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**From an ‘intrusion’
to a ‘window of
opportunity’?
Influencing the national
debate through the
European Semester**



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Emmanuele Pavolini and Marcello Natili

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From an 'intrusion' to a 'window of opportunity'? Influencing the national debate through the European Semester. Case study Italy

Emmanuele Pavolini, University of Macerata

and Marcello Natili, University of Macerata and University of Milan

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Executive summary

This Research Paper aims at understanding the involvement of Italian trade union organisations (TUs) in both the domestic and European Union (EU) cycles of the European Semester (ES). It completes this analysis with more in-depth research on a specific policy choice: the introduction of the Inclusion Income (Reddito di Inclusione, REI), since implementation of this programme was a policy priority underlined in recent Country-specific Recommendations for Italy. For this task, the paper relies on quantitative data to describe the Italian context and uses a qualitative research methodology, drawn from a variety of sources: legislation, key document analysis and interviews with key informants.

Although Italy was not formally subject to a Memorandum of Understanding (MoU), the need to finance its huge public debt at relatively acceptable interest rates has created a strong dependency on the EU institutions, in particular the European Central Bank. Therefore, since 2011, EU pressure has become increasingly strong and it has remained so over the years. Only since 2016-17 has pressure returned to a moderate level, thanks to several domestic reforms (mostly concerning pensions and labour market regulation) implemented partly on the basis of CSRs coming from the EU.

In terms of the EU 28, the representativeness of national TUs in Italy is at a medium level. In 2013, around 37% of employees belonged to a trade union. Italy has an industrial relations' system belonging to the group of so-called 'State-Centred' systems. In these systems, state intervention in industrial relations is frequent, the role of the social partners is not institutionalised and the latter are involved on an irregular, often politicised, basis. Moreover, collective bargaining is relatively widespread in Italy (around 80% of wage earners have the right to bargain) and it has traditionally predominantly taken place at sectoral level, although in recent years, the company level has also become increasingly important. Since the 2000s, tripartite negotiations have become less common.

The relationship between the TUs and the ES has evolved over time. Awareness of the procedures and instruments of the ES is still limited – although it has increased when compared to the recent past – and restricted to some peak members of the TUs. While at the beginning of the present decade the ES was perceived almost as an 'intrusion' into the national policy-making process, today Italian TUs consider it as a 'window of opportunity'.

Our research emphasizes the importance of distinguishing between participation in the Semester at the national level and at the European level. Between 2014-2018, no formal or informal consultation processes took place with the government to discuss the National Reform Programme (NRP) and/or the national documents reacting to European reports or recommendations. This is because Italian national governments were not particularly interested in exchanging resources with

TUs. Therefore, the political resources (consensus – membership) available to TUs have been insufficient to foster a different model of interaction.

Only in one specific policy field – and at a time (2016-2018) when the Italian government was particularly weak – were Italian TUs able to strike a deal with the government, resulting in the introduction of a minimum income scheme. To do so, however, they had, first, to build a united front with other social actors and, second, to support a policy reform in line with the European Semester (ES) messages.

The situation at EU level has evolved significantly over time. In this context, Italian TUs could count on an important asset and a strategic opportunity. The important asset was 'networking', namely through the increasing role played by the European Trade Union Confederation (ETUC) in order to foster a TU agenda on the Semester. The opportunity was Juncker's decision to invest more in social dialogue. Therefore, an exchange of resources has taken place in recent years at the EU level, with the Commission asking TUs to provide two types of resources: on one hand, information and expertise (Beyers 2004: 218); on the other, legitimation for the Commission itself and EU institutions in general, at a time of rising criticism of these institutions. In exchange, Italian TUs have obtained recognition of their socio-political role, at times when social dialogue was difficult to implement in Italy, as well as the chance to try to influence national policies through the EU institutions. Overall, national TUs, in Italy, have tried to use the ES debate at the EU level to attempt to influence the Italian national government's agenda, and not the other way around.

The research presented highlights a set of policy recommendations useful for both TU involvement in the ES and the effectiveness of the latter, addressed to the Italian government, the EU institutions and the TUs themselves.

The Italian Government has been the most important absent party in the ES interaction with trade unions. It is very important that it returns to more effective discussions with TUs. This would also provide the TUs with greater incentives to invest their own resources in the ES.

There is a need for more continuity over time (in all the main ES phases) in the interaction between TUs and European institutions during the ES. Moreover, Country-specific Recommendations should be less succinct and more nuanced, in order to better explain concepts and views. The EU must put more pressure on national governments to involve the social partners in the ES discussion and process.

Finally, there are three aspects on which TUs should work in order to make their participation in the ES more effective. First, it is important to encourage, at EU level, more interaction among the national TUs and their Trade Unions Semester Liaison Officer (TUSLO), in order to exchange views

and experiences. Second, it is necessary to strengthen the role of the TUSLO and, in general, to invest more in high-ranking TU representatives for the process. Third, TUs should work on documents to be presented during the ES process; these should be drafted in a more functional way.

Contact: Prof. PhD. Emmanuele Pavolini, University of Macerata (Italy); Dr. PhD. Marcello Natili, University of Macerata and University of Milan.

Email: e.pavolini@unimc.it

1. Introduction and setting the scene

Italy, although not directly subject to a Memorandum of Understanding (MoU), has, since 2011, faced economic and political turmoil that led many scholars to describe it as a country 'under conditionality by other means' (Pavolini *et al.* 2015). The result has been several major reforms, often aimed at cost-containment, introduced in a relatively short period of time (Guillén and Pavolini 2015). In terms of the industrial relations' system, tripartite negotiations have become less common since the 2000s, although some forms of tripartite concertation were revitalised in 2012.

It is against this overall background that, starting in 2011, the European Semester (ES) was introduced into the EU and Italian governance. This report aims at understanding the involvement of Italian trade union organisations in both domestic and EU cycles of the European Semester. This analysis is complemented with more in-depth research on a specific reform: the introduction of the Inclusion Income, since implementation of this programme was a policy priority underlined in recent Country-specific Recommendations for Italy. For this task, it relies on quantitative data to describe the Italian context and uses a qualitative research methodology. Qualitative evidence is drawn from a variety of sources: legislation, key document analysis (e.g. the National Reform Programmes, the Country-specific Recommendations), and 14 interviews with representatives of governments, European institutions, trade unions as well as employer associations ⁽¹⁾.

2. Background information: setting the scene

Degree of EU pressure

Although Italy was not formally subject to a MoU, as were Portugal and Greece, the need to finance its huge public debt (which in recent years reached 120-130% of Italian GDP) at relatively acceptable interest rates has created a strong dependency on the EU institutions, in particular the European Central Bank (Pavolini *et al.* 2015). Therefore, since 2011, EU pressure has become increasingly strong and it has remained so over the years. Only since 2016-17 has pressure returned to a moderate level, thanks to several domestic reforms implemented partly on the basis of CSRs coming from the EU (the pension reform in 2011, various acts regulating the labour market from 2011 to 2016). In relation to these reforms, Table 1 shows the main topics put forward in the CSRs for Italy between 2014 and 2018. The CSRs from the years previous to 2014 mostly concerned 'old social risks' (notably pensions) (Pavolini *et al.* 2015). However, the main topics since 2014 have been more focused on, firstly, decentralization of collective bargaining, and

1. A detailed list of the interviews is set out in Annex 1.

secondly, 'new social risks' and a 'social investment' approach: education and human capital, female labour market participation and active labour market policies ⁽²⁾.

Table 1. Topics discussed in general CSRs and specific CSRs related to social dialogue, labour market regulation and social policies (2014-18)

Topics discussed in general CSRs	2014	2015	2016	2017	2018
Decentralization of collective bargaining		X	X	X	X
Labour market policy (for young people)	X	X	X	X	X
Female labour market participation and family policies		X	X	X	X
Active labour market policies				X	X
Poverty and social assistance	X	X	X	X	X
Education and human capital formation	X	X	X	X	X
Old age pensions					X
Health care					X
Specific 'social' CSR's	2014	2015	2016	2017	2018
Decentralization of collective Bargaining		X		X	
Labour market policy (young people)	X	X			
Female labour market participation and family policies	X	X	X	X	X
Active labour market policies	X	X	X	X	X
Poverty and social assistance	X		X		
Education and human capital formation	X	X			X
Recalibration of social policy expenditure				X	

X indicates that the topic has been discussed in a given year in the CSRs.

Representativeness of national Tus

In terms of the EU-28, the representativeness of national Tus in Italy is at a medium level. In 2013, around 37% of employees belonged to a trade union. This rate is lower than that in Scandinavian countries or Belgium, but higher than in all other countries considered in the INVOTUNES project ⁽³⁾ (see Table 2). As Figure 1 shows, the representativeness of Italian Tus in terms of membership followed a U-shape over the last two decades, with figures in the mid-2010s similar to those recorded in the mid-1990s. Significantly, Italy is the only country with Spain in the

2. A detailed description of the CSRs addressed to Italy between 2014 and 2018 is provided in Annex 2.

3. The INVOTUNES covers eight countries: Belgium, Bulgaria, Finland, Germany, Hungary, Italy, Portugal and Sweden. See the project website for more information: <http://www.ose.be/invotunes/>

whole EU-28 that has not recorded a drop in membership in the last two decades (Eurofound 2016; see also Table 2).

