The Reform of Public Employment in Italy between Continuity and Change

Rosalba Chiarini
Lecturer in Political Science
Roma Tre University

Abstract
In the last decade of the twentieth century several reforms were adopted in Italy to improve the performance of public employment. They introduced a new discipline, eroding the differences between the public and the private sector. Consistently with this line, in 2009, Renato Brunetta, minister for the public administration and innovation in the fourth Berlusconi government, provided new rules to manage public servants. However, it marked a change in labour relations, bypassing trade unions in the process of reform formulation and replacing the consensual decision-making with a majoritarian style. This paper focused on these reforms and on the elements of continuity and change envisaged by the Matteo Renzi government.

Keywords: public employment, administrative reform, policy change, public sector reform, Italy

1. Introduction

Over recent decades, many public administration reforms inspired by New Public Management (NPM) have been planned, promoted and implemented by the governments of democratic nations (Aucoin, 1990; Hood, 1991; Hood, 1995; Pollitt, 1990; Barzelay, 2001). Among the most significant measures are those which have provided impetus towards decentralization and devolution in the management of human resources, flexibility in wage policies, the decentralization of trade union relations and the development of performance management systems, together with measures aimed at reforming the regulation of the public employment relationship, starting with managerial personnel (Bach et al., 1999; Bach and Della Rocca, 2001; OECD, 2007a, 2007b; Van Dooren, Bouckaert and Halligan, 2010; Chaston, 2011). In some cases, the reform programmes did away with the special public law regulatory arrangements for public-sector employees laid down by administrative law (or
retained them for some categories only), and extended private labour regulations to the public sector. This privatization of labour relations has obviously enhanced the importance of collective bargaining insofar as it is a basis for regulating labour relations (Bach and Kessler, 2007; Bordogna, 2008).

During the 1990s, differences and specificities did however begin to emerge in the reform programmes embarked upon by governments (Flynn and Strehl, 1996; Toonen, 1997; Pollitt and Bouckaert, 2000; Kuhlmann and Wollmann, 2014). A combination of NPM and post-NPM elements were observed (Christensen and Laegreid, 2011; Pollitt and Bouckaert, 2011), which show, for example in the case of the Mediterranean nations – but also in those with a Napoleonic administrative tradition and contexts, such as France and Germany – the great difficulties of implementation encountered when entrepreneurially inspired modernization reforms were reformulated in juridical terms (Pollitt, 2007; Ongaro, 2009; Kickert, 2011). Hybrid systems also emerged in reforms of public-sector labour relations and of human resource management mechanisms (Bach and Bordogna, 2011; Bordogna and Neri, 2011). Italy, from this point of view, was a country that embraced the changes suggested by the NPM agenda, and attributed great importance to the reform of public-sector labour relations, which played a central role in the administrative reforms introduced from the 1990s onwards.

This paper describes the diachronic evolution of the outputs and formulation processes of public employment reforms in Italy from 1992 to 2016. It is organized as follows. In the second section the policy and politics-centred approach is presented as the theoretical framework of the study. The third section explores the connection between public employment reforms and certain contextual and policy features able to explain the start of the reforms and their prosecution in the 90s. The fourth section investigates the type of change produced by the Brunetta reform of 2009 – introduced during Berlusconi’s fourth government (May 2008/November 2011) – and the reasons for it, compared to the previous round of reforms. The fifth section deals with an analysis of the recent Renzi-Madia reform (February 2014/December 2016). Lastly, section six shows the conclusions of this inquiry.
2. Theoretical framework and research design

International literature has attributed great importance to economic, financial and political-institutional factors that have impacted on the possibility of producing legislative administrative reform measures (Wright, 1994; Flynn and Strehl, 1996; Knill, 1999; Rhodes and Weller, 2001; Painter and Peters, 2010; Pollitt and Bouckaert, 2011). At the same time, it has shed light on the contribution of elements inherent to the policy sphere in formulating the content of reforms. The present article is situated within this dual approach, and tackles the theme of administrative reform by examining the explicative role both of factors exogenous to policy and endogenous ones as well.

