

The opposition of trade unions to Renzi's 'Jobs Act' shows they remain a conservative force in Italian politics

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On 3 December, the Italian Senate gave final approval to a package of economic reforms supported by Matteo Renzi's government, generally referred to as the 'Jobs Act'. The reforms have divided opinion in Italy, with trade unions voicing opposition and backing a number of demonstrations by workers against the changes. [Alessandro Giovannini](#) and [Ilaria Maselli](#) write that while there are some legitimate problems with the reforms, such as the lack of accompanying changes in welfare spending, the opposition of Italian trade unions has acted as an obstacle to gaining a genuinely progressive deal for Italy's workers.



In a previous [EUROPP article](#), Chiara Benassi and Niccolo Durazzi argue that "the claim that Italian unions have been exclusively interested in the protection of their core constituencies does not match the evidence". While it is true that unions did bargain to improve the contractual conditions of temporary workers on more than one occasion, the evidence given by the labour market reforms passed in the last two decades allows for a different interpretation of the role played by trade unions in changing Italian labour market regulations.



Italian labour market reforms since 1997

Three main reforms have been passed in Italy since 1997. The first, the so called '[Treu package](#)' passed in 1997, introduced flexible contracts and agency work for the first time. The reform was passed under the Prodi government, which consisted of a centre-left coalition and was therefore, at least in principle, close to trade unions. The second reform, the '[Biagi reform](#)' of 2003, increased the so-called 'flexibility on the margin' by expanding the range of temporary and flexible contracts. This reform was passed under the Berlusconi government, with little (or no) attention to social dialogue.

Over this period, the share of workers employed under temporary contracts started increasing at a rate of 5.2 per cent each year, compared to 3 per cent on average in the EU-15. Finally, the '[Fornero reform](#)' of 2012 was passed under a 'technical' coalition government led by Mario Monti, which included both the centre-left and the centre-right. The reform attempted to increase the job and income protection for non-standard contracts, but without a major impact on the main institutional framework, which remained characterised by deep dualism.

All in all, every single attempt in the past two decades to change the regulation of the labour market in Italy has become a debate over the famous Article 18 of Italy's labour code, which protects workers in larger companies from unfair dismissal. Trade unions have defended, at all costs, any modification of the article, with one of the major rallies in the Italian post-war period being a demonstration organised by the unions



Matteo Renzi, Credit: Palazzo Chigi (CC-BY-SA-3.0)

in Rome on 23 March 2002 against its abolition – over 700,000 people participated (or 3 million according to the unions). This strong opposition has resulted in a situation in which no major change to the framework of labour market regulation – characterised by a strong dualism – could be achieved. This attitude has effectively reduced the possibilities on the table.

Renzi's 'Jobs Act'

All of the changes documented by Benassi and Durazzi do indeed help improve the labour market protection of marginalised workers, but these are only baby steps toward the protection afforded to the 'insiders'. This is the only feasible option given the strong opposition from the unions, although this opposition is far from surprising. As Tito Boeri and Daniele Checchi [show](#), for instance, the spread of temporary work contracts seems to be strongly associated with a reduction of unionisation in Europe. In fact, temporary workers do not receive any direct benefit from trade union bargaining and they are difficult to reach and organise. In this sense, the decisions made by the unions are entirely rational from their perspective.

The 'other' option, frequently discarded, would be a radical step away from a dual approach to issues such as contracts and income protection, toward a universal approach within the Italian labour market that offers the same protections to all workers. Italy is one of the few developed countries with no solid system of unemployment benefits. Until 2012, income protection was limited to industry workers via the *Cassa Integrazione Guadagni*: an antiquated institution which grants unemployment benefits only to factory workers.

The trade-off between unemployment insurance schemes and employment protection legislation represents a fundamental issue of balance within any social security system: if a worker cannot be fired, unemployment insurance becomes unnecessary. Willingness to take on board this kind of thinking is evident in the labour market reforms proposed by Matteo Renzi's government as part of his so called 'Jobs Act'. The proposal is a truly progressive alternative, which goes beyond the status quo by creating a single contract and a single system of unemployment benefits, alongside proper active labour market policies. It is, in one word, a 'flexicurity' system.

Italy's largest trade union, the Italian General Confederation of Labour (CGIL), has not expressed any sympathy for this approach. To some extent this is surprising given the flexicurity model is far from being an American 'neoliberal' invention, but is in fact a system created by Denmark in the 20th century and refined by Social Democrat Prime Minister Poul Nyrup Rasmussen. What is fair to say is that the scepticism of the unions toward the Jobs Act may be justified in the sense that it proposes a flexicurity system with no accompanying budget changes – something that is difficult to imagine given Italy spends less than half of Denmark's spending per unemployed worker on income protection, and only around 10 per cent of the spending on active labour market policies. However, even in this case a truly progressive argument would be to call for additional resources to be directed toward labour market policies, not to fight to maintain the status quo.

The question for the Italian trade unions is therefore the following: why is it impossible to imagine a system of labour market protection which is better tailored to combatting new risks such as international competition, outsourcing and new technologies? Several years ago, Günther Schmid [argued](#) in a seminal book that modern welfare systems must focus on the protection of workers against the multiple transitions they will face during their careers. In contrast, labour market protection *all'Italiana* still seems to be preoccupied with fighting to keep the same job for life.

Chiara Benassi and Niccolo Durazzi have provided a response to this article at the bottom of their original piece [here](#)

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Note: This article gives the views of the authors, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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