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flexibility as a constant in Italian industry model

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Labor market evolution in Italy: flexibility as a constant in Italian industry model

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The aim of this paper is to describe the Italian labor market before and after the '90s reforms. There is a great debate about flexibility of the labor market and its components. The weakest sectors of the labor force: women, young and migrants have not to be considered marginal for the Italian economy but the backbone of the national productions. After the '70s the necessity of Industry to transform its production toward a flexible organization required more flexible manpower. In Italy, atypical jobs and a certain flexibility of the workers were the characteristics of labor force before that it was ratified by the laws. The paper tries to understand the present system of Italian labor market starting from the productive structure of industrial sector. The goal is to identify some important research questions into a context in which labor market mutated definitively. This paper follows a previous one where an econometric model was presented with the simulation of the effects of salaries increase on productivity.

INTRODUCTION

The aim of this paper is to analyze the present Italian labor market identifying the main transformations that affected it. Contrary to a present debate that would argue that Italian labor market regulation even now is stricter than in other European counterparts, the paper will argue that the flexibility was introduced before of the laws that currently regulate it. After the '70s, the flexibility and the atypical contracts were a necessity of the Italian productive system shifting from the Fordist system centered around the great factory to outsourcing and “just in time” production. The paper takes into account the necessity of the production and the efforts of the working class to improve their work conditions, salaries and rights. Today labor market has changed to the degree that an interpretation based upon the dualization of labor market, insiders and outsiders, etc. appears obsolete. At the moment, the categories of labor market themselves are insufficient. It is necessary to define new components of the labor market in order to update the statistical analysis of employment, unemployment and activity rate. The paper analyzes the main literature that from '70s years tries to have a structural economic approach about the transformation of the work. Furthermore, the paper analyzes the sequence (referring the most important as examples) of reforms ratifying the need to change the workforce labor market organizations until the last one in 2015 that did not differ from the previous ones, although the 2008 collapse of the economic system would have suggested otherwise.

THEORETICAL FRAMEWORK

Before proceeding to analyze the labor market transformation after '70s years and the main reforms, it is important to introduce a theoretical framework giving us the opportunity to start from a well-defined point of view.

The labor market force depends strictly on the commodity market structure and on the international division of labor. On the contrary to general market, labor force does not respond only to the supply and demand law, even if it has a price determined by salary like all the other goods (Pugliese, Rebeggiani, 2004). The labor market does not deal with the goods and services but with persons and their behaviors. For this reason, the economic turn from Keynesian to monetarist policies forced the choices of the actors

inside a “special market of labor”.

The paper considers two main aspects concerning this characteristic of labor market. The first one: the conditions of the market and the status of the actors playing inside it are shaped according to the process determined from the primitive accumulation¹ at the dawn of modernity and during the first industrial revolution that is the creation of a modern proletariat. The second feature characterizing labor market: Workers try to improve their own conditions achieving more rights, protections and better salaries, like demonstrated by the whole history of working-class movements. The thrusts of 70s years entailed some transformations of labor market. Neither the job demand nor the labor supply is predominant on each other for intrinsic laws, but the relationship depends on power relationships of any historical moment, in this study, within the contemporary capitalist economic system. Therefore, the same components of labor market employment, unemployment, activity and inactivity rate must be understood in a specific historical, social and economic context.

On the background, it is possible consider, on one hand, the will of capital to change the industrial economies of scale and the keynesian economic policies toward the flexible production (just in time) reducing welfare state's redistribution and liberalizing the public services in order to re-boost profits and decrease inflation; On the other hand, the de-skilled and homogenized labor force (which we could call mass-worker) working in the taylor-fordist industry pushing up the evolution of the jobs in the assembly line which was based in the centralized factory system. The struggle of the workers for the improvement of the work conditions² and better salaries are the foreword for the overcoming of productive systems and the driver that will cause a new international labor division. The factory lost the centrality³ (Alquati, 1976) and with it the relation between capital and the factory labor tout court. This does not mean the factory's labor to disappear at all but that it intentionally shifted the barycenter of accumulation. It goes without saying, it is talking about the western countries. Indeed, the process concerning the transformations of labor market like the externalization and the feminization are the processes that start the market globalization and the diffused factory not any more concentrated but fragmented and outsourced in dimensional terms but also in the needs and desires of the subjects that were at the base of the factory. All of these components influenced the manpower and the variations of this peculiar commodity (Miongiore, Pugliese, 2010).

