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Social Democracy During the Great Recession: The Italian Democratic Party and Pension Reforms

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Social Democracy During the Great Recession: The Italian Democratic Party and Pension Reforms

Master Thesis

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MA International Relations – European Union Studies

Leiden University

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June 2022



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1. Introduction

As Europe deals with the consequences of the COVID-19 pandemic, the economic measures adopted by the continent could not look more different than those implemented in response to the Great Recession. The launch of a €750 billion recovery package¹ contrasts with the austerity measures promoted by European institutions and the International Monetary Fund (IMF) during the European sovereign debt crisis.² In Italy, the crisis led to the resignation of the center-right Berlusconi government and the appointment, in 2011, of a technocratic cabinet led by Mario Monti. The new government embarked on a series of structural reforms in order to secure the support of European Union (EU) institutions – particularly that of the European Central Bank (ECB) – necessary to quell financial markets and avoid a sovereign debt default.³

Although some scholars have highlighted how austerity actually brought about an expansion of social provisions rather than the expected retrenchment,⁴ the policies introduced in response to the Great Recession threatened the existence of the post-war welfare state.⁵ These policies, which ultimately hampered economic growth and recovery,⁶ led to harsh economic conditions that resulted in great electoral losses for the main political parties. The main Italian left-wing party, the *Partito Democratico* (Democratic Party, PD), which backed the national unity government led by Monti, saw its vote share dropping from 33.1% in the 2011 election to 25.5% in 2013.⁷ Indeed, research indicates how reforms that curtail the welfare state lead to political losses for social democratic parties, even when economic recovery arises.⁸

¹ Lili Bayer and David M. Herszenhorn, “EU Leaders Agree on €1.82T Budget and Coronavirus Recovery Package,” *Politico EU*, July 21, 2020, <https://www.politico.eu/article/eu-leaders-reach-deal-on-coronavirus-recovery-fund/>.

² Paolo Bellucci, “The Political Consequences of Blame Attribution for the Economic Crisis in the 2013 Italian National Election,” *Journal of Elections, Public Opinion and Parties* 24, no. 2 (2014): 243, <https://doi.org/10.1080/17457289.2014.887720>.

³ Stefano Sacchi, “Conditionality by Other Means: EU Involvement in Italy’s Structural Reforms in the Sovereign Debt Crisis,” *Comparative European Politics* 13, no. 1 (2015): 77–92, <https://doi.org/10.1057/cep.2014.42>.

⁴ Stefano Sacchi and Jungho Roh, “Conditionality, Austerity and Welfare: Financial Crisis and Its Impact on Welfare in Italy and Korea,” *Journal of European Social Policy* 26, no. 4 (2016): 358–73, <https://doi.org/10.1177/0958928716657277>; Stefano Sacchi, “The Italian Welfare State in the Crisis: Learning to Adjust?,” *South European Society and Politics* 23, no. 1 (2018): 29–46, <https://doi.org/10.1080/13608746.2018.1433478>.

⁵ Björn Bremer, “The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe,” *Party Politics* 24, no. 1 (2018): 23, <https://doi.org/10.1177/1354068817740745>.

⁶ Klaus Armingeon and Lucio Baccaro, “Political Economy of the Sovereign Debt Crisis: The Limits of Internal Devaluation,” *Industrial Law Journal* 41, no. 3 (2012): 254–75, <https://doi.org/10.1093/indlaw/dws029>.

⁷ Bellucci, “The Political Consequences of Blame Attribution for the Economic Crisis in the 2013 Italian National Election,” 244.

⁸ Alexander Horn, “The Asymmetric Long-Term Electoral Consequences of Unpopular Reforms: Why Retrenchment Really Is a Losing Game for Left Parties,” *Journal of European Public Policy* 28, no. 9 (2021): 1494–1517, <https://doi.org/10.1080/13501763.2020.1773904>.

The Great Recession is regarded as a critical juncture for the welfare provisions in Italy⁹ and party competition in Europe,¹⁰ while marking the end of Third Way politics and a more general disillusionment with neo-liberal policies.¹¹ Austerity policies threatened European welfare states and put social democratic parties across Europe in a difficult situation. Bremer's findings indicate that generally, in response to the financial crisis, social democratic parties shifted their orientations to the left, increasing the cleavage between left- and right-wing parties and reversing a convergence process towards neo-liberal policies.¹² Nevertheless, his findings also indicate that as the welfare state was threatened by the crisis, most social democratic parties defended it, with the exception of the PD in Italy, which adopted a more ambiguous stance.¹³ This suggests that the case of the PD in Italy is an interesting example of how a left-wing party can shift their position due to international economic and political pressures – in this case, pressure to reform by European institutions and financial markets after the Great Recession.

Starting from the findings of Bremer (2018), this text investigates the positional shift of the PD with respect to five instances of reform of the Italian pension system in the period from 2007 to 2016. Specifically, this work explores the shift in the party's position on the pension system in face of external institutional and financial pressures to implement austerity. It does by conducting an analysis of evidence drawn primarily from parliamentary debates of the reforms in the lower chamber and from relevant news articles. In order to provide an explanation for the shift, the thesis will test the evidence against different hypotheses for positional shifts of party policies.¹⁴

There are different reasons motivating the choice of this policy area and this time frame. First, the time range allows for an understanding of the party's position on the pension system since its emergence in 2007 and across three legislatures and five different governments. This decade is also particular salient for Italy in that the country faced rapidly changing economic and political circumstances within this span of time, with the global crisis and the debt crisis increasing the intensity of the *vincolo esterno*.¹⁵ Second, the choice to focus on pensions is

⁹ Igor Guardiancich, "The Welfare Reform in Italy in the Aftermath of the Crisis: Causes, Characteristics and Results," *Stato e Mercato* XXXIX, no. 2 (2019): 252, <https://doi.org/10.1425/94678>; Arianna Tassinari and Jimmy Donaghey, "Social Partnership in Europe in the Aftermath of the Great Recession," in *Reimagining the Governance of Work and Employment*, ed. Dionne Pohler, 2020, 114, https://www.researchgate.net/profile/Arianna_Tassinari/publication/344173460_Social_Partnership_in_Europe_in_the_Aftermath_of_the_Great_Recession/links/5f58b1b4458515e96d3b6c7b/Social-Partnership-in-Europe-in-the-Aftermath-of-the-Great-Recession.pdf.

¹⁰ Bremer, "The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe," 35.

¹¹ Magnus Ryner, "An Obituary for the Third Way: The Financial Crisis and Social Democracy in Europe," *The Political Quarterly* 81, no. 4 (2010): 554–63, <https://doi.org/10.1111/j.1467-923x.2010.02118.x>.

¹² Bremer, "The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe."

¹³ Bremer, 32.

¹⁴ Andreas Fagerholm, "Why Do Political Parties Change Their Policy Positions? A Review," *Political Studies Review* 14, no. 4 (2016): 501–11, <https://doi.org/10.1111/1478-9302.12078>.

¹⁵ Guardiancich, "The Welfare Reform in Italy in the Aftermath of the Crisis: Causes, Characteristics and Results."

motivated by the important role played by the pension system in the Italian welfare state. Pensions have long been the favorite “victim” of Italian policymakers faced with the need to contain public spending, which has manifested itself in an intense and ongoing reform process that began in the 1990s.¹⁶ Additionally, evidence from Sweden indicates that the pension systems constitute interesting case studies for the neo-liberal turn of social democratic parties.¹⁷

This text is structured as follows: the next chapter presents the literature on the evolution of social democracy in Europe and Italy, with a focus on the diffusion of neo-liberalism among leftist parties within the last few decades, and followed by a brief exploration of pension reforms in Italy from the early 1990s until 2007, the starting point of this research. The third chapter presents the evidence collected through the analysis of parliamentary debates and news articles surrounding the reforms. The evidence is then discussed and tested against different hypotheses of party positional shifts in chapter four, which is followed by the concluding remarks.

¹⁶ Maurizio Ferrera and Elisabetta Gualmini, “Reforms Guided by Consensus: The Welfare State in the Italian Transition,” *West European Politics* 23, no. 2 (2000): 187–208, <https://doi.org/10.1080/01402380008425372>; Maurizio Ferrera and Elisabetta Gualmini, *Rescued by Europe? Social and Labour Market Reforms in Italy from Maastricht to Berlusconi* (Amsterdam: Amsterdam University Press, 2004); Igor Guardiancich and David Natali, “Tra disintermediazione e concertazione : la difficile alternanza del policy-making sulle pensioni in Italia,” *Stato e mercato* XXXIX, no. 2 (2019): 271–96, <https://doi.org/10.1425/94679>; Paul Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, vol. 84 (New York: Palgrave Macmillan, 2003), <https://doi.org/10.1007/978-1-137-11741-0>.

¹⁷ Claes Belfrage and Magnus Ryner, “Renegotiating the Swedish Social Democratic Settlement: From Pension Fund Socialism to Neoliberalization,” *Politics and Society* 37, no. 2 (2009): 257–88, <https://doi.org/10.1177/0032329209333994>.

2. Literature Review

The analysis of the PD's position on the pension system should be contextualized within two main strands of the literature: first, the one dealing with European social democracy and the transformation it underwent during the last decades; second, the one on discussing the broader reform process of the Italian welfare state, which was subject to several waves of reform since the 1990s.¹⁸ This chapter will first provide a brief overview of the crisis of social democracy in Europe in recent times, followed by a discussion of social democracy in Italy and the birth of the PD. The last section will review the main events characterizing the reform process of the Italian pension system, from the 1990s to the start of the period analyzed.

2.1 Neo-liberalism and the Crisis of Social Democracy

Social democracy can broadly be described as a political philosophy that seeks to combine market capitalism with social responsibility; as a political tradition, it is rooted in ideas of fairness, equality, and inclusion, as well as in a belief of the dominance of the public over the private sphere. Its central tenets are a belief in restrained capitalism and social and economy equality.¹⁹ In the last decade, literature on social democracy has focused on the crisis that leftist parties have been facing in the Europe and the West.²⁰ Social democratic parties have experienced a loss of support across the continent throughout the last twenty years, a crisis that worsened with the onset of the Great Recession.²¹

Scholars have discussed and identified a number of factors responsible for this decline. Keating and Crone highlighted how social democracy had to cope with the rise of global capitalism, which has contributed to the erosion of the traditional working class and a consequent decline in trade union membership.²² The challenges posed by globalization and free trade regimes have led to a race to the bottom, limiting the ability of states to regulate the movement of capital and to protect vulnerable categories of workers. The welfare state has also often failed to accommodate changing societies, creating dualization and contributing to inequalities, while European integration largely neglected and even undermined the development of a European social policy. According to Ryner, these considerations need to be

¹⁸ Guardiancich and Natali, "Tra disintermediazione e concertazione : la difficile alternanza del policy-making sulle pensioni in Italia."

¹⁹ Michael Keating and David McCrone, "The Crisis of Social Democracy," in *The Crisis of Social Democracy in Europe*, 2011, 2–3.

²⁰ David J. Bailey et al., *European Social Democracy During the Global Economic Crisis: Renovation or Resignation?* (Manchester: Manchester University Press, 2014); Michael Keating and David McCrone, *The Crisis of Social Democracy in Europe*, 2011; Ashley Lavelle, *The Death of Social Democracy: Political Consequences in the 21st Century* (Ashgate Publishing Limited, 2008).

²¹ Achim Hildebrandt and Sebastian Jäckle, "The Shifting Class-Base of Social Democratic Parties in Western Europe," *European Politics and Society* 0, no. 0 (2021): 1–18, <https://doi.org/10.1080/23745118.2021.1909806>.

²² Keating and McCrone, *Cris. Soc. Democr. Eur.*, 6–8.

linked to the rapid increase in popularity of neo-liberal ideology.²³ Although neo-liberalism started to be diffused in the 1970s,²⁴ the catalyst for its popularity is to be found in the theorization of third way politics by Giddens in the mid 1990s.²⁵

Social democratic parties that embraced the tenets of the Third Way were successful throughout the 1990s.²⁶ This political success came to a halt with the onset of the Great Recession, as evidenced by the poor results of the left at the 2009 European Parliament elections and by a series of political defeats in national elections across Europe.²⁷ This is attributed to voters' dissatisfaction with the austerity policies implemented in response to the financial crisis and supported by the left. After a brief period of expansionary measures, social democratic parties embraced the austerity policies of center-right parties and contributed to their acceptance and diffusion.²⁸ Austerity policies broadly consists of cuts in public spending and increase in taxation²⁹ and are considered part of neoliberal economics.³⁰ These policies have been found to not only be ineffective at managing the economic crisis, but also to have further aggravated economic conditions.³¹

As the Great Recession exposed the failure and shortcoming of global capitalism and neo-liberal economics, it was expected to induce a return towards Keynesianism and demand-side economics. The fact that social democracy in Europe did not experience a revival as a consequence of the economic crisis constitutes a paradox that scholars have investigated,

²³ Magnus Ryner, "Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?," in *European Social Democracy During the Global Economic Crisis: Renovation or Resignation?*, 2014, 60–76, <https://doi.org/10.7765/9781847799357.00011>.

²⁴ David Harvey, "Neoliberalism and the City," *Studies in Social Justice* 1, no. 1 (2007): 2–13; Keating and McCrone, *Cris. Soc. Democr. Eur.*

²⁵ *The Third Way: The Renewal of Social Democracy* (Polity Press, 1998).

²⁶ Ryner, "Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?," 66–67.

²⁷ David J Bailey et al., "Introduction," in *European Social Democracy During the Global Economic Crisis: Renovation or Resignation?*, 2014, 1–2.

