



Unità di Ricerca sulla Governance Europea
Research Unit on European Governance

URGE WORKING PAPER 1/2007

**Italy in the EU:
Insights from Social Policy Co-ordination**

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1. Introduction

This paper deals with Italy's participation in European social policy decisions. In particular, it will contrast an instance in which Italy managed to further its national preference in employment policy, with another in which it did fail in rallying support around a proposal regarding pension policy co-ordination at the EU level. Both instances revolve around processes of social policy 'soft' co-ordination, within that mode of governance called Open Method of Co-ordination, that eschews the decision-making procedures entailed by the Classic Community Method to put a premium on interactions between expert committees, the Council of Ministers, and the Commission, under the overarching steering provided by the European Council¹. As will become clear in what follows, the contrast between the instance of success and that of failure points to some distinct explanatory factors of the different outcomes of the two attempts made by the Italian authorities. Such explanatory factors are borrowed from the analytical framework devised by Fabbrini and Piattoni to account for the success a member state has in upholding a policy preference at the EU level, or its failure thereof [Fabbrini and Piattoni, forthcoming], and can be grouped under the headings of co-ordination factors both in Rome and in Brussels, technical expertise, framing capacities, and appropriate or inappropriate timing of the Italian proposals. Both instances of Italy's attempt to further its policy preference at the European level occurred during the Berlusconi governments in the 2000s, but they differed in terms of their degree of instrumentality: the successful attempt in employment policy was mainly driven by the belief that the current objectives of policy co-ordination were missing important phenomena, typical of the Italian case, and needed refocusing in order to address them, while the failed attempt in pension policy was largely driven by domestic concerns, in an attempt to exploit the *vincolo esterno* yet another time.

Next section briefly describes the analytical framework used in this paper, that by Fabbrini and Piattoni; the two following sections deal with the two cases taken into account, the success in employment policy and the failure in pension policy; the final section concludes, taking stock of the evidence.

2. The analytical framework

In order to assess the factors that enable a member state to succeed in upholding a given domestic policy preference at the EU level, Fabbrini and Piattoni [forthcoming] devise an analytical framework that can aptly be applied to the study of Italy's participation in European social policy decisions. Fabbrini and Piattoni define policy success as "a case in which a policy decision reflected *a European interest able to accommodate the preferences of Italian actors*, and policy failure when this did not happen" [italics in the original] and find that several variables are crucial in hindering or favouring "the re-elaboration of

¹ The literature on the Open Method of Co-ordination has now reached a considerable bulk. The *Online Research Forum on the Open Method of Co-ordination* based at the University of Wisconsin-Madison (<http://eucenter.wisc.edu/OMC/index.htm>) lists some 200 books, articles and research reports on the OMC. Among the more recent writings on the Open Method of Co-ordination it is noteworthy the volume edited by Zeitlin and Pochet [2005], in particular the conclusions by Zeitlin [2005]. Other interesting recent writings are in the April 2004 special issue of the *Journal of European Public Policy*, in particular the paper by Borrás e Jacobsson [2004]; Szyszczak [2006], Hatzopoulos [2007], and Heidenreich and Bischoff [forthcoming].

national preferences and their amalgamation in EU policy decisions”². These variables can be grouped in systemic variables, institutional variables, and variables related to actors’ capacities on the one hand, and the strategies they pursue, on the other hand.

Systemic variables have to do with the political system; Fabbrini and Piattoni find three of them to be particularly relevant: the stability of the government, the cohesion of the parliamentary majority, and the predisposition of the political elite towards Europe. While the latter can be of some help in accounting for the style of Italy’s participation in social policy co-ordination in the two instances analyzed here, it is also to be acknowledged that both instances occurred under the same government; therefore this set of variables cannot discriminate between the two instances, and account for success in one case, and failure in the other.

As for institutional variables, the most important is identified to be “the existence of effective institutional arrangements of routine coordination among national representatives both in Brussels and in the national capitals”. While competition between different governmental branches and agencies tends to hinder effective capacity to uphold national policy preferences, Fabbrini and Piattoni argue that a working coordination mechanism is decisive in order for a member state – or, at least, for Italy – to have its policy preferences adequately weighed in EU policymaking and result into EU policy. Our cases will be no exception, and actually are cases in point, which aptly illustrate the relevance of institutional coordination for success to occur.

