

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

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

**Salvo Leonardi**

**Madrid, 5 May 2010**

ETUI, Fundacion 1 de Mayo, F. Largo Caballero

# The Italian labour market before the crisis: a growthless employment growth

## 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

\*\*\*\*\*

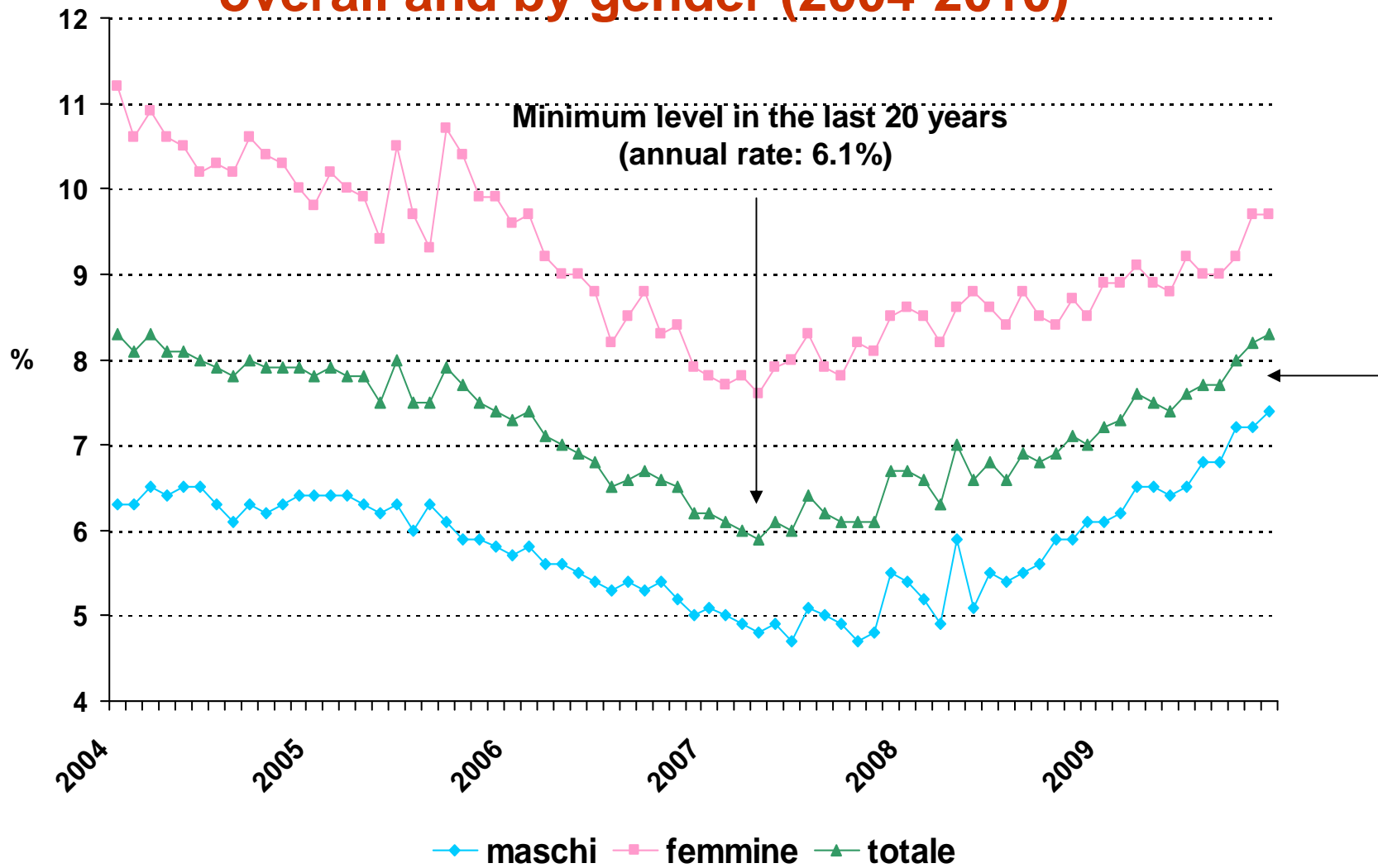
## Growth of atypical and precarious employment