In Italy there are three main trade unions: the Italian General Confederation of Labour (*Confederazione Generale Italiana del Lavoro*, CGIL), the Italian Confederation of Workers' Trade Unions (*Confederazione Italiana Sindacati Lavoratori*, CISL) and the Italian Labour Union (*Unione Italiana del Lavoro*, UIL). The share of these three confederations in overall union membership (around 87% in 2014) has been stable over time (respectively 41%, 32% and 14% for each confederation). CGIL traditionally has the most left-wing ideology among the three, CISL has socio-catholic roots and UIL is social-democratic and secular in its ideology.

Table 2. Union density rate in Italy in the last two decades compared to other EU countries (1995-2013)

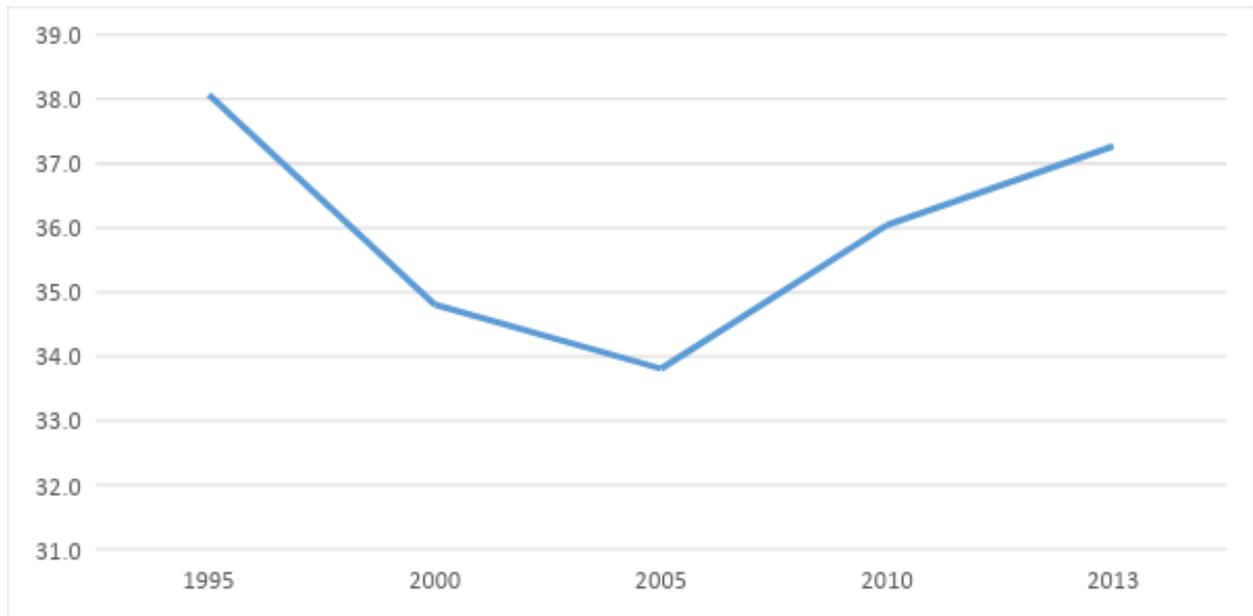
Country	1995	2013*
Finland	80.4	69.0
Sweden	86.6	67.4
Belgium	52.8	55.1
Germany	29.2	17.7
Bulgaria	32.6**	17.5
Hungary	49.1	10.7
Italy	38.1	37.3
Portugal	25.4	18.5

* 2013 or most recent year (2012).

** Data for Bulgaria refer to 1997.

Source: ICTWSS database (version 5.1).

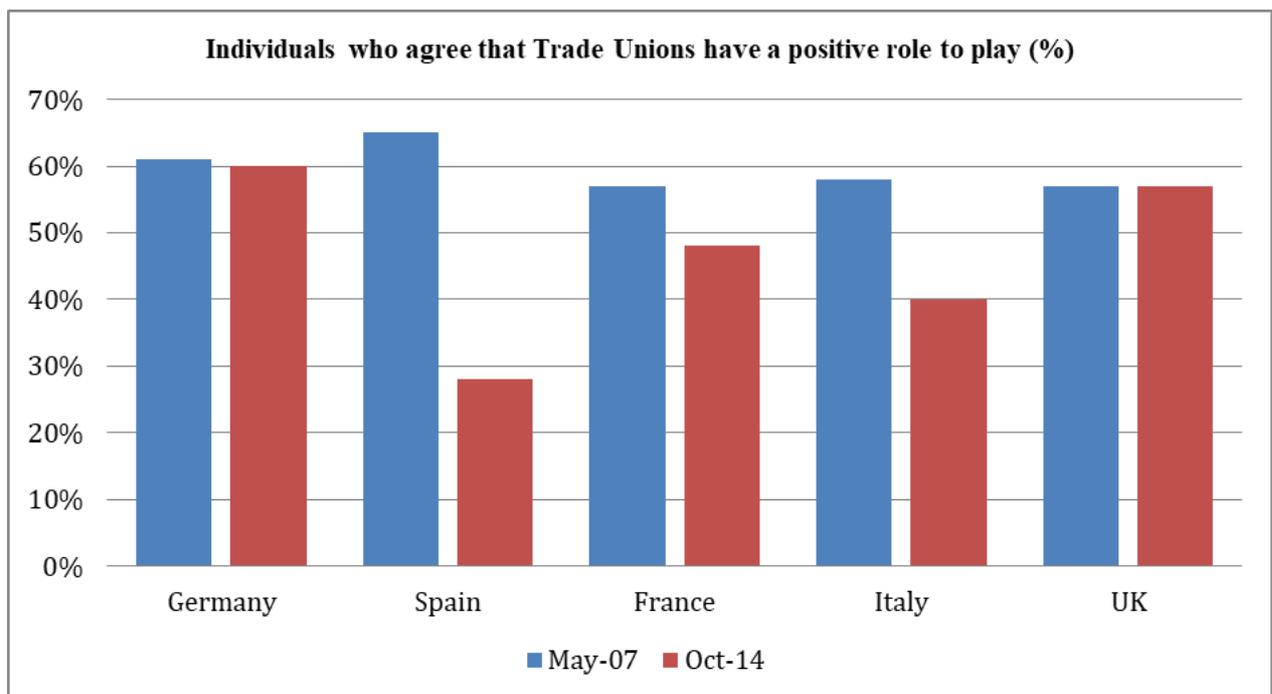
Figure 1. Union density rate in Italy over the last two decades (1995-2013)



Source: ICTWSS database (version 5.1).

Despite a stable union density rate, during the economic crisis and austerity the level of trust in TUs has fallen in Italy, as Figure 2 shows. Only a minority of Italians seem to have confidence in the TUs, compared to the situation a few years ago, when a larger share of the population agreed that unions played a positive role.

Figure 2. Relative confidence in trade unions during the last decade in Italy



Source: Eurobarometer.

Industrial relations system and state of social dialogue

In relation to other European industrial relations' systems, Italy is considered as a country belonging to the group of so-called 'Southern' or, more properly defined, 'State-Centred' systems, together with France, Greece, Portugal and Spain (Visser 2009; Eurofound 2016). In these systems, state intervention in industrial relations is frequent, the role of the social partners is not institutionalised and they are involved on an irregular, often politicised, basis. Moreover, collective bargaining has traditionally predominantly taken place at sectoral level, although in recent years, the company level has also become increasingly important. In Italy, tripartite agreements in the 1990s addressed a large number of issues. Since the 2000s, tripartite negotiations have become less common, and TU positions have diverged more, as the government has imposed more unilateral measures (including the 2011 pension reform and the 2012 labour market reform). Tripartite concertation was revitalised in 2012 by the tripartite 'Guidelines to increase productivity and competitiveness in Italy' (Linee programmatiche per la crescita della produttività e della competitività in Italia), signed by all peak-level social partner organisations apart from the CGIL (the TU with the highest share of members). The guidelines strongly emphasised second-level bargaining (Eurofound 2016).

Collective bargaining is relatively widespread in Italy: around 80% of wage earners have the right to bargain and this figure has remained constant since the mid-1990s. Compared to the other INVOTUNES countries, Italy comes after the Scandinavian countries and Belgium (Table 3). Practically all employees in companies with at least ten workers are covered by collective bargaining (D'Amuri and Nizzi 2017). However, since 2010 there has been increasing fragmentation in national-level sectoral bargaining, with more agreements signed by less-known, smaller TUs and employer associations in order to reduce labour costs (the so-called 'bargaining dumping' phenomenon) (D'Amuri and Nizzi 2017). This phenomenon weakens the bargaining power of the three main confederations somewhat and affects sectors to a differing extent: in 2015, 9% of workers in the retail sector were affected, but far fewer in other service sectors and manufacturing (just 3% and 1%, respectively). In February 2018, the three main TUs (*CGIL*, *CISL* and *UIL*) and the main employer association (*Confindustria*) signed a new agreement (*Patto per la fabbrica*) in order to regulate their future relationship and to address this 'bargaining dumping' phenomenon.

