani 2003). As Fabbrini (2009, 36) notes, the decision-making power has become less dispersed within the political system after the electoral reforms of 1993 and 2005 and changes to Parliament’s standing orders and the organisation of the executive. Nevertheless the bicameral system in combination with fragmentation of the party coalitions has generated incentives to question the pre-eminence of the governmental arena.

After the electoral reforms in 1993 and 2005, pre-electoral coalition agreements were introduced, but nevertheless, the strong pluralistic polarization has remained (Borghetto and
Coalitions which enter parliament are heterogeneous, and are often made of no more than a few deputies or senators who represent specific lobbies, micro-associations, or territorial clienteles (Calise 2000). The resulting high degree of party fragmentation affects the solidity of government coalitions, and is normally well observable through parliamentary crises, votes of no-confidence, shifts in alliances, and the formation of new parliamentary groups (Fabbrini 2009).

Party fragmentation is further aggravated by perfect bicameralism, which gives the two chambers of parliament, the Chamber of Deputies and the Senate of the Republic, equality in terms of functions and powers. This means that each proposed bill must be approved in an identical form by both chambers (Zucchinì 2008, 13). This allows those groups wishing to oppose a given bill easily hinder its progress, since the slightest modification made to the wording of a bill in one chamber automatically requires the bill’s re-examination by the other chamber (and committee as well) (Vassallo 2007).

1.2 State of the Art

What does the existing literature say concerning the research question and policy change in the labor market in general? With reference to the Jobs Act, there is still no account of how did the shift to flexicurity happen. Only recently, Fana et al. (2015) have analyzed the reform but in terms of the outcome, whether or not the reform is working and creating more jobs. Nevertheless, there is literature regarding policy change in the Italian labor market. For example, Bonoli and Emmeneger (2010) have analyzed Italy’s systematic failure in the full application of flexicurity strategies (ALMPs, flexible contracts, training contracts), relying on three arguments: conflictual state-society relationship, low social trust among socio-political forces, and path dependency. According to the authors, capitalism in Italy developed in a context of conflictual state-society relationship and low social trust, as the Italian state was unwilling to share political space concerning social policies with the Roman Catholic Church and communist movement. In this context, the Italian state relied on the legal regulation of employment to provide social security to wage earners (policy path) (ibid., 832). Moreover, the ideological fragmentation and polarization among social partners further aggravated the low social trust.¹ For Bonoli and Emmeneger, radical changes from the main paradigm remain

¹ About the ideological polarization and fragmentation, it is worthy to mention how the industrial unions have been divided into the three-major CGIL (Confederazione Generale Italiana del Lavoro - Italian General Confederation of Labour), CISL (Confederazione Italiana Sindacati Lavoratori - Italian Confederation of Trade
unlikely, because the low vertical and horizontal trust among social partners, conflictual state–society relationship, and initial policy have enhanced path dependency.

Ferrera and Gualmini (2004) present a complex framework to account the liberalization of the labor market in the period 1992-1998. They stress the role of two independent variables, exogenous factors (the Maastricht process and internationalization process), and endogenous factors (crisis of the First Republic and the politico-institutional transition), which lead to a process of learning among political actors. While internal developments altered the rules of political competition and policy-making through the disappearance of old parties, the birth of new ones, and the formation of new of “technical cabinets”; the endogenous developments affected the costs and benefits of domestic policy options and their distributive implications for policy actors (Ferrera and Gualmini 2004, 29). Under these new constraints and opportunities, actors learned from previous systemic failures and developed new preferences, new capabilities, and new modes of interaction.

Schmidt and Gualmini (2013) locate Italy’s economic problems in the political dimension, combining a discursive institutionalist analysis of the political leaders’ ideas and interactions with a historical institutionalist analysis of the formal political institutional arrangements. According to them, Italy’s economic decline results from the combination of stalemated political structures with bad policies and failed politics (ibid., 364). In particular, bad policies and failed politics are the consequence of political opportunism and the inability of the political elite to introduce innovative ideas.

As it possible to note from this short overview, the literature presents a rather skeptical view on Italy’s reformatory capacity. It highlights a condition of path dependency and significant policy changes in situations of external and internal shocks. These indications confirm Pierson’s argument that in addition to external factors like international interdependencies, internal demographic and socioeconomic changes may also play a role in

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2 With this term the authors refer both to the ideational legacies that define the ways in which actors reform market within the context of national tradition of economic thought and practice and to the way political elites coordinate the construction of policies and then legitimize them politically to national publics.
driving national reform processes (Pierson 2001). In this context, the paper intends also to fill the existing gap in the body of knowledge.

2. From Labor Rigidity to Flexicurity: the long and slow Trajectory of the Italian Labor Market

This section will describe the trajectory of the Italian labor market from a system based on strict rigidity to a system of flexicurity. It will do so by concentrating on a number of key features such as employment protection legislation, which refers to a set of rules prescribing how, and under what circumstances employers can carry out individual or collective dismissal (Furåker 2009), mediation between demand and offer within the labor market, safety nets, active labor market policies, and passive labor market policies. The following sections 2.1 and 2.2 will briefly define the term flexicurity and the general features of the Italian welfare state which influenced labor policies throughout the post-war time. The above mentioned features of the labor market will be examined in 4 distinct stages preceding the Jobs Act: 1) the period 1948-1975; 2) the regulated flexibility in the 1980s; 3) the reforms in the 1990s and early 2000s; and 4) the adjustments during the financial and economic crisis.

2.1 What is Flexicurity?

Since the implementation of the flexicurity model was one of the major goals of the Jobs Act, this section will briefly discuss its underlying features. The term received full attention in the political and academic discourses in the late 1990s (Burroni and Keune 2011), and it is commonly defined as “a policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organization and labour relations on the one hand, and to enhance security – employment and social security – notably for weaker groups in and outside the labour market, on the other hand” (Wilthagen and Tros 2004, 169). Flexibility does not stand in opposition with security but rather in complementarity (ibid).

Other authors like Jørgensen and Madsen (2007) claim that the attractiveness of the term flexicurity relies on its vagueness; similarly, Rogowski (2008, 86) stresses that “for the success of flexicurity policies it seems crucial that the definition of the term flexicurity remains vague so that it can be used to address a range of sometimes contradictory policy goals”. Burroni and Keune (2011) see flexicurity as an attempt to overcome the limits entailed in the deregulatory policies of the 1980s and 1990s, and broaden the debate on labor market
and welfare state reform. Hemrijck (2012, 14) further posits that flexicurity concurs with this view of a general change in welfare state understanding, because the state is no longer there only to provide social compensation (social protection function), but rather to empower the citizens with state-provided, or regulated investment in human capital and social equality (social promotion function). Although the flexicurity model was implemented in several European countries to some extent, it emerged particularly successful in Denmark and Holland. The Danish model of flexicurity, which contributed to decreasing unemployment from 12% in 1993 to about 5% in 2001, was based on three pillars: 1) high occupational and geographical labor mobility via low employment protection; 2) generous unemployment benefits; and 3) ALMPs aimed at skills improvement and activation of the unemployed (Viebrock and Clasen 2009, 13). The Dutch model relied more on the combination of atypical, flexible types of work with social security, in order to equalize the position of workers in temporary contracts to workers with standard employment, without undermining labor market flexibility (ibid., 14). Also, the European Commission structured the 2007 European Employment Strategy (EES) on similar instances (Wilthagen 2012): 1) flexible and reliable employment protection arrangements; 2) comprehensive lifelong learning strategies; 3) effective active labor market policies; and 4) modern social security system. As it is possible to note, flexicurity does not claim one-best-way solution but a range of possibilities and combinations (Burroni and Keune 2011, 77).

Different types of ALMPs

This pillar of flexicurity is particularly significant in the Italian case. As the following parts will demonstrate, Italy has always relied more on passive labor market policies (PLMPs), investing few resources toward ALMPs. Although ALMPs have the same objective as PLMPs of providing an income to the unemployed, they also have the further aim of getting people into jobs. In some ways, a different level of ambition exists between the two types. Common means to pursue the employment goals are public and private employment services, training programs, subsidized jobs, and job creation (Furåker 2016). ALMPs encompass very different policies tools, and the ways in which they interact with passive employment schemes. Moreover, they are adaptable to changing economic circumstances and different welfare regimes (Bonoli 2013, 108).

3 For example, in 2007 only the 0.5% of GDP was spent for ALMPs, much less than Denmark 1.3% and the Netherlands 1.1% (OECD 2013).
2.2 General Features of the Italian Welfare State

Although the labor market remains the main focus of the work, some references to other welfare areas will be needed for a better understanding. As with other countries in Western Europe, Italy experienced three decades of welfare expansion after WWII. According to Jessoula and Alti (2010, 157), the institutional traits of social protection schemes displayed a “Bismarckian” imprint of social security, as dependent workers were protected through social contributions paid by employers and employees, while benefits were related and differentiated among occupational groups and categories. Furthermore, the social protection system relied on sustained growth with particular attention to full male employment. To guarantee a sustained growth, the state followed the keynesian paradigm, playing an active role in the economy as regulator, but also through controlled public enterprises. This led employment to grow significantly in the public sector but also in the public enterprises (Jessoula and Alti 2010, 159). Full male employment was based on the idea of a male-breadwinner, where most women would be available for child and elderly care. Although this orientation seemed to work in periods of sustained growth, it cast serious doubts about the long-term sustainability of the welfare system due to negative legacies in terms of low level of investments against poverty and social investments, as well as low levels of female labor force participation and narrow contribution base (Lynch 2014). The expansion of the welfare system caused also a rapid and considerable quantitative expansion of the national public debt (Ferrera 1984).

Income maintenance and dualism of the labor market

For a long time, the primary goal for Italian policy makers was income maintenance, both in employment and retirement, by combining specific pension and labor market arrangements (Jessoula 2012, 62). In particular, several arrangements in the labor market set a course toward labor market rigidity in entrance and exit. As Ferrera (1996) noted, Italy and other countries belonging to the southern European model of welfare present a certain variance concerning income maintenance from the standard “Bismarckian” welfare model in northern and continental European countries. They show a dualistic, almost “polarized” character in terms of job protection and unemployment (ibid., 19). On one hand, the group of hyper-protected workers includes public employees, white collar workers, and private wage earners.

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4 As the result of this goal, the public pensions system reached 100% inclusiveness between 1950 and 1960, extending compulsory coverage to all private sector employees (1950) and to the three major categories of self-employed people, agricultural workers (1957), artisans (1959) and merchants and shopkeepers (1966) (ibid. 64).

5 The other countries are Greece, Spain and Portugal.
of medium and large enterprises on a full contract. This group receives generous income replacement benefits in cases of short-term risks such as sickness, maternity, temporary or partial unemployment, plus high earnings when they retire. On the other hand, there are many under-protected citizens comprised of workers from small enterprises, traditional services and agriculture, first job seekers, youngsters, women, and long-term unemployed people. On the contrary, the northern and continental “Bismarckian” countries provide homogenous protection for all layers of the labor market force (ibid., 20). After having described the main peculiarities of the Italian welfare system, it is now time to concentrate on the historical evolution of the labor market.

2.2.1 Labor Rigidity 1948-1975

Ferrera and Gualmini (2004, 36) recognize three main pillars based entirely on passive policies (i.e. cash transfer) upon which the labor market rested until the 1980s: 1) a general unemployment insurance scheme (indennità generale di disoccupazione) or ordinary unemployment benefit (OUB); 2) a scheme for short-term earnings replacement (cassa integrazione guadagni ordinari - CIG); and 3) a centralized employment service.

Although the rate of ordinary unemployment insurance was adjusted on three different occasions (1960, 1966 and 1974), the remuneration remained too low and was based on a flat daily amount with no correspondence to wages. Moreover, besides the financial limitation, ordinary unemployment insurance showed ineffectiveness in terms of coverage, because the benefits remained off limits for some groups of irregular workers such as seasonal workers, first jobs seekers, and women (ibid. 37).

The cassa integrazione guadagni was introduced between 1945 and 1947 for workers in the industrial sector and later, throughout the 1970s, extended to artisan firms, mining firms, agricultural sectors, and finally to state employees. Because of the above-mentioned problems, CIG started to become a substitute for the ordinary unemployment insurance (ibid.). The centralized employment service was instituted with Law no. 264/1949 (the so-called “Fanfani law”), but transformed in a highly bureaucratic system. Unemployed persons had to register to compulsory lists, while employers could not choose any worker they

6 In this sense, Perez-Diaz and Rodriguez (1994) propose an idea of society in four cornered society, distinguishing four socio-economic spaces characterized by different job/income and welfare opportunities: 1) the protected core of the labor market; 2) the sector of temporary and irregular employment; 3) the underground sector; and 4) the ex-employed and unemployed.