## Steep decline of the Employment Legislation Protection Index

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

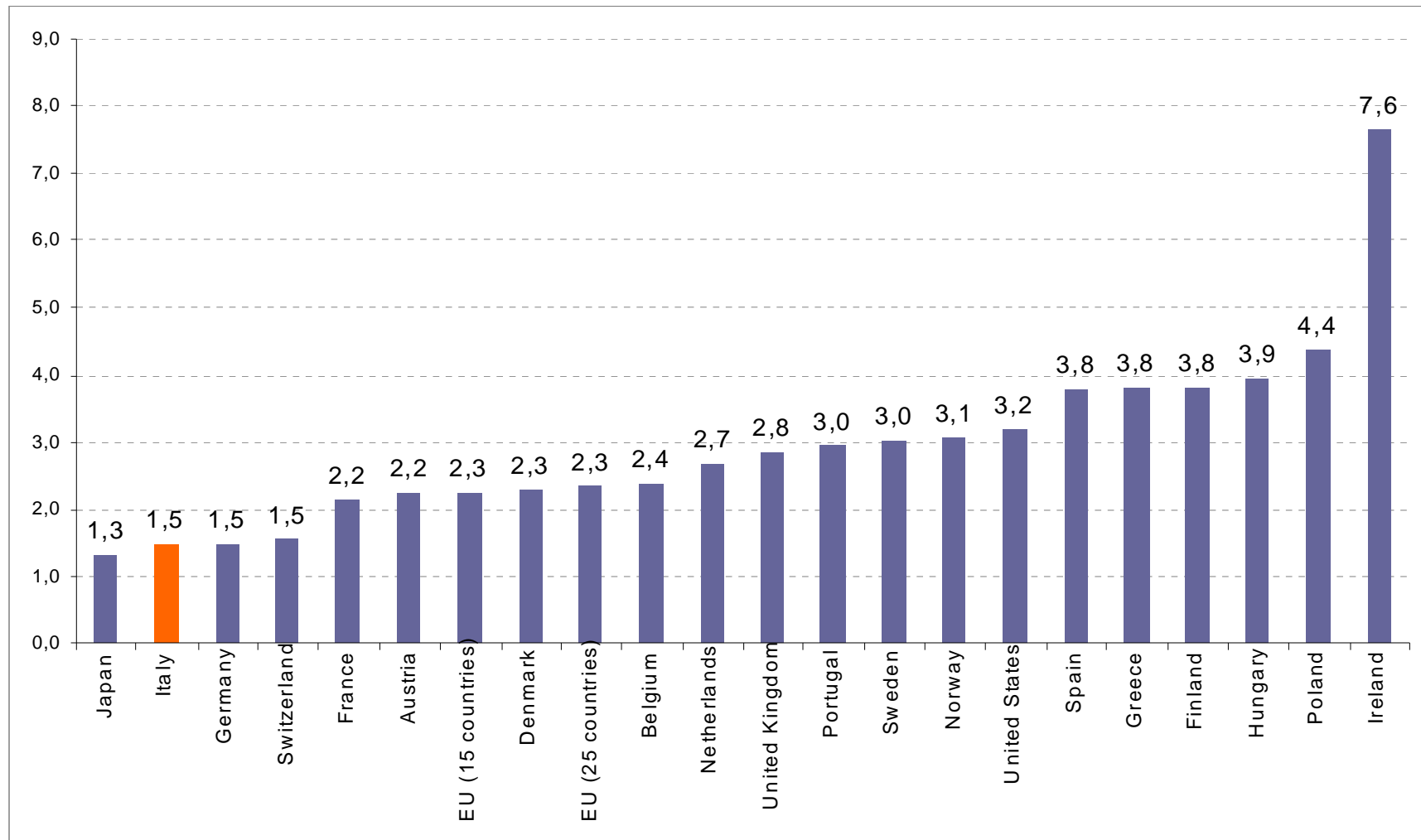
**“More and WORST jobs”**

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