Relevantly, in the period between 2013 and March 2018, TUs in Italy interacted with two different coalition governments (a combination of centre-left and centre-right parties, with the former more strongly represented).

Table 3. Collective bargaining coverage rate in Italy in the last two decades compared to other countries (1995-2013)

Country	1995	2013*
Belgium	96.0	96.0
Finland	83.0	93.0
Sweden	94.0	89.0
Italy	80.0	80.0
Portugal	77.5	72.9
Germany	80.7	57.6
Bulgaria	40.0**	29.0
Hungary	32.8	23.0

* 2013 or most recent year (2012; 2010 for Italy).

** Data for Bulgaria refer to 2003.

Source: ICTWSS database (version 5.1).

2. The involvement of national TUs in the European Semester: access mechanisms and resources exchanged

When looking at trade union involvement in the ES in the period 2014-2018, one notices a gradual improvement, though only in the 'European cycle'. Italian TUs do not participate in the 'national cycle', as there are neither formal nor informal consultation processes with the government to discuss the National Reform Programme (NRP) and/or the national documents reacting to European reports or recommendations [Int 1/CGIL; Int 2/CISL; Int 3/CGIL, Int 8/ Confindustria]. In this regard, our research points to the absence of any type of involvement, not even in the form of 'information' or 'consultation' (Sabato *et al.* 2017). In the words of the CGIL liaison officer:

'It is very important to split the question concerning TUs' involvement in the Semester in two different dimensions: the first relates to the participation in the European process, the second refers to the relationship with the national government. The first one is very well structured; TUs are involved and actively contribute to the process. (...). As for the involvement in the national process on the European Semester, it is structurally limited: we may participate in discussions that then are indirectly connected with the Semester, but there is no specific confrontation with the government on the NRP or the other national documents replying to European input.'

CISL, the other main Italian trade union, shares the same opinion: that the ES is negatively affected by the absence of any type of debate with the national government. This helps to explain why European procedures are somehow perceived as issues for specific experts, with no concrete

repercussions on daily trade union activities, and so only peak members and/or those responsible for European affairs are fully aware of the process.

Significantly, however, Confindustria describes its positive collaboration (also) with the Italian government: 'we have several occasions to meet government representatives when they draft the NRP or they prepare measures related to the CSRs. These occasions are both formal and informal, bi-lateral and with other actors' [Int 8/Confindustria].

Despite these drawbacks, during the period 2014-2018 awareness of the procedures and instruments of the ES improved, due in particular to shared efforts made by both the ETUC and the European Commission. TUs have access to the Semester at four stages in the process: a) the *ex-ante* consultation by the European Commission on the Annual Growth Survey (AGS); b) the *ex-ante* consultation and *ex-post*-exercise on the Country Report; c) participation in the European Social Dialogue structures; and, d) their interaction with the Employment Committee (EMCO).

With regard to the first of these, over the period 2014-2018 social partner consultation on the AGS has gradually improved. More precisely, in the last three years, CGIL, CISL and UIL have sent a joint written document to the ETUC as part of the Commission's *ex-ante* consultation on the AGS. This document is also sent 'for information' to the European Commission's European Semester Officer (ESO) in Italy. In it, the TUs outline their political priorities, especially in the areas of collective bargaining, labour market policies and social protection.

Second, TUs outline their position before and after the drafting of the Country Reports through direct meetings with representatives of the European Commission. Within the entire European Semester process, the TUs perceive as particularly important the Commission's 'fact-finding mission' – i.e. the meeting organised in Italy between TU representatives and the European Commission delegation, before the issuing of the Country Reports (CR). This is the only 'official' (4) opportunity for TUs to describe their political priorities directly to European civil servants. During this meeting, TUs express their views, especially on labour market and social protection issues. Significantly, it emerged from the interviews that in the parallel meeting with Confindustria 'the spectrum of the issues addressed is broader and also involves research, innovation, and macro-economic policy as a whole' [Int 8/Confindustria].

Italian TUs also had bilateral meetings with the European Commission through the ETUC. Since the 2016 cycle, the ETUC has been involved in an *ex-ante* consultation on the CR, a process also involving representatives of five of their national affiliates. Italian TUs were able to take advantage of this opportunity, as three times out of four they were chosen to be on the national delegation

4. As outlined below, in the period 2015-2018, Italian TUs were also able, through the ETUC, to organize 'informal' bilateral meetings in Brussels.

[Int 1/CGIL]. The ETUC has thus been important in organising contacts between national TUs and the Commission in relation to the ES.

The European Commission also holds informal meetings with the social partners to gather their feedback on the Country Report, equally after publication. These meetings are, however, considered less useful, as 'they have a more pedagogic function, to spread the Commission's vision to all interested stakeholders; and even if at times the TUs are not very happy with the Country Reports, we try to defend the vision of the Commission' [Int 9/ESO].

Third, the Juncker Commission's recent commitment to strengthening European social dialogue has provided a new arena for the TUs – and Confindustria – to discuss the analysis leading to the CSRs. These possibilities have helped to improve trade union perceptions of the European Semester process, providing another opportunity to establish contact between national TUs and the European Commission. At the same time, these contacts seem less able to influence the process than other forms of interaction, as they take place generally after the CRs have been published, and close to the publication of the CSRs [Int 5/European Country Desk]. One of our interviewees argues that for TUs it is particularly important to participate and to see their role recognised: 'this 'visibility and legitimisation' goal can be considered as important to TUs as an effective participation' [Int 9/ESO].

Finally, the Italian social partners also meet regularly with the Employment Committee (EMCO), an ongoing consultation that concerns every stage of the Semester process. CGIL in particular stresses the importance of this process, as it is one of the very few arenas for discussing labour market issues also with the Italian Government and Confindustria.

In sum, the main mechanisms for access available in Italy are *direct communication with the European Commission during the fact-finding missions or via the European Semester Officers in national capitals*, as well as the meetings in Brussels, organised and supported by the ETUC. On these occasions, national TUs coordinate with each other and produce *written contributions* which are delivered to the ETUC and the Commission. All the other potential instruments (e.g. tripartite or bilateral meetings, Social and Economic Councils, specific structures for formal consultation between the social partners and the government on issues related to the European Semester) indicated in the literature (Eurofound 2016, Sabato *et al.* 2017) are hardly used, partly because of the peculiar condition of the social dialogue and industrial relations system in Italy. The only partial exceptions are *Parliamentary hearings* and the related debates regarding, for example, the budget law, which are indirectly related to the European Semester. In this regard, however, it is worth remembering that Parliamentary centrality has been partially limited in recent years by strong political centralization of decision-making by the Italian government (Leon *et al.* 2015).

3. Linkages between the European Semester and national social dialogue

3.1 Correspondence between the themes of the Semester and the themes of national social dialogue

As already underlined in the previous section, the national social dialogue has been relatively weak in recent years in Italy (Pavolini *et al.* 2015), in particular on the themes of the European Semester. As argued by one of the interviewees: ‘as far as I remember, the last time we have been consulted by the national government for the NRP was when Monti was Prime Minister [between 2011 and 2013]. Since then, no more formal consultation’ [Int 3/CGIL; see also Int 4/Ministry of Finance and Int 9/ESO]. The reforms introduced during the austerity years further increased the distance between governments and the TUs.

Against this background, three issues have been central to the ES and, at the same time, have been discussed to some extent between the Italian government and social partners – although it would be an exaggeration to describe this process as ‘social dialogue’: a) labour market regulation; b) collective bargaining decentralization and its connection to productivity; and c) social assistance and income protection. In particular, with regard to labour market policies, the European Commission recommended in the CSRs (further) deregulation of the labour market, that Italy should invest in active labour market policies, and strengthen second-level contractual bargaining. Finally, with regard to tackling poverty, the Commission emphasized the weakness of the income maintenance system in Italy and recommended strengthening of the social inclusion services. This latter recommendation and the call to invest more in ALMPs are the only recommendations supported unanimously by the three major Italian TU confederations.

Some of these topics have been central to the Italian political debate in the period 2014-2018. Indeed, the introduction of a new labour market reform – the so called ‘Jobs Act’ – as well as the launch of a new framework for second-level bargaining were among the most important social policy reforms introduced by the Renzi Government (2014-2016). This strongly contributed to the increasingly conflictual relationship between the predominantly centre-left government and the main Italian trade union, the CGIL (Regini and Regalia 2018). With regard to tackling poverty, this legislature also made crucial policy changes. However – as outlined in Section 6 – these were also negotiated with the TUs.

