

---

---

# The Jobs Act and the dualization of the labour market in Italy

---

---

*Has the Jobs Act improved the situation for the outsiders?*

**Institution:** Hertie School of Governance  
**Programme:** Master of Public Policy, 2018  
**Author:** Lorenzo Andreoli  
**Supervisor:** Prof Hanna Schwander  
**Date of submission:** 6 May 2018  
**Word count:** 11958  
**Place:** Berlin



## **Abstract**

This paper analyzes the effect of the Jobs Act reform of 2014/2015 on the dualization of the Italian labour market. Presented as a reform that would have dismantled the division between the insiders and outsiders of the labour market in Italy, the Jobs Act is a particularly interesting case to explore. It evidences some explanatory strengths of the dualization theory, while offering new insights that can be further investigated. This paper employs the theoretical framework proposed by Thelen (2014) to qualitatively assess the institutional changes brought by the reform, while it uses the model by Schwander and Häusermann (2013) to try to quantify its effects on the divide insider/outsider. The paper finds no clear effect, but the institutional changes prompted by the reform are argued to be significant.

## **Acknowledgments**

I am especially grateful to Prof Hanna Schwander for your support and guidance throughout this process.

I would also like to extend my thanks to my fellow students of room 2.31 who made the writing process particularly funny. Ivan, Sadem, Cristina, Azucena, Kelly and Federico you will be remembered.

A special thanks to Kim and Melissa, whose comments and help were crucial for the success of this thesis.

Finally, I am deeply thankful to Thomas Jack. Your music gave the energy to focus and work hard.

# Table of Contents

INTRODUCTION	1
CHAPTER 1: THEORY	3
<i>The age of dualization</i>	3
<i>The Particular dualization of Italy: the case of mid-siders</i>	6
<i>Theoretical framework</i>	9
CHAPTER 2: THE LABOUR MARKET REFORMS	11
<i>The Treu Package and the Biagi Law</i>	11
<i>The Crisis, Austerity and the Fornero Law</i>	15
CHAPTER 3: THE JOBS ACT	20
<i>Paving the way for the Jobs Act: Poletti decree and the 80-euro bonus</i>	20
<i>The Jobs Act</i>	21
CHAPTER 4: EMPIRICAL SETUP	26
<i>Main Measurement</i>	26
<i>Control Measurement</i>	31
CHAPTER 5: COMPARATIVE DISCUSSION AND CONCLUSION	33
REFERENCE LIST	36

**List of Figures**

FIGURE 1: TRAJECTORIES OF INSTITUTIONAL CHANGE..... 10

FIGURE 2: UNEMPLOYMENT RATE BETWEEN 1991 AND 2007 ..... 13

FIGURE 3: TEMPORARY EMPLOYMENT BETWEEN 1990 AND 2016..... 13

FIGURE 4: UNEMPLOYMENT BENEFITS RECIPIENTS IN ITALY IN 2006..... 15

FIGURE 5: ITALIAN LEGISLATION ON EMPLOYMENT PROTECTION..... 18

FIGURE 6: CONCEPTUALIZATION OF INSIDER-OUTSIDER BASED ON MARRA AND TURCIO  
(2016)..... 31

## List of Tables

TABLE 1: VARIATION OF NEW JOBS BY CONTRACTUAL TYPOLOGY AFTER THE FORNERO LAW.....	19
TABLE 2: LABOUR MARKET LIBERALIZATION REFORMS IN ITALY SINCE 1997 .....	25
TABLE 3: THE FIVE CLASS GROUPS OF THE MAIN MEASUREMENT .....	28
TABLE 4: THE RISK OF OUTSIDERNESS IN 2007, 2013 AND 2016.....	30
TABLE 5: INSIDERS AND OUTSIDERS IN THE ITALIAN LABOUR MARKET BY CONTRACT ....	32





## Introduction

*“Reforming the labour market is sacrosanct and this reform is left-wing. If left is about defending the workers and not the totems. If it serves to defend the future and not the past. It is about defending everyone and not someone who is already protected.”*

Matteo Renzi, September 29<sup>th</sup>, 2014

This is an extract of the speech that Matteo Renzi, the former secretary of the Democratic Party (PD) and Italian Prime Minister (PM), gave at the general direction of PD on September 29<sup>th</sup>, 2014. The party was called upon to deliberate on the Jobs Act, the cardinal reform in Matteo Renzi’s political agenda (La Repubblica, 2014). Since the beginning, the reform generated heated debates, both within the party and among the general public. Despite sharp hostility against the proposal, the government continued on its way and the Jobs Act was approved between late 2014 and early 2015 (Picot & Tassinari, 2015). While Ichino (2016) defines the Jobs Act as the most significant change in the history of Italian labour law, Pini (2015) claims that the reform is useless and possibly even dangerous. The profound division between the advocates and opponents of the reform perfectly epitomize its importance. After almost three decades of labour market reforms, the Italian labour legislation has aligned to the international benchmark and the principles of flexicurity (Pinelli et al. 2017). This process has been long, and its intricacies involve various stakeholders, each with their own motives.

Through the lenses of dualization theory this paper attempts to disentangle a complex scenario. Emmenegger et al. (2012) describes the current status of post-industrial societies as the “age of dualization”, a time in which the flexibilization of the labour markets and employment protection legislation (EPL) led to a division between two groups: the insiders and outsiders of the labour market. Those with open-ended contracts and regular employment histories, who also benefit from the most extensive social protection schemes make up one side; while workers that have been more affected by the flexibilization of labour standards are employed with non-traditional contracts and have access to limited social benefits make up the other (Häusermann & Schwander, 2012). Jessoula et al. (2010) argues that the division in the Italian labour market coincides with age and gender as women and young people tend to be found in the most unprivileged group. Moreover, the Italian case is particularly interesting to analyze

because the liberalization reform of the labour market spans over such a long period of time. Furthermore, it has been contoured by political actors from right to left of the political spectrum. Nonetheless, the policy dependency on flexicurity seems to reconcile every governing party of the past three decades. For this reason, dualization theory seems to be the most appropriate theoretical framework because it allows for the qualitative and quantitative assessments of the policy process of the reform, and its consequences on the labour market.

The peculiar and most interesting aspect of the latest labour reform, the Jobs Act, is not so much the legislation, but rather the political process and the implications behind the reform. According to the government, the main goal of this reform was to reduce the dualization of the labour market by extending protections to the outsiders and reducing the privileges granted only to the insiders. Thus, this paper aims to research to what extent the Jobs Act reform of 2014/2015 has reduced the differences between insiders and outsiders of the Italian labour market.

In order to provide the most detailed picture to the readers, this paper starts by introducing the dualization theory, focusing particularly on the literature on the Italian welfare system and consequently defines the theoretical framework. Secondly, the paper presents an overview of the major reforms of liberalization of the labour market by discussing the political motives and their impact on the labour market, particularly in regards of dualization. Next, it discusses the Jobs Act reform by highlighting the legislative innovations, the political negotiation that led to its approval and the first effects identified by scholars and international organizations. The paper then moves to a more quantitative analysis of the reform and the empirical setup draws on the models by Schawander and Häusermann (2013) and Marra and Turcio (2016), which are the most precise to identify the insiders and outsiders. Consequently, the results of the analyses are discussed in conjunction with quantitative perspective developed in the previous part of the paper. The paper concludes with final remarks on the relevance of this study and proposes some critical points to be further investigated.

# Chapter 1: Theory

## *The age of dualization*

In recent years, the topic of inequality is becoming a prime focus of public debate worldwide. Even though there are different conceptualizations proposed, the term is used in the mainstream political vocabulary in reference to one of the key characteristics of post-industrial societies: the risk for a group of individuals to find themselves in permanent disadvantages in key activities of society, such as the labour market (Burchard et al., 2002). The empirical and theoretical literature on inequality is substantial and comprehensive, with important contributions produced by both international institutions (OECD, 2008; OECD, 2015; World Bank, 2016) and scholars (Emmenegger et al, 2012; Piketty, 2015).

Given the specific scope of this paper, the focus of this chapter is to provide an overview on the part of literature that has been labelled “*dualization*”. Emmenegger et al (2012) classify the present-day period as “*the age of dualization*”: a situation in which modern societies are divided between the insiders, who can enjoy favorable welfare protections, and outsiders, whose conditions, on the contrary, are shaped by insecurity and precariousness. The literature on dualization has been particularly flourishing in recent years and finds its roots in the literature on segmented labour markets (Gordon et al, 1982; Reich, 2008) and dual labour market theory (Doeringer & Piore, 1971). These theories hypothesize that labour markets are not perfectly competitive as posited by neoclassical economics and human capital theory but are actually divided into two distinctive institutionalized segments. Lindbeck and Snower (1985) were the first scholars to introduce the concept of insiders/outsiders to theorize how unemployed workers affected the wage bargaining of unions. Later contributions have broadened the definition by including also individuals employed but, to different degrees, excluded from the same benefits and safety net provided to the insiders (Castel, 2008).

This new age of dualization finds its roots in the transition of Western democracies from industrial to post-industrial societies, which saw a profound transformation of their economic and social foundations (Touraine, 2007). The economic growth with near full-employment, stable jobs and high social protections, a symbol of the industrial societies after World War II has disappeared (Emmenegger et al., 2012). The new socio-economic paradigm has been characterized by growing inequalities, which

result not only from structural changes in the economy but may be specifically linked to certain social policy developments (Emmenegger et al., 2012). Social policies have always been the counterweight to moderate market income inequalities, but they can also amplify them. Dualization theory scholars argue that in order to properly grasp the nature of these inequalities, it is important to frame them not only as a mere outcome of market transformations but rather as a political process (Emmenegger et al., 2012).

The dualization literature recognizes several structural drivers that have contributed toward greater inequalities, which can be synthesized in three major trends: deindustrialization, globalization and feminization of employment (Emmenegger et al., 2012). Firstly, and most important, deindustrialization and consequent tertiarization of employment structure. Even in countries with large manufacturing sector, the past decades have seen a sharp decline of jobs in this sector (Martin & Thelen, 2007). As a result, nowadays, in all OECD countries the number of jobs in the service sector is greater than those in the industry (Emmenegger et al., 2012). However, “*white-collar*” jobs are traditionally loosely regulated or unionized, which together with low productivity growth and expansion of tertiary education has intensified the pressure on low-skill employment (Häusermann & Schwander, 2012). Secondly, globalization has further the pressure on manufacturing jobs in advanced economies as they are in direct competition with low-wage countries (Held et al., 1999). Thirdly, the rate of female employment has increased in many countries. However, women are more likely to have a more discontinuous career in order to meet the family needs (Estevez-Abe, 2005) and, as noticed by Oesch (2006), this translates in women being predominately employed with non-standard employment contracts in the service sector.

As pointed out by Emmenegger et al. (2012), the policy measures implemented to tackle deindustrialization affect the degree of dualization in a country. The challenges of deindustrialization are similar among all Western societies. However, it is up to national politics to decide how to tackle these issues and how much to allocate to specific redistributive measures, each affecting the various groups of society to different extents (Bonoli, 2005). Furthermore, it is important to note that in all the advanced economies, there has been a common policy response to cope with deindustrialization, the so-called “*flexicurity strategy*” - flexible and secure labour market arrangements (Jessoula et al., 2010; Bekker & Wilthagen, 2008, Emmenegger et al. 2012). The literature recognizes three major pillars of flexicurity: flexibility of the labour contracts, social protection schemes and active labour market policy (ALMP) (Jessoula et al., 2010; Madsen, 2002).

The major implication of deindustrialization and the consequent policy responses has been an increased segmentation of the labour market between standard jobs on the one hand, and non-standard jobs on the other hand (Häusermann & Schwander, 2012). Today, unemployment and “*atypical*” employment, which denotes all the employment relations that do not correspond to full-time, stable, insured employment, has become common and widespread (Häusermann & Schwander, 2012). However, atypical employment contracts have been greatly affecting the new entrants of the labour market without impacting those already in the labour market (Durazzi, 2012). Part-time and temporary employment contracts are the some of the prominent forms of atypical unemployment, even though there are differences between countries depending on their labour legislations and welfare regimes (Eichhorst & Marx, 2010).

In fact, as argued by Fernández-Macías (2015) and Emmenegger et al. (2012), it appears that the different types of welfare regimes impact how dualization evolves in each country. In Germany, the Netherlands, France and continental Europe there has been a tendency toward “*job polarization*”; in Scandinavia “*upskilling*” of the workforce has taken place, while in Spain and generally southern Europe, there has been an expansion of mid-paid occupations (Fernández-Macías, 2015). To some extent disproving Bauman’s “*liquid modernity*” thesis, modern societies have not been able to form a “*collective of workers*”, which harmonizes toward one entity but instead, the trend is towards polarization of even more distinguishable social groups (Gallino, 2008). According to Rueda et al. (2015), the “*social divide*” coincides with the labour market vulnerabilities of the different actors. In this regard, atypical employment has become commonly widespread among labour market entrants and women, who are the main outsiders across the majority of all the advanced economies (Chauvel, 2009). The implications are worrisome if considered that social mobility has not increased in contemporary society and there is a growing risk of having ever-larger portions of society being completely excluded not only from social welfare but also from voting in national elections (Hense, 2017).

