



Negotiating the Italian Pension Reform with the Unions: Lessons for Corporatist Theory

Lucio Baccaro

Industrial and Labor Relations Review, Vol. 55, No. 3. (Apr., 2002), pp. 413-431.

Stable URL:

<http://links.jstor.org/sici?sici=0019-7939%28200204%2955%3A3%3C413%3ANTIPRW%3E2.0.CO%3B2-I>

Industrial and Labor Relations Review is currently published by Cornell University, School of Industrial & Labor Relations.

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/cschoo.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is an independent not-for-profit organization dedicated to and preserving a digital archive of scholarly journals. For more information regarding JSTOR, please contact support@jstor.org.

NEGOTIATING THE ITALIAN PENSION REFORM WITH THE UNIONS: LESSONS FOR CORPORATIST THEORY

LUCIO BACCARO*

Using field research at both the national and the local levels, the author reconstructs the process that led to pension reform in Italy. This reconstruction becomes the basis for a critical re-examination of corporatist theory, which has recently been challenged by the emergence of social pacts in a host of “unlikely” countries, including Italy. The author argues that the theory’s traditional emphasis on hierarchical and internally undemocratic interest groups is fundamentally at odds with the particular organizational mechanisms through which consensus was mobilized among both middle-level union structures and rank-and-file workers in Italy. In contrast with standard neo-corporatist theory, the Italian pension reform shows that organizational democracy, far from weakening the hands of reformist union leaders, may actually strengthen them.

Politicians throughout continental Europe are quickly learning, often at their own expense, that implementing what is arguably one of Europe’s most urgent policy priorities, pension reform (Boldrin et al. 1999), requires engaging in negotiations with the trade unions. Several highly publicized examples of failed or stalled reform in Italy (1994), France (1995), and Germany (1997) show, in fact, that the unilateral imposition of pension cuts may not represent a feasible option for most continental governments.

In sharp contrast with these experiences of stalemate or failure are other examples of pension reforms, particularly in Italy (1995) and Spain (1997), but also in France (1993), Austria (1997), and Finland (1999), which were more or less pacifically adopted (Myles and Pierson 2001; Reynaud 2000; Kalisch and Aman 1998). All of these “successful” reforms took a neo-corporatist form,¹ in the sense that they were based on centralized agreements between government and the “social partners” (business and labor) or even, as in the case of Italy and Spain, between governments and the

*Lucio Baccaro is Senior Research Officer, International Institute for Labour Studies, Geneva. Prior versions of this paper were presented at the 12th International Conference of Europeanists (Chicago, March 30–April 2, 2000) and at the 12th Annual Meeting of the Society for the Advancement of Socio-Economics (London School of Economics, July 7–10, 2000). The author thanks participants in these seminars and especially Fritz Scharpf and Wolfgang Streeck, the two discussants, for their comments. He also thanks his dissertation advisors at MIT, Joshua Cohen, Thomas Kochan, Michael Piore, and, espe-

cially, Richard Locke, for their feedback and help. He gratefully acknowledges financial support from the “Minda de Gunzburg” Center for European Studies at Harvard University, the Social Science Research Council & American Council of Learned Societies, as well as the Istituto per il Commercio Estero (ICE) and the Center for International Studies at MIT. Finally, he thanks the people who agreed to be interviewed.

¹In this paper, the terms “corporatism” and “neo-corporatism” are often used interchangeably.

union movements alone. Negotiated reforms of this kind are often criticized by professional economists as partial and inadequate attempts to slow down the growth of future pension expenditures (see, for example, Padoa Schioppa Kostoris 1996; Rostagno 1996; Herce and Alonso 1998; Bonin et al. 1999). At the same time, however, they are not purely cosmetic. For example, all of the concerted reforms listed above established stricter links between contributions and benefits, tightened eligibility rules (especially for early pensions), and lowered replacement rates, that is, ratios between pension benefits and previous wages/salaries. More important, unlike other reform attempts that were perhaps more incisive on paper but proved politically unsustainable, these negotiated reforms were actually implemented.

Drawing on both conventional historical research methods and interviews carried out in 1996 and 1997,² in this paper I focus on the Italian pension reform. For several reasons, the Italian case is interesting and worth examining in detail. First, compared with other pension reforms in recent years, the Italian reform stands out as one of the most ambitious in the long run, according to various observers (Myles and Pierson 2001; Reynaud 2000). Second, the Italian unions' involvement in pension reform was probably the most extensive in comparative perspective. In other cases of negotiated pension reform, the union movement has typically been just one of several actors involved in the process (the others being government, business associations, and social security experts), and its main action has been to negotiate over details. The Italian unions, in contrast, contributed decisively to the design of the new system (Lapadula and Patriarca 1995). Third, and

perhaps most important, such extensive involvement of the Italian labor movement stands out as surprising, to say the least. Due to its fragmented and highly conflictual industrial relations structure, Italy has, in fact, long been depicted as the "least likely case" for neo-corporatist policy-making (see, for example, Flanagan et al. 1983; Tarantelli 1986). Hence, close examination of the Italian pension reform provides an opportunity to critically re-examine corporatist theory and understand what parts of it, if any, need to be amended in light of the recent re-emergence of concerted policy-making in Europe (Fejertag and Pochet 1996, 2000; Ebbinghaus and Hassel 2000; Regini 2000; Rhodes 2001).

The Politics of Pension Reform

Europe

The recent experience of several European countries shows that trade unions are key actors in pension reform and that their support or opposition is often decisive in determining the fate of reform attempts. In 1995, for example, a newly appointed French government led by Alain Juppé, supported by a solid parliamentary majority and backed by a politically homogeneous and like-minded president, had to scrap its plans to increase retirement age and strengthen the link between the contributions and benefits in the public sector due to the emergence of what was probably France's largest protest movement since May 1968 (Bonoli 1997; Pietet 1997). Two years later, the government was voted out of office. In Italy, the government of Silvio Berlusconi saw its parliamentary majority quickly unravel in 1994 under the pressure of massive union protest against its proposed pension reform. Like his French colleague, Berlusconi failed to gain re-election two years afterward. In Germany, the Kohl government managed in 1997 to impose minor pension cuts (for example, a staged increase in early retirement age) on a recalcitrant labor movement. However, these and other social security adjustments (like reductions in sick pay entitlements)

²The paper is based on 45 field interviews with a total of 57 people, mostly union leaders at the national, regional, and workplace levels, but also managers, employer representatives, and public servants. The interviews were held between July 1996 and July 1997. The list of interviewees is available from the author upon request.

proved to be not only politically counterproductive, but also short-lived. The “red-green” coalition elected in 1998 promised in its electoral campaign to repeal them (Schulten 1998). As a result, the effects of the 1997 reform were “frozen” when the new government came to power (Charpin 1999, Chap. 4).

In contrast with these failed reform attempts are various examples of negotiated reforms that were successfully pushed through. In Spain, the 1997 Law of Consolidation of Social Security—a law that extended the number of contribution years for the calculation of pensions from 8 to 15 and reduced the yield rate of the first 15 years of contribution from 4% to 3.33% (González-Páramo 1998; Herce and Alonso 1998)—was preceded in 1996 by an agreement between government and the two most representative union confederations (Guillén 1999; Fidalgo 1997). This agreement, in turn, sought to implement the recommendations of a special parliamentary committee whose meetings had been attended by academic experts and representatives of the social partners as well. The final report of this committee, often referred to as the “Toledo Pact,” received almost unanimous approval by Parliament in 1995 (Irazusta and Sierra 1996; Pérez Amóros 1997).

In 1993 the French government passed a reform of private sector pensions that increased from 37.5 to 40 the number of contribution years needed for a full pension, extended from 10 to 25 “best” years the reference period on which pension benefits were calculated, and shifted the indexation of pensions from wages (more favorable) to prices (less favorable). But the government’s attempt, two years later, to extend these measures to the public sector was soundly thrashed by protests. The content of the two reforms was largely the same; the style of policy, however, was remarkably different. Whereas the 1993 reform was negotiated with the unions and included measures that helped expand its basis of consensus (like a clearer separation between insurance measures to be financed through social security contribu-

tions and welfare transfers to be financed through general taxation), the 1995 initiative was a “*réforme par ordonnance*,” that is, imposed from above by the executive and largely kept secret until the time of its official proclamation (Bonoli 1997).³

A recent review of comparative pension politics argues that “only rarely does reform come about through a process of unilateral legislation by the government of the day . . . ‘negotiated settlements’ . . . are the usual political mechanisms for redesigning pension policies” (Myles and Pierson 2000:306). Pension reform is highly unpopular. Only infrequently do governments agree to assume exclusive responsibility for it. The one case in which this happened was the 1986 privatization of SERPS (the State Earnings Related Pension Scheme) in the United Kingdom. Unlike other pay-as-you-go systems, however,⁴ SERPS was in its early stages of maturity. In fact, the first payments to the scheme had been made in 1978. In other words, the pension credits accumulated in the scheme still represented only a marginal amount. Also, the government agreed to take this debit onto itself and to repay it through tax revenues. Even so, privatization of SERPS was not without problems (Pierson 1994). The 1994 reform of the supplementary pension funds (ATP) in Sweden also shows that governments may dispense with explicit union

³Other countries where concerted reforms were recently implemented include Austria, whose 1997 pension reform “was the product of prolonged bargaining between the government and the unions” (Myles and Pierson 2001:322), and Finland. In Finland, the 1999 reform of private sector early retirement pensions, negotiated by the social partners, sought to discourage employers from using early retirement for restructuring purposes (by increasing employer contributions to unemployment pensions) and also sought to make it more costly for employees to opt for early retirement (by cutting the level of benefits for those born after 1944); see Hietanen (1999).