In this respect, it can be observed that, since the end of the 1970s, the establishment and growing influence of the neo-institutional perspective in the study of political phenomena has also affected the analysis of public policies: institutional processualism interprets policies as institutions, and historical institutionalism sees in institutional structures a powerful element of organization of public policies. The first approach emphasizes policy factors and seeks to explain public policy by starting with its intrinsic characteristics (actors, policy styles, learning processes, etc.). It is informed by the idea of an incremental evolution of public policy, in which the development of policy is strongly influenced by the legacy of the past (Krasner, 1988; North, 1990; March and Olsen, 1989). The second approach to the study of public policies stresses contextual factors, represented by institutional models. Institutional structures (constitutional rules, electoral systems, etc.) tend to channel and organize the public policy-making process, guaranteeing stability and continuity in policy outputs. If institutional set-ups were to change, there would also be a change in policies (Steinmo, 1989; Immergut, 1990; Immergut, 1992).

The explanatory research focuses both on certain characteristics of the public policy in question and on some elements regarding the specific context. As regards the first group of factors endogenous to policy, the link between the degree of problematicity of the status quo and a project of change should not be underestimated. It is precisely the accumulation of inefficiencies and anomalies in a given sector that often prompts a policy response, which obviously might be more or less effective in dealing with the problems in hand. Secondly, it will be necessary to evaluate the intervention, in the specific policy area, of policy entrepreneurs, that is, subjects capable of playing a key role in defining public policy, who
formulate strategies for public decisions and have skills and expertise pertinent to the particular sector. Such actors are “entrepreneurial” insofar as they display a propensity for change and for policy innovation (King and Roberts, 1987). The third policy factor to consider consists of the ideas circulating in the policy environment. In formulating ideas and transforming them into concrete projects, a key role is played by learning processes. Decision-making actors share the conviction that the factors of dissatisfaction characterizing the status quo need to be addressed and challenged by means of a strategy that takes account of instruments and/or objectives adopted in the past and of new information (Hall, 1993). This implies that future choices are conditioned by previous choices (the policy legacy), and that the judgement of the effects caused by decisions made in the past may shape, in a fairly coercive way, the action of new policymakers (Rose and Davies, 1994). Having said this, it is important to avoid the limitation of considering human choices as being narrowly determined by the policy legacy, because this is just one of the factors, however salient, impacting on the development of a public policy.

Now let’s consider the contextual factors, exogenous to the sub-system of policy. An initial factor to evaluate is the weight of the restrictions and pressures deriving from supranational institutions, in this specific case, from European ones. It is reasonable to assume that external factors have influenced Italian policies, including those relating to the public sector, since the signing of the Maastricht Treaty in 1991-1992, and since Italy joined the Economic and Monetary Union (EMU) in 1997. In December 1991, the EU governments reciprocally agreed to step up cooperation on economic policy, envisaging, by the end of the decade, the establishment of a European central bank and a common currency. It seemed clear that, although joining the EMU would entail immediate costs for those nations obliged to sort out their public finances in a series of strictly predetermined steps, it would also bring benefits; conversely, delaying entry into the Union would put off the costs, but also the benefits. From this point of view, opting out revealed itself to be a highly coercive mechanism (Keohane and Hoffman, 1991; Milward, 1992) and once an individual state joined the EMU, opting out would be highly undesirable. The second exogenous factor to consider is the decision-making strength and capacity of the government. In a parliamentary system like Italy’s, such a capacity tends to depend on the breadth and homogeneity of the parliamentary majority. The greater the government’s political strength, the more its initiatives will be shielded from resistance and opposition to
its reform project. The ability to unilaterally impose policy choices clearly reduces the need to seek support for decisions from extra-parliamentary circles and actors.

The following empirical sections examine Italian public employment reforms (1992-2016) using the investigative scheme outlined above.

3. Social pacts and the concerted method: the reforms of the 90s

The year 1992 marked the beginning of significant normative output in the field of administrative policy. But in 1992 Italy was experiencing a very serious party-political and financial crisis. The parliamentary and party elites were deeply delegitimized after intense investigative and judicial inquiry revealed widespread corruption and collusión between politics and the economy. The party system, which had come into being after the Second World War, was crumbling fast, and the early elections of 1994 saw the total collapse of the Italian system of party government (Cotta, 1996). It was in this condition of emergency that processes of innovation in key sectors of public policy (social security, health, local finance, public employment) began to get under way, due in part to European constraints (Di Palma, Fabbrini and Freddi, 2000).

From 1990 onwards, public debate concentrated on Italy’s ability to meet the convergence criteria for the economic and monetary Union envisaged by the Treaty of Maastricht – stipulated in December 1991 and signed in February 1992 – and on the economic and financial policies required to do so. These concerns intensified in September 1992, when the Italian government was forced to suspend the lira from the European monetary system due to a serious currency crisis. The Treaty stated that economic policies were to be coordinated with the guidelines laid down by the European Council. There was a serious risk of being excluded from the third and final phase of the Union, which envisaged the introduction of the single currency: Italy was one of the countries with the worst economic indicators (Daniels, 1993; Dastoli, 1996).