In order to uphold their policy preferences at the European level, actors pursue their strategies tapping their capabilities, within the structural constraints and opportunities given by a particular configuration of systemic and institutional variables. Fabbrini and Piattoni identify three variables having to do with actors’ capacities (which they subsume under the heading of “individual quality” of the actors involved in EU policymaking) and three variables related to actors’ strategies. As for the first set of variables, those related to actors’ capacities, Fabbrini and Piattoni single out the existence (or the lack) of national policy entrepreneurs; the availability of technical expertise, defined as “the capacity to recognise the specificity of a policy problem and to resort to the appropriate tools for dealing with it”; and the availability of cognitive expertise, divided in its turn into framing capacity (“the intelligence to shape issues and solutions in EU-compatible terms”) and timing perception (“understanding when it is the appropriate moment for advancing a proposal or for delineating a solution”). Within the set of variables related to actors’ strategies, three are singled out: the mobilization of domestic publics in support of given national preferences; the capacity to help others strike a compromise, acting as a pivot in EU decision-making; and coalition-building capacity, coalescing with other national or sub-national actors around an inclusive set of requests. Given the nature of the policy decisions considered in this paper, which take place in the decision-making framework provided by the Open Method of Co-ordination rather than within the Community method, and the occurrence of both instances taken into account under the tenure of the Berlusconi government in the early 2000s, which marked, in Fabbrini and Piattoni’s words, an “adversarial turn” towards the EU, the set of variables relating to actors’ strategies tend to lose prominence here, while those relating to actors’ capacities (their “individual qualities”, in Fabbrini and Piattoni’s parlance) will emerge as particularly helpful in order to account for success or failure of the attempts to uphold the Italian policy preferences analysed in this paper.

² All the quotations in this section are taken from Fabbrini and Piattoni [forthcoming].

3. Success: Including Italy's policy preference within the European Employment Strategy

In 1998 the first cycle of the European Employment Strategy took place, following the process sketched out in the Employment Title, art. 128 TEC introduced by the Amsterdam Treaty, and made operational at the Extraordinary European Council on employment held in Luxembourg in November 1997³.

The annual procedure introduced by the Amsterdam Treaty and the Luxembourg Job Summit starts with the Commission drafting Employment Guidelines on the basis of the conclusions of the European Council. Such guidelines are eventually decided upon by the Council on a qualified majority vote. An Employment Committee (EMCO), provided for by art. 130 TEC and comprised of officials from each Member State and the Commission, acts as an advisory body in the process of drafting the guidelines and the monitoring of the process. While the guidelines are not legally binding, the Member States are expected to take them into account in their employment policies. National governments are to work out annual National Action Plans on employment (NAPs). The NAPs are in turn submitted to the Commission for cross-national comparison and evaluation. Also the implementation of the guidelines is to be reported. Bilateral meetings between the Commission and each Member State take place at this point. Moreover, the Member States review each others' performances within the Employment Committee (peer review). The results of the cross-national comparisons are published in an employment report drafted by the Commission, revised by the Employment Committee and then approved jointly by the Commission and the Council (the Joint Employment Report). The report includes benchmarking of the countries and the identification of best practices, and is forwarded to the European Council which, on the basis of it, adopts conclusions on the employment situation in Europe, thereby restarting the cycle. The formal task of supervising Member States' implementation of guidelines rests with the Council, which can on a qualified majority vote make recommendations to Member States to adapt their policies according to the guidelines⁴.

As said, the process started in 1998, steered by 19 guidelines organised around four pillars that provided the overall objectives of the EES: employability, entrepreneurship, adaptability, and equal opportunities. Between 1998 and 2002, the employment guidelines were adjusted every year, within the framework provided by the four pillars.

Italy found itself lagging behind when it came to complying with the procedural requirements of the EES. When the European strategy took off, the Italian government had no dedicated agency, nor any institutional equipment, for collecting and analysing data on labour policy measures, monitoring their implementation, diagnosing the challenges and devising policy solutions: in short, Italy's institutional capability as regarded policy planning and monitoring functions was very low indeed [Ferrera and Sacchi 2005]. The first National Action Plans on employment were drawn up by committees of experts co-ordinated by some academic, with little involvement of the ministerial structure, and consequently little ownership on the part of the latter. Still, already in 1999 the Italian NAP expressed some critical remarks on the European Employment Strategy, as regarded the issue of territorial disparities and the need for better integration of employment and social development policies. This is perfectly

³ Within the now extremely vast literature on the European Employment Strategy see for instance Trubek and Mosher [2003] and Goetschy [2003]. De la Porte and Pochet [2004] offer a condensed literature review.