⁴Pay-as-you-go schemes are based on a pact between the active and retired generations such that current pension outlays are paid through current receipts (that is, the monetary contributions of active workers).

consensus when they are able to build oversized, "grand" parliamentary coalitions that include both ruling and opposition parties. In Sweden, the ruling bourgeois government built an alliance with the social-democratic party. This alliance allowed it to overcome the opposition of both the blue-collar and white-collar union confederations (Anderson 1998).

More often, however, governments can neither marshal the parliamentary strength needed to explicitly defy social opposition nor build grand coalitions to support their reform plans. Thus constrained, they seek to enlarge their basis of consensus by bringing other social actors on board. Union involvement appears to be especially important for governments, as unions sometimes control millions of workers and potential voters. Their participation greatly increases the legitimacy and, hence, political feasibility of reform. The example of Italy neatly illustrates this last point.

Italy

In the early 1990s, the Italian pension system was among the most expensive, complicated, and inequitable in Europe (Cecco and Pizzuti 1994). Not only did it suffer from many of the problems common to other pay-as-you-go systems—declining fertility rates, growing life expectancy, sluggish employment growth, and shorter contribution periods (Kalish and Amman 1998)—but it was also burdened by costly features that were unique to it (Censis 1991:434; Castellino 1996a; Istat 1997:27–29). Historically, public sector workers benefited most from this system, but over time, private sector workers managed to catch up, at least partially (see Regini and Regonini 1981; Turone 1992:357–62).

Perhaps the most striking peculiarity of the Italian system, and also the main cause of the disparities it engendered, was the so-called "seniority pension" (*pensione di anzianità*). Originally introduced for public-sector employees in 1956, seniority pensions were extended to industrial workers in the mid- to late 1960s. They allowed workers to retire before they had reached

the minimum retirement age as long as they had been insured for a certain number of years. This number varied greatly across categories: from 35 years for industrial workers to 20 years for male public-sector employees (15 years for married women or women with children).

Beginning in the late 1970s, virtually every Italian government sought to reform the pension system. Yet, none of these reform projects ever saw the light of day. All were blocked by a peculiar alliance (or "iron triangle") among members of the Parliamentary Commission on Pension Reform (affiliated with both the majority and the opposition parties), various interest groups, and managers of INPS, the national social security institute (see Regonini 1996). In fact, the major legislative reform passed in these years—the 1990 extension of the "defined benefit" method to the self-employed—turned out to be among the most expensive of all in terms of projected expenditures (Castellino 1996b, Table 2.13, p. 133).

Serious attempts at reform only began in 1992. Faced with a massive financial crisis—which, in September, forced the Lira out of the European Monetary System (Vaciago 1993)—the Amato government introduced an emergency plan of fiscal stabilization that included, among other measures, a thorough reform of the pension system (INPS 1993:47–60). There was no formal concertation between government and unions on the Amato reform. However, the unions did not oppose it.⁵

While the Amato reform changed the Italian pension system considerably (par-

⁵Although they clearly perceived that workers were dissatisfied with the 1992 reform (as witnessed by several spontaneous strikes throughout northern Italy), Italy's three major confederal unions, the CGIL, CISL, and UIL, never organized a national strike. The confederal unions held fast, however, against Amato's intention to raise the requirement for seniority pensions from 35 to 36 years of contributions. After informally consulting with the unions, the government was forced to withdraw this additional modification (Cazzola 1995:55).

ticularly in the long term), it also left several key issues unresolved (see Castellino 1996a). In particular, because this reform retained the 35-year threshold for seniority pensions while making all other requirements more stringent, it created perverse incentives for workers to retire as soon as possible. As a result of the Amato reform, in fact, the present value of pension payments received by workers retiring at the age of 65 after 43 years of work were 23% lower than if these same workers retired at the age of 57 after 35 years' work, all else equal (Banca d'Italia 1995, Table 1, p. 17).

It is exactly this problem of seniority pensions, as well as the general problem of overly generous accrual rates, that the center-right government of Silvio Berlusconi, with the backing of Italy's organized business association, the Confindustria, set out to address in 1994. The inclusion of unilateral pension cuts in the resulting plan, however, stirred up a hornet's nest. The three confederal unions (CGIL, CISL, and UIL) responded to the Berlusconi initiative by mobilizing social opposition. On October 14, 1994, they organized a general strike and massive street demonstrations in all major cities to protest the government's plan. An estimated three million workers participated in this strike. On November 12, 1994, the unions organized a new mass demonstration in Rome to protest the government's staunch refusal to bargain with them. About 1.5 million people participated. This nation-wide protest was followed in the next few days by other, more limited strikes in various plants and cities throughout the country.

Due to these massive protests, the parliamentary coalition supporting the Berlusconi government began to unravel. Even the Confindustria asked the government to resume dialogue with the trade unions. The employers feared, in fact, that the atmosphere of intense social confrontation that had emerged in the country would negatively affect industrial relations at the company or plant levels as well. The three confederal unions proclaimed a new strike for December 2, 1994. The night before that date, however, the government

signed an agreement with the three confederal unions, and the strike was called off. The agreement bound the government to scrap all the most important reform measures, particularly the reform of seniority pensions. A few days after capitulating on pensions, the Berlusconi government resigned.

The new "technocratic" government led by Lamberto Dini lacked a clear parliamentary majority. Partly due to its intrinsic weakness, this government sought to deal with the hot potato of pension reform by negotiating intensively with the social partners, and particularly with the three confederal unions. In May 1995, after three months of bargaining, an accord was signed by the parties and sent to Parliament for approval. The new reform contained various structural innovations. For example, it introduced a new method for the calculation of pension benefits, which sought to simulate a funded model within a pay-as-you-go system. In other words, pension payments were no longer based on previous earnings but rather on (appropriately capitalized) contributions accumulated by each worker. Also, seniority pensions were gradually phased out and a flexible retirement age between 57 and 65 was introduced in their place. Since the amount of pensions was strictly linked to the amount of contributions, those who had longer contribution periods would receive higher pensions. Moreover, the reform introduced financial penalties for those retiring before the age of 62.⁶

⁶Implementation of the Dini reform was intended to be extremely gradual over time. In fact, the new rules applied in their entirety only to newly hired workers. Workers who had been insured for less than 18 years would have their pensions determined through a mixed system that combined the old (pre-1995) rules and the new rules. Workers who had been insured for at least 18 years at the time of approval would be subject to the old rules. The three-tier system had originally been introduced by the Amato reform of 1992, which contained different rules for new workers, workers with less than 15 years of insurance, and workers with more than 15 years (see INPS 1993, Chap. 2).

Among other things, the reform introduced more stringent rules regulating the access to seniority pensions. To qualify for seniority pensions, workers were now required to reach a minimum age (52 years in 1996, to be gradually increased to 57 in 2008) in addition to the 35-year insurance period. Alternatively, they were required to work for an increased number of years (36 in 1996, to be gradually increased to 40 in 2008) independent of age at retirement.

The process that led to approval of the Dini reform was not without complications. Early in the bargaining process, Confindustria withdrew from negotiations, and later it refused to sign the accord, arguing that the reform did not reduce, and in fact slightly increased, social security contributions (which are mostly paid by employers and constitute a sizable portion of labor costs). Confindustria also argued that a reform guaranteeing an approximate replacement rate of 62% of the last wage did not leave enough room for the establishment of supplementary, privately owned pension funds.

Even among workers, however, the Dini reform did not go uncontested. In particular, the tightening of requirements for seniority pensions generated considerable opposition in most industrial plants in northern Italy. Yet the reform was ultimately ratified by a majority of the Italian workers. After tentatively signing the agreement, the three confederal unions set up 42,000 workplace assemblies to discuss the accord with the rank-and-file workers. Between May 30 and June 1, 1995, they also organized a secret ballot referendum on the contents of the pension agreement. Elections were held in 49,000 different locations throughout Italy, including plants, offices, union locals, and municipalities. Active workers (both union and non-union members), the unemployed, and pensioners were all allowed to vote. Four and a half million people voted, and 64% of them approved the reform.