²⁸ Björn Bremer and Sean McDaniel, "The Ideational Foundations of Social Democratic Austerity in the Context of the Great Recession," *Socio-Economic Review* 18, no. 2 (2021): 445, <https://doi.org/10.1093/SER/MWZ001>.

²⁹ Bremer and McDaniel, 440.

³⁰ Bremer and McDaniel, "The Ideational Foundations of Social Democratic Austerity in the Context of the Great Recession"; Oddný Helgadóttir, "The Bocconi Boys Go to Brussels: Italian Economic Ideas, Professional Networks and European Austerity," *Journal of European Public Policy* 23, no. 3 (2016): 392–409, <https://doi.org/10.1080/13501763.2015.1106573>.

³¹ Armingeon and Baccaro, "Political Economy of the Sovereign Debt Crisis: The Limits of Internal Devaluation"; Mark Blyth, *Austerity: The History of a Dangerous Idea* (Oxford University Press, 2013); Philipp Heimberger, "Did Fiscal Consolidation Cause the Double-Dip Recession in the Euro Area?," *Review of Keynesian Economics* 5, no. 3 (July 2017): 439–58, <https://doi.org/10.4337/roke.2017.03.06>.

producing a number of different explanations for it.³² Among them, Ryner provided an constructivist account of this phenomenon, according to which social democratic parties were not able to offer an alternative to the neo-liberal ideology that caused the economic crisis because social democracy itself had become intertwined with neo-liberalism.³³

He built this argument on the premise that social democratic parties have sought to appeal to a heterogenous group of voters since the Godesberg Program, when social democrats realized that they could no longer rely merely on the votes of industrial workers.³⁴ The Third Way doctrine elaborated by Giddens provided the blueprint for turning this realization into policies.³⁵ In the 1990s, the Third Way was conceptualized as a viable middle ground between a planned economy and the free market doctrine, which had proven to be no longer applicable (the former) or had been rejected by the electorate (the latter); it provided a strategy for leftist parties to adapt to a globalized economy.³⁶ In practice, third way politics consisted in social democratic parties embracing neo-liberal economics. This was especially represented by the motto “no rights without responsibility,” which expresses the belief that economic policy aimed at decommodifying labor creates market distortions which erode a country’s competitiveness and lead to undesirable economic consequences, such as capital flights and balance of payment deficits.³⁷

In a similar vein, Escalona and Vieira offered another main explanation.³⁸ They argued that social democratic parties were imposed neo-liberal ideas but were at the same time responsible for reinforcing them. This was realized through a newfound support for European integration and the promotion of the knowledge-based economy, in the hope that this would be a successful strategy to “revive their fortunes.”³⁹ Another explanation is offered by Bremer and McDaniel, who attributed the ideological foundation of social democratic austerity to the framework of “supply-side Keynesianism.”⁴⁰ Although it is not fully clear how this set of ideas differentiates itself from those of neo- and ordoliberalism, their contribution highlighted that

³² Bremer and McDaniel, “The Ideational Foundations of Social Democratic Austerity in the Context of the Great Recession”; Fabien Escalona and Mathieu Vieira, “‘It Does Not Happen Here Either’: Why Social Democrats Fail in the Context of the Great Economic Crisis,” *European Social Democracy During the Global Economic Crisis: Renovation or Resignation?*, 2014; Keating and McCrone, “The Crisis of Social Democracy”; Ryner, “An Obituary for the Third Way: The Financial Crisis and Social Democracy in Europe”; Ryner, “Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?”

³³ Ryner, “An Obituary for the Third Way: The Financial Crisis and Social Democracy in Europe”; Ryner, “Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?”

³⁴ Ryner, “Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?,” 62.

³⁵ Giddens, *The Third Way: The Renewal of Social Democracy*.

³⁶ Anthony Giddens, ed., *The Global Third Way Debate* (Polity Press, 2001).

³⁷ Ryner, “Why the Financial Crisis Has Not Generated a Social Democratic Alternative in Europe?,” 62–63.

³⁸ Escalona and Vieira, “‘It Does Not Happen Here Either’: Why Social Democrats Fail in the Context of the Great Economic Crisis.”

³⁹ Escalona and Vieira, 33.

⁴⁰ Bremer and McDaniel, “The Ideational Foundations of Social Democratic Austerity in the Context of the Great Recession.”

state-specific characteristics play a role in determining how the policies of social democratic austerity look in practice;⁴¹ this can indicate that more specific explanations need to be investigated more deeply at the national level.

Considered together, these explanations suggest that, while national differences matter, social democratic parties adopted and contributed to the implementation of neo-liberal and austerity policies in what they thought was a successful way to fuel a revival of social democracy similar to that of the post-war period.

2.2 Social Democracy in Italy from 1994 to 2007

A discussion of social democracy in Italy needs to start in the 1990s, as this decade marked a decisive period of transformation (and crisis) in Italian politics.⁴² The precondition for this transformation were the political instability of the country at the beginning of the decade. This crisis was due to the end of the so-called *Prima Repubblica* (First Republic), brought about by the *Mani pulite* ('Clean hands') inquiries between 1992 and 1994, which exposed a system of clientelism and corruption involving top Italian politicians and business actors.⁴³ These inquiries, which had been pursued by a small and virtuous group of judges, need to be contextualized within a long-lasting judicial attempt at reigning in mafia and corruption by the judiciary since the 1980s.⁴⁴ Although the effect of *Mani pulite* on actual levels of corruption has been questioned,⁴⁵ the investigations led to the collapse of the two main parties, the Christian Democrats (*Democrazia Cristiana*, DC) and the Italian Socialist Party (*Partito Socialista Italiano*, PSI), paving the way for a new political landscape.⁴⁶

Alongside the *Mani pulite* investigation were also a number of other factors that contributed to catalyze political change, three domestic ones and two external ones.⁴⁷ First, domestically, the clash between the modernizing economy of the country and its old bureaucratic and public apparatus began to intensify; second, social reform movements were emerging and fighting back against the corrupt political practices; third, the illicit appropriation of funds by political parties was becoming increasingly economically problematic. At the international level, the fall of Communism in the East contributed to the

⁴¹ Bremer and McDaniel, 456.

⁴² Martin Bull and Martin Rhodes, "Between Crisis and Transition: Italian Politics in the 1990s," *West European Politics* 20, no. 1 (1997): 1–13, <https://doi.org/10.1080/01402389708425172>; Leonardo Morlino and Marco Tarchi, "The Dissatisfied Society: The Roots of Political Change in Italy," *European Journal of Political Research* 30, no. 1 (1996): 41–63, <https://doi.org/10.1111/j.1475-6765.1996.tb00667.x>.

⁴³ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:179–80.

⁴⁴ Ginsborg, 84:195–212.

⁴⁵ Donatella della Porta and Alberto Vannucci, "Corruption and Anti-Corruption: The Political Defeat of 'Clean Hands' in Italy," *West European Politics* 30, no. 4 (2007): 830–53, <https://doi.org/10.1080/01402380701500322>.

⁴⁶ Stefano Fella and Carlo Ruzza, "Populism and the Fall of the Centre-Right in Italy: The End of the Berlusconi Model or a New Beginning?," *Journal of Contemporary European Studies* 21, no. 1 (2013): 39, <https://doi.org/10.1080/14782804.2013.766475>.

⁴⁷ Bull and Rhodes, "Between Crisis and Transition: Italian Politics in the 1990s," 6.

ultimate defeat of the “communist threat,” with the Italian Communist Party (*Partito Comunista Italiano*, PCI) turning into the Democratic Party of the Left (*Partito Democratico della Sinistra*, PDS). The second external factor was the process of European integration, which since 1980s had introduced the Italian system to a different style of policymaking and exposed its economic inefficiencies to international markets.⁴⁸

These circumstances prepared the ground for the launch and rise of Berlusconi’s *Forza Italia* (Go Italy). The party ran successfully for the first time in the 1994 elections merely four months after its establishment.⁴⁹ The party could rely on strategic alliances with the *Lega Nord* (Northern League, LN) in the north of the country and with *Alleanza Nazionale* (National Alliance, AN) in the south. Towards the end of the same year, Berlusconi was put under investigation for corruption, prompting the LN to withdraw its support from the government, which was replaced by the technocratic cabinet headed by Lamberto Dini.⁵⁰

In 1994, Massimo D’Alema became the new Secretary of the PDS, which took a liberal turn under his leadership. Walter Veltroni (who later became the first Secretary of the PD) was likewise an important personality in the party; he had also promoted a shift of the PDS towards the center, pushing for an abandonment of its communist past and the acceptance of liberalism.⁵¹ The centrist orientation of the party was also indicated by its interest in Lamberto Dini as a potential leader of the center-left coalition (Dini, who had served as Minister in the first Berlusconi government, was also being courted by *Forza Italia*). The objective of the party according to D’Alema was to make Italy a “normal country” in which there would be a dialogue between the right and the center-left.⁵²

D’Alema understood the need of the left to secure at least part of the Christian vote in order to increase the chances of winning the next election. He supported the creation of the *Ulivo* (Olive Tree), a fragmented center-left coalition, who adopted Romano Prodi as their candidate for Prime Minister. With the support of D’Alema, the coalition headed by Prodi managed to win the 1996 national election by a narrow margin.⁵³ Prodi was a technocratic figure – he had served as president of the “Institute for Industrial Reconstruction” between 1982 and 1989 – associated with the left wing of the DC, and with his candidacy he came to represent the leftist alternative to Berlusconi.⁵⁴

The new Italian center-left coalition came to existence at a time when the West was moving away from conservative politics, as indicated by victories of Clinton in the U.S., Blair in the U.K. and Jospin and Schroeder in France and Germany. However, as Ginsborg highlighted, the neo-liberal policies of the conservative governments continued to survive in the programs of the left, who embraced a pro-market stance.⁵⁵ Prodi himself expressed the

⁴⁸ Bull and Rhodes, 6–8.

⁴⁹ Bull and Rhodes, 6.

⁵⁰ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:299–300.

⁵¹ Mark Gilbert, “The Oak Tree and the Olive Tree,” *Italian Politics* 11 (1996): 105–6.

⁵² Gilbert, 105–10.

⁵³ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:300–301.

⁵⁴ Gilbert, “The Oak Tree and the Olive Tree,” 102–3.

⁵⁵ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:302.

desire for a “lightweight state,” which combined free-market policies with a strong welfare state, in a pamphlet published prior to his candidacy.⁵⁶ His program was endorsed by the PDS, who in line with the tenets of the Third Way, sought to thread the line between free market economics and the traditional welfare state.

Once in government, the *Ulivo* coalition lacked a grand design for its reform project and did not have a parliamentary majority, which made it dependent on the support of the “new” Communist Party (Rifondazione Comunista, PRC).⁵⁷ The coalition’s theoretical stance was undefined. While the PDS was keen to show that it had broken away from its Communist roots, the party did not have a strong ideological stance to guide its policymaking. The party’s policy was thus often influenced by the tenet of European integration was informed by the technocratic approach of experts coming from the Bank of Italy.⁵⁸ The main success of Prodi’s government was meeting the Maastricht Treaty criteria and securing Italy’s participation in the European Monetary Union (EMU). Guided by the expertise of Carlo Azeglio Ciampi, former governor of the Bank of Italy, the government implemented a series of drastic public spending cuts and an increase in taxation, including the progressive “tax for Europe.”⁵⁹

After the issue of EMU participation was resolved, the cohesion that the government enjoyed quickly subsided. In 1998, the PRC voted down a proposed economic package, and the government lost a confidence vote. D’Alema replaced Prodi as Prime Minister, but only for a short period of time; after an electoral defeat in the 2000 regional elections, he stepped down, and the rest of the XIII legislature was completed by Giuliano D’Amato.⁶⁰ During this governing experience, the center-left coalition was able to implement some reforms, which introduced more federalism in the public administration by redistributing competences between regional and central actors.⁶¹

After the *Ulivo* ran again and lost the national election in 2001, Berlusconi’s *Forza Italia* governed until 2006. At the 2006 elections, the center-left coalition ran with the name *Unione* and this time included also the PRC. It is also thanks to the experience of the *Unione* that, in 2007, the Democratic Party emerged out of the union of different left-wing parties, most notably the *Democratici di Sinistra* (Left Democrats, the new name of the PDS) and *La Margherita* (The Daisy, a Christian center-left party).⁶² Ventura attributes the creation of the PD to the desire of left-wing parties to “ride the wave of bipolarism in Italy” by creating a new

⁵⁶ Gilbert, “The Oak Tree and the Olive Tree,” 107.

⁵⁷ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:303.

⁵⁸ Ginsborg, 84:303.

⁵⁹ Ginsborg, 84:306.

⁶⁰ Gianfranco Pasquino and Serenella Sferza, “Premiership and Leadership from D’Alema to Amato and Beyond,” *Italian Politics* 16 (2000): 37–51, <https://www.jstor.org/stable/43039687>; Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*.

⁶¹ Ferrera and Gualmini, “Reforms Guided by Consensus: The Welfare State in the Italian Transition,” 127–28.

⁶² Davide Vampa, “The Italian Left: Between National Weakness and Regional Policy Experimentation,” in *The Regional Politics of Welfare in Italy, Spain and Great Britain* (Springer International Publishing, 2016), 84, https://doi.org/10.1007/978-3-319-39007-9_5.

majoritarian party,⁶³ something that had been envisioned by Prodi and others since the birth of the *Ulivo* coalition.⁶⁴

The uncontested leadership of Berlusconi in the previous years had been interpreted as the sign of a shift towards a bipolar political system.⁶⁵ The PD was the solution to compete with Berlusconi's *Forza Italia* and solve the issue of fragmentation within the Italian center-left.⁶⁶ As argued by Vampa,⁶⁷ the creation of the PD can be interpreted as the end of social democracy in Italy. His arguments largely echo the criticism raised Ginsborg about the *Ulivo* coalition,⁶⁸ *i.e.* the absence of a political project within the Italian center-left after the collapse of the First Republic in the early 1990s.