7 The requirements to qualify for the ordinary unemployment schemes were at least two years of insurance and 52 weekly contributions in the two years before the onset of unemployment.
preferred. Compulsory lists were based on several criteria such as the professional sector, the productive category, the qualification and specialization of the unemployed persons. Moreover, need-related criteria existed, and it included family dependents, the period of enrollment in the lists, and family income. The unemployed persons were also required to confirm their availability for work (ibid.).

The 1960s: introducing more shock absorbers and more rigidity in dismissal with the Workers’ Statute

Law no. 1115/1968 introduced a new social shock absorber, the cassa integrazione guadagni straordinaria (CIGS). Similar to the traditional cassa integrazione guadagni, the new social shock absorber guaranteed income to workers in cases of large-scale industrial restructuring and reorganization. This solution satisfied all social partners, since the benefits reduced the risk of permanent dismissal while simultaneously putting the economic responsibility on the state instead of the employers. (Ferrera and Gualmini 2004, 37; Graziano 2004).

At the end of the “hot autumn” between 1969–1970 that saw a massive series of strikes in factories and industrial centers in Northern Italy, the so-called Workers’ Statue (statuto dei lavoratori) was approved with Law no. 300/1970. The Statute signified a point of no-return in terms of labor market rigidity, and at the same time brought about a new era of industrial relations between the social partners. In particular, article 18 of the statute allowed firing in firms with 15 or more employees only in cases of “justified” (demonstrable) reason. In any case where a judge would rule the dismissal was unjustified, the employer was forced to reinstate the wrongfully laid off worker, pay a penalty, and reimburse the unpaid salaries (Wedderburn 1990, 159–160; Ferrera and Gualmini 2004, 39). In the literature, article 18 is considered to have had a damaging effect on companies’ scaling-up process, limiting the creation of new jobs (Schivardi and Torrini 2004). As Bentolia and Bertola (1990) explain, firms prefer not to expand over the threshold of employees in order to avoid stricter regulations. While some studies have found that the threshold produces no effect at all (Tattara 1999) others have found a qualitatively very small impact on the size of a firm (Garibaldi, Pacelli, and Borgarello 2004).

According to Fargion (2002, 39), the benefit lost its temporary value in some cases, since reconstructing processes in large industrial plants were granted for several years, even up to ten years, without any guarantee that the reconstructing process would have eventually created new working opportunities.
2.2.2 The 1980s: regulated Flexibility

The second oil-shock ignited profound welfare changes in Italy as in the rest of Europe. The country’s economy was hit by a wave of stagflation, in which high inflation rates (around 20% in 1980-1981) combined with four years of recession. In this period, the process of deindustrialization began to cause the continuous growth of unemployment (7.6% in 1980 and 10.4% in 1985). Public finances were performing equally badly, registering annual deficits around 10% (Jessoula and Alti 2010, 161). In this critical frame, policy makers prioritized reduction of unemployment and inflation, rather than budget discipline. As in other past situations, the government based its strategy on passive policies such as the increase of ordinary unemployment benefits and the possibility of early retirement with Law no. 155/1981 (Ferrera and Gualmini 2004). The first measure was designed to dampen the effects of large Italian firms reorganizing and restructuring in the context of globalization. The second measure was advanced on several occasions (1981, 1987 and again in the 1990s), but did not achieve the foreseen goal of promoting generational turnover as in other European countries (ibid.).

**Deregulation**

Not only passive policies but also deregulative measures were enacted such as the loosening of new employees hiring and the promotion of flexible contractual forms. In particular, policy-makers decided on numerical or external flexibility, meaning the ability for employers to alter the size of their workforce (Treu 1992). In this frame, Law no. 863/1984 liberalized part-time work, work-sharing agreements (also called solidarity contracts), and also work and training contracts.9 Nevertheless, restrictions such as fixing the amount of work hours in advance and limiting overtime reduced the success of these policies.10 Policy-makers let employers and employees’ associations bargain and decide the circumstances for temporary work, its maximum allowed duration, and eventual penalties for firms that failed to respect the terms. Furthermore, Law no. 56/1987 transformed the old employment agencies that were developed as instruments of bureaucratic certification and intermediation between labor and

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9 With the introduction of fixed-term or part-time work, overtime and work-sharing the government aimed at creating employment opportunities for labor market outsiders like women, youngsters and long-term unemployed (Demekas 1994; Ferrera and Gualmini 2004).

10 According to the 1993 OECD Employment Outlook, Italy presented by far the lowest share of part-time workers to total employment in Europe with 5.5% in 1991 (4.6% in 1983) against the 23.1% in Denmark and 22.2 in the UK. Also in terms of ALMPs programs, Italy had the lowest public expenditure with 0.08 of the GDP compared to 0.24 in Germany or 0.13 in France (OECD 1993)
demand, into regional agencies. Despite the transformation, private employment/placement agencies were still not allowed to operate in Italy. Law no. 86/1988 brought an important adjustment in terms of unemployment protection for all those worker categories that could not qualify for ordinary unemployment benefits. Unemployment benefits with reduced eligibility, also called UBR (Indennità ordinaria di disoccupazione con requisiti ridotti), were introduced with looser qualifying conditions such as at least two years of insurance seniority, and a minimum of 78 working days in the year of unemployment, as well as lower benefits (Jessoula, Graziano, and Madama 2010).

Although flexibility was introduced, it was still highly regulated and unattractive for employers. A positive improvement was the new UBR for those who could not qualify for the standard UB. Nevertheless, the 1970 Workers Statute was still regulating individual dismissal in firms with more than 15 employees (Lodovici and Semenza 2008, 169). In many ways, the changes reinforced the dualism between insiders and outsiders, as ease of firing and hiring concerned only non-standard contracts without changing the employment protection of standard workers.

2.2.3 The 1996 Treu Package and 2003 Biagi Reform: “Flexibility without Security”

With an unprecedented political crisis and strong speculation against the Italian Lira in 1992-1993, the fall of the First Republic generated the need for reform in most welfare areas. The reforms were necessary to accomplish the Maastricht Criteria (or Euro convergence criteria), without which Italy’s participation in the third stage of the Economic and Monetary Union (EMU) would have been impossible. In this political and economic turmoil, the labor market was reformed with Law no. 196/1997, also known as the Treu package, named after the Labor Minister of the time. The Treu package showed continuity with the deregulatory policies of 1980s and finally liberalized temporary work agencies, which were until then prohibited. Even though the liberalization of temporary work agencies was encouraging and unprecedented in Italian history, the legal framework remained among the strictest of the EU

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11 Art. 1 of the Law no. 196/1997 defines temporary agency work as “the contract following which the temporary agency, which is registered, places one or more temporary workers, engaged on a written contract for a fixed term or indefinite period, at the disposal of an enterprise which uses these workers to fulfill specific temporary work demands”.

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member states (Schömann and Schömann 2003, 370). Once again, concertation was the approach chosen by the centre-left government, since the details of the law were delegated to the social partners, the three major union confederations (CGIL, CISL and UIL), and Confindustria (the General Confederation of Italian Industry). As in the 1980s, concertation allowed trade unions to set some restrictions on temporary agency work, which was admitted only in the following three cases (Clauwaert 2000, 58): 1) if a company needs to employ persons temporarily with skills that are not normally present in the company; 2) if absent workers are to be replaced; and 3) in other cases specified in national collective agreements.\(^\text{12}\)

The liberalization of private employment agencies was accompanied by the extension of tax benefits for employers who intended to hire part-time workers. Moreover, the Treu package abolished the previous obligation for employers to convert temporary contracts into life-long contracts.

**The Biagi Law: more of the same**

The Biagi Law (no. 30/2003), instituted under the centre-right Berlusconi government, continued in the same direction as the Treu Package. In this instance, concertation was replaced by social dialogue, meaning that the government was not obliged to consult the labor unions. The government intended to conserve its autonomy fully and avoid concertation which would have favored trade unions in many ways, allowing them to obtain beneficial policies for their constituencies (Negrelli and Pulignano 2008, 70). Under the more favorable employers’ climate created during the Berlusconi government, the Biagi Law further deregulated the use of temporary agency work in order to modernize and make more effective the mediation between employment and unemployment. Moreover, the restrictions of the Treu Package were abolished with the reinforcement of more atypical contractual forms, such as on-call work (*lavoro a chiamata*) and project work (*lavoro a progetto*) (Ferrera and Gualmini 2004; Watanabe 2014). By looking at the official statistics from the Ministry for Labor and Social Affairs, both reforms had a positive impact on the unemployment rate which started to drop to 10.6% in 2000, and further to 7.8% by the end of 2004. This is in comparison to a rate of 11.8% in 1995. The incidence of atypical, flexible contracts over total

\(^{12}\) Other circumstances in which agency work is not allowed are (ibid.): 1) for the employment of low-skilled workers; 2) for the replacement of permanent workers on strike; 3) in companies which in the last 12 months have dismissed persons with the same skills or working in the same occupation as the one in which the temporary worker would be employed; and 4) for the performance of dangerous work as defined by the Ministry of Labor.
employment grew from 9.4% in 1993 to 19.9% in 2007 (Ministero del Lavoro, della Salute e delle Politiche Sociali 2008). In particular, the greater flexibility helped reduce the general female unemployment from 16.2% in 1995 to 14.4% in 2000 (Istat 2000; 2016). By looking at the OECD indicators of employment protection, strictness of employment protection on temporary contracts declined sharply, falling from 4.75 in 1996 to 2.00 in 2007 and more in general, the labor market participation increased from 58.3% in 1993 to 62.5% in 2007 (even if it still remained one of the lowest in the EU) (OECD 2016).

Even though there were encouraging numbers, the reforms did not solve the fundamental problem of dualism within the Italian labor market. According to Jessoula (2012), the reforms have had uneven consequences on an already dualistic Italian labor market, generating a situation of flexibility without security. In fact, the new contractual flexibility affected only outsiders, while firing procedures for insiders remained regulated by the untouchable article 18 of the Workers’ Statute, and big differences still remained between the two groups in terms of social protection benefits. Part of the literature claim that the reforms have even further segmented the Italian labor market with the creation of a new category of so-called “mid-siders”, which consists of workers with atypical contracts (Madama, Jessoula, and Graziano 2009; 2010). As in the outsiders’ case, social protection schemes showed low inclusiveness towards the new group, because atypical workers were granted access to benefits only in some cases, and often times in a less generous manner than insiders with standard contracts. The literature distinguishes two subgroups in the mid-siders cluster. The first portion refers to those employed with project or on call-contracts, which make up roughly 2-4% of the working population (Ministero del Lavoro, della Salute e delle Politiche Sociali 2008). Although they work as dependent workers, they are formally self-employed and therefore not entitled to any kind of employment benefit. Another sub-group refers to part-time, fixed-term, and temporary agency workers, representing around 20% of the working population. Despite being formally covered in cases of unemployment, they experience difficulties in accessing OUB due to strict eligibility requirements, and the existence of minimum thresholds for contributions (Madama and Sacchi 2007). For these reasons, it is more likely that workers belonging to this sub-group would access UBR, since only 78 days of work are necessary in order to be entitled. Lastly, the overall condition of atypical workers is worsened by the lack of a universal last resort social safety net (Ferrera 2005).

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13 In order to receive the contributions in 2008, the insured employee has to get over the predetermined threshold of around 185 euros per week. Moreover the contributions are paid on a percentage of the wage.
2.2.4 The Adjustments during the Euro Crisis

Before examining the characteristics of the jobs act, it is necessary to provide an overview of labor market adjustments under the Berlusconi centre-right and technocratic government, led by Mario Monti during the heavy economic and financial crisis. The global economic crisis exposed all vices of flexibility without security. Atypical workers (fixed-terms workers, occasional workers, project workers and part timers) were the most vulnerable to the crisis, with over 400,000 jobs lost in the first year (Jessoula 2012, 72). Young cohorts were hit particularly hard by this critical situation with the near doubling of youth unemployment (for youngsters in the age range 15-24) from 21.2% in 2008 to 40% in 2013 (Istat, Tasso di disoccupazione giovanile 2016). Both the Berlusconi and Monti governments had to intervene to stop the hemorrhage of working places, but also to grant income maintenance to atypical workers and outsiders. In particular, the Berlusconi government promoted passive policies such as the use and strengthening of short-term earnings replacement schemes. Together with the CIG and CIGS, the Exceptional Wage Guarantee Fund (Cassa integrazione guadagni in deroga) combined to form the Wage Guarantee Fund. The fund aimed to cushion the social impact of the recession not only for standard workers, but also for atypical workers who could not profit from the safety-net.\(^\text{14}\) In November 2011, as the last legislative act of the Berlusconi government, Law no. 183 introduced a full three year exemption from social contributions for apprentices starting from 2012. The same law dedicated special funds for women workers and disabled workers involved in collective dismissal (Pedersini and Regini 2013, 118).

