



*Associazione per gli Studi Internazionali e Comparati
sul Diritto del lavoro e sulle Relazioni Industriali*

***CHANGES IN THE ITALIAN LABOUR MARKET
AND EMPLOYMENT STRUCTURE: PROBLEMS CONFRONTING
LABOUR AND MANAGEMENT****

** Pubblicato in The Japan Institute of Labour, 2003.*

MICHELE TIRABOSCHI

SOMMARIO: Introduction; - **1. Changes in the Italian Labour Market and Employment Structure;** 1.1. Rate of Employment; 1.2. Rate of Unemployment; 3. Atypical Work; 1.4. Self Employment; 1.5 Job Creation; 1.6. Structural Difficulties of the Italian Labour Market - **2. The Traditional Characteristics of Italian Labour Law;** 2.1. The Slow Process of the Modernisation of the Italian Labour Market; 2.2. Women and Elderly Workers; 2.3. Fixed Time Work; 2.4. Autonomous and Subordinated Work; 2.5. Economic Incentives: the Solution to Irregular Work?; 2.6. The Submerged Economy; 2.7. Training; 2.8. Towards the Codification of a "Work Charter" ; 2.9. Legislative Problems Facing Management, Labour and the Government - **3. Recent Changes to the Legal Framework;** 3.1. The October 2001 White Paper; 3.2. The Pact for Italy; 3.2.1. Incomes Policy and Social Cohesion; 3.2.2. Welfare to Work ; 3.2.3. Investment and Employment in the Mezzogiorno; 3.2.4. Regulating Irregular Work; 3.3. Reactions to the Pact; 3.4. Analysis of the Pact; 3.5. The Forthcoming Enabling Act; 3.6. Partnership Industrial Relations; 3.7. The Legal Framework: Controversial Changes! 3.8. Political and Ideological Problems for Management and Labour. **Annexes.**

Working paper n. 39/2006

Pubblicazione registrata il giorno 11 novembre 2001
presso il Tribunale di Modena. Registrazione n. 1609

Introduction

The objective of this national report is to illustrate recent changes in the Italian labour market and employment structure, so as to identify problems confronting management and labour. It will be argued that these problems are two-fold. On the one hand, the problems are of a technical nature associated with the structure of Italian labour law. On the other, the problems are of an ideological and political nature, related to the way in which the legal framework must change.

The report has been subdivided into three sections. The first provides statistics and empirical data to illustrate the most recent changes in the Italian labour market and employment structure, with special reference to the traditional problems of Italy: low rate of employment, high level of long-term unemployment and the spread of the underground economy.

In the second section, the traditional characteristics of the legal framework are considered. It is argued that the legal system is still based on a traditional approach to labour-management relations. This is not only inadequate to address current socio-economic challenges, but arguably it is one of the principal causes of labour market problems. This leads into a summary of the legislative problems that face management, labour and the government.

In the third section, the paper focuses on the process started by the Government in order to adapt the legal framework to changes in the economy and society. This began in October 2001 with the publication of the White Paper on the Italian Labour Market, but was interrupted by a period of intense social conflict, characterised by a terrorist attack against the principal consultant of the Ministry of Labour and a general strike called by the three main trade union confederations in April 2002. However, after a serious split between the trade union confederations, the process of modernisation continued with the so-called Pact for Italy, signed by the Government and 39 employee and employer organisations, with the exception of Cgil who are one of the main trade union confederations. Then the reactions of the main trade union confederations to the Pact for Italy will be discussed, before giving an analysis of the Pacts content. The paper then moves on to consider the forthcoming Bill on the labour market, which aims to provide a legal framework that is appropriate for the knowledge and information society. Next there is a consideration of the central issue of partnership. It is argued that this is a crucial process at all levels, for the successful development of the Italian labour law framework. Then there is an analysis of some of the more controversial aspects of the recent legislative changes, particularly from the point of view of the main trade union confederations. This leads into a summary of the central political and ideological problems facing management and labour.

1. Changes in the Italian Labour Market and Employment Structure

This section provides statistical data on the Italian labour market and employment structure according to the provisional National Action Plan for Italy 2002. It then briefly outlines the basic problems of the Italian labour market.

1.1. Rate of Employment

By the end of 2001, the overall rate of employment reached 54.6 percent – four percent above 1995 but still 10 percent less than the average in Europe, over 15 percent less than the target established by the EU for 2010 and the worst in Europe. Employment for women exceeded 41 percent – an increase of almost 6 percent compared to 1995, but still much lower than both current and planned levels for Europe. Progress in the employment rate for older people is less flattering – the rate for the 55-64 age group increased from 27.7% to 28% during 2001.