Anderson (2009) argues that this polarization of jobs creates an “*hourglass economy*”, in which jobs tend to be either high-end or low-end at the expenses of the middle-class. Even though the social issues under investigation are common to other theories, dualization theory is distinguishable as it has a major focus on the politics of change, or in other words, on the output level and not only on the outcome level (Emmenegger et al., 2012). This important distinction permits to better analyze the policy

level, which is when the differentiation of rights, entitlements and services provided to the different groups takes place. Hacker (2002) coined the term “*drift*” to refer to the intentional act of political actors in refraining from adopting solutions to the problem of dualization. Häusermann & Schwander (2012) distinguish three levels to analyze the process of dualization between insiders and outsiders. Firstly, *labour market*, which refers to unfavorable conditions that outsiders face in terms of earnings and job opportunities. Secondly, *social protection*, which refers to the structural disadvantages of outsiders in terms of welfare. Thirdly, *political integration*, which is the political underrepresentation of the outsiders in the democratic institutions. These levels are not hermetic, but they are very much interlinked, which tends to degenerate into a vicious feedback effect that often traps one group in disadvantageous conditions.

Emmenegger et al. (2012) argues that there are not only differences across different regimes but there also significant variations within each regime. From this perspective, the Italian case is particularly interesting to investigate because the insider-outsider divide has been affected by specific socio-economic and cultural factors typical of Southern European countries, but also by specific policies. In this regard, the Italian case is even more thought-provoking as in the past three decades, governments from the whole political spectrum have been to power and policy legacy seems to have a bigger impact on how governments intervened rather than their political affiliations. The dualization theory is a great analytical framework to extensively assess the changes in the Italian society since the early 1990’s (Marra & Turcio, 2016).

### *The Particular dualization of Italy: the case of mid-siders*

As argued by Emmenegger et al. (2012), politics is the key to understand how structural changes are translated into policies, which consequently affect the status quo. The political process is the arena in which the strongest actors use their political and economic power to try to eclipse weaker actors and protect themselves from the negative aspects of the structural pressures. As a result, social policy becomes the dividing factor that creates new distinctions or reactivates old ones (Emmenegger et al., 2012). Esping-Andersen (1990) categorizes Italy as conservative-corporatist welfare model, definition that Ferrara (1996) refined by defining Italy as an emblematic case of the Southern European model of welfare regime. Häusermann and Schwander (2010) argue that the type of regime is one of the primary drivers of dualization because in conservative welfare regimes, social

protection is based on the social contributions, which implies a structural disadvantage for individuals with atypical working biographies since they cannot fully contribute to their protection schemes. Moreover, as noted by Durazzi (2015), these welfare regimes typically have strong labour unions, which are more prone to favor insiders rather than outsiders. Italy has had rigid labour regulations, with substantial barriers for the market entrants combined with high level of job protection and low expenditures on ALMP (Ferrara & Gualmini, 2004). The result, as in other conservative welfare regimes, has been a widening of the divide between the insiders and the outsiders both regarding the labour market and the social protection. However, Ferrara and Gualmini (2004) correctly define Italy as an “*emblematic*” case because particular dynamics make the country a case on its own and more difficult to pinpoint to a general definition.

Jessoula et al. (2010) argues that the dichotomy insiders/outsideers is insufficient to capture the complexity of the Italian welfare regime. They define insiders those workers employed in unionized medium-large enterprises or in the public administration and outsiders those who are not employed and do not have any social net (i.e. a guaranteed minimum income). However, as analyzed by Ferrara (2006), once considering the intricate relation between social protection schemes and labour regulations, it is possible to distinguish a “third” group of workers, whom Jessoula et al. (2010) calls “mid-siders”. This group is employed, and thus have access to significant extents to some contributory unemployment benefits. However, they do not enjoy the same protections of the insiders. Contrary to the classification proposed by Schwander and Häusermann (2013), who define outsiders based on their respective risk of atypical employment and unemployment, Jessoula et al. (2010) classifies atypical workers as mid-siders. Considering that in Italy 95% of the firms have less than 10 employees (ISTAT, 2017), they argue that mid-siders can be clustered in two sub-groups: workers employed in micro and small enterprises (SME); and the galaxy of atypical workers that has continuously expanded in the past three decades following the liberalization of the labour market. Jessoula et al. (2010) argues that the tripartite division of workers has the advantage to better represent a typical feature of the Italian labour market: the considerable size of the population that is inactive or irregularly unemployed. According to the OECD (2017), at 64,9% Italy has the lowest labour participation rate, well below the average of the EU-28 at 73,2%, and the gap is even more dramatic for women, with only 52.5 % against an EU average of 67,5%. Similarly, youth participation in the labour market is one of the lowest among EU countries (Del Boca & Mundo, 2018). Furthermore, the informal economy

accounts for 26.7% of official GDP, the highest share in Europe (Schneider & Buehn, 2012). As argued by Baglioni et al. (2008), these factors imply that a substantial share of the population is not represented in regular employment and, thus, has no social protection. In light of these findings, the tripartition of the labour market between insiders, outsiders and mid-siders has a great explanatory power. However, it is extremely difficult to quantify as the outsiders are generally employed in the formal sector and, hence, are not recorded in official statistics.

Ferrara et al. (2012) suggests that these patterns of the Italian labour market are reinforced by specific employment legislation and for this reason, they talk about “*selective flexicurity*” of the segmented Italian labour market. As suggested by Bonoli (2017) the peculiarity of the Italian employment regulations, it is helpful to put it in comparison with other European systems. The usual employment policy mix in Europe consists of three parts, each with specific subgroup of policies: *income security*, which refers to the unemployment protection system; *legislation security*, which indicates the hiring and employment protection legislations; and *employment security*, which consists of the active labour market policy (Jessoula et al., 2010). The first important difference between the Italian policy mix and the traditional European model can be traced to income security. As noted by Ferrara (2004), traditionally income security policy consists of three pillars: first, a contribution-based insurance scheme providing earning-related benefits; second, a social assistance program for the unemployed who could not fully contribute; third, a safety net to guarantee a general basic income. In Italy, on the other hand, the second and third pillars had not been properly implemented until recently, while the first pillar was set up under the “*Cassa integrazione guadagni ordinaria e straordinaria*” (CIGO and CIGS) (Jessoula et al., 2010; Graziano, 2011). CIGO and CIGS provide temporary wage-related benefits for workers who suffer a temporary or permanent reduction of working hours for a limited period of time, which usually varies across the different economic sectors (Ferrara et al., 2012). These programs have been reformed recently, however, for many years they had tight eligibility conditions and the benefits were generally low. They required a minimum of 52 weekly contributions over a 2-year period in order to be claimed (Giannini, 2005). Furthermore, the “*Indennità ordinaria di disoccupazione con requisiti ridotti*” (UBR), which had less strict eligibility requirements provided unemployment benefits based on contributions to seasonal workers, but in a much lower quantity and as a lump sum payment (Ferrara et al., 2012).



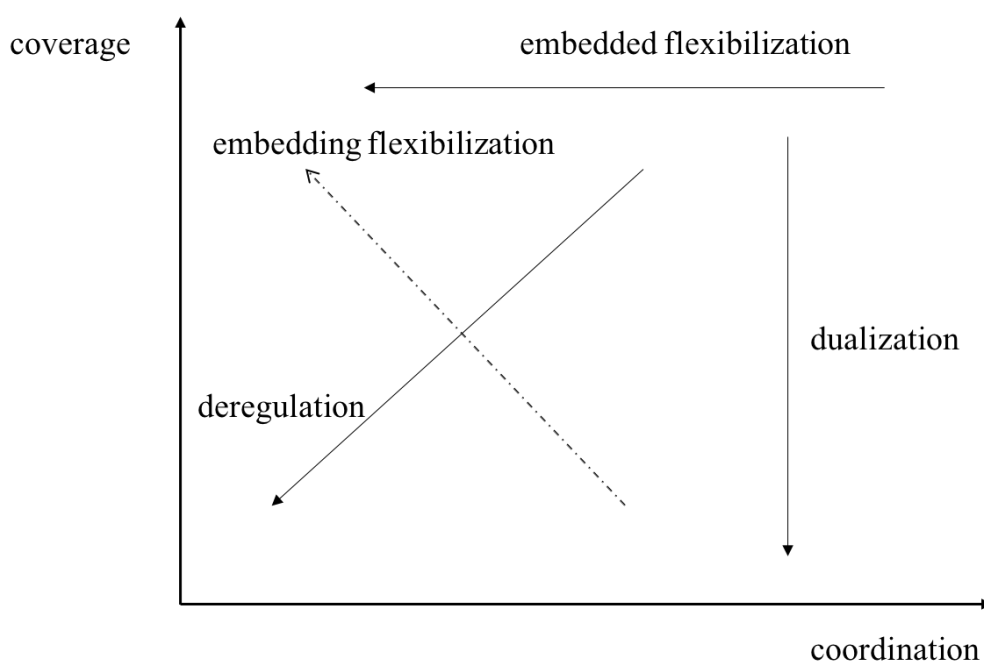
As pointed out by Giannini (2005) the wage replacements provided by the CIGO and CIGS schemes are generous, corresponding to 80% of the last wage, but they covered only 40% of the dependent workers, mainly those employed in big enterprises, while workers in SMEs and most of the service sector were excluded. Even more, these benefits were conditional on a negotiation procedure between the government, the unions and the employers. On the side of generous income protection available only to the insiders, rigid labour market regulation guarantee high job security (Ferrara, 2016). In this context, the Jobs Act abolished the Article 18 of the Workers' Statue (Law n.300/1970), one of the key regulation guaranteeing high job security, which obliged firms to reintegrate workers if the Court declared the layoffs illegitimate (Ichino, 2016). However, it is important to remember that the Article 18 only covered workers of firms with more than 15 employees, which meant that the high level of job security and generous income protection were a prerogative only of the insiders (Gualmini, 1998). Lastly, as indicated by Graziano (2009), the outsiders could not rely on any kind of social assistance and ALMPs have always been very limited in the Italian employment policy mix. As perfectly summed up by Jessoula (2017), all the labour welfare systems have some unique features, but the Italian one has emerged to be the most “*anomalous*” of all.

### *Theoretical framework*

Given the broad scope of dualization literature, it is possible to employ a detailed theoretical framework to assess the Jobs Act substantially. Bonoli and Emmenegger (2010) in comparing labour policy development in Sweden and Italy find that despite actual similar legislation, the results have been antithetical. Firstly, they recognize that left-leaning governments tend to favor the insiders by implementing stronger job security regulations, but they turn to flexicurity as a compromised solution to labour issues, especially if there is international pressure or structural weakness. Secondly, they trace the Italian failure in the inability of social partners to collaborate. In fact, from the perspectives of the trade unions, employers misuse flexicurity tools to their advantage. As a consequence, trade unions impose “red tape” so to limit the employers from using them. Thelen (2014) argues that there is no single liberalization policy, but there are “*varieties of liberalization*”, which can be framed as the decline of *coordination* and *coverage*. Coordination refers strategic coordination of economic actors, as similarly discussed by Bonoli and Emmenegger (2010), while coverage relates to the scale of the

coordination and to who is included or not in the arrangements. Thelen (2014, pp.12-14) recognizes three trajectories of institutional change: *deregulation*, *dualization* and *embedded flexibilization*. The strength of this model is that it incorporates in a single scheme different forms of institutional change. Considering the peculiar nature of Southern European welfare systems, Picot and Tassinari (2017) refined the model to incorporate *embedding flexibilization*. This encompasses policy changes of flexibilization of coordination whilst improving coverage. The model is represented in Figure 1

**Figure 1: Trajectories of institutional change**



Source: Picot and Tassinari (2017) based on the model by Thelen (2014, p.13)

This model permits to thoroughly examine the three main components of labour market policy: income security, legislation security and employment security. In this model, high coordination corresponds to centralized collective bargaining, protective legislation and substantial unemployment benefits. It is important to note that strong EPL on non-standard contracts imply a higher coverage, while strong EPL on regular employment corresponds to higher coordination. That is because the last shields the insiders, while the other extends guarantees also to the outsiders as it does not make it easier to hire workers with lower benefits than the insiders. The next chapter presents a more historical overview of the policy developments regarding labour market prior the Jobs Act.