THE LABOR FORCE COMPONENTS

In the forty years taken in consideration, the work force changes but it is possible to

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- 1 "The capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor. As soon as capitalist production is once on its own legs, it not only maintains this separation, but reproduces it on a continually extending scale. The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the laborer the possession of his means of production; a process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage laborers. The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the prehistoric stage of capital and of the mode of production corresponding with it." (Marx, 1887). This process of proletarianization has been carried out, in small dimensions, every time it come up in the capitalist economic crisis cycle and subsequent restructuring. It is mean: the creation of the conditions for the emigration or for the unemployment. It is the same process that induce the women to stop working and to become housewife or the active workers to become inactive.
 - 2 In the second after war, in Italy, a debate about “the end of the work” it was opened like result of the struggle inside the factory. “The end of work” doesn't mean exclusively the reclaiming of good salaries, more rights and protections but also the claiming of the free time from the labor.
 - 3 Magnaghi et al, Quaderni del territorio. La fabbrica nella società, anno I, n. 3. Milano: CELUC Libri, 1976

argue that Italy maintains the characteristic of the Mediterranean model. Like other countries of southern Europe, it still shows high levels of unemployment and precariousness especially into the “weak” categories: the young, the women, the southern workforce of the country and of the world. It is possible to say that Italian economic system is based mainly on the employment fluctuations and on the use of the work force according to necessity of the goods and services supply. In front of this reality, it is inappropriate arguing (Ichino, Riphahn, 2005; Baker, Glyn, Howell, Schimitt, 2005; Scarpetta, Tressel, 2004), that Italian labor market would had been too much strict to have supported the global competition, although this flexibility condition was always been the characteristic of labor force before that it was ratified by the law (Gallino, 2007) Therefore, the paper argues that the flexibility of the labor force didn't help the international competition nor the growth (Tronti, 2007; Ciocca, 2010; Guarascio, Simonazzi, 2016; Davanzati, Pauli, 2015). In Italy, the first laws that deregulate the labor market date back to 1997 but flexible labor force was used broadly much before that the laws were proposed by the legislator. The diffusion of the flexible labor force coincide with the transformation of the productive framework toward what will became the flexible specialization typical of the *made in Italy*.

	1991			2001			2010		
	Employees – Regular (in thousands)	Employees - Non-regular (in thousands)	Weight of non-regular employees on total regular and non-regular employees (percentage compositions)	Employees – Regular (in thousands)	Employees - Non-regular (in thousands)	Weight of non-regular employees on total regular and non-regular employees (percentage compositions)	Employees – Regular (in thousands)	Employees - Non-regular (in thousands)	Weight of non-regular employees on total regular and non-regular employees (percentage compositions)
Agriculture, forestry and fishing	357,3	397,4	52,7	327,9	219,1	40,1	305,3	231,4	43,1
Industry	5.345,3	494,7	8,5	4.998,8	423,5	7,8	5.000,3	339,9	6,4
Service	8.547,3	1.564,9	15,5	9.579,5	1.766,0	15,6	11.462,5	1.530,9	11,8
TOTAL	14.249,9	2.457,0	14,7	14.906,2	2.408,6	13,9	16.768,1	2.102,2	11,1

TTab1: Regular and Non-Regular Employees 1991-2001-2010 Source: Istat

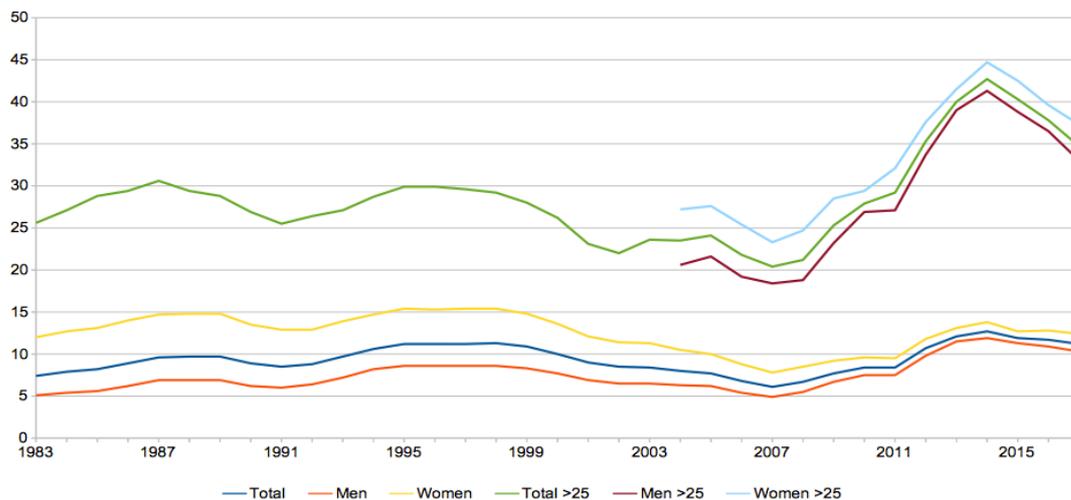
The mediterranean model of employment is characterized by the weakness contractual force of women and young people resulting in lower wages and guarantees. It was based upon the immigration from southern Italy and has greater level of the undeclared labor as shown in tab1. On the one hand, these features come from the productivity framework, like it was said, on the other hand from the workers struggles of the '70 years.