The process through which pension reform was first discussed and then even voted upon by Italy's rank-and-file workers stands in stark contrast with the analyses and pre-

scriptions of corporatist theory (Lange 1984). According to this theory, policies in which workers are asked to voluntarily give up sure benefits in exchange for uncertain future rewards can be successfully implemented only when the structure of the interest-representation system limits the rank-and-file's capacity to influence union policy either by defecting to competitive organizations or by voicing their concerns in the internal decision-making process. In contrast with these traditional views, Italy's "democratic" process of decision-making proved quite important in building consensus for pension reform. The next section examines exactly how consensus for the Italian pension reform was generated and what consequences this process might have for our understanding of corporatist policy-making.

Toward a New Theory of "Democratic" Corporatism?

Corporatist Theory Revisited

Neo-corporatist theory provides a persuasive account for why a weak government faced with the need to implement a highly unpopular policy reform could find it expedient to include broadly representative social groups in the policy-making process (Lehmbruch 1979; Pizzorno 1978). Politicians seek, as much as possible, to avoid assuming direct responsibility for policies that take something away from people (Pierson 1994, 1997), particularly when the structure of party competition is such that opposition parties can credibly present themselves as defenders of acquired rights (Kitschelt 2001). Examined from this point of view, reform of a pay-as-you-go pension system appears especially difficult, since the truest beneficiaries of this reform are the future generations who, as a result of reform, will have to repay a lower pension debt. By definition, these beneficiaries do not vote and cannot reward their political sponsors.

In similar circumstances, labor unions may be precious allies for governments, since their inclusion is likely both to in-

crease the legitimacy of policy and to activate alternative, non-party-based, mechanisms of consensus mobilization (Lehmbruch 1979; Pizzorno 1978). In Italy, the presence of quarrelsome governmental coalitions based on a multiplicity of parties in constant competition with one another and relying on slim parliamentary majorities (or even, as in the case of the "technocratic" governments of the early to mid-1990s, devoid of clear and stable majorities) rendered interest-group inclusion in all major policy reforms, not just pension reform, almost a functional necessity (see Salvati 2000).

Notice that labor consensus seems to be more important for government than business consensus. Employer associations represent, at best, thousands of firms. Labor unions organize millions of potential voters. It is perhaps for this reason that both the Italian and Spanish pension reforms were negotiated only by government and the unions, while the employer associations refused to sign the final agreements (on Spain: Guillén 1999; Fidalgo 1997). In both cases, employers argued that the accords did not reduce social security contributions.

As to why the unions may willingly participate in the adoption and implementation of policies that bring short-term losses rather than benefits to their members, one explanation suggested by neo-corporatist theory involves the "encompassingness" of some unions: because some unions represent a large cross-section of the entire economy rather than purely sectional groups, they may directly experience the negative consequences of the status quo and may thus be willing—certainly more willing than, say, craft-based or industry-specific organizations—to participate in reform attempts (Olson 1982; Crouch 1985; Tarantelli 1986; Myles and Pierson 2001:332–35). Another line of argument focuses on the credibility of the government's threat of unilateral action in case the unions refuse to cooperate (see, for example, Visser and Hemerijck 1997; Van Wijnbergen 1999). Still another argument emphasizes the importance of external constraints like trade

openness or European monetary integration in promoting cooperation among domestic actors (Katzenstein 1985; Dyson and Featherstone 1996; Dore 1994:8).

The presence of all three conditions (encompassing organizations, a credible threat of government action, and external constraints) neatly accounts for, and virtually "overdetermines," the Italian unions' choice to cooperate. First, the Italian unions are, in fact, of the encompassing kind. They are organized on the basis of confederations representing both blue- and white-collar workers in all sectors of the economy simultaneously. Second, given the government's attempt to impose pension reform unilaterally in 1994, unions could easily have supposed that if they failed to reform the pension system on terms they were comfortable with, a future government might try again—with perhaps more success—to marginalize them. Finally, provisions of the Maastricht Treaty (a treaty that forced governments to reduce their public deficits and debts if they wanted to qualify for the European single currency) were clearly important in mobilizing consensus for fiscal consolidation.

Concerning membership compliance with organizational policies, the neo-corporatist literature of the 1970s and 1980s implicitly assumed and sometimes explicitly argued that for union organizations to ensure rank-and-file acquiescence to austerity policy, union leaders had to be equipped with the capacity to impose on workers a series of outcomes they might not voluntarily subscribe to (Schmitter 1979; Panitch 1979; Pizzorno 1978; Wolfe 1985; Streeck 1994). In other words, the labor movements best positioned to participate in concertative policy-making were those in which rank-and-file influence over organizational policy and decision-making was reduced to a minimum through a variety of institutional arrangements like compulsory or semi-compulsory membership, legal recognition, automatic collection of union dues, and public financing. All of these arrangements aimed at making union organizations as much as possible independent, both financially and politically, from direct

membership support (see also Offe 1981). The underlying assumption was that workers, if left free to shape union policy, would make “irresponsible” demands or create the pluralist scenario of single-purpose, competitive organizations engaged in systematically plundering public resources.

Few scholars empirically researched the internal structures and processes of unions engaging in neo-corporatist policy-making. Those who did, however, were rarely able to validate the views summarized above. Only in Germany—a country in which national concertation was not a stable feature of the institutional landscape—did empirical research find a certain tendency of labor unions to develop some of the organizational characteristics of corporatist groups, such as increased professionalization of union representatives, increased concentration of full-time officials in the peak organizational structures, and greater time lags between consecutive union conventions (see Streeck 1982). None of this, however, is even comparable to the “singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories” that figure prominently in Philippe Schmitter’s seminal definition of corporatism (Schmitter 1979 [1974]:13).

In Norway, rank-and-file members appeared to have ample opportunities to influence the choices of union leaders, including the right to ratify or reject collective bargaining agreements through binding referenda. Perhaps more important, these internal arrangements appeared to increase, not diminish, the legitimacy and stability of concertation (Lange 1984). In Sweden, often referred to as the model of a concerted economy, a detailed study of the internal process within LO, the blue-collar confederation, came to the conclusion that the relationship between union leaders and members was one of “interactive democracy” (Lewin 1980). In other words, union leaders educated their constituents through communication and pedagogy as to the advantages of policies (like the policy of egalitarian wages) that at first sight appeared to imply losses for workers.

Interest Aggregation through “Democratic” Decision-Making

Nowhere is the contrast between corporatist theory and practice starker than in the case of Italy, particularly (but not exclusively) in the field of pension reform (for similar considerations concerning centralized pay bargaining, see Baccaro 2000). Not only did democratic procedures not hinder the process of policy change, they actually played a key role in bringing it about. After elaborating their bargaining agenda, the three confederal unions organized a first round of plant-level assemblies with workers. These early consultations showed that vast groups of workers, particularly in the industrial sectors, opposed reform plans that curtailed the right of middle-aged workers to retire after 35 years of contributions or reduced pensions’ 2% annual yield rate.

At this point, the confederal unions sought to distinguish between “legitimate” and “illegitimate” claims. The former were incorporated in the unions’ final bargaining agenda, and the latter were discarded. For example, the demand to retire before reaching statutory retirement age was perhaps justified when raised by workers engaged in strenuous or hazardous jobs, but not when raised by employees performing clerical tasks. Thus, the unions demanded (and obtained) special provisions for those engaged in *lavori usuranti* (monotonous, strenuous, or hazardous jobs). These workers were allowed to anticipate their retirement by up to two years. Also, to avoid generalized reductions in the amount of pension benefits, the proposed reform sought to penalize early retirement while rewarding those workers who chose to postpone their retirement. Thus, by the terms of the Dini reform of 1995, an industrial worker retiring at age 65 after an insurance period of 43 years would receive a pension that was 27% higher than it would have been under the previous Amato regime; but if this same worker decided to retire at age 57 with only 35 years of contributions, his or her pension would be 12% lower than

Table 1. Results of the Referendum on Pensions (Active Workers).

