

Daniela Caterina

Construing and managing the crisis:
A cultural political economy perspective on
the Italian Labour Market Reform 2012



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Daniela Caterina

PhD candidate, Heisenberg-Professur 'Europa und Moderne', Institute of Political Science,
University of Hamburg, Germany. E-mail: Daniela.caterina@studium.uni-hamburg.de

Abstract

The present paper examines the implications of the crisis in Italy by focusing on the reform of the labour market adopted in June 2012. The aim is to analyse the reform as a particular step in the (re-)production of hegemony in the Italian context. Drawing on the Cultural Political Economy approach, the paper investigates the interplay of discursive and material factors at the basis of the economic imaginaries put forward by the reform. Main preliminary findings point out some major discrepancies between the declared economic imaginaries with their attached objects of interventions and the effective changes introduced by the reform. As a result, despite the large hegemonic consensus achieved on the principles and priorities of the reform, both the interests of the capital and the labour fraction turn out to be disappointed by its outcome.

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1. Introduction¹

Europe and the world started to look with concern at the situation in Italy in summer 2011, when the country was struck by the sovereign debt crisis with wide-ranging effects: a new phase of recession, an uncontrolled increase of the unemployment rate as well as an escalation of political tensions, culminated in the fall of Berlusconi's government and the appointment of Mario Monti as Prime Minister. The arrival of a new government of 'technicians' opened a season of comprehensive reforms in the desperate attempt to rescue Italy from the crisis. After years, also the labour market became again the object of main confrontations regarding the necessity to reform it.

The aim of this paper is to deliver a first insight into the particularity of the reform of the Italian labour market as a specific political project in the (re-)production of hegemony and counter-hegemony in the Italian context. This basic research interest finds expression in five main research questions: I) Where do the crisis interpretations and economic imaginaries relating to Italy's labour market reform originate? II) Which actors form the discursive chains construing the economic objects at the core of the reform? III) Which policy ideas entailed in the reform project are selected and re-contextualized? IV) Do they influence the restructuring of social relations and political axes? Are they negotiated in order to maintain a situation of compromise? V) Do these ideas enter policy discourses and everyday practices? If yes, how?

As part of a broader research project, the present paper offers a preliminary answer to these questions by integrating a cultural political economy perspective on the study of crises and on the production of hegemony with a neo-Gramscian inspired historical-materialist policy analysis. To this aim, this contribution is structured in three main blocks. In the first, the framework of analysis is laid out by presenting the theo-

1 This paper received the "Best Policy Paper Award" at the International Graduate Conference "Crisis and Governance in Europe: Implications for State, Market and Society", Speyer, April 18-19, 2013. The conference was organized jointly by German University of Administrative Sciences Speyer, the German Research Institute for Public Administration Speyer as well as the Andr ssy University Budapest and the Danube Research Institute Budapest.

retical premises of the work and its operationalization. The second block, which builds the core of the paper, presents the results of the analysis of the labour market reform as a specific political project in the production of hegemony, while the third section resumes the major findings and puts them in the context of future research work.

2. Framework of Analysis

Making sense of crises – the Cultural Political Economy approach

The Cultural Political Economy (CPE) approach developed by Bob Jessop and Ngai-Ling Sum highlights the importance of the ‘cultural turn’ in political economy research (Jessop/Sum 2001; Jessop 2004). The authors stress the interplay of the intersubjective production of meaning (semiosis) with the material features of selective structuration (extra-semiotic factors) in reducing the complexity of political and, more broadly, social practices. CPE studies the economy in terms of economic imaginaries – where they originate, how they are translated into hegemonic projects and how they become institutionalized in specific structures (Sum 2005: 1). Economic imaginaries with their related social subjects (who has to intervene) as well as economic objects (which kind of intervention is needed) are thus all seen as co-evolutions of discursive and material aspects, as they are discursively construed but also embedded in social relations and institutions with their strategic-selective structures.

Drawing on these principles, CPE is concerned with the study of crises as extremely interesting moments to explore how the complexity of social and political practices is reduced. Crisis interpretations result from the evolutionary interplay of semiosis and extra-semiotic factors at the basis of the *variation* (emergence), *selection* (privileging) and *retention* (realization) of specific discursive and material practices. In times of crisis, CPE argues, actors’ view of the world is challenged by the recognition that existing structures do not work adequately any more. This leads to question common understandings and the kind of complexity reduction which had been considered to be satisfying up to that point. Pushed by this wave of disorientation, so the claim, there is an increased variation in the interpretation of social phenomena and a proliferation of social agents’ strategies to steer the transformation of existing structures. However, only some strategies, i.e. some crisis in-

terpretations with their attached economic and political imaginaries, get selected and operationalized.

Thus, on the one hand, to focus on the role of semiosis in the elaboration of crisis management underlines that in times of crisis there is a urgent need to reduce complexity through a discursive definition of social, political as well as economic objects of intervention and of their relative subjects. This gives rise to discursive struggles among the involved actors concerning objects of intervention, as in the case of the Italian labour market reform 2012. On the other hand, a CPE perspective also sheds light on the role of materiality, since strategic selectivities are seen to structure both actors' interests and their power to favour a given crisis interpretation with its attached economic imaginaries. According to CPE, the translation of different (social, political, economic) interests into agency rests, in fact, neither entirely on material resources nor only on discursive bases. As put by Sum, 'success in these struggles typically depends on the capacity to articulate compelling visions that combine political, intellectual and moral leadership with a flow of material rewards' (Sum 2005: 1).

Investigating the 'production of hegemony'

Drawing on these principles, the present paper is concerned with a specific aspect in Italy's discursive construction of the crisis and related crisis management, i.e. the discursive-material dialectic at the core of the labour market reform approved in 2012. From a CPE standpoint, this debated reform is seen as a particular political project in the (re-)production of hegemony in the Italian context. The focus on the 'production of hegemony' is a specific aspect of the broader CPE research agenda and involves

'examining the processes and mechanisms in and through which 'political, intellectual and moral leadership' is won and secured in and across the differentiated and dispersed organizations and institutions of civil society – organizations and institutions that often exist and work across several scales' (Sum 2005: 9-10).

Against this background, CPE offers a useful analytical starting point to ask *how* economic imaginaries are created, re-contextualized and contested but also *who* and *what* is involved in these processes (Sum 2009: 185). These questions are addressed by combining arguments

from critical political economy with (neo-)Foucauldian (*how* questions) and (neo-)Gramscian insights (*who/what* questions).²

In the examination of the production of hegemony, Sum identifies three mediating sets of multi-scalar *arenas* in which economic, political and intellectual actors are involved in competition across scales in order to construct (hegemonic) objects of governance both discursively and materially; they comprise: the arena of international organizations and institutions, the arena of (super- and sub-)states and the arena of (trans-)national civil society (Sum 2005: 10). In this context, CPE assigns great importance to the building of *discursive chains* (Fairclough 2003) which link these three arenas and the embedded actors by connecting various objects of governance and subject positions (Sum 2005: 13). Finally, to investigate the production of hegemony particular attention is paid to *technologies*, which ‘include diverse social practices that are mediated through specific instruments of classification, registration, calculation, and so on, that may discipline social action.’ (Jessop 2009: 339).³

Summing up, adopting the CPE approach allows to explore the labour market reform as a specific process in the production of hegemony in the Italian context through a series of questions like the ones asked in the present project (see Sum 2009: 186): Where do the crisis interpretations and policy ideas at the core of the labour market

2 ‘CPE seeks to ‘Gramscianize Foucault’ by: (1) using Gramsci (and neo-Gramscian work) as the lens for studying how hegemony is produced and reproduced in class-divided and otherwise inegalitarian social formations; (2) using Foucault (and neo-Foucauldian work) as an entry-point into the discursive aspects of subject formation and techniques of subjectivation; and (3) integrating these (neo-)Foucauldian insights into a broadly Gramscian approach whilst avoiding eclecticism through commensuration of their respective concepts for analyzing the discursive moments of social relations.’ (Sum 2009: 186).