3.2 Awareness and relevance of European Semester messages/initiatives for national social dialogue

Trade unions – in particular the TUSLO and peak members – were quite aware of the main ES messages and initiatives. However, the fairly limited trade union support (especially up to 2016) of the main (social) inputs coming from the EU, and the weaknesses of the national social dialogue outlined above, have clearly limited the usefulness, and in general the importance, of the ES for national social dialogue. Indeed, rather than ES messages having an influence on the (absent) social dialogue, the trade unions have started to see Commission recommendations and reports as a way to influence the national government at a time of low collaboration. This is particularly evident from trade union efforts to participate in ES initiatives, as outlined in Sections 4 and 6.

3.3 Usages of the European Semester in national social dialogue

One of the reasons for this trade union approach is that European Semester messages have been used several times by the government to bypass negotiation – at times, also discussion – with the social partners regarding social policy reforms. Significantly, it emerges from the interviews that only items already included in the national government's agenda entered the political debate. As one interviewee put it: 'if the issues and recommendations indicated during the ES are in line with what the (Italian) government wants to do, then the CSRs will be used as a 'shield' and legitimation in order to pass legislation, especially when it is controversial... When, instead, the recommendations touch upon issues the government is not interested to focus on, they practically go unobserved ...' [Int 8/Confindustria; Int 9/ESO; Int 10/Ministry of Labour]. This was particularly evident until 2016, when issues such as the limited development of active labour market policies or the absence of a minimum income scheme were not pursued by the government with the same resolve as labour market deregulation and/or decentralization of collective bargaining.

It could, however, also be argued that European pressures for cuts in social expenditure and/or regarding so-called structural reforms were stronger than those calling for welfare expansion in the underdeveloped social policy field (Natili and Jessoula 2018). Not surprisingly, this angle is particularly emphasized in the interviews with members of the Italian ministries, which emphasised that the Commission was very satisfied with the introduction of the Jobs Act, while afterwards, European pressure on the other domains significantly weakened. Thus, though CSRs were issued on ALMPs, female employment and poverty, European pressure in these policy fields was much less consistent [Int 4/Ministry of Finance; Int 10/Ministry of Labour].

4. Trade unions' strategies for involvement

4.1 Strategies for involvement

TU strategies for involvement in the European Semester evolved quite significantly in the period 2014-2018. While initially the Semester was perceived as an 'intrusion' into the national policy-making process – i.e. something 'imposed' with no specific role given to the social partners – today Italian TUs consider it important to take part in this process [Int 1/CGIL; Int 3/CGIL].

This increased attention paid to the European Semester over the period 2014-2018 is certainly due to the willingness of the Juncker Commission to streamline the ES, creating new venues and procedures for the involvement of EU social partners (cf. Sabato *et al.* 2017), but also to a greater coordination effort on the part of the European Trade Union Confederation (ETUC). Italian TUs relied in particular on two instruments to take part in the Semester: a) the elaboration of joint written documents sent directly to the Commission and/or transmitted through the ETUC; and, b) the organization of bilateral meetings in Rome and/or in Brussels with European Commission representatives. Conversely, there is no evidence of TU strategies to politicize the ES topics through media campaigns or by mobilizing members to organise protests specific to the topics discussed in the various phases of the process [Int 1/CGIL; Int 2/CISL]. As expected in the INVOTUNES analytical framework (Sabato *et al.* 2017), Italian TUs mainly relied on 'insider strategies', establishing direct contact with both European institutions and the ETUC in order to become involved in the various phases of the Semester process.

In particular, the increasing coordination between TUs is an important mechanism through which national TU representatives have been able to increase their capacity to participate in the ES. In the case of Italy, this coordination takes two forms: national coordination between the three main Italian TUs, which have started to write each year a document that is presented to the government and the EU stating their preferred priorities for the ES; international coordination through the ETUC, which acts effectively as an 'association of associations'.

As a relevant example, in 2018, Italian TUs, under the auspices of the ETUC, have developed a new strategy to influence the European Semester. A new document is being produced, called 'The contribution of CGIL CISL and UIL to the *ex-ante* consultation on the Country Reports'. This is a document jointly produced by all the different departments/thematic areas of the three Italian confederations, to be included in the ETUC report [ETUC, 2018]. It is a rather detailed document, in which TUs outline their priorities and their policy proposals.

4.2 Mechanisms for 'internal' coordination

CGIL and CISL have internal mechanisms enabling interaction between their different 'departments' on the topics of the Semester. In general, one person – currently the TUs' Liaison Officer for the European Semester – is responsible for collecting information from the various departments and/or thematic areas. CGIL in particular emphasised the 'organizational cost' of participating in the Semester, as it is often complex to involve efficiently the different areas of the national CGIL (economy, migration, social policy, fiscal policy, etc.). According to CGIL, this is due to the lack of concertation with the government: 'If there was a more structured moment with the national government, I believe that the TUs would also dedicate more resources.' At the same time, the increasing coordination role recently played by the ETUC has strengthened the TUs' investment in the European process [Int 1/CGIL; Int 2/CISL; Int 3/CGIL]. Furthermore, the appointment of TUSLO's is helping to change the situation and has played quite an important role in linking ES activities at the EU with national TU activities [Int 3/CGIL].

Despite this moderate investment, neither the European Semester Officer nor the European Commission country desks identify a lack of Italian trade union resources and/or willingness to participate in the ES: rather, they argue that 'the Italian TUs have always been interested in being involved in the process and they have always given very precise feedbacks on our requests' [EC 2]. Interestingly, it emerged from the interviews that the limited organizational resources of the European Semester Officer in Italy – due in particular to a low number of staff members – constitute a barrier to more thorough interaction with social partners on all the subjects covered in the Semester.

Significantly, all the interviews show a shared perception that the employer associations have greater opportunities to participate efficiently in the Semester [Int 14/CGIL; Int 8/Confindustria]. The European Commission country desk indicated that the greater economic and logistic resources of Confindustria allow for a more 'structured' dialogue; the European Semester Officer also underlined that business associations are frequently in a better position to exert pressure on the European institutions through various instruments, because of their greater means and capacity for lobbying.

CGIL, CISL and UIL, despite their differing political orientations, make significant efforts to coordinate their action and produce joint documents – a collaboration judged very positively, despite the difficulties, by CGIL and CISL (Int 1/CGIL; Int 2/CISL). Conversely, there are very few, if any, contacts at the European level ⁽⁵⁾ with other political and/or social actors, such as political parties or NGOs 'because the coordination with the other TUs is challenging and takes a lot of

5. However, such contacts exist at the national level, as outlined in Section 6.

time. Sporadically, we interact with representatives of the European Parliament, but not with political parties' [Int 1/CGIL].

4.3 Determinants of the strategies

Italian TUs have been eager to participate in the various phases of the European Semester, providing written and oral input to both the ETUC and the European Commission and being in general very responsive to requests from the European institutions [Int 5/ECD; Int 9/ESO]. Furthermore, they have also been able to overcome their political differences and develop 'common ownership' of the European Semester process. *How can we explain this behaviour? What are the 'determinants' of the involvement strategies pursued by Italian TUs?*

In addition to increasing awareness of the importance of the European governance, we see two interrelating factors as crucial to understanding TU strategies. First, there is the specific opportunity structure given by the institutional setting at both the supranational and the national level. Second, and related to the former point, there is the legitimacy crisis facing the Italian TUs because of the social consequences of the Great Recession in Italy in the period 2012-2016.

In relation to the first aspect, the last decade constituted a critical watershed for Italian TUs, which have lost much of their political power in Italy and, in some areas, have lost their power of veto (Durazzi *et al.* 2018; Guillén and Pavolini 2015; Regalia and Regini 2018). Partly because of this, the Italian government decided to avoid formal and/or informal consultation with the TUs on the drafting of the National Reform Programme. Significantly, this lack of consultation is referred to only by the TUs, whereas Confindustria is largely satisfied with its degree of involvement in the establishment of the NRP [Int 1/CGIL; Int 2/CISL; Int 3/CGIL; Int 8/ Confindustria]. The loss of national 'institutional' resources (Streek and Hassel 2017) – and the gradual loss of their well-established favoured relationship with the main centre-left party (Ceron and Negri 2018) – have caused Italian TUs to look for new strategies to exert influence and show their relevance. In this regard, the opportunity to participate in the European Semester is important for the three main Italian TU confederations, despite shared doubts regarding the constitutional asymmetries and the direction of macro-economic policies pursued by European institutions. This is a point on which all TU representatives interviewed agreed.

The second element, strongly interrelated, is a decline in the perceived legitimacy of TUs within Italian society. This element too, reducing the political power of TUs domestically, acted as an incentive for them to look for other channels to increase their sphere of influence and thus to actively participate in the European Semester Process.

5. Influence of national trade unions in the European Semester

5.1 Influence on agenda setting

The ability of the Italian TUs to define the agenda of the European Semester was initially low. Since 2015, the Commission's ex-ante consultation on the AGS and on the CRs has gradually improved this situation, although there is still an overall limited ability to influence the setting of priorities at the European level.

In the view of the Italian TUs, the European economic governance structure limits their ability to set the agenda of the Semester. In respondent's words:

'The European economic governance is built on specific rules. Fiscal and budgetary constraints impede to devote greater attention to aggregate demand, investments and consumption. This is obviously reflected also in the European Semester, which is 'the arm' of this economic governance structure. And yet, thanks especially to the participation of the social partners, in the last few years there was a mitigation of at least some of the golden rules of the European Union macro-economic policy.' [Int 3/CGIL].