⁴ See Jacobsson [2003].

understandable given the emphasis placed in those years on the new local development strategy devised by Italy's policymakers in their struggle to cope with socio-economic problems of the South after the demise (in 1992) of the so-called 'extraordinary intervention', which had failed to achieve the expected results.

The new local development strategy was launched in 1996, following the Employment Agreement signed by Prime Minister Prodi, the unions and the business associations. The broad heading of 'negotiated planning' (*programmazione negoziata*) covered a wide range of policy measures designed to foster local entrepreneurship, valorise local resources and institutions, and create new job opportunities through a mixture of training and job creation, qualification and work. The most widespread and significant measures are territorial pacts and area contracts, designed to encourage job creation and skills upgrading in depressed areas.

However, while starting to identify in its 1999 NAP what could be considered weaknesses of the EES from the Italian perspective – it is to be recalled that the European strategy took shape in a northern European and Anglo-Saxon mould, emphasising preventative measures, active labour market policies, the role of public employment services, and reflecting the fear for unemployment traps caused by high unemployment benefit levels⁵ - Italy did not exert any voice at the European level in order to refocus the strategy: it simply lacked the organizational structure to do this. The committee which had drafted the NAP disbanded after the drawing up, and the highlighted issues could not be upheld at the European level (meaning mainly the Employment committee). In the summer of 1999, moreover, the Labour Minister changed (Mr Bassolino resigned and Mr Salvi became minister). The more radical orientation of the new Labour Minister and his aides entailed – at least initially - an overarching distaste for the approach underpinning the EES per se, rather than dissatisfaction for its current working, so that ameliorating proposals never reached the European stage.

In 2002, a constellation of circumstances allowed Italy to forge, express and further a clear policy preference as regarded what it perceived as a necessary and beneficial change in the EES objectives, and to see it accepted by its European partners and the Commission.

The Social Agenda approved in Nice in December 2000 established that an exercise of impact evaluation of the EES would take place in 2002, after five years of operation, so as to take stock of the EES experience in order to improve on it. Such an exercise was jointly carried out by the Commission and the Member States, with each Member State drawing up its evaluation report.

The Italian evaluation report was drawn up under the co-ordination of the Institute for Labour and Training – ISFOL, which both provided some studies in-house, and contracted out some other to academics⁶. The overall summing-up of the report was however written by ministerial advisers with a view to highlighting black spots of the European strategy – particularly when assessed from an Italian perspective - and at the same time putting forward proposals for refocusing the EES in a desired direction.

After having analysed the impact of the first 5 years of operation of the EES on Italy's employment policy, the Italian report moved to criticising some aspects of the European strategy itself, putting forward proposals on how to make it better within future cycles. Faced with the specific difficulties of the Italian labour market, among which the

⁵ See Ferrera and Sacchi [2005].

⁶ The Italian evaluation report (*Impact Evaluation of the European Employment Strategy. Italian Employment Policy in Recent Years: Impact evaluation. Final report*) is available on the website http://www.europa.eu.int/comm/employment_social/employment_strategy/eval/eval_it.pdf.

widespread diffusion of the black economy and the undeclared employment, and the severe territorial imbalances, some specific limits of the EES were highlighted:

[T]he EES, in its concrete action up to now, has only been able to take into account to a limited extent the specific national structural aspects recalled previously. The EES, while highlighting the need for an organised strategy to support employment and the importance of policy mainstreaming, has simply given particular emphasis to certain concrete guidelines which were not very suited to the often fundamental nature of the Italian structural problems, with respect to the actual labour market. (...) [L]ittle consideration has been given to the regional aspect of Italian employment problems and the interaction between implementing employment policies and the socio-economic context of the different territories⁷.