These economic emergencies meshed with a highly critical political situation gave governments greater autonomy in introducing measures to modernize the country (Capano, 2003; Gualmini, 2008; Natalini, Di Mascio and Stolfi, 2011; Mele and Ongaro, 2014). In the first half of the 90s, the technocratic Amato (June 1992/April 1993) and Ciampi (April
1993/April 1994) governments embarked, in conjunction with the trade unions and employers’ associations, on a fiscal consolidation and wages policy designed to curb inflation. This would also continue in the second half of the 90s. After a first phase of stringent fiscal measures and the suspension, for a four-year period (1990-1993), of collective bargaining in the public sector, a number of clearly significant reform and rationalization measures were promoted. Two important protocols – the first on income policy, the fight against inflation, and labour costs of 31 July 1992, and the second one on income and employment policy and bargaining structures of 23 July 1993 (PCM, 1992, 1993) – gave rise to the new contractual model, which established two levels of bargaining, national and second-level. The adoption of the concerted method, through which the reform measures were conceived, should be interpreted in the framework of the political and institutional changes that emerged with the collapse of the Italian party government system at the beginning of the 1990s (Cotta, 1996; Pasquino, 2002; Grilli di Cortona, 2007). The public-sector unions received significant forms of compensation for the sacrifice measures to which they agreed, such as the extension of collective bargaining (PCM, 1996, 1997)\(^1\).

Following the social pacts, on the legislative front, art. 2 of Delegating Law 23 October 1992, n. 421 (Delega al Governo per la razionalizzazione e la revisione delle discipline in materia di sanità, di pubblico impiego, di previdenza e di finanza territoriale) and subsequent delegated decrees shook up the system regulating public-sector employment, in that they introduced private law into the organization of public authorities and labour relations. The decree on public-sector employment – Legislative Decree 3 February 1993, n. 29 (Razionalizzazione dell’organizzazione delle amministrazioni pubbliche e revisione della disciplina in materia di pubblico impiego a norma dell’art. 2 della legge n. 421 del 1992) – was approved rapidly, in less than three months. This was the “privatization of public-sector employment” which, in the second part of the 90s, will be extended\(^2\).

---

\(^1\) See: the Protocol of agreement on public-sector employment, stipulated on 12 March 1997. It was integral part of the Labour agreement of 24 September 1996.

The decision to extend privatization and contractualization, taken in 1992-93, must however be understood in the framework of the evolutionary strands of public-sector employment relations in Italy (Calandra, 1978; Capano, 1992; Melis, 1996). In Italy, as in other countries in continental Europe, the relations governing public-sector employment were inscribed, from 1908, in a model that established by law, through a unilateral act of public law, the rights and obligations of employees. But in the second half of the 60s, following intense negotiations between government, opposition forces and trade union confederations (CGIL, CISL, UIL), the latter succeeded in obtaining the introduction of collective bargaining for the definition of duties, pay and retirement for all non-management employees (Capano, 1992). The process of privatization in public-sector employment should therefore be seen as having begun in the legislation introduced between 1968 and 1975 (Mari, 2004). The next step was Law 29 March 1983, n. 93 (Legge quadro sul pubblico impiego). This produced great problems in managing expenditure on employees. It also set in place a system of double protection (law plus contract) for public employees, which led to a lack of flexibility in human resource management. It was impossible for the government to respect the predefined financial restrictions and for the confederal unions to curb the proliferation of particularistic interests and of special interest organizations. At the beginning of the 90s, then, the vision shared by the confederal unions and government, which led both parties to embrace the privatization of public-sector employment, was shaped by the negative effects of the collective bargaining regulated by Law n. 93/1983. The “privatization” solution had, moreover, been present in political, academic and union debate since at least 1979 (Giannini, 1982). In addition, mention must be made of the strength of NPM ideas. Circulating in international debate, they inspired decisions regarding the development of policies of flexibility in the management of human resources by public managers, of the delegation of management power and of structural decentralization. This held true above all for the 1997-1998 measures mentioned above by Franco Bassanini, a professor of administrative law and an expert in problems of administration, who can certainly be regarded as a policy entrepreneur.
However, subsequent empirical investigations revealed a lack of interest, on the part of both political and administrative organs, in the programming cycle and in the new management by objectives. Despite the investment of significant resources, the reform lacked a suitable degree of professionalism, adequate programming and controls in administrative bodies and, in particular in the offices of direct collaboration, adherence to the missions of the expert technical committee and to the internal control services (Dente and Piraino, 2009). Nonetheless, the measures introduced in the first half of the 90s did produce significant effects in curbing expenditure: the trend in wages (1994-1997) in the public administration respected the pre-established inflation ceilings and remained anchored to the policy lines on wages fixed by the government. On the contrary, the contractual round for the four-year period 1998-2001 resulted in contractual wage increases in the order of 11.0%, compared to a 9.2% growth in retail prices. Considering staff turnover, career structures and the effects of second-level bargaining as well, so-called effective earnings showed, in the four-year period, a dynamic of 13.3%, two percentage points higher than the contractual earnings indexes. From 2000 to 2005, for the majority of administrations, the effective earnings dynamic exceeded the contractual one by over six percentage points (ARAN, 1998, 2002, 2006) – the expression wage drift denotes precisely this gap – demonstrating the incapacity of government spending mechanisms to keep earnings dynamics under control (Talamo, 2001; Bordogna, 2002).