Another TU representative made similar statements:

'We noticed a positive change with the shift from the Barroso to the Juncker Commission. There is a greater attention, greater availability to find a moment to discuss and an overall approach more favourable to the social dialogue. (...) However, what has not changed is the cultural and economic paradigm dominating in these meetings: austerity and requests to introduce cost reduction measures prevail. (...) Today, our opinions are heard, probably they are registered, but then it is difficult to find traces of our feedback in Commission proposals.' [Int 2/CISL].

Against this background, TU influence on the agenda setting remains low – although, as outlined below, there is evidence that TUs are increasingly able to influence some of the outcomes of the process.

5.2 Influence on the outputs of the process

The Italian TUs have devoted considerable efforts to providing the ETUC and the European Commission with ex-ante written and oral recommendations regarding points to be included in the Annual Growth Survey and (more recently) in the Country Reports. Considering this process, two main considerations deserve attention. First, TUs have a positive opinion of most of the analysis

included in the Country Reports on Italy between 2016 and 2018 – i.e. the focus on the low female and youth employment rates, the weak active labour market policies, the fragmentation of the social assistance expenditure and the absence of a minimum income scheme. There are however two important exceptions: the Commission reading of the wage development and collective bargaining system in Italy and the references to excessive pension expenditure [Int 1/CGIL; Int 3/CGIL]. At the same time, the TUs are rather sceptical regarding their ability to influence the process. In general, actors agree that the social partners' more frequent interaction with the Commission has improved the latter's knowledge of the 'real functioning' of the country, as reflected in the most recent CRs; at the same time, they do not believe that the presence of specific topics in the CRs is due to TU pressure [Int 3/CGIL; Int 14/CGIL].

5.3 Influence on the outcomes of the process

The TUs, which are traditionally relatively unhappy with the contents of the Country specific Recommendations, are generally pleased with the CSRs issued in 2018. The recommendations on the low female employment rate and on the necessity to strengthen active labour market policies in Italy are viewed positively. Furthermore, the absence this year of a Country-specific Recommendation on the decentralization of collective bargaining is considered one of their main achievements: 'This year, after three consecutive years, Italy has not received a Country-specific Recommendation on collective bargaining. This is a great victory for us. (...). After years of mobilization, meetings in Rome, meetings in Brussels, documents sent directly to the Commission and/or through the ETUC, we have been finally able to 'eliminate' this recommendation.' [Int 1/CGIL]. Importantly, in this 'battle' to modify the Commission view on the collective bargaining system in Italy, the TUs and Confindustria – which had a similar view regarding the importance of maintaining a significant role for the national bargaining system (Bulfone and Afonso 2017; Int 8/Confindustria) – were united. We should however be cautious in considering the absence of a CSR on decentralized bargaining as a sign of greater TU influence on the outcomes of the European Semester: in the same year, Italy received a CSR on the importance of reducing pension expenditure, which is equally unacceptable to the Italian TUs [Int 1/CGIL; Int 2/CISL].

TUs, partly through the European process, despite their limited involvement in the national policy-making process in the last decade, were also able to influence an important decision taken at the national level: the introduction of a national anti-poverty minimum income scheme in Italy, the Inclusion Income. Our in-depth case study focuses on this social policy change.

6. The involvement of Italian trade unions in the introduction of the Inclusion Income

6.1 Description of the initiative

The absence of a minimum income scheme (MIS) for working-age, able-bodied individuals has been one of the most distinguishing features of the Italian welfare state from a comparative perspective, deeply marking its social assistance regime (Ranci and Pavolini 2015). Traditionally in Italy, anti-poverty safety nets existed solely at the local level, were provided on a discretionary basis and with great territorial differentiation, and were confined to those cases in which the extended family – the primary network of solidarity – was unable to fulfil its role as a social safety net (Saraceno 2002).

The importance of minimum income benefits in the Italian political debate increased with the legislation initiated in spring 2013. A pilot programme with very low funding, previously introduced by the Monti government, was renamed 'Active Inclusion Support' (SIA) and implemented in 12 cities, with more resources than originally foreseen (€167 million). The Renzi and Gentiloni governments further strengthened the investment in social assistance. The 2015 Stability Law launched an anti-poverty strategy, later consolidated with the adoption of Legislative Decree 147/2017, which stated that, from January 2018, an *Inclusion Income (Reddito di Inclusione – REI)* would replace the SIA.

Similarly to the SIA, the REI is a means-tested monetary benefit conditional on signing a 'social contract' aimed at promoting active inclusion through individualized plans and service provision. To support social services associated with the implementation of the REI, additional funding and 'uniform national standards' were introduced ⁽⁶⁾ for the provision of integrated social services for the poor. Importantly, the 2018 Stability Law removed – from July 2018 – the category-related requirements which had no equivalent in other European minimum income schemes. Two decades after the pilot testing of the Minimum Insertion Income, Italy had finally introduced an (unusual) ⁽⁷⁾ minimum income scheme (Raitano *et al.* 2018).

6. Law No 147/2017.

7. Some of the features of the REI make the programme unusual. In particular, due to budgetary constraints, not all individuals in conditions of absolute poverty are entitled to the REI. Furthermore, the REI is among the least generous minimum income schemes in Europe (Natili 2019). Finally, the presence of a strict duration limit, the constraints on beneficiaries' discretion in the usage of the monetary component, as well as the existence of a pervasive sanctioning system have led experts to question the ability of the REI to 'empower' poor individuals (Raitano *et al.* 2018).

6.2 'Messages' and recommendations from the European Semester and degree of EU pressure

The weaknesses of the Italian social assistance system, caused in particular by the absence of a fully-fledged minimum income scheme, and the dramatic rise of poverty and social exclusion following the onset of the Great Recession, are items repeatedly raised in European Semester documents. Previous studies have stressed the importance of EU pressures in this policy field (Madama *et al.* 2018), highlighting two main sources of influence. First, there was the decision to make Italian access to European Structural Funds conditional on the adoption of an anti-poverty plan (*ex ante*-conditionality), which increased the 'leverage' of top-ranking bureaucrats wishing to strengthen the social safety net in Italy. Second, after a 'timid' beginning of the social dimension of the European Semester process, Italy received the first CSR on poverty in 2013, pointing to the absence of a nation-wide minimum income scheme and to the limited ability of existing social transfers, excluding pensions, to reduce the total at-rate-of-poverty risk. Similarly, in the 2014 CSR, the Commission recommended that the country 'address exposure to poverty and social exclusion (and) scale-up the new pilot social assistance scheme (SIA), in compliance with budgetary targets' (CSR No. 5/2014). Similar statements, requiring the introduction of a national anti-poverty programme 'in an overall budgetary neutral way' can be found also in the 2016 CSR, whereas the 2017 CSR states that '[t]he recently adopted Inclusion Income scheme is a positive step towards establishing a single comprehensive scheme against poverty'. Although the absence of a recommendation on poverty in 2015 is surely significant, the presence of such 'messages' and a recommendation both in 2016 and 2017 seems to indicate that EU 'soft' pressures to introduce a minimum income scheme have remained constant in the period 2014-2018.

Though fiscal soundness has always been the priority, these CSRs were indeed important. 'Within the European Semester, poverty was not always present in the European documents (...). At times, it has been useful politically, but I do not remember that there was such a strong pressure (...). Obviously, if the Commission had been contrary or hostile, it would have been extremely complex to introduce the REI. From this point of view, the compatibility of this measure with the framework of the European Semester was useful' [Int 10/Ministry of Labour].

6.3 Key steps in the social dialogue process

Traditionally, in Italy, the introduction of a minimum income scheme could not rely on strong support from social and societal actors, nor among political parties (Natili 2019). TUs, in particular, have been historically more supportive of extending and safeguarding social insurance schemes that target employed populations rather than acting as sponsors of residual minimum income benefits (Ferrera *et al.* 2012; Int 11/CISL).

The Great Recession constituted a critical watershed (also) for Italian TUs. In the last few years, they have tried to react proactively and not just in defensive ways to a changing political

environment (Regalia and Regini 2018), making renewed efforts towards unity and opening up their traditional demands (Durazzi *et al.* 2018), also, for the first time, supporting anti-poverty campaigns. In early 2014, a wide pro-poor advocacy coalition, the 'Alliance against poverty in Italy', was formed, including CGIL, CISL and UIL, NGOs and charities – Caritas, Save the Children and ActionAid among others. This was a turning-point, as for the first time they actively advocated for the introduction of a national minimum income scheme.