In the medium term, lack of structural reform in the Berlusconi government’s strategy demonstrated clear limits with the continuous loss of jobs and negative macroeconomic factors. The situation worsened in late summer 2011, when Italy started to experience heavy speculation on its public debt with yields on all Italian bonds reaching unsustainable rates. In this critical context, the European Central Bank and European Commission pushed the newly formed technocratic government to undertake broader reforms and to make Italian labor laws conform to the European Employment Strategy (EES) (Schmidt and Gualmini 2013). In line with the EES, Law no. 92/2012 called the “Monti-Fornero reform”, attempted to limit the abuse of atypical contractual forms and reformulate unemployment insurance schemes (Lynch 2014, 385). The primary aim was to promote regular employment among young cohorts, but

\(^{14}\) According to Pedersini and Regini’s own calculations (2013, 116), only in 2009, the Wage Guarantee Fund authorized around 1 billion hours (576 million CIG hours plus 337 millions of CIGS and Exceptional fund). This amount of hours grew to almost 1.2 billion hours in 2010.
also to reduce the dualism of insiders/outsiders through various means: 1) loosening the dismissal rules on regular workers with new open-ended contracts, and 2) expanding the scope and generosity of the unemployment safety net. In particular, these last two measures could have potentially moved the Italian labor system a step closer to the model of flexicurity. In fact, the new open-ended contracts would have made dismissal easier in circumstances pertaining to economic reasons, while also scaling back the use of atypical work in both salaried and quasi-subordinate employment. In addition, a reinforced safety-net in both generosity and scope would have balanced flexibility in hiring and flexibility in dismissals. Nevertheless, these fundamental measures were watered down during the parliamentary discussion (Tiraboschi 2012, 49). In regards to both collective and individual dismissal rules on regular workers in firms with 15 workers or over, the Monti-Fornero reform eased article 18 of the Workers’ Statute but did not eliminate most of the obligations which existed for firms in cases of economic reason (just cause). In fact, firms had to reinstate workers who had been unjustly fired, and utilizing the court remained standard in this type of dispute (Guarascio 2015). The ordinary unemployment benefit was replaced by a new instrument, the ASPI (Assicurazione Sociale per l’Impiego). The ASPI provided marginally higher benefits in comparison with the previous regime, and a slightly longer duration up to 12 months. For workers who did not qualify for ASPI, the Mini-ASPI was created with the same level of benefits but a shorter duration. One aspect that remained unchanged was that the provision of unemployment benefits remained subject to individual social contribution and not to the general system of taxation (Piazza and Myant 2016).

**Recapitulation**

Before moving to the Jobs Act, it is worth recapitulating the central aspects of the Italian labor market in recent Republican history. The labor market was characterized by an elevated segmentation among workers’ layers: insiders with high levels of protection and generous benefits in circumstances of unemployment and the outsiders with no minimum income. But after the reforms in the 1990s’ and 2000’s, part of the literature includes even a third category of mid-siders with atypical contracts and low (if any) benefits in case of unemployment. Even if contractual flexibility was introduced at the margins through the Treu and Biagi reforms, labor rigidity persisted in cases of individual and collective dismissal for firms with 15 employees or more, since they were still strictly regulated by the 1970 Workers’ Statute. The Monti-Fornero Reform achieved only a partial easing of dismissal regulation, only slightly
altering the procedure in terms of uncertainty and the costs for firms. The different
governments have also displayed a preference for using passive policies, which did not allow
the establishment of ALMPs on a broader and structural manner. In conclusion, flexibility for
only some workers’ groups with low benefits, and the systematic absence of ALMPs did not
allow the establishment of the flexicurity model in Italy.

2.3 The Jobs Act: Completing the Flexicurity Model

With the implementation of Law no. 183/2014, also known as the “Jobs Act”, the
parliament authorized the Renzi government to reform the labor legislation pertaining to
issues such as protection against dismissals; forms of precarious employment; active and
passive labor market policies; and reconciliation of work and family life (Eurofound 2015a).
The reform was then completed through several legislative decrees in the following two
years. The Jobs Act pursued two main objectives; in the short term, it had the effect of
curbing mounting unemployment after the crisis, and in the medium-long term to strengthen
the competitiveness of the Italian economy (Fana et al. 2015, 3). The government structured
its strategy on four pillars: 1) the introduction of the new open-ended contract; 2) a more
effective mediation between employment and unemployment with the creation of an oversight
national agency; 3) the reorganization of unemployment benefits and temporary lay-off
benefit schemes; and 4) more attention to ALMPs.

The new indefinite term contract

Of particular importance is Legislative decree no. 23/2015, which introduced the new
open-ended contract (contratto a tutele crescenti), that had the effect of substantially
downsizing the workers’ protection entailed in article 18 of the Workers’ Statute. The idea
behind this was to create a new employment type which would grant more rights and greater
job security than all atypical contractual forms, but at the same time grant fewer rights and
less job security than the previous open-ended contracts. The protection granted to the

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15 Here is the list with the number of the Legislative Decree and date of approval:
- No. 22 on unemployment benefits (NASPI) and no. 23 on the new discipline of dismissals (March 4th 2015)
- No. 80 on work and family care balance and no. 81 on free lances, fixed term, part-time, job on call, spot jobs,
temporary work and apprenticeship (June 15th 2015)
- No. 148 on the temporary lay-offs benefit scheme and no. 149 on the inspection services aggregation
(September 14th 2015)
- No. 150 on employment services (institution of the new public agency ANPAL) and no. 151 on disabled people
placing services, remote worker check et al. (September 14th 2015).
employee should be gradually strengthened in relation to the length of service (Ichino 2014a). The new open-ended contract excludes the possibility of reintegrating the worker or workers in the workplace in cases of economic dismissal (just cause). Also, in the case of a judge determining that the lay-off was unjust (unjust cause), reintegration to the workplace is excluded, and instead stipulates a predetermined and growing compensation depending on the length of service (from a minimum of 4 monthly wages up to a maximum of 24). For unjust cause, there is the possibility of settlement before court. The firm can offer the employee between a minimum of 2 up to a maximum of 18 monthly salaries. The reintegration of the worker to the workplace is limited only to the situations of null and discriminatory dismissal. It was important for the government to limit two intervening factors in the mentioned cases, the uncertainty and discretion coming from the juridical process, and costs for employers. Although the reform formally eliminated article 18 of the Workers’ Statute, there remained controversy about its application. In fact, the reform applies only to employees hired after the 7th of March 2015, while all other workers with the previous form of indefinite term contracts are not affected by the changes. In order to boost the use of the new open-ended contracts, the 2015 Budget Law provided complete exemption from social security contributions due by employers for thirty-six months. The exemption applied for those contracts signed from January 1st to December 31st. In order to see greater use of the contractual form, the government reduced the number of existing atypical contractual forms.

More coordination with the new public agency for the employment

A crucial aspect of the flexicurity model is an effective mediation between employment and unemployment. To fulfill this task, Legislative Decree no. 150 instituted the new centralized public agency for employment (ANPAL - Agenzia Nazionale per le Politiche Attive del Lavoro). The ANAPAL’s main task is to coordinate all the actors delivering employment services at local level, such as public employment centers (PECs - centri per l’impiego) and private providers (agenzie per il lavoro),16 but also all other actors forming the Network of employment services, through a unique data bank. Other relevant actors include (Eurofound 2016):
- The National Institution for Insurance against Accidents at Work (Inail - Istituto nazionale Assicurazione Infortuni sul Lavoro) for the job placement of people with disabilities;

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16 Besides the public and private providers, the other actors delivering employment services at local level are paritarian funds, Chambers of Commerce, universities, and secondary schools.
- The National Institute of Social Security (INPS) for the provision of public incentives and income support instruments;
- The Institute for the Development of Vocational Training for Workers (ISFOL - Istituto per lo sviluppo della formazione professionale dei lavoratori);
- Italia Lavoro for the technical support of ALMPs.

Deep reorganization became a necessity, because as the Istat Report documented, in 2013 only 1.4% of newly employed persons found a job through the public employment centers, and only 5.4% through private employment agencies. The ineffectiveness of both actors was particularly striking, considering that public and private employment agencies are the loci that are supposed to facilitate the meeting of demand and offer within the labor market (Istat 2014, 102).17 The reform intervened against the high fragmentation of information among national and local authorities due to the absence of a shared data bank and the lack of an effective monitoring and evaluation system (Eurofound 2016).

The reformulation of unemployment benefits schemes and temporary lay-offs benefit schemes

Of particular importance is Law Decree no. 22/2015 on the regulation of unemployment benefits. This legislation redefined unemployment benefits—now called NASPL (Nuova prestazione di Assicurazione Sociale per l'Impiego), replacing the ASPI and MiniASPI of the previous Fornero reform. The duration was prolonged to a maximum of 24 months and extended in scope as well. The NASPI comprehends 75% of the last salary for the first three months and starting from the 4th month it gets reduced by 3% every month.18 The requirements are 13 weeks of contribution in the last 4 years or at least 30 working days in the 12 months preceding the period of unemployment. As in the 2012 reform, the benefit is forfeited in case of refusal of reasonable job offer, plus the receiver has the obligation to participate in retraining initiatives. In order to receive the unemployment benefit, the unemployed has to register at ANPAL through public employment agencies. For atypical workers who involuntarily lost their job, ad hoc forms of social protection were introduced with the so-called DIS-COLL indemnity. This kind of indemnity applies to workers hired after 2011, who were in the labor market for at least 16 months prior to the loss of their job. The amount of the indemnity is calculated as 25% of the last salary, but with a maximum of €1,300 (Eurofound 2015a).

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17 According to the same report, informal contacts and further curriculum forwarding constituted the most favorite channels.
18 The NASPI covers the 75% of the first €1,195 of wages and 25% of wages over €1,195. The maximum allowance is €1,300 (Eurofound 2015a).
under atypical contractual forms such as free lances, fixed term, part-time, on call, spot jobs, and apprenticeships (Eurofound 2015b; Ichino 2015).19

A further sign of discontinuity with the past was the redefinition and reduction of the duration of the temporary lay-off benefit schemes (CIG and CIGS) through Law Decree no. 148/2015. This was intended to bring them back to their original function of simple temporary means and reduced in their duration. The scope of CIG and CIGS was broadened, since apprentices may now also take advantage of CIG. Ichino (2015) synthesized very well the new mandatory limits for the temporary lay-off benefit scheme:

- 12 months ordinary CIG + 12 months extraordinary CIG: maximum 24 months;
- 12 months ordinary CIG + 24 months solidarity contract: maximum 36 months;
- 12 months CIG special scheme + 24 months solidarity contract: maximum 36 months;
- Solidarity contract without other CIG: maximum 36 months.

**Tailored assistance and vouchers**

Although the reform proceeded quite rapidly with regards to open-ended contracts and the reorganization of unemployment benefits, ALMPs followed a slower path with the latest decrees being introduced in late summer 2016. The Jobs Act went in the direction of so-called ‘tailored assistance for the activation of unemployed’. Each unemployed person receives a tutor at the closest Public employment center (PEC) and has to concord a “pact of service” (patto di servizio) or road map to new employment. After four months of NASPI, the unemployed person is automatically entitled to receive a voucher of unemployment to spend at his or her choice by either the PEC or a private employment provider. The voucher aims at improving the employability of the unemployed through participation in training programs of various types. The same voucher can be spent to mandate the PEC or private employment provider to find a job. The payment to the provider of the service is results-based in particular at the worker’s re-employment. The amount of the voucher can vary from a minimum of 2000 to a maximum of 5000 euros, and the amount is decided by the local PEC depending on the beneficiary’s actual employability. The beneficiary’s actual employability is decided through a profiling process, intended as a tool “for customer segmentation and the determination of

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19 The conditions to benefit are:
- At least three months’ contributions paid in the period from 1 January of the calendar year preceding the termination of employment to the beginning of the unemployment period;
- One month’s contributions paid in the calendar year in which the contractual relationship comes to an end.
individual assistance as well as an instrument for resource allocation” (Konle-Seidl 2008, 20). For the first time, a national register of licensed private agencies with equal requirements was created. Events that count as non-observance of the pact are the refusal of an opportune job offer as well as unjustified absence from tutoring or training, and these events lead to partial cuts of the NASPL.