Region	Voters	Valid Votes	Yes's (%)	No's (%)
Piedmont	400,933	393,371	50.68	49.32
Valle d'Aosta	6,339	6,226	58.26	41.74
Liguria	125,048	122,786	51.99	48.01
Lombardy	782,930	768,694	47.38	52.62
Veneto	276,709	270,715	56.77	43.23
Trentino-Alto Adige	41,452	40,170	56.34	43.66
Friuli Venezia Giulia	70,601	69,045	58.67	41.33
Emilia Romagna	429,138	420,951	61.96	38.04
Tuscany	258,914	254,660	58.29	41.71
Marche	84,642	82,790	61.56	38.44
Umbria	50,916	49,896	60.18	39.82
Lazio	311,853	308,035	60.45	39.55
Abruzzo	59,046	57,308	59.62	40.38
Molise	12,594	12,381	68.89	31.11
Campania	183,196	180,379	61.42	38.58
Puglia	155,996	153,418	69.20	30.80
Basilicata	24,306	23,845	71.70	28.30
Calabria	89,631	87,615	78.70	21.30
Sicilia	194,019	190,588	75.57	24.43
Sardegna	67,004	65,299	62.17	37.83
Total	3,625,267	3,558,172	57.75	42.25

Source: *Nuova Rassegna Sindacale*, No. 26, July 10, 1995.

under the Amato regime (Banca d'Italia 1995, Table 1, p. 17).

After reaching a tentative agreement with government, the confederal unions completed the process of worker consultation with a new wave of workplace assemblies and a binding worker referendum. Pensioners voted overwhelmingly in favor of the accord (91%). Active workers approved the reform as well, although with a lower percentage (58%) and a level of support that varied by sector and region (see Table 1). Southern Italian workers were, overall, more supportive of pension reform than were their northern colleagues. Nationally, two important categories of workers, the metalworkers and the school teachers, turned down the accord (see Table 2).

The votes of the various worker categories seemed to be partly influenced by the way reform affected the various pension schemes. Specifically, the vote of worker groups that were more heavily penalized by the 1995 reform tended to be more negative than the vote of other worker groups. However, the link was far

from perfect.⁷ While the pensioners' overwhelmingly favorable response was in all likelihood due to the fact that the reform only affected future retirees, the pension schemes of several other worker groups underwent exactly the same modifications and yet the workers' responses were quite varied. For example, even though the metalworkers, chemical workers, construction workers, textile workers, printing and publishing workers, distribution workers, and bank and insurance workers were all covered by the same pension scheme (the Fondo Pensioni Lavoratori Dipendenti) and

⁷This is based on my coding of statutory modifications introduced in the various pension schemes on a 1 to 3 scale, with 1 = no modification, 2 = some modification, and 3 = extensive modification. The Spearman correlation coefficient between percentage of positive votes and the impact index is $-.49$ ($p = .051$), indicating that lower impact tends to be moderately associated with more positive vote. The Spearman coefficient ranks the data rather than using their actual values. The coding of the various pension schemes is available from the author upon request.

Table 2. Results of the Referendum on Pensions (Selected Categories).

<i>Pensioners</i>	<i>Voters</i>	<i>Valid Votes</i>	<i>Yes's (%)</i>	<i>No's (%)</i>
Pensioners	804,282	798,565	91.26	8.51
Chemical Workers	267,620	262,753	53.44	46.53
Construction Workers	160,344	157,310	72.40	27.60
Metalworkers	732,945	659,384	44.79	55.21
Textile Workers	193,007	188,572	56.97	43.03
Printing and Publishing	58,412	57,166	56.83	43.17
Distribution Workers	156,659	154,005	64.53	35.47
Transportation Workers	161,191	158,681	49.96	48.63
Electrical Workers	105,828	104,231	61.10	38.90
Postal Workers	139,676	137,785	53.77	46.23
Public Sector Workers	741,686	730,515	57.46	42.54
Researchers	6,864	6,789	61.19	38.61
Bank/Insurance Workers	190,573	186,335	64.90	35.10
Agricultural Workers	116,299	114,190	61.23	38.77
School Workers	49,186	47,940	46.31	53.69
University Workers	7,377	7,290	40.86	59.14

Source: *Nuova Rassegna Sindacale*, No. 26, July 10, 1995.

hence were all subject to the same pension modifications, their responses were quite varied. While only 44.8% of the metalworkers voted in favor of reform, 72.4% of the construction workers did so. Even more surprising is the case of the electrical workers. Prior to enactment of the reform, these workers had a special pension fund of their own, with provisions more favorable than those for other industrial workers. Their yield rate was 2.51% for each contribution year (rather than 2%), which allowed them to replace 88% of their pensionable work income after 35 years, as opposed to 80% after 40 years. Also, unlike other industrial workers, their pensionable income was referred to the last 6 months of service rather than the last five years (Corrente 1996). Yet, they approved the pension reform by a majority of 61.1%.

Similar internal variation could be found among public sector employees as well. Before the reform, these workers had much more favorable conditions than private sector workers. For example, state employees had a yield rate of 2.36% for each contribution year and their pensionable income was calculated on the basis of the last month of service. Municipal employees had a yield rate of 2.5% per contribution year and their pensions were based on the last

monthly paycheck. Also, the conditions of access to seniority pensions were much more favorable for the public employees than for the industrial workers, in the sense that the former were allowed to retire after 20 years (men) or 15 years (women) of service (25 and 20 years, respectively, in the case of municipal workers). Yet, these categories of workers responded to the proposed 1995 pension reform in very different ways. The public sector employees approved the agreement by a majority of 57%. The employees of public research institutes approved by a plurality of 61%. Postal workers approved as well, although with a lower percentage (54%). School workers and university employees *rejected* the agreement (with only 46.3% and 40.9%, respectively, voting affirmatively).

These differences in worker responses are difficult to explain solely in terms of relative losses. Among the other influences they appear to reflect are the historical heritages of the various categories of employees. Both the metalworkers (particularly in northern factories) and the educational workers had a tradition of militancy. The metalworkers were the protagonists of the 1969–73 wave of strikes in Italy, and following that episode they were consistently among the most militant groups in

the Italian labor movement (Pizzorno 1978; Golden 1988). The school and educational workers played a key role in another, more recent wave of strikes in Italy, one that paralyzed the Italian public sector first in 1986–88 and then in later years as well (Carrieri 1992; Bordogna 1988; Locke and Baccaro 1996). In contrast, the electrical workers, construction workers, and public sector employees were all traditionally much less militant.

Geographically, the largest area of dissent was in northern industrial factories. In Lombardy, Italy's richest and most industrialized region, the majority of all active workers rejected the proposed reform. In Piedmont, all major industrial categories (metalworkers, chemical workers, and textile workers), as well as other worker categories, also rejected the accord (see IRES Morosini 1995). In the metalworking sector, the vast majority of plants with more than 500 employees rejected (often overwhelmingly) the pension accord, especially in Piedmont and Lombardy (FIOM 1995). Yet in these same regions, metalworkers employed in small firms (up to 50 employees) approved the agreement (CGIL Lombardia 1995:111–24; Ires Morosini 1995).

A series of interviews with national union leaders and plant representatives in several industrial factories revealed that in most of the plants, of the three major components of the Dini reform—the transition from an earnings-based to a contribution-based system, the homogenization of rules, and the revision of seniority pensions—the last (the most gradual and, according to many analysts, weakest portion of the reform) monopolized the internal debate and generated the most opposition.

The cohort of industrial workers approaching seniority retirement was a critical one. Most of these workers (especially those born and raised in the north) had entered the labor market in the 1960s at the age of 14–15. Most of them had participated in the Hot Autumn wave of strikes of the late 1960s through the early 1970s. These workers were now approaching (early) retirement. They had been effec-

tively spared the negative fallout from the 1992 Amato reform, which, despite deep changes affecting younger employees, had left the rules regulating seniority pensions virtually unchanged (see footnote 5 above). In 1994, they had played a critical part in the mass upheaval that ultimately defeated Berlusconi. Now they were extremely critical of the Dini reform—a reform that forced them to either reach a minimum age (52 years in 1996) in addition to the 35-year requirement, or work for more years (36 in 1996). This group of workers shaped the internal debate and influenced the vote of their younger colleagues who might otherwise have looked more favorably on the reform. In fact, participation in some of these debates was quite unequal. Younger workers appeared less interested than their more senior colleagues, probably because retirement still seemed a remote prospect to them. In some of the debates, the intergenerational equity argument that the reform was needed because the present system was too onerous for the younger generations—the very argument that confederal union leaders used to motivate support for pension reform—was completely turned on its head, with speakers arguing that the Dini reform was itself deeply unjust toward the younger generations. These generations, it was claimed, would have to work longer and pay higher contribution rates than their parents, and in the end their pensions would be lower.⁸

In the recent past, the opposition and spontaneous mobilization of large industrial factories in northern Italy had quashed attempts at reform (see Golden 1988). The recent history of the Italian labor movement features, in fact, several examples of

⁸Based on interviews with Enrico Zanzottera, Secretary of the FILTEA-CGIL Lombardia, Milan, June 5, 1997; Alfiero Spinelli and Luigi Sartirano, V Lega FIOM and RSU Rivalta (respectively), Turin, July 8, 1997; Giorgio Roilo, Labor Chamber Milan, Milan, June 9, 1997; Giorgio Molla, FILTA-CISL Lombardia, Milan, June 17, 1997; and Umberto Colombo, Secretary of the FILTEA-CGIL Ticino Olona, Legnano, July 3, 1997.

rank-and-file mobilization against union policies that were perceived as too moderate by the industrial workers. These mobilizations were often spurred by claims of illegitimacy. In particular, the dissenting groups argued that the policies enacted by the confederal unions at the national level were unrepresentative of the will of the working people and only reflected the self-interests of top union bureaucrats (Baccaro 2000).