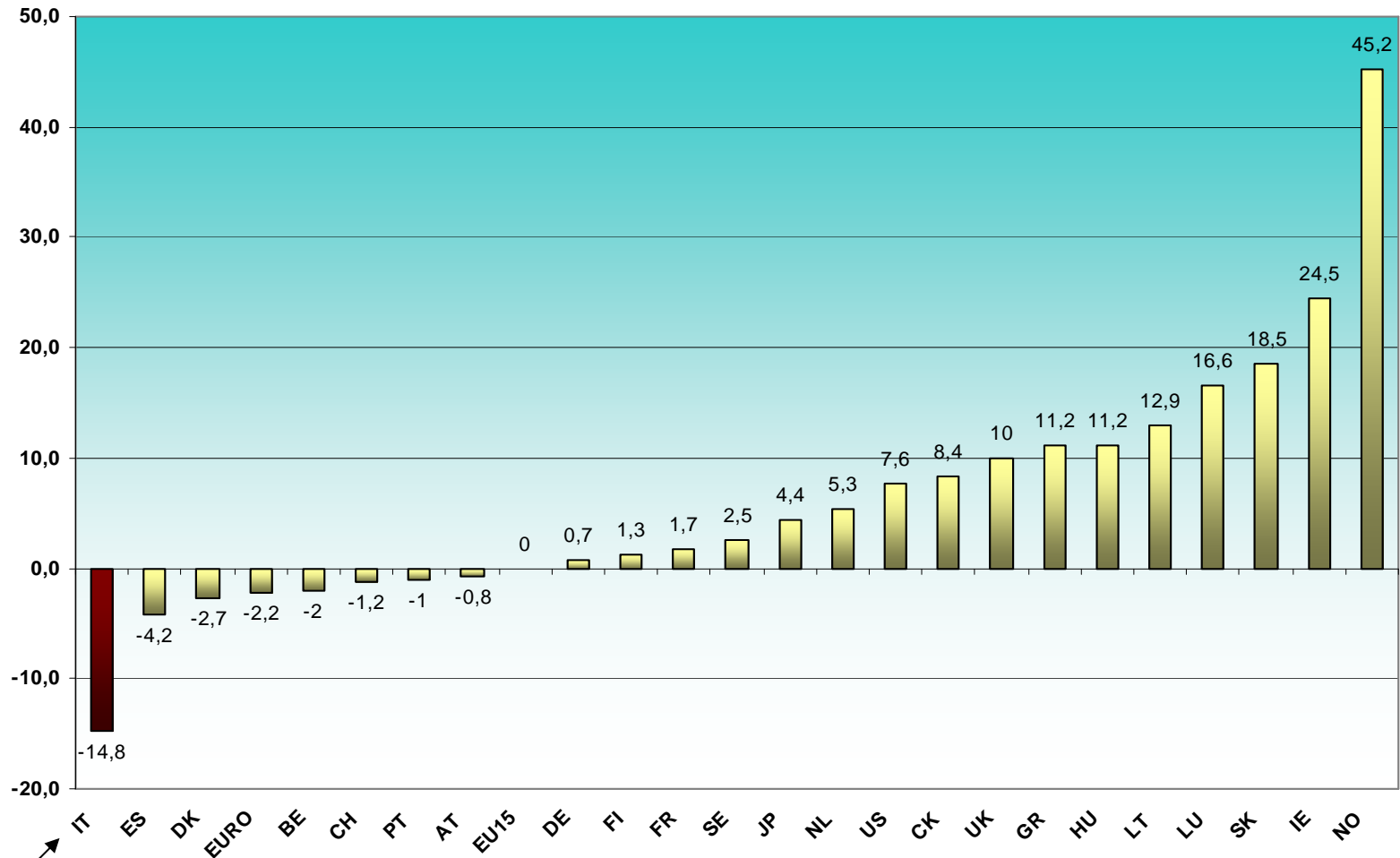


Fonte: ISTAT

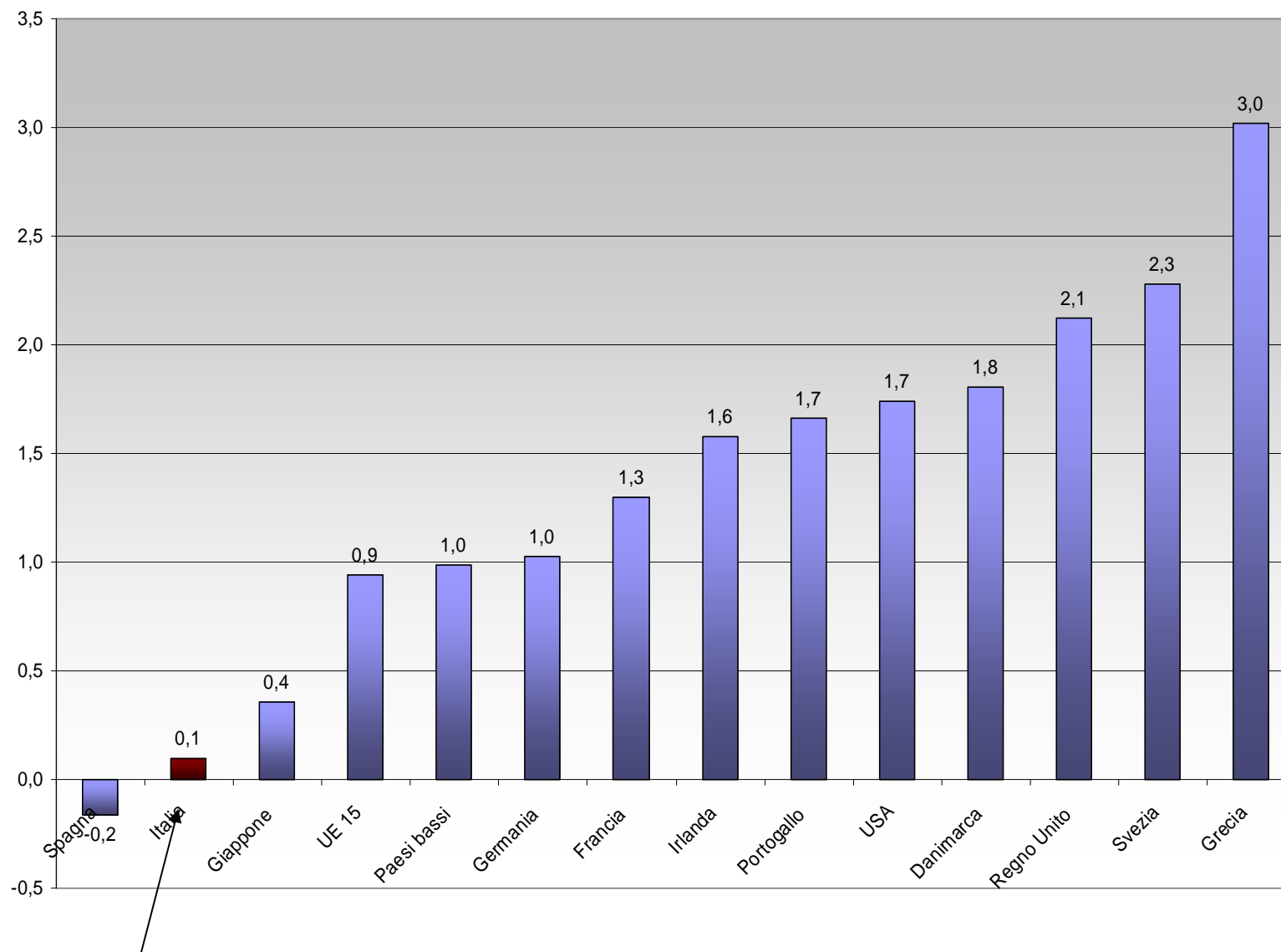
# GDP Annual Growth: 1996-2007



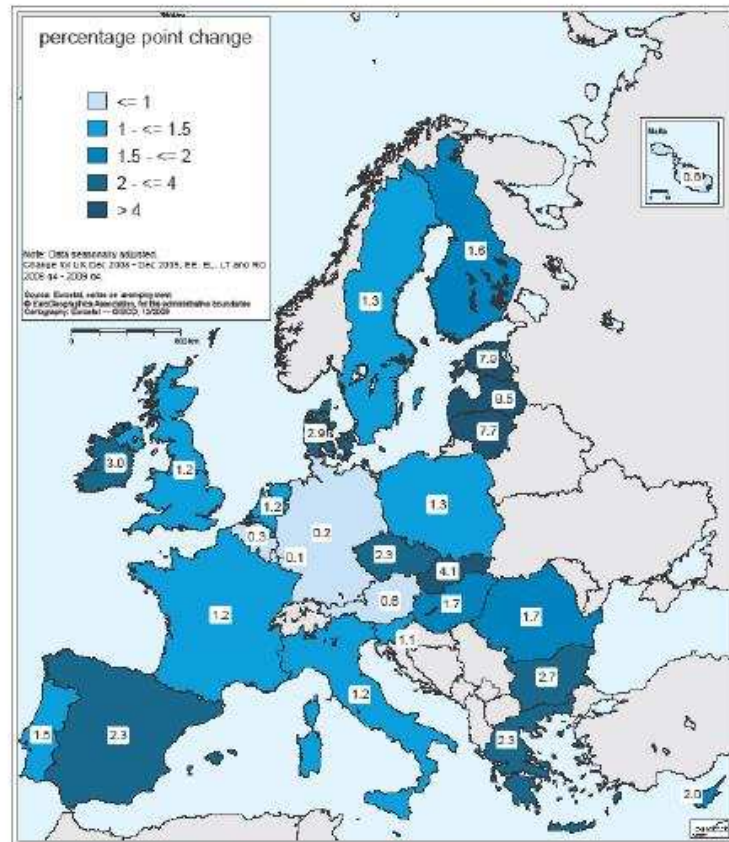
# Labour Productivity (per person employed): 2006-1995 (average EU15 = 100)