3. Theory

The purpose of this chapter is to provide a precise understanding of how policy entrepreneurship accounts for change. But before proceeding with this, it is necessary to discuss some relevant theoretical implications concerning the study of policy change. For quite some time, public policy scholars have emphasized the centrality of the dichotomy of structure vs. agency in explaining patterns of change (Hay 1995; Mackie and Marsh 1995). The choice for either agency or structure is important because it affects the nature of the variables sought and the models constructed to explain change (Knill and Lenschow 2001). The former refers to individual or group’s abilities to affect their environment, and it is observable through the individual policy-makers and their patterns of communication and behavior. The second instead refers to the context and to the material conditions which define the range of actions available to actors (McAnulla 2002, 272; Stiller 2009, 22). While in structure-based approaches, existing institutions count as the primary explanatory factor in shaping policy and institutional change (Knill and Lenschow 2001, 193), the role of institutional factors is less prominent in agency-based approaches. In fact “agency-based approaches explain policy or institutional developments (continuity or change) by reference to the prevailing actor constellation in a given institutional context” (ibid., 194-195). As Knill (2001, 21) and also Peters (2005, 68) note, structure-based approaches like the three new institutionalist approaches stress the stability and continuity of institutions and policy legacies. Thereafter, change remains incremental or path-dependent. Krasner (1984, 234) tries to explain change with the concept of a “punctuated equilibrium”. He contends that domestic institutions are sticky and characterized by long periods of stasis, and they only change in response to significant crises or critical junctures which rupture the normal bonds of institutional constraints: “Change is difficult ... Institutional change is episodic and dramatic
rather than continuous and incremental. Crises are of central importance”. In this sense, Ikenberry commented (1988, 223–224):

“Institutional structures, once established, are difficult to change even when underlying social forces continue to evolve ... Consequently, change is likely to be episodic and occur at moments of crisis (war or depression), when existing institutions break down or are discredited and when struggles over basic rules of the game emerge”.

This explanatory determinism together with a disregard for actors and their strategic interaction on political outcomes are the limits highlighted by Mayntz and Scharpf (1995).

What is the behavior of individuals within structures? March and Olsen (2006, 4) claim that institutions “are collections of structures, rules and standard operating procedures that have a partly autonomous role in political life”. This works to directly affect not only the strategic calculations of individuals, but also their most basic preferences and their identity by providing appropriate routines and standard operating procedures (Hall and Taylor 1996).

The value of ideas and agencies

The present study rejects the explanatory determinism of structure-based approaches and acknowledges the important role played by both ideas and agencies during the process of policy change. Especially in periods of uncertainty, ideational logic can become a potential source of policy change (Blyth 2002), which allows “agents to challenge existing institutional arrangements and the patterns of distribution that they enshrine” (Blyth 2001, 4). Although they act as a potential source, ideas are not the unique locus of policy change (Béland 2009), because they become influential only in combination with powerful institutional forces and political actors (Hansen and King 2001). In other terms, there are many ideas competing for attention, but then something happens to make one more applicable than the others at a particular point in time (Kingdon 1984).

Therefore, agents become the real promoters of change and the analysis should concentrate on their actions. For Wilsford (2010), policy actors receive new information on

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20 Even though the exogenous factors, institutional adaptation remains still influenced by the endogenous institutional dynamics influenced by the institutions (Olsen 1996, 4)

21 Policies are institutions in the sense that “they constitute rules for actors other than for policy-makers themselves, rules that can and need to be implemented and that are legitimate in that they will if necessary be enforced by agents acting on behalf of society as a whole” (Streeck and Thelen 2005, 12).
policy problems, and further work to interpret such problems. Through their daily behavior (decisions/non-decisions, interaction, learning and search for solutions), they determine the internal temporal dimensions of policy changes and dynamics. Although they are strongly influenced and guided by context (institutions, social norms and patterns of institutionalized roles), they make causal mechanisms work within the reality of policymaking.

In this specific case study, the choice to focus on an agency approach is also partially justified by the scarce explanatory strength present in previous research on welfare reforms in Italy (section 1.2). This is motivated by the reliance on structuralist arguments in those models which make policy continuity rather than policy change more likely. One example is Bonoli and Emmeneger (2010), who indicated that the existing low social trust between socio-political forces and path dependency work as impediments to radical changes from the main paradigm. Another example stems from Schmidt and Gualmini (2013), who identified the chronic inability of the Italian political elite to bring innovative ideas as well as a stalemated political structure as the major obstacles to promoting profound policy changes. Finally, although Ferrera and Gualmini’s model (2004) does not lean on path dependency, it remains unconvincing due to its heavy reliance on structuralist premises. In this particular case, the change seems to come primarily from inside, through the considerable effort of former PM Renzi, and showed only a limited importance on external sources like crises or demands of the European Institutions. Having said this, the paper will adopt policy entrepreneurship as theoretical framework to shed light on how the shift to flexicurity has occurred. As the literature on policy change highlights, policy entrepreneurship is most likely to be observed in cases involving the significant disruption of the established ways of doing things (Mintrom and Vergari 1996; Mintrom and Norman 2009).

3.1 Policy Entrepreneurship: from Kingdon to own Theoretical Lens

The term entrepreneurship was originally developed by the Austrian School of Economics and later exported to political science (Schneider, Teske, and Mintrom 2011). Originally, in political science, the “political entrepreneurship” concept was adopted by the public choice and rational choice theorists. Only starting from the 1980’s, the policy process literature adopted the term as one of the drivers of policy (and institutional) change (Kingdon 1984; Roberts and King 1991; Schneider, Teske, and Mintrom 2011).

Who are policy entrepreneurs? Generally speaking, most actors active in the policy-making feel comfortable working within established institutional arrangements, and attempt
to obtain the most out of the status quo without upsetting it too much. Policy entrepreneurs distinguish themselves from other actors through their desire to significantly change the current ways of doing things in their area of interest (Mintrom and Norman 2009). Polsby (1985, 171) refers to public entrepreneurs as “individuals specialized in identifying problems and finding solutions”; Walker (1981, 91) instead describes entrepreneurs as "gifted leaders", who make innovative proposals and engineer their acceptance in the policy process. Another definition comes from Schneider and Teske (1992, 737), who regard the political entrepreneur as "an individual who changes the direction and flow of politics". Finally, Osborne and Gaebler (1992) describe public entrepreneurs as bureaucrats who wish to reorganize and improve governmental services and reinvent government.

As it is possible to observe, the concept has been applied in various studies to diverse players who engage in very different activities and perform very different functions in the political system. Finally, another definitional input comes from from Roberts and King (1989, 152), who differentiate the term based on the position occupied:

- Political entrepreneurs, who hold elected leadership positions in government
- Executive entrepreneurs, who hold appointed leadership positions in government
- Bureaucratic entrepreneurs, who hold formal positions in government, although not leadership positions; and
- Policy entrepreneurs, who work from outside the formal governmental system to introduce, translate, and implement innovative ideas into public sector practice.

However, probably the most-known definition refers to Kingdon, who in his seminal book “Agendas, Alternatives, and Public Policies”, describes policy entrepreneurs as individuals “[...] in or out of government, in elected or appointed positions, in interest groups or research organizations. But their defining characteristic, much as in the case of a business entrepreneur, is their willingness to invest their resources —time, energy, reputation, and sometimes money— in the hope of a future return” (1984; 1995, 122).

Since entrepreneurs are primarily recognized not by the position they cover but by the set of actions or strategies they adopt to pursue change (Narbutaite Aflaki and Petridou 2013), the paper will focus on their actions and strategies.

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22 Among the several definitions, innovation is described as a program new to the government adopting it (Walker 1969, 881) or as a new combination of elements that distance themselves from the standard operating procedures and usual response inside a system (N. C. Roberts and King 1991).
Kingdon’s Model

Kingdon contextualized the role of entrepreneurs as agents of change in his Policy Streams Model, based on the Garbage Can Model developed by Cohen, March, and Olsen (1972). According to John, the model “celebrates the importance of ideas in public policy, but also seeks to explain how ideas emerge by their adoption and rejection by the many decision makers involved” (John 2013, 10). Three streams (or processes) exist: stream of problems, stream of policies, and stream of politics. In order for a change to occur, these three streams need to combine together or as Kingdon put it (1995, 19) “the greatest policy changes grow out of that coupling of problems, policy proposals, and politics”.

In this context, entrepreneurs act as the central figures in bringing the three process streams together; they are the ones supposed to make work the relationship between timing, policy ideas, strategic interests, and political institutions in policymaking (John 2013, 13). According to Kingdon, the coupling of the three streams is closely connected with the opening of opportunity windows. In fact, windows of opportunity represent the right moments for actors to promote their pet solutions or issues. Entrepreneurs need to be prepared to exploit such opportunities through persuasion, negotiation, connections, authority, expertise, and ability to speak for others.23

The stream of problems refers to the process of persuading policy decision makers to pay attention to one problem over others. Problem recognition is critical because the chances of a policy proposal to top the political agenda increases when the associated problem is perceived as serious. Kingdon (1995, 3) defines the political agenda as “the list of subjects or problems to which governmental officials, and people outside of government closely associated with those officials, are paying some serious attention at any given time”. Catalysts of problem recognition can be data or indicators; events like a disaster or crisis, constituent feedback, and also budget crisis.

The stream of policies represents the process by which policy proposals are generated, debated, revised, and taken in serious consideration. Mid-level governmental officials, bureaucrats, policy advocates, and academics generate policy alternatives. Proposals are likely to be more successful if they offer sensitive development of sequence, content, timing of reform, translation of policy directives into programs, generation of strategies for the adoption of policy, management of the opposition, and appealing to the public.

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23 In Kingdon’s words: „solutions become joined to problems, and both of them are joined to favorable political forces. This coupling is most likely when policy windows – opportunities for pushing pet projects or conceptions of problems – are open” (1995, 20).
The stream of politics refers to political events that may or may not be favorable to the policy: elections, public protests, changes in government ministers, political climate or mood, and the voices of advocacy or opposition groups.

Beyond Kingdon’s model: policy entrepreneur as independent variable to analyze policy change

Although Kingdon’s model has captured “much of the complexity, fluidity, and unpredictability of agenda-setting” by highlighting the important role of chance, innovation, and human agency in policy (Mucciaroni 1992, 482); there are still some shades concerning the role of policy entrepreneurs as explanans for policy change. In fact, in Kingdon policy change takes place due to reasons that are out of reach of the individual (Capella 2012). In other words, actors cannot do more than their environments allow, entrepreneurs act as “‘surfers waiting for the big wave’ not Poseidon-like masters of the seas” (Cairney and Jones 2015, 5).24 There is a certain vagueness surrounding the figure of entrepreneurs as well. It remains unclear exactly “who were these individuals and under which conditions they, rather than some other actor, are able to help “bring the streams together” during a “policy window” where it is possible to have an issue move from the public realm onto the formal governmental agenda” (Mukherjee and Howlett 2015, 89). Mintrom and Norman (2009, 651) argue that “the emphasis on the individual as change agent appears to have served as an inhibitor to theorization” and raise the problem of idiosyncrasy:

“In any given instance of policy change, it is usually possible to locate an individual or a small team that appears to have been a driving force for action. But in all such cases, the individuals, their motives, and their ways of acting will appear idiosyncratic”

As Petridu, Aflaki and Miles (2013, 6) highlight, the literature on PE as an explanatory factor of policy change has exploded in the past two decades; moving away from Kingdon’s model and developing as its own theoretical framework through which it is possible to examine policy change (Petridou 2014). Examples for this new use come from different policy areas, such as the design of welfare policy (Crowley 2003), the introduction of school

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24 In Kingdon’s words: “Our treatment of policy entrepreneur in this book argues that much of the process is governed by large events and structures not under any individual’s control. But entrepreneurs take advantage of those events and work within those structures, which is the way we include the importance of both individuals and structures” (2003, 225).
choice (Mintrom 2000), favorable legislation on human embryonic stem cell research (Mintrom 2013), climate change at the US state level (Rabe 2004), and efforts to reform health care (Shipan and Volden 2006).

In previous works, Mintrom (1997), Mintrom and Vergari (1998), and Mintrom (2000) demonstrate that the likelihood of policy change is affected by key contextual variables and by what policy entrepreneurs do within those contexts. In these instances, the likelihood of policy change is affected or reduced by contextual variables in most cases; therefore only the actions of effective policy entrepreneurs can be decisive. In short, Mintrom and Norman (2009, 651) suggest that policy entrepreneurship should be studied “in a manner that paid attention simultaneously to contextual factors, to individual actions within those contexts, and to how context shaped such actions.”

