

# Matteo Renzi must work with Italian trade unions rather than against them if he is serious about reforming Italy's labour market

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*Italian Prime Minister Matteo Renzi has made reforming the Italian labour market a priority for his government. Chiara Benassi and Niccolo Durazzi assess the argument that Italy's trade unions are an obstacle to such reforms on the basis that they support only their core membership, rather than a broader agenda which includes 'atypical' workers such as agency staff. They argue that unions have taken on a much broader stance than they are typically credited with and that if Renzi is serious about reforming the country's labour market it would be beneficial to work with unions rather than against them.*



It is safe to say that in Italy the main centre-left party – including all the previous versions of the most recently branded **Democratic Party** (PD) – and its historical ally among the unions, the **Italian General Confederation of Labour** (CGIL), have never been more distant. The climax was reached on the weekend of 25-26 October. On that weekend, Prime Minister Matteo Renzi held his annual 'Leopolda' event in Florence (named after the former train station where it takes place) which brought together government representatives, members of the PD, members of civil society, entrepreneurs and employers to present and discuss, among others, the reforms which are supposed to revitalise the stagnating Italian labour market.



The unemployment rate in Italy is currently over 12 per cent, and rising to nearly 45 per cent among young Italians. The most controversial provision in Renzi's 'Jobs Act' is the **reduction** of employment protection for permanent workers. In exchange, Renzi promised to introduce a system of unemployment benefits of 1,000 euros per month, which covers the unemployed for up to two years depending on the length of their previous employment. Still, young people who do not manage to enter the labour market are **not included** in the system.

On the same weekend, on 25 October, **one million people** – led by the leaders of CGIL and its metal working federation (FIOM), and including representatives of the minority wing of PD and other left parties – took to the streets of Rome to protest against the government's economic and labour market policy.

The unions in Rome presented themselves as a solution to a labour market which has become increasingly fragmented and exclusionary toward young generations. From the stage, CGIL leader Susanna Camusso spoke about extending the rights to precarious workers, while wearing a red T-shirt reading "I am Marta".



Matteo Renzi, Credit: © European Union 2014 – European Parliament (CC-BY-SA-ND-NC-3.0)

Who is Marta? She is the hypothetical precarious worker that Renzi accused the unions of not caring about during one of his public speeches. Renzi's narrative of the disastrous conditions of the Italian labour market is that Italian

unions are responsible for the segmented and stagnating situation because they are only concerned with protecting their members and unable to move on towards a 'new' and 'modern' model of organisation of labour and industrial relations. At Leopolda, Renzi presented himself as the initiator of change, ready to challenge the strong, old power of CGIL. At the same time, CGIL and FIOM in Rome accused the government of pursuing employers' interests exclusively, allowing for a further reduction of labour regulations while keeping unions out of the bargaining arena.

Is Renzi's conception of Italian trade unions accurate? Are they in fact conservative actors concerned primarily with the representation of their core workforce, as claimed by the government? We draw here on a few cases, which show that unions have systematically tried to bargain provisions in support of atypical workers when they had the chance to.

### **When unions (manage to) bargain for atypical workers**

The three Italian union confederations CGIL, CISL and UIL set up unions for atypical workers at the end of the 1990s (Nidil, Felsa and CPO, respectively) in an attempt to better represent temporary workers. These unions represent both agency workers and the different kinds of self-employed and project-based contracts (co.co.pro), which make up the jungle of contractual forms in the Italian labour market.

Self-employed and project-based workers are not easy to bargain for because their remuneration is based on the delivery of a project (so widely interpreted that even waiters and teachers might work on a 'project') and as such are not subject to collective agreements. At the moment, unions mainly help these workers to turn their contracts into permanent ones by supporting their legal cases in court.

Unions sometimes even managed to bargain collectively on the 'stabilisation' of project-based workers. For instance, in 2007 unions bargained over the stabilisation of thousands of project-based call-centre workers – however, in order to do that, the 'helping hand' of the state provided this opportunity as Cesare Damiano, the then Minister of Labour in a centre-left government, issued a directive forcing employers to bargain with the unions on the permanent hiring of these workers.

But the main evidence that Italian unions do not discriminate against atypical workers is provided by the wide-reaching agreements for temporary agency workers (TAWs), which fall by law under the union bargaining domain. The atypical workers' unions signed the first collective agreement for agency workers in 1998 (renewed twice since then). The agreements reiterate that temporary agency workers' salaries should not be lower than the salary of permanent workers, a condition that was already set by law.

In addition to equality in terms of salary, the collective agreement also stipulated parity between temporary agency workers and permanent employees on a number of [other aspects](#), including working hours, job classifications, overtime and night-time work, holidays and leave. In addition, the collective agreement [stated](#) that after 42 (also non-consecutive) months of employment at a user company, temporary agency workers must be offered a permanent position by the user company. Sectoral collective agreements (such as the metalworkers' one signed by Renzi's nemesis FIOM) set even shorter timeframes for temporary agency workers to be offered a permanent position.

Furthermore, with [crucial input](#) from social partners, a bilateral institution jointly managed by unions and employers was created with the objective to provide basic, continuous, on-the-job, and professional training to temporary agency workers. The number of TAWs trained through the institution [grew](#) from around 75,000 to over 225,000 between 2001 and 2007 and it is interesting to note that the share of TAWs covered by training programmes in Italy is substantially higher than in the other European countries for which data is available (as shown in the Table below), making Italy an example of [good practice](#).