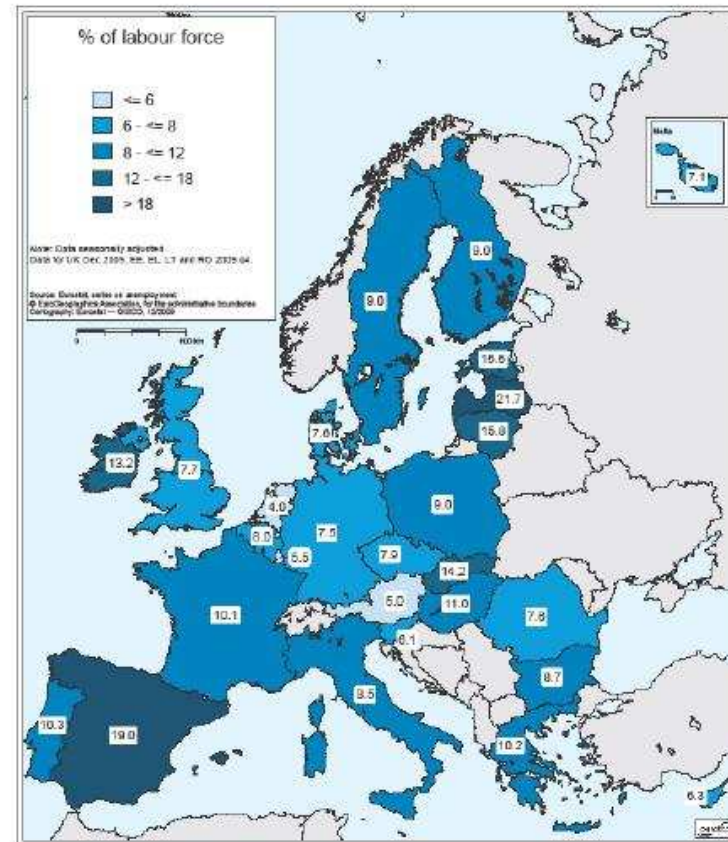
## Real Incomes average yearly growth per employee 1995-2007



**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 8.6% (April 2010)
- Youth unemployment (under-25s) rise up to 28,2 (7.7% higher than in the EU-27)
- Nearly half million jobs lost in one year
- Atypical and fixed-term workers: “first out” and with the poorest social protections

### *Beyond the official numbers*

1. The use of the redundancy wage funds increased by 300% in the last year; 800.000 workers were/are benefiting under these measures
1. Employment rate, already very low, declined from 58% to 56,8%
2. A very high number of “discouraged” and “inactive” labour forces out of official unemployment statistics



## Panorama of Italian labour market in 2010

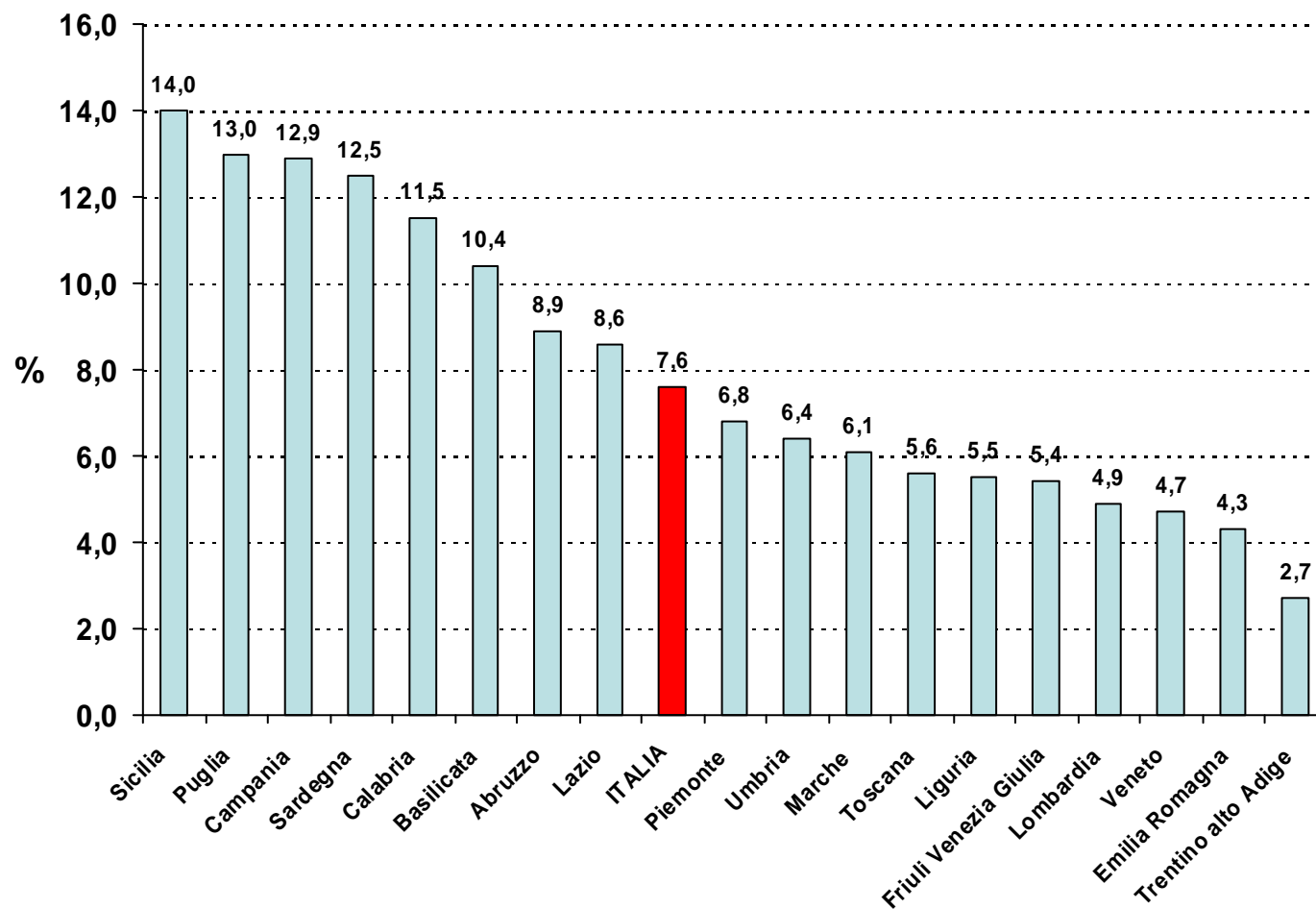
**Employment rate: 56.8%** (EU27: 65%; 70% Lisbon Agenda)