3 ‘Technologies have a key role in the selection and retention of specific imaginaries insofar as they provide reference points not only in meaning-making but also in the coordination of actions within and across specific personal interactions, organizations and networks, and institutional orders. [...] Policies, policy decision techniques, policy instruments and policy evaluation are important technologies in this regard because each, in its own way, contributes to the selection and retention of its associated policy discourses, often transforming them at the same time. This is why one must look beyond agenda setting, policy discourse and policy formulation to examine how policies actually get implemented and with what effects, whether intended or not.’ (Jessop 2009: 339).

reform and their related discursive networks originate? Which actors get involved in the policy discursive networks constructing the objects of economic government which guide crisis management in Italy? Which ideas are selected, drawn upon and re-contextualized? How do these ideas enter policy discourses and everyday practices? How do they contribute to hegemonic logics and challenge social forces? How are these ideas negotiated to maintain a compromise?

Operationalization – A discursive-material analysis of the production of hegemony

In order to take the interplay and co-evolution of semiotic and extra-semiotic factors into account and not to disregard one of the two aspects, this paper combines Sum's CPE approach to the study of the production of hegemony, which is concerned with both discursive and material dynamics, with a neo-Gramscian inspired 'historical-materialist policy analysis' (Buckel et al. 2012; Kannankulam/Georgi 2012).

The three main analytical tools presented above involved in the study of the production of hegemony, i.e. mediating arenas, discursive chains and technologies, play a crucial role in this paper, too. However, two main introductory remarks are paramount in operationalizing Sum's CPE approach. First, the present paper aims to shed light on a research object (the labour market reform in Italy) whose focus is necessarily narrower and more circumscribed than the one, for example, on the (re-)production neoliberal (counter-)hegemony as a whole. The reform is a punctual, limited political project – it cannot and should not be generalized. However, the dynamics of the reform and the political debate it caused offer a highly interesting platform to analyse a crucial aspect in the process of production of hegemony, i.e. the need to (re-)articulate hegemonic interests in times of crisis. As put by Sum:

[Hegemony] relies on continual struggles to build coalitions and compromises in and between dominant and subordinate social groups. Especially in times of hegemonic crisis and intensification of underlying contradictions, splits within the power bloc may require changes that articulate hegemonic interests with those of potential allies. Some changes may involve passive revolution rather than the active mobilization of popular forces. For example, hegemonic social forces may shield themselves counter-hegemonic discourses by establishing the authority of experts, repeating a given discourse, organizing discourse as subject areas in univer-

sity, and silencing unacceptable discourses through various means.’
(Sum 2005: 23)

Second, though recognizing the importance of all three sets of mediating arenas pointed out above, the present paper is particularly concerned with the level of the Italian nation state, thus with the production of what Sum terms ‘sub-hegemony’. Also in this case, the labour market reform offers highly interesting research material to investigate the crucial role of this intermediate arena as a central link in the chain of the production of hegemony. At the level of the single state, in fact, a crucial step of translation takes place, whose

‘processes legitimate and customize ideological power through local-contextual practice and common sense. This echoing through translation and negotiation of hegemonic meanings includes processes such as extending, re-phrasing, hybridizing and technicalizing the meanings of buzzwords that can be (re-)embedded in the regional/national/local contexts’ (Sum 2005: 21).

Against this background, the paper adopts Sum’s approach by integrating it into a tripartite analytical framework inspired by recent research work in the field of historical-materialist policy analysis (Buckel et al. 2012; Kannankulam/Georgi 2012). First, it examines the context of the labour market reform by reviewing the main effects of the crisis in Italy and the policy responses thereof; moreover, it offers an overview of the situation in the Italian labour market by taking into account the main features and consequences of the latest reforms in this policy field (*context analysis*). Second, it focuses on the various groups of actors involved in the three mediating arenas in order to point out the main features of the economic/political (hegemonic) objects of governance they support (actors analysis, see table 1). This is a first necessary step in order for future research work to perform a more thorough actors analysis reconstructing the hegemony projects under observation – each with its own strategy, social basis and available resources (see *ibid.*). As for the present paper, following aspects are analysed in order to find out actors’ stance concerning a reform of the Italian labour market:

- The crisis – how is it interpreted and which is the perception of ensuing challenges?

- The labour market – which are the perceived problems (preceding the reform)?
- Reference to the labour market reform:
 - Why is the reform necessary?
 - Which basic principles guide (or should guide) action?
 - Which are (or should be/have been) the aims and priorities of the reform?

Building on this, the third step of the analysis examines the interaction of context and actors by focusing on the results of the debate concerning the reform proposal and its ensuing approval by the Parliament (*process analysis*). Starting from an examination of the main changes introduced by the reform, the process analysis aims to figure out the various (eventually conflicting) interests supported and/or damaged by the reform. Also in this case, some main questions lead the investigation of the sources:

- Which are the main changes introduced by the reform and how are they evaluated?
- How is the reform generally assessed?

Throughout the actors and process analysis, a crucial objective is to identify the main economic imaginaries and thus the economic objects at the core of the reform as well as the discursive chains which contribute to their selection and eventual retention. Attention is paid also to use of technologies aimed at (re-)producing (sub-)hegemony and eventually counter-hegemony in the Italian context through the reform of the labour market.

Mediating arenas	Actors embedded and analysed sources
International organizations/institutions	<ul style="list-style-type: none"> • International Monetary Fund – IMF (country-reports, policy analyses, transcripts of press conferences) • Organization for Economic Co-operation and Development – OECD (country-reports, policy analyses, transcripts of press conferences)
(Supra-/sub-)states	<ul style="list-style-type: none"> • EU – Council, Commission (decisions, recommendations, staff working documents for Italy’s national reform plan) • Italian government <ul style="list-style-type: none"> ○ Prime Minister Monti (speeches) ○ Minister of Labour and Social Policy Fornero (speeches, policy material from the Ministry) • Head of State Napolitano (speeches)
(Trans-)national civil society	<ul style="list-style-type: none"> • Trade Unions <ul style="list-style-type: none"> ○ Italian General Confederation of Labour – CGIL (press releases) ○ Italian Confederation of Workers’ Trade Unions – CISL (policy analyses, communications to the Parliament) ○ European Trade Union Institute – ETUI (policy analyses) • Italian Employers’ Confederation – Confindustria (policy analyses, Parliament auditions, press releases) • Bank of Italy (speeches by Governor Visco) • Italian Banking Association – ABI (policy analyses, Parliament auditions, joint statements – especially with Confindustria)

Table 1: *Mediating arenas in the production of hegemony, embedded actors and sources considered in the analysis. Time span of observation: duration of Monti’s government (16 November 2011 - 21 December 2012).*

3. Analysis – The Italian labour market reform as a step in the production of hegemony

The first step of the analysis aims to outline the context of Italy's latest reform of the labour market from a double standpoint. First, the reform is seen against the background of the crisis dynamics in Italy, i.e. of its main features and of the policy measures which have been adopted to face it; second, attention is drawn to the situation in the Italian labour market itself, in order to point out its main features and the developments occurred in the last decades.

3.1 Context analysis (I): Italy and the crisis⁴

After the crash of Lehman Brothers in September 2008, Italy lived no moment of real 'panic' like the USA or UK, given the limited impact of the international financial crisis on its banking system, which proved to be quite sound (cf. Quaglia 2009; Rovelli 2010). However, the crisis has hit the country, which was already in recession, in a very hard and prolonged way. In particular, Italy has been struck by the depressive effects of the crisis on the real economy, which reinforced the old structural weaknesses of the Italian economic and labour system.

