

TURI Conference
**“The implications of the crisis for
the labour market”**

**Unemployment, social security
and role of the social partners in
Italy**

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ETUI, Fundacion 1 de Mayo, F. Largo Caballero

The Italian labour market before the crisis: an employment growth in a growthless economy

Reduction of the unemployment rate

from 11% in 1997 to 6.1% in 2007

Reduction of the duration of unemployment

from more than one year in 75% of the cases in the 1980s to 35% in 2007

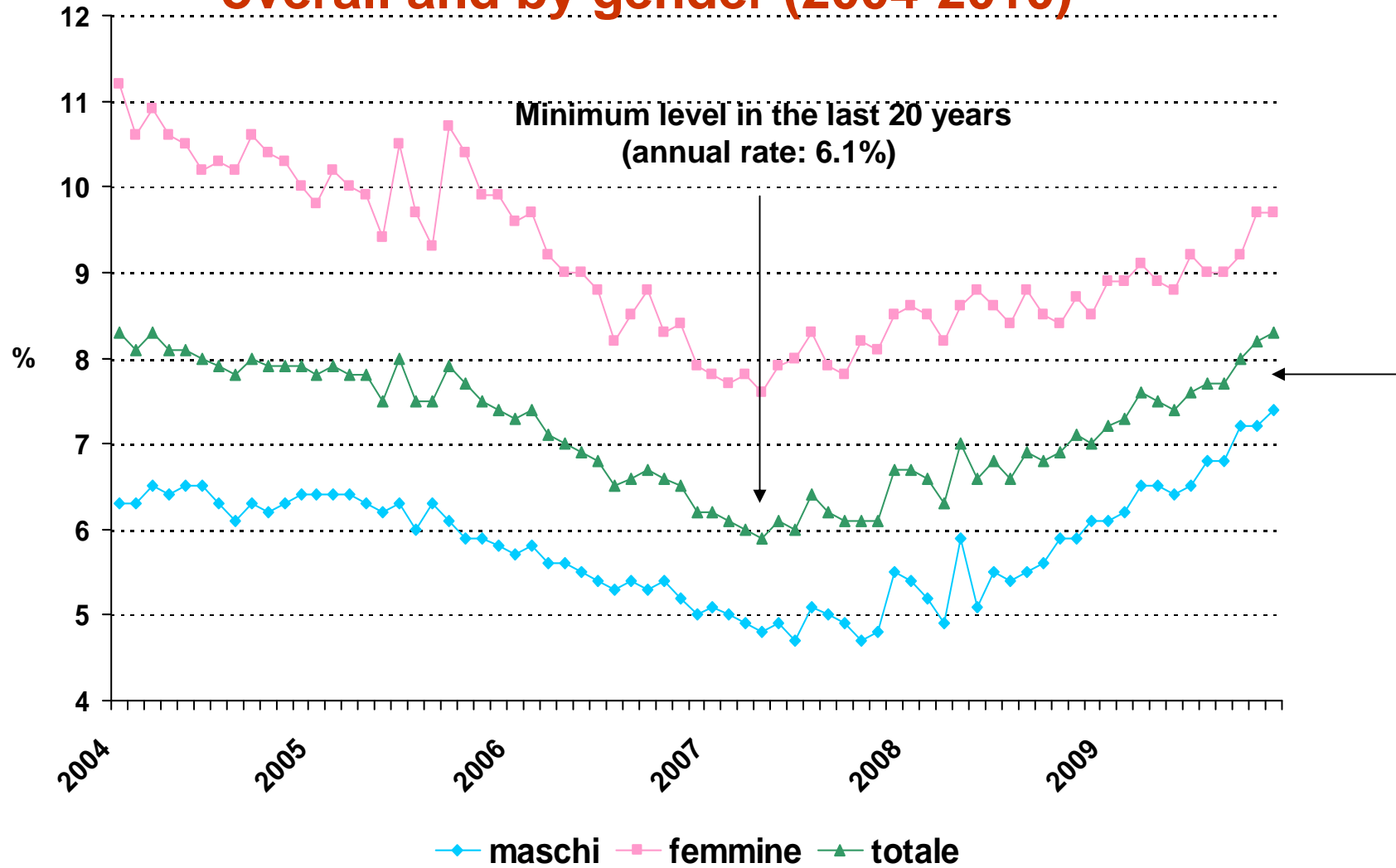
Growth of atypical and precarious employment