- 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: 8,6%** (EU27: 9,6%; Eurozone 10%)

- Youth unemployment rate (under-25s): 28,2% (EU27: 20,6%)

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



# The Italian way to employment 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

\* 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

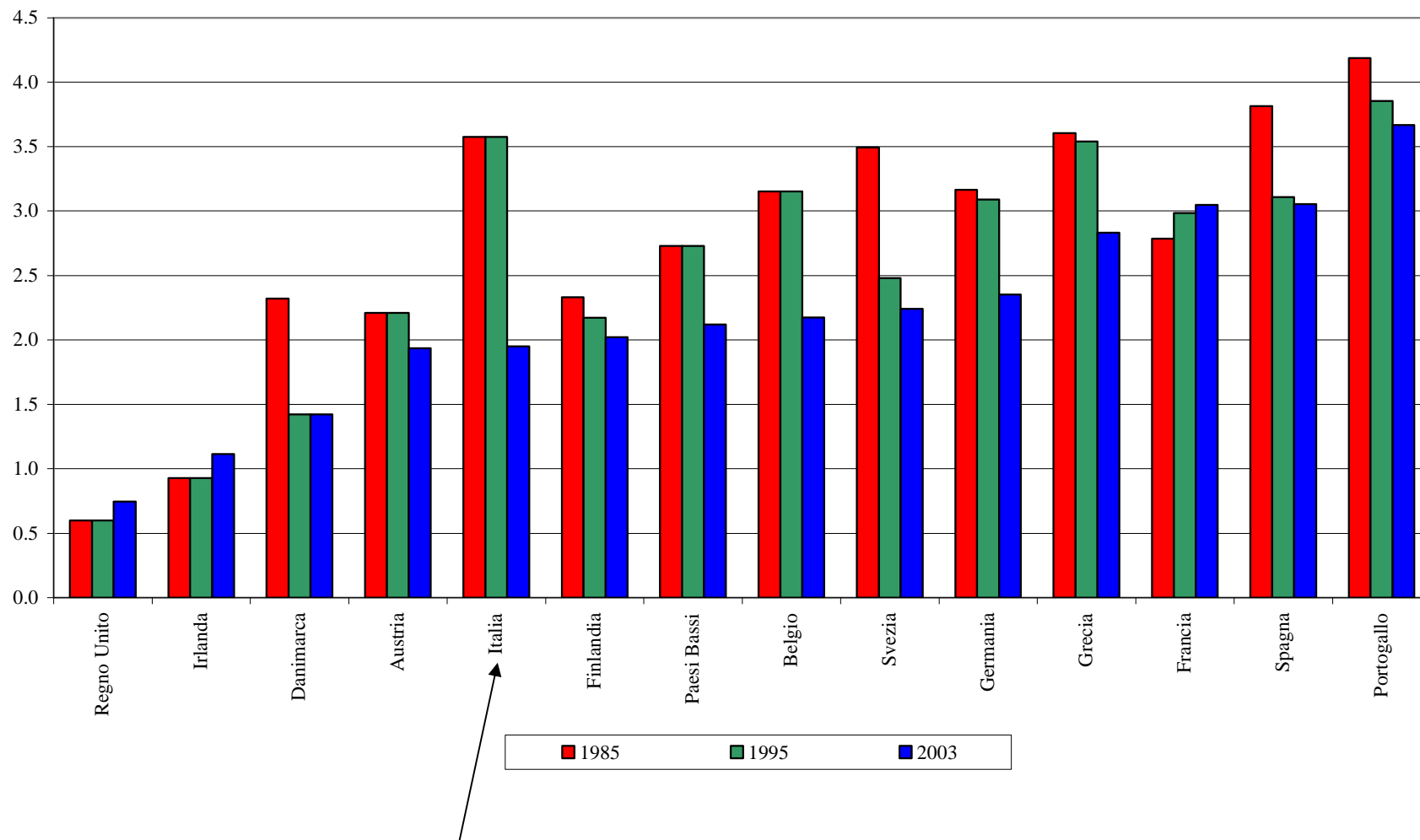
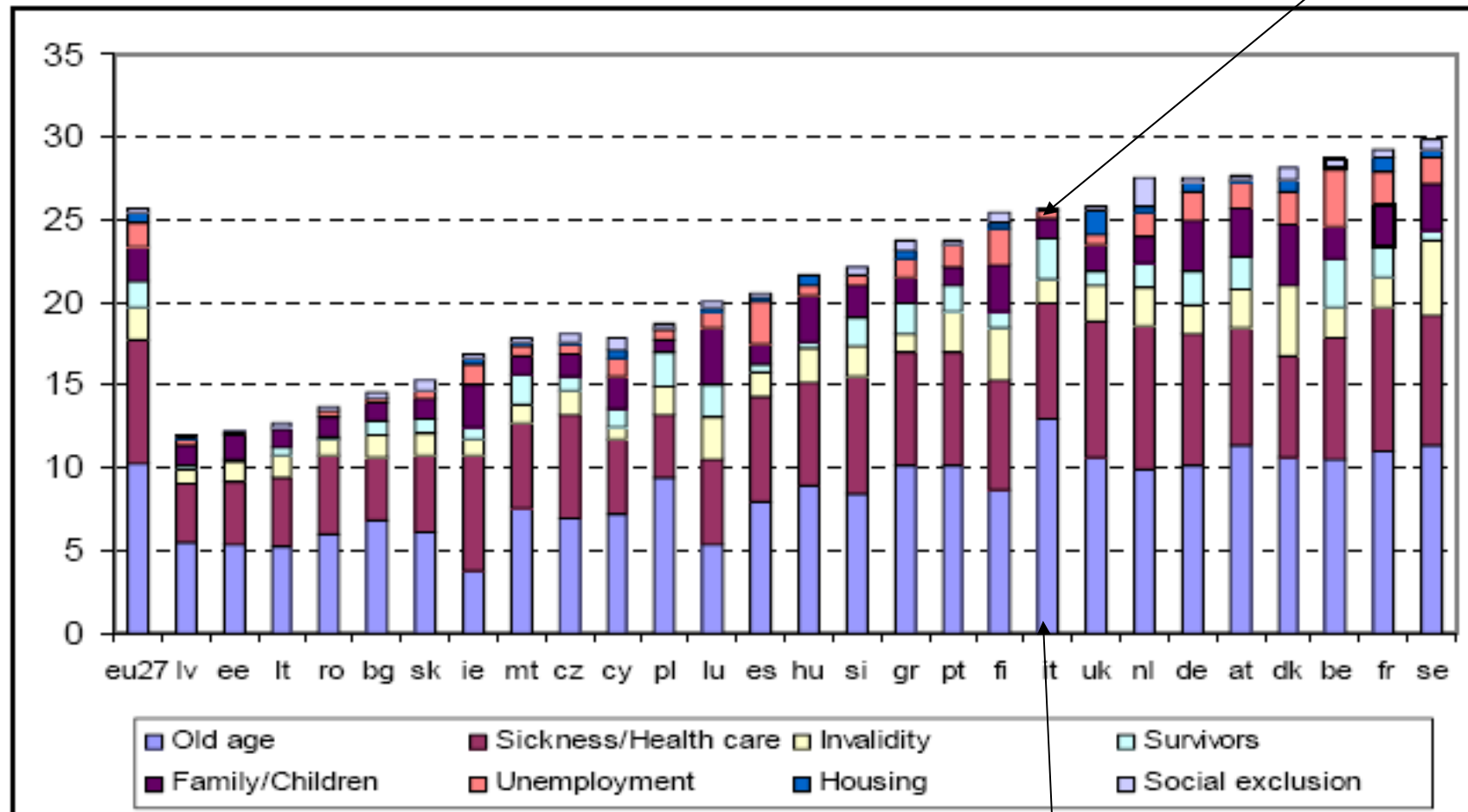