In the middle of the first decade of the twenty-first century, the public sector thus appeared to be facing fairly significant problems. First of all, despite the legislative and contractual requirement to evaluate administrative action, the conducting of results-based measurements was an isolated, if not absent, phenomenon. Secondly, the participation of the unions in the management of labour relations on the one hand, and the spread of the principle of confidence as grounds for conferring or revoking management posts, on the other, had weakened the power and independent operative manoeuvrability of managers. Finally, national collective bargaining had been unable, from 2000 onwards, to respect the forecasted earnings dynamics laid down in economic documents, and second-level bargaining had proved incapable of adopting merit and rewards mechanisms.

The debate about income policy and the capacity of the 1993 protocol to keep the growth in earnings under control, which had already been under way for some time, continued also in the political phase following the April 2006 elections, when the centre-left, led by
Romano Prodi, came into power. Besides a return to bargaining by the executive and a new social pact to encourage growth (Pesole, 2006a; Pesole, 2006b), there were hopes for a revision of the 1993 agreement and of the contractual model, through the re-modulation of the relationship between the two levels of bargaining and the valorization of the decentralized level. The early end of the legislature – the Prodi government (with the minister for reforms and innovation in the public administration, Luigi Nicolais) was forced to resign on 24 January 2008 – derailed Nicolais’s bill (the first reading of which had been approved in the Senate in May 2007), which would have introduced aspects that would be picked up in the Brunetta reform.

4. The majoritarian style: the reform plan of Renato Brunetta

The reform plan of Renato Brunetta, minister for the public administration and innovation in the fourth Berlusconi government, consisted of three strands: structural measures to reduce spending, included in the June 2008 law decree anticipating the budget law for 2009; measures designed to speed up the bargaining procedure for the renewal of contracts; a delegating bill, containing methods for evaluating personnel, incentives for merit, disciplinary sanctions, management reform, the reform of collective bargaining and the relative implementation decree.

4.1 The measures of 2008: spending cuts and the contraction of collective bargaining

The initial part of the reform consisted of the public-sector norms contained in Law Decree 25 June 2008, n. 112 (Disposizioni urgenti per lo sviluppo economico, la semplificazione, la competitività, la stabilizzazione della finanza pubblica e la perequazione tributaria) converted, with amendments, in Law 6 August 2008, n. 133. This was the so-called summer financial package of 2008, which insofar as it was a triennial corrective manoeuvre, contained hefty spending cuts – linear, centralized and undifferentiated – targeting public administrations without distinction. In particular, the squeeze hit the second contractual level which, as it was considered the cause of the wage drift, was most affected
by the measures to curb spending. Besides this, there were measures to combat absenteeism, statistically shown to be a worrying and disproportionately widespread phenomenon in the public sector. The other norms in Law Decree n. 112/2008 impacted on controls affecting national collective bargaining and, once again, on second-level bargaining, in order to more effectively monitor and sanction spending flows. As regards national and second-level bargaining, there was provision for a return to impedimental control on the part of the court of auditors (Talamo, 2009). Law 22 December 2008, n. 203 (Disposizioni per la formazione del bilancio annuale e pluriennale dello Stato) – the budget law for 2009 – contained further measures that moved in the same direction as Law Decree n. 112/2008 and anticipated the reform of the public sector. The norms impacted, once again, on the system of collective bargaining and on public-sector income policies. In this regard, the second-level bargaining was explicitly directed towards the remuneration of the quality, productivity and innovative capacity of the work performed (Talamo, 2009). The theme of work productivity and the role of collective bargaining (national and second-level) would return, and be further explored, in the delegation of powers to the government contained in Delegating Law 4 March 2009, n. 15 (Delega al Governo finalizzata all’ottimizzazione della produttività del lavoro pubblico e alla efficienza e trasparenza delle pubbliche amministrazioni nonché disposizioni integrative delle funzioni attribuite al Cnel e alla Corte dei Conti), which established new criteria for the use of incentive resources. As regards collective bargaining, this would be affected by the tripartite framework agreement of 22 January 2009 (PCM, 2009a), covering the reform of contractual structures, applied to the public sector by way of the agreement of 30 April 2009 (PCM, 2009b).