Despite Italy had not relevantly been affected by the financial turmoil, in October 2008 the government adopted two decrees in line with the EU strategy to help the financial system (e.g. recapitalization of Italian banks through public funds, state guarantee for depositors).

4 This overview is based on the integrated analysis of macroeconomic indicators, political events at the national, European and international level as well as policy-making concerning crisis management in Italy. Main sources: Banca d'Italia, *Bollettino economico*, all editions from January 2008 to April 2012; Confindustria, *Congiuntura Flash*, all editions from October 2008 to July 2012; Istituto Nazionale di Statistica (ISTAT), *Rapporto Annuale*, all editions from 2008 to 2011; Istituto di Studi ed Analisi Economica (ISAE), *Rapporto ISAE*, editions February 2009, July 2009; Ministero dell'Economia e delle Finanze, *Relazione generale sulla situazione economica del paese*, editions 2008, 2010, 2011; Various authors, *Politica in Italia – chronology of the events of the year*, ed. Il Mulino, editions from 2009 to 2011; Istituto Affari Internazionali (IAI), *Cronologia della politica estera italiana*, from 2009 to 2011, available at: <http://www.iai.it/content.asp?langid=1&contentid=444> (last access: 1 April 2013).

The first 'real' anti-crisis measures were approved by the end of November with the aim to support families, businesses and the labour market. On the whole, the government thus confirmed the line of action adopted before the outbreak of the crisis, as it refused an expansionary stance and let just the automatic stabilizers operate. The renounce to a policy of more aggressive fiscal expansion has been broadly appreciated, though it also created tensions in the winning coalitions as well as with the opposition (cf. Rovelli 2010: 48-49). Further measures followed in the first half of 2009, both to support the industrial sector and to optimize the productivity of public employment. A crucial step with repercussions also on crisis management was reached in May with the passage of the law on fiscal federalism. At this point, economic indicators improved after a prolonged contraction; however, by October 2009 the recovery turned out to be very feeble, also because of very negative influence of the deteriorated labour market on the development of the internal demand.

Throughout 2009, Italy's crisis management continued to be characterised by the mentioned austerity programme and attempts to reach a balanced budget by reducing the country's public debt. As in 2008, the aim was to 'anticipate' the adoption of relevant measures for the economy, in order for them to deliver first results up to the presentation of the annual Financial Law at the end of the year. This has been achieved with the passage of two anti-crisis packages which have largely been debated and modified by the Parliament. Beside a limited increase of retirement age, one of the most controversial measures has been the introduction of a new 'fiscal shield' to attract capitals from offshore tax havens while avoiding sanctions for past tax evasion.

Up to spring 2011, there are have been no main changes in Italy's domestic situation. However, by this time the EU countries started to be concerned about the explosion of national debt in some member states like Greece and Ireland, with ensuing attempts at (European) crisis management. In this context, the Italian government adopted in May the 'Save Greece' decree authorizing a 3-year plan as decided at European level. As in the previous years, measures on financial stabilization and economic competitiveness followed in the summer: they mainly entailed cuts to public expenditure and interventions against tax evasion. In April 2011, the legislation on state budgeted was further reformed, as the new rules of the European Semester about the coordination of the economic policies of the Member States have been implemented.

In summer 2011, the sovereign debt crisis hit Italy, too. By August, the spread between the Italian ten-year bonds BTP and the German bonds became unsustainable (cf. Jones 2012) and the country found itself in recession once again. The government's crisis management got frantic and two laws were adopted in four days: the first focusing on development, the latter mainly concerned with stabilization and the achievement of a balanced budget by 2014. Just after one month, a third decree has been adopted to anticipate the completion of this objective by 2013. Strong political pressures on the Italian government emerged both at European and international level, as exemplified by the joint letter of Trichet and Draghi to Berlusconi. The main credit agencies downgraded Italy's rating and, internally, the situation between the Prime Minister and the Minister of Economy and Finance started to deteriorate. In the end, Berlusconi resigned after that the Chamber of Deputies had approved the draft of the Stability Law 2012.

At this point, the Head of State commissioned Mario Monti to constitute a new government of 'technicians'. This provoked a marked change in the political scenario, which was already afflicted by repeated scandals concerning the administration of public funds by the main political parties. The new government aimed at a general redrawing of economic and social policies, thus giving rise to main debates in the public opinion, in particular with regard to the reform of the pension and labour relations system. From the very beginning, drastic economic and financial measures have been adopted to wipe out the public debt and initiate structural reforms to strengthen the economy. These two basic goals have been pursued with a series of decrees (Salva Italia, Cresci Italia, Semplifica Italia), which have been integrated by further measures concerning the spending review and the support to economic growth. In the meanwhile, the principle of balanced budget has been introduced in the Constitution.

Summing up, the labour market reform of 2012 is to locate in the context of a crisis management which could ideally be divided in two main blocks. Since 2008, the action against the crisis has been continuous and the government has basically abstained from any discretionary stimulus in the attempt to keep the budget as balanced as possible. However, Italy's crisis management has been experiencing a dramatic acceleration since summer 2011. In this context, Monti's government immediately announced the intention to reform sectors like the labour market, which had not been relevantly concerned by crisis management up to that moment.

3.2 Context analysis (II): The situation in the Italian labour market

Since the beginning of the 1990s, the reform activity of the Italian government in the field of labour law accelerated (Schlemmer 2010: 69). Here it is not possible to go into the details of all adopted policy measures; however, one among them revolutionised the situation in the Italian labour market in a particular way. It is the so-called 'Treu package' of 1997, named after the Minister who initiated the bill. The Treu reform represents a milestone in the process of flexibilisation of the Italian labour market. The main aim of the reform was to improve workers' employability through increased possibilities for education and vocational training as well as to increase the number of working places. In this way, the Treu reform allowed the widespread of part-time contracts, temporary contracts and other atypical contracts to facilitate the entry of new workers. Deregulation was meant to be the one side of the medal, since the left-centre government actually aimed at an increased degree of safety and compensation for the risks of such a more flexible labour market. This second part of the reform, however, has never been completed (Schlemmer 2010: 70; Trivellato 2010: 86). This has brought to a paradigmatic shift in a labour market which, up to that point, had been mainly concerned with the guarantee of a secure workplace for people with open-ended contracts. The reform, on the contrary, introduced the idea that many job opportunities were equally important as secure jobs (Schlemmer 2010: 71). With the European Employment Strategy of 1997 and its re-contextualization in the Lisbon Strategy at the beginning of the 2000s, the buzzword 'flexicurity' entered the Italian political scenario, too. It was followed by the constitution of a huge expert-bureaucratic complex aimed at a re-conceptualization of the Italian welfare state, which has been operating with continuous reference to the maxims of the European Employment Strategy (ibid: 72-73).

This is exactly the context in which Berlusconi found himself after the electoral victory of 2001. The path already prepared by the previous government and a solid majority gave him in theory the best chances to develop a labour market policy in line with the neoliberal principles of his party. However, the insistence on the reform of Article 18 of the Workers' Statute let the situation in the country escalate, up to the assassination in 2002 of the labour expert Marco Biagi who had been leading the works on the so-called 'white book' on labour. The defensive attitude of Berlusconi's government thus forced the

Prime Minister to conceive a new strategy, though which he tried – with success – to divide Italy’s trade unions, as the ‘Pact for Italy’ of 2002 confirms (ibid.: 73-75).

The main elements of the pact, which had not been signed by the trade union CGIL, became law and continued the changes introduced by the Treu reform. Some authors, however, see the Biagi reform of 2003 rather as a change of direction, since the second half of the ideas put forward in Biagi’s white book, i.e. especially the provisions in matter of social security net and activation policies, just disappeared from the reform proposal (Trivellato 2010: 87). In a word, the labour policy supported by Berlusconi has been oscillating between neo-liberal reform and path-dependency, whereby it is the previous left-centre government who had initiated crucial steps in the field of deregulation, flexibilisation and internationalisation. The conscious abandonment of any flanking measures for the labour market has led experts to adapt the buzzword ‘flexicurity’ in the Italian context and transform it in ‘flex-insecurity’, for which Berlusconi, but not him alone, is made responsible (Schlemmer 2010: 82).