The small and medium-sized enterprises used broadly the “weak” human resources, before the Treu’s Act or the law n.30/2003. The trade union were (and still are) weaker inside the small enterprises where Worker's Statute can't be applied. The achievements of the working class about salaries entailed a transformation of productivity framework in order to weaken the power’s relationship of the working class. Therefore, the small and medium-sized enterprise and the strengthening of the industrial districts were required to spin off the workers strength and the productivity organization. The last one was spun off in size terms and also in labor force terms. For example, a part of the footwear and textile productions stood on the women homeworking (Toffanin, 2016).

It was easy to induce to work thousands of women on piecework although they possessed the production means⁴exploiting the patriarchal culture inside the Italian society. Starting just from homeworking, one of the category discussed of the labor market is the housewife. On one hand, thousands of housewives work in productive terms in some sectors inside the national context supporting the productive system of the Italian industry: the made in Italy (Toffanin, 2016); on the other hand, the women

4 Today, it is possible to talk about a forerunner of the so called smart working. This last one, unlike homeworking, uses digital technology like personal computer and smartphone.

fulfill all of the activities concerning the reproduction sphere: the care work inside the family. For the past 30 years, a debate has raged about how to challenge the labor market category of housewife because it is considered part of the inactive population. By nowadays, this specificity of the female condition of the labor market is so spread that it is talk about the feminization of the labor market. This definition doesn't refer to a growth of female employment but to the spread of the free work and the cheap labor. In the same way, it was developed a similar debate about the young people. Often, they result inactive because enrolled in school, in University or in endorsement courses but they are exploited a fully-fledged like flexible labor force using the pretext of their training conditions or using the present concept of “ongoing formation”⁵. This condition is so exasperated that has become a permanent condition. It would necessary, as well as for young people and housewives, upgrade the student category. With the arrival of the mass education, during the education period, the integrated forms of jobs like internship, stages and in the last recent way the so called “alternanza scuola lavoro”, the dual training systems learning and working, are thrived. In this way, it is less clear which are the borders of labor market if students are considered part of the inactive population.



Graph 1: Unemployment for sex and age. Percentage on active population. Italy 1983-2015 Source: Eurostat

Another condition that it is possible consider as permanent is emigration from the south of Italy even if in the last forty years it has suffered some fluctuations. Today, after the 2008 economic crisis, the emigration come back to the great Intereuropean migration levels. It is talk about 150.000 departure to the year mainly toward the Germany, France and Great Britain that escape from official statistics. The Istat register the departure according the delete of the registration office that doesn't reflect, instead, the data of the registration office of the host countries. By the comparison of the two registrations office of the departure country and of the host country, it is possible detect a difference of the 400%. The main regions of the departure are Lombardia and Lazio. The young people that decides to leave the Italy suffer an "rebound immigration". Young people migrate toward the north Italian metropolis thus they leave the cities toward European countries. The same process, “rebound immigration”, affects migrants that come from

5 The Lisbon strategy provides for the goal to transform Europe in the economic system based on the knowledge until 2010.

Africa or Middle East that transit in Italy to go after a while in search of luckier somewhere else (Pugliese, 2018). Behind these phenomena there is the possibility for the enterprises to benefit of the “special” labor force when is necessary. The flexible labor force is required when the production increase and the same labor force is discarded when the production decrease. Summarizing, the weaker categories of the labor market are the framework of the Italian productivity system after '70 years because it is functional to the spread and flexible factory that is the only invariance existing in this analysis.