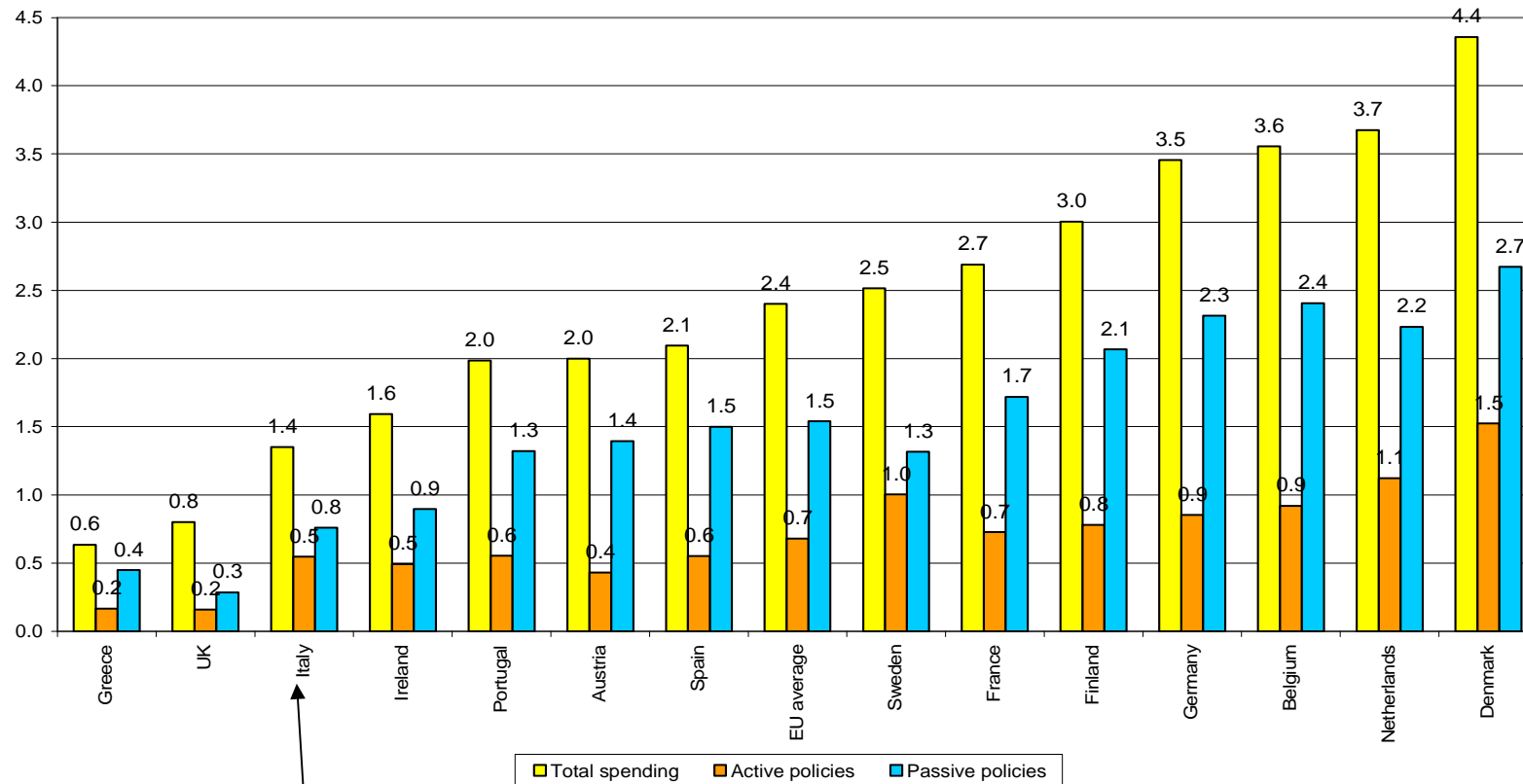
Figure 4: Social protection benefits, by function, in % of GDP - 2006