In 1984, for example, the so-called *autoconvocati* (self-summoned) movement mobilized against centralized control over wages. The northern metalworkers played a key role in the *autoconvocati* mobilization. The main explanation offered for this mobilization was procedural. In fact, the protesters emphasized that the decision to control wages at the national level had not been approved by a majority of workers through a national referendum. A similar wave of protests also took place in 1992, when the national confederations decided to abolish wage indexation. Once again the *autoconvocati* mobilized against this decision, and once again their main argument was that the decision of the national confederations was illegitimate because abolition of wage indexation had not been approved by a majority of workers through a referendum. In 1993, the three confederal unions negotiated another tripartite agreement that confirmed the abolition of wage indexation and even institutionalized incomes policies. This time, however, no rank-and-file mobilization took place, because the agreement was preceded by a binding referendum among the workers in which 68% of the workers voted in favor of the agreement.

Like the 1993 agreement on incomes policies, the 1995 accord on pension reform was legitimated by a binding referendum. This referendum clearly showed that the choice to engage in pension reform was not just a fiat by union bureaucrats, as had sometimes been claimed in the past, but was actually supported by a clear majority of the Italian workers, some of whom (like the public sector workers) were thus making much larger sacrifices than were the

industrial workers. Consequently, just as in 1993, no mobilization of the industrial workers took place in 1995.

The Debate on Pension Reform in Industrial Factories: A Few Vignettes

The process of debate preceding the vote also influenced the workers' process of preference formation. This is hardly surprising if one considers that pension policy is full of complicated technical details that are often hard to grasp even for highly educated people. Workers relied on union representatives to make sense of the general structure and consequences of the Dini reform and formed their opinions also based on the particular way (positive or negative) in which pension reform was presented to them in these assemblies. Interestingly enough, the people I interviewed agreed that plant representatives (*delegati*) were much more likely to influence workers than were national or regional leaders.

Consider, for example, the cases of Mirafiori and Rivalta, two Fiat plants in Turin. These two factories shared various organizational and technological characteristics. Also, their respective work forces had been homogenized over time by several waves of inter-plant mobility. Yet, the Mirafiori employees turned down pension reform with a 70% negative vote, while their Rivalta colleagues approved it with a majority of 58%.⁹

The different choices made by workers in these two plants seemed to be linked to the different attitudes of the local union leaders. At both Mirafiori and Rivalta, just as in all other metalworking plants around

⁹This reconstruction is based on the following interviews: (1) Vittorio Rieser and Giancarlo Cerruti, IRES Piemonte, Turin, December 3, 1996; (2) Paolo Gasca, IR Manager of Fiat Auto, Turin, December 3, 1996; (3) Piero Pessa, FIOM Piemonte, Turin, December 3, 1996; (4) Alfiero Spinelli and Luigi Sartirano, V Lega FIOM and RSU Rivalta (respectively), Turin, July 8, 1997; (5) Claudio Stacchini, Secretary of the V Lega FIOM, Turin, July 8, 1997; and (6) Giorgio Cremaschi, Regional Secretary of the FIOM Piemonte, Turin, July 8, 1997.

Turin, unions were far from enthusiastic about the Dini reform. One union representative said that the workers did not like it at all because it took something away from them, especially the metalworkers. However, unlike their colleagues at Mirafiori, union leaders at Rivalta believed that reform was necessary because the pension system was about to collapse. These leaders also thought that the Dini reform, while far from representing the best of all possible worlds for labor, should not be rejected *in toto*, because it sought to restore financial equilibrium while limiting the losses for older workers. Therefore, they supported the reform in their discussions with the rank-and-file workers. At Mirafiori, instead, the Dini reform was branded as a "counter-reform" and nobody came to its defense in the worker assemblies. According to two plant representatives, worker assembly discussions were much more "on the content of things" at Rivalta and much more "ideological" at Mirafiori.¹⁰

The same dynamics observed at Mirafiori and Rivalta also appeared to explain the contrast between two much smaller textile plants around Legnano (Lombardy).¹¹ The Bassetti factory of Rescaldina and the Zucchi factory of Casorezzo, although under different brand names, were owned by the same group. Both plants manufactured the same linen products (sheets, robes, towels, and the like). The results of the pension vote were, however, very different: At Rescaldina, 67% of the voters approved the accord, whereas at Casorezzo, 71% rejected it.

The local leaders of these two plants differed greatly in attitudes and behavior.

In both plants, the major source of complaint was seniority pensions. In fact, the postponement of seniority pensions may even have presented more problems for the predominantly female employees of the textile and apparel industry than for other industrial employees. Women do not, in fact, customarily "moonlight" after retirement the way their male colleagues do; they generally choose to devote more time to their families. At Rescaldina, however, the union delegates were much better disposed toward pension reform than their colleagues at Casorezzo. The Casorezzo delegates argued that reducing the deficit of social security did not necessarily imply cutting the workers' pensions, since there were other, more equitable ways of balancing the system, such as by increasing taxes on profits or preventing tax evasion. In contrast, the Rescaldina local leaders underscored three points. First, although unpleasant, the reform of the state pension system was necessary. Second, technical comparison of the Berlusconi and Dini reforms made plain that, contrary to what one speaker had said in the assemblies, they were not the same thing. Rather, the latter was more equitable and more favorable to the workers than the former. Finally, the Rescaldina delegates also emphasized the importance of voting in favor of pension reform to avoid weakening the confederal unions.

The persuasiveness of rational argument should not be overemphasized, however. According to various confederal union leaders, who personally presided over several pension assemblies, in many cases arguments had no impact whatsoever on workers. These workers did not change their deeply negative attitudes *vis-à-vis* pension reform and, in the end, they voted against it.¹² Yet, there were other cases in which

¹⁰The interviews also revealed that workers at Mirafiori were, on average, slightly older than those at Rivalta: 46–47, versus 44–45 (Spinelli and Sartirano). However, all of the interviewees, with the exception of Claudio Stacchini, denied that this small age difference could explain such a wide divergence between the two factories' votes.

¹¹This reconstruction is based on interviews with Giorgio Molla, FILTA-CISL Lombardy, Milan, June 17, 1997; and Umberto Colombo, Secretary of the FILTEA-CGIL Ticino Olona, Legnano, July 3, 1997.

¹²Interviews with Mario Agostinelli Secretary General of the CGIL Lombardy, Milan, Dec. 6, 1996; Edoardo Bano, Labor Chamber of Bergamo, Bergamo, June 5, 1997; and Enrico Zanzottera, Regional Secretary of the FILTEA-CGIL, Milan, June 6, 1997.

rank-and-file workers, even in large northern factories, appeared to be more responsive. Where this was true, local leaders appeared to be more persuasive than other, non-plant-based leaders. Workers were more likely to be influenced by leaders whom they could trust to have their best interests at heart and not to be guided by some selfish agenda (such as self-promotion). This relationship of trust seemed to be based on direct experience and observation of what the local leaders had done in the past. In some cases, however, the workers demanded actual proofs of trustworthiness. In fact, the arguments of these plant-level leaders appeared to be most persuasive when the rank-and-file workers knew that the leaders themselves were negatively affected by the pension reform and yet supported it out of principle.¹³

Consider the cases of two large plants in Lombardy, Pirelli Bicocca (rubber cables) and Dalmine (steel).¹⁴ These two plants had many features in common. As a result of hiring freezes, both work forces were "old" by industry standards, and hence more likely than workers at other plants to experience the short-term negative consequences of pension reform (postponement of retirement age). Based on information provided by plant representatives in the two plants, the average age of workers was 47–48 in the Pirelli factory and 44–46 in the Dalmine factory. Many of these workers, who had begun working at the age of 14–15, feared that they would lose their jobs before they were able to retire.

Notwithstanding these similarities—and despite the fact that confederal union leaders held assemblies in both plants and used essentially the same arguments to persuade the workers (notably, possible financial collapse of the system, intergenerational inequity, and the threat of the government's unilateral intervention)—62% of the Pirelli workers approved the pension reform, while 72% of the Dalmine workers turned it down. The behavior of the local representatives made the difference.