The main problem is of course constituted by the *Mezzogiorno*, where the various imbalances which characterize the Italian labour market tend to overlap and reinforce mutually. The emphasis is, once again, on the joint operation of economic and social policies, underpinning the local development approach. Still, the Italian report maintains, the EES had tended to overlook such aspects:

The main features of some areas of the South are those typical of backward areas which in order to accelerate the growth process as such, demand a series of integrated economic policy measures. This intuition (...) is behind the attempt to re-launch Italian local development policies on a new basis. This re-launching has not always been well understood in the context of the EES, which has remained almost jealous of its sector and thematic prerogatives. In this regard it should be said that the EES has been rather silent on almost all the policy lines that are potentially relevant⁸.

As said, the Italian authorities put forward some proposals. The most important, and effective when assessed with hindsight, was that of the need for a much better consideration, within the EES, of two issues that were at the centre of governmental policy action at that time: those of undeclared work and regional economic disparities. Both were attuned with the government's attempt to encourage emersion of irregular employment on the one hand (also as a way to raise fiscal revenues), and local development on the other.

Such preference was then strongly upheld by the Italian officers within the Employment Committee. The strategy Italy pursued was that of throwing its political weight behind its preference as regarded the two issues, even at the cost of triggering somewhat harsh confrontations with the European Commission (which is in charge of drafting the employment guidelines proposals), while at the same time grounding such preference in economically sound arguments and trying to convince its partners of the gains the inclusion of the two issues in the set of guidelines would bring to the overall effectiveness of the European Employment Strategy. In the end, the Italian efforts within the Employment Committee succeeded, and in the course of the revision of the EES that occurred in 2003, taking stock of the evaluation results, Italy's preference was taken into account by devoting two of the new fixed set of ten employment guidelines to the issues of transforming undeclared work into regular employment (guideline no. 9) and addressing regional employment disparities (guideline no. 10)⁹. Moreover, in October

⁷ *Impact Evaluation*, 8.

⁸ *Impact Evaluation*, 19.

⁹ "Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States (2003/578/EC)", *OJ L197* of 5 August 2003, 13-21. Following the impact evaluation, in 2003 the EES was rationalized ('streamlined'). Its calendar was co-ordinated with that of economic policy coordination (the

2003, under the Italian Presidency of the Council of Ministers, a Council resolution on transforming undeclared work into regular employment was adopted¹⁰.

To sum up, Italy managed to elaborate, further and defend its policy preference (sometimes by means of attacking the received view of the EES and of throwing its political weight behind its proposals), and eventually persuade its partners (both the other Member States and the Commission). This raises two different – albeit connected – questions. The first concerns the domestic side: why was a policy preference not sketched out and voiced for earlier, considering that a critical appraisal of the EES had been elaborated already in 1999? And what, then, made it possible for Italy to have its policy preference taken on board by its European partners?

As for the first question, endogenous organizational and political factors are likely to go a long way towards accounting for the fact that Italy decided to fight for its vision and preference in 2002 while it had not done so three years earlier.

On the organizational side, while in 1999 the committee which drafted the NAP had very weak links with the ministerial structure, disbanded after delivering it to Brussels, and in any case the change of Labour Minister during the summer precluded the upholding of the stance expressed in the document; in 2002 the procedures leading to the production of the NAP had been internalized within the Ministry therefore engendering some ownership of the EES on the part of the ministerial officials, and most importantly a community involved in employment policies and advocating labour market modernization had formed, comprised of academics, civil servants and a deputy minister. This community was active on various fronts, providing statistical and juridical analyses and functional diagnoses of the employment situation in Italy (taking advantage of the recently-established Monitoring Group on labour market policies: see Ferrera and Sacchi [2005]), and at the same time putting forward proposals for labour market reform, such as the White Paper on the Labour Market of 2001¹¹. The same members of this community were at the intersections of domestic and European-level decision making, drawing up the NAPs and participating to the Employment Committee.

On the political side, the new Berlusconi government, voted into office in Spring 2001, paid much attention to the European Employment Strategy, perceiving in it a useful instrument that could be put to work in order to legitimize labour market reforms, an approach clearly epitomized by the White Paper on the Labour Market. At the same time, the new government showed more willingness than its predecessors to assume a confrontational stance towards the European Union, whenever it believed that EU-level decisions were at odds with its domestic policy agenda, or when they were not attuned to, or appropriate for, the Italian peculiarities.