These kinds of characteristics of the Italian labor market hve been described also in Italy as a divide between outsiders and insiders. This distinction has its origin in the United States from the process of the deindustrialization and tertiarisation occurred after '70s years. This dualisation seems to be useful in describing the protections and rights of the workers so called guaranteed, but it is not fitting the effective presence of the outside workers in the labor market. The outsiders are the workers excluded from the regulated labor market, but they aren't anymore a residual section of the labor market. The outsiders workers look strategic also in economic terms. They are decisive for the Italian economy. It was argued that the normality of the Italian labor market is represented by deregulation and by the undeclared work doesn't such as a marginal phenomenon but like backbone. Moreover, the discriminations towards the women, young and migrants about salaries, protections and rights aren't only components of the dualization, insiders and outsiders, but they are the components that allow their existence. Today the dualization category it seems obsolete because the differences are always less presents between the guaranteed and not, in negative terms (Elia, Pugliese, 2017), but because there is a plurality of differences inside the labor market that it is reductive order them on a simple dichotomy. Young, women, immigrants, employees and self-employed have everybody some decisive specificity for the Italian labor market. The other aspect, indeed, that escapes at the statistics about labor forces is the spread of self-employed work (Bologna, 1997). The diffusion of the small and middle size enterprises was a necessity to reconvert the factory for productive requirements, but it was also an anti-union reaction caused by the improvement of the factory conditions. Many ex specialized workers started their small industrial business but also cooperative and hundreds companies in the service sector. But often behind the self-employed workers hide actual employees (Bagnasco, 1977; Calza Bini, 1976;). The workers that have Vat numbers, the persons that result the cooperative associate workers, the autonomus collaborators are employees fully-flagged.

In this first step the paper underlines the process that was entail the weakness the the Italian labor market. Diffused new forms of work did not enter anymore inside the laws and the collective agreements, different conditions that hardly are insert inside active components, employed and unemployed and that was born before the labor market reforms. The laws legalized a consolidated system that was wanted of the capital necessity to restructure the productive system after the profit crisis of the '70s years.

THE REFORMS OF THE labor MARKET

The first proposals of legislative action coming from the European Community about flexibility of labor date back to '80s years (Roccella, 2010). Before enactin European guidelines, Italy had to wait until the end of the '90s years but while noting a certain delay in the deregulation of labor market the analysis of the reforms must keep in mind that, in the '90 years, the new fix of labor market was enshrining a practice of labor market already consolidated for years.

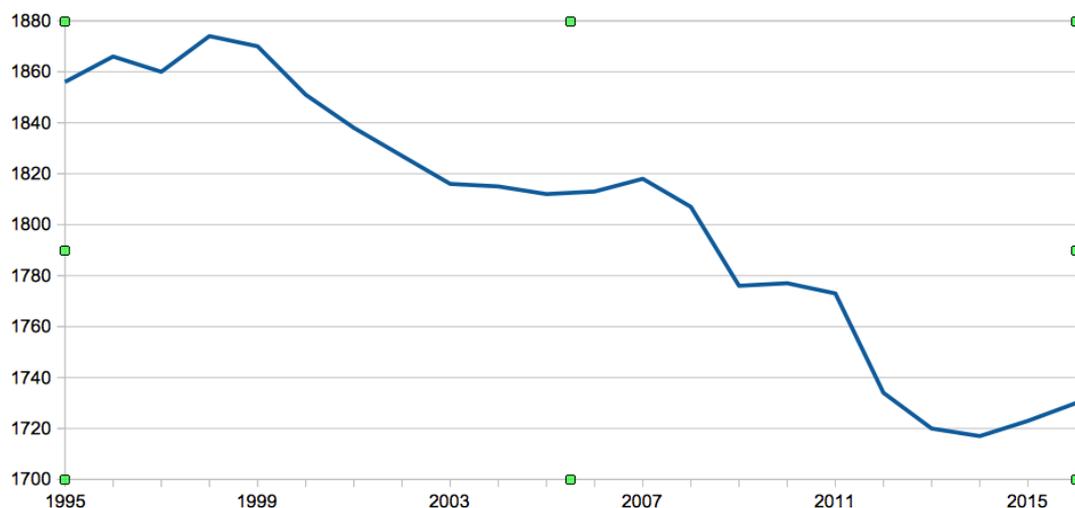
On 1997, the first reform concerning the flexibility was enacted. The so-called Treu package, liberalized the monopoly of the work placement and discarded the ban of manpower interposition allowing private agencies after a State authorization to manage

it.. The law n.196/1997 established after an agreement between trade unions, entrepreneurial associations and Government: the Work Deal on 24 September 1996 (Cella, Treu, 2009).