In both factories, passage of the agreement meant a postponed retirement for several of the local leaders. While the Dalmine representatives did not openly endorse the accord, their Pirelli colleagues actively supported the confederal leaders not only by defending the agreement in the general worker assemblies but also by setting up department-specific assemblies and small-group discussions. Whereas the arguments of national leaders were largely ignored by the Dalmine workers, the same arguments, endorsed by the Pirelli plant representatives (who, workers knew, had nothing to gain from the agreement at issue, and often something to lose), appeared to influence the Pirelli workers. One of the Pirelli representatives had been forced to work two years longer due to the 1995 agreement. Yet, he argued, pension reform was necessary and could no longer be postponed. Also, since the reform was fairly gradual, the "sacrifices" imposed on workers were not unbearable, especially when compared with alternative reform schemes.¹⁵

¹³The following comparison between the Pirelli and Dalmine factories, as well as the general point that the source of communication has to be perceived as morally credible for communication to be persuasive, draw on Baccaro (2001:260–62).

¹⁴This is based on interviews with Mario Castelli and Roberto Polli, RSU Pirelli, Milan, December 4, 1996; Pietro Avogradri and Nunzio Pesenti, Delegates of the FIM-CISL, Dalmine, June 11, 1997; and Giambattista Testa, Armido Foresti, Giovanni Pizzamiglio, Fausto Fratus, and Angelo Zana, RSU Dalmine and union representatives, Dalmine, June 16, 1997.

¹⁵The positions of local leaders in the two textile plants appeared to be linked with their political and ideological attitudes. In fact, the internal union leadership was affiliated with the left-wing *Rifondazione Comunista* at Casorezzo (the plant that rejected the pension agreement) and with the more reformist *Partito Democratico della Sinistra* at Rescaldina (the plant that approved). Some of the key leaders at Pirelli Bicocca (another plant that approved) were also close to the *Partito Democratico della Sinistra*. In the cases of Rivalta and Mirafiori, political affiliations appeared, instead, to be less important than the particular history of plant-level industrial relations. Informants in these plants did not

These cases show that workers in similar structural conditions often reacted differently to the proposed pension reform depending on the particular “framing” of the problem. The cases also illustrate the fundamental role played by local union representatives in the construction of consent. The *delegati* were often decisive in determining the outcome of the referendum, particularly when they could prove that their public defense of pension reform was not just “cheap talk” (Farrell and Rabin 1996) because they themselves were penalized by it.¹⁶

mention party politics as a potential explanation for the different vote. The Mirafiori unions had historically taken a confrontational stance vis-à-vis management. The Rivalta unions had shown much more interest in collective bargaining. Beginning in the late 1970s, the Rivalta unions had cooperated with management in projects aimed at improving both product quality and work ergonomics.

¹⁶The 1995 pension reform would become fully effective only after a long transition period. The year 1997 was, however, decisive for Italy, because in that year it would be decided whether the country would qualify for the second phase of European Monetary Union. One of the prerequisites was a public deficit not above 3% of GDP. Joining Europe hence required additional cuts in current expenditures, some of which had to come from pensions, and particularly from seniority pensions. As in 1995, the confederal unions did not oppose a new reform. They proposed, for example, a “solidarity contribution” to be paid by pensioners. This proposal sought to share the costs of reform between the age cohorts close to retirement and those that had retired in previous years with more favorable rules. This time, however, the unions’ positive attitude was not sufficient. A key party in the government coalition, Rifondazione Comunista, threatened to leave the coalition if the new pension reform once again modified the rules regulating the retirement of blue-collar (and “equivalent”) workers. This threat severely limited the incisiveness of the 1997 pension reform. This accelerated the phasing out of seniority pensions for white-collar employees but left the seniority pensions of blue-collar workers untouched (Mira d’Ercole and Terribile 1998). Just as in 1995, the three confederal unions organized a consultation in 1997 prior to signing the agreement with government. The outcome of this consultation was almost a forgone conclusion, since the reform only affected 35% of the work force (due to the “political” constraints imposed by Rifondazione Comunista). The referendum was, however, important as a way to stave off accusations of illegitimacy. The confederations organized 39,000 assemblies fol-

Concluding Remarks

In this paper I have analyzed recent efforts to reform the Italian pension system. In the process, I have also sought to provide a critical re-examination of corporatist theory. While the practice of corporatism is alive and well—as demonstrated by the recent renaissance of so-called “social pacts” in several European countries (Fejertag and Pochet 1997, 2000; Regini 2000; Ebbinghaus and Hassel 2000; Rhodes 2001)—its theory has lagged behind in the past few years.

I have argued that many aspects of this theory still have remarkable explanatory power. For example, Lehmbruch’s (1979) and Pizzorno’s (1978) remarks about the tendency of particularly weak governments to share responsibility for unpopular policies with labor and employer organizations, Olson’s (1982) argument that encompassingness makes groups more willing to take a broad view of their organizational interests, and Katzenstein’s (1985) argument that perceived economic vulnerability provides a stimulus for domestic actors to cooperate with one another, all resonate with various aspects of the Italian case. However, the theory’s traditional emphasis on hierarchical and internally undemocratic interest groups (Schmitter 1979; Panitch 1979; Pizzorno 1978; Offe 1981; Wolfe 1985; Streeck 1994) appears to be incompatible with developments in Italy. In contrast with standard neo-corporatist theory, the Italian pension reform shows that organizational democracy is potentially an asset, not a liability, for reformist union leaders.

The Italian pension reform clearly illustrates both the advantages and disadvantages of negotiated policy-making. It is very difficult for any type of pension reform,

lowed by a secret-ballot referendum. This time 84% of the 3.1 million voters approved the agreement. All sectors voted in favor, including not only the metalworkers (76%)—who were hardly affected by the reform at all—but also other sectors predominantly populated by white-collar workers like banking and insurance (70%), schools (55%), and the public sector (73%). In these sectors, the 1997 reform further delayed access to seniority pensions.

and *a fortiori* for consensual reforms, to target the cohorts close to retirement. Perhaps the major drawback of the Italian reform of 1995 is the long transition to the new regime—a transition that is both expensive and inequitable since it generates rates of return that are greater for the older than for the younger generations. At the same time, the Italian negotiated reform is far from ineffective. By closely linking pension benefits to individual contribution histories, it significantly reduces replacement rates in the long term (see Antichi 1997). Also, it drastically limits, even in the short run, the species of special treatment enjoyed by particular occupational categories.¹⁷

Consider, for example, Italian public sector workers. Prior to 1992, these workers were allowed to retire after 20 or 15 contribution years, independent of age. After 1997, these same workers had to have at least 35 years of contributions and a minimal age of 53 or, alternatively, 36 contribution years independent of age. In only five years, their requirements became twice as stringent. Yet, Italy saw no mobilization of public sector workers. Contrast this state of affairs with the massive upheaval that followed a similar but much less ambitious attempt at reforming public sector pen-

sions in France in 1995 and you will have a rough measure of the political benefits associated with concerted reform. The Italian unions presented the public sector's special clauses not as "acquired rights" but rather as "privileges" that were incompatible with an equitable distribution of "sacrifices."

What are the implications of the Italian pension reform for our understanding of the "structural preconditions" for neo-corporatist policy-making? Clearly the Italian industrial relations system has very few of the organizational characteristics once deemed indispensable for this style of policy to succeed. There are multiple union confederations in Italy, not a single one. Centralization of power is limited in the sense that union leaders at peak organization levels cannot impose their will on their industrial affiliates. Local unions have statutory autonomy in strike decisions. Yet, the 1990s saw the institutionalization of various forms of concerted policy-making in Italy, including multi-year incomes policies (Baccaro 2000).

Marino Regini (1997) argued that the renaissance of neo-corporatism in a country like Italy may be not despite but because of its "anomalous" organizational features. The evidence presented in this paper tends to support this view. There seems to be a qualitative difference between the concertative pacts of the 1970s/1980s and those of the 1990s. The former were based on "political exchange" (Pizzorno 1978). The unions engaged in a *quid pro quo* with government. This generally implied that wage moderation was conceded in exchange for more favorable welfare provisions. The pacts of the 1990s, in contrast, are much closer to a model of "macro-concessionary bargaining" that involves little, if any, material compensation for unions. Since union leaders have scant material rewards to bring home to the members, their capacity to persuade workers through debate and rational argument that the process is fair and the "sacrifices" equitable becomes perhaps their most important resource. In a situation like this, labor movements like the one in Italy, characterized by a capillary net-

¹⁷Italy's General Accounting Office estimated that the Dini reform will stabilize pension expenditures relative to GDP in the long run, that is, between 1995 (13.7%) and 2045 (14%), notwithstanding an estimated 50.3% increase in the share of the population aged 65 and older in the same period (RGS 1997; Mira d'Ercole and Terribile 1998). A comparison between the failed Berlusconi reform and the Dini reform suggests that the former was more effective than the latter in tackling the problem of seniority pensions. In fact, the Berlusconi reform included cuts in seniority pensions equal to 3% for each year preceding the statutory retirement age. In terms of expected budget savings, the two reforms were virtually equivalent. However, while the Berlusconi reform concentrated all of its savings on seniority pensions, the Dini reform derived only about 40% of its savings from cuts in seniority pensions and sought to increase pension inflows by extending social security coverage to atypical workers (see Cazzola 1995, Tables 7 and 8, pp. 110–11, 114).

work of vibrant local representation structures (Locke 1990), may have a structural advantage.