In order to study PE in a systematic manner, the two authors group the central actions common for policy entrepreneurs into four strategies (ibid., 654): 1) displaying social acuity; 2) defining problems; 3) building teams; and 4) leading by example. These strategies represent “a starting point for thinking about the things that policy entrepreneurs might do to improve their chances of achieving success”, but at the same time represent diagnostic means for determining failure (ibid.). Still, some entrepreneurs will be stronger in some of these strategies than others. For example, some entrepreneurs will be more effective than others at operating in networks than displaying social acuity. Mintrom and Norman expect that all policy entrepreneurs exhibit these strategies at least to some degree.

1) Displaying social acuity: policy entrepreneurs need to display social acuity, before a policy window opens. Indeed, as Walker (1974) already noted in previous studies, the identification of a body of research with clear policy implication provides justification for new legislation. In other words, entrepreneurs must be well informed about the social-political context in which they are interacting, and demonstrate high levels of social acuity in understanding others and engaging in policy conversations (Mintrom and Norman 2009, 652). By listening to the local policy "conversation" and contributing to it, policy entrepreneurs establish strategic positions for themselves within the policy-making system (Mintrom and Vergari 1998).

2) Defining problems: this passage is crucial, because if entrepreneurs’ ideas are to be considered seriously in the polity, they need to gain agenda status (Rochefort and Cobb 1993). Similarly to Kingdon’s stream of problems, entrepreneurs achieve this goal by presenting evidence of a crisis (Stone 2004) or by highlighting failures of current policy settings
(Baumgartner and Jones 1993), and in general developing a rationale for intervention (N. Cohen 2012). All these actions refer to the act of framing, which ultimately constitutes a political act, because it ultimately determines which individuals and groups will pay attention to the idea (Mintrom and Norman 2009, 652). Framing is generally influenced by the normative belief system and interests of policy entrepreneurs, and encompasses the use of rhetoric, emotion, and manipulation. This is because entrepreneurs know that the skilful framing of an issue as a problem can create awareness, recognition, and acknowledgment (S. H. Verduijn, Meijerink, and Leroy 2012; S. Verduijn 2016, 58). Policy windows or windows of opportunity remain central elements of policy entrepreneurship, because through such moments, entrepreneurs have the possibility to promote major change (Kingdon 1995; Mintrom and Norman 2009).

3) Building teams: unlike interest group lobbyists, entrepreneurs do not have a ready-made constituency. Consequently, they need to find ways to make it through the political screening process (Mintrom and Vergari 1998). To overcome this problem, entrepreneurs need to build teams and be able to work effectively with other actors in the policy arena. Other actors offer mutual support in the pursuit of change, as well as use their personal and professional social networks. According to Mintrom (1997, 740), “policy entrepreneurs who carefully define policy problems and who make good use of networks of contacts will be better placed to make winning arguments in support of their proposed policy innovations”. Their networks of contacts represent a precious source of skill and knowledge that entrepreneurs can use to gain more support in their initiatives (Burt 2000; Knoke 1994). In many cases, the networking starts already in the stage of social acuity, when entrepreneurs are looking for technical expertise and resources of various type.

Nevertheless, in order to promote policy change, entrepreneurs may or may not need to develop and work with coalitions (Mintrom and Vergari 1996). Developing and working in coalitions is important for at least two reasons. First, a coalition may be necessary because decisions are made according to context, being influenced by the positions and relative power of decision-makers in their relationship to one another (Etzioni 1968). Second, the size of a coalition can be crucial for demonstrating the degree of support a proposal for policy change enjoys; this is why policy entrepreneurs often work to gain support from groups that might appear as unlikely allies for a cause (Mintrom and Norman 2009). As Baumgartner and Jones

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25 Entman (1993, 43) refers to framing as to "select some aspects of a perceived reality and make them more salient in a communicating text, in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation for the item described".
(1993) but also Schneider and Teske (1992) argue, the composition of a coalition can help to curb the arguments of the opponents of change, and challenge the status quo.

4) **Leading by example**: the last element describes how the policy entrepreneur is often characterized by taking actions intended to reduce the perception of risk among decision makers. In a few words, the entrepreneur has to show assertiveness and engage with others in order to demonstrate the workability of a policy proposal. This implies campaigning in defense of change.

### 3.2 Hypotheses

From the above literature, the following hypotheses will be formulated:

- **H1**: *In order to gain a strategic position in the policy system, Renzi had to engage in policy conversation (social acuity)*;
- **H2**: *In order to promote change, Renzi had to define the problem by providing one or more frames (problem definition)*;
- **H3**: *In order to gain technical knowledge and to overcome resistance both inside and outside the parliament, Renzi had to work with other actors (building teams)*.

### 4. Methodology

The hypotheses advanced from the literature are going to be tested with the help of process tracing. Process tracing is a key technique which aims “to identify the intervening causal processes - the causal chain and causal mechanism - between an independent variable (cause) and the outcome of the dependent variable” (George and Bennett 2005, 206). Bennett and Checkel (2014, 7) define process tracing as “the analysis of evidence on processes, sequences, and conjectures of events within a case for the purposes of either developing or testing hypotheses about causal mechanisms that might causally explain the case”. In short, the focus in process tracing is on studying causal mechanisms using in-depth single case study:

"Process tracing methods enable the researcher to make strong within-case inferences about the causal process whereby outcomes are produced, enabling us to update the degree of confidence we hold in the validity of a theorized causal mechanism" (Beach and Pedersen 2013, 2).
Rather than the concepts of regularity causation or counterfactual causation, the heart of process training focuses on the mechanistic understanding of causality, meaning that “two events are linked if a mechanism triggered by the first event propagates causal influences in a way that ultimately generates the second event” (Waldner 2012, 78). This element differentiates process tracing from the historical narrative, in which an assessment of the underlying causal mechanisms is absent. According to Glennan (1996, 52) a causal mechanism is defined as “a complex system, which produces an outcome by the interaction of a number of parts”. More precisely, Waldner (2012, 18) defines a causal mechanism as “an agent or entity that has the capacity to alter its environment because it posses an invariant property that, in specific contexts, transmits either a physical force or information that influences the behavior of other agents or entities”. In sum, causality in process tracing corresponds to the causal mechanism linking X to Y:

\[ X \rightarrow \text{causal mechanism} \rightarrow Y. \]

Since the real mechanistic understanding aims at opening up the black box of causality as much as possible (Glennan 1996; Bennett 2008), it is necessary to focus on the actions and activities that transmit causal forces from X to Y. In other words, by focusing on the interaction of the parts of the mechanism in terms of entities engaging in activities, it is possible to understand how the causal continuity is ensured (Beach and Pedersen 2013, 39–40).

Beach and Pedersen (2013) contest the interpretation of causal mechanisms as a series of intervening variables (King, Keohane, and Verba 1994; Gerring 2010) or a simple sequence of events (Collier 2011). The first interpretation remains problematic, because each intervening variable presents its own value and an independent existence from each other. The causal mechanism remains “gray boxed” and the actual transmission of causal forces from X to Y is not explicitly expressed (ibid., 37).

\[ X \rightarrow \text{intervening variable} \rightarrow \text{intervening variable} \rightarrow Y. \]

The second understanding of process tracing is even further black boxing the causal mechanism, because it simply traces the sequence of events between X and Y in a descriptive way without explaining the “why” and “how” an outcome occurred (ibid., 33):

\[ X \rightarrow \text{event 1} \rightarrow \text{event 2} \rightarrow \text{event 3} \rightarrow Y. \]
Beach and Pedersen differentiate process tracing in three variants: theory-testing, theory-building, and explaining outcome. The three variants differ along several dimensions such as “whether they are theory-centric or case-centric, the types of inferences being made, how they understand causal mechanisms, and whether and how they can be nested in mixed-method designs” (ibid., 3). Although the primary interest of the paper is to explain the puzzling output, the work will not adopt the case-centric variant, the outcome-explaining process tracing, but rather the theory-testing variant. In fact, the work puts a particular causal mechanism forward as set of concrete hypotheses formulated from the policy entrepreneurship literature. Finally, this variant inferences whether the hypothesized causal mechanism linking X and Y is present or absent in the empirical evidence.

Figure 1 exemplifies the steps to follow in theory-testing process tracing. The first step is to conceptualize a hypothesized causal mechanism between X and Y from existing theorization and the context within which it functions. This step was already effectuated in the previous section with the policy entrepreneurship literature. How many parts the causal mechanism has depends on the theorization. In this case the causal mechanism is made by
three parts, corresponding to social acuity, problem definition and building teams. In each part, there are entities that engage in particular activities, which work to ensure causal continuity between X and Y. For example in the first part of the causal mechanism, the only entity is Renzi, who does activities like engaging in public discussions and collecting knowledge on the issue.

In the second step, the mechanism shall be operationalized in order to translate theoretical expectations into case-specific predictions of what observable manifestations each of the parts of the mechanism should have (in short revealed). After the conceptualization and operationalization of the causal mechanism, in the third step empirical evidence is collected with the goal of making causal inference—whether the causal mechanism is present in the treated case and whether the mechanism worked as expected (ibid., 14).

Operationalization

Before moving to the analysis, it is necessary to explain the operationalization, or in other words how the theory will be transformed into an empirical and testable subject of research. The work will rely on secondary sources such as the major and minor national newspapers (La Repubblica, Il Corriere della Sera, La Stampa, Il sole 24 Ore and The Huffington Post Italia), as well as on primary sources in the form of speeches, texts, press releases, and videos. In particular, La Repubblica and The Huffington Post Italia are newspapers historically attentive to the events and dynamics inside the leftist ambience. The paper will also rely on primary sources. For example, Renzi has been writing weekly e-news on his personal Internet site, and has been constantly using various social network platforms. In addition to these mentioned sources, the work will also utilize official documentation from the parliamentary committee, in particular to test the third hypothesis on networking.
5. Analysis

H1: In order to gain a strategic position in the policy system, Renzi had to engage in policy conversation (social acuity)

The following lines will look for evidence of social acuity displayed by Renzi. Before a policy window opens, entrepreneurs must engage in policy conversation and show a high degree of mastery with the socio-political context within which they are interacting (Mintrom and Norman 2009). The time under investigation will be the period preceding his nomination to prime minister between 2010 and the beginning months of 2014. To better understand whether or not Renzi displayed social acuity in this period, it is necessary to describe Renzi’s political trajectory and ideology.

In his youth, Renzi grew up in the context of the Catholic activism, having occupied positions of responsibility in the Association of Catholic Guides and Scouts. His first political post was in 2004, when at the age of 29 he was elected president of the Florence province, an institutional body between the regions and cities. Four years later in 2008, he unexpectedly won the PD primary election as mayoral candidate for Florence, and in early 2009 became the youngest mayor in Florence’s history defeating the centre-right candidate in the mayoral election.

Before proceeding further with Renzi, it is helpful to spend a few lines on the internal composition and dynamics inside the Democratic Party (Partito Democratico, from now on PD), as it will be useful to better understand Renzi’s actions and alliances at the various stages of the reform. As mentioned before, the PD followed the merger of several parties existing in the political spectrum. The party’s constituent elements, the Democrats of the Left (DS) and the Daisy, belonged to two different party families, the Social Democratic and Christian Democratic traditions respectively. The differences in ideology did not cease after the merge, and this turned into a division between right and left within the party on economic issues (but on other issues as well) (Hanretty and Wilson 2009, 79–80; Vampa 2009). On such issues, important members of DS like D’Alema, Bersani, and Veltroni, who all started politically in the old Italian Communist Party, maintained a privileged position with the trade unions (in particular the CGIL) and strong pro labor positions. On the contrary, the more “right-wing” side held less conservative positions toward the unions and labor issues (Bordandini, Virgilio, and Raniolo 2008).

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26 At the time, Renzi was member of The Daisy, one of the major centre-left parties, which then all merged together into the PD in 2007.
In summer 2010, Renzi started to gain full national attention as he launched the “scrapping” campaign. In an interview on La Repubblica, one of the leading national newspapers, he claimed:

“It is not only a matter of a generational turnover. If we want to get rid of grandfather Berlusconi, [...] we need to free ourselves of a whole generation of leaders in my party. [...] It is the moment for scrapping!” (Renzi 2010).