## Chapter 2: The Labour Market Reforms

### *The Treu Package and the Biagi Law*

Jessoula and Alti (2010) contend that the exceptional economic growth between the 1950s and the early 1970s in conjunction with the role that the family played as a redistributive agency greatly hid the ineffectiveness of the labour market policies. However, after the 1979's second oil crisis, it became clear that there were major fallacies that had not been addressed as the unemployment rate jumped from 7.6% in 1980 to 12.2% in 1989 (Jessoula et al., 2010). After two decades of reforms based on the so-called "labour reduction route", Italy made a U-turn regarding policy as it faced a sharp increase in unemployment and a severe fiscal crisis (Ferrara & Gualmini, 2004). The liberalization process kick-started with two major reforms in 1997 and 2003: the "Treu Package" and "Biagi Law". For both reforms, there was a significant pressure from the EU and OECD to push for flexicurity strategy (Viebrock & Clasen, 2009). However, these reforms exacerbated the polarization in the labour market as they did not succeed to deregulate standard employment contracts but only affected atypical contracts (Picot & Tassinari, 2015).

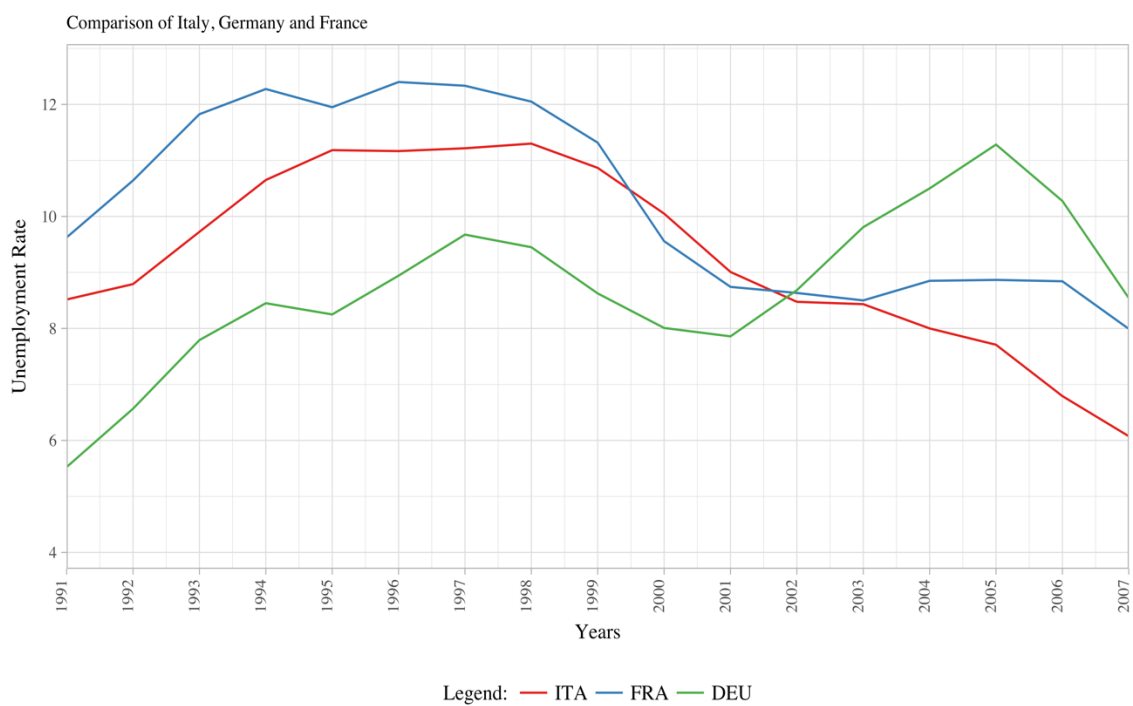
The Treu package (Law No. 196/1997) was approved in 1997, and with 27 legislative articles, it pertains to a variety of issues (Durazzi, 2015). The principal innovation was the introduction of atypical flexible contracts, particularly the "temporary agency work" contracts and other measures to encourage part-time employment and reduce undeclared labour. A second important aspect of the reform was the first severe and structured attempt to introduce ALMP targeted at both temporary and permanent workers (Graziano, 2007). Lastly, the public monopoly over placement services was dismantled and accredited private work agencies were allowed to operate, which according to Jessoula & Alti (2010), represented a substantial change in the Italian labour policy as it is for the first time recognized that private actors could improve the labour market efficiency. Moreover, the reform established a fund financed with a compulsory transfer by temporary work agencies on every worker hired on a fixed-term contract that corresponded to 4% of the wage (Graziano, 2007).

Despite the change in government from centre-left to centre-right, the new Berlusconi administration continued on the same path of the previous coalition (Ferrara et al., 2012). In 2001, it implemented the EU directives (1999/70/EC) on fixed-term

employment and deregulated the use of temporary contracts. In order to fight irregular work and to favor employment of the more disadvantaged categories, the administration passed the so-called Biagi Law (Law 30/2003), which provided a systemic framework for atypical contracts and introduced new ones, such as job on call (Jessoula et al., 2010). Labour Unions had been very participative in this reforming period and they profoundly affected the policies that ended up being approved into law. As noted by Dell'Arti (2018) the unions were able to mobilize one of the largest protests in the Italian history and their approval was very high at 66%. The original draft of the Biagi Law included a reduction of labour protection for open-ended contracts by a limitation of the Article 18, but it was not included in the final law because of the fierce opposition of the unions, especially CGIL (Accornero & Como, 2003). As discussed by Ferrara (2005), in the second half of the 1990s, the Prodi government launched a trial case for “minimum insertion income” (MII, Decree 237/99), which was designed to be non-categorical and open to everyone. If fully implemented, this would have been the first unemployment protection scheme not to be contribution-based in the Italian legislation (Jessoula et al. 2010). However, the program was aborted by the Berlusconi government as a part of an overarching agreement with second and third biggest unions (CISL and UIL) in order to calm the protestors and find a compromise to pass the Biagi Law (Ferrara, 2005).

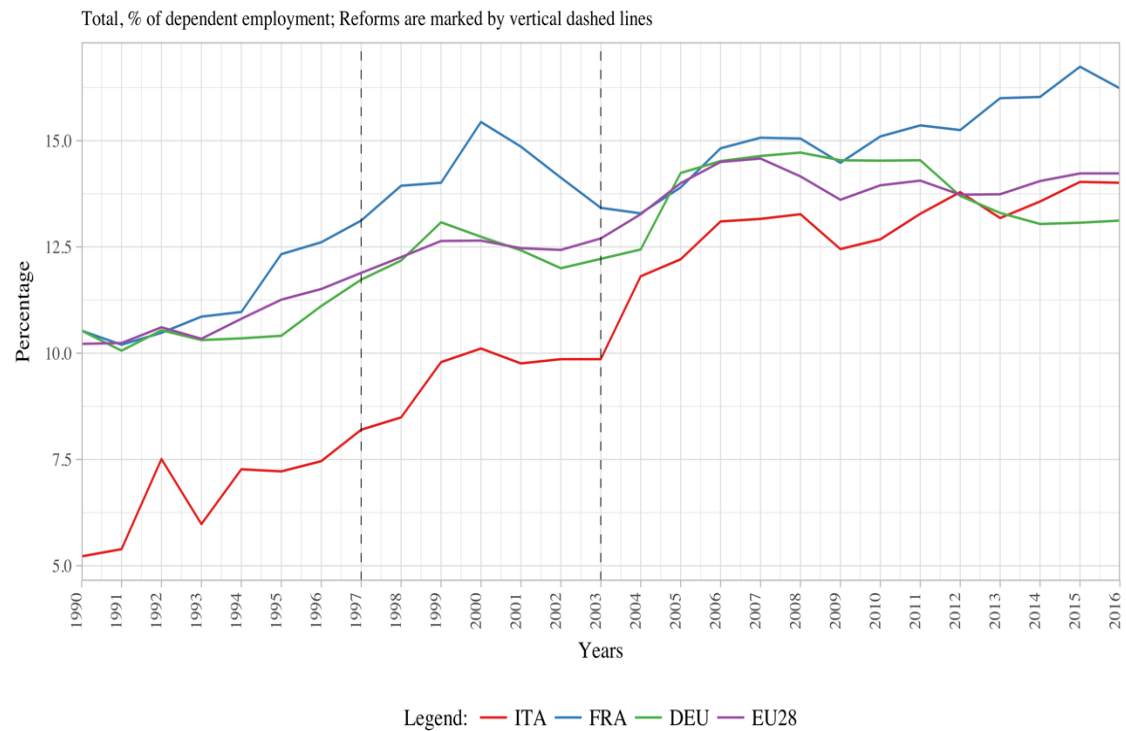
As noted by Jessoula et al. (2010), since the implementation of flexicurity strategy, there have been several comprehensive proposals to reform the employment protection legislation to provide some kind of protection also to atypical workers and the unemployed, but none have ever seen the light until recently. However, one possible explanation of this missing reform is that after the 1997 Treu Package and the 2003 Biagi Law, the key performance indicators of Italian labour market were all registering significant improvements, especially in comparison to the other big economies in Europe (Picot & Tassinari, 2015). As shown in Figure 2 the unemployment rate had sharply decreased, and in 2007 it was at 6.2%, well below the EU-15 average of 7.1% and that of the other big continental economies, such as France (8.0%) and Germany (8.7%) (Jessoula et al., 2010). Italy had able to drastically lower the unemployment rate by expanding non-standard employment. In the early 90's, Italy had one of the lowest shares of temporary employment, but it quickly increased, and it is now in range of the European average (Figure 3).

**Figure 2: Unemployment rate between 1991 and 2007**



Source:OECD online employment database, 2018

**Figure 3: Temporary employment between 1990 and 2016**



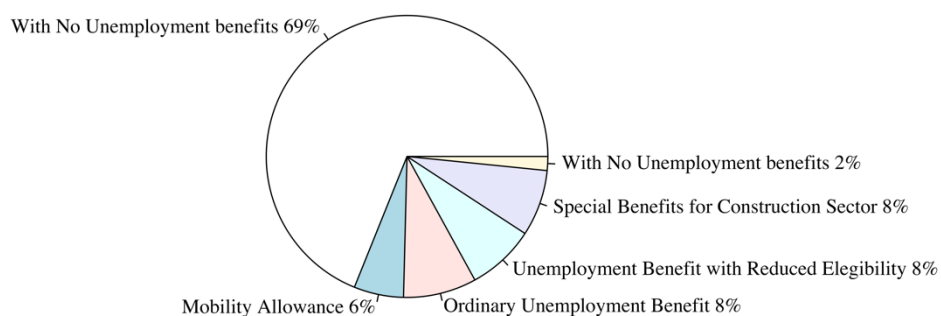
Source: OECD online employment database

However, the distribution of atypical contracts was not evenly distributed across the different age groups, with significantly higher shares among young people. In 2006, 42.3% of the total contracts was fixed-terms for the age group 15-24, while only 12.2% for the age group 35-49 and 6.4% for those above 50 years of age (CNEL, 2007). The Ministry of Labour calculated that 70.5% of the workers employed with temporary contracts in 2006, were still on atypical contracts one year later, while 5.2% became unemployed, 8% exited the labour market and only 16.4% found a stable job either dependent or self-employed (Ministero del Lavoro, della Salute e delle Politiche Sociali, 2008). Moreover, as pointed out by Madama and Sacchi (2007), the great majority of atypical workers were employed as dependent workers, but as being formally self-employed, they were not entitled to any kind of unemployment benefit. Lastly, even though general labour market participation slightly increased from 58.3% in 1993 to 62.5% in 2007, it remained 10% below the EU-15 average as also other European countries experienced a similar trend in that period (Jessoula et al., 2010).

As discussed in the previous chapter, flexicurity is formed on three pillars: income security, job security and employment security. The increase in flexible working contracts and consequently lower levels of job protection should be counterbalanced by the other

pillars, particularly in countries such as Italy with a long-standing polarization of unemployment, which is still disproportionally affecting young people and women especially in the southern regions (Ferrara et al., 2012). However, the development of substantial ALMPs and life-learning opportunities was insignificant, especially in comparison to the extent of flexibility that was introduced in the labour market. Moreover, figure 3 shows the calculation made Jessoula et al. (2010) on the 2006 data from the National Institute of Social Security (INPS), which demonstrates that the lack of a comprehensive reform of the unemployment compensation system resulted that around 69% of the unemployed workers had no form of income protection in case of unemployment. Furthermore, the access to the benefits was limited only to those workers who could fulfil the strict conditions, i.e. full-time workers for more than two years (Sacchi, 2018). Therefore, it can be argued that the True Package and Biagi Law have had no substantial effect on diminishing the differences between the insiders and outsiders of the labour market and that there had not been a sufficient balance of the three dimensions of flexicurity, which resulted in even higher polarization or “selective flexicurity” (Jessoula et al., 2010; Ferrara et al., 2012; Picot & Tassinari, 2015; Graziano, 2011).