Consider the role of the *delegati* in the Italian pension reform. These representatives, rather than the organizational leaders, were critical for shaping the preferences of the Italian workers and generating internal consensus. The organizational leaders lacked day-to-day familiarity with workers. They therefore had fewer chances to win their confidence and influence their decisions. Unlike them, the *delegati* could inform and persuade workers at a "capillary" level through, for example, department-specific assemblies and informal conversations with the rank-and-file.

Additional empirical research is needed to determine whether the internal processes described in this paper are peculiar to the Italian system or occur as well in other countries where new social pacts have recently emerged (such as Ireland, Spain, and Portugal; see Fajertag and Pochet 1997, 2000; Regini 2000; Ebbinghaus and Hassel

2000; Rhodes 2001).¹⁸ If the latter is confirmed, we will need to fundamentally alter our received wisdom about the advantages and disadvantages of particular institutional configurations.

¹⁸Preliminary results from my own field research in Ireland (Baccaro, in progress) seem to confirm the findings of the Italian case. Just as in Italy, social partnership in Ireland was constructed through heavy reliance on democratic methods of legitimation within the unions, particularly at the beginning, that is, between 1987 and 1990, when social partnership was heavily contested. The Irish unions used democratic procedures—a vote—to produce horizontal, inter-union coordination. In fact, decisions within the ICTU, the major confederation, were strictly based on majoritarian principles. The unions that lost the vote (most of the craft- and British-based unions) went ahead with the will of the majority. Democratic principles were also observed within the unions as a way to achieve vertical, intra-union coordination. All of the largest unions in Ireland regularly balloted their members. The leaders also used persuasion to promote acceptance of the national agreements among their constituents.

REFERENCES

- Anderson, Karen M. 1998. "Organized Labor, Policy Feedback, and Retrenchment in Swedish Pension and Unemployment Insurance." Paper presented at the 11th International Conference of Europeanists, Baltimore, Feb. 26–28.
- Antichi, Massimo. 1997. "Quali sono le possibilità di ulteriore razionalizzazione del sistema pensionistico obbligatorio?" Commissione per l'analisi delle compatibilità macroeconomiche della spesa sociale. Allegato 1 al Documento di base No. 5. Unpublished manuscript.
- Baccaro, Lucio. 2000. "Centralized Collective Bargaining and the Problem of 'Compliance': Lessons from the Italian Experience." *Industrial and Labor Relations Review*, Vol. 53, No. 4 (July), pp. 579–601.
- _____. 2001. "'Aggregative' and 'Deliberative' Decision-Making Procedures: A Comparison of Two Southern Italian Factories." *Politics and Society*, Vol. 29, No. 2 (June), pp. 243–72.
- _____. Forthcoming. "From Corporatism to Associative Democracy? The Evolution of Social Partnership in Ireland." Geneva, Switzerland: International Institute for Labour Studies, manuscript in progress.
- Banca d'Italia. 1995. "La riforma del sistema pensionistico." *Bollettino Economico*, No. 25, October.
- Boldrin, Michele, Juan J. Dolado, Juan F. Jimeno, et al. 1999. "The Future of Pensions in Europe." *Economic Policy*, Vol. 14, No. 29 (October), pp. 287–320.
- Bonin, Holger, Joan Gil, and Concepció Patxot. 1999. "Beyond the Toledo Agreement: The Intergenerational Impact of the Spanish Pension Reform." Fedea: Documento de Trabajo EEE 38, April.
- Bonoli, Giuliano. 1997. "Pension Reform in France: Patterns of Cooperation and Conflict in Two Recent Reforms." *West European Politics*, Vol. 20, No. 4 (October), pp. 111–24.
- Bordogna, Lorenzo. 1988. "The COBAS: Fragmentation of Trade Union Representation and Conflict." In Robert Leonardi and Piergiorgio Corbetta, eds., *Italian Politics: A Review*. London: Pinter.
- Carrieri, Mimmo. 1992. "Il caso della scuola." In Giuliano Urbani, ed., *Gli attori: i sindacati, le associazioni imprenditoriali, lo Stato*. Turin: Giappichelli, pp. 181–219.
- Castellino, Onorato. 1996a. "La riforma delle pensioni: forse non sarà l'ultima." In Mario Caciagli and David I. Kertzer, eds., *Politica in Italia. I fatti dell'anno e le interpretazioni*. Edizione 1996. Bologna:

- Il Mulino, pp. 179–96.
- _____. 1996b. “La redistribuzione tra ed entro generazioni nel sistema previdenziale italiano.” In Fiorella Padoa Schioppa Kostoris, ed., *Pensioni e risanamento della finanza pubblica*. Bologna: Il Mulino, pp. 59–146.
- Cazzola, Giuliano. 1995. *Le nuove pensioni degli Italiani*. Bologna: Il Mulino.
- Cecco, Marcello de, and Felice Roberto Pizzuti. 1994. *La politica previdenziale in Europa*. Bologna: Il Mulino.
- CENSIS. 1991. *Rapporto sulla situazione sociale del paese*. Milan: Franco Angeli.
- CGIL Lombardia. 1995. “Consultazione sull’ipotesi di intesa sulla riforma del sistema previdenziale.” Milan: mimeograph, June.
- Charpin, Jean-Michel. 1999. *L’avenir de nos retraites*. Paris: Documentation Française.
- Corrente, Elio. 1996. *Le pensioni degli Italiani. Una guida alla nuova normativa*. Rome: Edizioni Lavoro.
- Crouch, Colin. 1985. “Conditions for Trade Union Wage Restraint.” In Leon N. Lindberg and Charles S. Maier, eds., *The Politics of Inflation and Economic Stagnation*. Washington, D.C.: Brookings Institution.
- Dore, Ronald. 1994. “Introduction: Incomes Policies: Why Now?” In Ronald Dore, Robert Boyer, and Zoe Mars, eds., *The Return to Incomes Policies*. London: Pinter, pp. 1–31.
- Dyson, Kenneth, and Kevin Featherstone. 1996. “Italy and EMU as a ‘Vincolo Esterno’: Empowering the Technocrats, Transforming the State.” *Southern European Society and Politics*, Vol. 1, No. 2 (Autumn), pp. 272–99.
- Ebbinghaus, Bernhard, and Anke Hassel. 2000. “Striking Deals: Concertation in the Reform of Continental European Welfare States.” *Journal of European Public Policy*, Vol. 7, No. 1 (March), pp. 44–62.
- Fajertag, Giuseppe, and Philippe Pochet. 1997. *Social Pacts in Europe*. Brussels: ETUI.
- _____. 2000. *Social Pacts in Europe-New Dynamics*. Brussels: ETUI.
- Farrell, Joseph, and Matthew Rabin. 1996. “Cheap Talk.” *Journal of Economic Perspectives*, Vol. 10, No. 3 (Summer), pp. 103–18.
- Fidalgo, José María. 1997. “La Reforma del Sistema de Pensiones.” <http://www.ccoo.es/arcadia/arco5pre.htm> (accessed 3/16/00).
- FIOM. 1995. “Una prima analisi del voto dei metalmeccanici nel referendum sull’accordo pensioni.” Rome: mimeograph, June 13.
- Flanagan, Robert J., David W. Soskice, and Lloyd Ulman. 1985. *Unionism, Economic Stabilization, and Incomes Policies*. Washington, D.C.: Brookings Institution.
- Golden, Miriam. 1988. *Labor Divided: Austerity and Working-Class Politics in Contemporary Italy*. Ithaca, N.Y.: Cornell University Press.
- González-Paramo, José Manuel. 1998. “Social Security Reforms in Continental Europe: The Case of Spain.” Paper presented at the conference “Social Security Reforms: International Comparisons.” Rome: Ministry of Labor, March 16–17.
- Guillén, Ana M.. 1999. “Pension Reform in Spain, 1975–1997: The Role of Organized Labour.” European University Institute Working Paper, No. 99/6.
- Herce, José A., and Javier Alonso. 1998. “Los Efectos Económicos de la Ley de Consolidación de la Seguridad Social.” Fedea: Documento de Trabajo 98–16, September.
- Hietanen, Juha. 1999. “Agreement Reached over Early Retirement and Pensions.” Euronline, August. <http://www.eiro.eurofound.ie/about/1999/08/features/ifi9908114f.html> (accessed 1/29/00).
- INPS. 1993. *Le pensioni domani*. Bologna: Il Mulino.
- Irazusta, María, and Antonio Sierra. 1996. “Las Recetas del Pacto de Toledo.” *El Mundo*, No. 33, June 2. <http://www.el-mundo.es/su-dinero/noticias/act-33-5.html> (accessed 3/16/00).
- IRES Lucia Morosini. 1995. “La consultazione sull’accordo delle pensioni.” Turin: mimeograph, July.
- ISTAT. 1997. *I trattamenti pensionistici*. Rome: Istat.
- Kalisch, David W., and Tetsuya Aman. 1998. “Retirement Income Systems: The Reform Process across OECD Countries.” OECD Working Paper, May.
- Katzenstein, Peter J. 1985. *Small States in World Markets*. Ithaca, N.Y.: Cornell University Press.
- Kitschelt, Herbert. 2001. “Partisan Competition and Welfare State Retrenchment: When Do Politicians Choose Unpopular Policies?” In Paul Pierson, ed., *The New Politics of the Welfare State*. Oxford: Oxford University Press, pp. 265–302.
- Lange, Peter. 1984. “Union Democracy and Liberal Corporatism: Exit, Voice, and Wage Regulation in Postwar Europe.” Cornell Studies in International Affairs, Western Societies Papers.
- Lapadula, Beniamino, and Stefano Patriarca. 1995. *La rivoluzione delle pensioni*. Rome: Editori Riuniti.
- Lehmbruch, Gerhart. 1979. “Liberal Corporatism and Party Government.” In Philippe Schmitter and Gerhart Lehmbruch, eds., *Trends toward Corporatist Intermediation*. London: Sage, pp. 147–83. First published in *Comparative Political Studies*, Vol. 10 (1977).
- Lewin, Leif. 1980. *Governing Trade Unions in Sweden*. Cambridge, Mass: Harvard University Press.
- Locke, Richard M. 1990. “The Resurgence of the Local Union: Industrial Restructuring and Industrial Relations in Italy.” *Politics and Society*, Vol. 18, No. 3 (September), pp. 347–80.
- Locke, Richard M., and Lucio Baccaro. 1996. “Learning from Past Mistakes? Recent Reforms in Italian Industrial Relations.” *Industrial Relations Journal*, Vol. 27, No. 4 (December), pp. 289–303.
- Mira d’Ercole, Marco, and Flavia Terribile. 1998. “Pension Spending: Developments in 1996 and 1997.” In Luciano Bardi and Martin Rhodes, eds., *Italian Politics: Mapping the Future*. Boulder, Col.: Westview, pp. 187–208.
- Myles, John, and Paul Pierson. 2001. “The Comparative Political Economy of Pension Reform.” In Paul Pierson, ed., *The New Politics of the Welfare State*. Oxford: Oxford University Press, pp. 305–33.
- Offe, Claus. 1981. “The Attribution of Public Status to Interest Groups: Observations on the West German Case.” In Suzanne Berger, ed., *Organizing*