After the electoral victory of 2006, the Prodi government did not manage to adopt any of the renewed impulses of the left agenda to strengthen the model of flexicurity. On the other hand, the comeback of Berlusconi in 2008 had to face the outbreak of the crisis, as dealt with above. This motivated the choice of short-term measures against the crisis and the justification that no time was left for reforms like the one of the labour market (Trivellato 2011: 91). However, some labour provisions were adopted, for example in matter of internship and collective bargaining at the level of the workplace (Clauwaert/Schömann 2013). Nevertheless, no main plans for a comprehensive reform of the labour market were expressed up to the appointment of Monti’s government, which was faced with a highly deregulated and segmented labour market plagued, among others, by high employment rates and low labour participation.

3.3 Actors analysis – Interpreting the crisis and construing the labour market as an hegemonic economic object of intervention

Against the background of Italy’s crisis management and the peculiarities of its labour market, the second step of the analysis focuses on the three mediating arenas in the production of (sub-)hegemony and

counter-hegemony. How do they construe the Italian labour market as an (hegemonic) object of intervention? This main question is addressed with reference both to the actors' interpretation of the crisis and to the labour market itself – with its problems, the necessity to reform it, the principles and values guiding action as well as the priorities in the actors' labour policy agendas.

Arena of international organizations and institutions

As for the first mediating arenas comprising international organizations and institutions, two among them have been particularly present in the dynamics of Italy's labour market reform; they are the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD). In the observed material concerning the reform, their **crisis interpretation** is taken for granted – no detailed account is given, for example, in relation to the causes of the crisis. Both actors, however, are concerned with the consequences of the crisis and, first of all, with Italy's crisis-led increased vulnerability. The crisis is portrayed as highlighting and worsening long-standing weaknesses of the country, first of all its main structural gaps. While the IMF turns out to be more concerned with economic and financial aspects, the OECD underlines the consequences of the crisis directly related to Italy's steady increase in (especially youth) unemployment and with ensuing equity concerns, since job losses and social costs of the crisis are seen to be unevenly spread among the population with peaks concerning temporary and atypical jobs. The OECD tends to see Italy's situation in the context of more global trends regarding the relationship between the labour market and the crisis; against this background, the organization is particularly worried about the risk that the priority of financial consolidation could further squeeze the resources available for active labour market policies (ALMP). Moreover, the OECD continuously remarks the interconnectedness of the crisis situation in Italy and in the European Union, thus stressing the need to intervene at both levels.

As for the **state of the Italian labour market**, the OECD and the IMF agree on most points. What emerges in this arena is thus the picture of a labour market located in a highly troubled context which, among others, is afflicted by limited competition, low foreign direct investments, low efficiency of the legal system, weak quality of public services, energy prices higher than the European average, a high tax

burden, inefficient public spending, large regional disparities and a sizeable unofficial economy. Mirroring the problems in the product market, the labour market is thus seen to be characterized by long-standing imbalances and rigidities, first of all strong segmentation and dualism between insiders and outsiders, i.e. permanent and temporary workers; high unemployment, especially among the youth; low labour participation, particularly in the case of women; high inactivity, worsened by the fact that the transition probability from unemployed to inactive is higher than in other countries; and an uneven social safety net, which tends to exacerbate previous trends. The IMF dwells on the rationale and the consequences of Italy's latest labour reforms Treu (1997) and Biagi (2003), in that it stresses how the need for more flexibility and inclusiveness in the labour market coupled with the pre-existing rigidities at the core have led to an increased flexibility at the margin which has mostly afflicted the young. Although the phenomenon is portrayed as not only Italian, the situation is still highly pernicious, since it can cause, so the IMF, lasting damage to human capital and skill accumulation.

Against this background, IMF and OECD agree on the fact that a new **reform** of the labour market is urgently **needed** to revive growth through increasing labour participation and productivity but also to address equity concerns and thus alleviate the social costs of the crisis. As in the case of the interpretations of the crisis, the OECD underlines the interconnectedness between the Italian and the European level. Moreover, it insists on a 'There Is No Alternative' (TINA) narrative according to which the labour market reform is absolutely needed and, most importantly, it is inconceivable to roll back structural reforms already started. Given the constraints of fiscal and monetary policy, the OECD sees no alternative to structural reforms as the only key to recovery and openly requires the commitment to this agenda also from the future Italian governments, not only from the present one. The long-term gains of the reforms are pointed out to be central for tomorrow's prosperity, thus for the future generations. This contributes to make the OECD's stance on the Italian reform agenda much more rhetorical than in the case of the IMF; this position is mirrored in the basic **principles and values** at the heart of the economic-political strategy put forward by the OECD, i.e. productivity, competitiveness, growth and social cohesion – united under the motto 'better policies for better lives'.

Following from this official stance on the perceived problems in the Italian labour market, the IMF and the OECD, albeit with some slight differences, point out a very similar set of policy recommendations in which to locate the labour market reform. The OECD shares the IMF's **priorities** of structural reforms to boost productivity, fiscal consolidation and a more resilient and dynamic banking system but also adds the priorities of a stronger social policy and green growth policies. Against this background, the recommendations concerning the labour market urge Italy to increase labour participation, reduce the duality on the market, lower the tax wedge on labour income and promote greater wage responsiveness to productivity. From this, a series of more specific recommendations follow to improve the education system and the rate of female labour participation. For both actors, however, two aspects are paramount: implementation (of this reform and of further ones) as well as monitoring. Especially in the case of the IMF, this last imperative is accompanied by concrete proposals which, with the aim to increase the credibility and effectiveness of reforms, underline the key role of the knowledging technology of new public management,

'which monitors actors by creating technical targets such as 'performance', 'efficiency' and 'reporting' and 'creates both quantitative-calculable and qualitative-ethical spaces where economic activities can be included in the universe of managerial rationality and surveillance.' (Sum 2005: 15).

Summing up, the actors embedded in the first mediating arena feature powerful discursive chains on several levels. First, they take the causes of the crisis for granted and highlight its interplay with old structural weaknesses of the country. Moreover, they see the labour market in a troubled economic context which contributes to exacerbate its long-standing imbalances and rigidities. The urgent need for structural reforms, first of all in the labour market, is amplified through the repetition of a TINA narrative which ends up in concrete policy recommendations reproducing a series of economic objects of intervention, e.g. the fight against duality, the increase in labour participation, the lowering of the tax wedge on labour and capital as well as an improved link between wages and productivity. Thus, albeit some differences in stressing the urgency to address *social* issues, the discursive chains of the IMF and OECD promote the same economic imaginaries of fiscal consolidation, productivity and growth. The ensu-

ing interventions in the field of the labour market aim at supporting economic objects in line with this imaginaries, although the dilemma among them is only rarely addressed. The key importance of the technology of new public management becomes clear in the light of actors' insistence on practices of monitoring and evaluation of the reform.