**Figure 4: Unemployment benefits recipients in Italy in 2006**



Source: Author's representation of Jessoula et al. (2010)

### *The Crisis, Austerity and the Fornero Law*

Despite the relatively positive results of the flexicurity strategy, the 2007-2008 financial crisis and the following 2011 Euro Crisis completely wiped out any progress that had

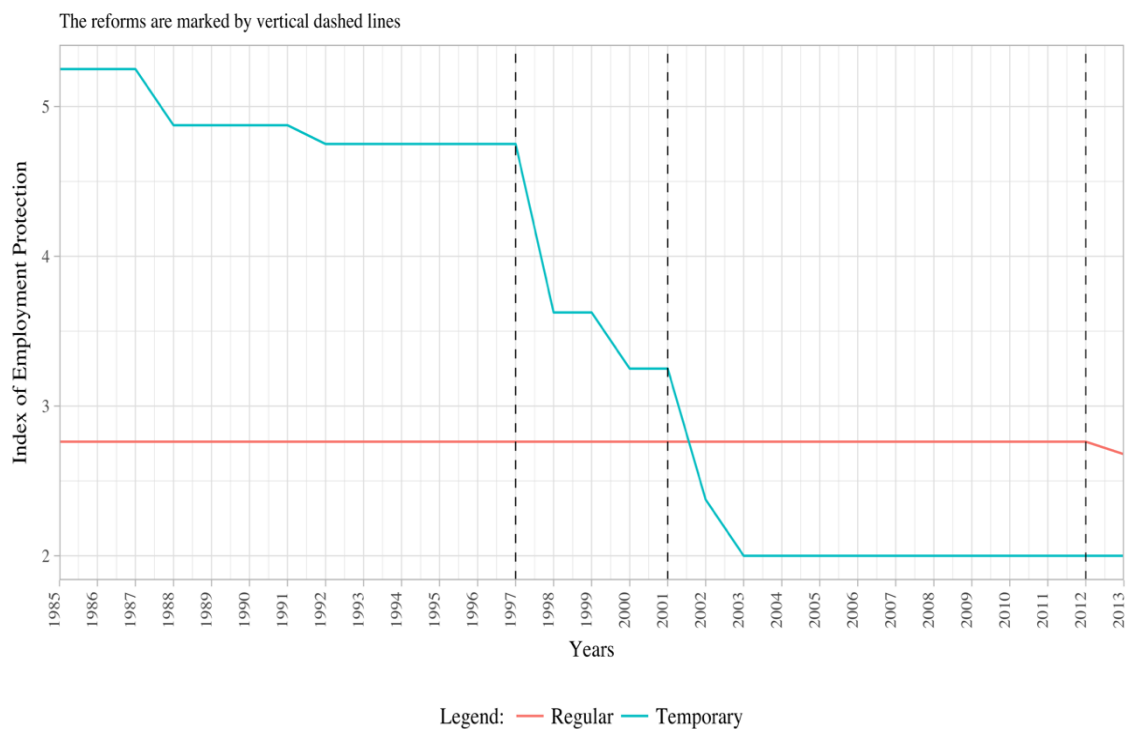
made been so far (Maggi, 2017). Unemployment doubled and peaked to more than 12% in 2013, particularly among the most fragile groups of young workers and the atypical workers, while labour participation retracted and remained 10% regularly lower than the EU15 average (Picot & Tassinari, 2015; Maggi, 2017). At the beginning of the crisis, the initial response was to expand to pre-existing policies to offset the negative employment outlooks, particularly with the use of short-time work schemes (STW), which provide temporary subsidizes to redundant workers in large firms instead of complete lay off of the workforce (Sacchi, 2018). Even though, the duration of these schemes was extended virtually to indefinite period, the rise of government bonds, high stock of public debt, low productivity and below-average economic growth seriously hindered the confidence of international markets in the capacity of the right-wing government (Berlusconi IV) to deal with the crisis (Picot & Tassinari, 2017). The newly elected ECB governor, Mario Draghi, and its predecessor, Jean-Claude Trichet, sent a letter to the Italian government demanding structural reforms and drastic spending-review measurements. According to Sacchi (2015) this was the first case of the process defined as “*implicit conditionality*” through which EU institutions pressured the Italian government to bring forward long-overdue reforms. At the end of 2011, given the severity of the crisis and in order to avert the risk of default, a technocratic government was appointed with the support of the great majority of the parliament from both centre-right and centre-left parties (Picot & Tassinari, 2015). Mario Monti, the former EU commissioner, was elected Prime Minister and his government passed significant austerity measurements to reestablish the confidence in the country, among which a comprehensive reform of the pension system and of the labour market (Picot & Tassinari, 2017). Sacchi (2013) argues that the implicit conditionality from the EU and the technocratic government were used as scapegoats by the Italian political parties to justify reforms that were previously vehemently opposed, in particular by the unions. In June 2012, the government passed another major reform of the labour market; named after the Labour Minister Elsa Fornero, the so-called “*Fornero Law*” (Law 92/2012) was presented as model of good technical government policy (Picot & Tassinari, 2017). Originally, the content of the reform was negotiated also with the main unions and employers’ federations, however, it soon became clear that the unions could not find a common position on the proposal to lower the regulations for workers with open-ended contracts (La Repubblica, 2012a). Nevertheless, the main centre-left party (PD) closely taking into considerations the demands from the CGIL, the biggest union, managed to attenuate the proposal of the government (La Repubblica, 2012b).



Nonetheless, the approval of the unions hit a record low of 20% after the reform was passed in 2012 (Dell'Arti, 2018).

The major innovations of the Fornero Law can be summarized in three points (Maggi, 2017). Firstly, it tried to rationalize the various typologies of contracts, with the implicit goal to favor open-ended contracts and use the contract of apprenticeship as the preferred channel for the first entry into the labour market (REF). Secondly, it introduced notable changes in the unemployment income protection system as ordinary unemployment insurance was replaced by the newly established “*Assicurazione Sociale Per l'Impiego*” (ASPI) (Social Insurance for Employment) (Picot & Tassinari, 2017). What is more, apprentice contracts, which, as said before, were meant to be the standard contracts for entry-level positions, were also fully enrolled in the new scheme. Moreover, another instrument, the so-called “*Mini-ASPI*”, was introduced for those workers with limited contribution history. The benefit levels were equal between the two instruments; however, the duration of the Mini-ASPI was much shorter (Maggi, 2017). As noted by Sacchi (2018), this new instrument was a radical innovation in the traditional employment policy mix in Italy. As the two-year minimum contribution requirement was lifted, it significantly increased the pool of potential beneficiaries also to the traditional outsiders of the labour market. The author estimates that this instrument helped to reduce by two-thirds the number of uncovered workers, mainly temporary agency and fixed-term workers. Concerning ALMPs, the reform was limited to reaffirm principles already present in the previous legislation and it introduced only some poorly funded instruments, such as extending support for elderly workers and maternity leave. However, in the government's agenda, the reform of the ALMP and Public employment agencies was planned to be a later intervention, but in December 2012 the centre-right party withdrew its support and the Monti government abruptly came to an end (Picot & Tassinari, 2017). The third and most important aspect of the Fornero Law was the flexibilization of open-ended contracts through the modification of the Article 18. As it can be noticed in Figure 5, after three decades of flexibilization of the temporary contracts, for the first time the reform also affected regular employment contracts.

**Figure 5: Italian Legislation on Employment Protection**



Source: OECD online employment database, 2018

This part of the reform was the most contested by the most left faction of the left-party (PD) and by the unions (Picot & Tassinari, 2017). The Article 18 of the 1970 Worker’s Statute has always been one of the most disputed parts of the Italian employment legislation and seen as a key source of labour market rigidity (Ichino, 2016). Prior the reform, if a judge had ruled the dismissal to be unfair or unjustified, the Article 18 allowed the worker to choose between a monetary compensation or full reinstatement in the previous position and to receive all monthly salaries and social contributions that had not been granted during the discharged period (Picot & Tassinari, 2015). The Fornero Law did not alter the discriminatory dismissal guidelines, but it modified disciplinary and economic dismissal rules. In particular, the workers could ask for reintegration or compensation only based “*manifestly non-existent*” reasons (Maggi, 2017).

The effects of the Fornero Law are difficult to independently assess considering the long-protracted crisis and possible exogenous effects of other reforms and macroeconomic variables, such as the monetary policy of the ECB. However, using the data from the Tuscany Region, Cappellini et al. (2014) estimates that there was an overall reduction in the number of new contracts, but a significant increase in open-ended contracts. The results of their calculations are presented in Table 1, in which the use of

the Chow Test points out a structural “*break*” in the temporary series of job creation, but not for apprenticeship. Even though it is difficult to assess the effect of the reform, the anticyclical trend of the open-ended and temporary contracts could point to a shift from more atypical contracts to more stable ones. Moreover, it can be argued that reform might have disincentivized firms to hire new employees or to renew expiring contracts, considering the uncertainty of the economic cycle (Cappellini et al., 2014).

**Table 1: Variation of new jobs by contractual typology after the Fornero Law**

Type of Contract	$\Delta\%$ pre-reform	$\Delta\%$ post-reform	Chow Test
Open-ended	-7,41	+9,50	17,26 (0,000)***
Temporary	-5,38	+0,63	5,109(0,029)**
Apprenticeship	-8,19	-15,31	3,320(0,075)*
On-call	-7,27	-18,75	11,47(0,002)***
Atypical	+49,58	-48,51	194,1(0,000)***
<b>Total new contracts</b>	<b>-2,71</b>	<b>-8,63</b>	<b>6,178(0,017)*</b>

*Notes:* The Chow Test was conducted by estimating, for each series considered, an OLS regression with only one constant variable and consequently testing for the presence of a structural break starting July 2012 (null hypothesis: absence of a structural break). (\*) significance level at 10%; (\*\*) significance level at 5%; (\*\*\*) significance level at 1%.  
*Source:* elaboration by Cappellini et al. based on the data from IRPET and SIL data

Another evaluation of the Fornero Law by Baronio et al. (2013) finds similar results of those presented by Capellini et al. (2014). They estimate that the Fornero labour reform reduced the number of atypical contracts, such as on-call contracts, in favor of more stable but still temporary contracts. Moreover, the reform appeared not to have influenced the number of regular contracts, but it reduced the number of apprenticeship contracts, probably as a consequence of the unclear guidelines set by the law (Baronio et al., 2013). Nonetheless, the reform set three important institutional and political milestones: firstly, it did not continue the traditional Italian employment policy mix of deregulation at the margins; secondly, it was the first reform in more than three decades that was able to achieve a reduction of legislation protection on open-ended contracts; and thirdly, it obtained a minimal support from the unions (Picot & Tassinari, 2015).

## Chapter 3: The Jobs Act

### *Paving the way for the Jobs Act: Poletti decree and the 80-euro bonus*

Despite the profound interventions amended by the technocratic government, the rate of unemployment remained high while economic growth was still fragile, which put even more pressure on the newly elected left-centre coalition led by the PD (Picot & Tassinari, 2017). According to Mazzucato (2015), in order to respond to the crisis, Italy and other peripheral economies of the Euro Area adopted “*price competitiveness*” strategies based on deregulation of the labour markets and cost reduction. On the contrary, continental economies based their strategies on innovation and product quality. In fact, the first main policy area of intervention of the Renzi government was once again the labour market. It is fair to say though that a labour reform had been the main policy focus of the newly elected Prime Minister even before the primary of his party in 2012 (Il Post, 2011). Before the implementation of the Jobs Act, the government had passed two laws that partially anticipated the labour reform: the Poletti Decree and the 80-euro tax bonus for low income.

In opposition to the policy courses started by the Fornero Reform, in May 2014 the parliament approved the Poletti decree (Decree Law No.34/2014 and Law No. 78/2014), titled after the Minister of Labour Giuliano Poletti. The new decree deregulated atypical contracts and apprenticeships, in particular by establishing for fixed-term contracts and temporary agency jobs the principle of “*acausality*”, which implied that it was not mandatory for employers to justify the use of temporary contract (Picot & Tassinari, 2015). The maximum duration for temporary contracts was brought to 36 months, a steep increase from the 12 months set by the Fornero Law. Furthermore, the Poletti decree expanded from one to five times the possibilities to renew temporary contracts in the three-year period. However, the maximum allowed percentage of employees with temporary contract was set at 20% of the firm’s workforce, while previously it was decided by national collective bargaining agreements. Furthermore, apprenticeship requirements were eased, and the new law set that only 20% of the apprenticeship contracts had to be transformed into open-ended contracts and only for firms with more than 50 employees, up from the previous 30 (Fana et al., 2015; Maggi, 2017). Picot and Tassinari (2015) argue that this reform was meant as a quick and low-cost solution to rein in unemployment, ideologically following the same reasoning of the

reforms in the 1990s and early 2000s. The second important reform prior the Jobs Act was the 80-euro tax bonus for employees with low-incomes. The decree law 66/2014, popularly named “*Bonus 80 euro*”, is a direct tax bonus from the government to low income employees that was initially proposed as a response to the austerity of the previous Monti government (Picot & Tassinari, 2017). The tax credit was justified as a means to stimulate consumer demands and disposable income, but it was also a strategic political move as the first instalment coincided with the European election (Picot & Tassinari, 2015). These two reforms helped the left-party PD gaining a record 41% of the votes at the European elections in May 2014, which legitimized the government to continue on its policy reform path (Pini, 2015).