The second question raised by the successful attempt by Italy to further its policy preference within the EU-level employment policy co-ordination pertains to the

process leading to the adoption of the Broad Economic Policy Guidelines) in preparation of the annual Spring European Council. Moreover, the four pillars were replaced by three 'overarching objectives' (full employment; improving quality and productivity at work; and strengthening social cohesion and inclusion) to steer the strategy, and the guidelines were reduced to ten specific guidelines, that although issued every year so as to take account of possible major changes, should have remain stable for a three-year period. The EES changed again in 2005, as a consequence of the upheaval involving the overall Lisbon strategy.

¹⁰ "Council resolution on transforming undeclared work into regular Employment (2003/C 260/01)", *OJ C260* of 29 October 2003, 1-3. In its Presidency Paper presented at the European Informal Council of Employment and Social Affairs held at the beginning of its Presidency in July, Italy had included the issue of the most appropriate policy mix to fight undeclared work among those to be addressed over the course of its Presidency.

¹¹ Welfare Ministry, "Libro bianco sul mercato del lavoro. Proposte per una società attiva e un lavoro di qualità", 2001, http://www.lex.unict.it/eurolabor/documentazione/stati/italia/dossier/libro_bianco.pdf.

conditions that made this possible. The first and probably most important explanatory factor has to do with the timing of the Italian effort: during the years 2002 and 2003 the European Employment Strategy was to be redefined and refocused, taking stock of the impact evaluation exercise. So this was a critical juncture for the EES, that could be exploited to propose changes in its overall aims and its way of operation. Italy did grasp the opportunity, that would simply not have been available in a different circumstance. Still, this alone would probably not have sufficed – albeit counterfactuals are a notoriously tricky exercise – had the Italian position not been argued for soundly on the one hand, and energetically forced onto the agenda on the other. Again this points to the availability of intellectual abilities, such as technical competence and framing capacities, on the part of the Italian actors, as well as the availability of empirical data to support the Italian claims. Framing capacities could also take advantage of some antecedent acknowledgments of the issues raised by Italy: the challenge of undeclared work had been discussed in a 1998 Commission policy paper, while some recognition of the importance of dealing with regional disparities had been signalled by its mentioning within the so-called horizontal guidelines of the EES, issued since 2001 as cross-pillar guidelines. Italian arguments were then made stronger by the nature of their proponents, policy middlemen and officers firmly ensconced in that network of liaison officers and experts that constitute the expert committees running, alongside the Commission officers, the policy co-ordination processes¹². Moreover, the fact that these people were also those at the centre of Italy's employment policy network guaranteed they had the backing of the domestic policymakers, and this strengthened their position on the European arena. To taint this seemingly immaculate picture, however, is the consideration of another probable factor accounting for Italy's success: the gradual loss of momentum of the EES occurred since its early introduction. After raising much initial enthusiasm, the EES has tended to be given less and less attention by the Member States, to the extent that the setting decided upon in 2003 was to be upset again in 2005, with the refocusing of the Lisbon strategy on the two objectives of growth and jobs, and the redrawing of the guidelines.

4. Failure: campaigning for a “Maastricht for pensions”

An open co-ordination process for pensions was launched during 2001, following the decisions made by the European Councils held in Stockholm, Gothenburg and Laeken, which in December 2001 provided for the time schedule and work methods of the process¹³. The Open Method of Co-ordination on pensions is steered by three broad common objectives, that is financial sustainability of pension systems, adequacy of pension benefits, and modernization of pension system with changing social needs. The first round of the OMC on pensions took place in 2002/03, with National Reform Strategies (a loose functional equivalent of National Action Plans for employment) presented by Member States in September 2002. Such policy documents were then

¹² Among these policy middlemen and officers are to be recalled in particular Paolo Sestito, a Bank of Italy economist who had formerly been posted to the DG Ecfm of the European Commission, was now collaborating with the Ministry of Labour and Social Affairs and was also an alternate member of the Employment Committee; and Paolo Reboani, head of the technical staff to the Minister and member of the Employment Committee.

¹³ Quite surprisingly, literature on the Open Method of Co-ordination on pensions is rather scanty. The most focused contribution is Natali [2006], in Italian. In English, one may want to peruse Pochet [2003].

assessed by the Commission and discussed in peer review exercises, and a Joint Council/Commission Report on Adequate and Sustainable Pensions was finally issued in March 2003. The process had a second round in 2005/06, with the presentation of National Reform Strategies in July 2005 and of the Joint Report in February 2006¹⁴. Within this open co-ordination process, a leading role is played by the Social Protection Committee (SPC), a committee comprised of experts and representatives from the Member States and the Commission that advises the Employment and Social Affairs Council on social protection issues, and procedural matters related to the OMC processes in social protection¹⁵. Provided for by art. 144 TEC, the Social Protection Committee performs in the OMC processes on social protection the same function the Employment Committee does in the EES.