Arena of (supra- and sub-)states

As for the second mediating arena, many similarities but also some striking divergences emerge from the parallel analysis of its embedded actors: the European Union (EU), the Prime Minister Monti, the Minister of Labour and Social Policy Fornero and the Head of State Napolitano. In most cases, the **crisis** is presented as a matter of fact. The crisis narrative of President Napolitano is in line with the one proposed by the EU and portrays a story of sharp GDP contractions and modest recoveries since the outburst of the crisis in the United States, throughout the propagation of the sovereign debt crisis in Europe, up to the newest recession which hit Italy in the second half of 2011. While the EU strengthens the discursive chain pointing out the role of the crisis in exacerbating the structural weaknesses of the country, President Napolitano mainly shares the OECD's concern about the consequences of the crisis on unemployment. In this regard, he shows a certain surprise because of the (not self-evident) reaction of the European Commission to the challenges posed by the crisis which goes under the motto 'Towards a job rich recovery'. Among the analysed actors, Minister Fornero is the one who stresses more the relationship between the crisis and present challenges, first of all the ones in the labour market. The crisis is seen to increase citizens' demand for employment, security and well-being throughout Europe and, in this context, reforms like the pensions and labour market reforms are portrayed as something imposed on the country by the crisis itself. Minister Fornero addresses the dramatic trade-off between the need for fiscal consolidation and growth, given the negative short-term effects which the first are bound to produce on the latter. This notwithstanding, the Minister's strategy is to consider and communicate the crisis not as an impediment but as a stimulus to reach decisions which are above any fragmented party interests.

From dualism, segmentation, inequality and lack of dynamism up to low labour participation, long-term unemployment, heavy tax burden on labour and weak link between wages and productivity, the pic-

ture of the perceived **problems in the labour market** emerging in this arena repeats and remarks the one featuring the first arena. Minister Fornero underlines the structural nature of problems which preceded the crisis but were exacerbated by it (e.g. unemployment); moreover, the official stance of the Ministry tends to remark the distinction between ‘negative’ and ‘positive’ flexibility, whereby it is only the first – the ‘dark side of flexibility’ – which is made responsible for precariousness in Italy’s labour relations.

The different positions on the reasons **why a labour market reform is necessary** create a strong discursive chain between the arguments advanced by the IMF and the OECD and the stance of the Prime Minister Monti. He points out the crucial importance of structural reforms and, among these, of the labour market reform, first of all to increase Italy’s credibility (especially in the eyes of actors embedded in the first arena) and to respond to the necessity to integrate fiscal consolidation through other instruments. Monti’s focus on a long-term perspective recalls the OECD’s rhetorical arguments on the responsibility towards future generations and, in this context, the Prime Minister underlines Italy’s convinced adherence to budgetary discipline which he refutes to consider as something imposed from external actors like the EU or even Germany. The Minister Fornero, on her part, interprets the need for the reform as the need to reaffirm the value of investments in social expenditure. The underlying reason is that the EU cannot continue to compete in the international context if it does not adequately invest in human capital and skills.

As for the EU, the basic **principle and values** which are considered to be necessary to reform the labour market are summed up, first, in the leading aims of the Europe 2020 Strategy for a smart, sustainable and inclusive growth and, second, in the ensuing guidelines concerning participation in the labour market, skilled workforce, improved education and social inclusion.⁵ Minister Fornero endorses this agenda, first of all the two principles of inclusion, i.e. of people’s employability,

5 This is the complete formulation of the guidelines: 1) Increasing labour market participation of women and men, reducing structural unemployment and promoting job equality; 2) Developing a skilled workforce responding to labour market needs and promoting lifelong learning; 3) Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education; 4) Promoting social inclusion and combating poverty.

and dynamism, i.e. of 'good' flexibility both in entrance and exit from the labour market. This powerful discursive chain, however, also presents some innovative aspects, since the Minister overtly admits the failure of the flexicurity principle which now has to be supplemented by the quest for inclusion and dynamism, as put forward by the Commission in the Employment Package. Yet, according to Fornero, good norms are necessary but not enough; this is why the focus is on the need for a reforming activity based on values, first of all on the imperative to restore the life-long dignity and integrity of workers and to adverse a zero-sum game logic which prevents the social partners from gathering common resources to reform the country. Napolitano takes a very similar stance, as he underlines the need for cooperation among social and political forces in reforming the labour market. In this respect, crucial for him is an attitude of openness to changes, to transformations which, however, still must retain the fundamental workers' rights and the dignity of labour. Monti's position on principles and values, on the contrary, does not reinforce any of the previous discursive chains but underlines the contraposition between the principles of short-termism and followership, which, according to him, are more and more dangerously widespread, and the ones of sustainability and leadership, which, he claims, become increasingly needed when reforms like the one of the labour market impose a long-term perspective.

Drawing on these basic principles, the actors embedded in this second arena translate most of the economic objectives recommended by the OECD and the IMF. This is especially the case of the EU, whose list of concrete **priorities** for the labour market reform encompasses all the aspects already mentioned above – from the fight against unemployment, low labour participation and mobility, early school leaving, segmentation, tax evasion and undeclared work up to a stronger link between wages and productivity and a shift of tax burden away from capital and labour. Monti follows and translates this same line of reasoning, resuming it in the three imperatives of efficiency, related to increased productivity; growth, by means of a reconceptualization of the social security net and of ALMP; and social inclusion, which is to achieve by fighting dualism and segmentation in the labour market. A powerful re-contextualization of this message is condensed in an image shift from the 'protection of the workplace' to the 'protection of the worker' – a recurring topic for Minister Fornero, who contributes to reinforce the discursive chain laid out above. However, one main discrepancy with Monti's position emerges in relation to the objective of

flexicurity: while the Prime Minister stresses the necessity to move towards this model, Minister Fornero, as dealt with above, is quite critical in assessing the Italian (and partly European) failure in its operationalization; therefore, she rather pushes for a reform activity inspired by the principles of inclusion and dynamism, which lead back to the discursive chain of the Commission's Employment Package.

In short, this second mediating arena confirms to be a crucial site in the (re-)production of the labour law reform as an hegemonic object of intervention. Discursive chains concerning all analysed aspects – from the interpretation of the crisis to the problems, principles and aims at the basis of the labour market reform – tend to re-contextualize the dominant positions emerged in the first arena. Especially the EU constitutes a central sub-arena in this process by means of policy initiatives like the Europe 2020 Strategy or the Commission's Employment Package, but also, most importantly, through the use of technologies of monitoring and evaluation implied by Italy's adherence to the European Semester. The three key figures at the national level, i.e. the Prime Minister, the Minister of Labour and the Head of State, contribute to re-produce this dynamics as well as the (hegemonic) labour-related objects of economic intervention, albeit in different ways. Monti often reinforces stances found, for example, in the analysis of the IMF. On the other hand, the Minister Fornero overtly endorses the EU agenda but re-contextualizes it by taking the distances from the model of flexicurity and pointing out the dramatic trade-off caused by parallel objectives of fiscal consolidation and growth. At least in theory, she shares with the Head of State a remarkable attention for social issues, thereby reinforcing the discursive chain with the OECD. In this context, the most powerful sub-hegemonic re-contextualization of the interconnected fiscal, growth and social agenda put forward in the first arena is expressed by the government's promotion of a paradigm shift from the 'protection of the workplace' to the 'protection of the worker'.