2.3 Reforming the Italian Pension System: 1992-2005

The 1990s saw the beginning of an ambitious reform process of the Italian welfare state.⁶⁹ Precondition for this change were the political instability of the country at the beginning of the decade. As described earlier, this crisis can broadly be attributed to the demise of the First Republic due to the *Mani Pulite* investigations and the changing international environment. The old five-party system fell into crisis and was replaced by two large coalitions, leading to bipolarism, and a new generation of politicians was elected to parliament for the first time in 1994.⁷⁰

According to Ferrera and Gualmini, this decade marked the beginning of a “virtuous circle” of reform.⁷¹ The authors highlighted the important role played by the *vincolo esterno*, which had been forged by Italy's entry into the European Monetary System (EMS) in 1978, in advancing the process of reform. The decision made by former Prime Minister Giuliano Andreotti to join the EMS and commit to Italy's adoption of the single currency had been a determining factor for Italy's reform process in the 1990s.⁷² The necessity for reform created by the *vincolo esterno* found political support in the *Ulivo* coalition. The financial reforms necessary to join the euro and maintain the country's commitments to European integration were tough to sell at home and, as the experience of the first Berlusconi cabinet had

⁶³ Sofia Ventura, “The Italian Democratic Party from Merger to Personalism,” *South European Society and Politics* 23, no. 1 (2018): 181, <https://doi.org/10.1080/13608746.2018.1440483>.

⁶⁴ Gilbert, “The Oak Tree and the Olive Tree.”

⁶⁵ Ferrera and Gualmini, “Reforms Guided by Consensus: The Welfare State in the Italian Transition,” 151.

⁶⁶ Paola Bordandini, Aldo Di Virgilio, and Francesco Raniolo, “The Birth of a Party: The Case of the Italian Partito Democratico,” *South European Society and Politics* 13, no. 3 (2008): 304, <https://doi.org/10.1080/13608740802349472>.

⁶⁷ Davide Vampa, “The Death of Social Democracy: The Case of the Italian Democratic Party,” *Bulletin of Italian Politics* 1, no. 2 (2009): 347–70, http://www.soft-tissue-research.org/media/media_140581_en.pdf.

⁶⁸ Ginsborg, *Italy and Its Discontents: Family, Civil Society, State*, 84:310–16.

⁶⁹ Ferrera and Gualmini, *Rescued by Europe? Social and Labour Market Reforms in Italy from Maastricht to Berlusconi*.

⁷⁰ Ferrera and Gualmini, 125–26.

⁷¹ Ferrera and Gualmini, 124.

⁷² Ferrera and Gualmini, 129–34.

indicated, it was necessary for the government to overcome the opposition of the trade unions.⁷³

Starting with Berlusconi in 1994, governments began stressing the beneficial effects that joining the eurozone would bring to both employers and trade unions; the objective was to make the reforms more acceptable to the trade unions at a symbolic level. The first argument that was deployed was the promise of rewards in the medium and long term in exchange for the implementation of the reforms. These would entail investing the savings generated by the euro's lower interest rates on public debt to relaunch employment and alleviate the tax burden of workers and employers.⁷⁴ The second tactic involved a discourse of *risanamento* ("healing") of the country's inequal economy. Particularly responsible for perpetuating this discourse were the Dini and Prodi cabinets. The fact that they were backed by the main left party provided legitimacy to the reform process – the phenomenon of "Nixon goes to China syndrome,"⁷⁵ based on which left parties are more successful than their counterparts at implementing conservative policies (and vice versa).⁷⁶ As discussed above, the fact that left parties could credibly back a reform of the welfare state was ideologically supported by the ideas of the Third Way.⁷⁷

The social partners were thus asked to endure sacrifices with the promise of future rewards.⁷⁸ This made possible a revival of concertation and the passing of two important reforms of the pension system: the Amato reform in 1992 and the Dini reform in 1995. The Amato reform took the first steps in moving towards a pension system based on defined contributions:⁷⁹ first, the retirement age was raised by five years for both men and women (to 60 and 65 years respectively); second, the minimum years of contribution for old age pensions were raised from 15 to 20 years; third, seniority pensions would be calculated based on the average salary of the last 10 years of work instead of the last 5 (and on the whole working life for new workers); fourth, the period of contribution years for seniority pensions was raised from 20 to 36 years. Around the same time, the government also introduced supplementary pension schemes.⁸⁰

Three years later, the Dini reform officially planned to gradually phase in a defined contribution system starting from 2013. It also introduced a flexible pensionable age, with workers able to retire between 57 and 65 years, and also set a minimum age of retirement for

⁷³ Ferrera and Gualmini, 136.

⁷⁴ Ferrera and Gualmini, 136.

⁷⁵ Ferrera and Gualmini, 136–37.

⁷⁶ Tyler Cowen and Daniel Sutter, "Why Only Nixon Could Go to China," *Public Choice* 97, no. 4 (1998): 605–15, <https://doi.org/10.1023/A:1004907414530>.

⁷⁷ Ferrera and Gualmini, *Rescued by Europe? Social and Labour Market Reforms in Italy from Maastricht to Berlusconi*, 138.

⁷⁸ Ferrera and Gualmini, "Reforms Guided by Consensus: The Welfare State in the Italian Transition," 199.

⁷⁹ Under a defined benefit system, pensions are calculated based on earnings, while under a defined contribution system, pensions are linked to the contributions that a worker made throughout their working life.

⁸⁰ Ferrera and Gualmini, "Reforms Guided by Consensus: The Welfare State in the Italian Transition," 191–94.

all pension, set at 57 years of age, to be introduced before 2008.⁸¹ In 1997, the Prodi government attempted to implement yet another reform: an ad hoc commission set up by the government had indicated (in line with the European Commission's recommendations) to speed up the implementation of the Dini reform. Nevertheless, the opposition of the PRC only allowed for the introduction of minor changes.⁸² In the years to follow, the Berlusconi government passed another reform in 2004, which eliminated the flexible retirement age by fixing it at 65 years for men and 60 years for women. The other main element of the reform was that it increased the retirement age for seniority pension to 60 years with at least 35 years of contributions required; the age increase was to take place before by January 2008.⁸³

3. Methodology

The research presented in the next chapter comes from the analysis of parliamentary debates in the lower chamber of the Italian parliament (*Camera dei Deputati*), as well as from several news articles published in one of the most-read Italian daily newspapers, the *Corriere della Sera*. The debates were retrieved from the databases made available online by the Italian parliament.⁸⁴ They were selected based on their content (the laws introducing the reforms) and the place of discussion, which limited the research only to debates held within the parliamentary committees (*commissioni parlamentari*); this was motivated by the fact that committee debates tend to be more focused and technical than plenary debates. The selection process yielded a total of 49 documents (see Appendix I). The analysis of the debates was carried out with the aid of a professional software for the analysis of qualitative data, which helped to identify and code the main arguments raised by members of parliament (MPs). The news articles were retrieved via the digital archive of the *Corriere della Sera*, which includes issues published as early as 1876.⁸⁵

The methodology was inspired by similar texts that analyzed parliamentary debates, and in particular by Thornton,⁸⁶ whose paper investigated arguments raised by right- and left-wing parties in parliamentary discussions over the welfare state in New Zealand. As mentioned above, the decision to only consider the reforms from 2007 to 2016 was dictated by the fact that this time frame covers almost the entire first decade of existence of the party, while offering five instances of pension reform across three different legislatures. Additionally, during this time the PD experienced both periods in government (five out of the nine years considered) and in

⁸¹ Ferrera and Gualmini, 191–92.

⁸² Ferrera and Gualmini, 192–93.

⁸³ David Natali and Martin Rhodes, “The Berlusconi Pension Reform and the Emerging ‘Double Cleavage’ in Distributive Politics,” *Italian Politics* 20 (2004): 182, <https://www.jstor.org/stable/43039794?seq=1&cid=pdf-reference>.

⁸⁴ Camera dei deputati, “Banche dati: Dibattiti in testo integrale,” 2022, <https://www.camera.it/leg18/221>.

⁸⁵ Corriere della Sera, “Archivio Corriere Della Sera,” 2022, <https://archivio.corriere.it/Archivio/interface/landing.html>.

⁸⁶ Ashley Thornton, “How Does Ideology Influence Welfare Retrenchment Proposals? Application of a New Methodology,” *Party Politics* 22, no. 3 (2016): 370–81, <https://doi.org/10.1177/1354068814549337>.

opposition, which makes for a rather balanced selection. As far as the choice of investigating pensions over other areas of the welfare state is concerned, the decision was dictated by the pivotal role played by the pensions in the last thirty years of reforms of the Italian welfare state. Lastly, as evidenced by Belfrage and Ryner's study on Sweden,⁸⁷ a country considered a stronghold of social democracy,⁸⁸ pension reforms can provide important insights into the pivot towards to neo-liberalism of left-wing parties.⁸⁹

⁸⁷ Belfrage and Ryner, "Renegotiating the Swedish Social Democratic Settlement: From Pension Fund Socialism to Neoliberalization."

⁸⁸ Ryner, "An Obituary for the Third Way: The Financial Crisis and Social Democracy in Europe," 554.

⁸⁹ Belfrage and Ryner, "Renegotiating the Swedish Social Democratic Settlement: From Pension Fund Socialism to Neoliberalization," 279.

4. The PD and Pension Reforms in Italy: 2007-2016

This chapter presents the evidence collected from parliamentary debates and news articles with regard to the PD's position on the pension reforms carried out in the period from 2007 to 2016. Each section of the chapter discusses a different reform. The main findings of the evidence are then discussed and analyzed in chapter five.

4.1 The Prodi-Damiano Reform

The Prodi-Damiano reform of 2007 took place during the XV legislature (2006-2008), which was characterized by a rather bipolar composition of parliament, with the center-left coalition *Unione* running against the center-right coalition represented by Berlusconi's *Casa delle Libertà*. Most of the MPs of the left coalition belonged to the *Ulivo*, which in October 2007 (only a few months after the beginning of the legislature) became part of the PD. The reform sought to partially delay the effect of a previous pension reform, enacted by the Berlusconi government in 2004, which increased the retirement age for contributory pensions via the so-called *scalone* ("big step").⁹⁰ The reform, overseen by then-Labor Minister Maroni (Northern League), introduced an abrupt increase in the retirement age: from 57 to 60 years in 2008, to 61 in 2010 and to 62 in 2014, leaving unaffected the required number of working years at 35.⁹¹ As the entering into force of the reform loomed closer, the three main trade unions (CGIL, CISL and UIL) protested the increase in the pensionable age.⁹² The tensions led to an agreement between the government and the trade unions in July 2007, which softened the provisions of the previous pension reform by gradually delaying the age increments.⁹³

The agreement, reached after hours of negotiating with the social partners, formed part of a broader reform of the welfare system, the so-called "Protocol on Welfare."⁹⁴ The agreement was also subject to a trade union referendum in October of that year, which approved it by a large majority.⁹⁵ The accord saw the *scalone* being replaced by smaller increments in the retirement age over a period of several years: it would increase to 58 in 2008, to 59 in the second half of 2009, to 60 in 2011 and to 61 in 2013. The required age for the old-age (statutory) pension remained fixed at 60 for women and 65 for men.⁹⁶ The reform also affected the

⁹⁰ Giuliano Balestreri, "Pensioni, ecco come sono cambiate in 40 anni," *La Repubblica*, April 13, 2016, https://www.repubblica.it/economia/2016/04/13/news/pensioni_scheda-136973152/.

⁹¹ Pagella Politica, "Fu Maroni ad agganciare età pensionabile e aspettativa di vita?," Pagella Politica, November 28, 2017, <https://pagellapolitica.it/fact-checking/fu-maroni-ad-agganciare-eta-pensionabile-e-aspettativa-di-vita>.

⁹² Felicia Masocco, "Sindacati pronti allo sciopero per cancellare lo «scalone»," *L'Unità*, May 12, 2007, https://archivio.unita.news/assets/main/2007/05/12/page_015.pdf.

⁹³ Corriere della Sera, "Pensioni, sì del Cdm all'accordo coi sindacati," *Corriere della Sera*, July 20, 2007, https://www.corriere.it/Primo_Piano/Politica/2007/07_Luglio/20/pensioni_proposta_prodi.html.

⁹⁴ Corriere della Sera.

⁹⁵ Enrico Marro, "Welfare, i sì all'81%. Ora decide il governo," *Corriere della Sera*, October 12, 2007, <https://archivio.corriere.it>.

⁹⁶ Gazzetta Ufficiale, "Testo della legge 24 dicembre 2007, n. 247," *Gazzetta Ufficiale*, December 24, 2007, <https://www.gazzettaufficiale.it/eli/id/2008/01/17/08A00379/sg>.

coefficients for the calculation of pension contributions. They would be recalculated every three years instead of every ten, which would likely see the coefficients raise at a faster rate than previously decided. The reform also established the creation of a panel of experts, tasked with recommending more effective way of determining the coefficients and opportunities for workers to retire early.⁹⁷ Other parts of the reform included measures aimed at increasing welfare and which sought to modernize the pension system. For example, the reform increased the length and amount of unemployment benefits, and allowed workers to accrue contributions towards their pension for all employment periods that lasted at least three years (previously set at six years).⁹⁸ The reform also excluded workers with strenuous jobs (*lavori usuranti*), who amounted to about 1,4 million people.⁹⁹

Enrico Letta, then-Secretary of the Council of Ministers and member of the newly formed PD, commented the reform in positive terms in a letter to the *Corriere della Sera*.¹⁰⁰ He framed the reform as a responsible intervention in order to safeguard the pensions of younger generations, as well as the long-term sustainability of the Italian welfare system. He highlighted the goal of the government to guarantee a replacement rate of 60% for the younger generation (recent estimates by the European Commission predict that the rate will reach 50% in 2070).¹⁰¹ Others were critical of the reform. Former Prime Minister Dini – who oversaw the 1995 pension reform – argued that raising the retirement age of women could have provided resources to cover the costs incurred from removing the *scalone*, while at the same time complying with a Commission's request¹⁰² for Italy to equalize the retirement age of men and women.¹⁰³ He even threatened to vote against the reform in the Senate, where the left coalition had only a feeble majority of seats.¹⁰⁴

The Prodi-led *Unione* coalition consisted of many different left-wing parties, the largest members of which merged in 2007 to form the PD, with Prodi himself being one of the party's founding figures. The PD thus not only supported the reform but was one of its main proponents. An analysis of the parliamentary debates surrounding the reform reveals that most

⁹⁷ Gazzetta Ufficiale, paras. 12–15.