### *The Jobs Act*

The Jobs Act adopted in December 2014 rationalized employment protection, increased active labour market policies and improved the efficiency of the social protection schemes (Boeri & Garibaldi, 2018). There has been an extensive public and academic debate surrounding the reform and its effect. The goal of this chapter, as for the previous reforms discussed in this paper, is to provide a compendium of the key policy changes brought by the Jobs Act and to assess, to the extent of which is possible considering the short time period since its implementation, the effects of such reform, particularly regarding the insider-outsider divide. The methodological framework of the dualization theory is especially useful to evaluate this reform as the political process greatly influenced the output and outcome of this reform. The development of the Jobs Act, one of the most significant labour reforms in the Italian history is the result of a long process, in which national and international actors played each significant role (Ichino, 2016).

Even before being elected Prime Minister, Matteo Renzi had already gathered a small groups of policy experts and university professors to draft a comprehensive labour reform. As pointed out by Picot and Tassinari (2015), in light of the policy reforms carried out by the Monti Government, the initial draft of the proposal was centralized on two aspects. Firstly, reorganizing the unemployment compensations and extending the ASPI to every workers, particularly those with atypical unemployment contracts; second, on creating an effective national employment service, which was considered one of the major deficiencies of the Italian employment policy mix in comparison to the policies of European economies. In fact, this lack hampered the possibility of enforcing well-

designed ALMPs or improving the coordination between labour market activation and unemployment benefits. As noted by Ichino (2015) the income protection schemes before the reform were not tied to any actions or results by neither the worker nor the job agencies, which resulted in large waste of public resources and practically unconditional income support for the privileged unemployed workers, i.e the insiders. However, the Renzi government was a coalition between his party (PD) and the minority center-right party “*Nuovo Centro Destra*” (NCD, New Center-Right). The designated rapporteur for the Jobs Act in the parliament committee was Maurizio Sacconi, a member of the NCD party and one of the authors of the 2003 Biagi Law, who pushed for the introduction of an increasing protection scheme for labour market entry workers and a dismissal protection for regular workers by repealing the Article 18 (Picot & Tassinari, 2015). Initially, these proposals were rejected by the left part of PD, which was closely linked to the unions, as it argued that the Fornero Law was sufficient, and these proposals would have only deteriorated the conditions of the workers without bringing any advantages in terms of occupation (La Repubblica, 2014). However, in the same period that the Jobs Act bill was discussed in the parliament, the Italian government was in an intense confrontation with the European Commission (EC) on the demands of further structural reforms in exchange of milder financial restrictions regarding the public deficits (Picot and Tassinari, 2015). Renzi seized the opportunity and transformed the Jobs Act into a bill with dual political objective. On the one hand, the fiscal concessions granted by the EC were later used to avoid a spike in taxes that could have seriously harmed his consensus. On the other hand, in an unprecedented split, Renzi was able to marginalize the more left wing of the party closely linked to the unions, whose popularity has been plunging in the past decades (Dell’Arte, 2018). The tension between the left-wing party leadership and the unions hit a record low approval rate while the bill was discussed. Renzi argued that laws are made in the parliament and not by the unions allowed only for a one-hour meeting with the unions, dismissing their claim to be taken into account in the drafting process as (Picot and Tassinari, 2015). Susanna Camusso, the secretary of CGIL, replied to the provocation by defining Renzi as the Italian Margaret Thatcher (La Repubblica, 2014). As explained by Häusermann et al. (2015), this split between the left party and the unions, traditionally a fertile pool of votes for the left, can be understood as a move to move attract more voters from the middle class instead of the traditional working class, as the first group may be more supportive of active labour policies instead of traditional policies that favor only the insiders.

As noted by Maggi (2017), the policy content of the Jobs Act (Law No. 183/2014) is extensive and its main innovations can be summed up in five points. Firstly, it introduced a new open-ended contract (*“Contratto a tutele crescenti”*) with employment protection increasing with the tenure and limited the possibility of reintegration to cases of unfair and discriminatory dismissal, while excluding the possibility of dismissal for economic reasons. Instead of reinstatement, the worker is now entitled to monetary compensation in case of unjustified economic dismissal (Boeri & Garibaldi, 2018). However, this new type of contract is only applied to new open-ended contracts, while previous ones remain unchanged. Nonetheless, the introduction of this new type of contract determined the complete abrogation for all new open-ended contracts of Article 18. Moreover, the bill allows workers and employers to settle in a procedure outside the court, in which the parties can negotiate an indemnity, ranging from 4 to 18 monthly salaries, depending on the years of service. There is a strong incentive on both actors to go through this procedure, since it does not generate taxes on the sum paid (Boeri & Garibaldi, 2018). It is important to note that the dismissal rules set up by the Jobs Act are not applicable to firms with less than 15 employees, which are still subject to the previous clause of reinstatement. Secondly, the income protection schemes of ASPI and Mini-ASPI were merged together into a new instrument, the NASPI, which has a longer maximum duration. Moreover, it introduced a means-tested unemployment benefit for unemployed workers in poor economic conditions for a maximum period of 6 months. Thirdly, the bill establishes a new agency for inspections of working places (*Ispettorato del Lavoro*) whose work was previously carried out by three different agencies. Fourthly, it introduces some modest policy measures to increase family protection and to favor life-work reconciliation, such as longer paternity leaves or a tax-credit for low-income working mothers (Maggi, 2017). Fifthly, it reorganizes atypical contracts, which had already been partly deregulated by the Poletti decree, in order to reduce the previous 40 types of atypical contracts and to try to establish the new open-ended with increasing employment protection as the main contract for most of the new working relationship. Lastly, it establishes the *“Agenzia Nazionale per le Politiche Attive del Lavoro”* (ANPAL – National Agency for Active Labour Market Policy) with the primary goal of coordinating active labour market policies, which were until then decentralized to the regional level but have never registered any major achievement (Ichino, 2016). The Jobs Act was welcomed by the international and subnational organizations such as OECD, IMF, EC as a significant reform for Italy to align with the international benchmarks and

with the principles of flexicurity (OECD, 2014; OECD,2017; Pinelli et al. 2017, IMF, 2017).

In fact, it can be argued that the reform follows the “recalibration” to European standards of the welfare regime as argued by Ferrara and Hamerijck (2003) by continuing on the reform trail of the Fornero reform. The declared objective of the reform was to overcome labour market dualization by limiting some of the privileges of the insiders and by expanding some also to the outsiders. At least on paper, the Jobs Act has drastically shifted the Italian labour market policies in that direction. The NASPI (which extended unemployment benefits also to atypical workers and those who could not fully contribute to the insurance scheme), the improvement of employment services, the introduction of a new type of open-ended contract and to a limited extent the contributions for better work-family reconciliation measures point to a political willingness to reduce the differences between the insider and outsiders of the labour market. Various authors and institutions have tried to quantitatively assess the effects of the Jobs Act on the labour market, but the results are not consistent as it is too early to properly quantify the effect (Boeri & Garibaldi, 2018; Fana, Gurrascio & Cirillo, 2015; Leonardi, 2017; Pinelli et al. 2017; Seghezzi & Nespoli, 2017; Sestino & Viviano, 2016). However, it is probably impossible to perfectly isolate the effect of the reform itself from other external factors, such as the global economic demand or the tax subsidies for new hires that were granted in 2015. For instance, Sestino and Viviano (2016) used the data from the Veneto Region for the period between January 2013 and June 2015. They estimate that about 40% of the open-ended contracts could be linked to the hiring subsidies, while 5% could be attributed to the new labour market legislation. In the same direction, Leonardi (2017) using the data from the INPS calculate that around one-quarter of the effect of the two policies can be credited to the new type of contract. On the contrary, Fana et al. (2015) find no effect of the Jobs Act on the employment growth and argue that the increase can be better associated with the increasing global and domestic economic demand. However, the study by Boeri and Garibaldi (2018), which is up to date the most extensive one, finds a strong effect of the Jobs Act. Since all the firms were entitled to the hiring subsidy, while only firms with at least 15 employees were affected by Jobs Act, the authors use this difference in a quasi-experiment setting and use the particular cross-sectional discontinuity between the firms to estimate the effect of the new typology of contract. Their primary result points to an increase in mobility after the introduction of the new contract. Moreover, the treatment firms (>15 employees) appear to significantly hire more



than the control group (<15 employees). The estimates show a 60% higher probability of hiring and an increase in the transformation from fixed-term to open-ended contracts as high as 100% between treatment and control firms. Furthermore, the authors also claim that larger firms were 50% more likely to increase the dismissal of workers than small firms.

Having provided an overview of the major liberalization reforms, Table 2 summarizes their content and relative effect from the perspective of the theoretical framework discussed in chapter 1. The most interesting results regard the Jobs Act, which similarly to the Fornero Law, combines a cut in coordination with an expansion of coverage. It can be argued that with the latest reform, the government has also deregulated dismissal protection for open-ended contracts and increased the protection for atypical workers by modernizing the unemployment protection system. This is exactly the “embedding flexibilization” presented in the theoretical framework. The next chapter will build on the theoretical and qualitative analysis presented so far and will try to quantitatively assess the effect of the Jobs Act on the dualization of the labour market.

**Table 2: Labour market liberalization reforms in Italy since 1997**

Government	Reform	Content	Implication by dimension of liberalization	
			<i>coordination</i>	<i>coverage</i>
<b>Centre-Left</b>	<i>Treu Package</i>	Temporary working agency contract		—
		Modest ALMP financed by compulsory transfer	+	
		Break of public monopoly over placement service		+
<b>Centre-right</b>	<i>Biagi Law</i>	Deregulation atypical contracts		—
		Abrogation minimum insertion income		—
	<i>Austerity measures</i>	Decentralization collective bargaining	—	
<b>Technocratic (with support from both</b>	<i>Fornero Law</i>	Deregulation open-ended contracts (changes in Article 18)	—	

<b>left and right parties)</b>		Increased ELP for non-standard contracts	+
		Extensive income protection schemes (ASPI, mini-ASPI)	+
		Modest ALMP	(+)
<b>Left-right coalition (right party being minority partner)</b>	<i>Poletti Decree</i>	Deregulation temporary contracts	—
	<i>Jobs Act</i>	NASPI	+
		ANPAL	+
		Incentives for open-ended contracts	+
		Deregulation dismissal for open-ended contracts	—

*Source:* Own representation based on Picot and Tassinari (2017)

## Chapter 4: Empirical Setup

Various authors have built models to quantify the share of insiders and outsiders in the labour market. For these papers, two models, one by Schwander and Häusermann (2012) and another by Marra and Turcio (2016) will be used to quantify the effect of the Jobs Act on the dualization of the Italian labour market and whether it helped to reduce the difference between outsiders and insiders.

### *Main Measurement*

The main empirical analysis is based on the model developed by Schwander and Häusermann (2012). The added value of this model is that the categorization of individuals is based on the characteristics of their respective reference group instead of the traditional individual-level characteristics. As noted by Marra and Turcio (2016) atypical and temporary contracts fluctuate a lot and consequently the statistics about

them. Thus, there is a high risk of underestimating their scale on individual-data analyses. For this reason, the model proposed Schwander and Häusermann (2012) is better because this fluctuation is cancelled by looking at the macro-categorical level instead of the individual one. Moreover, the authors argue that class, gender and age are also good indicators to derive the risks of atypical employment from social groups to individuals. The class scheme is based on the occupational classifications by Oesch (2006) and Kitschelt and Rehm (2005). Despite the recent transformation, modern societies can still be partitioned in relative stable groups that share similar employment attributes. These classifications have the virtue to reflect two important aspects of post-industrial societies: first, they allow for a heterogeneous middle class; second, they have distinctive classes for low-skilled workers, who cannot be grouped together (Oesch, 2006; Kitschelt & Rehm, 2005).