In the early 2000s, Italy was one of the warmest supporters of the application of the OMC in the field of pensions, alongside Belgium and France [Natali 2006]. On the one hand, the exchange of information on pension reform strategies gave Italy a chance to present itself as a best practice example, thanks to the 1990s reforms, and the 1995 Dini reform in particular¹⁶. Pension reforms enacted in Italy during the 1990s were indeed praised and studied all over Europe as best practices, in terms both of cost containment effectiveness and of their innovative content as regards benefit calculation. Moreover, in the 1990s an Agency for the Monitoring and Evaluation of Pension Expenditure (*Nucleo di Valutazione della Spesa Previdenziale*) had been created, providing data and analyses on pension trends that were unavailable in most other Member States, and could thus be proposed as a practice to be followed by Italy's partners. On the other hand, the OMC on pensions was perceived to be useful in order to help Italian policymakers to identify problems still to be addressed in the Italian pension system and their possible solutions, by looking at the other Member States. Therefore, Italy advocated the adoption of the Open Method of Co-ordination in the field of pension policy, joining the efforts that were being made in this regard by Belgium and France and which led to the launch of the process in 2001, under the Belgian Presidency.

Despite the pension reforms of the 1990s, Italy still had two problems to fix as regarded pensions: one of sustainability in the short run, before the Dini reform gets thoroughly phased in; another of adequacy of pension benefits for younger cohorts to whom the Dini reform applies, and thus the contribution-related formula. In 2001 the Berlusconi government obtained by the Parliament a mandate to make adjustments to the public pillar, and to introduce reforms to enhance the supplementary pension pillar so as to compensate for lower pension benefits in the future. The latter issue was then explicitly framed by the government in terms of the adequacy of pension systems objective already agreed on in the context of the OMC process. The reform, opposed by the trade unions, had languished for some time in Parliament when the opportunity of utilizing Italy's

¹⁴ Since September 2006, with the presentation by the Member States of the first National Reports on Strategies for social protection and social inclusion, the two already existing OMC processes on social protection (social inclusion, pensions) have been enriched with an OMC process on healthcare and integrated in a unified ('streamlined') process (the Open Method of Co-ordination for social protection and social inclusion), guided by three overarching objectives. The National Action Plans on social inclusion and the National Reform Strategies on pensions are thus now subsumed within the National Reports on Strategies for social protection and social inclusion.

¹⁵ For matters regarding the financial sustainability of pension systems, an important role is played by the Economic Policy Committee, which advises the Ecofin Council.

¹⁶ The 1995 pension reform, enacted by the Dini government and therefore known as 'Dini reform' introduced an innovative contribution-related pension formula, affecting however only the younger cohorts.

Presidency semester (1st July-31st December 2003) to push the reform to its approval manifested itself.

Italy made that of addressing the adverse effects of an ageing population one of the key priorities of its Presidency, and in its infamous speech to the European Parliament setting out the programme of the Italian Presidency in July 2003, Prime Minister Berlusconi highlighted the necessity to increase the employment rate of the elderly and to reduce the number of people taking early retirement¹⁷.

In order to put the OMC on pension on firmer grounds, and secure its future viability, the Italian Presidency made an important contribution to the so-called streamlining of all social protection OMC processes into one, the Open Method of Co-ordination for social protection and social inclusion, which came in operation in the course of 2006¹⁸.