A few months later in Florence, around new words like “innovation”, “education” and “culture”, Renzi collected several young party members and administrators from all over Italy and organized a discussion forum at the Leopolda, Florence’s former train station. The idea of scrapping evolved in a movement with a post-ideological political proposal that could go beyond the classic left-right electoral divide (Bordignon 2014, 8). His activism within the PD and desire for change became evident in 2012, when he ran for the post of party leader. On that occasion, he lost to the more experienced and conservative member Pierluigi Bersani with almost 40% of the votes (La Repubblica 2012). But the defeat was provisory, since Bersani had to step back from the post after a heavy set back in the 2013 general election. Only one year later on December 8th 2013, Renzi reran and won the PD primary election with almost 70% of the votes and the overall turnout around three million participants (La Repubblica 2013).

According to Damiani (2013, 278), Renzi was able to build his image as a leader in two ways. First, he did so through language, using new, stark vocabulary (“scrapping”) that could interpret the aspiration and need of change present in civil society. Second, on the perception of being a man of facts due to his position as administrator of a big Italian city like Florence. Bordignon (2014, 13–15) has isolated four basic elements in Renzi’s political communication: 1) entertaining politics, meaning the transformation of political events into media events; 2) pop politics, which includes the use of popular language and arguments, accessible to a nationwide public; 3) emotional politics as an attempt to excite emotions in his audience; and 4) personal politics as the tendency to gamble on the strengths of his own personality.

Having described his rise to national attention and party leadership, it is time to have a closer look at his agenda regarding labor policy. The first concrete sign of a deep but also diverse understanding of labor market strategy appeared at the 2011 Leopolda convention. Using the event as launching platform, Renzi presented a long programmatic draft (the so
called list of the “100 proposals”), which aimed at reforming several policy areas and institutions. Among the proposals, two in particular concerned the labor market. Although the first proposal did not explicitly mention the downsizing of workers’ dismissal protection, it advanced a reorganization of the existing contractual forms:

“Overcoming job insecurity through a new open-ended contract that grants growing protection with the time. In order to overcome the dualism existing in the labor market, in which some workers enjoy high protection and others (mainly youngster) enjoy very low protection, it is necessary to introduce a unique indeterminate contract, which will ultimately grant more certainty to youngster”.

While the second proposal referred to a new, more inclusive concept of the safety net with different eligibility criteria:

“It is time to reform the safety net. It is necessary to move from the existing ordinary unemployment benefits (OUB) and unemployment benefits with reduced eligibility (UBR) to one unique universal unemployment benefit, applicable to all types of workers, that bases on the Danish model of welfare to work”.

One year later during the campaign for the primary, his position on the labor market became more elaborated. At the opening speech in Verona, he explicitly referred to the Scandinavian model of flexicurity (Renzi 2012):

“We propose the experimentation [...] of a new labor regime inspired by the Scandinavian model. [...] All employees will enjoy more social protection and nobody is immovable from his or her job; to those who lose the job due to economic circumstances or industrial reorganization, we offer a robust system that sustains the income and the use of outplacement services for a new occupation”.

Another sign of social acuity was displayed at the 2013 primary election. In his programmatic speech, Renzi (2013) highlighted the need for a more efficient mediation between demand and offer in the labor market:
“It is time to reform the public centers for employment, because nowadays in Italy it is not possible to find a job only through informal and personal channels: recommendation counts more than merit. In comparison to the Swedish employment centers, where 41 out of 100 unemployed successfully find a new occupation; or the English employment centers, where 33 out 100 unemployed find an occupation; in Italy only 3 out 100 unemployed find a new occupation”.

Before the window of opportunity opened, Renzi displayed social acuity. In fact, he engaged in discussion, demonstrating his knowledge of some of the most dysfunctional aspects of the Italian labor market, such as the rigidity, a very weak protection for some workers’ layers, and the inefficiency of public employment centres. In his engagement, he also offered possible remedies like the introduction of a flexicurity regime like in the Scandinavian countries. He also began to take a different stand from his Democratic Party. So before moving to testing the second hypothesis, it is possible to say that from the collected evidence, the first hypothesis is verified.

**H2: In order to promote change, Renzi had to define the problem by providing one or more frames (problem definition)**

After having described whether or not Renzi displayed social acuity in an early stage, it is time to reconstruct how Renzi and his government gained agenda status and which framing was used. As was previously stated, framing is the act of selecting some aspects (or frames) of a perceived reality and making them more salient to helps create awareness, recognition, and acknowledgment about a particular problem definition (Entman 1993). This is an obliged passage for entrepreneurs in order for their ideas to gain agenda status (Rochefort and Cobb 1993).

What about the window of opportunity? The urgency of a broad reform in the labor market became clear in the last quarter of 2013 and first quarter of 2014, when the unemployment rate reached 13.5 (Istat 2016), a level never seen before in the republican history. At the same time, the government led by the social democrat and Renzi’s party member Enrico Letta seemed unable to tackle this problem in a decisive manner. Moreover, the political spectrum was also characterized by the absence of real alternatives on the scene, as one of the main political actors in the Italian political system, Silvio Berlusconi, was
excluded from the political arena due to his extra-judicial troubles. In this general context, Renzi managed to widen up the window of opportunity.

He accomplished the task, in part taking advantage of his secretary position. For example, immediately after the victory at the primary election, he began exhorting the Letta’s government to undertake quick reformatory action in the labor market (and in several other policy areas such as education, abolition of the provinces, reduction of the parliamentarians and electoral reform). An even more concrete sign of pressuring on Letta happened on January 8th 2014, when Renzi publicly launched the first draft of the Jobs Act (Renzi 2014a). Finally, a few weeks later on February 13th, the PD national directorate (the highest decisional body inside the party) passed a vote of no confidence against Letta, who was then forced to resign from his post as PM. This move, directly architected by Renzi, allowed him to move from the outside of the government to its top on February 22nd. Thanks to this political manoeuvring, the former mayor of Florence widened up the policy window and reached an even more favorable position for the purpose of agenda setting.

As a matter of fact, after the official oath in March 2014, Renzi in quality of PM raised the stakes and started a mighty campaign for change with the help of multiple channels like social networks, press, and media. The paper will now concentrate on how Renzi and his government develop a coherent framing of problems and possible solutions during the period of the parliamentary procedure and intense public debate between April and December 2014.

But before going into it; it is worth having a short overview on how the opponents of the reform framed it. The front opposing the reform was quite wide and made of socio-political forces. Among the political forces, there were the opposition parties with Berlusconi’s Forza Italia, Five Stars Movement, Northern League and even the most leftist wing inside the PD. These parties labelled Renzi’s reformatory plan as “superficial”, “too neo-liberal in the content”, “not new” and “not ambitious enough” (The Huffington Post Italia 2014a). Among the trade unions the CGIL and UIL opposed vehemently, while the CISL a held softer position and open to dialogue. The major frame used by CGIL concerned the dangers deriving from the abrogation of article 18 in a period of economic crisis, which would have led to the complete annulment of workers’ rights and the establishment of fake indeterminate contracts (Corriere della Sera 2014). Another common frame was the one used by the secretary of the UIL, Carmelo Barbagallo, who claimed: “the government is only favoring the employers and following the homework given by Chancellor Merkel” (Il Sole 24 Ore 2014). Further leitmotif of the opponents came from Susanna Camusso, the head of the CGIL, who accused the
government of pushing Italy’s labor market toward a model similar to the Thatcher model (La Repubblica 2014b).

In order to sway away from these critics of destroying the rights and creating even more job-insecurity for workers, Renzi (2014c) concentrated on the unfairness of the existing regime, in which huge protection differences in terms of dismissal and benefits exist between workers’ layers:

“We are not concerned with Margaret Thatcher, but rather with Marta, 28 old years, who has no maternity right”, because “citizens of first and second class were created in these years”.

In the same video message, he promised a fairer labor market: “We are interested in the rights of those workers, who have none at the moment, we will defend them”; adding “we do not want a labor market like Margaret Thatcher but rather a fairer labor market, in which all citizens have the same rights”.

In early September during in an interview in Il Sole 24 Ore, the major national business newspaper, Renzi (2014b) indicated the German labor market as “the model to follow”, highlighting the necessity “to transform our labor market to mimic the German one”. Renzi referred in particular to the Hartz Laws, which proved to be successful in reducing the high unemployment rate but also labor costs. The Hartz Laws and the Jobs Act do look alike in several aspects such as the tailored assistance, the activation of the unemployed, and the coordination of national agency.

In late October 2014, at the eve of the delegation law, Renzi (2014d) spoke on the stage of the Leopolda convention, dedicating most of his speech to the reform. He challenged the conservatism of the leftist establishment, claiming the need to move forward in terms of labor policy:

“It is time to break the dogma of the labor market, which has represented the big cultural battle for the left in the last 30 years. We believe that insecurity in the labor market is beatable by changing the rules of the game”.

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Renzi then stressed the necessity of the Jobs Act as a step toward modernity:

“*The Jobs Act with the amendments to the article 18 of the Workers’ Statute, the safety net and public centers for unemployment is particularly necessary in today’s world, in which job stability does not exist any longer*."

He also openly attacked article 18, highlighting its harmfulness and inadequacy for the economy:

“The article 18 of the Workers’ Statute is just like calling a judge into the internal matters of a company, asking him to decide about the reasons for firing: in this way you give work to judges and lawyers but not to whomever loses his job. It makes no sense to remain attached to a norm of the 1970s [...]”

Finally, he reinforced his criticism against the conservative structures within his party and trade unions, which were unable to give enough answers to the real needs of workers:

“In front of a world that changes we need to make sure that there is only one indeterminate contract because work security does not exist anymore. A leftist party cannot simply do an ideological debate but rather makes sure that the state can create new jobs and training for those who lose their job”.

But the framing strategy also concentrated on the advantages that the reform would bring to other workers’ layers like younger cohorts, who are normally excluded within the labor market. As Labor Minister Poletti (2014b) declared in a long interview on *La Repubblica*:

“Many youngsters have now the advantage to have an indeterminate contract with growing protections, right to vacation, right in case of sickness, right to maternity; all things that they would have not enjoyed with atypical contractual forms. These are the advantages for youngsters. Additionally, in case of job loss, they can enter a system which can help them to find a new job”

Poletti also stressed the advantages for firms that could count on a clearer and more certain set of rules:
“Firms need certainty when they hire. They require certainty regarding how to proceed in the case they need to reduce their labor forces. Now they have such certainty”.

Are there proofs for the success of the framing strategy? Did Renzi’s framing strategy have an effect on public opinion in terms of saliency and awareness? A good way to answer these questions is by looking at the polls. For example, according to the polling institute Demos & Pi (2014), who asked: “Among the reforms proposed by the PM Renzi, which one would you rank as the most urgent”? For 50% of the respondents, their first priority was the reform of the labor market, while another 32% indicated measures to reduce the unemployment rate as the second most urgent measure. Moreover, the same poll shows that Renzi could still count on a considerably high approval rate in the first 6-7 months of his government (64% in February/March and 54% in September 2014).

As it is possible to notice, there is consistent evidence of different frames offered by Renzi and his government, which, as the polls show, worked at maintaining the Jobs Act a salient issue in public debate. The second hypothesis is therefore verified. To recapitulate, the frames used by Renzi and his government are:

- The need of modernity;
- The harmfulness and inadequacy of article 18;
- The German labor market as working model to imitate (although to a much smaller extent);
- More advantages and inclusiveness for specific workers’ layers, mainly women and youngsters, who are otherwise excluded;
- More clarity for firms in terms of norms.

H3: In order to gain technical knowledge and to overcome resistance inside and outside the parliament, Renzi had to work with other actors (building teams)

As mentioned before, entrepreneurs need to find ways to make it through the public and political screening process. If they want to increase their chances of success, they should be

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27 Poletti (2016a) remarked the same considerations in a more recent interview in English:
“It was more convenient for employers to hire on a temporary contract rather than a permanent one. Companies were not investing on the human capital they were hiring; proper training was rare. On the other hand, employees were not investing in the company either because they knew that the experience was only temporary”.

43
able to collaborate with other actors, because other actors offer mutual support in the pursuit of change, as well as use their personal and professional social networks (Mintrom and Norman 2009). In some situations, entrepreneurs may or may not need to build coalitions depending on the context and balance of powers. Networking with other actors is also very important in the stage of social acuity, because entrepreneurs can profit in terms of skills and knowledge on particular issues and stand out within the political arena.

In order to have a better understanding about why and with whom Renzi decided to network and build a coalition, the work will distinguish two separate arenas: outside and inside the parliament.

Outside the parliament: networking and building a public coalition

In the period preceding his appointment to PM, this being the stage of social acuity, Renzi began to network with other actors, primarily targeting actors and organizations with considerable public status to set the foundation of his later public coalition. A vivid sign of his strategy took place at the 2012 Leopolda convention, when he publicly invited Pietro Ichino to hold a speech. Pietro Ichino has been a long-term parliamentarian and also one of the leading Italian scholars of flexicurity. In the pre-interview that appeared on the Italian version of The Huffington Post, Ichino (2012) criticized the Monti-Fornero reform for being too timid, and considered the amendments to the article 18 of the Workers’ Statute still too weak. In his opinion, “the worker has still too many guarantees to keep working in the same place”, while “what should really be protected are income and professional continuity”.