Arena of (trans-)national civil society

Among the actors of this arena which are mainly concerned with Italy's labour market reform two blocks emerge: the first comprises the banking and the employers' sector, which often communicate together in the public sphere through joint statements of the Italian Banking Association (ABI) and the Italian Employers' Confederation (Confindustria). The second block is formed by the two biggest trade unions in

the country, the Italian General Confederation of Labour (CGIL) and the Italian Confederation of Workers' Trade Unions (CGIL), together with the European Trade Union Institute (ETUI). Among them, the clearest **interpretation of the crisis** is put forward by Visco, the Governor of the Bank of Italy, who points out the double interconnected financial and economic nature of the crisis afflicting the country and the fact that it is not only dependent on Italy's insufficiencies, thus recalling the OECD's stance. Visco's crisis narrative remarks the crucial importance of globalization, especially in the financial sector, and reinforces the discursive chain pointed out above concerning the intermeshing of the crisis with Italy's long-lasting problems like slow growth and high public debt. The ABI, in turn, warns to read the crisis not merely from a short-term perspective but rather to identify the real problem of the crisis in the weakness of governance at the European level and in the current lack of a long-term vision of the European project, which follows from the misconceived interpretation of the currency union as a point of arrival and not as a starting point, as it really was. Consequently, the ABI and Confindustria express an overtly federal vision of Europe, whose aim, they claim, should be an ever closer fiscal and political union. Against this background, both actors tend to interpret the crisis principally from the standpoint of its consequences for the business world, which is mainly struck by a crisis of demand, a crisis of liquidity and the credit crunch. The crisis, as in the case of Visco, is seen to be amplified by the process of globalization, which increases the importance for employers to associate in order to face these challenges. On the other hand, trade unions like the CGIL remark the link between the crisis and the phenomenon of precariousness in the labour market, whose main victims are seen to be women and young people. In this context, the consequences of the crisis are also critically linked to the first effects of the pension reform adopted by Monti's government. The ETUI's analysis does not reveal an own position concerning the crisis but three frames through which it has been interpreted and from which ensuing policy strategies in the labour market have been derived; these are: the crisis as a demand shock, the crisis as a fiscal emergency and the crisis as a structural challenge.

Also concerning the perception of existing **problems in the labour market**, the standpoint of Confindustria and CGIL automatically focuses, respectively, on their own category of interests. Confindustria, in fact, stresses the problem of low growth as well as the 'old evils' of the country (complex laws, bureaucracy, fiscal burden, lack of infra-

structures, lengthy times of justice) and how they got ever worse by hindering a proper answer to the triple challenge of globalization, common currency and technological revolution. CGIL, on the contrary, is mainly concerned with the problem of structural precariousness caused by excessive entry flexibility, i.e. 'bad' flexibility deriving from precarious and low-cost contracts. Poverty, youth unemployment and the negative effects of the latest pension reform complete the CGIL's picture of the main problems afflicting the Italian labour market.

Against this troubled background, the Bank of Italy reinforces the discursive chain initiated in the first arena and powerfully amplified by Monti with regard to the **need for reforms** both at national and supra-national level. This position confirms the necessity of structural reforms to integrate monetary policy, which, alone, is considered not to be sufficient to overcome the crisis. Among the measures needed to restore sustained growth and competitiveness, the labour market reform is thus considered to be paramount: one of Italy's progresses which are not only necessary but also very expected 'abroad' – first of all by actors such as the IMF and the EU. The ABI reinforces this view pushing for the need to restore Italy's credibility and competitiveness. However, the association also echoes the message put forward by Fornero and Napolitano when asking for more social cohesion and active cooperation among social and political forces. This position is shared, in turn, by the CGIL, which points out the need to recompose the duality in the labour market without putting one party against the other. The reform, also in this case, is seen as a crucial step not to surrender to the effects of recession; nevertheless, according to CGIL, it cannot be alone a decisive move, since the key necessity is and remains growth. On the contrary, a quite critical stance concerning the necessity of a labour reform in this precise historical moment is expressed by the ETUI. The institute questions the tool of labour law reforms as a response to the economic crisis, since, it claims, they could also merely accompany its development with no certain causal link between the two.

Coming to the actors' **principles and values** leading action, Napolitano's plead for the principle of openness to change is shared by the Bank of Italy. Visco, in fact, underlines as a value the ability to support changes and transformations, not to oppose them. Confindustria, on its part, converges attention to the social value of competitiveness, which is considered to mean growth, employment and well-being. The future of the country, in this view, is thus directly related to the future of business. Equal importance, however, is attached to the value of

labour, on which to build to construct a more active, dynamic, fair and supportive society – many aspects at the core of the OECD's position, too. Interestingly, also the CGIL insists on the value of labour by stressing how labour quality should play an integral part in the strategy to boost the country's growth, thus reinforcing a central topic also for the Minister Fornero. The discursive chain between the CGIL and the government, however, breaks on a second principle, i.e. the relationship between competitiveness and the freedom to dismiss which, according to the trade union, are two completely separate issues.

Also in this arena, the mentioned values and principles are strictly mirrored in the **labour market policy agendas** supported by the observed actors. Visco, for example, fully endorses the aims of the Europe 2020 Strategy; on the other hand, he reinforces the discursive chain against dualism in the labour market by promoting to alter the economic advantages of temporary contracts and to broaden the social safety net. Confindustria and ABI mainly agree with the government's aims, thus repeating most of the recommendations put forward by the actors in the first arena. Both associations, however, do not manage to mitigate their basically positive attitude towards the issue of flexibility, which, as dealt with below, will be a crucial aspect in the development of the debate on the reform. CGIL and CISL, although from a different perspective, also contribute to strengthen the main discursive chains concerning the (hegemonic) aims and priorities of the reform. They oppose precariousness and negative flexibility and urge action to broaden the scope of social protection coupled with functioning ALMP. Two further priorities are the plead for more fiscal equity and for a new industrial policy to create more and new employment opportunities.

Summing up, the analysis of this third arena of (trans-)national civil society reveals a quite interesting and in part ambiguous scenario. For the first time, a crisis narrative emerges (ABI) which does not take a short-term perspective but urges to see and tackle the problems directly at the European level through an ever more integrated EU. Given the bold contrapositions of interests between capital and labour, both blocks tend to interpret the crisis and the problems in the labour market from the standpoint of its own concerned actors. However, all actors contribute to reproduce the hegemonic economic objects of intervention which emerged in the first two arenas, although they often differs in their orientation. The only truly critical voice concerning the effective necessity of labour law reforms as a tool to get out of the cri-

sis comes from the ETUI. Yet this is the only somehow counter-hegemonic point of view in this arena. It is thus paramount to look behind the repetition and continuous re-adaptation of maxims like the fight against precariousness or segmentation and to look for the diverging interests motivating these (apparently similar) positions. The following section will deepen the analysis in this direction by revealing the central struggles which have accompanied the development of the reform proposal up to its approval in June 2012.

3.4 Process analysis – Losses and gains in the interest struggles concerning Italy's labour market reform

The actors analysis revealed that the very project of a labour market reform in the Italian context has been promoted and pushed forward by a block of actors across the three observed arenas which is quite unanimous in asserting the need for structural reforms to recover from the crisis. The ETUI represents the only critical voice in this respect, while the CGIL just points out that such a reform is not enough if the issue of growth is not addressed. In this context of hegemonic repetition of the interconnectedness among fiscal, growth and social challenges, the social basis supporting a reform of the labour market and its attached economic objects of interventions is thus quite broad and very powerful, since it can count on resources across the three mediating arenas in the production of hegemony and enjoys acceptance both on the side of capital and labour. To this regard, the actors' analysis has pointed out the crucial role of the Italian government in re-adapting and re-contextualizing the hegemonic economic objects of intervention put forward by the reform. On the other hand, the role of civil society turns out to be quite ambiguous. Apparently, no clear opposition concerning values and aims emerges, just a normal defence of one's own interests. However, it remains to see how this has evolved in the course of the reform process, which is exactly the aim of the present section. After a short recognition of the key aspects of the reform, the process analysis will thus shift the attention on the various actors' interests concerning the main changes introduced (or not) by the reform and on a general assessment of the outcome of this reforming process.

Key novelties of the reform and ensuing reactions – innovation or path-dependency?