1.2. Rate of Unemployment

During the course of 2001 the rate of unemployment decreased from 10.6 percent to 9.5 percent. Long-term unemployment also decreased for the second year running, falling to 5.9 percent. Arguably this has come partly as a result of the 96.11 million euro the spent on training for long-term unemployment in 2001. For more detailed statistical data on the amount of money of money the government are spending on training for the unemployed refer to annexes, table 1. The decrease in unemployment involved both men (which decreased from 8.1 percent in 2000 to 7.3 percent in 2001) and – above all – women (from 14.5 percent to 13 percent), however the number of unemployed young people remained extremely high at 11.8 percent. Further, ISTAT statistics show that the possibility of a person unemployed for less than 12 months becoming employed within 1 year reduced during the period 2000-2001:

96-97	28.1%
97-98	28.7%
98-99	29.5%
99-00	29.8%
00-01	28.0%

It has been recently argued in the Evaluation of the European Employment Strategy that among those who say they are seeking employment there are fewer and fewer “pure” unemployed and more and more who work on a non-continuous basis i.e. those who alternate between periods of employment and unemployment. The authors argue that workers may fail to report their jobs in order to remain eligible to the benefits provided by the welfare system.

1.3. Atypical Work

The increase in employment due to atypical work was particularly high in 2000 and gradually decreased throughout 2001, whereas the number of open-end work contracts increased 2.6 percent. This trend is partly due to the effects of Law 388/00 regarding tax credits – which provides

1.4. Self Employment

benefits for those who employ people with open-ended contracts – and partly to the natural transformation of atypical contracts. The overall rate of atypical contracts is consequently lower than the average in Europe. The Annex section, tables 2-7, contain extensive details of atypical work.

The level of self-employment and increase in employment in SMEs – around 30 percent of workers are employed in businesses with no more than 15 employees – are still particularly high in Italy. This demonstrates the importance of micro-level entrepreneurship and signals the need for decentralised policy making that considers regional dynamics.

1.5 Job Creation

The creation of jobs over the last three years derives from a combination of the trends in the business situation and structural changes in the Italian labour market. The link between employment and GDP has become stronger. Further, the introduction of a degree of flexibility in labour organisation has led to the increased adoption of atypical jobs and work for women. However, the use of existing employment potential is still rather limited.

1.6. Structural Difficulties of the Italian Labour Market

The statistical data shown above contributes to 5 structural difficulties of the Italian labour market. Awareness of these characteristics is essential to an understanding of the analysis contained in the rest of the paper.:

- (i) A slow, difficult and inefficient transition from school to work, which contributes to much of the long-term unemployment.
- (ii) Low levels of labour market participation by women and older people.
- (iii) The widespread nature of the “black” economy. This affects Italy much more than the other European countries, and contributes to lowering the official employment rate.
- (iv) A concentration of geographical imbalances, with the South, especially on the West coast, most severely hit by: youth unemployment, little participation by women and an extensive “black” economy. Further, there are marked differences in the quantity and quality of the services provided by the employment centres located in northern and central Italy and those provided in the south.
- (v) Contracting Power of Workers – Widespread inequality in the levels of guarantees, with segmentation between those workers enjoying significant employment benefits and those with limited or no guarantees (among those there is a growing number of immigrant workers). However, the government did spend 270.10 million euro on converting temporary apprenticeship contracts into permanent ones in 2001. The benefits of this are yet to be fully felt.

Having considered the most recent changes in the Italian labour market and employment structure, it is now necessary to analyse the existing

2. The Traditional Characteristics of Italian Labour Law

legal framework. This will enable the identification of the principle technical legislative problems that face management and labour.

In the second section, the legal framework is considered. It will be argued that the legal system is still based on a traditional approach to labour-management relations. It is not only inadequate to address current socio-economic challenges, but arguably it is one of the principal causes of labour market problems.

It is well known that Italian labour law – as in the main countries of continental Europe – has progressively been built around the subordinated labour contract. Since the early part of the 20th century the supply and the demand of labour has constituted the empirical reference for the legalisation of employer-worker relationships. This trend is illustrated by the following regulations: the Worker Charter of 1970 (Law 300/1970) and the Laws Limiting Discipline on Individual Dismissals (Law No. 604/1966, Article 18, Law No. 300/1970, Law No. 108/1990).