Steep decline of the Employment Legislation Protection Index

from the top to the bottom of the EU-15 list

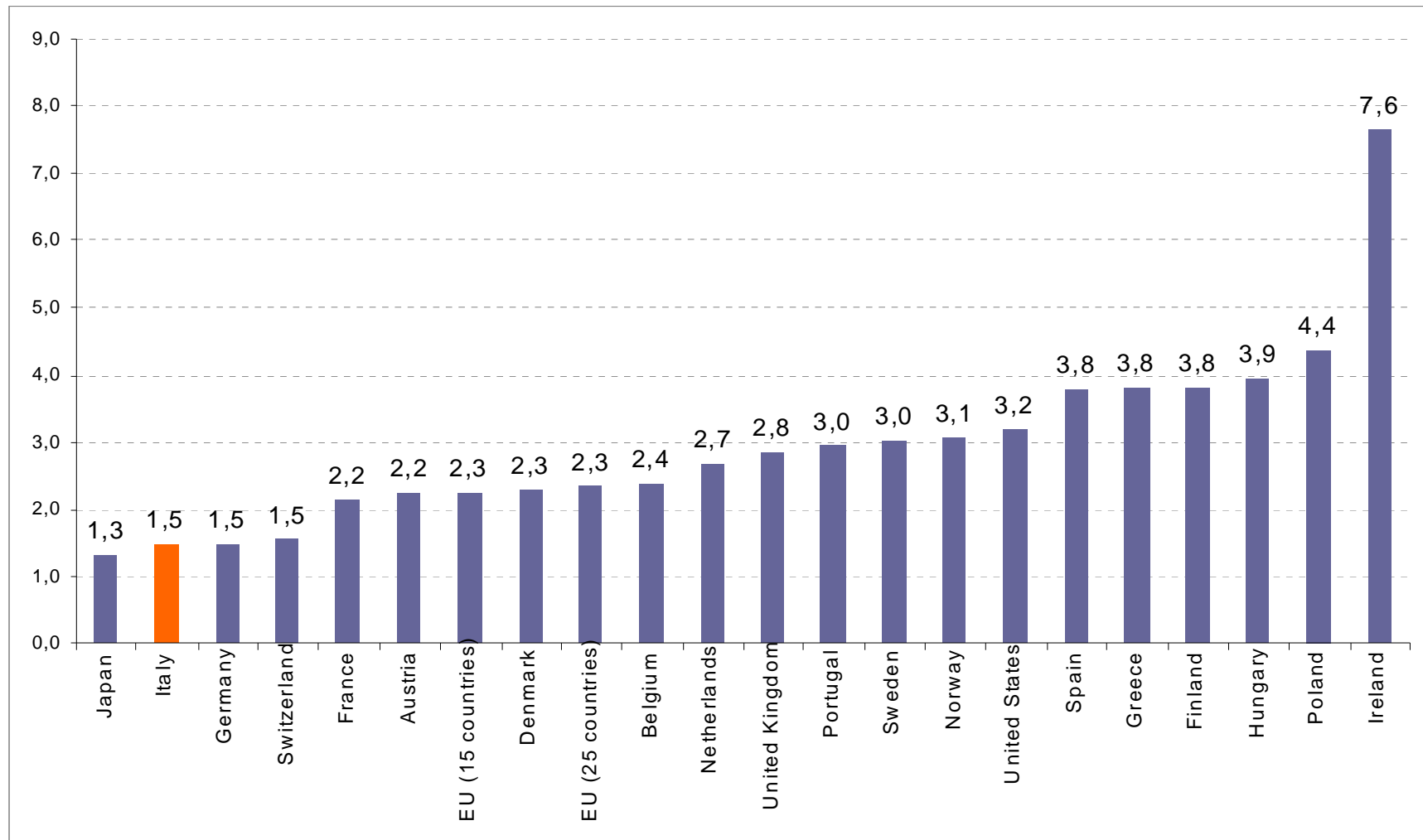
“More and WORST jobs”

Rate of unemployment: overall and by gender (2004-2010)