As pointed out in the context analysis, Monti's government started to work right after its appointment in November 2012 on the first austerity measures, first of all the new pension reform. The 'Save Italy' decree was followed by the announce of measures to reform the labour market, too. In this context, the Minister Fornero pushed forward the eventuality to review Article 18 of the Workers' Statute, which regulates the re-hiring of workers subjected to unjust dismissal. The ensuing conflict with the trade unions led to a first informal confrontation in January 2012, followed by a round of tripartite consultation with the social partners. A series of further negotiations with the main political parties brought to changes in the original draft bill presented by the government on 23 March 2012. The so-called 'Labour market reform for growth' was definitively approved on 27 June 2012 with a vote of confidence of the Chamber of Deputies on the draft reform adopted by the Senate on 31 May 2012. The ensuing Law no. 92 of 28 June 2012 came into force on 18 July 2012. The reform intervenes on five main areas.⁶

- In the field of **entry flexibility**, the reform encourages stable employment relations and supports apprenticeship as the main entry point into the labour market. Moreover, it introduces tax disincentives for fixed-term contracts and controls abuse of atypical ones.
- As for **exit flexibility**, the reform of Article 18 of the Workers' Statute reaffirms protection against discriminatory dismissal and illegitimate disciplinary dismissal. The main changes relate to dismissals for economic or other objective reasons. The costs of individual dismissal in these cases are reduced by limiting the compulsory reinstatement. The provisions for collective dismissals are harmonized with the changes proposed for individual dismissal. Finally, a special accelerated process is established for dismissal litigations, coupled with incentives for out-of-court settlement.
- The **social safety net** is reorganized to make the coverage more uniform by 2017, although overall fiscal constraints persist. The wage guarantee funds are extended, continuing the line of action partially adopted since the outbreak of the crisis.

6 For a detailed overview, see: *Clauwaert/Schömann* (2013); *Casale/Fasani* (2012).

- **Active labour market policies (ALMP)** are redesigned by linking them to passive ones and life-long learning provisions. Also the role of employment services is reshaped through a streamlining of their organization.
- Finally, the government has committed itself to the elaboration of a **monitoring system** based on a scientific methodology in order to assess the fulfilment of the goals pursued through the reform.

Coming to the reactions prompted by these changes, the novelties in matter of **entry flexibility** led to very different evaluations throughout the three arenas. Among the trade unions, the CGIL warns against the false rhetoric of flexibility as a solution against unemployment and the ETUI agrees on this point, expressing concern for the effective success in limiting the use (and abuse) of atypical contracts. The CISL is satisfied with the new rules on temporary contracts as well as on the support of apprenticeship; however, concern is expressed about how this should be concretely achieved as well as on the absence of measures to effectively reconcile family and work. The IMF agrees both on apprenticeship and on the support of open-ended contracts but criticizes that more should be done to bridge the gap between permanent and temporary workers. To this aim, it suggests the introduction of new open-ended contracts that would gradually increase employment protection over time. Finally, an interesting discursive chain links the reactions of the EU and Confindustria. Both, in fact, assert to be in favour of measures against the abuse of 'bad' entry flexibility; however, they are worried about the negative impact of the reform on the overall labour demand. Confindustria is particularly intransigent on this point: the reform puts too many constraints on entry flexibility, it proposes extreme solutions and is not even able to fight abuses, as stated in its aims.

Confindustria's reaction in the field of entry flexibility is closely linked to the 'disappointment' of the employers' association for the provision adopted in matter of **exit flexibility**. The creation of more rigidity in entry, so the claim, had only been accepted as a sort of compensation for the introduction of rules concerning less rigidity in exit flexibility. According to the employers' fraction, however, the way how the reform has evolved destroys any balance in entry-exit flexibility. Monti and Fornero have thus found themselves in a complicated position. On the one hand, the government must face the accuse of having watered down the initial objectives in reforming Article 18 of the

Workers' Statute. Most importantly, this line is also shared by the main actors in the first mediating arena: OECD and IMF criticize the fact that, first, the possibility of reinstatement is retained and, second, the new compensation is still the third most generous among OECD countries. Moreover, the two international organizations express an ambivalent judgement both on the introduction of a process of mandatory conciliation and on the streamlined procedure for labour dispute. In principle, they welcome these new rules but they are very concerned about their monitoring, the increased role of judges (which worries the EU, too) and the need to improve the efficiency of the judicial system which, in not addressed, is considered to be an impediment to the very implementation of the reform. On the other hand, the government is faced with the reaction of the trade unions. The CISL shares much of the positive evaluation but also of the concerns expressed by the OECD, the IMF and the EU. The CGIL, on its part, is proud of what it considers its main achievement, i.e. the reintroduction of the possibility of reinstatement. This confirms the concerns of the ETUI about an increasingly more flexible employment protection law, which is considered to be the cause for more (long-term) unemployment and more precariousness. The CGIL, however, also stresses that the insistence on the reform of Article 18 has only been a pretext, since the real problem and priority of the country is the necessity of a proper growth policy with public and private investments to support the small and medium enterprises. Interesting enough, President Napolitano agrees on CGIL's conclusion, as he identifies the real problem of the country and principal sources of dismissals in the crisis of companies because of lacking investments. However, while Napolitano takes this stance to legitimate a reform of Article 18, the CGIL uses this position to defend the rule as it is, i.e. considering it as a deterrent from many other forms of abuse.

Concerns from the actors in the international and supra-state arenas are also expressed in relation to the joint areas of **social security protection and ALMP**. The OECD and the EU are unanimous in stressing the crucial need to integrate policy action in the two areas; however, together with the IMF, they identify some main weaknesses and challenges which the reform did not address, among others: the degree of regional fragmentation and the fact that the regions are the responsible actors in implementing the ALMP; the inefficiency of limited fiscal resources; the limited mediation of supply and demand; the relative low spending on ALMP; the lack of a single system of skills

and certifications impeding labour mobility as well as the fact that the unemployed are not required to provide regular proofs of job search in order to receive benefits. Highly critical in this respect is also the position taken by Confindustria. The employers just see themselves burdened by the reform with more obligations which make any attempts at processes of company reorganization more difficult. Confindustria complains about the basic contradiction emerged between the objectives of the reform and the actually adopted measures: in its view, passive policies are privileged in comparison to active ones and the employers do not agree with shifting funds destined for active policies to passive ones. As a result, Confindustria sees a marked cost increase for employers and a situation which exposes workers to the crisis even more than before. Finally, the provision concerning ALMP are seen as generic, insufficient and basically contrary to the line of action of previous reforms which had strengthened the role of private operators in the labour market. Interestingly enough, this same series of criticisms is shared by the trade unions. The CISL expresses main doubts on how the Italian system could manage to become more active and dynamic overnight and not to rely on policies of passive social protection anymore; moreover, it fears the risk that nothing among the theoretically positive new rules on ALMP will be actually implemented, first of all concrete actions of reallocation. The CGIL, on the other hand, criticizes how the reform destroys any attempt at life-long learning because of the way how the relative resources are collected – the same criticism expressed also by Confindustria.

Between expectations and disappointment – A general assessment of the reform

On the whole, the analysis of the international debate on the reform of the Italian labour market reveals the ambiguous results of this policy measure in securing the process of production of hegemony across the three observed arenas. The Prime Minister Monti dominates in this respect the national arena; he stresses the crucial importance of Italy's labour market reform among the various structural reforms needed by the country and praises the achieved results in the field of improved labour quality, fight against precariousness and more convenient labour market relations for both employers and employees. Monti is aware of the very critical assessment of the reform in the national context but also remarks how positively these provisions have been appreciated abroad, especially by the European Commission. The Italian

case, so his claim, is seen as a significant example for the integration of fiscal consolidation aims and structural reforms to boost growth. But is this really the main perspective on the reform? Does the reform manage to re-affirm a series of (hegemonic) economic objects as it seemed in the first part of the analysis? Are the interests of the observed actors actually reinforced by the reform?