⁹⁸ Gazzetta Ufficiale, paras. 25, 76.

⁹⁹ Barbara Millucci, "Scalini e 'quote' età-contributi. Ecco la nuova previdenza," *Corriere della Sera*, July 21, 2007, <https://archivio.corriere.it>.

¹⁰⁰ Enrico Letta, "Lettera di Enrico Letta al Corriere della Sera," *Corriere della Sera*, July 30, 2007, https://www.corriere.it/Primo_Piano/Politica/2007/07_Luglio/30/lettera_letta.html.

¹⁰¹ European Commission, "The 2021 Ageing Report: Economic and Budgetary Projections for the EU Member States (2019-2070)," May 2021, 86, https://ec.europa.eu/info/sites/default/files/economy-finance/ip148_en.pdf.

¹⁰² The Commission opened an infringement procedure against Italy in 2005. See European Commission, "Equality: Commission Takes Further Legal Action against Italy on Discriminatory Pension Age," June 3, 2010, https://ec.europa.eu/commission/presscorner/detail/en/IP_10_674.

¹⁰³ Stefania Tamburello, "Dini: intesa accettabile. Adesso il Prc si fermi, non si cambia nulla," *Corriere della Sera*, July 21, 2007, <https://archivio.corriere.it>.

¹⁰⁴ Roberto Mania, "Prodi: Aboliremo lo scalone e Dini decide di votare contro," *La Repubblica*, July 6, 2007, <https://ricerca.repubblica.it/repubblica/archivio/repubblica/2007/07/06/prodiaboliremo-lo-scalone-dini-decide-di-votare.html>.

of the arguments deployed by MPs of the PD revolved around the need for equity, modernization of the pension system, and compliance with EU objectives. First, while an increase in the pensionable age was perceived as inevitable,¹⁰⁵ the *scalone*, which had been antagonized by all the major trade unions,¹⁰⁶ seemed like an unfair measure¹⁰⁷ that needed to be abolished. In July 2007, Prodi himself spoke out against the *scalone*, saying that it should be replaced by a more gradual reform instead.¹⁰⁸ Some MPs pointed out how the removal of the *scalone* was included in the *Unione*'s electoral program,¹⁰⁹ while one argued that Maroni himself only agreed to it on the condition that its introduction would be deferred to 2008.¹¹⁰ Second, MPs often used the argument that their reform would modernize the pension system¹¹¹ by ensuring long-term financial sustainability and intra-generational equity.¹¹²

These arguments showed some overlap with those that focused on the EU dimension of the reform. MPs highlighted how the reform was in line with the Lisbon Strategy¹¹³ – a EU policy which sought to stimulate economic growth through “productive” social policy and a flexible labor market.¹¹⁴ One MP in the Committee for EU Policies cited a 2006 report by the European Commission which recommend Italy to reform its pension system to guarantee long-term stability, as well as implementing other measures such as reducing public debt.¹¹⁵ Another report by the same parliamentary committee emphasized the need for Italy to implement this reform to achieve the objectives of the Lisbon Strategy.¹¹⁶ Although MPs stressed the importance of the reform for complying with EU objectives, EU officials did not find the changes implemented to be completely satisfactory. After the government negotiated the agreement with the unions, Commissioner for Economic and Monetary Affairs Joaquín

¹⁰⁵ Camera dei deputati, “XI Commissione. Lavoro pubblico e privato,” *Bollettino delle giunte e delle commissioni parlamentari*, November 8, 2007, 97–98, https://documenti.camera.it/_dati/leg15/lavori/bollet/200711/1108/pdf/INTERO.pdf.

¹⁰⁶ Masocco, “Sindacati pronti allo sciopero per cancellare lo «scalone».”

¹⁰⁷ Corriere della Sera, “Prodi: sulle pensioni rimediato a ingiustizia,” *Corriere della Sera*, July 23, 2007, https://www.corriere.it/Primo_Piano/Politica/2007/07_Luglio/21/Marini_pensioni.html.

¹⁰⁸ Mania, “Prodi: Aboliremo lo scalone e Dini decide di votare contro.”

¹⁰⁹ Camera dei deputati, “XI Commissione. Lavoro pubblico e privato,” November 8, 2007, 97.

¹¹⁰ Camera dei deputati, 97.

¹¹¹ Camera dei deputati, “XII Commissione. Affari sociali,” *Bollettino delle giunte e delle commissioni parlamentari*, November 21, 2007, 292, 294, https://documenti.camera.it/_dati/leg15/lavori/bollet/200711/1121/pdf/INTERO.pdf.

¹¹² Camera dei deputati, “XIV Commissione. Politiche dell’Unione Europea,” *Bollettino delle giunte e delle commissioni parlamentari*, November 15, 2007, 144, https://documenti.camera.it/_dati/leg15/lavori/bollet/200711/1115/pdf/INTERO.pdf.

¹¹³ Camera dei deputati, 144; Camera dei deputati, “XIV Commissione. Politiche dell’Unione Europea,” *Bollettino delle giunte e delle commissioni parlamentari*, November 22, 2007, 125, https://documenti.camera.it/_dati/leg15/lavori/bollet/200711/1122/pdf/INTERO.pdf.

¹¹⁴ Caroline de la Porte and Kerstin Jacobsson, “Social Investment or Recommodification? Assessing the Employment Policies of the EU Member States,” in *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*, ed. Nathalie Morel, Bruno Palier, and Joakim Palme (Policy Press, 2011), 117.

¹¹⁵ Camera dei deputati, “XIV Commissione. Politiche dell’Unione Europea,” November 15, 2007, 145–46.

¹¹⁶ Camera dei deputati, 144.

Almunia expressed concerns with the reform being risky, claiming that it was not sufficient to contain public spending on pensions in the long-term, which at 14% of GDP was still among the highest in the EU.¹¹⁷ The discrepancy between the national and supranational reception of the reform highlights the struggle of the newly-formed PD and the center-left coalition more broadly to find a compromise between European integration and maintaining a dialogue with the trade unions.

4.2 The Berlusconi-Sacconi Reforms

The Prodi government fell in 2008 and was replaced by a center-right coalition led by Berlusconi. In the same year, a ruling by the Court of Justice of the European Union (CJEU) determined that Italy's disparity in the pensionable ages of men and women employed in the public sector was discriminatory¹¹⁸ – at the time, women could retire at 60 and men at 65. The new government sought to comply with the CJEU's request by introducing a provision that would close this gap within the next decade. The reform, which raised the retirement age to 65 for women employed in both the public and private sector, was first proposed by Minister for Public Administration Renato Brunetta in December 2008.¹¹⁹

On one hand, the proposal found a light consensus among some in the PD, including former Minister and EU Commissioner Emma Bonino, who argued that the savings generated through the age increase should be invested in policies helping women find employment, also in view of the Lisbon Strategy goals.¹²⁰ On the other hand, it received a negative response by the trade unions (CGIL and UIL) and by Labor Minister Sacconi.¹²¹ Those who opposed the change saw the early retirement of women as a compensation for their unfair treatment in the labor market,¹²² and argued that the reform would lead to women retiring later than men, as men could generally access early retirement after 35 years of work, while women, who often had fragmented carriers, could not.¹²³ The reform was presented as an amendment to law no. 78 of 2009 (which implemented measures to tackle the economic crisis) and was approved by Parliament in August 2009. The retirement age for women would be raised to 65 years of age by 2018 through increments of one year every two years, starting from 2010.¹²⁴ Another

¹¹⁷ La Repubblica, "Pensioni, Almunia: 'Rischi sostenibilità'. Sul welfare Rifondazione non ci sta," *La Repubblica*, July 24, 2007, <https://www.repubblica.it/2007/07/sezioni/economia/pensioni-6/pensioni-6/pensioni-6.html?ref=search>.

¹¹⁸ European Commission, "Equality: Commission Takes Further Legal Action against Italy on Discriminatory Pension Age."

¹¹⁹ Enrico Marro, "Donne in pensione più tardi, Brunetta agita il governo," *Corriere della Sera*, December 14, 2008, <https://archivio.corriere.it>.

¹²⁰ M. Antonietta Calabrò, "A Sinistra il fronte del sì: 'Con più diritti e asili,'" *Corriere della Sera*, December 14, 2008, <https://archivio.corriere.it>.

¹²¹ Marro, "Donne in pensione più tardi, Brunetta agita il governo."

¹²² Guardiancich and Natali, "Tra disintermediazione e concertazione: la difficile alternanza del policy-making sulle pensioni in Italia," 282.

¹²³ Marro, "Donne in pensione più tardi, Brunetta agita il governo."

¹²⁴ Paolo Foschi, "Per le donne l'ora del ritiro salirà di un anno ogni due," *Corriere della Sera*, July 16, 2009, <https://archivio.corriere.it>.

important element of reform was the introduction of a link between the retirement age of both men and women and life expectancy, starting from 2015 and to be re-assessed every five years. This meant that if life expectancy increased, the retirement age would also increase, with the maximum increase capped at three months.¹²⁵

Despite the lack of a strong oppositional front to the reform, within the parliamentary debates some of the MPs from the PD expressed their criticism. Within the budget committee, Pier Paolo Baretta, head of the PD group, claimed that the legislative articles on pensions should be scrapped altogether from the text.¹²⁶ He argued that the way in which the reform was being introduced (via amendments to a previous decree) did not allow for the in-depth discussion that a pension reform deserved;¹²⁷ furthermore, he did not perceive the matter as being urgent.¹²⁸ Other MPs backed his position¹²⁹ and likewise asked for the reform to be scrapped,¹³⁰ while raising further arguments against the reform. One MP argued that linking the retirement age to life expectancy was not necessary to comply with the CJEU ruling,¹³¹ while another suggested that the government should engage in concertation with the social partners first.¹³² Another MP also criticized the reform for not being accompanied by welfare measures for women, such as an increase of the maternity leave.¹³³ In the labor committee, Cesare Damiano (head of the PD group) likewise rejected the reform.¹³⁴ He suggested that the government should start a concertation process before proceeding with the measures, seeking an agreement with the social partners.¹³⁵ He also argued that the government was interpreting the CJEU ruling incorrectly, and that equalizing the retirement age would not be fair to women, who have more precarious careers and lower incomes than men.¹³⁶ He and another MP also expressed their desire for a “flexible exit” approach,¹³⁷ a policy that was first instituted by the

¹²⁵ Paolo Foschi, “L’aumento segue l’anagrafe. La soglia sarà di tre mesi,” *Corriere della Sera*, July 16, 2009, <https://archivio.corriere.it>.

¹²⁶ Camera dei deputati, “Commissioni Riunite V e VI,” *Bollettino delle giunte e delle commissioni parlamentari*, July 16, 2009, 13, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2009/07/16/leg.16.bol0203.data20090716.pdf>.

¹²⁷ Camera dei deputati, 13.

¹²⁸ Camera dei deputati, 13.

¹²⁹ Camera dei deputati, 13–17.

¹³⁰ Camera dei deputati, 15, 17.

¹³¹ Camera dei deputati, 15.

¹³² Camera dei deputati, 18.

¹³³ Camera dei deputati, 15.

¹³⁴ Camera dei deputati, “XI Commissione. Lavoro pubblico e privato,” *Bollettino delle giunte e delle commissioni parlamentari*, July 14, 2009, 454, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2009/07/14/leg.16.bol0201.data20090714.pdf>.

¹³⁵ Camera dei deputati, 454.

¹³⁶ Camera dei deputati, 454.

¹³⁷ Camera dei deputati, 454; Camera dei deputati, “Commissioni Riunite V e VI,” July 16, 2009, 13.

1995 Dini reform and which allowed workers to choose when to retire within a determined time window.¹³⁸

Despite the changes introduced by the reform, the European Commission claimed that the adjustments did not adequately comply with the 2008 ruling. The transition period, which would see retirement ages being equalized in 2018, was deemed too long, and in June 2010 the Commission issued a second letter of formal notice to Italy.¹³⁹ The response of the Italian government was to undertake a second reform, which equalized the retirement age in 2012, six years ahead of the previous schedule.¹⁴⁰ That 2012 would be adopted as the new target year became made clear after an encounter between Labor Minister Sacconi and Commissioner Viviane Reding. The Commission's request to anticipate the equalization to 2012 was framed as non-negotiable, with the impending threat of costly fines from the infringement procedure looming closer.¹⁴¹ The second reform was approved by parliament on July 31, 2010, modifying the previous provisions and effectively anticipating the increase in the retirement age to 2012. It also modified the so-called "retirement window," a waiting period between the achievement of pension requirements and the actual disbursement of pension payment, which was fixed at 12 months for employees and 18 months for the self-employed. Additionally, the reform accelerated the recalculation of the retirement age in relation to life expectancy, which would now be assessed every three years instead of five, starting from 2015.¹⁴²

In the parliamentary discussions, MPs from the PD reiterated most of the arguments from a year earlier but showed a stronger opposition to the new measures. An important aspect that was stressed by different MPs was the perceived lack of focus on gender equality.¹⁴³ One MP argued that the reform merely complied with the Commission's request, failing to embody the gender equality considerations that informed the CJEU ruling, which he believed should

¹³⁸ Matteo Jessoula and Michele Raitano, "La Riforma Dini Vent'anni Dopo: Promesse, Miti, Prospettive Di Policy. Un'introduzione," *Politiche Sociali* 2, no. 3 (2015): 369, <https://doi.org/10.7389/81761>.