Table 3 shows the categorizations of the five class groups. On the one hand, high-skilled workers are divided between capital accumulators (CA) such as managers and technical experts, and socio-economic professionals (SCP), who mainly correspond to high-skilled workers such as teachers and health professionals. On the other hand, low-skilled workers are divided into three categories: mixed service functionaries (MSF) correspond to routine and skilled workers; blue-collar workers (BC) are both unskilled and skilled workers in the industry; and low services workers are those mainly employed in routine interpersonal jobs.

**Table 3: The five class groups of the main measurement**

<i>Independent work logic</i>	<i>Technical work logic</i>	<i>Organizational work logic</i>	<i>Interpersonal work logic</i>
<b>Capital accumulators (CA):</b> large employers, self-employed with employees	<b>Capital accumulators (CA):</b> executive engineers, scientists	<b>Capital accumulators (CA):</b> financial and managing executives	<b>Socio-cultural professionals (SCP):</b> teachers and health professionals
<b>Mixed service functionaries (MSF):</b> technical engineers			
<b>Mixed service functionaries (MSF):</b> micro-small enterprises	<b>Blue-collar workers:</b> Machine operators, construction workers	<b>Mixed service functionaries (MSF):</b> Office clerks	<b>Low service functionaries (LSF):</b> Salespersons, chefs

*Note:* Based on Oesch (2006) and Kitschelt and Rehm (2005); adapted from Schwander and Häusermann (2013)

These five groups are the matrix of the more detailed model that includes a further differentiation based on the age and gender. The dualization literature recognizes a clear gender segregation of labour market with women being greatly more at risk of being outsiders (Emmenegger, 2010 -SChHau2013; Häusermann & Schwander, 2012). Similarly, other authors have recognized that young workers tend to have more atypical working biographies than older ones (Chauvel, 2009; Kitschelt and Rehm, 2006). Consequently, the five groups are each divided based on the age and gender. Adapting the model developed by Schwander and Häusermann (2013), the age groups is divided between workers below and above 40 years old. Given the advantageous characteristics of the group capital accumulators, that group is considered as one without distinction between gender and age (for more details on the model consult Schwander and Häusermann, 2013).

The data used for the measurement is the EU-SILC dataset provided by the Eurostat. This dataset is one of the most detailed available and it permits to run regressions that no other dataset would allow to. Moreover, the population of study is not

the same but the number of individuals for each group (N) is almost identical in the years of study. The only limitation of the EU-SILC is that the latest version available arrives to 2016, which might be too close to the reform to observe a significant effect.

As the literature has demonstrated, unemployment, temporary employment and part-time employment are the optimal measurements of outsidersness. For this reason, the variable outsidersness is calculated based on unweighted average of relative vulnerability, which is the combination of temporary contracts, part-time contracts and unemployment. The result is the variable outsidersness, which represents the individual risk of a specific group of being an outsidersness in comparison to the average of the total workforce. In order to assess how the risk of outsidersness has changed over time, Table 4 shows the distribution of the different groups in the year 2007, 2013 and 2016 and the percentage change between 2007-2016 and 2013-2016. It is interesting to note that the crisis has affected to different degrees and direction the majority of the groups, with the capital accumulators seeing a drop in their security but still being relative protected while the socio-cultural professionals seem to actually have improved their status. However, the most interesting results are presented in the last column, which is the difference between 2013 and 2016, i.e. prior the implementation of the Jobs Act and afterwards. In red are highlighted the groups that have experienced a significant worsening of their conditions, on the contrary, in green those groups that saw an improvement in their conditions. The first clear result is that older workers seem to be the winner of the reforms, who expect young male capital accumulators, are the only ones that saw a significant advancement. Furthermore, the results seem to point to a worsening of the conditions only for younger workers, even though SCP high skill workers are still protected from the risks of outsidersness. The results from 2016 also demonstrate that the groups which were considered as outsiders (positive large value of outsidersness) are the same of 2007, except for young female capital accumulators. This could also be related with the relative small sample size for this group (N=298). Nonetheless the results clearly show that little has changed and that the traditional divide between insiders and outsiders is still very much in place.

**Table 4: The risk of outsidersness in 2007, 2013 and 2016**

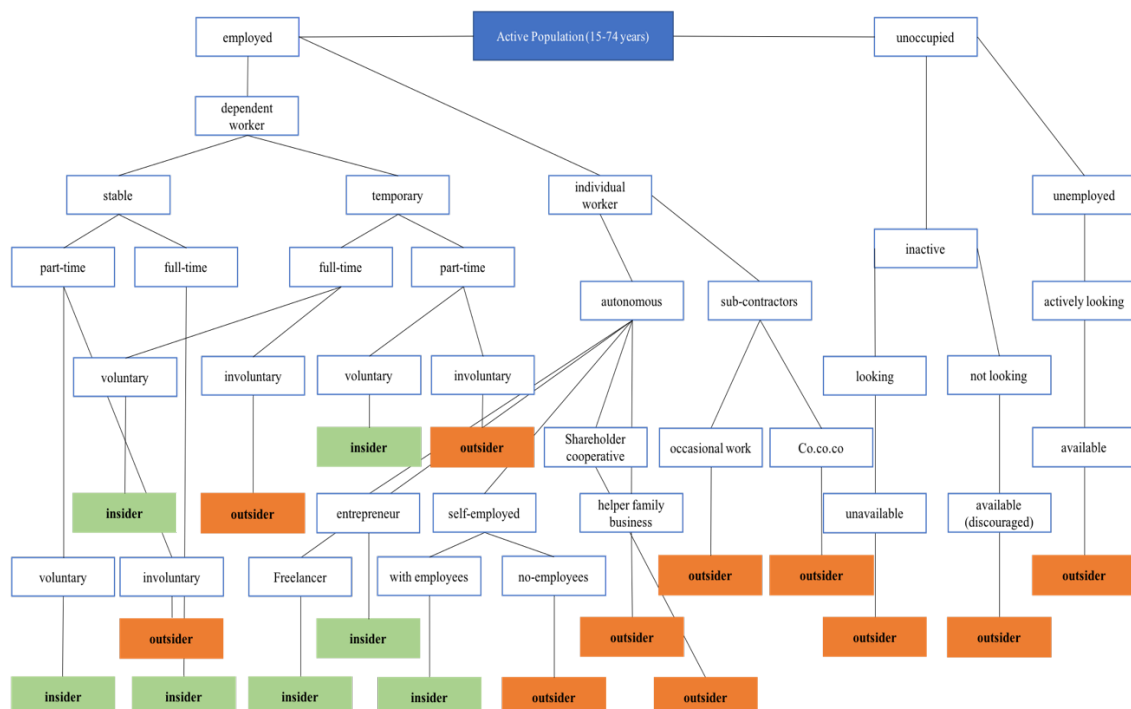
	<b>2007</b>	<b>2013</b>	<b>2016</b>	<b>Δ 2007-2016</b>	<b>Δ 2013-2016</b>
<b>LSF young female</b>	1,458598	1,527172	1,623685	0,165087	0,096513
<b>LSF young male</b>	0,6141695	0,9537131	0,9983422	0,3841727	0,0446291
<b>LSF old female</b>	0,7443976	0,9124058	0,82573	0,0813324	-0,0866758
<b>LSF old male</b>	-0,5014288	-0,1129529	-0,2469889	0,2544399	-0,134036
<b>SCP young female</b>	0,2745633	0,1929611	0,3090384	0,0344751	0,1160773
<b>SCP young male</b>	-0,220602	-0,5386166	-0,2302325	-0,0096305	0,3083841
<b>SCP old female</b>	-0,5731483	-0,7943459	-0,7415873	-0,168439	0,0527586
<b>SCP old male</b>	-1,026138	-1,212414	-1,154277	-0,128139	0,058137
<b>BC young female</b>	1,472272	1,032355	1,370314	-0,101958	0,337959
<b>BC young male</b>	0,0098123	0,1330504	0,1904409	0,1806286	0,0573905
<b>BC old female</b>	0,9866266	0,6763945	0,6560767	-0,3305499	-0,0203178
<b>BC old male</b>	-0,2666428	-0,0698963	-0,145169	0,1214738	-0,0752727
<b>MSF young female</b>	0,4039723	0,4517776	0,6212713	0,217299	0,1694937
<b>MSF young male</b>	-0,1729271	-0,2750627	-0,2422756	-0,0693485	0,0327871
<b>MSF old female</b>	-0,2585173	-0,2100331	-0,0872668	0,1712505	0,1227663
<b>MSF old male</b>	-0,9705312	-1,120864	-1,077709	-0,1071778	0,043155
<b>CA young female</b>	-0,3657463	0,5119941	0,6557999	1,0215462	0,1438058
<b>CA young male</b>	-0,7912466	-0,2523626	-0,4305771	0,3606695	-0,1782145
<b>CA old female</b>	-0,4145599	0,2761812	0,0891224	0,5036823	-0,1870588
<b>CA old male</b>	-1,041737	-0,5482267	-0,8051027	0,2366343	-0,256876

*Note:* Values are the group-specific values of outsidersness, which is the (unweighted) average of group-specific risks vulnerability in regards of unemployment, part-time and temporary contracts.

## Control Measurement

Marra and Turcio (2016) propose a different model to quantify the number of insiders and outsiders in the labour market. Instead of using the EU-SILC database, they employ the database “*Rivelazione continua sulle forze di lavoro*” (Rcfl) from the Italian Institute of Statistics (ISTAT) which is based on the ILO classification KILM 3 (Key Indicators of Labour Market: Status in employment). The advantage of this dataset is that the data is more recent, so it is possible to use the records from the last trimester of 2017. The classification of insiders/outsideers performed by Marra and Turcio (2016) is based on the typologies of the contracts rather than working occupations, age and gender. One important differentiation that the authors make in operationalizing dependent workers is whether the position they are in is on a voluntary base or not. For example, whether workers had to choose temporary positions because they could not find open-ended ones. Thus, for this analysis it can be interesting to investigate whether the reform has impacted the nature of new hires and if there was the desired increase in open-ended contracts. Figure 4 shows the conceptualization of the model by Marra and Turcio (2016) while Table 5 presents the results of the regression, which compares the first trimester of 2014 with the last one of 2017.

**Figure 6: Conceptualization of insider-outsider based on Marra and Turcio (2016)**



Notes: Own representation of the conceptualization of the model by Marra and Turcio (2016). In green the insiders and in orange the outsiders.

**Table 5: Insiders and outsiders in the Italian labour market by contract**

		<b>2014-%</b>	<b>2017-%</b>	<b>changes</b>
<b>INSIDER</b>	<b>open-ended full-time</b>	40,8	41,5	0,7
	<b>temporary full-time voluntary</b>	0,2	0,3	0,1
	<b>temporary part-time voluntary</b>	0,1	0,2	0,1
	<b>open-ended part-time voluntary</b>	2,7	3,5	0,8
	<b>entrepreneurs</b>	0,8	0,9	0,1
	<b>freelancers</b>	4,3	4,6	0,3
	<b>self-employed with employees</b>	3,6	3,6	0
	<b>Total insiders</b>	52,5	54,6	2,1
<b>OUTSIDER</b>	<b>temporary full-time involuntary</b>	5,5	6,5	1
	<b>temporary part-time involuntary</b>	2,3	2,8	0,5
	<b>open-ended part-time involuntary</b>	6	5,7	-0,3
	<b>self-employed with no-employees</b>	7,6	7,7	0,1
	<b>helper family business</b>	1,3	1,3	0
	<b>shareholder cooperative</b>	0,6	0,5	-0,1
	<b>occasional work</b>	0,5	0,4	-0,1
	<b>co.co.co</b>	0,9	0,5	-0,4
	<b>unemployed</b>	10,8	8,9	-1,9
	<b>inactive discouraged</b>	6	5,4	-0,6
	<b>inactive looking but not available</b>	1	0,9	-0,1
	<b>inactive</b>	5	4,8	-0,2
	<b>Total outsiders</b>	47,5	45,4	-2,1

Note: The percentage of each contract are share over the total contracts; own calculations based on the ISTAT Rcfl on the last trimester of 2017 and first trimester of 2014. Model based on Marra and Turcio (2016).



Similarly, to the first regression, even this model shows contradictory results. The aim of the Jobs Act was to reduce the use of atypical job contracts in favor of open-ended one, which it can be said to be partially achieved considering the significant increase in open-ended full-time (+0,7) and open-ended part-time voluntary (+0,8). However, the largest increase was of temporary full-time involuntary (+1) with a significant increase also in temporary part-time involuntary (+0,5). If the share of insider contracts relative to the total went up from 52,5% in 2014 to 54,6%, it can be mainly linked to the decline in unemployment and inactive workers. This result is corroborated by the March 2018 press release by ISTAT (2018), which registers the highest rate (58,3%) since the beginning of their recording. Given the contradictory nature of the quantitative results of the regressions, it is not possible to fully answer the question on which effect the Jobs Act had on the divide between insiders and outsiders. Nevertheless, the interpretation of these results in light of the theoretical framework presented in the previous chapters can offer interesting insights.