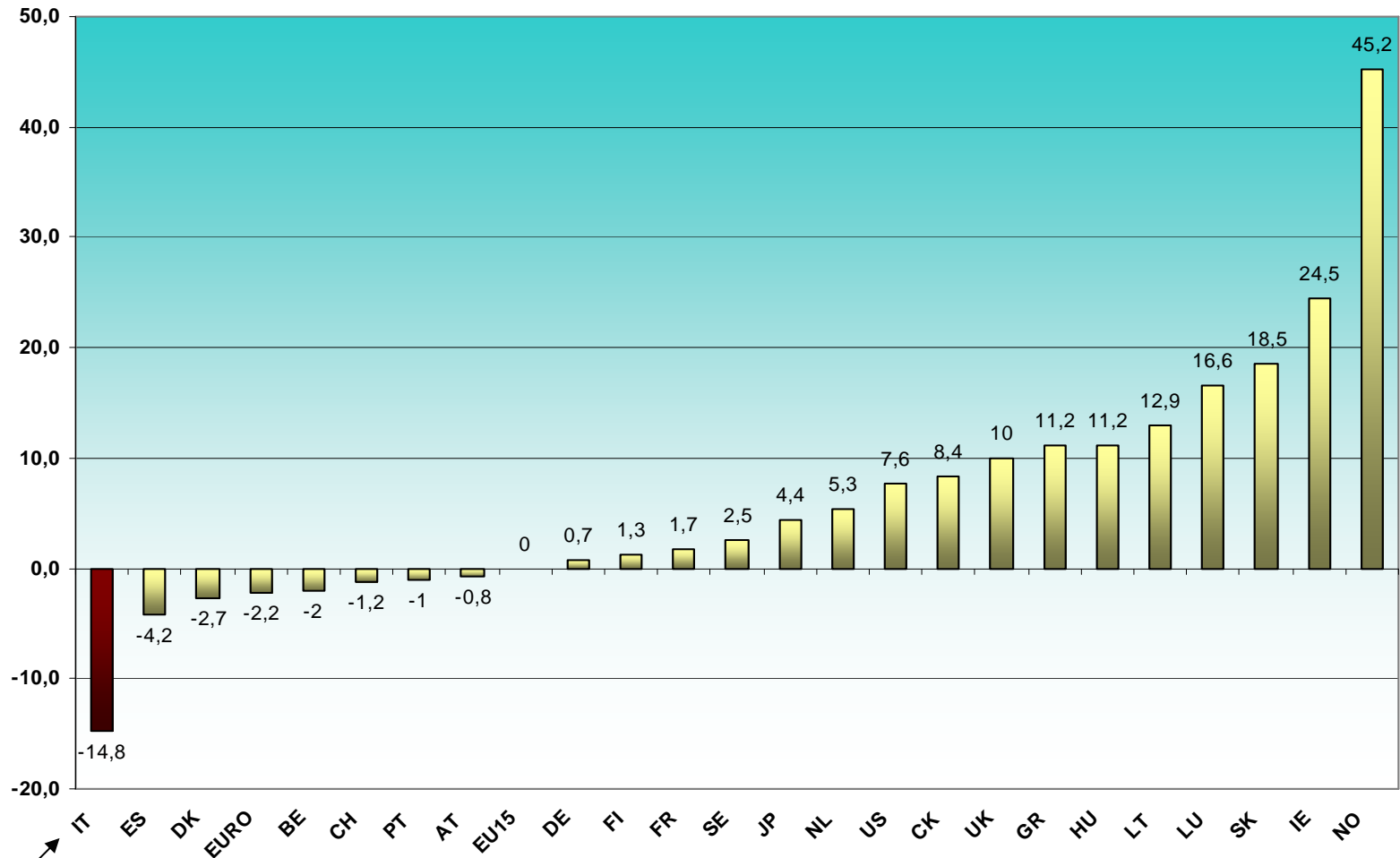


Fonte: ISTAT

GDP Annual Growth: 1996-2007

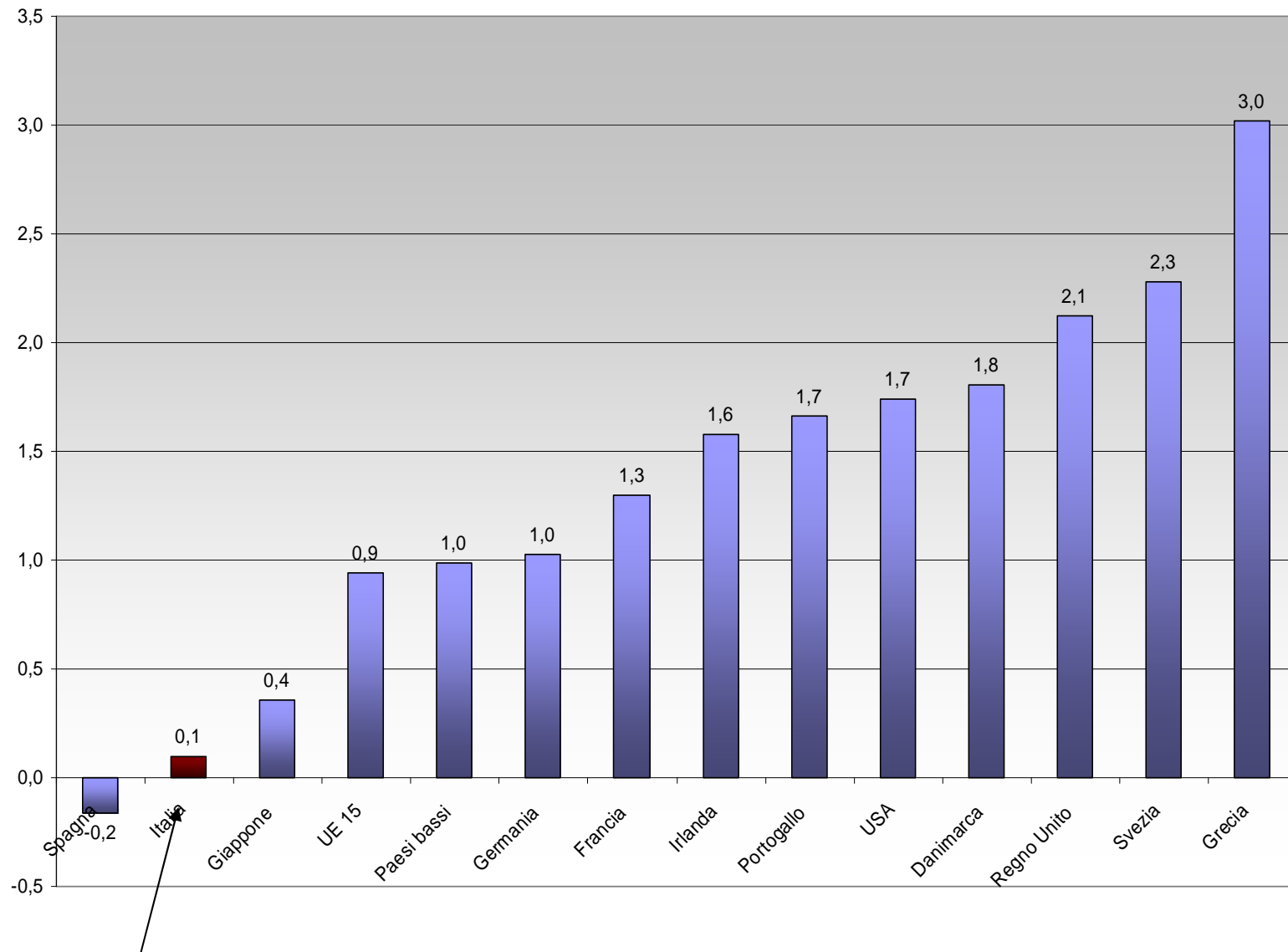


Labour Productivity (per person employed): 2006-1995 (average EU15 = 100)