¹³⁹ European Commission, "Equality: Commission Takes Further Legal Action against Italy on Discriminatory Pension Age."

¹⁴⁰ Corriere della Sera, "Pensioni, ultimatum della Ue all'Italia: nella p.a. le donne lavorino fino a 65 anni," *Corriere della Sera*, June 3, 2010, https://www.corriere.it/economia/10_giugno_03/pensioni-ultimatum-ue-equiparazione-donne-uomini_5187d78c-6ef5-11df-bfef-00144f02aabe.shtml.

¹⁴¹ La Repubblica, "Ue: 'Donne PA a 65 anni entro il 2012' Sacconi: 'In manovra innalzamento età,'" *La Repubblica*, June 7, 2010, https://www.repubblica.it/economia/2010/06/07/news/sacconi_donne_in_pensione_a_65_anni_nel_2012-4638526/.

¹⁴² Enrico Marro, "Pensioni. Età del ritiro legata all'invecchiamento medio," *Corriere della Sera*, July 16, 2010, <https://archivio.corriere.it/>.

¹⁴³ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," *Bollettino delle giunte e delle commissioni parlamentari*, July 20, 2010, 334, 337, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2010/07/20/leg.16.bol0355.data20100720.pdf>; Camera dei deputati, "XIV Commissione. Politiche dell'Unione Europea," *Bollettino delle giunte e delle commissioni parlamentari*, July 20, 2010, 372, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2010/07/20/leg.16.bol0355.data20100720.pdf>.

have been done through increasing funding for work-family reconciliation policies.¹⁴⁴ This point was also supported by arguments that the government's interpretation of the CJEU ruling was incomplete¹⁴⁵ or incorrect.¹⁴⁶ Similarly, a group of MPs proposed an amendment that would have seen the savings generated from the reform be invested to fund welfare policies benefitting women and people with disabilities,¹⁴⁷ although the amendment was rejected.¹⁴⁸ Another point against the reform, which was not exclusively related to the pension dimension, was a clear opposition to the cuts in public spending advanced by the government,¹⁴⁹ which one MP referred to as a dismantlement of the welfare state.¹⁵⁰ This was coupled by requests that resources be invested on women,¹⁵¹ the youth and the unemployed,¹⁵² as well as calls for policies tackling income and wealth inequality.¹⁵³ Finally, MPs criticized the introduction of the retirement windows, arguing that they would disadvantage the unemployed and workers who had already planned on retiring.¹⁵⁴ In relation to this, one MP introduced an amendment that would exclude from the reform workers with more than 40 years of contributions, but the amendment was rejected.¹⁵⁵

4.3 The Monti-Fornero Reform

In 2011, the inability of European institutions to cope with the sovereign debt crisis and fear of contagion across the eurozone caused international financial actors to increasingly

¹⁴⁴ Camera dei deputati, "XIV Commissione. Politiche dell'Unione Europea," July 20, 2010, 372.

¹⁴⁵ Camera dei deputati, 371–72.

¹⁴⁶ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," July 20, 2010, 331.

¹⁴⁷ Camera dei deputati, "V Commissione. Bilancio," *Bollettino delle giunte e delle commissioni parlamentari*, July 21, 2010, 350, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2010/07/21/leg.16.bol0356.data20100721.pdf>.

¹⁴⁸ Camera dei deputati, "V Commissione. Bilancio," *Bollettino delle giunte e delle commissioni parlamentari*, July 22, 2010, 56, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2010/07/22/leg.16.bol0357.data20100722.pdf>.

¹⁴⁹ Camera dei deputati, "XIV Commissione. Politiche dell'Unione Europea," July 20, 2010, 371; Camera dei deputati, "V Commissione. Bilancio," *Bollettino delle giunte e delle commissioni parlamentari*, July 20, 2010, 196, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2010/07/20/leg.16.bol0355.data20100720.pdf>.

¹⁵⁰ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," July 20, 2010, 337.

¹⁵¹ Camera dei deputati, 334; Camera dei deputati, "XIV Commissione. Politiche dell'Unione Europea," July 20, 2010, 372.

¹⁵² Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," July 20, 2010, 334.

¹⁵³ Camera dei deputati, "V Commissione. Bilancio," July 20, 2010, 189; Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," July 20, 2010, 334.

¹⁵⁴ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," July 20, 2010, 334, 336.

¹⁵⁵ Camera dei deputati, "V Commissione. Bilancio," July 22, 2010, 55.

doubt Italy's ability to sustain its public debt, which at the time was around 1.2 times its GDP.¹⁵⁶ In August of that year, Jean-Claude Trichet, then-head of the European Central Bank (ECB), wrote a letter to Berlusconi detailing a series of reforms that the Italian government was encouraged to quickly implement. In the letter, the ECB requested Italy to introduce measures aimed at cutting public expenditures, enhancing growth, and achieving a balanced budget by 2013. These measures, which the ECB recommended to implement as soon as possible, ranged from the liberalization of public services to the introduction of a constitutional clause for fiscal rigor.¹⁵⁷ In November, as the yield spread between Italian and German government bonds was reaching record heights, the government's inability to implement the reforms asked by the EU created a political crisis. Berlusconi stepped down, and economics professor Mario Monti was appointed Prime Minister.¹⁵⁸ Monti's technocratic cabinet set out to implement the reforms that the EU requested, and which the previous executive had been unable to achieve. This was made possible through a mechanism of implicit conditionality, in which the prize for introducing the reforms was access to financial support via the ECB's bond-purchasing scheme, while the deterrent was the threat of entering into an explicit lending agreement with the IMF.¹⁵⁹

Among the measures recommended in the ECB letter was a reform of the pension system, with a tightening of the eligibility criteria for pensions and a swifter equalization of the retirement ages in both the public and private sector, with the aim of achieving savings in 2012.¹⁶⁰ The new executive acted quickly, and in December 2011 emanated the so-called "*Salva Italia*" ("Saving Italy") decree-law, a set of measures aimed at reducing public spending and increasing revenue through taxation. Article 24 of the decree introduced some radical modifications to the pension system; it became known as the "Fornero reform," after Minister Elsa Fornero, whose office oversaw welfare and gender equality policies. The far-reaching measures contained in Article 24 included: (1) a complete switch to a defined contribution system from 2012, to be applied *pro rata*; (2) an anticipation of the equalization of the retirement age for men and women to 66 years and 7 months of age by 2018;¹⁶¹ (3) the elimination of the *pensioni di anzianità* (seniority pensions) and of the retirement "quotas," which were replaced by an option for early retirement, with at least 42 years of contribution for men and 41 for women (instead of the previous 35); (4) a halt in the indexation of pensions

¹⁵⁶ Sacchi, "Conditionality by Other Means: EU Involvement in Italy's Structural Reforms in the Sovereign Debt Crisis," 81.

¹⁵⁷ Jean-Claude Trichet and Mario Draghi, "Letter to the Prime Minister of Italy," August 4, 2011.

¹⁵⁸ Michela Scacchioli, "Da Berlusconi a Monti, la drammatica estate 2011 tra spread e rischi di bancarotta," *La Repubblica*, February 10, 2014, https://www.repubblica.it/politica/2014/02/10/news/estate_2011_spread_berlusconi_bce_monti_governo_napolitano-78215026/.

¹⁵⁹ Sacchi, "Conditionality by Other Means: EU Involvement in Italy's Structural Reforms in the Sovereign Debt Crisis."

¹⁶⁰ Trichet and Draghi, "Letter to the Prime Minister of Italy."

¹⁶¹ Parliament had already pledged in a clause contained in the budget law of November 2011 to raise the retirement age to 67 by 2026. See Antonella Baccaro, "Conti pubblici, sì del Senato agli impegni con l'Europa," *Corriere della Sera*, November 12, 2011, <https://archivio.corriere.it..>

above 1400 euros a month for the years 2012 and 2013; (5) the removal of the retirement windows introduced by the 2010 reform, and an increase of the retirement age for men to 66 in 2012;¹⁶² (6) the indexation of pensions to life expectancy starting from 2013 (previously planned for 2015); (7) lastly, the introduction of a flexible retirement option between the ages of 62 and 70.¹⁶³

The reform sought to create savings while complying with pressures from financial markets and European institutions;¹⁶⁴ it also completed the transformation to a defined contribution system started with the 1995 Dini reform, which excluded workers that at the time had more 18 years of contributions.¹⁶⁵ Unlike during the 2007 reform, the unions were not involved in the decision-making process. While Confindustria agreed with the changes and wanted them to be swiftly approved, the unions had expressed their dissatisfaction with the pension reform, with the most salient issues being the halt in the indexation of pensions and the rapid increase in the retirement age.¹⁶⁶ After having requested a meeting with Monti,¹⁶⁷ the leaders of three main unions (CGIL, CISL and UIL) consulted with the Prime Minister on December 11, 2011. The meeting did not lead to any concessions, but Monti stated the government was willing to allow for minor changes to the text regarding the question of indexation.¹⁶⁸ A general strike was held the following day in protest to the reform.¹⁶⁹

Although the reform was passed by a large majority of parliament, it found the opposition of the *Lega Nord*, *Italia dei Valori* (Italy of Values, IdV) and a large part of Berlusconi's *Il Popolo della Libertà* (The People of Freedom, PdL) (while the former two parties opposed the executive, the latter backed it).¹⁷⁰ The PD voted in favor the reform, being one of the early supporters of the premiership of Monti and of a technocratic government, in contrast with the other left parties, namely Antonio Di Pietro's IdV and Nichi Vendola's *Sinistra*

¹⁶² This was *de facto* not a real increase, as the retirement window effectively delayed the disbursement of pension payments for 12 months from the moment in which the pension requirement had been met.

¹⁶³ Domenico Comegna, "Per andare in pension 41 o 42 anni di lavoro. Contributivo per tutti," *Corriere della Sera*, December 5, 2011, <https://archivio.corriere.it>; Domenico Comegna, "La nuova previdenza in sei mosse," *Corriere della Sera*, December 15, 2011, <https://archivio.corriere.it>.

¹⁶⁴ Guardiancich and Natali, "Tra disintermediazione e concertazione : la difficile alternanza del policy-making sulle pensioni in Italia."

¹⁶⁵ COVIP "L'evoluzione del sistema pensionistico in Italia," April 2022, https://www.covip.it/sites/default/files/evoluzione_delsistema_pensionistico.pdf.

¹⁶⁶ Monica Guerzoni, "Monti non cede sulla manovra. I sindacati: resta lo sciopero," *Corriere della Sera*, December 12, 2011, <https://archivio.corriere.it>.

¹⁶⁷ Roberto Bagnoli, "Decreto, emendamenti a quota 1.400," *Corriere della Sera*, December 10, 2011, <https://archivio.corriere.it>.

¹⁶⁸ Guerzoni, "Monti non cede sulla manovra. I sindacati: resta lo sciopero."

¹⁶⁹ *Corriere della Sera*, "Sindacati di nuovo uniti in piazza. Per tre ore in sciopero contro Monti," *Corriere della Sera*, December 12, 2011, https://www.corriere.it/cronache/11_dicembre_12/sindacati-sciopero_76d5b804-24b3-11e1-8d41-b588752759fb.shtml.

¹⁷⁰ Lorenzo Fuccaro, "Dalla Camera sì alla manovra, ma il governo perde voti," *Corriere della Sera*, December 17, 2011, <https://archivio.corriere.it>.

Ecologia Libertà (Left Ecology Freedom, SEL).¹⁷¹ In an interview in November 2011, then-Deputy Secretary of the PD Enrico Letta stated the full support of his party for Monti, arguing that the new government would need to implement the reforms recommended by the BCE in its letter to Berlusconi with an eye for “equity and relaunch.” Letta also believed that Monti had the credibility to negotiate on equal terms with Merkel and Sarkozy, and that, in contrast to them, the Prime Minister promoted an idea of Europe *à la* Delors.¹⁷²

Despite its formal support for the government, the party’s internal position on the executive seemed to be divided, with two fronts opposing each other – a “reformist,” centrist and pro-Monti wing and a pro-union, more left-leaning wing. The former included the up-and-coming mayor of Florence, Matteo Renzi, as well as Enrico Letta and Paolo Gentiloni (all of whom later served as Prime Ministers), while the latter included the former Minister of Labor Cesare Damiano, former trade unionist Pier Paolo Baretta, party coordinator for economic and labor policy Stefano Fassina, and to a certain extent party Secretary Luigi Bersani.¹⁷³ Fassina, who had been reprimanded for his criticism of the executive, stated that he would attend the strike organized by the CGIL on December 12 to show solidarity with the workers. This move was not appreciated by those in the pro-government camp, including Gentiloni and Massimo D’Alema, who claimed that their job was “not to attend demonstrations, but to obtain improvements [in the text] in parliament.”¹⁷⁴ Party Secretary Bersani seemed to try to adopt a more moderate position, trying to bridge the gap between the two groups by supporting some of the requests of the trade unions, such as making the age increase more gradual.¹⁷⁵ Nevertheless, as explained by party representatives in early December, the objective of the PD was to avoid delays in the approval of the reform by proposing only a few amendments, focused on pensions and the housing tax, which would be acceptable to their coalition partners, the PdL and the *Unione di Centro* (Union of the Center, UdC) (Trocino 2011b). Thus, despite the existence of an internal division, the overall party preference remained one of support for the government.