Similar to now, the background of this agreement was an important crisis of the Italian economy and high level of unemployment. The trade unions in order to keep acceptable employment levels granted the liberalization of the monopoly of the work placement and the introduction of the atypical jobs. The d.lgs n. 368/2001 regulates the present agreement of temporary work. Before, the law that regulated this kind of work gave an exceptional nature to this agreement.

The 2001 law allows the use of the temporary work for “technical, productive and organizational reasons”. Despite to the past, these criteria allow a broad interpretation of the law and indeed of the temporary work. The 2001 legislator didn't provide that the temporary contract would so spread and for this did fail some limits against the broad application.

The n.247/2007 law will set the time limit argues that the use of the temporary law for more 36 months will cause automatically the recruitment of the employee. The legislators will come back several times to rectify the negative effects that the law had on the labor market and to stop the diffusion of the “flanking” maneuvers of the law actually existing. The 30/2003 law come after another agreement between the social actors, the Deal for the Italy on 2002, this agreement was signed without the Cgil's trade union participation. The law introduces all of the atypical forms of work like the work for hire, the collaborations, the incidentals work, training for work-experience, the apprenticeship, on call working. These laws will find their first problems into the lack of appropriate active policies. The Title V Constitution Reform of 2001 provided that the Regions have to have the responsibility of the active policies of the work. The second problem was the absence of social safety nets in spite of the atypical works that doesn't assure the continuity of the labor. The 2008 crisis, although these important problems and the spread of these atypical works, the unemployment rate starts to increase especially concerning young unemployment that in the southern achieves the pick of 40%. In 2015 the Parliament will approve the Renzi/Poletti Jobs Act of the Usa inspiration. The Usa President, Barack Obama, will take the same labor market measures (Elia, Pugliese, 2015). Also this law is based on the concept that the Italian labor market is too much rigid. The Jobs Act deleted the atypical form of labor to introduce the exit flexibility. The work's agreements are the same for all workers but the employers can fire the workers during the first three years in exchange for the payment of a penalty. This is an increasing protections agreement: more the worker is near to the three years more the employer penalty will be high. After the three years the agreement will become permanent job. This law bring the insiders close to the outsiders but in negative terms. This law was followed from resources of the state and facilitation for the companies that decided to recruitment the workers. Also this law is based the legislator strategy on the unaccountability of the Italian entrepreneurial class that is dependent from the public resources. After 10 years from the crisis, as shown in the Graph 2 it is possible have acceptable level of employment but the working hours are the half than the employees (Tronti, 2018). The only kind of jobs creates is temporary although the Jobs Act. As one can from the graph n.2 the overall effect of the flexibility policies as been a reduction of employment and not an increase. The total number of working hours in Italy ha been decreasing in the last twenty years. Flexibility has also reduced the number of workers with high salaries but also this as not favorite increase in employment. According Tronti, in Italian labor market the half-employed or the half-unemployment escapes from the statistics. This paper wants to argue that this consolidated conditions of the half-employment in 2018 is a conditions permanent of some categories of Italian labor market and now it is the conditions of the majority of the people.



Graph 2: Working hours- Italy 1995-2015 Source: Oecd

CONCLUSION

After the '70s, took place a counter distributive process from labor to capital aiming at decrease the cost of labor in anyway. On one hand, the State acted transferring meaningful resources to Italian firms that benefited of public resources to make profits. On the other hand, the legislator ratified some laws to deregulate the labor market to ensure more flexibility. These two aspects entailed the decrease of cost of labor, wages and the subconsequent slowdown of growth and productivity. In the preavious paper, an econometric model ha been presented with the simula, contrary to the previding view that an increasing salaries would depress productivity. This last thesis is the bases of the flexibility policies as well as of the policies of the salaries moderation. Conditions of labor market described before, has been often related to workers requirements but it coincide to terziarization of the Italian economy and the downsizing of the Industrial sector. A strategy of long period to allow also thanks the labor market reforms the present condition of the Italian labor market that is fragmented and with some different actors inside it. It would be difficult to fit these different figures of this appears as a workers with the insiders and outsiders categories. The 2008 crisis polarized the process of Industrial productive conversion started in '70s where the dimension of international division of labor played a fundamental role. The terziarization of the labor does not mean the lack of any working class but its transformation in negative terms. The labor market is fragmented and it is not reassembled inside the factory's organizative system anymore.

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