## **Chapter 5: Comparative discussion and conclusion**

The Jobs Act represents the final piece of the liberalization of the labour market. Despite the flexicurity ideology influencing the nature of the various reforms, the process has been chaotic, with new policies often conflicting with previous ones. Nonetheless, the Jobs Act introduced important legislative innovations that might revolutionize the rigid labour market in Italy. Quantitatively, it is difficult to properly assess the effects of the reform. Not only are the results unclear, but they are also to some extent contradictory. It should be mentioned that it is very likely that the results were influenced by other exogenous factors. As noted by Boeri and Garibaldi (2018) the major reform of the pension system in 2012, which increased the pension age from 62 to 67, led to a significant increase in employment over 50 years. While the new open-ended contracts with increasing protection had modest effects in the short-term, it will be interesting to see the effect in the long-run as it will become the most common contract. The theoretical framework is useful to assess to what extent the Jobs Act has reduced the differences between insiders and outsiders. The abolishment of the Article 18, on the side of being an ideological battle, is an interesting policy development. While the government reduced

the EPL for both regular and atypical contracts, it also introduced ANPAL, the agency for active labour market policies. In a country with chronic underperformance in terms of ALMPs, this can be considered a “silent” revolution (Ichino, 2016). Therefore, the Jobs Act can be framed as embedding flexibilization as it combines a reduction in coordination with an increase in coverage. To this extent, it can be argued that the Jobs Act has reduced the differences between insiders and outsiders. In this regard, the so-called “Jobs Act for the autonomous workers” that was approved in mid-2017 continues on the policy trail started by the original Jobs Act to increase the protections also for outsiders (Il Post, 2017). However, ALMPs are still not working properly. The ANPAL has come across complications in enrolling unemployed individuals in its retraining programs (Riva, 2018). There is a cultural factor that could offer an explanation. As noted by Ichino (2016) unemployment benefits were practically unconditional income support until the reform. It will therefore take time before ALMPs can become a significant part of the policy mix. This can be further exacerbated if the mistrust between social actors identified by Bonoli and Emmenegger (2010) should persist. On the side of the political consequences of the failed referendum of the 6<sup>th</sup> of December 2016, the major implication for labour market policies was the incapacity of the central government to retake control of labour policies from the regions. To this extent, similarly to the case of the Monti government in 2012, political instability seems to hinder the full implantation of ALMPs in Italy.

Moreover, as predicted by Bonoli and Emmenegger (2010), the initial draft of the Jobs Act had a few elements of flexibilization. The major focus was on ALMPs. The coalition with the minority right-wing party NCD, however, led to the passing of a more extensive bill. This change was championed by Renzi, who saw it as an opportunity to extern the most left-leaning members of the party and cut the ties with the trade unions, whose approval rate are at historic lows (Dell’Arti, 2018). This can be seen as an attempt by the PD to establish a new vote base consisting of skilled middle-upper classes as the working class has turned to right-wing or populist parties (Amable & Palombarini, 2014; Häusermann et al., 2015). It should therefore not surprise the decision of a left-wing party to pursue a significant labour market flexibilization, which was actually designed by a right-wing politician. However, this is beyond the scope of this paper, but remains an interesting aspect that future research could address.

This paper combined the theoretical innovation by Picot and Tassinari (2017) with quantitative data from EU-SILC and ISTAT to assess the effect of the Jobs Act on the dualization of the labour market. To my knowledge, there are no papers in existence that

combine quantitative and qualitative analysis of the Jobs Act and its effect on the divide insider/outsider in the labour market.

Finally, it is important to point out that this reform represents a major institutional change. However, reforming the labour market is not a solution by itself but needs to be accompanied by adequate changes in other spheres of public policy. Italy still has one of the lowest expenditures in education. Moreover, its productivity growth rates are dramatically lower relative to other countries. However, as said by Mario Draghi in 2014: *“Without higher aggregate demand, we risk higher structural unemployment, and governments that introduce structural reforms could end up running just to stand still... It is important to increase the productivity of the firms, the education of the youth and support the reestablishment of the equity hardly affected by the situation”*.

## Reference List

- Anderson, C. J., & Beramendi, P. (2012). Left Parties, Poor Voters, and Electoral Participation in Advanced Industrial Societies. *Comparative Political Studies*, 45(6), 714–746. <http://doi.org/10.1177/0010414011427880>
- Anderson, P. (2009). Intermediate occupations and the conceptual and empirical limitations of the hourglass economy thesis. *Work, Employment and Society*, 23(1), 169–180. <http://doi.org/10.1177/0950017008099785>
- Baglioni, S., Della Porta, D., & Graziano, P. R. (2008). The contentious politics of unemployment: The Italian case in comparative perspective. *European Journal of Political Research*, 47(6), 827–851. <http://doi.org/10.1111/j.1475-6765.2008.00775.x>
- Baronio, A. Bulgarelli, M. Centra, S. D’Agostino, M. Deidda, S. Ferri, M. Marocco, C. Polli, and P. Varesi, *Gli effetti della legge n. 92/2012 sulla dinamica degli avviamenti dei contratti di lavoro. Evidenze ricavate dal Sistema informativo sulle comunicazioni obbligatorie del Ministero del Lavoro e delle Politiche Sociali dei contratti di lavoro. Rapporto n. 3*. ISFOL, August 2013.
- Bekker, S., Wilthagen, T., Kongshøj Madsen, P., Zhou, J., Rogowski, R., Keune, M., & Tangian, A. (2008). Flexicurity – a European Approach to Labour Market Policy. *Intereconomics*, 43(2), 68–111. <http://doi.org/10.1007/s10272-008-0244-0>
- Beraldi, F., & Lagrosa, I. (2017). *Jobs Act. Il mercato del lavoro due anni dopo*.
- Boca, A. D., & Mundo, A. (2017). *L’inganno generazionale: Il falso mito del conflitto per il lavoro*. Egea. Retrieved from <https://books.google.de/books?id=7AmrDgAAQBAJ>
- Boeri, T., & Garibaldi, P. (2018). Graded Security and Labor Market Mobility Clean Evidence from the Italian Jobs Act. *Working Paper*.
- Bonoli, G., & Sarfati, H. (2017). *Labour Market and Social Protection Reforms in International Perspective: Parallel Or Converging Tracks?* Taylor & Francis. Retrieved from <https://books.google.de/books?id=9kErDwAAQBAJ>

- Bonoli, G. (2010). The political economy of active labor-market policy. *Politics and Society*, 38(4), 435–457. <http://doi.org/10.1177/0032329210381235>
- Bonoli, G. (2005). *The Politics of the New Social Policies: Providing Coverage Against New Social Risks in Mature Welfare States. Policy & Politics* (Vol. 33). <http://doi.org/10.1332/0305573054325765>
- Bonoli, G., & Emmenegger, P. (2010). State-society relationships, social trust and the development of labour market policies in Italy and Sweden. *West European Politics*, 33(4), 830–850. <http://doi.org/10.1080/01402381003794647>
- Bonoli, G., & Natali, D. (2012). *The Politics of the New Welfare State*. Oxford: Oxford University Press. <http://doi.org/10.1093/acprof:oso/9780199645244.001.0001>
- Buehn, A., & Schneider, F. (2013). Shadow Economies in highly developed OECD countries: What are the driving forces? *Economics Working Papers*, (6891), 1–31. Retrieved from [http://ideas.repec.org/p/jku/econwp/2013\\_17.html](http://ideas.repec.org/p/jku/econwp/2013_17.html)
- Cappellini, E., Ferraresi, T., Marinari, D., & Sciclone, N. (2014). Il lavoro dopo la legge Fornero.
- Castel, R. (2008). The Roads to Disaffiliation: Insecure Work and Vulnerable Relationships. *International Journal of Urban and Regional Research*, 24(3), 519–535. <http://doi.org/10.1111/1468-2427.00262>
- Chauvel, L. (2009). Comparing Welfare Regime Changes: Living Standards and the Unequal Life Chances of Different Birth Cohorts. <http://doi.org/10.1007/978-3-642-03483-1>
- Cirillo, V., Fana, M., & Guarascio, D. (2017). Labour market reforms in Italy: evaluating the effects of the Jobs Act. *Economia Politica*, 34(2), 211–232. <http://doi.org/10.1007/s40888-017-0058-2>
- Consiglio Nazionale dell'Economia e del Lavoro [CNEL]. (2007). *Il Mercato del Lavoro 2006*. Rome.

- Davidsson, J., & Naczyk, M. (2009). The Ins and Outs of Dualisation: A Literature Review. *Working Papers on the Reconciliation of Work and Welfare in Europe*, 45. <http://doi.org/10.2139/ssrn.1489906>
- Dell'Arti, G. (2018, May 1). Fiducia nel sindacato ai minimi termini. *Il Messaggero*. Rome.
- Doeringer, P. B., & Piore, M. J. (1985). *Internal Labor Markets and Manpower Analysis*. M. E. Sharpe Incorporated. Retrieved from <https://books.google.de/books?id=a8s5YyWkaCwC>
- Durazzi, N. (2016). Inclusive unions in a dualised labour market? The challenge of organising labour market policy and social protection for labour market outsiders, (April).
- Draghi, M. (2014), *The ecb and the Eurozone: A Conversation with Mario Draghi*, Hutchins Center on Fiscal and Monetary Policy, Washington, 9 October, in <http://www.brookings.edu/events/2014/10/09-ecb-eurozone-mario-draghi>; the script of the *Opening remarks* of the title *Recovery and Reform in the Euro Area* is available at <http://www.ecb.europa.eu/press/key/date/2014/html/sp141009.en.html>.
- Eichhorst, W., & Marx, P. (2010). Whatever Works : Dualisation and the Service Economy in Bismarckian Welfare States. *IZA Paper*, (5035), 1–21.
- Emmenegger, P., Häusermann, S., Palier, B., & Seeleib-Kaiser, M. (2012). How we grow unequal. *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*.
- Esping-Andersen, G. (2013). *The three worlds of welfare capitalism*. John Wiley & Sons.
- Esping-Andersen, G. (1999). *Social Foundations of Postindustrial Economies*. Oxford: Oxford University Press. <http://doi.org/10.1093/0198742002.001.0001>

- Estévez-Abe, M. (2005). Gender bias in skills and social policies: The varieties of capitalism perspective on sex segregation. *Social Politics*, 12(2), 180–215.  
<http://doi.org/10.1093/sp/jxi011>
- Fana, M., Guarascio, D., & Cirillo, V. (2017). The crisis and labour market reform in Italy : a regional analysis of the Jobs Act. *Myths of Employment Deregulation: How It Neither Creates Jobs nor Reduces Labour Market Segmentation*, 81–102.
- Fernandez-Macias, E. (2015). Upgrading or polarisation? Long-term and global shifts in the employment structure: European Jobs Monitor 2015. Eurofound, Dublin.
- Ferrera, M. (2016). In mezzo al guado: lo stil novo di Renzi e le politiche per il lungo periodo. *Rivista Italiana Di Politiche Pubbliche*, 2016(1), 47–56.
- Ferrera, M. (2012). *Le politiche sociali. L'Italia in prospettiva comparata*. Il mulino.
- Ferrera, M. (1996). The “Southern Model” of Welfare in Social Europe. *Journal of European Social Policy*, 6(1), 17–37. <http://doi.org/10.1177/095892879600600102>
- Ferrera, M., & Gualmini, E. (2004). *Rescued by Europe? : Social and Labour Market Reforms in Italy from Maastricht to Berlusconi*. Amsterdam: Amsterdam University Press. Retrieved from <http://www.oapen.org/record/340223>
- Fischer, C. S., Hout, M., Jankowski, M. S., Lucas, S. R., Swidler, A., & Voss, K. (2018). Inequality by design. In *The Inequality Reader* (pp. 20–24). Routledge.
- Giannini, S., & Onofri, P. (2005). Per lo sviluppo. Fisco e welfare. *Il Mulino, Bologna*.
- Gordon, D. M., Edwards, R., & Reich, M. (1982). *Segmented Work, Divided Workers: The historical transformation of labor in the United States*. Cambridge University Press. Retrieved from <https://books.google.de/books?id=qH97zPfuFdsC>
- Graziano, P. (2007). Adapting to the European Employment Strategy-Recent Developments in Italian Employment Policy. *Int'l J. Comp. Lab. L. & Indus. Rel.*, 23, 543.