Real Incomes

average yearly growth per employee 1995-2007



**Chart 5: Unemployment rate changes
February 2009 - February 2010**

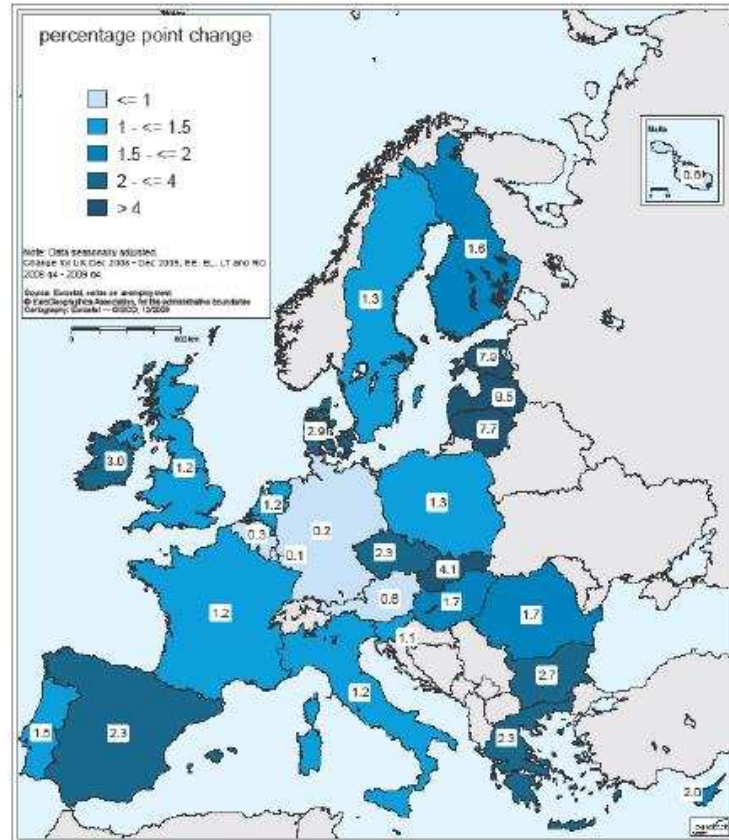
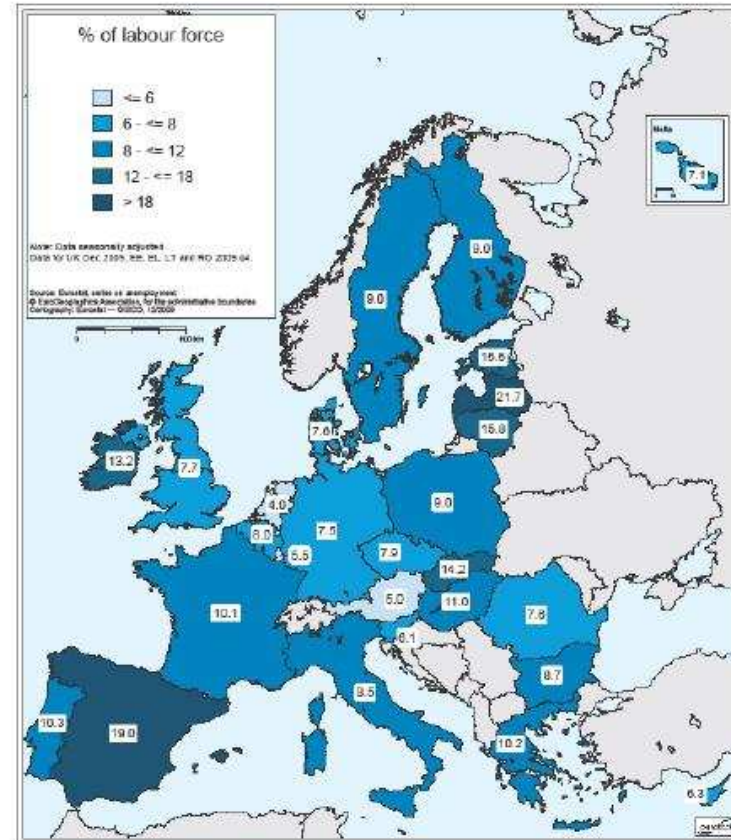


Chart 6: Unemployment rates, February 2010



...in the middle of the crisis

The official numbers

- Unemployment rose up to 8.8% (April 2010); 2.194.000
- Youth unemployment (under-25s) increased to 27,7 (7% higher than in the EU-27). It was 21% in 2008.
- Almost half million jobs lost in one year (+ 2,9%)
- Atypical/fixed-term and migrant workers: “first out”

Beyond the official numbers

1. The use of the redundancy wage fund: + 300% in the last year;
800.000 workers (400.000 zero hours and now next to extinguish its duration)
were/are benefiting under these measures
1. Employment rate: from 58% to 57,5% (over 22 million) in the last year
2. Rate of inactivity: 37,8% (15 million). A very high number of “discouraged”
labour forces