Ichino criticized heavily the rigidity of the labor market:

“Article 18 of the Workers’ Statute has been the cause of the dualism in the labor market. Since it does not apply to all workers (only in firms with 15 or more employees), it created one layer of irremovable workers and another layer of workers without rights. Part of reasons why Italian firms are in average small is due to this rigidity”.

28 Ichino was Senator for the PD between 2008 and 2013, but the disagreement regarding several issues on labor policy with the most leftist wing forced him to leave the party and candidate with the centrist for Civic Choice at the 2013 election. He showed reformatory activism in 2009, when he and other members of the Senate Committee on Labor and Social Affairs presented the Law Proposal 1481 on the “Transition to Flexicurity Regime”. Although the draft was never close to approval due to the low priority given by the Berlusconi government, there were several aspects that resemble the future Jobs Act like the dismissal for economic technical or organizational reasons (Ichino et al. 2009).
He then praised Renzi’s program for being more ambitious than the Monti-Fornero Reform in fighting dualism and reducing the overall complexity of the labor code:

“In this sense, a new regulation that does not create insecurity but actually grants equality among workers is a necessary step to take. This proposal is present in the program”.

In such a way, Renzi achieved visibility and established a direct link with one of most respected flexicurity scholars and critics of the existing model. But the link with Ichino entailed a certain symbolism as well. As a matter of fact, Ichino’s works in the field of flexicurity are rooted in the legacy of Massimo D’Antona and Marco Biagi; two famous scholars and advocates of radical labor reforms killed by the Red Brigades in the 1990’s and early 2000’s. 29 As many commentators have indicated, D’Antona and Biagi were the posthumous inspiration of the Jobs Act (Telara 2014; Cazzola 2015). For example, D’Antona (2004) had highlighted the inadequacy of the Italian Workers’ Statue and exhorted to rethink the right of “having” a job described in the Italian constitution. In his opinion, there was an urgent need to reduce the dualism present in the labor market. 30 Furthermore, he sought the introduction of more encompassing policies that could rebalance the compensatory nature of the welfare state through the introduction of universal income support and measures “oriented towards favoring re-allocation in the labor market and not state-supported self-exclusion by those categories who enjoy social security benefits” (D’Antona 2002, 10). Marco Biagi (2002) articulated a similar position in a white book before his death. Ichino’s role will be relevant also in successive stage, during the formulation in parliament as he is also a member of the Senate Committee for Labor.

Renzi saw in Confindustria (the General Confederation of Italian Industry) a natural partner for his reformatory project. In particular, a privileged relationship manifested between Renzi and Giorgio Squinzi, the president of Confindustria. After the 2012 Confindustria annual assembly, Squinzi expressed words of particular appreciation toward Renzi: “he is really a person with ideas, which many of them I share” (Corriere Fiorentino 2014). Although some criticisms and difference in opinion on tax reduction for firms remained, there were

29 Both D’Antona and Biagi were active as labor lawyers and scholars and occasionally collaborated with the Italian government as consultants. In particular, D’Antona contributed to the formulation of the Treu package in 1997, while Biagi to the 2003 reform, which carries his name as well (section 3.3).

30 He highlighted “the indispensability of ensuring those looking for a job or trying to keep one of equal starting points but not finishing lines” (D’Antona 2002b, 10).
clear signs of positional synchronization between Renzi and Confindustria in terms of labor market reform. For example, in May 2014 Confindustria (2014) presented an official document containing proposals to overcome criticalities in the labor market, which in many ways reflected the content of the Jobs Act announced by the government. In this regard, as it was highlighted earlier, one of the accusations moved by the unions was that the reform was written by Confindustria itself. Also in the course of the public discussion, Confindustria (2015) never stopped praising the direction taken by the Jobs Act.

Renzi also attracted individual entrepreneurs with national resonance who were outside the Confindustria circle such as Oscar Farinetti, the CEO of Eataly, and Sergio Marchionne, the CEO of Fiat Chrysler Automobiles Group. They all praised the advent of the Jobs Act and acted symbolically with the announcement of a new hiring campaign. For example, Farinetti expressed the intention to hire 200 hundred more people thanks to the costs savings for personnel offered by the new open-ended contract (Il Sole 24 Ore 2015). Similarly to Farinetti, Marchionne announced the hiring of 1000 new workers in Melfi, Fiat’s biggest factory site. On several occasions, Marchionne showed high appreciation for the Jobs Act, labeling it as the right instrument for firms to deal with market contractions (La Stampa 2015; La Repubblica 2015).

Renzi never targeted the trade unions as possible partners of his public coalition throughout the stages of the reformatory act. This fact is probably explained with the desire to keep the public coalition as homogeneous as possible. In particular, it would have been difficult to fit together Marchionne with the CGIL and UIL. The unions and Renzi remained very distant from each other not only in terms of content, but also in terms of which method to use in negotiation. The government chose social dialogue instead of concertation. As it was mentioned earlier, concertation as method of negotiation had favored unions in obtaining more beneficial policies in the 1980s and the 1997 Treu Package. As Labor Minister Poletti (2016b) remarked in a recent interview on SKY TG-24:

"In order to promote the labor reform; it was necessary to give the government his decisional capacity back"; and “there is no turning back to concertation. We changed method: social dialogue. The government has the responsibility to decide, but first it has to confront and discuss, looking for biggest consent possible".

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However, Renzi’s networking work and public coalition building did not stop with the above-mentioned actors but involved an important institutional actor. As a matter of fact, there is good proof of a closeness with Giorgio Napolitano, the former President of the Republic (he held office until January 2015). Maurizio Guandalini, editorialist and essayist for The Huffington Post Italia described Matteo Renzi as Napolitano’s biggest legacy from his second mandate (The Huffington Post Italia 2014b). The “closeness” with Napolitano manifested clearly on the 10th of February 2014, when the two met and discussed “possible scenarios for the government, [...] since the actual government (led by Letta) is entangled”, as explained by Matteo Ricchetti, a parliamentarian close to Renzi (La Repubblica 2014a). This meeting augmented the speculation regarding the possibility to replace Letta in government. To this kind of operation, Napolitano was indeed not unfamiliar, only three years earlier at the peak of the financial crisis in 2011 he acted as main advocate of Mario Monti to replace Silvio Berlusconi.

Not only did Napolitano facilitate Renzi’s rise to the government, he also endorsed the reformatory action of government through public statements and criticising the opponents of the reform. A good example happened on the 1st of May 2014, at the beginning of the public and parliamentary debate about the Jobs Act, when Napolitano (2014a) directed some criticisms toward the trade unions, inviting them to change their attitude and be more aware of the needs of particular workers’ layers: “I call on the syndicates to develop a new role in this particular period, since they had to represent the needs of younger and unemployed workers”. In an official speech on September 23rd, 2014, Napolitano (2014b) expressed the necessity for “new and courageous policies to relaunch growth and employment” as the only means of exit from the profound socio-economic crisis. In another passage, referring directly to the syndicates, he stressed the importance of finally winning over those forces that hamper Italy: “Especially in Italy, we need to renovate institutions, our social structures and collective behaviors: we can no longer remain prisoners of conservatism, corporatism and injustice”. Again on October 10th, Napolitano intervened and defended the Jobs Act in the public debate, calling it “a positive step forward”.

From these statements, it is possible to draw some considerations. First of all, Napolitano’s position regarding the trade unions appears curious, and shows contrast with his long political history, as he was a high-ranking party member of the Italian Communist Party

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31 To be precise, the President of the Republic acts as neutral guarantor of the national unity and makes sure that Italian politics comply with the Constitution; this forbids him any political affiliation during the mandate.
between 1945 and 1991. Although the adopted language is not as stark as the “scrapping rhetoric” of PM Renzi, it suggests an alignment with him regarding the priority to reform the country in its institutions and social structures. Moreover, Napolitano seems to employ the same frames used by Renzi, such as the unions’ incapacity to assist particular workers’ layers and the need for innovative and courageous policies. On top of that, the timing of both endorsements seems significant: one at the beginning of the public debate, and the other in the weeks following the draft approval in the committee. From his side, Renzi (2014e) expressed words of admiration in several instances, defining Napolitano as “a gentleman of great intellectual stature”.

As it is possible to notice, Renzi networked with individual actors and groups, beginning in the stage of social acuity; he was then able to build a compact coalition outside parliament, which could support his reformatory intent in the public debate. He also minimized the risk of diversity in the coalition by excluding the trade unions completely. This fact is particularly striking for a leader of the Italian left, which had historically seen the unions as the natural and privileged partners in cases of welfare reforms. Each member supported Renzi’s reformatory intent in disparate ways and stages. For example, Ichino provided technical expertise, visibility, and a certain symbolism to his intent; all elements of particular importance in a stage in which Renzi was trying to gain a position within the political spectrum. Confindustria and other individual components of the business community gave support in the public debate with both endorsements and demonstrative hiring campaigns during the critical phases of the reform. Renzi’s networking produced fruits also in terms of financial resources. As reported on the official page of Renzi’s foundation “OPEN”, several other individuals and organizations contributed with funding. These individuals belong to the industry like the British American Tobacco (with €100.000 in 2014) and long list of small and medium-sized enterprises but also finance like Davide Serra CEO of Algebris an asset management company (with €50.000) (Foundation Open 2016). These contributions were strategic, because the foundation OPEN is in charge for the organization of the yearly Leopolda convention. The Leopolda convention has played a particular role in Renzi’s political trajectory and the reform effort. In fact, it represented a safe and personalized environment for the PM, in which he could spread his political ideas. As Renzi (2015) himself admitted: “Without the Leopolda, I would not be at the government”. Also of relevance is the role exercised by Napolitano, who used his moral suasion to sustain the credibility of the government and reformatory necessity.
Coalition building inside the parliament

As described previously, the Second Republic is characterized by a high degree of fragmentation, which leads to heterogeneity in the composition of governmental coalitions and consequently, low stability. Renzi decided to build a government coalition with the parties from the reformist and Christian-democratic area, which were in great part sustaining the previous Letta government. There are two reasons behind his choice to form a coalition with the centrist forces: on one hand, he needed the broadest majority possible especially in the Senate, where the PD alone could not count on a majority; on the other hand, he wanted to avoid the risks of a heterogeneous coalition. In this sense, he excluded from his coalition other political forces that would have not accepted the abrogation of the Workers’ Statute, like the leftist party Left Ecology and Freedom. These centrist forces were ideologically distant from trade unions like CGIL and UIL, and favored a less protected labor market. For example, New Centre-Right, the biggest entity (with 32 Senators) among these parties, was formed by former members of Berlusconi’s party, which based part of its fortune on the Communist/Anti-Communist cleavage.

Did this strategy work? Good indicators of whether or not Renzi’s choice regarding the government coalition worked could come from the numerical stability of the majority. In particular Renzi’s Democratic Party did not have the majority in the Senate, and needed the centrist forces. When it came time to vote on the delegation law in the Chamber of Deputies on November 25th, the government received 316 votes in favor with only five rebel votes (OpenParlamento 2014a). A few days later in the Senate, the government received 166 votes in favor with only 8 rebel votes (OpenParlamento 2014b). The coalition with the centrist forces remained solid, but at the same time it experienced a spillover of the most leftist components inside the PD. In fact, the rebel votes in both chambers all belonged to the so-called minority inside Renzi’s party, which was constituted mainly by ex-Communists who held a close ideological position to the CGIL. But the solidity and homogeneity of the governmental coalition is observable by looking at the changes brought to the draft of the delegation law. The final draft voted by the parliament presents no considerable changes in terms of content from what the committee proposed in the middle of September. During the

32 At the vote of confidence in the Senate on February 25th, the Renzi government received 169 votes in favor and 139 against; while in the Chamber of Deputies 378 votes in favor and 220 against.
33 The centrist members of the coalition were New Centre-Right NCD, the Italian Socialist Party (SI), South Tyrolean People’s Party (SVP), For Italy (PI) and Civic Choice (SC).
discussion in parliament, centrist forces stood completely behind the most controversial aspects of the Jobs Act.

*Networking with key-parliamentarians to control the legislative agenda in content and time*

The next step is to see how Renzi defused another possible institutional veto player in the Italian legislative branch, the committee. In order to better understand why and with whom Renzi decided to network, it is worth specifying both which legislative tools are at disposal of the government to set the agenda, and their implications.