The contrasts among the two different “factions” within the party are somewhat visible in the parliamentary debates surrounding the reform, with MPs overall supporting the pension reform while simultaneously trying to pass minor changes to the text. The discussion in the

¹⁷¹ Alessandro Trocino, “La linea del PD: un esecutivo senza politici,” *Corriere della Sera*, November 11, 2011, <https://archivio.corriere.it>.

¹⁷² Antonella Baccaro, “Niente veti e mandato fino al 2013. In Parlamento un foro per le riforme,” *Corriere della Sera*, November 13, 2011, <https://archivio.corriere.it>.

¹⁷³ Monica Guerzoni, “Il PD si divide sulla riforma. Bersani chiede tempo a Monti,” *Corriere della Sera*, December 20, 2011, <https://archivio.corriere.it>.

¹⁷⁴ Alessandro Trocino, “Manovra e sciopero, i tormenti del Pd,” *Corriere della Sera*, December 8, 2011, <https://archivio.corriere.it>.

¹⁷⁵ La Repubblica, “Sciopero generale, migliaia in piazza. Fornero: ‘In arrivo modifiche su pensioni,’” *La Repubblica*, December 12, 2011, https://www.repubblica.it/politica/2011/12/12/news/sciopero_generale-26485530/.

parliamentary committees revolved around a rhetoric of necessity coupled by calls for equity.¹⁷⁶ First, a common thread across many of the MP's speeches was the argument that the reform was necessary.¹⁷⁷ These arguments stressed that the reform was needed to avoid economic default,¹⁷⁸ regain competitiveness internationally¹⁷⁹ and increase credibility at the European level.¹⁸⁰ The measures were thus seen as the "lesser evil," an adequate and necessary response to the increasingly dire economic situation.¹⁸¹ Arguments like these were often prefaced by statements admitting to the extreme character of the measures being introduced, usually followed by requests for a softening of certain provisions.¹⁸² Occasionally MPs attributed the necessary harshness of this reform to the financial irresponsibility of the previous government.^{183,184} Despite the overall support for these measures, arguments in favor of austerity were often coupled by pleas for equity and redistribution.¹⁸⁵ Various MPs suggested to increase the solidarity tax for higher pensions, as well as the tax on capital repatriation.¹⁸⁶ the

¹⁷⁶ Camera dei deputati, "Commissioni Riunite V e VI," *Bollettino delle giunte e delle commissioni parlamentari*, December 8, 2011, 64, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2011/12/08/leg.16.bol0574.data20111208.pdf>; Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," *Bollettino delle giunte e delle commissioni parlamentari*, December 7, 2011, 115, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2011/12/07/leg.16.bol0573.data20111207.pdf>.

¹⁷⁷ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 114; Camera dei deputati, "Commissioni Riunite V e VI," *Bollettino delle giunte e delle commissioni parlamentari*, December 10, 2011, 5, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2011/12/10/leg.16.bol0576.data20111210.pdf>.

¹⁷⁸ Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 56, 78.

¹⁷⁹ Camera dei deputati, 55.

¹⁸⁰ Camera dei deputati, 78.

¹⁸¹ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 114; Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 56.

¹⁸² Camera dei deputati, "III Commissione. Affari esteri e comunitari," *Bollettino delle giunte e delle commissioni parlamentari*, December 7, 2011, 70, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2011/12/07/leg.16.bol0573.data20111207.pdf>; Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 114, 116; Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 7, 55–56, 74, 78.

¹⁸³ Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 74; Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 115–16.

¹⁸⁴ The reasoning adopted by one MP was that policies pursued by the previous government had now made it necessary to increase taxation on income and consumption, rather than only focusing measures to redistribute wealth and increase demand. See note 183.

¹⁸⁵ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 115; Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 64, 74; Camera dei deputati, "Commissioni Riunite V e VI," December 10, 2011, 21.

¹⁸⁶ Camera dei deputati, "XI Commissione. Lavoro pubblico e privato," December 7, 2011, 114; Camera dei deputati, "Commissioni Riunite V e VI," December 8, 2011, 56, 65, 74.

idea behind it was that the inflow generated through these tax increases should be used to counterbalance the suspension of indexation for pensions above a certain threshold.¹⁸⁷

Alongside these arguments were requests for the social impact of the reform to be more equally distributed, as it was perceived to be disproportionately affecting low-income citizens.¹⁸⁸ In this vein, some MPs criticized the new pension requirements as excessively harsh.¹⁸⁹ For one, they argued that the raise of the retirement age should be phased in gradually,¹⁹⁰ noting how the rapid increase in the pensionable age would have particularly negative consequences for older workers.¹⁹¹ More specifically, MPs Damiano and Baretta (who represented the more union-friendly wing of the party) raised the problem of workers who, prior to the reform, had concluded exit agreements with their employers, relying on the fact that they would be able to retire soon.¹⁹² These workers were now at risk of being unemployed and without a pension, with very low chances of being able to find employment due to their age (the so-called “*esodati*”);¹⁹³ the MPs thus proposed that *ad-hoc* measures be introduced for them.¹⁹⁴ MPs also criticized the penalty imposed on workers who decided to retire early as excessive – the government proposal envisioned a two percent reduction of pension payments for each year, until achievement of the retirement age – and proposed it be lowered.¹⁹⁵ Another issue that was frequently highlighted in the discussions was the suspension, for 2012 and 2013, of the indexation of pensions above two times the statutory minimum.¹⁹⁶ MPs recommended the threshold be raised to three times the minimum (which amounted to around 1400 euros) and that the provision only be applied to the portion of the pension exceeding that threshold.¹⁹⁷

¹⁸⁷ La Repubblica, “Monti: ‘Molti sacrifici, ma italiani capiranno’. Pensioni da rivalutare, il governo apre sul limite,” *La Repubblica*, December 6, 2011, https://www.repubblica.it/politica/2011/12/06/news/governo_monti_in_tv_tra_canone_rai_e_manovra-26198598/.

¹⁸⁸ Camera dei deputati, “Commissioni Riunite V e VI,” December 8, 2011, 56.

¹⁸⁹ Camera dei deputati, 55, 65.

¹⁹⁰ Camera dei deputati, 12, 79; Camera dei deputati, “Commissioni Riunite V e VI,” December 10, 2011, 21.

¹⁹¹ Camera dei deputati, “Commissioni Riunite V e VI,” December 8, 2011, 7.

¹⁹² Camera dei deputati, 7.

¹⁹³ The term *esodati* was commonly used to refer to workers who, prior to a raise of the pensionable age, had concluded an exit agreement with their employers in exchange for cash incentives or other benefits (see *Il Post*, “Il caso ‘esodati’, dall’inizio,” *Il Post*, June 13, 2012, <https://www.ilpost.it/2012/06/13/il-caso-esodati-dallinizio/>). After the 2011 reform, they were estimated to be around 400 thousand. Parliament attempted to solve this problem through a series of measures implemented in the following months and years (see Camera dei deputati, “Politiche per il lavoro e previdenziali: La questione degli esodati,” 2018, https://temi.camera.it/leg17/temi/la_questione_degli_esodati).

¹⁹⁴ Camera dei deputati, “Commissioni Riunite V e VI,” December 8, 2011, 7, 64–65.

¹⁹⁵ Camera dei deputati, 12, 65.

¹⁹⁶ Camera dei deputati, “X Commissione. Attività produttive,” *Bollettino delle giunte e delle commissioni parlamentari*, December 7, 2011, 106, <https://documenti.camera.it/leg16/resoconti/commissioni/bollettini/pdf/2011/12/07/leg.16.bol0573.data20111207.pdf>; Camera dei deputati, “Commissioni Riunite V e VI,” December 8, 2011, 7, 74, 75.

¹⁹⁷ Camera dei deputati, “Commissioni Riunite V e VI,” December 8, 2011, 64–65, 79; Camera dei deputati, “Commissioni Riunite V e VI,” December 10, 2011, 5.

Finally, some MPs also raised the question of women¹⁹⁸ and atypical workers, who would be disproportionately affected by the reform because of their fragmented careers,¹⁹⁹ with one MP calling for the government to engage in a dialogue with the trade unions.²⁰⁰ Overall, the changes proposed by the PD were somewhat successful: in the finalized version of the decree, the threshold for the indexation suspension was raised to three times the minimum pension, and the penalty for early retirement was reduced to 1 percent.²⁰¹

4.4 The Renzi-Poletti Reform

The next reform of the pension system was implemented in 2016 by the Renzi government (PD) as part of the budget law for the following year.²⁰² It sought to soften the effect of the rapid increase in pensionable age, which was set to increase to 66 years in 2018, by reintroducing options for early retirements with limited public spending.²⁰³ Three new measures were introduced: an early retirement scheme referred to as APE (*anticipo pensionistico*), together with its state-financed version, the APE *sociale*,²⁰⁴ and a complementary pension scheme called RITA (*rendita integrativa temporanea anticipata*).²⁰⁵ The APE can be requested by workers who are at least 63 years old, are less than 3 years and 7 months away from the pensionable age, have worked at least 20 years and are entitled to a monthly pension that is at least 1.4 times the statutory minimum (around 700 euros). It takes the form of a state-guaranteed loan, granted in monthly instalments and which is then reimbursed, with interest, over a period of twenty years, from the moment the worker reaches the pensionable age.²⁰⁶

The APE *sociale* works on similar conditions, with the key difference that it is a grant and not a loan. This option is available to workers with at least 30 years of contributions who are unemployed, have a disability or fall into one of the categories identified as having strenuous jobs (*lavorati usuranti*), such as teachers and factory workers.²⁰⁷ If a worker qualifies for it, they receive monthly payments equal to their (expected) pension, capped at a maximum

¹⁹⁸ Camera dei deputati, “Commissioni Riunite V e VI,” December 10, 2011, 3.

¹⁹⁹ Camera dei deputati, 4–5.

²⁰⁰ Camera dei deputati, 4.

²⁰¹ Mario Sensini, “Salve le pensioni fino a 1400 euro. Guida alla nuova manovra,” *Corriere della Sera*, December 14, 2011, <https://archivio.corriere.it>.

²⁰² Guardiancich and Natali, “Tra disintermediazione e concertazione : la difficile alternanza del policy-making sulle pensioni in Italia,” 286.

²⁰³ Francesco Di Frischia, “Riformare la previdenza,” *Corriere della Sera*, May 17, 2016, 5, <https://archivio.corriere.it>.

²⁰⁴ Sometimes also referred to as APE *agevolato*.

²⁰⁵ Camera dei deputati, “XI Commissione. Lavoro pubblico e privato,” *Bollettino delle giunte e delle commissioni parlamentari*, November 3, 2016, 206–9, <https://documenti.camera.it/leg17/resoconti/commissioni/bollettini/pdf/2016/11/03/leg.17.bol0717.data20161103.pdf>.

²⁰⁶ Camera dei deputati, 206.

²⁰⁷ Camera dei deputati, 207.

of 1500 euros per month.²⁰⁸ The complementary scheme known as RITA allows workers to receive payments from their complementary pension funds up to five years prior to reaching the retirement age.²⁰⁹ The reform also introduced other expansive measures: the extension of the *quattordicesima* (a bonus check)²¹⁰ to those whose pension is less than twice the statutory minimum (previously capped at 1.5 times); an extension of an existing tax exemption for pensioners to those with incomes below 8000 euros (under 75 years of age); the possibility of aggregating contributions generated from different periods of employment, for free; the option for those who started working at a young age (at least one full year before turning 19) to retire one year in advance (with 41 years of contributions), provided they meet certain criteria; a reduction in the pension contribution to from 27 to 25 per cent for the self-employed; finally, an extension of the list of strenuous jobs to include more categories of workers.²¹¹

A commitment by the government to introduce a possibility for early retirement was first confirmed by Renzi in May 2016. The initial idea was that of creating an option for workers born between 1951 and 1953 to retire early, as they were the ones that had been hit the hardest by the Monti-Fornero reform.²¹² The objective was to reduce inequalities in the pension system, with Renzi emphasizing in different occasions that it was the “right” thing to do so.²¹³ It was thus meant to attenuate the effects of the Monti-Fornero reform, which the trade unions had recently been protesting.²¹⁴ The unions had advanced a series of requests, including a complete roll-back of the reform, the possibility of retiring at 62, and the re-introduction of quotas²¹⁵ for the calculation of pension requirements. Renzi’s initial response to the protests in April 2016 had been to take a pro-business stance;²¹⁶ representatives for the government had previously criticized the unions for upholding “old” practices and ideas.²¹⁷ Nevertheless, after different

²⁰⁸ Enrico Marro, “Pensioni anticipate, spesa di 4 miliardi. Le sei strade della nuova flessibilità,” *Corriere della Sera*, December 4, 2016, <https://archivio.corriere.it>; Lorenzo Salvia, “Pensioni, l’anticipo costa il 5,8% l’anno,” *Corriere della Sera*, October 1, 2016, <https://archivio.corriere.it>.

²⁰⁹ Camera dei deputati, “XI Commissione. Lavoro pubblico e privato,” November 3, 2016, 208–9.

²¹⁰ The *quattordicesima* was first introduced in 2007 and consists of an extra annual bonus for pensioners older than 64 (see INPS, “INPS - Dettaglio prestazione: Quattordicesima,” May 20, 2020, <https://www.inps.it/prestazioni-servizi/quattordicesima>).