4.2 The agreement of 30 April 2009: the divisive contractual model

On 30 October 2008, the minister for the public administration, together with the CISL and UIL but not the CGIL, signed an agreement which, besides restarting the bargaining process for 2008-2009, envisaged the introduction of the three-year contractual model in the public sector. The latter – called Accordo quadro di riforma degli assetti contrattuali – was a framework agreement for the reform of the bargaining structure. It was signed on 22 January 2009 by the government and unions, except for the CGIL. Crucial issues, in the
long and bumpy negotiations between the social parties, had been the balance between the
two levels of bargaining and the definition of the index for making inflation-related
adjustments. The CGIL was highly critical of Confindustria’s proposal – because the
difficulty of recouping productivity through the decentralized contract and the derogation
from the collective national labour contract – while the other union bodies judged it a step in
the right direction. A separate agreement was signed on 22 January 2009. On 15 April 2009
the agreement was definitively approved in the private sector and on 30 April 2009 Brunetta
signed the agreement for the public sector. It was an experimental bargaining structure to be
applied, with some differences, to both public and private-sector employees. The key
features consisted of the three-year duration of the collective national labour contract and
the accentuation of the role of second-level bargaining in a set-up which nonetheless
retained its bipolar character.\(^4\)

4.3 The Brunetta reform of 2009

The first point to highlight about the reform is that both the Delegating Law n. 15/2009
and the decree implementing it – Legislative Decree 27 October 2009, n. 150 (Attuazione
della legge 4 marzo 2009, n. 15, in materia di ottimizzazione della produttività del lavoro
pubblico e di efficienza e trasparenza delle pubbliche amministrazioni) –, which bear the
name of Brunetta, were passed very rapidly. On 28 May 2008 the minister began
consultations with the social parties, though the CGIL walked out, contesting the way they
had been summoned, as only one member of each union body was allowed to attend, thereby excluding representatives of different job categories. By contrast, the other unions
and Confindustria judged the talks favourably. After requesting, and receiving, observations
and proposals from the social parties, at the next meeting, on 4 June, Brunetta presented the
measures that would make up the future delegating law. The council of ministers would
approve the proposals at the end of June 2008 and parliament converted them into law in
March 2009. When the bill received its first hearing in Senate, the Democratic Party (PD)
abstained. However, the collaborative spirit faded away in the Chamber of Deputies – where
the delegating law was passed on 12 February 2009 with 270 votes in favour and 178

\(^4\) The new model has never been implemented because of the freeze of any bargaining activity since 2010.
against – and subsequently the opposition did not take part in the Senate vote, given the criticisms voiced in the Chamber. Besides, the CGIL had been harshly critical of the reform. On 9 October 2009 the council of ministers definitively approved decree 150 implementing the Brunetta bill. The measures, contained in the two legislative acts, consisted of four strands: the introduction of evaluation, the reform of collective bargaining, the reorganization of public management, and amendments to disciplinary procedures and penalties.

The first area, evaluation, involved the activation of a general performance management cycle, with programming, measurement and assessment, and accountability activities. The norms regulated the system for evaluating structures and employees, and made such activities obligatory. They established an independent Committee for the assessment, integrity and transparency of public administrations and independent evaluation bodies, with the latter present in every public administration. The new performance management cycle had repercussions on the staff rewards system and on relations with the public, as customer satisfaction was included as one dimension of the programming and evaluation. The performance cycle included documents such as a three-year programme of goals, a performance plan and a final report on achieved organizational and individual results. Finally, the position of a given administration in the performance classification, divided into three levels of merit, which the Authority had the task of drawing up, impacted on the distribution of resources for second-level bargaining.