- Interest in Western Europe*. New York: Cambridge University Press, pp. 123–58.
- Olson, Mancur. 1982. *The Rise and Decline of Nations*. New Haven: Yale University Press.
- Padoa Schioppa Kostoris, Fiorella. 1996. “La riforma italiana delle pensioni di anzianità e vecchiaia del 1995 e gli effetti di finanza pubblica.” In Fiorella Padoa Schioppa Kostoris, ed., *Pensioni e risanamento della finanza pubblica*. Bologna: Il Mulino, pp. 399–480.
- Panitch, Leo. 1979. “The Development of Corporatism in Liberal Democracies.” In Philippe Schmitter and Gerhart Lehbruch, eds., *Trends toward Corporatist Intermediation*. London: Sage, pp. 191–246.
- Pérez Amorós, F. 1997. “Legislation Reforms Social Security System.” *Eironline*, October. <http://www.eiro.eurofound.ie/about/1997/10/features/ies9710220f/html> (accessed 1/29/00).
- Pierson, Paul. 1994. *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*. New York: Cambridge University Press.
- _____. 1997. “The Politics of Pension Reform.” In Keith G. Banting and Robin Boadway, eds., *Reform of Retirement Income Policy: International and Canadian Perspectives*. Queen’s University, School of Policy Studies, pp. 273–93.
- Piotet, Françoise. 1997. “Les événements de décembre 1995, chroniques d’un conflit.” *Sociologie du Travail*, Vol. 31, No. 4, pp. 523–45.
- Pizzorno, Alessandro. 1978. “Political Exchange and Collective Identity.” In Colin Crouch and Alessandro Pizzorno, eds., *The Resurgence of Class Conflict in Western Europe since 1968*, Vol. 2. London: Macmillan, pp. 277–98.
- Ragioneria Generale dello Stato (RGS). 1997. “Sanità, scuola, e pensioni. Le nuove previsioni basate sugli scenari demografici ISTAT.” Unpublished manuscript.
- Regini, Marino. 1997. “Still Engaging in Corporatism? Recent Italian Experience in Comparative Perspective.” *European Journal of Industrial Relations*, Vol. 3, No. 3, pp. 259–78.
- _____. 2000. “Between Deregulation and Social Pacts: The Responses of European Economies to Globalization.” *Politics and Society*, Vol. 28, No. 1 (March), pp. 5–33.
- Regini, Marino, and Gloria Regonini. 1981. “La politica delle pensioni in Italia: Il ruolo del movimento sindacale.” *Giornale di diritto del lavoro e di relazioni industriali*, Vol. 10, pp. 217–42.
- Regonini, Gloria. 1996. “Partiti e pensioni: legami mancanti.” In M. Cotta and P. Isernia, eds., *Un gigante dai piedi d’argilla. Partiti, risorse e politiche nella crisi italiana*. Bologna: Il Mulino, pp. 73–139.
- Reynaud, Emmanuel, ed. 2000. *Social Dialogue and Pension Reform*. Geneva: ILO.
- Rhodes, Martin. 2001. “The Political Economy of Social Pacts: ‘Competitive Corporatism’ and European Welfare Reform.” Paul Pierson, ed., *The New Politics of the Welfare State*. Oxford: Oxford University Press, pp. 165–94.
- Rostagno, Massimo. 1996. “Il percorso della riforma 1992–1995. Nuovi indicatori di consistenza e sostenibilità per il FPLD.” In Fiorella Padoa Schioppa Kostoris, ed., *Pensioni e risanamento della finanza pubblica*. Bologna: Il Mulino, pp. 325–97.
- Salvati, Michele. 2000. *Occasioni mancate. Economia e politica in Italia dagli anni ‘60 a oggi*. Bari: Laterza.
- Schmitter, Philippe. 1979. “Still the Century of Corporatism?” In Philippe Schmitter and Gerhart Lehbruch, eds., *Trends toward Corporatist Intermediation*. London: Sage, pp. 7–49. First published in *Review of Politics*, Vol. 36 (1974), pp. 85–131.
- Schulzen, Thorsten. 1998. “The Significance of the New ‘Red-Green’ Government for German Industrial Relations.” *Eironline*, November. <http://www.eiro.eurofound.ie/about/1998/11/features/ide9811281f.html> (accessed 2/8/00).
- Streeck, Wolfgang. 1982. “Organizational Consequence of Corporatist Cooperation in West German Labor Unions.” In Gerhard Lehbruch and Philippe Schmitter, eds., *Patterns of Corporatist Policy-Making*. Beverly Hills, Calif.: Sage, pp. 29–81.
- _____. 1994. “Einleitung des Herausgebers. Staat und Verbände: Neue Fragen. Neue Antworten?” *Politische Vierteljahresschrift*, Vol. 25, pp. 7–34.
- Tarantelli, Ezio. 1986. *Economia Politica del Lavoro*. Turin: Utet.
- Turone, Sergio. 1992. *Storia del sindacato in Italia*. Bari: Laterza.
- Vaciago, Giacomo. 1993. “Exchange Rate Stability and Market Expectations: The Crisis of the EMS.” *Review of Economic Conditions in Italy*, No. 1, January–April, pp. 11–29.
- van Wijnbergen, Christina. 1999. “The Politics of Reform: Battling Unemployment in Germany and the Netherlands.” Paper presented at the 1999 Annual Meeting of the American Political Science Association, Atlanta, September 2–5.
- Visser, Jelle, and Anton Hemerijck. 1997. *‘A Dutch Miracle’: Job Growth, Welfare Reform, and Corporatism in the Netherlands*. Amsterdam: Amsterdam University Press.
- Wolfe, Joel D.. 1985. “Corporatism and Union Democracy: The British Miners and Incomes Policies, 1973–74.” *Comparative Politics*, Vol. 17, No. 4 (July), pp. 421–36.