- Graziano, P. R. (2009). Choosing Welfare or Losing Social Citizenship? Citizens' Free Choice in Recent Italian Welfare State Reforms. *Social Policy & Administration*, 43(6), 601–616. <http://doi.org/doi:10.1111/j.1467-9515.2009.00683.x>
- Graziano, P. R. (2011). Europeanization and Domestic Employment Policy Change: Conceptual and Methodological Background. *Governance*, 24(3), 583–605. <http://doi.org/10.1111/j.1468-0491.2011.01533.x>
- Gualmini, E. (1998). *La politica del lavoro* (Vol. 404). Mulino.
- Hacker, J. S. (2002). *The Divided Welfare State: The Battle Over Public and Private Social Benefits in the United States*. Cambridge University Press. Retrieved from <https://books.google.de/books?id=wRZYIV8byoYC>
- Häusermann, S. (2012). The Politics of Old and New Social Policies. In D. Bonoli, Giuliano; Natali (Ed.), *The Politics of the New Welfare State* (pp. 111–132). Oxford: Oxford University Press. Retrieved from <https://doi.org/10.5167/uzh-65869%0AOriginally>
- Häusermann, S., Kurer, T., & Schwander, H. (2015). High-skilled outsiders? Labor market vulnerability, education and welfare state preferences. *Socio-Economic Review*, 13(2), 235–258. Retrieved from <http://dx.doi.org/10.1093/ser/mwu026>
- Häusermann, S., Kurer, T., & Schwander, H. (2016). Sharing the Risk? Households, Labor Market Vulnerability, and Social Policy Preferences in Western Europe. *The Journal of Politics*, 78(4), 1045–1060. <http://doi.org/10.1086/686972>
- Häusermann, S., & Schwander, H. (2012). Varieties Of Dualization? In P. Emmenegger, S. Häusermann, B. Palier, & M. Seeleib-Kaiser (Eds.), *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies* (pp. 27–51). New York: Oxford University Press. <http://doi.org/10.1093/acprof:oso/9780199797899.003.0002>
- Held, D. (1999). *Global Transformations: Politics, Economics and Culture*. Stanford University Press. Retrieved from <https://books.google.de/books?id=VBXvvo4Vo-oC>



- Hense, S. (2017). Labor Market Dualization and Its Consequences : Political Mobilization Potential of Insiders and Outsiders in Germany, 1–32.
- Howell, C. (2015). On Kathleen Thelen, Varieties of Liberalization and the New Politics of Social Solidarity, New York, Cambridge University Press, 2014. *Socio-Economic Review*, 13(2), 399–409. <http://doi.org/10.1093/ser/mwv005>
- Ichino, P. (2015). La riforma del lavoro in Italia. Una nuova cultura delle relazioni industriali. *Rivista Italiana Di Diritto Del Lavoro*, 34(2), 205–214.
- Ichino, P. (2015b). *Il lavoro ritrovato*. Edizioni Mondadori.
- Ichino, P. (2016). Last Labour Reforms in Italy. *DICE Report*, 14(3), 52.
- Il Post. (2011). Le 100 proposte di Matteo Renzi. Retrieved May 5, 2018, from <https://www.ilpost.it/2011/10/31/le-100-proposte-di-matteo-renzi/>
- Il Sole 24 Ore (2014, September 22) “Più risparmio e meno consumi: Gli italiani al test degli 80 Euro,”
- ISTAT. (2017). *RAPPORTO ANNUALE 2017 - La situazione del Paese*. Rome. Retrieved from <http://www.istat.it/it/files/2014/05/Rapporto-annuale-2014.pdf>
- Jessoula, M. (2015). *Italy - The Jobs Act: balancing across-the-board labour market flexibility with increased security?* <http://doi.org/10.13140/RG.2.2.34829.33761>
- Jessoula, M. (2017). Welfare occupazionale : le sfide oltre le promesse . Una introduzione. *La Rivista Delle Politiche Sociali/Italian Journal of Social Policy*, 2, 9–24.
- Jessoula, M., & Alti, T. (2010). *Italy: an uncompleted departure from Bismarck (with T. Alti)*, in B. Palier (eds) (2010), *A long Good Bye to Bismarck, The Politics of Welfare Reforms in Continental Europe*, Amsterdam, Amsterdam University Press.
- Jessoula, M., Graziano, P. R., & Madama, I. (2010). “Selective flexicurity” in segmented labour markets: The case of Italian “mid-siders.” *Journal of Social Policy*, 39(4), 561–583. <http://doi.org/10.1017/S0047279410000498>

- Jessoula, M., Graziano, P. R., & Madama, I. (2009). Flessibilit  e sicurezza, per chi? Sviluppi di policy e conseguenze nel mercato del lavoro italiano. *Stato e mercato, Rivista quadrimestrale*, (3), 387–420. <http://doi.org/10.1425/30842>
- Jessoula, M., & Raitano, M. (2016). *Pensioni e lavoro: la difficile integrazione dopo due decenni di Riforme. Italianieuropei*.
- Kitschelt, H., & Rehm, P. (2005). Work, Family, and Politics: Foundations of Electoral Partisan Alignments in Postindustrial Democracies. In *Annual Meeting of the American Political Science Association, Washington, DC* (pp. 1–4).
- Kitschelt, HP; Rehm, P. (2006). New Social Risks and Political Preferences. In G. Armingeon, K; Bonoli (Ed.), *The Politics of Post-Industrial Welfare States. Adapting postwar social policies to new social risks* (pp. 52–82). Routledge.
- La Repubblica. (2012, March 21). “Bersani: ‘Riforma all’americana, non va bene’.”
- La Repubblica. (2012a, March 20). ‘Lavoro, sindacati divisi. Monti: “Su art.18 non si tratta pi .”
- La Repubblica. (2014, September 20). Jobs Act, s  da direzione PD. Minoranza Divisa. Renzi: ‘Pronto a confronto con sindacati’.
- Lindbeck, A., Snower, D. J., & Studies, S. universitet. I. for I. E. (1985). *Wage Setting, Unemployment, and Insider-outsider Relations*. Institute for International Economic Studies, University of Stockholm. Retrieved from <https://books.google.de/books?id=4wxqYgEACAAJ>
- Luciano Gallino. (2008). *Il lavoro non   una merce*. Roma: Laterza.
- Madama, I., & Sacchi, S. (2008). Le tutele sociali degli occupati in nuove forme di lavoro. *Rivista Di Diritto Della Sicurezza Sociale*.
- Maggi, U. R. (2017). *Le riforme del mercato del lavoro in Italia, dal 2000 al Jobs Act*.
- Marco, L. (2016). Job Mobility and Income Insecurity. *Economic Inquiry*, 55(1), 260–280. <http://doi.org/10.1111/ecin.12351>

- Marra, C., & Turcio, S. (2016). Insider e outsider nel mercato del lavoro italiano. *Argomenti*, 4, 89–134.
- Martin, C. J., & Thelen, K. (2007). The State and Coordinated Capitalism: Contributions of the Public Sector to Social Solidarity in Postindustrial Societies. *World Politics*, 60(1), 1–36. <http://doi.org/DOI: 10.1353/wp.0.0000>
- Mazzucato, M. (2015). *The Entrepreneurial State: Debunking Public Vs. Private Sector Myths*. Anthem Press. Retrieved from <https://books.google.de/books?id=Wro1DgAAQBAJ>
- Ministero del Lavoro, della Salute e delle Politiche Sociali (2008), *Rapporto di monitoraggio delle politiche occupazionali e del lavoro*, Rome: Ministero del Lavoro, della Salute e delle Politiche Sociali
- OECD. (2015). *In It Together: Why Less Inequality Benefits All*. Paris: OECD Publishing. <http://doi.org/10.1787/9789264235120-en>
- OECD. (2008). *Growing Unequal?* Paris: OECD Publishing. <http://doi.org/https://doi.org/http://dx.doi.org/10.1787/9789264044197-en>
- OECD. (2017). *OECD Economic Surveys: Italy 2017* (Vol. 2017). OECD Publishing. [http://doi.org/10.1787/eco\\_surveys-ita-2017-en](http://doi.org/10.1787/eco_surveys-ita-2017-en)
- OECD. (2017). *How technology and globalisation are transforming the labour market. OECD Employment Outlook 2017*. Paris. [http://doi.org/10.1787/empl\\_outlook-2017-7-en](http://doi.org/10.1787/empl_outlook-2017-7-en)
- OECD. (2011). *Divided We Stand*. Paris: OECD Publishing. <http://doi.org/10.1787/9789264119536-en>
- Oesch, D. (2006). *Redrawing the Class Map: Stratification and Institutions in Britain, Germany, Sweden and Switzerland*. Palgrave Macmillan UK. Retrieved from <https://books.google.de/books?id=2IFtQgAACAAJ>

- Pavolini, E., León, M., Guillén, A. M., & Ascoli, U. (2015). From austerity to permanent strain? The EU and welfare state reform in Italy and Spain. *Comparative European Politics*, 13(1), 56
- Picot, G., & Tassinari, A. (2017). All of one kind? Labour market reforms under austerity in Italy and Spain. *Socio-Economic Review*, 15(2), 461–482. <http://doi.org/10.1093/ser/mww042>
- Picot, G., & Tassinari, A. (2015). Politics in a Transformed Labor Market: Renzi's Labor Market Reform. *Italian Politics*, 30(1), 121–140. <http://doi.org/10.3167/ip.2015.300108>
- Picot, G., & Tassinari, A. (2017). All of one kind? Labour market reforms under austerity in Italy and Spain. *Socio-Economic Review*, 15(2), 461–482. Retrieved from <http://dx.doi.org/10.1093>
- Piketty, T. (2015). About Capital in the Twenty-First Century. *American Economic Review*, 105(5), 48–53. Retrieved from <http://www.aeaweb.org/articles?id=10.1257/aer.p20151060>
- Pinelli, D., Torre, R., Pace, L., Cassio, L., & Arpaia, A. (2017). *The Recent Reform of the Labour Market in Italy: A Review* (Vol. 8022).
- Pini, P. (2015). Il Jobs Act tra surrealismo e mistificazione: una lettura critica. *Economie E Lavoro*, 177–215.
- Reich, M. (2008). *Segmented Labor Markets and Labor Mobility: flexibility, monopsony and the new labor market segmentation*. Edward Elgar Pub. Retrieved from <https://books.google.de/books?id=pSFKSQAACA>
- Rosset, J., Giger, N., & Bernauer, J. (2013). More Money, Fewer Problems? Cross-Level Effects of Economic Deprivation on Political Representation. *West European Politics*, 36(4), 817–835. ht

- Rueda, D. (2005). Insider-outsider politics in industrialized democracies: The challenge to social democratic parties. *American Political Science Review*, 99(1), 61–74.  
<http://doi.org/10.1017/S0>
- Rueda, D. (2012). Dualization and Crisis. *Swiss Political Science Review*, 18(4), 523–530. <http://doi.org/10.1111/spsr.12012>
- Rueda, D., Wibbels, E., & Altamirano, M. (2015). The Origins of Dualism. In P. Beramendi et al. (Eds.) *The Politics of Advanced Capitalism*. New York, Cambridge University Press, 89-111.
- Sacchi, S. (2018). The Italian Welfare State in the Crisis: Learning to Adjust? *South European Society and Politics*, 23(1), 29–46.  
<http://doi.org/10.1080/13608746.2018.1433478>
- Sacchi, S. (2015). Conditionality by other means: EU involvement in Italy's structural reforms in the sovereign debt crisis. *Comparative European Politics*, 13(1), 77–92.  
<http://doi.org/10.1057/>
- Schwander, H., & Häusermann, S. (2013). Who is in and who is out? A risk-based conceptualization of insiders and outsiders. *Journal of European Social Policy*, 23(3), 248–269. <http://doi.org>
- Seghezzi, F., & Nespoli, F. (2017). *Jobs Act , per un bilancio oltre “ la guerra dei numeri ”* (No. 3). Modena.
- Sestito, P., & Viviano, E. (2016). *Sestito, Paolo and Viviano, Eliana, Hiring Incentives and/or Firing Cost Reduction? Evaluating the Impact of the 2015 Policies on the Italian Labour Market* (Vol. 325).
- Thelen, K. (2014). *Varieties of Liberalization and the New Politics of Social Solidarity*. Cambridge University Press. Retrieved from  
<https://books.google.de/books?id=2ireAgAAQBAJ>
- Touraine, A. (2007). *New Paradigm for Understanding Today's World*. (Polity 2007, Ed.) (1st ed.). Wiley Online Library.

Viebrock, E., & Clasen, J. (2009). Flexicurity and welfare reform: a review. *Socio-Economic Review*, 7(2), 305–331. Retrieved from <http://dx.doi.org/10.1093/ser/mwp001>

World Bank. (2016). Poverty and Shared Prosperity 2016: Taking on Inequality. World Bank Group. <http://doi.org/10.1596/978-1-4648-0958-3>