**Table: Training programmes provided to temporary agency workers in five EU countries in 2008**

Country	Agency workers with training (%)	Amount invested in training by agencies (euros per trained worker)	Number of training hours provided (1,000 hours)
Italy	35.6	729.6	1,221
Netherlands	19.0	252.3	-
France	12.3	1,225.9	10,110
Belgium	3.6	239.7	303
Spain	1.4	440.4	760

**Source:** CIETT

Unions played a minor role on the issue of income protection for agency workers. Access to income support is granted upon a worker having performed a certain amount of working days, with a very high threshold that makes the use of this instrument rarely accessible to any temporary agency worker. [Several studies](#) confirm the ineffectiveness of this provision for agency workers, which is identified as the weakest component of the framework of welfare.

The limited success in securing a suitable system for income support can be largely seen as the inability of the unions to fully understand the emergence and characterisation of atypical work. However, unions have recently taken on board ‘broader citizenship instances’, including support for types of guaranteed minimum income – whose current absence is indeed a major form of dualisation between permanent and atypical workers in Italy. However, contractual welfare can only integrate but not substitute the role of public welfare, which is still limited or absent for workers with discontinuous employment histories and for young people who do not manage to enter the labour market. That would be a good first step to undertake and Renzi can be sure that unions would not oppose it.

### Is Renzi wrong about Italian unions?

Even though Italian unions reached awareness of crucial themes connected with atypical work (e.g. income protection) relatively late in their history, the claim that Italian unions have been exclusively interested in the protection of their core constituencies does not match the evidence. As we might have expected from a *general* confederation of labour situated – in Richard Hyman’s words – [between class and society](#), Italian unions have strived to represent *all* workers, to counteract labour market dualisation, to unify labour (e.g. through the stabilisation of co.co.pros and the equality of pay for temporary agency workers) and to bargain also on the behalf of atypical workers since the very introduction of such forms of work.

The problem of (especially young) outsiders in the Italian labour market is a crucial one, and unions might not have always been up to the task. But Renzi – before moving accusations against the unions – should first blame and put remedy to past government policies that increased labour market segmentation by multiplying the types of contractual relationships and that allowed employers’ opportunistic strategies to use a cheaper flexible workforce instead of permanent contracts. It is good that making the Italian labour market fairer and more equal seems to be a priority for Renzi’s government. However, the lesson from past experiences is that successful reforms need full involvement of the unions rather than their marginalisation.

### A response to Alessandro Giovannini and Ilaria Maselli

**In a separate [EUROPP article](#), Alessandro Giovannini and Ilaria Maselli have disputed the argument presented in this piece. The authors provide a response below.**

[Giovannini and Maselli](#) make two central claims that are meant to prove us wrong. Firstly, they claim that unions –

by opposing governments' attempts to lower employment protection legislation (EPL) – are being harmful to labour market outsiders. Secondly, they claim that unions are unable to think beyond the current labour market framework and more specifically that they are unable to conceive a universal system of welfare that includes also labour market outsiders. Facts and figure come however in our support to show that these claims do not build on solid grounds of evidence.

Concerning the debate around EPL, since the famous OECD Jobs Study in 1994, it became widely popular that lowering employment protection is *the* recipe to increase competitiveness and boosting employment. Let alone that, a few years later, the OECD themselves admitted that there is no actual causal relationship between the EPL and employment, [David Howell and others](#) show in a compelling and comprehensive way that the link between the two is at best weak. Therefore, presenting the attempt of the recent labour market reform to lower EPL as a progress and a victory for the workforce as a whole is perhaps a bit naïve and, at the very least, questionable (for an interesting economic analysis of why this is the case, we recommend reading [Capussela and Intini](#) on this blog).

More eloquently than we could, in a recent [contribution](#) to this blog, Bob Hancké described the structural reforms of the type that Renzi is so keen about as 'euphemism for cutting wages and making labour markets more flexible' that 'have never been shown to work outside economics textbooks'. Furthermore, lower EPL inevitably means weaker workers' power because employees who are more at risk of dismissal are less likely to be mobilized. In fact, one could speculate that the Jobs Act has among its aims precisely that of de-incentivizing workers' mobilization as it includes a provision according to which dismissed workers get a higher financial compensation if they decide not to bring employers to court for unfair dismissal.

Moving on to the second claim, Giovannini and Maselli argue that the unions cannot think of a universal system of welfare. Here, we simply encourage them to look more closely at what unions have been actually proposing since both the CGIL and the 'hyper-conservative' FIOM seem indeed to stand for the universalization of welfare provisions that Giovannini and Maselli talk about. The CGIL has presented in 2003 a proposal for a law that would extend benefits to all workers. In subsequent years, they also produced a [feasibility study](#) outlining how the resources needed to extend the welfare provisions could be found.. Along the same lines, the [final act](#) of the most recent FIOM general assembly states, among other things, that income protection should be extended to *all* typologies of firms and to *all* typologies of work and that a guaranteed minimum income financed out of general taxation should be introduced as a *universal* benefit conditional upon the availability of the benefit claimant to take part in active labour market programmes. Tying benefits to participation in labour market programmes: it doesn't sound that conservative, does it? Furthermore, they also suggested the introduction of a single contract (*a tutele crescenti*) and a reduction of the atypical forms of contract, an issue that the Jobs Act is not so clear about at the moment.

All in all, the further evidence that we provide here confirms that Giovannini and Maselli's article suffers from the same flaws as Renzi's discourse: a simplified narrative built on shaky evidence and stylised dichotomies (e.g. old vs. young; permanent workers vs. atypical workers) that may be useful for short-term electoral purposes, but that do not – again – match the evidence.

– *Response from Chiara Benassi and Niccolo Durazzi on 9 December 2014*

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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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