²¹¹ Lorenzo Salvia, “Le nuove pensioni,” *Corriere della Sera*, August 2, 2016, <https://archivio.corriere.it>; Mario Sensini, “Guida alle misure,” *Corriere della Sera*, November 29, 2016, <https://archivio.corriere.it>.

²¹² Mario Sensini, “Pensioni anticipate con assegno ridotto,” *Corriere della Sera*, May 5, 2016.

²¹³ AGI, “Renzi, misure su pensioni fuori trattativa con Bruxelles,” AGI, September 28, 2016, https://www.agi.it/politica/renzi_misure_su_pensioni_fuori_trattativa_con_bruxelles-1118183/news/2016-09-28/.

²¹⁴ Andrea Ducci, “Pensioni, sindacati in piazza contro il governo,” *Corriere della Sera*, April 3, 2016, <https://archivio.corriere.it>.

²¹⁵ Quotas refer to pension requirements that are composed of the sum of the workers’ age with the number of accumulated working years, allowing for more flexible retirement options.

²¹⁶ Ducci, “Pensioni, sindacati in piazza contro il governo.”

²¹⁷ Enrico Marro, “Pensioni, vertice (a sorpresa) governo-sindacati,” *Corriere della Sera*, May 17, 2016, <https://archivio.corriere.it>; Enrico Marro, “Pensioni, le risorse ci saranno. No al contributo di solidarietà,” *Corriere della Sera*, August 12, 2016, <https://archivio.corriere.it>.

meetings with the trade unions over the summer,²¹⁸ a general agreement between the government and the unions was reached at the end of September, before the measures were presented to parliament.²¹⁹ One possible reason why the government decided to opt for concertation was that parliamentary debates of the budget law were being held just before the constitutional referendum of December 4, 2016. The referendum was a highly anticipated event and very politically salient, with Renzi promising to step down if the referendum was voted down.²²⁰ It is thus likely the combination of the of impending referendum, coupled with the looming threat posed by rising populist parties – namely the League and the *Movimento 5 Stelle* (M5S) – inclined the initially reluctant government to seek consultation with the trade unions.²²¹

The reform marked a change in the implementation style of welfare reforms with a return to the practice of concertation, something that had not been pursued by the Berlusconi and Monti cabinets. It also constituted the first expansionary modification of the pension system since the Prodi-Damiano reform.²²² As highlighted by Jessoula,²²³ the reform represented a change in direction from the logic that informed the transformations of the Italian pension system since the 1990s, *i.e.* that pension requirements should be the same for everyone and be based on the number of contributions accrued by the worker. The Renzi-Poletti reform was instead informed by a notion of equity that, rather than treating everyone the same way, benefits the workers that are in a condition of disadvantage. This is visible in the measures such as the expansion of the coverage of the *quattordicesima*, the extension of the tax exemption for lower-income pensioners, and the APE *sociale*.

However, the measures introduced can also be criticized for being rather constrained and benefiting workers that are already in a condition of privilege – for example, the non-state-

²¹⁸ Marro, “Pensioni, vertice (a sorpresa) governo-sindacati”; Enrico Marro and Mario Sensini, “Conti pubblici, 15,5 miliardi alle imprese. Ma su pensioni e uscite la Cgil dice no,” *Corriere della Sera*, October 15, 2016, <https://archivio.corriere.it>.

²¹⁹ Il Sole 24 Ore, “Pensioni, firmato verbale con sindacati: interventi da 6 miliardi in tre anni,” *Il Sole 24 Ore*, September 27, 2016, <https://st.ilsole24ore.com/art/notizie/2016-09-28/-pensioni-poletti-strada-non-larga-ma-c-e-spazio-fare-furlan-cisl-servono-due-miliardi-l-anno-111129.shtml?uuiid=ADrydNSB>.

²²⁰ Maria Teresa Meli, “Non credevo mi odiassero così. L’idea dell’addio alla segreteria del Pd,” *Corriere della Sera*, December 5, 2016, <https://archivio.corriere.it>.

²²¹ Massimo Franco, “Rilancio, dimissioni, elezioni e Italicum. Le tante incognite di un referendum,” *Corriere della Sera*, December 4, 2016, <https://archivio.corriere.it>; Guardiancich and Natali, “Tra disintermediazione e concertazione : la difficile alternanza del policy-making sulle pensioni in Italia”; Marro, “Pensioni, vertice (a sorpresa) governo-sindacati.”

²²² Camera dei deputati, “V Commissione. Bilancio,” *Bollettino delle giunte e delle commissioni parlamentari*, November 21, 2016, 22, <https://documenti.camera.it/leg17/resoconti/commissioni/bollettini/pdf/2016/11/21/leg.17.bol0729.data20161121.pdf>; Matteo Jessoula, “Le pensioni al nodo dell’equità: dalla Riforma Poletti-Renzi alla «Fase 2»,” *Italian Journal of Social Policy*, no. 3–4 (2016): 334–35, https://www.researchgate.net/profile/Matteo-Jessoula/publication/315674102_Le_pensioni_al_nodo_dell'equita_dalla_Riforma_Poletti-Renzi_alla_Fase_2_in_La_Rivista_delle_Politiche_Sociali_n_3-42016/links/5e7098ba92851c47458fe704/Le-pensioni-al-nodo-dellequit.

²²³ Jessoula, “Le pensioni al nodo dell’equità: dalla Riforma Poletti-Renzi alla «Fase 2».”

funded APE can only be requested by those whose pension is at least 1.4 times the minimum, while the APE *sociale* requires at least 30 years of contributions.²²⁴ Finally, the agreement with the trade unions signed in September 2016 envisioned a “phase two,” during which additional reforms would be introduced, but which never took place. These measures included making the pension system more equal and flexible, as well as favoring the development of pension schemes for young workers with atypical carriers and low incomes.²²⁵ Overall, while the reform marked an expansion of the pension system, it was nevertheless constrained by a desire and need to contain public spending.²²⁶ Members of the government stated the importance of combining equity and flexibility with fiscal rigor,²²⁷ as pressures from the EU to pursue a tight budget continued to be present.²²⁸ Susanna Camusso, the leader of the CGIL, described the reform as a continuation of the policies pursued by previous governments but “a little less austere than before.”²²⁹

²²⁴ Jessoula, 347–48.

²²⁵ Ministero del Lavoro, “Verbale dell’incontro tra governo e CGIL, CISL e UIL,” September 28, 2016, [https://doi.org/10.1016/j.addr.2018.07.012%0Ahttp://www.capsulae.com/media/Microencapsulation - Capsulae.pdf%0Ahttps://doi.org/10.1016/j.jaerosci.2019.05.001](https://doi.org/10.1016/j.addr.2018.07.012%0Ahttp://www.capsulae.com/media/Microencapsulation-Capsulae.pdf%0Ahttps://doi.org/10.1016/j.jaerosci.2019.05.001).

²²⁶ Camera dei deputati, “V Commissione. Bilancio,” November 21, 2016, 22.

²²⁷ Enrico Marro, “Con la flessibilità 60 mila lavoratori in pensione prima ogni anno,” *Corriere della Sera*, October 17, 2016.

²²⁸ Marco Galluzzo, “Il premier: Carrai lavorerà nel mio staff. Sulle pensioni anticipate tagli del 1-3%,” *Corriere della Sera*, May 13, 2016, <https://archivio.corriere.it>; Lorenzo Salvia, “Pensioni, un piano a tappe per evitare il no della Ue,” *Corriere della Sera*, May 19, 2016, <https://archivio.corriere.it>.

²²⁹ Mario Sensi, “Risorse a pioggia, nella manovra manca un piano per il paese,” *Corriere della Sera*, October 17, 2016, <https://archivio.corriere.it>.

Table 1. Overview of the Pension Reforms

Reform	Prodi-Damiano	Berlusconi-Sacconi I & II	Monti-Fornero	Renzi-Poletti
Year	2007	2008	2011	2016
Government	Prodi (PD), center-left	Berlusconi (Pdl), center-right	Monti, technocratic	Renzi (PD), center-left
Legislature	XV (2006-2008)	XVI (2008-2013)		XVII (2013-2018)
Law	247/2007	102/2009	214/2011	232/2016
Concertation	Yes	No	No	Yes
Main effects	Incremental increase of the pensionable age, elimination of the <i>scalone</i>	Equalized the retirement age at 65 by 2018	Replaced seniority pensions with stricter requirements for early retirement	Introduced new options for early retirement: APE, APE sociale and RITA
	Coefficients to be revised every three years instead of ten	Indexation of retirement age to life expectancy from 2015	Switch to a defined contribution system in 2012	Extended the coverage of the quattordicesima and of tax exemption for low-income pensioners
			Anticipation of equalization of retirement ages	Facilitated aggregation of periods of contribution
			Introduction of new “retirement windows”	
			Temporary halt to indexation of pensions	
			Anticipation of indexation of pensions to life expectancy to 2013	

5. Discussion and Analysis

The previous chapter presented a reconstruction of the PD's position on the reforms of the pension systems between 2007 and 2016. This chapter will first briefly explore and draw conclusion from the evidence collected, making the case for a positional shift of the party during the Monti government. It will then test this argument against a series of hypotheses identified in the literature on party's positional change.²³⁰

The main conclusion that can be drawn from the evidence is that a shift in the party's position on the reform of the pension system occurred with the 2011 reform. This can be observed when comparing the party's position and arguments during the first two reforms to its position during and after the Monti-Fornero discussions. The Prodi-Damiano reform gradually delayed the impending increase in the retirement age planned for 2008. Despite the difficult negotiation process with the trade unions, the government included them in the decision-making process and obtained their approval. This resulted in a reform aimed at addressing EU concerns over Italy's expensive pension system, while accommodating trade unions' requests. The reform thus had a pro-welfare orientation. In 2009, the *vincolo esterno* of the EU, coupled by worsening economic conditions, prompted Berlusconi's government to introduce a provision equalizing the retirement age of men and women within a decade's time. This was followed by a second reform in 2010 which anticipated the age increase, after the European Commission threatened to impose sanctions over the excessively long transition period. The PD opposed both reforms in parliamentary debates, with arguments focusing on the gender dimension of the reform, calling for the introduction of welfare measures for women and underprivileged workers. Generally, MPs from the party opposed the reform and called for measures expanding welfare.

The evidence from the Prodi-Damiano and Berlusconi-Sacconi reforms thus indicate that the PD adopted a pro-welfare position, opposing a retrenchment of the pension system and accommodating unions' requests. This contrasts with the evidence from the 2011 Monti-Fornero reform. Given the decision of the party to support the coalition government, the PD's position towards the reform was of one acceptance. In the parliamentary debates, the arguments brought forward by MPs mostly emphasized the necessity of this reform but were often coupled by requests to make sure that the impact of the reform be fair and equal. Overall, the party played a role, albeit small, in reducing the impact of the reform, by obtaining minor changes to the text: a higher threshold for the indexation of pensions and a lower penalty for early retirement. Five years later, the position of the party was more open to expanding welfare, but only to a limited extent, as evidenced by the Renzi-Poletti reform. The most ambitious policy introduced by the reform was a state-financed early retirement scheme for workers in disadvantaged conditions and close to the retirement age. The coverage of certain subsidies for low-income pensioners was also expanded. However, these measures mostly represented

²³⁰ James Adams, Andrea B. Haupt, and Heather Stoll, "What Moves Parties?," *Comparative Political Studies* 42, no. 5 (May 16, 2009): 611–39, <https://doi.org/10.1177/0010414008328637>; Fagerholm, "Why Do Political Parties Change Their Policy Positions? A Review."

budget-friendly policies that were meant to alleviate some of the social malaise brought about by previous cuts to the pension system, rather than an expansion of the welfare state. Additionally, the requirements for the state-funded scheme were restrictive, drawing fewer applicants than expected during its first year of implementation.²³¹

The evidence for the five reforms here examined thus points to a shift in the party's position during the 2011 Monti-Forniero reform, with a partial return to a more left, pro-welfare position in 2016. These findings are in line Bremer's study on the positional shift of social democratic parties in Europe during the Great Recession,²³² which found the case of the PD in Italy to be an anomaly among leftist parties in Europe. His findings indicated that the party adopted a less favorable position towards the welfare state and a more favorable one towards budget rigor relative to the pre-crisis period, in contrasts with most other parties in Europe, which shifted to the left.²³³ Taken together, this evidence leads to the question of why the PD did not align with its European counterparts in shifting its position to the left during the economic crisis.

5.1 Explaining the Right Turn of the PD

Fagerholm provided a review of the most relevant studies of parties' positional change, identifying eight main hypotheses, which he divided into within-party, systemic and social factors.²³⁴ The within-party causal factors deal with change in party leadership, change of dominant faction and intra-party structure; systemic factors deal with the party's previous electoral performance, shifts by rival parties and governing status; social factors deal with shifts in public opinion and global economic change.

The two hypotheses that are found to be the most convincing at explaining the party's positional shift are the change in dominant faction hypothesis and the change in party leadership hypothesis. The former holds that a shift in the dominant faction of the party can generate a change in the party's position. Despite the scarce empirical support for this hypothesis in the literature,²³⁵ scholars have nevertheless highlighted how attention should be given to competition among internal party factions.²³⁶ This is a compelling explanation in light of the evidence indicating that the PD has been a very fragment party from the start – in 2011, seventeen different groups could be identified, divided across two main fronts.²³⁷ On one hand,

²³¹ Enrico Marro, "Il flop dell'Ape (sociale e volontaria): in un anno nessun assegno pagato," *Corriere della Sera*, December 9, 2017, https://www.corriere.it/economia/17_dicembre_10/flop-dell-ape-sociale-volontaria-a3b6829e-dd22-11e7-be31-5cb36fd0847a.shtml.

²³² Bremer, "The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe."

²³³ Bremer, 32–33.