Panorama of Italian labour market in 2010

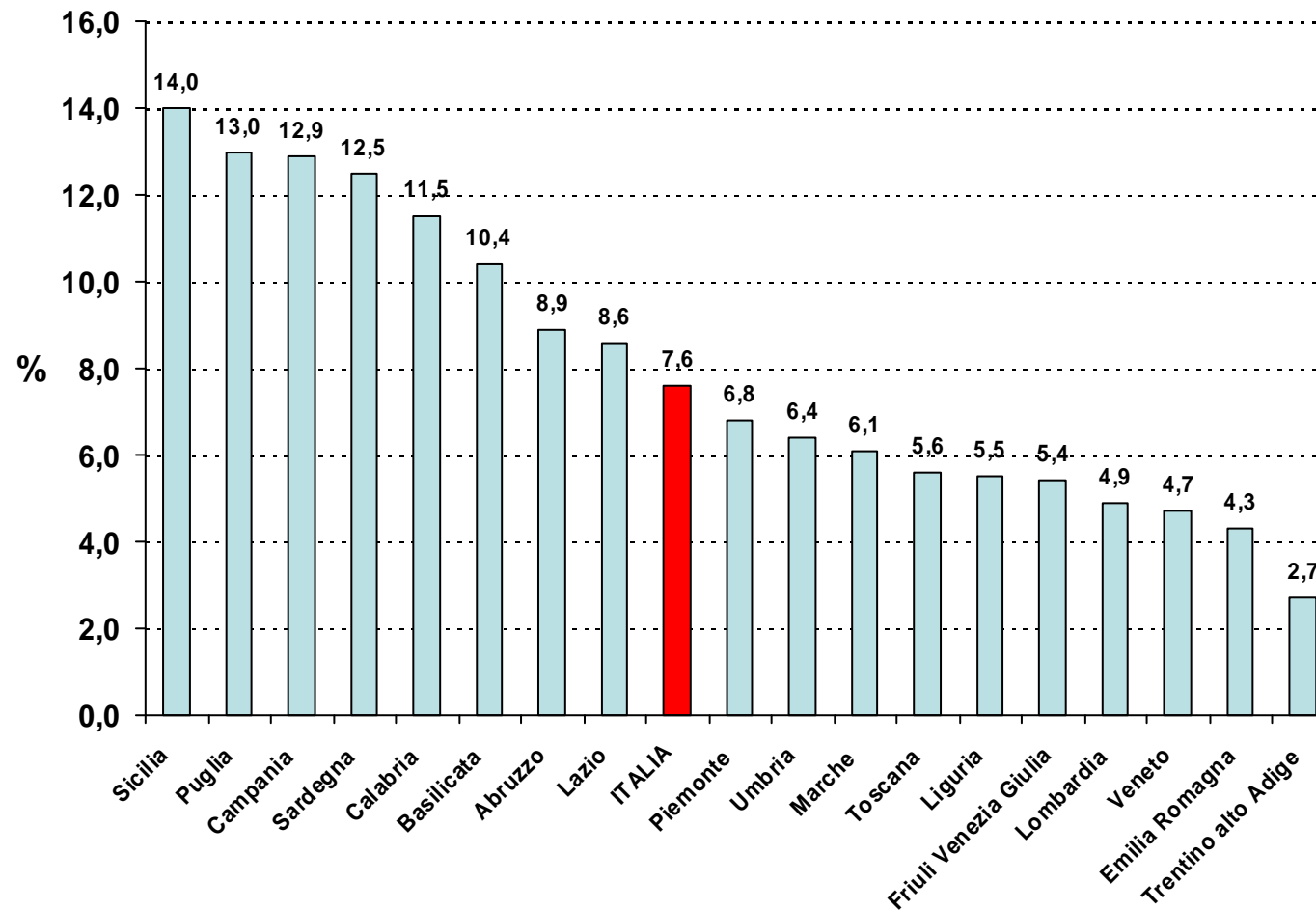
Employment rate: 57,5% (EU27: 64,6%; 70% Lisbon Agenda)

- Female employment rate: 46,6% (EU27: 58,2%; 60% Lisbon Agenda)
- Employment over 55: 33,8% (EU27: 45%)
- *Female Employment over 55: 23%*

Unemployment rate: 8,8% (EU27: 9,6%; Eurozone 10%)

- Youth unemployment rate (under-25s): 27,7% (EU27: 20,6%)

The North-South dualism of the Italian unemployment (2008)



The Italian way to flexibility

Flexible contractual arrangements

Atypical and casual employment

- Fixed-term: 12,3% (EU27: 14%)
- Part-time: 12,8% (EU27: 18%)

Self-employment: 24% (EU27: 16%)

- Quasi-subordinated*: 4,3%

Undeclared/irregular jobs: 13-15% of units of labour (more than 3 million)

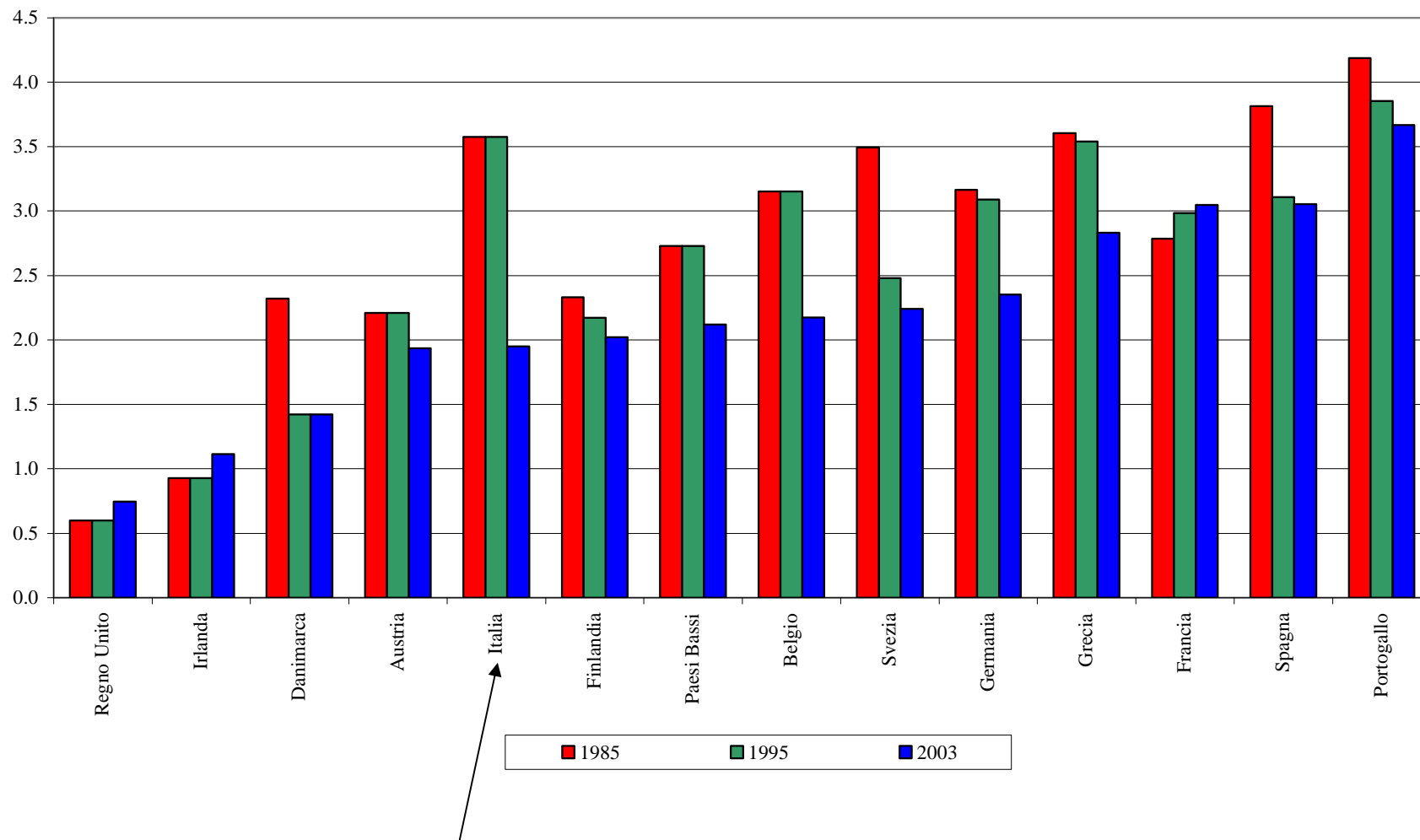
* Legally autonomous but economically dependent