The creation of this advocacy coalition was crucial for the introduction of the Inclusion Income (Madama *et al.* 2018; Natili 2019). In 2015, this Alliance against Poverty launched a very detailed proposal to introduce a fully-fledged minimum income scheme called the Social Inclusion Income – *Reddito di Inclusione Sociale* (Gori *et al.* 2016). An intense advocacy campaign followed this decision. In particular, in addition to the publication of a book and its presentation in various conferences, direct contacts were established with Parliament representatives, Government members and key bureaucratic actors (Int 12/Alliance Against Poverty; Int 13/Confindustria). In 2017, the Alliance against poverty was able to negotiate, with the Gentiloni government, the content of the new anti-poverty scheme, the REI (Int 12/Alliance Against Poverty; Int 14/CGIL); the joint signature of a pact, referred to as the '*Memorandum*', just before its final approval testifies to how these actors worked together in drafting the new measure.

6.4 Awareness and relevance of the Semester messages and extent to which these correspond to the actors' preferences

Although both CGIL and CISL emphasised that the decision to support an anti-poverty benefit was due to 'internal dynamics' and not a consequence of European input, the interviews seem to indicate that TUs were aware of the content of the Country specific Recommendations: 'I would not say that for us European recommendations were fundamental. Maybe for the Government. Rather, for us, they confirmed that the path we had already decided to follow was the right one. Then, obviously, we knew the content of the CSRs, sometimes we also used them to support our arguments, but they were not crucial' (Int 11/CISL). CGIL also outlined that 'Since 2015, poverty acquired greater importance within the Semester. Since we are part of the Alliance against Poverty, we are absolutely in favour of this development' (Int 14/CGIL). Overall, the CSRs did not play a direct agenda-setting role on the matter for the TUs, but were used by them in their discourse to build the case.

On anti-poverty policies, the position of the TUs is rather in line with the European Union recommendations, since both CGIL and CISL support the introduction of a national scheme, and also the 'active inclusion' paradigm associating income protection benefits with social and labour market services. However, they held a different position on how to finance this new benefit: while the Commission underlined in the CSRs the need to 'rationalise social assistance spending', the

TUs opposed cuts to the Companion Allowance and Pension Supplements – the two ‘big-spending’ social assistance programmes.

6.5 Perceived links and use of the messages of the Semester in national social dialogue

Since the 2016 National Reform Programme, the Italian government has stressed among its key initiatives the launch of a new anti-poverty strategy, emphasizing that the new initiative would be in line with European requests and based on the principle of ‘active inclusion’. The first name given to the programme – Support for Active Inclusion – was indicative of the influence of the 2008 European Parliament Recommendation ‘on the active inclusion of people excluded from the labour market’ and of the messages of the European Semester (Madama *et al.* 2018; Int 11/CISL).

In their dialogue with the Government, the TUs – through the Alliance Against Poverty – stressed that Italy was one of the few European countries – together with Greece and Hungary – which had no minimum income scheme. Furthermore, at times they also pointed out that the European Union, in various Recommendations and CSRs, supported the introduction of a MIS (Int 1/CGIL; Int 3/CGIL; Int 8/Confindustria; Int 11/CISL; Gori *et al.* 2016). However, the perception of the other actors involved is that during negotiations, the TUs – not to mention MPs and political parties – made limited strategic usage of the European Semester process (Int 8/ Confindustria; Int 10/ Ministry of Labour). ‘While the European process especially in the first phase was crucial, as it opened a window of opportunity for key bureaucratic actors to push for the introduction of a pilot scheme, it was less important in the negotiation phase between the government and the Alliance Against Poverty’ (Int 10/ Ministry of Labour).

Thus, the linkages between the European Semester and national social dialogue should not be overemphasized. As mentioned in many interviews, ‘European Commission Recommendations had a role, but only in the background’ (Int 10/ Ministry of Labour; see also Int 14/CGIL; Int 11/CISL; Int 12/Alliance Against Poverty). In one way, however, the European Semester process was important: along with a monetary benefit, Law 147/2017 introduced uniform national standards for the provision of integrated social services to the poor. This was a particularly important item for the Alliance Against Poverty, and both the uses of European structural funds and references to the European Semester were important in negotiations with the government to obtain additional funds (Int 10/ Ministry of Labour).

6.6 The outputs and outcomes of social dialogue

The social dialogue between the government and Alliance against poverty over the possible structural introduction of a minimum income scheme began after, in July 2016, the Chamber of Deputies approved a law requiring the government to take action against poverty and reorganise social assistance benefits and services (Bill no. 3594). This negotiation ended with the signature of a ‘Government – Alliance Against Poverty Memorandum on the content of the anti-poverty law in

Italy', signed in April 2017. This document underlined that an agreement had been reached over eligibility criteria, the level of the benefit, and on the social inclusion services associated with the Inclusion Income. In the negotiations on the REI, the TUs were able to prevent the measure being financed through reorganization of other social assistance benefits; they were also able, through the Alliance, to help set eligibility criteria which reflected their wishes and to ensure adequate financing of social inclusion services. Consequently, TUs were happy with the process that led to the introduction of the Inclusion Income, as it was 'the first time that there was a real concertation over social assistance policies, and so for the first time a social pact was signed in this policy field' (Int 11/CISL). Furthermore, it was one of few concerted policy decisions in the period 2014/2018.

At the same time, the introduction of the REI corresponded closely to the orientations and recommendations of the European Commission. The REI is one of the least expensive minimum income schemes in Europe (Natili 2019) and much attention has been given to ensuring its financial sustainability – although, as underlined, the TUs were able to prevent the REI being financed through cuts to other social programmes. Furthermore, the focus on active inclusion services and the strong conditionality attached to the benefit reflect the points made in the Countryspecific Recommendations in 2013, 2014, 2016 and 2017.

6.7 Added value, shortcomings and limitations of the interaction between the Semester and national social dialogue

TUs appreciate both the attention paid by the European Commission to poverty and social exclusion (Int 1/CGIL; Int 2/CISL; Int 3/CGIL), and the social dialogue with the Gentiloni government, which resulted in the introduction of the REI. At the same time, the two processes are not necessarily strongly correlated. Indeed, while the European process provided the bureaucratic apparatus in Italy with important strategic resources, TU delegates preferred not to use the EU to back their arguments in the negotiating process. Two factors help to explain this outcome. First, the TU preferences were not always in line with the European Commission requests: while increasing investment in social inclusion services was considered a priority by both actors, they had differing preferences as to how this would be financed. Second, in response to the adoption of restrictive pension and labour market reforms perceived as 'imposed by Europe', Italian policy makers did not consider 'use of Europe' (8) to be a convenient strategy to justify proposals (Int 8/Confindustria).

8. Jacquot and Woll (2003, 2004) distinguish between *cognitive*, *strategic* and *legitimizing* usage of Europe. In this case, Italian trade unions consciously preferred not to use Europe, either strategically or as a legitimating factor in their negotiation with the Italian government.

7. Conclusions and policy recommendations

7.1 Conclusions

This report aimed to understand the involvement of Italian TUs in both the domestic and EU cycles of the European Semester. Our analysis shows that the relationship between the TUs and the ES has evolved, with the TUs using a wide array of resources, depending on the institutional conditions and resources available in a multi-level arena. Awareness of the procedures and instruments of the ES is still limited – although it has increased in the recent past – and restricted to some peak members of the TUs. Yet TU strategies have evolved quite significantly: while initially the ES was perceived almost as an ‘intrusion’ into the national policy-making process – i.e. something ‘imposed’ with no specific role given to the social partners – today Italian TUs consider it as a ‘window of opportunity’.

More precisely, our analysis shows that the scope of action for Italian TUs in the ES is strongly influenced by the amount and type of resources they enjoy in a specific arena, as well as the possibility of exchanging resources with public actors (Blom-Hansen 2001). In this regard, our report emphasizes the importance of distinguishing between participation at the national level and at the European level. Between 2014-2018, no formal or informal consultation processes took place with the government to discuss the National Reform Programme and/or the national documents reacting to European reports or recommendations. This is because Italian national governments were not particularly interested in exchanging resources with TUs: even the centre-left element in the government that governed Italy during these five years was keen to distance itself from the TUs, especially during the years of the Renzi government. Therefore, the political resources (consensus and membership) available to TUs have not been enough to foster a different model of interaction. In recent years, rather, Italy has been a place where ‘trade union bashing’, even by centre-left government representatives, was seen as a way for these politicians to show public opinion that they were independent from the ‘blackmailing power’ of traditional TUs (as some politicians put it).

Only in one specific policy field – and at a time (2016-2018) when the Italian government was particularly weak – were Italian TUs able to strike a deal with the government, resulting in the introduction of a minimum income scheme. To do so, however, they had, first, to build a united front with other social actors and, second, to support a policy reform in line with the ES messages. The situation at EU level has changed over time. In this context, Italian TUs could count on an important asset and a strategic opportunity. The important asset was ‘networking’, the role increasingly played by the ETUC in order to foster a TU agenda on the ES. The opportunity was Juncker’s decision to invest more in social dialogue. Compared to the previous Barroso era, when the main social partners were the employers’ associations, most interviewees underline that the Juncker Commission has been attempting more seriously to revitalize social dialogue. Therefore, at

the EU level an *exchange of resources* has taken place in recent years, with the Commission asking TUs to provide two types of resources: on one hand, information and expertise (Beyers 2004: 218); on the other, legitimation for the Commission itself and EU institutions in general, at a time of rising populism and criticism of these institutions. In exchange, Italian TUs have obtained recognition of their socio-political role, at times when social dialogue was tough in Italy, as well as the chance to try to influence national policies through the EU institutions. Overall, this indicates that national TUs, in Italy, try to use the Semester debate at the EU level in order to attempt to influence the Italian national government's agenda, and not the other way around.