The reform also introduced changes – and this is the second strand – to the regulations for national collective and second-level bargaining, in order to achieve further convergence with the private sector. To this end, the powers of managers were reaffirmed, making them responsible for human resource management and for the administration’s results; at the same time, the areas included in the contractual sphere, and those excluded so as to safeguard managers’ independence and responsibilities, were specified (Talamo, 2010).

The role of managers was reinforced, as Legislative Decree n. 150/2009 dealt with the question of union participation: management powers were to be non-negotiable, and union participation legally limited; from now on they only had to be informed about management activities falling within the sphere of employers’ responsibilities.

Finally, in an effort to combat low productivity and absenteeism, the decree addressed the issue of disciplinary sanctions and the responsibilities of public-sector employees. Here too
the thrust of the decree was to extend legislative regulation, with a consequent reduction in
the scope for collective bargaining (Mattarella, 2010).

In conclusion, the Brunetta reform was a very complex intervention gravitating around
the performance cycle. The key protagonist in all the steps to promote, support and
formulate the reform was the minister Renato Brunetta. A professor in political economics
with political experience, he called on the services of academic and professional experts in
economic and managerial culture, and charged them to rewrite the rules. The drive to
modernize the public sector can be interpreted as a reaction to problems and inefficiencies
which the reformist measures of 1993 and 1998 had not remedied, notwithstanding the
initial intentions. It took place in a context of economic crisis dictated by globalization, and
this was reflected in austerity measures, the curbing of labour costs and the drive to increase
productivity, and in a national political context characterized by the birth of a strong
government supported by a broad and cohesive centre-right parliamentary majority. In fact,
the general election of 2008 gave the centre-right a broad and cohesive parliamentary
majority. The government was formed nine days after the start of the sixteenth legislature,
supported by a solid majority consisting of 57.3% of deputies and 55.4% of senators. Politically, the new government comprised the three formations which, at the end of March
2009, would join together in the PdL (Forza Italia, Alleanza Nazionale and the small
Democrazia cristiana per le autonomie), plus the Lega Nord and three small parties
(Marangoni, 2009). The government’s strength in parliament is the factor that enables us to
understand the change of method in formulating policy decisions: negotiation with the
social parties was replaced by simple consultation.

But the suspension of collective bargaining (which would continue through to 2015) laid
down by Law Decree 31 May 2010, n. 78 (Misure urgenti in materia di stabilizzazione
finanziaria e di competitività economica) converted, with amendments, by Law 30 July
2010, n. 122, entailed a “freeze” on the application of the Brunetta law.

With the new rules ready, the implementation of the reform became entangled in the
packages of measures to combat the economic crisis. When, in 2009, the deficit and the
public debt rose respectively to 5.4% and 116.1% of GDP, the government was forced to
introduce a corrective manoeuver based on linear cuts. The first year of application of the
norms to curb outlay on wages contained in the decree law was 2010. Article 9 made
provision for a set of measures designed to affect the dynamic of the variables determining
the cost of public-sector labour. The legislative arrangements described thus far were reinforced and supplemented by two further packages of measures in the summer of 2011\(^5\). The context of the second package of austerity measures in the summer of 2011 – Law Decree n. 138/2011 – was the explosion of the debt crisis\(^6\). However, the political divisions that opened up within the coalition government due to the financial crisis starkly revealed the paralysis in decision making and the government’s loss of credibility with the financial markets, effectively bringing it to an end (Bosco and McDonnell, 2012; Ceccarini, Diamanti and Lazar, 2012; Jones, 2012). On 12 November Berlusconi resigned, and the following day Mario Monti accepted President Napolitano’s request to form a new government (November 2011/December 2012). In the wake of the anti-crisis packages, the efforts to control income dynamics did at least bring rewards (Corte dei Conti, 2012).

5. The Renzi government: from the adversarial style to the concerted method

The Renzi government, which took office on 22 February 2014, confirmed, in this and other fields of public policy, the majoritarian and adversarial style begun by Brunetta. The reform of the public administration was at the top of the premier’s agenda, together with institutional and election reform, employment and taxation. The premier used the reform in negotiations with the European Commission to obtain greater flexibility in public finances for 2016, resorting to the clause enhancing institutional capacity of public authorities and stakeholders and an efficient public administration (Giavazzi and Barbieri, 2017, p. 30). The proposals of Carlo Cottarelli – manager from the International Monetary Fund, appointed special commissioner to review public spending – regarding the public sector involved a reduction in the average earnings of public managers by 8-12%, and the dropping of the three-level division of managers (top, first- and second-tier) in favour of a single role. Finally, the review calculates that 85,000 employees are surplus to requirements. The Letter to public-sector employees of 30 April 2014 (PCM 2014), signed by Renzi and Madia,