Steep decline of the Employment Legislation

Protection Index: 1985-2003

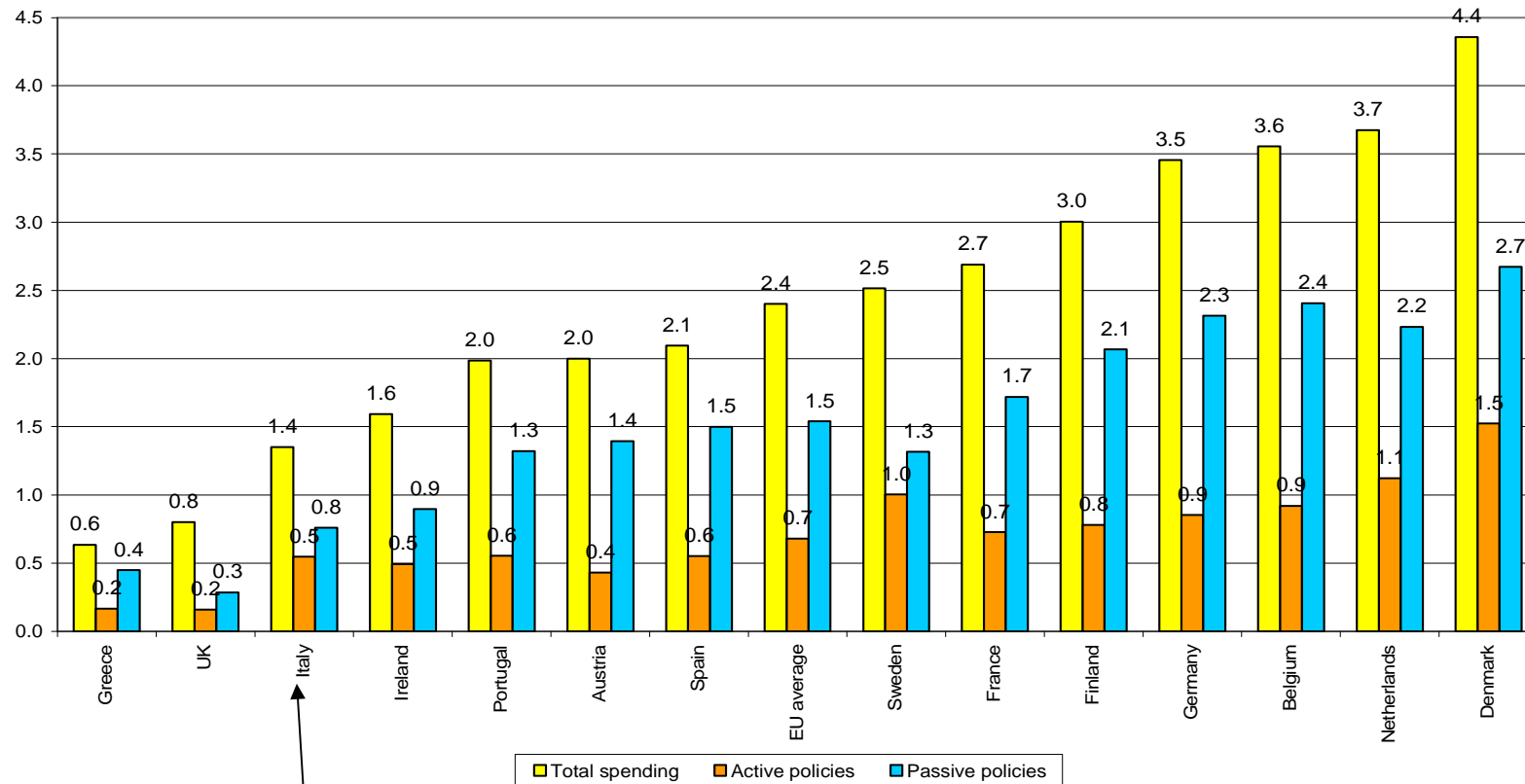
Fig. 4.3.1: Andamento dell'indice di *employment protection legislation* (EPL) nei paesi di UE15 fra il 1985 e il 2003.