The picture emerging across the three arenas is not homogeneous. The IMF takes a clear and detailed stance on the reform by pointing out three aspects. First, some measures are appreciated to go in the right direction, e.g. by increasing the efficiency and participation in the labour market; however, their implementation and their interaction with other developments, e.g. in the judicial system or in fiscal federalism, are seen to be crucial. Fiscal constraints, however, are considered as a potential impediment in cases like the reform of the social safety net. Second, some measures are more of an incremental nature, therefore, the IMF argues, it is not possible to trace back a clear shift from current arrangements, like in the case of the provisions against dualism. Finally, some areas remain to be addressed, first of all to ensure a better link between wages and productivity and the promotion of internal flexibility. On the whole, the IMF, the OECD and the EU thus share a basically positive assessment of the adopted measures – mainly because they are considered to be in line with the recommendations issued by all three actors. At the same time, however, all of them are overtly worried about the necessity of implementing the reform effectively and taking further action. In this context, the IMF and the EU build a powerful discursive chain concerning the priority of rigorous monitoring, while the OECD reinforces its TINA narrative about an inconceivable rolling back of reforms and the necessary interconnectedness of fiscal, structural and social challenges.

In the area of (trans-)national civil society, the ETUI is the only voice expressing serious concern for the lack of democratic foundations underlying the labour reforms adopted in Italy and in other European countries as well as for their negative impact on workers' protection and fundamental rights. The Italian trade unions, on the contrary, do not take an unanimous stance on the reform. The CISL is basically satisfied with the modifications to the reform introduced by the Senate. Apart some limitations, the reform is thus regarded as providing a solution to historical problems of the Italian labour market, such as the abuse of flexibility and the dualism of social dampers. However, also in this case, the step of implementation and monitoring as well

as the integration of efficacious growth policies are seen to be paramount. On the other hand, the CGIL basically follows the ETUI's position and is quite harsh in evaluating the reform as a complete failure. The adopted measures, so the claim, do not lower the level of precariousness, they actually reduce the level of social protection and give no adequate answers in the field of ALMP and workers' reallocation. An interesting point is the way how the CGIL appreciates a certain degree of openness by the European Commission towards employment-related topics like the fight against unemployment or the recognition of ALMP as essential for growth. At the same time, however, the Italian trade union criticizes the Commission's generic approach with its lack of concrete instruments; most importantly, the CGIL points out that this interest for labour-related topics actually draws on the conviction that, in order to get more dynamism, it is necessary to reduce social protection and make job relations and dismissals more flexible – which is exactly the contrary of CGIL's position.

At closer evaluation, however, not only the trade unions are unsatisfied with the reform. Very critical voices emerge also from the capital fraction, first of all from Confindustria and ABI. Both actors stress that they actually share the aims of the government, first of all the objective to modernize and revive a labour market which is too fragmented in entry and too rigid in exit by removing abuses. However, they are concord in pointing out that the adopted measures are not able at all to offer any concrete solutions for the competitiveness of business and thus for Italy's growth. As dealt with above, bankers and employers are first of all unsatisfied with the imbalance between a too strict limitation of entry flexibility and a not equally flexible modification of exit rules. This is the principal reason why Confindustria feels 'betrayed' by the way how the consultations on the labour market reform have been evolving.

Summing up, the process analysis sheds light on the ambiguous consensus on the re-production of labour-related economic objects of intervention which emerged from the actors' analysis. The continuous repetition and re-adaptation of objectives like the fight against segmentation, dualism and precariousness in the labour market actually hide the basically contrary interests of the capital and labour fraction. For the first, the principle and especially the practice of entry and exit flexibility is overtly welcomed; the fight against abuses of 'bad' entry flexibility turns out to be just a compromise in order to obtain more

freedom in the field of dismissals. On the other hand, the trade unions put the fight against precariousness, meaning a struggle against 'bad' flexibility in general, at the first place. In the end, they claim, competitiveness has nothing to do with the freedom to dismiss.

However, the most interesting aspect emerged in the process analysis is that both fractions are basically unsatisfied and disappointed by the way how the government has translated the (hegemonic) economic objects of interventions into the final reform of the labour market. The analysis shows that, maybe because of too strong path-dependent tendencies, even a transnational hegemonic block with a remarkably large social basis and equally relevant resources like the one resulting from the actors analysis did not succeed in pushing Italy towards a labour market reform corresponding to its truest hegemonic aims.

4. Concluding Remarks

The paper shows the very ambiguous outcome of Italy's labour market reform as an instrument to (re-)produce the hegemony of given economic objects of regulation. The massive presence and reinforcement of discursive chains across the three arenas involved in the production of hegemony gives the impression that economic objects of interventions like the fight of segmentation in the labour market or a stronger link between wages and productivity are much more hegemonic, thus widely accepted and powerful, than the actual analysis of the reform reveals. In short, discrepancies emerge between (declared) economic imaginaries and related objects and their effective implementation and reproduction, mainly due to a lack of technologies. As for the main research questions addressed by the paper, it can thus be concluded that:

(I) The crisis has become part of the daily life of the country, thus most **crisis interpretations** tend to take its nature for granted and do not focus on its causes but rather on its effects, first of all on the interplay of the crisis with Italy's long-standing structural weaknesses. As a consequence, **policy ideas** emerge which, at the most fundamental level, stress the urgent need for structural reforms in general and are supported first of all by the **economic imaginaries** of fiscal consolidation and growth. The only counter-hegemonic position on this issue is put forward by the ETUI, which questions the causality between the crisis and a policy instrument like labour law reforms.

More specific policy ideas concerning the reform of the labour market originate at several levels. On the one hand, the analysis has pointed out their origin in the international and supra-state arena; on the other hand, they turn out to be the outcome of domestic confrontations on the old structural weaknesses of the country. As a result, powerful discursive chains are built across the three arenas and a basic consensus among the involved actors emerge. However, as pointed out by the trade union CGIL, it should not to be forgotten that this seemingly widespread agreement on labour-related policy objectives often stems from a completely different conception of how to solve the intermeshing of economic and social issues.

(II) The **actors** involved at this preliminary stage of the analysis show the multiple discursive chains emerging across the three arenas of the production of hegemony. The Italian government confirms its crucial role in the production of sub-hegemony at the national level. To this regard, it is to recall the particular nature of Monti's government and the circumstances which brought to its appointment; this, in turn, sheds light on the constellation of interests explaining the involvement of EU, IMF and OECD in the issue of Italy's labour market reform.

(III) Among the policy ideas and economic imaginaries dealt with in the analysis, the actors involved in the production of sub-hegemony have concurred first of all to the **selection** and re-contextualization of those stressing the interconnectedness of fiscal, growth and social challenges, as confirmed also by the activity of Monti's government in other fields of crisis management.

(IV) However, the analysis also pointed out that political and social partners continue not to agree on the main aspects concerning the interpretation of these challenges. For this reason, these economic imaginaries and their associated objects of intervention have not caused yet a decisive **restructuring** of domestic political axes. For example, what seemed to be some sort of **compromise** between capital and labour to reach a more balanced entry-exit flexibility in the labour market revealed its weakness when it failed.

(V) Against this background, the actors in the international and supra-state arenas turn out to be the most worried about the question of implementation and monitoring of the reform. Their assessments reveal the fears of the hegemonic block not to have enough technologies at disposal in the Italian context in order for their own policy recommen-

dations **to enter everyday practices**. This aspect, however, should be monitored also in the future, in order to see if, in the long run, the interests of OECD, IMF and EU will have been effectively translated in the context of the Italian labour market.

Future research work aims to go in this direction and to integrate these findings through an in-depth study of further research material (interviews) and actors (among others: the European Central Bank, the press, as well as the three main Italian parties supporting Monti's government and which had an active role in the consultations on the reform). On the other hand, additional research work is planned to fully exploit the potential of a historical-materialist policy analysis, first of all by drawing on the present findings to reconstruct the competing hegemony projects behind the reform of the Italian labour market – each with its own strategy, social basis and pool of material resources. For the time being, however, these results already cast serious doubts on a reform which maybe will still take same time to contribute to the effective reproduction of hegemony in everyday practices, but, at a more substantial level, is already having a not negligible impact on large parts of the Italian population increasingly plagued by the crisis.

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