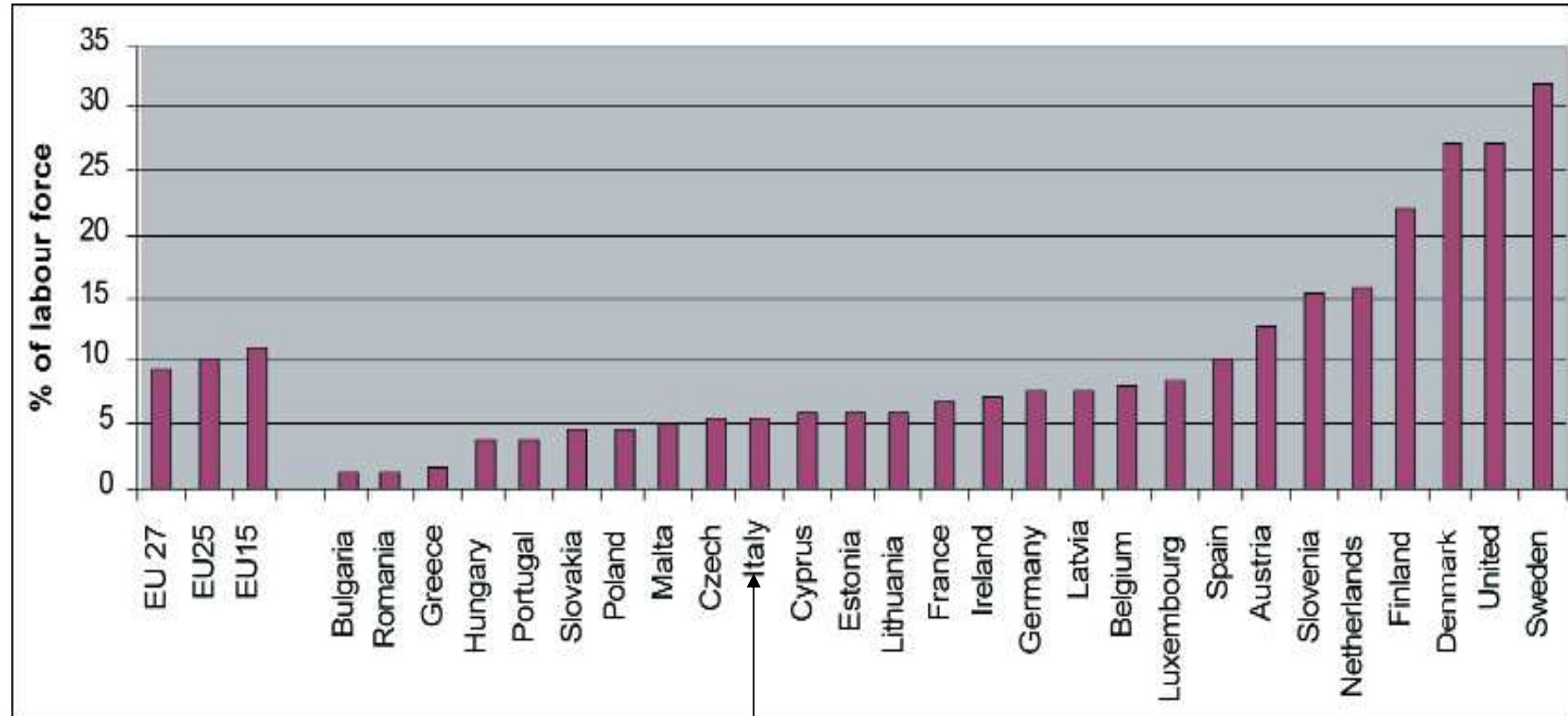
Source: Eurostat

# 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)



## 1) Which inclusion?

Short of social shock absorbers

- 1,6 milioni workers (Banca d'Italia)
- Beyond 7 milion (CGIA Mestre)
- 70% of the overall unemployed people