7.2 Policy recommendations for good-quality and meaningful involvement

The present report highlights a set of policy recommendations useful for both trade union involvement in the ES and the effectiveness of the latter. These recommendations are addressed to the Italian government, the EU institutions and the trade unions themselves.

The Italian Government

As is clear from the present report, the Italian Government, in the last decade, has been the most important absent party in the ES interaction with trade unions. During the austerity years, it has become common practice for many Southern European governments, including the Italian government, to adopt a more hierarchical and less participatory policy and decision-making process, which has sidelined the trade unions, among other actors (Guillén and Pavolini 2015; Leon *et al.* 2015).

1. It is very important that national governments return to more effective discussions with TUs. It would also provide the TUs with greater incentives to invest their own resources in the ES.

The EU institutions

There are three aspects in which the role TUs play in the EU could be improved.

2. First, there is the need for more continuity over time (in all the main ES phases) in the interaction between TUs and European institutions during the ES.
3. Second, recommendations should be less succinct and more nuanced, in order to better explain concepts and views: recommendations should provide more detailed policy analysis as well as detailed policy proposals.
4. Third, the EU must put more pressure on national governments to involve the social partners in the ES discussion and process.

Trade Unions

There are three aspects on which (Italian) TUs should work in order to make their participation in the ES more effective. First, the ETUC has played a very useful role as a 'networker' between national TUs and the EU.

5. It is important to encourage, at EU level, more interaction among the national TUs and their TUSLOs, in order to exchange views and experiences.
6. Second, it is also important to strengthen the role of the TUSLO and, in general, to invest more in high-ranking TU representatives for the process. Often, such officers scarcely interact with the rest of the TU organisations, apart from the very top-level representatives.
7. Third, TUs should work on documents to be presented during the ES process; these should be drafted in a more functional way.

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Annex 1**LIST OF INTERVIEWS**

Interview n°	Organisations	Date	Mode
1	CGIL	22 June 2018	Skype
2	CISL	07 July 2018	Skype
3	CGIL	27 June 2018	Skype
4	Ministry of Finance	22 June 2018	Skype
5	European Country Desk	21 August 2018	Skype
8	Confindustria	27 June 2018	Skype
9	European Semester Officer	2 July 2018	Skype
10	Ministry of Labour	22 June 2018	Face to face
11	CISL	6 July 2018	Skype
12	Alliance Against Poverty	9 August 2018	Skype
13	Confindustria	10 July 2018	Skype
14	CGIL	19 July 2018	Skype

Annex 2

Topics discussed in the CSRs related to social dialogue, labour market regulation and social policies (2014-18)

Issues	Topic raised in the CSRs (text of the CSRs)
2014 Country- specific Recommendations	
	<i>Assessment:</i>
Labour market policy (for young people)	Ensuring proper implementation and careful monitoring of the effect of the labour market and wage-setting reforms adopted is key to guaranteeing that the expected benefits in terms of enhanced exit flexibility, better regulated entry flexibility, a more comprehensive system of unemployment benefits and better alignment of wages on productivity materialise. Plans for improving effectiveness of placement services through the reinforcement of public employment services have been subject to delays and need to be accelerated. Measures aimed at fostering job creation in the short term need to be complemented with measures addressing segmentation. Globally, the Italian labour market continues to be marked by segmentation and low participation, which affects women and young people in particular. Therefore, the limited steps taken so far need to be extended, including in line with the objectives of a youth guarantee.
Poverty and social assistance	Italy is witnessing declining household disposable income combined with rising poverty and social exclusion, affecting families with children in particular. Social expenditure in Italy remains largely oriented towards the elderly and with little focus on activation, limiting the scope to address the risk of social exclusion and poverty. The recently introduced pilot social assistance scheme aims at providing a social safety net. Its envisaged extension to the whole country will require improving the effectiveness of social spending and services throughout the territory.
Education and human capital formation	Efforts to upgrade educational performance and human capital endowment need to be made at all educational levels, i.e. primary, secondary and tertiary. The teaching profession is characterised by a single career pathway and currently offers limited prospects in terms of professional development. Diversifying teachers' careers and better linking their career trajectories to merit and performance, coupled with the generalisation of school evaluation, could translate into better school outcomes. To ensure a smooth transition between education and the labour market, strengthening and broadening practical training, through increased work-based learning and vocational education and training, appear crucial at the upper secondary and tertiary levels. Following the 2013 legislative decree on this issue, establishing a national register of qualifications is essential in order to ensure the nation-wide recognition of skills. Building on initial action in this direction, bringing forward the allocation of public funding to universities and research institutes on the basis of research and teaching performance would have the merit of both contributing to upgrading the quality of universities and potentially increasing research and innovation capacity, where it is still lagging behind.
	<i>Specific CSR's:</i>
Labour market policy (for young people)	Evaluate... the impact of the labour market and wage-setting reforms on job creation, dismissal procedures, labour market duality and cost competitiveness, and assess the need for additional action. Work towards more comprehensive social protection for the unemployed, while limiting the use of wage supplementation schemes to facilitate labour re-allocation.
Active labour market policies	Strengthen the link between active and passive labour market policies, starting with a detailed roadmap for action by December 2014, and reinforce the coordination and

	performance of public employment services across the country.
Female labour market participation and family policies	Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners by March 2015 and providing adequate care services.
Poverty and social assistance	To address exposure to poverty and social exclusion, scale-up the new pilot social assistance scheme, in compliance with budgetary targets, guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favouring low-income households with children.
Education and human capital formation	Provide adequate services across the country to non-registered young people and ensure stronger private sector commitment to offering quality apprenticeships and traineeships by the end of 2014, in line with the objectives of a youth guarantee... Implement the National System for Evaluation of Schools to improve school outcomes in turn and reduce rates of early school leaving. Increase the use of work-based learning in upper secondary vocational education and training and strengthen vocationally-oriented tertiary education. Create a national register of qualifications to ensure wide recognition of skills. Ensure that public funding better rewards the quality of higher education and research.
2015 Country- specific Recommendations	
	<i>Assessment:</i>
Labour market policy (for young people)	A broad-ranging enabling law for reforming the labour market, the 'Jobs Act', was adopted in December 2014 and maintains the direction of previous reforms... The effective implementation of this law will depend crucially on the necessary legislative implementing decrees being adopted. These address the use of wage supplementation schemes, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies.
Collective Bargaining	Second-level bargaining, which could help to better align wages with productivity and encourage the adoption of innovative solutions within firms, still concerns only a minority of companies. The January 2014 agreement laying down the procedures for measuring trade union representativeness in the manufacturing sector could help to promote second-level bargaining but is not yet operational.
Female labour market participation and family policies	The labour market participation of women, although growing, remains among the lowest in the EU. In addition, youth unemployment reached almost 43 % in the third quarter of 2014, and the proportion of young people aged between 15 and 24 not in employment, education or training is the highest in the EU.
Education and human capital formation	Some of the causes are to be found in the education system, which is still characterised by below-EU average school outcomes, and relatively high early school leaving rates. Only 54.6% of those aged 15-34 who graduated from the first and second stages of tertiary education within the previous three years were employed, against the EU average of 78.6%.
Poverty and social assistance	Italy has witnessed one of the highest increases in poverty and social exclusion rates in the EU, with a particular impact on children. Social assistance schemes remain fragmented and ineffective in tackling this challenge with resulting substantive cost inefficiencies.
	<i>Specific CSR's:</i>
Labour market policy (for young people)	Adopt the legislative decrees on the use of wage supplementation schemes and the revision of contractual arrangements.