In general terms, legislative agenda setting is defined as “the act of deciding what will be decided” and “the control over legislative agenda setting is waged between the executive and legislative branches” (Kreppel 2009, 183–184). Control encompasses two dimensions: content and time. On one side, the government should be able to exercise control over aspects of timing such as debate within the committee or in the plenary session; on the other side it should be able to exercise control on the content of proposals through the initiation and amendment process (ibid., 187). The Italian Constitution foresees three main formal tools or mechanisms at the disposal of the government to set the agenda, each with their own utility and implications in terms of time and content control.

The first mechanism is the ordinary legislative process, which is described in article 72 of the Italian Constitution. According to article 72 of the Italian Constitution, all legislative proposals must be examined first in committee, and then on the full floor of the chamber. This form has some implications for the executive, such as a lengthy review time, and few guarantees that the law proposal is going to be voted on in the desired form. According to article 77 of the Italian Constitution, the government has at its disposal the Law Decree as a particular legislative mechanism in cases of “extraordinary urgency” (also called emergency decree). Unlike the ordinary legislative initiatives, this form has immediate law validity and accesses the legislative calendar in the next session. The Law Decree has to be transformed in sixty days otherwise it loses all validity. Nevertheless, parliamentarian debate, discussion, and committee work can delay the

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34 Article 72 main part: „A Bill introduced in either House of Parliament shall, under the Rules of procedure of such House, be scrutinised by a Committee and then by the whole House, which shall consider it section by section and then put it to the final vote [...]“.

35 Article 77 in full length: „The Government may not, without an enabling act from the Houses, issue a decree having force of law. When the Government, in case of necessity and urgency, adopts under its own responsibility a temporary measure, it shall introduce such measure to Parliament for transposition into law. During dissolution, Parliament shall be convened within five days of such introduction. Such a measure shall lose effect from the beginning if it is not transposed into law by Parliament within sixty days of its publication. Parliament may regulate the legal relations arisen from the rejected measure“.
legislative proposal beyond the sixty day window and also change the content of the decrees once on the agenda. In that case, the government has the possibility to reiterate the decree in order to keep the issue on the agenda (Kreppel 2009). Although it allows the government to set the agenda in parliament immediately, it still remains an imperfect tool for the executive, as it cannot completely control the content or timing of the legislative process.

Another legislative mechanism entailed in the Italian Constitution in article 76 is the possibility for the parliament to delegate power to the government. In this scenario, the parliament votes in plenary session on the delegation, spelling out the goals, scope, and duration of such delegations (deleghe) to the government. After the delegation, the government can proceed in implementing the necessary laws through the so-called legislative decrees. With such mechanisms, the executive remains more in control during the legislative process, because the implementing decrees do not need any further approval by the legislature and they cannot be altered (Kreppel 2009). The legislative decrees drafted by the government still need the formal judgment of the parliamentary committees, which can ultimately incorporate amendment. Overall, this scenario gives the advantage to the executive, since it does not have to work with the whole parliament, but rather a more restricted number of parliamentarians (Mattei 2005).

On the 3rd of April 2014, the government started the parliamentary procedure and presented the first draft on the Jobs Act to the Senate Committee on Labor and Social Policies. The parliamentarian committees assume a strategic centrality not only during the implementation stage, but also in the definition of the delegation to the government. As a matter of fact, they can turn into potential veto players by changing much of the initial content of the proposal advanced by the government, and granting only a limited scope and duration of such delegations.

On this ground, the committee at the Senate represents the first place to look for partners with whom Renzi and his government had to network in order to have a generous delegation. The choice to introduce the draft to the Senate Committee, instead of to the committee in the Chamber of Deputies, seems to have been wisely calculated. In fact, among the members of Senate Committee appear two relevant names, the already familiar Senator Pietro Ichino and the President of the Committee Maurizio Sacconi (NCD). While Pietro Ichino’s competences

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36 Several studies have noted a growing deliberate misuse of this legislative mechanism by governments also in situations of not extraordinary emergency (Morisi and Cazzola 1981; Della Sala 1988)

37 Article 76 in full length: „The exercise of the legislative function may not be delegated to the Government unless principles and criteria have been established and then only for a limited time and for specified purposes“.
about the flexicurity model and his close position to Renzi have been already highlighted, it is worth spending a few words on the President of the Senate Committee.

Maurizio Sacconi is an experienced politician, who served in parliament for several legislations, and even sat as Labor Minister under the third Berlusconi government between 2008 and 2011. His vision of the labor market has been historically close to the flexicurity model. In the early 2000s, he co-authored the White Book on the Labor Market with his former friend and colleague Marco Biagi. Although the composition of the committee was numerically in favor of the government, Sacconi’s strong pro-flexicurity orientation and privileged position in quality of Committee President made him an important ally to the reform, due to the possibility of setting the work calendar and controlling more tightly the content of the delegation. In an interview from July on *Il Sole 24 Ore*, Sacconi (2014a) stressed the importance to abrogate article 18 of the Workers’ Statute and the necessity to allow the government to act freely on this subject. Not only did the government decide to assign the further elaboration of the law proposal to this committee, but it also appointed Sacconi as the referent in charge of explaining the content of the draft to parliament.

In comparison, the other Committee on Labor and Social Affairs in the Deputies Chamber was presided by Cesare Damiano, former Labor Minister under the second Prodi Government 2006-2008. Although he belonged to the PD like Renzi, Damiano had a completely different background and ideological position from Sacconi in regard to labor matters. He was ideologically close to the CGIL (he was also active in several posts inside the syndicate during the 1980s and 1990s), and, as he mentioned in public occasions, was hostile to the abrogation of article 18. Going through this committee would have increased the risks of receiving limited delegation or eventually delaying the parliamentary procedure. On the contrary, these risks were minimal in the Senate committee, which was friendly to Renzi’s ambition.

After the summer months of discussion, the draft that left the committee for the final vote in parliament was broader and more precise in terms of goals, scope, and duration of the delegations than the original proposal by the government in April. Particularly important for the new reformatory intent was article 4 on the "delegation to the government regarding the reorganization of the employment relationship, the contractual forms and inspection". While the first draft was simply talking about the possibility of introducing a new contractual form to launch in an experimental way, the text approved by the committee explicitly empowered the government to adopt within six months this act: “a legislative decree containing a single
text of simplified regulation of labor relations, with the provision of indeterminate contracts with increasing protection”. Another key aspect entailed in the delegation was the possibility for the government to review the rules regarding dismissal regulation, adapting them more to the needs of firms in cases of industrial reorganization or restructuring.

Not surprisingly, this clear-cut definition came from an amendment presented by Pietro Ichino in the course of the committee’s work. The sense of the amendment was primarily to simplify the labor code through the reduction of the existing atypical contractual forms, and replace them with the new indeterminate contracts. Sacconi (2014b), who co-sponsored Ichino’s amendment, pointed out that the new outlook corresponds to Renzi’s demand of an ambitious and broad reform:

“The latest formulation foresees the possibility of a simplified text, which would substitute the Workers’ Statute in some of the much-discussed articles 4, 13 and 18. The delegation allows the government to go beyond the existing rules on dismissal protections entailed in article 18”.

In a press release on the same day, Labor Minister Poletti (2014a) expressed satisfaction with the latest modification, which reflects the position of the government:

“The text of the amendment on article 4 of the delegation law draft, deposited in accordance with the relator, expresses the developments of this last period. The amendment sets the conditions to finally make feasible the orientation, indicated by the Prime Minister in several occasions, to review the existing rules on the labor market and labor relations, through the adoption of the indeterminate contract with progressive protections. It also makes possible the rapid approval of the delegation by the Commission and the Senate”.

But there is also the time factor to consider. The government needed to capitalize on positive polls to maintain a positive momentum for reforms in the shortest time possible. In this sense, Sacconi was of great importance as Committee President, scheduling the committee discussion in the shortest time possible. Altogether, according to the official records, the Senate Committee on Labor and Social met 18 times between April 3rd and September 18th (the parliament was closed from August 8th to August 31st for summer break) (Senate Committee on Labor and Social Welfare 2014a).
In November, Sacconi was once again called upon to steer committee discussion in the shortest time possible after the first round of discussion in parliament, in which a long list of amendments was produced, and which required examination by the commission. In this circumstance, as the internal record of the committee discussion indicates, Sacconi used his decisional power to cut most of the amendments due to lack of relevance and scheduled the discussion of the amendments on a double session on November 26th and 27th. Both decisions provoked protests from the opposition members, and above all, the Five Stars Movement and Left Ecology and Freedom expressed risks in the marginalization of the role of the commission with such a tight timing for such an important matter. The records also show some discontent among some members of the PD (Senate Committee on Labor and Social Welfare 2014b).

By looking at the kind of tool chosen by Renzi and his government to set the legislative agenda (delegation law), it was vital to receive the broadest delegation possible in terms of scope and goal. Since in the legislative process the committees have an important role to elaborate the delegation draft before discussion on the floor; the major obstacles for the government were possibly located in committee work, where the opposition as well as the internal minority in the PD, hostile to the easing of the dismissal law, could have had the best chances of sabotaging the Jobs Act. Damiano, the president of the labor committee at the Deputies Chamber is a clear example for this hostility. Accordingly, the government entrusted the Senate Commission, relying primarily on Ichino and Sacconi. As the collected evidences suggest, these two played a relevant role in designing a larger delegation for the government and keeping the discussion work of committee work in a tight temporal frame. The third hypothesis is herewith verified.

6. Conclusion

This paper began with a description of the Italian labor market trajectory, concentrating on specific features such as dismissal facility, the reliance on active and passive labor market policies, inclusiveness toward all workers’ layers, and the strength of safety nets in cases of unemployment and sickness. Before the approval of the Jobs Act, the overall picture for Italy was of a highly rigid and segmented system. Even though heavy economic and political crises occurred in the past decades, the socio-political forces showed a certain path dependency toward the main paradigm of “social protection through job security”, resulting in only incremental changes, and never paradigmatic changes. In many ways, article 18 of the
Workers’ Statute represented the symbol of incapacity or unwillingness by the socio-political forces to reform the labor market rigidity and segmentation.

In order to explain this paradigmatic change, three hypotheses were formulated from the policy entrepreneurship literature and tested with the help of the process tracing method. From the collected evidence, there are strong indications that all three hypotheses are verified. As has been examined, Renzi displayed a high degree of social acuity in an early stage of his political rise, and linked his political rise not only within his own party, but also in the political spectrum, with the reformatory intention. Renzi showed creativity, energy and political skills, when he seized and even widened up the right moment or policy window to promote policy change. Moreover, during the process of agenda setting, Renzi demonstrated assertiveness with an effective framing campaign toward the public opinion. It is worth noting that the public and political debate developed almost exclusively around one issue, the abrogation of article 18. Other major innovative aspects of the reform such as the new national monitoring agency and the ALMPs were barely discussed, or at the very least they were not the source of ideological conflict.

In testing the third hypothesis regarding networking and coalition building, this paper distinguished two equally important loci of the policy making process: outside and inside the parliament. While the first locus refers to public opinion and the necessity of creating a favorable climate for change, the second locus refers to the several veto players such as parliamentarian committees and coalition members who, according to the literature, can water down or even make any important reformatory intent impossible.

It is fair to say that some choices were also dictated by lessons learned from previous reformatory attempts and political mistakes. For example, Renzi did not drag the trade unions into his “public coalition”, even though he was the leader of the biggest centre-left party and the Unions’ assent has historically been very important to leftist leaders. Instead, he reached out to leading entrepreneurial figures and organizations in the private sector, who helped him to build a favorable climate for change in the public debate. In the parliament, he did not risk building a heterogeneous government coalition with the other leftist party, and instead addressed centrist forces. Among the centrists, Renzi networked (directly and indirectly) the most with Sacconi and Ichino, who emerged as key actors for their decisive role in the committee process (Ichino also in the stage of social acuity). Such choices helped him defusing all possible veto players present in the Italian institutional system.
In conclusion, this paper has shed not only light on how one of the broadest welfare reforms in Italian history and contemporary Europe occurred but also filled a gap in the existing literature. The primary driving force behind the reform and the consequent paradigmatic shift to flexicurity was Matteo Renzi, who managed to promote a new set of ideas with his entrepreneurial effort. In many aspects, the Jobs Act is entangled with his political rise inside his party and within the political spectrum. Future research should concentrate on the outcome of the reform, examining if more jobs were created. Additionally, it would be interesting to analyze, in the spirit of new public management, the effectiveness and efficiency of the new ALMPs measures (unemployment vouchers, profiling, higher of the reform).
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