Why? Highly selective eligibility criteria and no follow-up protection

## 2) Which generosity?



# 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

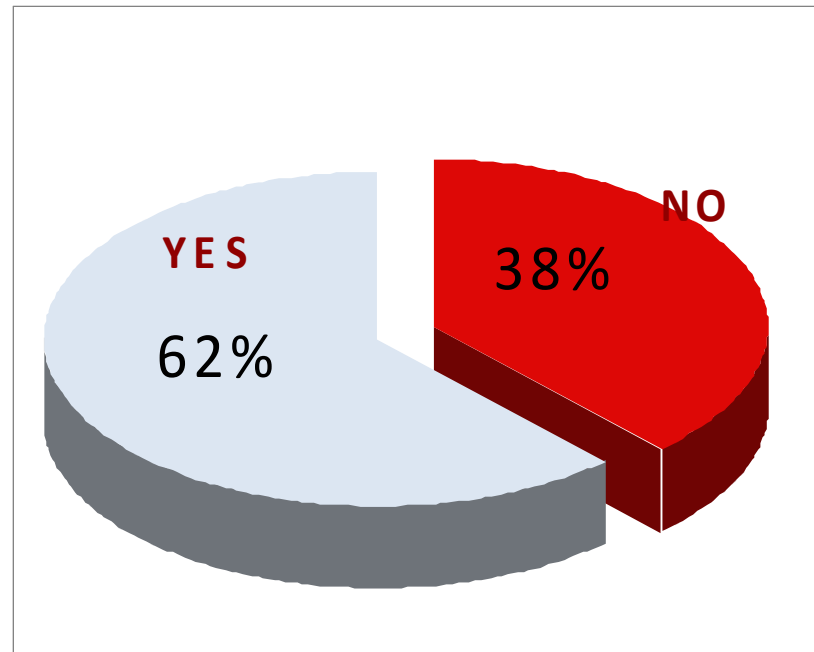
3) “*agriculture*”: with reduced requirements of eligibility for seasonal and casual workers

35-40% rate of replacement capped

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

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

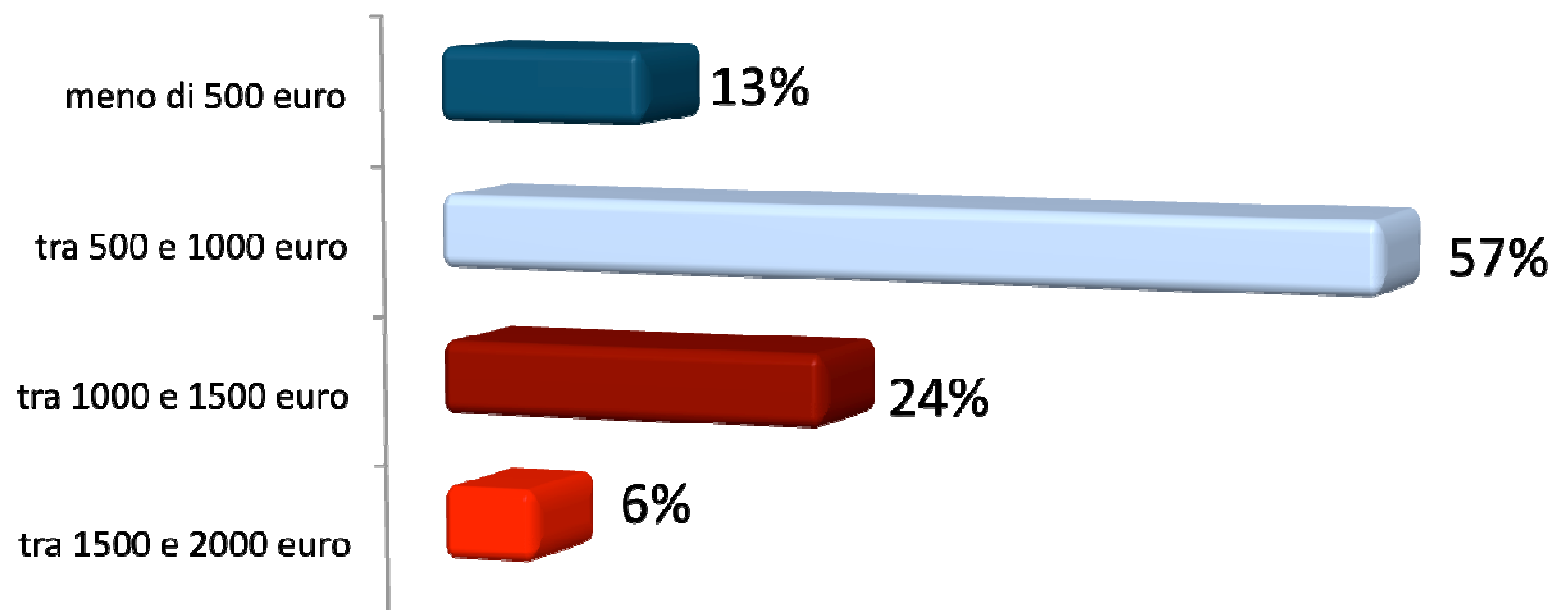
## How many unemployed are receiving some kind of social benefit?



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)

## Ministry of Labour

### *The White Paper on the new welfare system*

- to abolish the Redundancy Fund and have two pillars only: a) ordinary unemployment benefit, b) sectoral bilateralism
- to reduce the public expenditure/coverage towards forms of self-organisation and 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 the number of different regimes/measures
- to maintain the two pillars: in case of job loss and in case of employment suspension

### **Bilateralism as a integration of the public welfare and not as a surrogate or a substitute of it**

- No industrial policy (in green economy/ infrastructures / high quality jobs)
- No fiscal policy to re-launch the lower incomes and power of purchase
- A controversial reform of the collective bargaining system, opposed by the largest trade union, which worsen the price index calculation and introduce the open clauses also for the star-up
- Massive use of the redundancy wage funds as the only measure to reduce the social effects of the crisis.

# 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 states

## Methods and actors:

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