Female labour market participation and family policies	Adopt the legislative decrees on work-life balance.
Active labour market policies	Adopt the legislative decrees on the strengthening of active labour market policies.
Collective Bargaining	Establish, in consultation with the social partners and in accordance with national practices, an effective framework for second-level contractual bargaining.
Education and human capital formation	As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand vocationally-oriented tertiary education.
2016 Country- specific Recommendations	
	<i>Assessment:</i>
Labour market policy (for young people)	In 2015, Italy deeply reformed its labour market rules and institutions through the so-called 'Jobs act' reform. Implementing the reform of active labour market policies is key to activating those further away from the labour market, in particular the long-term unemployed and young people. There is currently a range of administrative, political and resource-related challenges. In particular, this requires a strengthening of public employment services and close monitoring of service delivery.
Education and human capital formation	The apprenticeships system has been reformed to also include adults made redundant and to broaden opportunities for young people, but implementation is still under way.
Collective Bargaining	Second- level bargaining is not sufficiently developed in Italy, hampering the adoption of innovative solutions at firm level that could improve productivity and make wages more responsive to labour market conditions. Action in this area needs to be taken in consultation with social partners and in accordance with national practices. Social partners have not yet reached an agreement on the reform of collective bargaining. A reform is expected by the end of 2016, according to the National Reform Programme.
Female labour market participation and family policies	The labour participation rate of women is one of the lowest in the EU. Women are predominant in atypical and precarious jobs, constitute the majority of non- standard workers and risk being particularly affected by the informal economy. The tax and benefit system discourages second earners from working and the Jobs Act did not address this issue effectively. The limited availability of affordable care services also hampers participation in the labour market by women with children and elderly relatives.
Poverty and social assistance	Poverty levels are high — more than a quarter of Italians are at risk of poverty or social exclusion — and the provision of social assistance remains weak and fragmented. Adopting and implementing the national antipoverty strategy and rationalising social spending could be first steps towards a gradual roll-out of an adequate social assistance scheme based on the principle of active inclusion, at the national level in an overall budgetary neutral way.
Education and human capital formation	Substantial progress has been made on the reform of education. The school reform was adopted in July 2015 and implementing decrees are to be adopted by January 2017.
	<i>Specific CSR's:</i>
Active labour market policies	1. Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services.
Female labour	2. Facilitate the take-up of work for second earners.

market participation and family policies	
Poverty and social assistance	3. Adopt and implement the national antipoverty strategy and review and rationalise social spending.
2017 Country- specific recommendations	
	<i>Assessment:</i>
Labour market policy (for young people)	Despite the gradual improvement of the labour market, supported by reforms, long-term and youth unemployment remain high... While the implementation of the Youth Guarantee has progressed a great deal, some challenges remain to ensure a more effective and a full-scale implementation. The number and quality of offers remain low and regional differences in the delivery are high.
Active labour market policies	The reform of the active labour market policies, including its governance system, is still at an early stage and employment services remain weak, with wide regional disparities.
Education and human capital formation	Adult learning is not sufficiently developed, which may negatively weigh on labour market outcomes of low-skilled people.
Female labour market participation and family policies	The participation of women in the labour market and their labour force potential remains largely underutilised... Some features of the tax-benefit system continue to discourage second earners from participating in the labour force while access to affordable care services (for children and the elderly) remains limited, with wide regional disparities. Paternity leave is among the lowest in the EU.
Collective Bargaining	Second-level bargaining is not broadly used. This hampers the efficient allocation of resources and the responsiveness of wages to local economic conditions. This is also due to the existing framework rules and practices for collective bargaining, which entail uncertainty in industrial relations and leave limited scope for local-level bargaining. Tax rebates on productivity-related pay increases have not proved effective in extending the use of second-level bargaining significantly.
Poverty and social assistance	The rate of people at risk of poverty or social exclusion is well above the EU average, especially for children and people with a migrant background. There are also substantial regional disparities. Some progress has been made regarding the national anti-poverty strategy. The recently adopted Inclusion Income scheme is a positive step towards establishing a single comprehensive scheme against poverty. Its effectiveness will depend on its proper implementation with the mobilisation of adequate resources (including through the streamlining of various social allocations), appropriate targeting through means-testing and priority allocation to families with children and effective procedures on the ground, both in delivering income support and in providing well integrated services. At this stage, it is unclear whether the financial resources will be sufficient to address Italy's poverty challenge. Catering for additional resources while respecting the budgetary targets, reducing the fragmentation of the social assistance system, rationalising social spending, and addressing its current bias towards pensions, remain key challenges.
	<i>Specific CSR's:</i>
Collective Bargaining	1. With the involvement of social partners, strengthen the collective bargaining framework to allow collective agreements to better take into account local conditions.
Active labour market policies	2. Ensure effective active labour market policies.
Female labour	3. Facilitate the take-up of work for second earners.

market participation and family policies	
Recalibration of social policy expenditure	4. Rationalise social spending and improve its composition.
2018 Country-specific Recommendations	
	<i>Assessment:</i>
Old age pensions	Italy's old-age pension expenditure, at around 15 % of potential GDP, is now among the highest in the EU. Implicit liabilities arising from population ageing were curbed by past pension reforms, improving Italy's long-term sustainability also by gradually adjusting retirement age to life expectancy. However, both the 2017 and the 2018 budgets contained provisions that partially reversed those reforms. Italy has a larger share of population above 65 than the EU average. This is projected to further increase over time, worsening Italy's old-age dependency ratio... While respecting the principles of fairness and proportionality, sizeable savings could be achieved by intervening on the high pension entitlements not matched by contributions.
Labour market policy (for young people)	Labour market institutions have been substantially reformed in recent years. Labour market conditions continue to improve... However, this is still considerably below the EU average. The unemployment rate fell to 10.9% but the total hours worked is still considerably lower than before the recession. Despite improvements, long-term and youth unemployment remain high, posing risks to social cohesion and growth.
Collective Bargaining	Bargaining at firm or territorial level remains limited, also due to the prevalence of small firms in Italy. This may prevent wages from adapting swiftly to local economic conditions. At the end of February 2018, Confindustria and the three major Italian trade unions (Cgil, Cisl and Uil) signed a framework agreement, stressing the role of second-level bargaining, by increasing legal certainty through setting clearer rules for the representation of social partners at negotiations. The tax rebates on productivity-related wage increases set by second-level agreements were strengthened in 2017, but their effectiveness is difficult to evaluate. While the total number of collective agreements is on the rise, only a small share of them is signed by the main trade unions and employers' associations.
Active labour market policies	The reform of active labour market policies outlined by the Jobs Act made little progress in 2017. Training and re-qualification are particularly important in the light of the increased flexibility in the Italian labour market and the growing share of temporary contracts. Generally binding service standards have not yet been implemented, and employment services lack staff and adequate monitoring. Increasing the number of staff and ensuring that they are sufficiently qualified for employment services and social services, is also critical for the correct implementation of the anti-poverty scheme introduced in 2018 and for the Youth Guarantee, which aims to provide young people in need with an adequate job or training offer in a timely manner.
Female labour market participation and family policies	The proportion of women participating in the labour market, although on the rise, remains one of the lowest in the EU. The impact of the recent measures, centred on non-means tested cash payment per child birth, has not been assessed by the Italian authorities. Evidence suggests that these cash transfers may not be effective to increase women's participation in the labour market. In addition, they are unlikely to increase the birth rate, which has been stagnating at very low levels over the last 20 years. A comprehensive strategy to reconcile family life and work is missing. These shortcomings are reflected by the lack of gender balanced design of parental leave, flexible working arrangements and the insufficient supply of adequate, affordable and quality childcare and care services.

Education and human capital formation	Introducing measures to raise human capital and skills would help improve employability and meet future labour market needs. The overall quality of schooling in Italy is improving, but wide regional differences persist. The proportion of students leaving school without a diploma remains above the EU average (30 % compared with the EU average of 19.7%), particularly among foreign-born students. Implementation of the school reform is broadly on track, and vocational education and training is improving. Tertiary education, severely underfunded with public spending accounting for less than 0.4 % of GDP, is characterised by high drop-out rates and prolonged study periods. As a consequence, educational attainment is one of the lowest in the EU (26.9 % of the population aged 30 to 34). The participation rate in adult learning programmes is increasing but it still remains among the lowest in the EU, especially for low-skilled adults. Upskilling and reskilling should be fostered, while employers should be encouraged to provide more learning opportunities for the workforce. The implementation of the comprehensive national 'skills strategy' launched in October 2017 will be crucial.
Poverty and social assistance	Unlike the EU trend, the rate of people at risk of poverty or social exclusion has continued to increase and at 30% in 2016 it was well above the EU average. This especially affects children, temporary workers and migrants. Income inequality is high and rising. In 2016, the income of the top 20% of households was 6.3 times higher than that of the poorest 20%. This ratio is even higher for people of working-age, as the redistributive impact of pensions is excluded. The introduction of a new permanent scheme to tackle poverty (<i>Reddito di Inclusione</i>) represents a major step forward in social policies. Designed as a universal transfer for people meeting certain conditions of poverty, the scheme is expected to increase the currently low impact of social benefits on poverty reduction. The scheme is based on solid governance mechanisms and will be subject to systematic evaluation. Importantly, it also envisages a substantial reinforcement of the country's understaffed social services. Closer co-operation between social services and public employment services, as well as the allocation of sufficient resources, will be crucial for the smooth implementation of the reform. The scheme incorporates the former unemployment assistance scheme (ASDI), as a first step towards rationalising social spending.
Health care	Italy's health care system provides universal coverage and the health of the population is good overall; nevertheless, self-reported unmet needs for medical care are high, and differences between regions in the organisation and quality of care delivery persist. Italy has made some efforts to ensure appropriate access to health care, including by revising and expanding the minimum statutory benefit package of care services.
<i>Specific recommendations:</i>	
Active labour market policies	1. Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training.
Female labour market participation and family policies	2. Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities.
Education and human capital formation	3. Foster research, innovation, digital skills and infrastructure through better-targeted investment and increase participation in vocational-oriented tertiary education.

Source: Council's CSRs to Italy (2014-2018).