\(^6\) A confidential letter – signed by Jean-Claude Trichet (President of the European Central Bank) and Mario Draghi (incoming President) – was sent by the ECB to the Italian government in early August 2011, containing requests about public employment that were later adopted by Berlusconi and Monti governments. Indications were later confirmed by European Commission (European Commission, 2011).
besides the proposals listed above, included some others, such as changes to job mobility mechanisms, a 50% reduction in the number of hours union representatives can absent themselves from work, the possibility to dismiss managers who remain without a post beyond a given term, the re-launching of evaluation and results-based earnings linked to the trend in the economy.

The minister Marianna Madia declared a willingness to talk to the unions, who were highly critical both of Cottarelli’s plan and the proposals outlined in the Letter, but had not committed to opening negotiations, while the premier ruled out concertation (Colombo, 2014; Patta, 2014). The three major trade union confederations accused the government of having a “logic of self-sufficiency” and of “twisting democracy” to the advantage of governability but to the detriment of participation. The prime minister immediately confirmed that bargaining was being shelved, and provided a glimpse of his intention to challenge outright the role of unions in shaping policy solutions for the public sector (Pogliotti, 2014a).

On 13 June 2014 the council of ministers approved a law decree and a delegating bill for the reform of the public administration, containing measures already in large part announced. The Law Decree 24 June 2014, n. 90 (Misure urgenti per la semplificazione e la trasparenza amministrativa e per l’efficienza degli uffici giudiziari) converted, with amendments, into Law 11 August 2014, n. 114, envisaged the abolition of the retention of personnel who already qualified for a pension, measures to incentivize part-time employment and help reconcile work and other commitments, the simplification of the rules governing job turnover, the halving of paid leave granted to employees’ representatives to pursue union affairs, voluntary and obligatory mobility, the transfer of responsibilities for transparency and performance evaluation from the anti-corruption authority to the department of the public administration. The Delegating Law 7 August 2015, n. 124 (Deleghe al Governo in materia di riorganizzazione delle amministrazioni pubbliche)\(^7\), on the other hand, contained the reorganization of subsidiary companies, the reorganization of the state administration and prefectures, the revision of the employment code of practice

\(^{7}\) It gives the government eighteen months to regulate the subject.
and, above all, public-sector management and administrative simplifications for businesses and the general public.

The unions contested both the method and content of the reform. As regards the former, they protested about the lack of discussion, with unions merely being informed of the government’s plans. And as for the latter, they criticized the absence of an impulse towards the privatization of labour relations (Pogliotti, 2014b). In the face of the union confederations’ protest about the lack of negotiation in preparing the stability law, the prime minister declared that «the government does not write laws by negotiating with unions. If union leaders want to negotiate they should get themselves elected» (Fiammeri, 2014). The end of the concertation method could not have been expressed more clearly.

The content and method are shaped not only by the pressure of the outstanding problems in this area of policy and by the impetus deriving from the economic crisis, as documented, but also by factors pertaining to the prime minister’s leadership and the strategy for renewing the party of which Renzi is the secretary.

He imposed the majority decision on the ex-DS component of the PD, which had controlled the party since its foundation, and the breaking of the organic tie with the CGIL, in order to renew the party. Taking advantage of the errors made by those who had led the party during and after the 2013 election campaign, he was voted in as secretary of the PD in the primaries of 8 December 2013. He completely renewed the party’s national executive committee and, after the party congress, won a solid majority both in the general assembly and in the party leadership. He challenged and forced the Letta government (April 2013/February 2014) to step down, with the aim of reforming the country’s political and institutional system and of leading Italy out of stagnation with economic and social reforms (Fusaro and Kreppel, 2014; Piattoni, 2016). Renzi is a young and pragmatic leader, capable of stirring feelings and stimulating faith in an upturn (Bordignon, 2014; Pombeni, 2014). He is the head of quite an internally fragmented party, which controls only one third of the seats in the Senate and 47% of seats in the Chamber of Deputies, and of a government consisting also of other small parties. But under his leadership the PD obtained a phenomenal 40.8% in the European elections of May 2014. Boosted by the results of the European elections, the government had a smooth ride in presenting measures not mediated with the unions.

---

8 Specifically: a single role respectively for state, regional and local management, and therefore the shelving of the two-tier system; criteria for appointing managers, and for contract duration, non-confirmation, revocation and job loss due to negative performance.