²³⁴ Fagerholm, "Why Do Political Parties Change Their Policy Positions? A Review."

²³⁵ Fagerholm, 504.

²³⁶ Ian Budge, Lawrence Ezrow, and Michael D. McDonald, "Ideology, Party Factionalism and Policy Change: An Integrated Dynamic Theory," *British Journal of Political Science* 40, no. 4 (2010): 781–804, <https://doi.org/10.1017/S0007123409990184>.

²³⁷ Trocino, "Manovra e sciopero, i tormenti del Pd."

Pier Luigi Bersani and his allies represented a more traditional, leftist faction. In his role as Secretary, during the discussions of 2011 pension reform, he tried to create a bridge between the leftist wing of the party and the centrist one. On the other hand, Renzi was the leader of a moderate, centrist faction nicknamed “the scrappers” (*rottamatori*), who openly advocated for reforming the pension system and for the abolition of Article 18²³⁸ of the Statute of Workers.²³⁹

The power struggle between these factions was allegedly one of driving factors behind the PD’s decision to back the establishment of a technocratic government. Bersani feared competition from Renzi and his increasing popularity, which he perceived as a threat to the cohesion of the party. The Secretary did not want to antagonize Renzi and the centrist faction of the PD, who were in favor of embarking in a new government coalition to implement reforms.²⁴⁰ This is in line with Budge et al.’s argument about ideology playing a central role in fueling fighting between party factions – whereas ideological agreements foster unity, ambiguities promote division.²⁴¹ Renzi did promote a different, centrist ideology that clashed with that of the leftist wing of the party. This faction, who sided with Bersani, included member such as Stefano Fassina and Matteo Orfini, who criticized the pension reforms of 2011 and argued against those who wanted to scrap Article 18,²⁴² on the grounds that the PD was a party “born to defend the weakest” – a clear reference to a traditional left ideology.²⁴³

The latter hypothesis holds that a change in leadership of the party is a contributing factor for positional shift, although not one that is found to be sufficient in and of itself. Evidence for this hypothesis is the rise in the ranks of the party of Matteo Renzi during the Monti government. The then-mayor of Florence had planned to run as Party Secretary as early as 2011, a plan that eventually fell through when Monti was appointed Prime Minister. He then ran again unsuccessfully in 2012 and finally won in 2013, defeating rival Bersani by earning almost 70 percent of the votes in the final ballot.²⁴⁴ The dominant faction and the change in leadership explanations generate a more compelling explanation when considered together. One could interpret the change in party leadership in 2013 as the final piece of evidence of a

²³⁸ A long-contested provision of the Statute of Workers, according to which workers whose dismissal was deemed unjustified by a labor court had to be automatically re-instated; it applied to firms with more than 15 employees (see Ferrera and Gualmini, *Rescued by Europe? Social and Labour Market Reforms in Italy from Maastricht to Berlusconi*, 158.). The provision was modified in 2015 by the *Jobs Act*, Renzi’s labor market reform, replacing the right to re-instatement with a severance payment (see Giuliano Balestreri, “Jobs Act, come cambia l’articolo 18 e il controllo a distanza,” *La Repubblica*, November 18, 2014, https://www.repubblica.it/economia/2014/11/18/news/jobs_act_scheda-100858252/).

²³⁹ Maria Teresa Meli, “Pd, diciassette correnti in un partito solo,” *Corriere della Sera*, October 23, 2011; Trocino, “Manovra e sciopero, i tormenti del Pd.”

²⁴⁰ Maria Teresa Meli, “Bersani preferisce i tecnici per prevenire la fronda interna,” *Corriere della Sera*, November 11, 2011, <https://archivio.corriere.it>.

²⁴¹ Budge, Ezrow, and McDonald, “Ideology, Party Factionalism and Policy Change: An Integrated Dynamic Theory,” 804.

²⁴² Trocino, “Manovra e sciopero, i tormenti del Pd.”

²⁴³ Guerzoni, “Il PD si divide sulla riforma. Bersani chiede tempo a Monti.”

²⁴⁴ Pietro Adami, “Primarie Pd, la storia dei risultati dal 2007 a oggi,” *Sky TG24*, December 2, 2018, <https://tg24.sky.it/politica/approfondimenti/primarie-pd-storia-risultati-2007-2018>.

shift in the dominant faction of the party. According to Seddone and Venturino,²⁴⁵ the poor performance of the PD in the 2013 elections had empowered those factions that were asking for a strong reform of the party. The sweeping election of Renzi as Secretary of the PD in 2013 can thus be interpreted as the ultimate victory of the reformist faction over the “old left” component of the party.

Finally, two other “supporting,” albeit less compelling explanations can also be considered: the intra-party structure hypothesis and the governing status hypothesis. The first one holds that the internal organization of a party acts as a mediating factor in determining (or hindering) a party’s positional change. Within this literature, Schumacher’s study on social democratic attitudes towards the welfare state during austerity in the 1980s suggests that party structure is indeed an important mediating factor for positional shifts.²⁴⁶ The author argues that parties that are activist-dominated are likely to change their positions according to shifts among party voters, while leader-dominated parties are more likely to respond to shifts by the median voter. The PD is more likely to fall into the latter category, as its own voters elect the party Secretary and consequently influence what positions the party embraces.²⁴⁷ This would then suggest that the origin of the shift is determined by a shift in the position of party voters. This hypothesis could further support the dominant faction—leadership change argument, by indicating that party voter shift might have informed the shift of dominant faction, ultimately leading to a change in the leadership of the party. The second supporting explanation refers to the governing status hypothesis, which claims that parties in government are more likely shift their positions. The hypothesis, which the literature has found empirical support for, can further contribute to explaining why the party changed its stance, as the PD was in government for most of the period discussed in this text, with the exception of the Berlusconi government (2008-2011).

Additionally, this paper argues that four of the hypotheses presented by Fagerholm can be rejected for this case.²⁴⁸ The first two hypotheses deal with systemic factors: the previous electoral performance of the party and previous shifts by rival parties. The former assumes that parties change their policy positions after having performed poorly in an election, provided that the party has lost a considerable portion of votes. This hypothesis can be discarded, as the party maintained a pro-welfare position on the pension system throughout the premierships of Prodi and Berlusconi. The latter hypothesis holds that parties will react to positional shifts in their rival parties, as well as to shifts in parties that are ideologically close to them, by shifting position in the same direction as them. This hypothesis can be rejected based on the fact that

²⁴⁵ Antonella Seddone and Fulvio Venturino, “The Partito Democratico after the 2013 Elections: All Change?,” *Journal of Modern Italian Studies* 20, no. 4 (2015): 475, <https://doi.org/10.1080/1354571X.2015.1066129>.

²⁴⁶ Gijs Schumacher, “When Does the Left Do the Right Thing? A Study of Party Position Change on Welfare Policies,” *Party Politics* 21, no. 1 (2015): 68–79, <https://doi.org/10.1177/1354068812470505>.

²⁴⁷ The 2013 elections for the new Secretary were nevertheless open to anyone with a voting card upon payment of a two-euro fee (free for those with a party membership card) (see Alessandro Trocino, “Primarie, si sceglie il leader. Sfida finale (e polemiche),” *Corriere della Sera*, December 8, 2013, <https://archivio.corriere.it/>).

²⁴⁸ Fagerholm, “Why Do Political Parties Change Their Policy Positions? A Review.”

during the Monti government, parties that are ideologically closer to the PD – IdV and SEL, the other two main leftist parties – opposed the reform and the government. While discussing the policy position of Berlusconi's *Popolo della Libertà* is outside the scope of this thesis, there is no immediate evidence indicating a positional shift of the PdL to the right.

The third hypothesis sustains that parties – especially center and right parties – tend to change their policy positions in response to altering economic conditions. Adams et al. further built on this hypothesis by finding evidence for a “left exceptionalism” argument, which holds that parties from the “old left” (social democratic and communist parties) are less responsive to changes in the economy (globalization) compared to parties from other ideologies.²⁴⁹ However, their findings, which they claim refute the neoliberal convergence hypothesis, seem to go against those of Bremer,²⁵⁰ which indicate that most left parties in Europe responded to the crisis by shifting their positions to the left. This hypothesis can therefore be rejected. Finally, one can also reject the hypothesis that parties respond to changes in public opinion. Despite opinion polls indicating that the Monti government enjoyed strong public support, at least in the first months of its mandate,²⁵¹ the reforms implemented were unpopular and almost a year later had eroded the initial support for the government.²⁵² Even if the party shifted its policy position to respond to the pro-reform shift in public opinion, the hypothesis still cannot account for the long-term nature of the shift, with the PD embracing a budget rigor philosophy during the 2016 pension reform. In addition, the surprisingly successful debut of the M5S at the 2013 national elections indicated the PD's inability to capture the votes lost by the center-right.²⁵³

²⁴⁹ Adams, Haupt, and Stoll, “What Moves Parties?”

²⁵⁰ Bremer, “The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe.”

²⁵¹ Guy Dinmore, “Monti Faces Clash with Unions over Reform,” *Financial Times*, March 20, 2012, <https://www.ft.com/content/9962cebe-7294-11e1-9c23-00144feab49a>.

²⁵² La Repubblica, “Più fiducia in Monti, meno nel governo il paradossale giudizio degli italiani,” *La Repubblica*, September 17, 2012, https://www.repubblica.it/politica/2012/09/17/news/sondaggio_fiducia_monti-42667390/.

²⁵³ Roberto D'Alimonte, “The Italian Elections of February 2013: The End of the Second Republic?,” *Contemporary Italian Politics* 5, no. 2 (2013): 113–29, <https://doi.org/10.1080/23248823.2013.807599>.

6. Concluding Remarks

This work investigated the positional shift of the Italian Democratic Party on the reform of the pension system throughout the period from 2007 to 2016. It was informed by literature on the neo-liberal shift of social democratic parties in Europe, and it built on evidence that the PD is an anomaly among the European leftist parties, as the party's position shifted to the right in the wake of the Great Recession's austerity policies.²⁵⁴ Through an analysis of parliamentary debates in the lower chamber, complemented by additional evidence from news articles, this text identified a change in the party's stance on pension reforms during the economic crisis. The position adopted by the party during the Monti-Forniero reform of 2011 contrasted with that on previous reforms implemented during the Prodi and Berlusconi governments between 2007 and 2010. Further, evidence from the 2016 pension reform indicates that the party returned only partially to its pre-crisis position.

The text then highlighted and tested different hypotheses, seeking to provide an explanation for the party's right turn. A convincing account could be found by looking at the struggle between different factions within the PD, and the prevailing of the Renzi-led reformist faction over the more left-leaning components of the party. This is evidenced, among other things, by Renzi's ultimate rise to the party leadership in 2013. Overall, these findings can add to the existing literature on the neo-liberal turn of social democratic parties during the last three decades, while providing specific evidence of the PD's peculiarity among European left-wing parties.

²⁵⁴ Bremer, "The Missing Left? Economic Crisis and the Programmatic Response of Social Democratic Parties in Europe."

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Appendix I. List of Consulted Parliamentary Debates

Draft Bill	Chamber Act	Law	Year	Day	Committee	
<i>Norme di attuazione del Protocollo del 23 luglio 2007 su previdenza, lavoro e competitività per favorire l'equità e la crescita sostenibili, nonché ulteriori norme in materia di lavoro e previdenza sociale</i>	no. 3178	no. 247/2007	2007	October 30	V	Budget
				October 31	XI	Labor
				November 8	XI	Labor
				November 13	XI	Labor
				November 14	XI	Labor
				November 15	XIV	EU Policies
				November 15	VI	Finances
				November 15	XI	Labor
				November 21	XI	Labor
				November 21	XII	Social Affairs
				November 22	XIV	EU Policies
				November 23		General Assembly
				November 27	V	Budget
				November 27	XI	Labor
<i>DL 78/09: Provvedimenti anticrisi, nonché proroga di termini e della partecipazione italiana a missioni internazionali</i>	no. 2561	no. 102/2009	2009	July 14	XI	Labor
				July 14		Joint session of the Budget and Finance committees
				July 15		Joint session of the Budget and Finance committees
				July 16		Joint session of the Budget and Finance committees
				July 17		Joint session of the Budget and Finance committees
				July 20		Joint session of the Budget and Finance committees
<i>DL 78/10: Misure urgenti in materia di stabilizzazione finanziaria e di competitività economica</i>	no. 3638	no. 122/2010	2010	July 19	V	Budget
				July 20	V	Budget
				July 20	VI	Finances
				July 20	XI	Labor
				July 20	XIV	EU Policies
				July 21	V	Budget
				July 21	VI	Finances
				July 21	XI	Labor
				July 22	V	Budget
<i>DL 201/2011: Disposizioni urgenti per la crescita, l'equità e il consolidamento dei conti pubblici</i>	no. 4829	no. 214/2011	2011	December 7	I	Constitutional Affairs
				December 7	III	Foreign Affairs
				December 7	X	Economic Activities
				December 7	XI	Labor
				December 7		Committee on Legislation
				December 7	XIV	EU Policies
				December 8		Joint session of the Budget and Finance committees
				December 9	IV	Defense
				December 9		Joint session of the Budget and Finance committees
				December 10		Joint session of the Budget and Finance committees
				December 12		Joint session of the Budget and Finance committees
				December 13		Joint session of the Budget and Finance committees

<i>Bilancio di previsione dello Stato per l'anno finanziario 2017 e bilancio pluriennale per il triennio 2017-2019</i>	C. 4127-bis	no. 232/2016	2016	November 3	III	Foreign Affairs
				November 3	XI	Labor
				November 3	XII	Social Affairs
				November 8	VI	Finances
				November 10	V	Budget
				November 21	V	Budget
				November 23	V	Budget
				November 25	I	Constitutional Affairs