Fonte: elaborazioni su dati OCSE

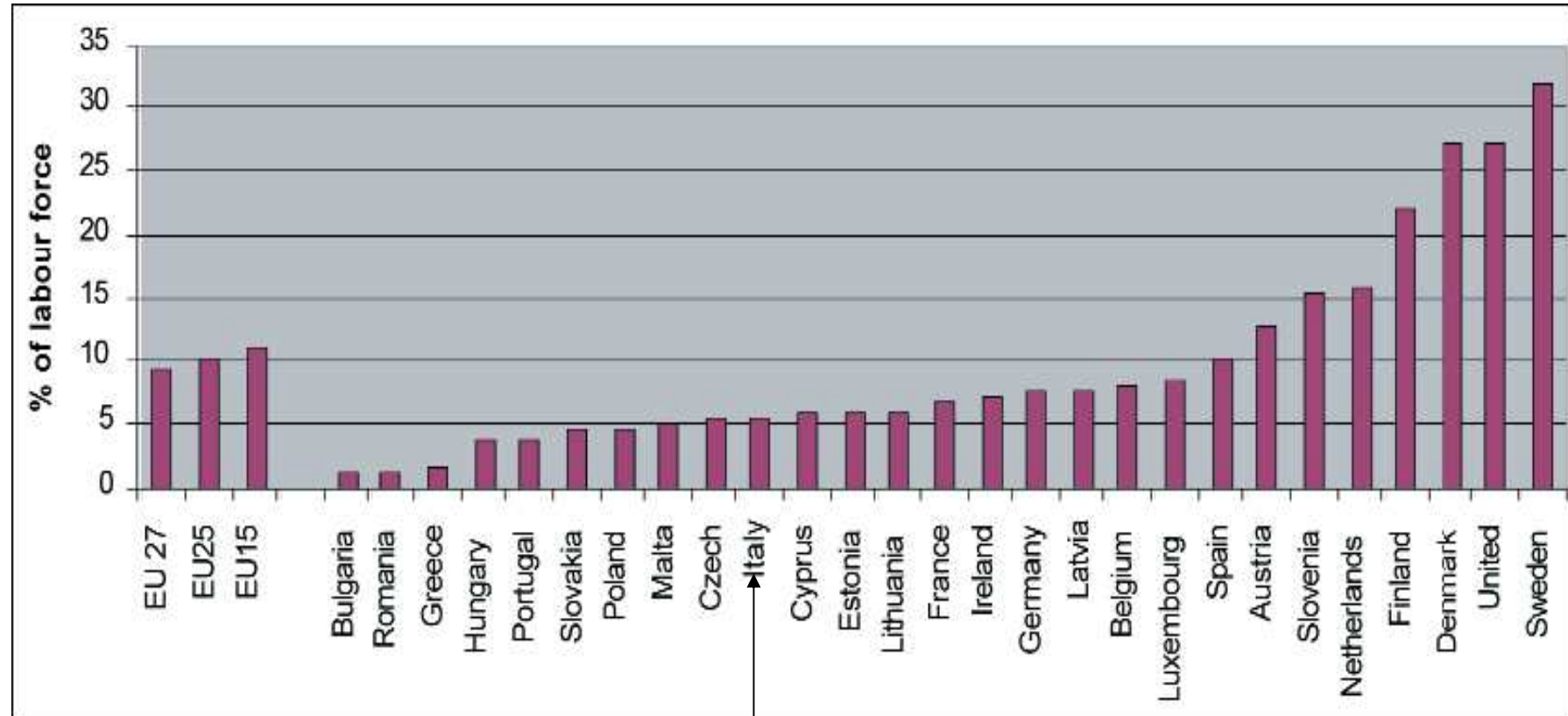


How much the State does it spend for unemployment and ALMPs?

Spending for labour market policies in 2004 in EU15 countries.
Source: elaborations on Eurostat - Labour market policy database



Participation of the labour force in lifelong learning (2007)



The jungle of the unemployment protections: which equality and universalism?

1) “*universal*”: ordinary unemployment benefit:

60-40%: rate of replacement capped; duration: 8-12 months

2) “*industrial*”: wage redundancy fund (“ordinary” and “extraordinary”)

80% rate of replacement capped (70-75% in real terms); duration 12 months

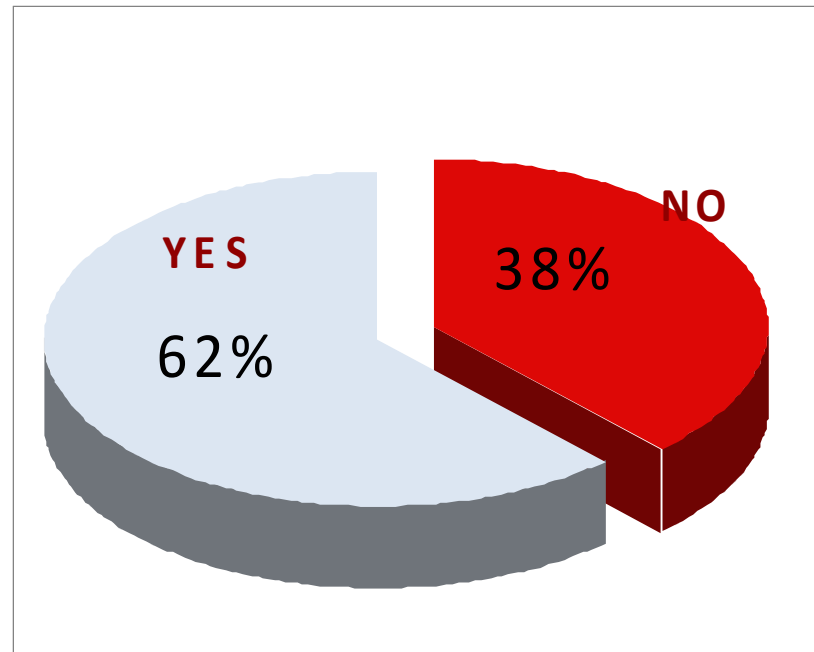
3) “*agriculture*”: with reduced requirements of eligibility for seasonal and casual workers

