INDUSTRIAL RELATIONS IN EUROPE
FOSTERING EQUALITY AND CROSS-COUNTRY CONVERGENCE?

CONFERENCE ORGANIZED BY THE INTERNATIONAL LABOUR OFFICE
IN COOPERATION WITH THE EUROPEAN COMMISSION
Italy: How to involve more marginal groups into economic and social convergence?

Annamaria Simonazzi
Sapienza University of Rome (Italy)
Italy’s lost decade

Italy has been suffering what the Governor of the Bank of Italy has described as the worst years in its peacetime history.

Between 2007 and 2013, in particular, GDP fell by 9 percentage points, industrial production by 25 per cent and investment by 30 per cent,

The unemployment rate has doubled and productivity has stagnated.

Households in absolute poverty: from 4% in 2008 to 6.3% in 2016 (7.9% of individuals, but about 10% in the South).

A multidimensional indicator of well-being: real per-capita income, poverty, and inequality, struggling to improve (2018 DEF, Economic and Financial Document)
Percent of persons in absolute poverty
Italy: per capita income, nominal and real

FIGURA IL.2: REDDITO DISPONIBILE AGGIUSTATO PRO CAPITE NOMINALE E REALE - ANNI 2005-2017(*
(numeri indice 2005=100)

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<th>Year</th>
<th>RDA nominale</th>
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Fonte: elaborazione MEF su dati Istat.  
(*) Il dato per il 2017 è provvisorio.
Critical areas: few indicators

Youth employment and unemployment (15-24):
  unemployment rate: 34.7%; temporary jobs: 59.6%;
Female employment and work-life reconciliation
  female employment rate (15-64), Italy: 48.9%
  (20-64) Italy: 62.3% EU28: 72.2%
Migrants’ wage penalty: men: 25-29% lower than natives; women: 28-42%

Share of working poor (<60 % of median) (2014): 31.4%
Regional inequality: employment rate in the South
  youth unemployment (15-24): 51.4%
  female employment rate (15-64): 32.2%
Industrial relations and social dialogue: three phases

1. Negotiated flexibility: postulating a positive relationship between flexibility and employment creation. Flexibilisation at the margin. Deregulation resulted in an increasingly polarised labour market, with negative implications for productivity.

2. Social dialogue in retreat: contested reforms of collective bargaining, labour and pension reforms implemented under the pressure of the crisis.

3. Social dialogue resumed? To address the economic and social consequences of three main challenges:
   - Employment, productivity and growth
   - Innovation, technical change, and the 4th industrial revolution
   - Ageing and social inclusion
Different shades of liberalisation: Spain, Italy, Slovenia

- Picot and Tassinari (2017): even under intense austerity pressure different trajectories of labour market reform are possible. Contrary to Spain’s experience, in Italy the power of centre-left parties pulls labour market reforms towards embedding flexibilization rather than full-out deregulation,
  e.g., Jobs Act: reducing employment protection while extending the coverage for those marginalized from the labour market
- Case study of Italy and Slovenia: differences in TUs’ defense of temporary workers. In Slovenia, TU exchanged increased flexibility of standard employment for reregulation of non-standard employment. In Italy, despite various attempts to regulate resort to atypical work, it is still too advantageous relative to permanent work.
Areas of social dialogue: innovation and growth

Company-level bargaining: legislation incentivising productivity (since 2007)
Define and regulate representation: to avoid contractual dumping
Active labour policies: reform and re-financing employment centres. Lifelong learning and training must be focused on the new and ever-changing work and job opportunities. Job-specific skills no longer a guarantee of security: 35-49 years-old a new category at risk. Mid-career retraining
Flexibility vs. participation: to foster a consensual approach to process and product innovation.
Ageing and social inclusion

Conflict over reforms (Fornero’s Pension reform), but also
Involvement in social policies and new forms of work organisation to respond to the new needs and cover the new risks
  work-life reconciliation policies: parental leaves, friendly flexible times, (occupational) welfare
Maternity-employment trade-off: motherhood still the main reason for leaving the labour market, while labour market attachment still main reason for low fertility rate
Employment rate of women 25-49 with school-age children over employment rate of childless women 25-49
Bilateralism: complement of or substitute for public welfare?

Private bodies constituted by the trade unions and employers in a given professional category, for the implementation of collective agreements in fields related to the labour market, vocational training; work safety; occupational welfare, and assistance in the negotiation of contracts.

funded by enterprises to provide a stop-gap in the context of welfare state retrenchment, and encouraged and fiscally supported by the legislation to provide complementary pension schemes, supplementary health insurance and unemployment benefits.

For a system traditionally lacking a strong participatory model in industrial relations, bilateralism represent the most structured and effective form of participation.

However, occupational welfare should complement, not replace public welfare, should supplement not replace wages, and should avoid risking to leave out large fringes of population.
Occupational welfare: Per cent of firms activating at least one initiative in the area
More areas covered by industrial relations and social dialogue

Anti-poverty measures: REI (Reddito di inclusione) introduced with Law 25-3-2017, no.33 seriously underfinanced (resources cover approximately 500,000 people, against an estimated 1.8 million in need)
migrants: macro policies favouring social cohesion and industrial relations to ensure equality in the workplace
South: a shared agenda between government and the social partners
Conclusions: Flexibility vs participation

Flexibility: cannot guarantee increase in quality (regular) or in quantity of jobs: last data show that, recent reforms notwithstanding, temporary contracts still prevail; recent increase in employment is linked to recovery, not flexibility

In an era of innovation and digitalisation flexibility is not even useful: firms’ investment in, and participation of, employees is essential

Patto per la fabbrica (9 March 2018): a new season in social dialogue?
It provides a general framework for discussion of the main issues relating bargaining and welfare: the issues of representation, continuous vocational training, occupational welfare and other policies needed to tackle innovation and technical change.

Need to update social partners’ negotiating repertoire
To pay attention to those workers at risk of exclusion or marginalization
Social dialogue needs to go beyond bargaining to cover cohesion and welfare policies