Moreover, a proposal was put forward by two advisors to the government (Mr Brunetta, Prime Minister's economic advisor, and Mr Cazzola, Italy's representative to the Social Protection Committee and advisor within the Ministry for Labour and Social Affairs) for a strengthened procedure that should lead to a closer coordination, in-between soft and hard law, on pension reform strategies. In May 2003 they drafted a note on a 'Maastricht for pensions', sketching out a proposal envisaging that common targets in terms of adequacy, sustainability and modernization of pensions should be set, and that for each Member State the optimal level and mix of the various pension tiers (public, occupational, private) should be shown (arguably by the Commission, in charge of steering the procedure)¹⁹. Each Member State should then issue a forward-looking national programme for adequacy, sustainability and modernization of pensions (time horizon would be 2010), flanked by yearly action plans to be assessed by the Commission. Every six months the Commission should issue a scoreboard, assessing for each Member State the degree of target achievement and showing which measures have been taken by Member States. The proposal also envisaged sanctions for those Member States which would not reach the targets (e.g. the proposed target of invariance of the public pension expenditure/GDP ratio until 2010, its decrease by a percentage point by 2020 and by two within 2030). The sanctions should go into a common fund established to facilitate reforms, financed by the Member States and that could be accessed primarily by the 'virtuous' countries. Prime Minister Berlusconi, with a view to using Italy's Presidency semester to upload the pension issue to the European level and subsequently exploiting the external constraint to pass the reform bill, seemed keen on an even more structured process, resting on stringent criteria, regarding retirement age in particular.

However, the proposal was a complete non-starter at the European level. The Brussels European Council of October 2003 only conceded that 'the Council should consider refining the sets of objectives used in open coordination on social protection - following the example of the conclusions of the Barcelona European Council, which called for an increase by 2010 of five years in the effective average age at which people stop working - so as to ensure the sustainability and adequacy of pension systems in the face of demographic developments' [European Council 2003, point 22]. No other concession was made to the Italian Presidency.

¹⁷ "Programma della Presidenza italiana", speech delivered by the Italian Prime Minister Silvio Berlusconi to the European Parliament, 2 July 2003, http://europa.eu.int/constitution/futurum/documents/speech/sp030903_2_it.pdf, (in Italian).

¹⁸ See "European Informal Council of Employment and Social Affairs (Varese, 11-12 July 2003). Presidency Paper", 2003, <http://www.lex.unict.it/eurolabor/en/documentation/comunicati/rapid080703.pdf>.

¹⁹ R. Brunetta and G. Cazzola, "Nota per una «Maastricht delle pensioni»", unpublished paper, May 2003, downloadable from <http://www.renatobrunetta.it/documenti/0/700/750/758/maastricht-pensioni.pdf>.

The proposal of a 'Maastricht for pensions' was mainly a domestic issue, put forward in order to speed up a domestic reform, receiving very little press coverage abroad, and commanding no sympathy on the part of the other Member States (or the Commission) whatsoever. The vast majority of the Member States oppose any further step towards a more Europeanized social policy, and the legal basis for implementation of the proposal would have been uncertain at best²⁰. Thus, the proposal blatantly was a political non-starter (and to a large extent a juridical one as well). While Italy successfully contributed to the launch of the OMC on pensions, and its technical expertise in the field of pension indicators (indicators being a fundamental building block of the OMC processes) is very highly regarded within the Social Protection Committee and the Commission, in this case it displayed a fairly little measure of cognitive expertise, if not a good deal of outright naivety.

However, the proposal was mainly geared to domestic purposes. Particularly striking is therefore the fact that it was not upheld by the Minister of Labour and Social Affairs, but rather by Italy's representatives to the Social Protection Committee, and by Prime Minister Berlusconi himself. Actually, the Minister of Labour and Social Affairs, Mr Maroni, strongly opposed the proposal, mainly for two reasons: in order not to deteriorate any further the relations with the trade unions, already tense as a consequence of the enactment of the labour market reform, and for reasons related to the political constituency of his political party, the Northern League. Since the bulk of early retired lies in the more industrialized Northern regions, where the Northern League receives its core support, provisions intended to raising the effective retirement age were not very well received by the leaders of such party. Be that as it may, institutional co-ordination on the issue was non-existent: on the European stage the proposal was advocated directly by Prime Minister Berlusconi, but totally ignored by Minister Maroni, who rather supported the OMC streamlining, in the Employment and Social Policy Council.