35-40% rate of replacement capped

4) “*In derogation*”: for those sectors/SMEs which are excluded by the law from the previous systems

No protection at all: young, atypical/precarious, long-time unemployed

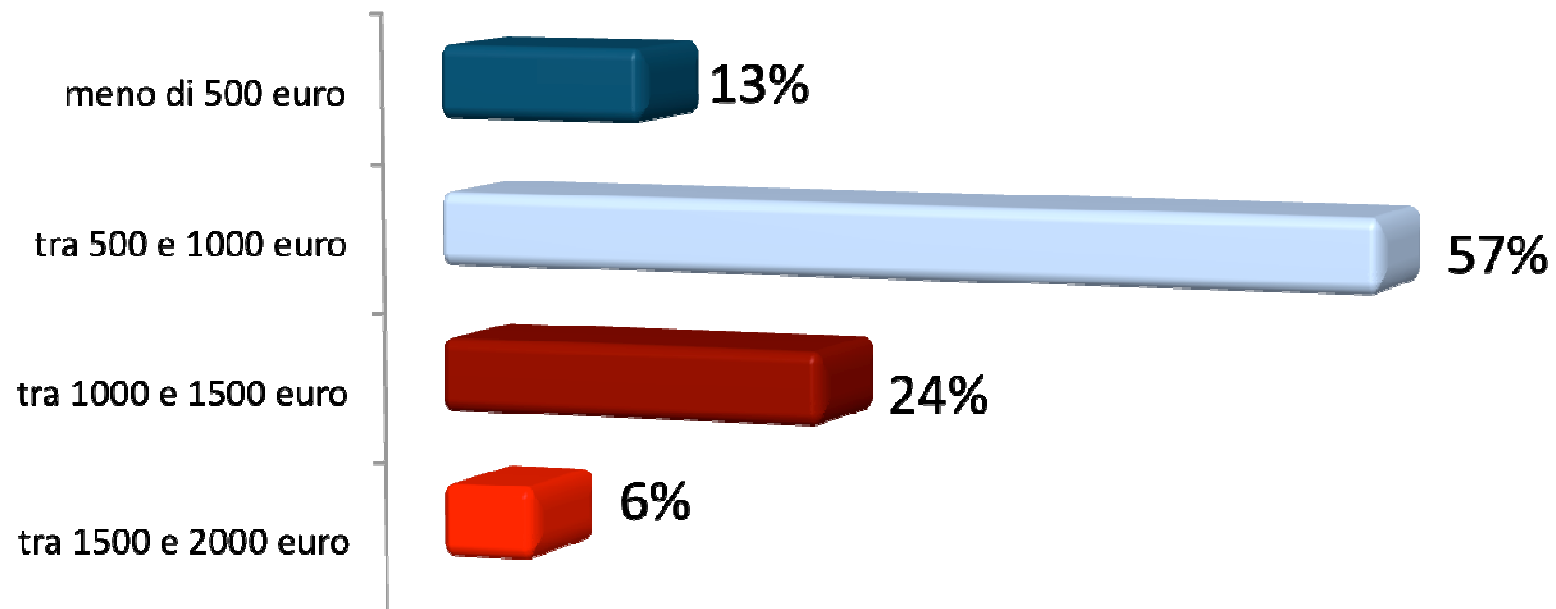
How many unemployed are receiving some kind of social benefit?



From a National survey IRES-SWG, February 2010

Sample: 2787 persons, interviewed with a CAWI method.; Period: October 2009

How much do the unemployed workers get from their social benefits?



From a National survey IRES-SWG, February 2010

Collective bargaining and welfare: the “stop-gap” of “bilateralism”

What? Joint funds, managed by social partners at sectoral level, and financed with (small) contributions from employers only.

Why? To surrogate and to integrate the shortage and large holes of a public, universal and effective system of unemployment protection

Where? In sectors excluded by the stronger protections enjoyed by the industrial sectors and large companies (construction; retail and tourism; artisans, but also banks, insurance and public utilities)

Overcoming the crisis: how to prevent from a jobless recovery

Aims:

- 1) To answer to immediate employment problems
- 2) Towards anti-cyclical behaviour

Time / Agenda:

In the short term

- Saving jobs: Internal flexibility in place of dismissals and external flexibility
- Support wages (tax cuts; higher minimum; beyond purchasing power)
- Stimulus package of investments in green economy/infrastructures/jobs
- Social policy spending (unemployment benefits: *eligibility, generosity, duration*)

In the medium term

- Industrial policy
- Employment policy: from supply side measures to labour demand
- **Recast welfare state**

Methods and actors:

- Industrial relations as a crucial multi-level tool of governance at all such aims

Recasting the welfare and social security system: reforms under discussion

Ministry of Labour

The White Paper on the new welfare system

- to empower family, companies and bilateral bodies as alternative to the welfare state;
- to abolish the Redundancy Fund and have two pillars only: a) ordinary unempl. benefit (job loss), b) sectoral bilateralism (job suspension)
- to reduce the public expenditure/coverage towards forms of self-financing
- to shift from the public authorities towards the sectoral and corporative level;
- bilateralism as a surrogate of the public engagement

CGIL

- to reduce drastically the number of atypical employment contracts
- to make atypical work economically less convenient (avoid dumping);
- to reduce/harmonise the number of different regimes/measures;
- to maintain/extend the two public pillars: a) ordinary unempl. benefit, b) redundancy fund
- to prolong the duration of the main treatments in case of job loss or suspension.
- bilateralism as a integration of the public welfare and not as a surrogate or a substitute of it