9 A study of the process and contents of the Madia reform is in: Di Mascio and Natalini (2016).
But, the referendum of 4 December 2016, concerning modifications to the Constitution, prompted the government to change tack. In order to win over the large constituency of public-sector workers, on 30 November, Madia signed a political agreement (PCM, 2016) with the three major union confederations destined to produce significant effects in the following months. It envisaged contractual pay rises amounting to more than double the funds earmarked in the budget. In normative terms, the agreement reinstated the collective labour relations regime existing prior to 2008-2009. Following defeat in the referendum – the constitutional changes promoted by the government were rejected by 59.1% of voters – Renzi resigned as president of the council of ministers. The public-sector employment bill has continued its course under the government led by Paolo Gentiloni, in office since 12 December 2016, maintaining the guidelines agreed with the union confederations.

6. Conclusion

The article compares reforms to public-sector employment in Italy over the last twenty-five years. In particular, it compares the innovations introduced by governments in the 90s, the reform of 2008-2009 and the interventions of the Renzi government.

As regards why the steps were taken, the study has revealed the recurrence of certain crisis-related factors triggering reforms, and has confirmed the crucial role of government. The results of the comparative analysis of the first two experiences of reform have shown that, in both cases, the government acted in response to a crisis that reinforced its power. This is demonstrated, in both cases, by the success of the government legislation and the speed with which the measures passed through parliament. In the early 90s the pressure for change came from the external/coactive factor of the Maastricht Treaty obligations. At the same time, the collapse of the system of party government weakened parties in national policy making. And so two contingent factors (Maastricht and the crisis in the party system) boosted the initiative of the government, which enjoyed strong leadership and cohesion within the coalition. The reform of 2008-2009 was also the fruit of the strength of the government, in the context of a financial crisis. It should be framed in a national political context that saw the birth, in 2008, of a strong executive, supported by a broad and cohesive
rightist parliamentary majority. The government had a quasi-electoral investiture, and firm control over its parliamentary base.

In relation to the how, that is, the methods used to come up with the reforms, the comparative analysis of the two experiences shows that, in the first case, the legislative measures were preceded by agreements between the technocratic governments and the large trade union organizations, while a concerted approach together with the unions was absent in 2008-2009. Comparative research shows that the independence of the executive from the veto points of the decision-making structure seems to be the decisive factor in promoting change. In this regard, it should be observed that the policies of parties in government differ according to whether or not corporative mechanisms are at play: approaches to policy making based on cooperation between the State and representational associations, if consolidated, condition the policy outputs themselves.

Thirdly, considering what measures were adopted, it can be observed that the reforms of the 90s introduced a discipline of common law for the civil service, weakening the differences between the public and the private sector. Reform promoted in 2008-2009 provided new rules to manage civil servants, introducing procedures for performance evaluation and a system of rewards and penalties, and a marked discontinuity in contractualization (relegislating). A neo-Weberian deviation took place, then, induced by the undesired effects of the contractualization promoted with the second cycle of reform in the 90s. More specifically, the discipline put in place by the reform of 1992 was the result of a long process of adaptation, which started in the second half of the 60s. In this respect, the decisions of 1992, like those of 1997, which definitively completed the contractualization process, represented the pursuit of policy choices made in the past. The modernization initiative of 2009 can be interpreted as a reaction to inefficiencies in policy sectors. The partial reorientation of the policy content (relegislating) can be put down to the lack of concertation with union organizations. Moreover, the minister Brunetta played the role of policy entrepreneur, promoting a nucleus of ideas deriving from business economics.

As regards the Madia reform begun by the Renzi government, on the basis of the comparative analysis, it can be affirmed that the guidelines dictated by the agreement of 30 November 2016 demonstrate the persistence of the traditional policy set-up. The reorientation has also concerned the process of formulating measures, which has switched back from adversarial to concertative, inclusive of the three key union blocks. Finally, as far
as the status of the government is concerned, the analysis has shown that strong government leadership is not sufficient to produce a strong government. Likewise, it has demonstrated that a solid government is a necessary condition for pushing through reforms. The delegation of powers to the government was put in place by Law 124 in August 2015. The last decrees of implementation were approved only in May 2017. In addition, following a sentence of the Constitutional Court 25 November 2016, n. 251, the part of the Madia reform regarding the managerial staff has been entirely abandoned by the government.

References


 menti_itemName_0_documento.pdf&uid=cdcda16b-f199-4178-b3cc-99b60f1c4e11 (05/05/2018).