5. Conclusions

The contrast between the two Italian attempts to get a preferred course of action through at the EU level, both dealing with social policy soft co-ordination, highlights some distinct factors that can confidently be held to account for the success of Italy's initiative in the employment policy field, and by the same token for the failure to uphold – or even to articulate, in the first instance – a proposal for further strengthening policy co-ordination in the field of pensions. True, due respect needs to be paid to the peculiar nature of the decisions involved, and to the distinctiveness of the policy process leading to them, both stemming from a decision-making setting radically distinct from the Community method: the Open Method of Co-ordination. Still, the different outcomes in the two Italian attempts point at marked differences between the two cases along well-identifiable dimensions. Differences, that is, in institutional and organizational variables – to wit, the degree of co-ordination between Italy's officers at the EU and the domestic level, and between different branches of government in Rome, so as to provide clear backing to the actions geared to get preferences through; differences, moreover, in the existence and degree of commitment of policy entrepreneurs determined to pursue such

²⁰ As a case in point, the German government considers that the present scope of co-operation in the pension area is perfectly sufficient, with no need to extend it or deepen it [Büchs and Hinrichs 2006].

actions, but also of technical structures capable of supporting their activism, feeding with data and informed analyses their expertise and skills, which have to be fairly strong both in terms of subject-matter knowledge ('technical expertise') and of the ability to devise proposals in such a way that they can be perceived as mutually beneficial and taken on board by all the partners involved (that is, the Member States and the Commission). The cognitive expertise involved by such framing capacity presupposes familiarity with the EU policy process and law, but also a good measure of sensitivity towards what could constitute appropriate timing to put forward proposals embodying an Italian policy preference.

As for institutional variables, in the case of employment policy Italy, learning how to do after the organizational haphazardness which had marked its early participation in the EES, managed to reach a high level of co-ordination between the various actors and institutions involved, certainly favoured by the fact that a single, small community of policy middlemen and officers were at the same time those planning and steering domestic labour market policy, supervising domestic implementation of the commitments taken at the EU level, and acting as leading characters on the European stage, to the extent that it would have been very baffling indeed had a good degree of co-ordination not been reached. All this ensured political backing to the Italian proposals, and the persistence over time of the efforts to uphold Italy's preference. In the case of pensions, on the contrary, the Italian initiative was characterized by a good measure of extemporaneity, and above all by contrasts over the sensibleness of the proposal between the Prime Minister and his advisers on one side and the competent Minister, who left the proposal unattended at the EU level and refused to back it within the Council of Ministers, on the other.

What has just been said also accounts for different degrees of policy entrepreneurship between the two cases, while technical expertise, clearly mastered by the negotiators in the employment policy case, would also have been theoretically available in the case of pensions. Simply, it was not mobilized in a sensible way, insofar as the Italian proposal completely lacked any measure of cognitive expertise (again skillfully mastered in the employment policy case), making it an outright non-starter at the European level. This involves issues of timing as well: while it might seem that holding the Presidency of the Council would make an excellent occasion for Italy to have its proposal on pensions approved, it is to be considered the unanimous hostility shared by the Member States towards further (and above all 'harder') Community initiatives in social policy, in particular in such a politically sensitive field as that of pensions. Timing of the Italian proposal in employment policy was on the contrary very apt, exploiting the opportunity window of the refocusing of the European Employment Strategy.

To be fair, it is to be recalled that on other occasions Italy's participation in the EES has been exploited until deemed useful for domestic purposes, and then abandoned²¹. The case of Italy successfully upholding its preference in the context of the EES shows however that the technical and cognitive ability of Italian officers, when backed by institutional co-ordination and capabilities, and when pursued with continuity in a systematic rather than extemporaneous way, can lead Italy to formulate and uphold policy preferences that configure win-win solutions, namely sensible solutions that accommodate Italy's desired course of action, while at the same time being acceptable and beneficial for all the partners involved.

²¹ For a case in point, see Ferrera and Sacchi [2005] on the issue of quality at work.

Lastly, the proposed account in the case of the employment guidelines tends to highlight that a critical, albeit not antagonistic, approach towards European decision making and decisions made at the European level on the part of Italy's policymakers can be welcome, insofar as it may help precisely that capacity for putting forward sensible proposals far better than a passive behaviour could do. Under this regard, the experience of the Berlusconi governments in the 2000s can be bent to entail a possible lesson for current and future governments: the best turn that Italy can do to the European Union is to refrain from a confrontational, but also from a passive and undiscerning style of participation in EU policymaking, to adopt one that is more aware, so as to assess in a careful and reflexive manner the various implications for Italy of the decisions to be made in each occasion, to elaborate possible alternatives, and to act accordingly in a consistent way.

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