Equally well-known are the reasons that led to the favouring of the permanent work contract as the standard model for regulating employer-worker relationships. The framework of a permanent contract was central to the Fordist and Taylorist systems of production, as it ensured the worker continuity of employment and consequently stability of income. Further, the permanent contract ensured both the protection of workers and the development of wealth, features central to the capitalist mode of production. Thus the permanent contract can be seen as a central feature in the birth of capitalist countries as it provided large quantities of loyal labour. However, labour markets have undergone radical change since the emergence of Taylorism and today an over-reliance on permanent contracts does not provide workers or employers with the necessary flexibility.

A key issue in terms of labour flexibility is atypical work. Arguably in Italy there is an increasing gap between socio-economic reality and the law that governs atypical work. In the eighties and nineties atypical labour provided a degree of flexibility in a rigid labour market. Since then the progressive fragmentation of the large company and the decline of the primary sector has meant that atypical work has become so prevalent that it is having a negative effect, particularly in sectors traditionally safeguarded by full-time and indefinite duration employment. There was a particularly high increase in atypical work in 2000 and then a gradual decrease throughout 2001, whereas the number of permanent contracts increased by 2.6 percent (see annexes tables 2-7).

This trend is partly due to the effects of Law 388/00 regarding tax credits – which provides benefits for those who employ people with permanent contracts – and partly the natural transformation of atypical contracts. In addition there are strict regulations limiting recourse to temporary labour

2.1. The Slow Process of the Modernisation of the Italian Labour Market

services (Law No. 230/1962) and forms of external labour (Law No. 1369/1960). These will serve to stem the spread of atypical labour. The overall rate of atypical contracts is consequently lower than the average in Europe.

The adaptation of the legal framework in accordance with economic and social change has taken effect through the progressive stratification of normative rules. It has been accelerated by the obligations imposed by joining the European Union, particularly in relation to part-time work, working hours, fixed-time work and information and consultation.

In each case, the new legal provisions have only rarely been successful in replacing the previous ones. Law No. 196/1997 on temporary work confirmed the validity of the basic apparatus of Law No. 1369/1960. Legislative Decree No. 469/1997, which provided the partial liberalisation of private placement, confirmed the validity of the basic apparatus of Law No. 264/1949 that banned brokerage in labour relationships. Thus though legalisation concerning temporary labour has made some progress it has not fully dealt with the issue.

Law No. 196 of June 24, 1997, has also signalled an important shift towards the modernisation of labour hours. The social parties are now being called upon to manage new labour hour "packages," in relation to the specific context of each organisation. It should be noted that in relation to labour hours there are Community obligations that the Italian system has not yet respected. The work hour and overtime discipline must be adapted in accordance with European directive 93/104. The failure to transpose the European directive is giving rise to a considerable number of interpretive problems, recently highlighted by condemnation from the Court of Justice. The implementation of the directive would prevent interpretation tending to side step the reform of working hours outlined in Article 13 of Law 196/1997. This would preclude the possibility of basing working hours on a weekly, monthly or annual basis. Instead the limit would have to be set at eight hours of work per day. At present it is not clear whether there is a single weekly limit or two concurrent limits, one daily and the other weekly.

All in all, the subject of part-time work has been somewhat controversial. For many observers, the implementation of European directive 97/81 regarding non-permanent work is a clear example of the unfaithful transposition of the agreement that was reached by the social parties in Community session and then confirmed in the previously mentioned directive. However, the directive encouraged the removal of obstacles standing in the way of the promotion of employment. The decrees issued by the Government imposed obligations and therefore constituted a step backwards in the modernisation of the labour market.

Recent labour law has not done enough to create flexible employment

opportunities for mothers, students and old people to reconcile their work with their personal circumstances. Recent legislative developments have actually introduced bureaucratic burdens that hinder the autonomy of the parties to develop supplementary work (work beyond the agreed hours), flexible work and part time work. This has meant that economic concessions for those employers employing part time workers have not been as effective as they might have been.

The degree of unionisation has profound effects on the type of employment in certain areas. In contrast to the strong and unionised areas where the permanent employment contract prevails, there are numerous areas where atypical employer-worker relationships are prevalent. This means that the Italian labour market is based on quasi-subordination, marginalisation, massive recourse to temporary work, the externalisation of entire phases of the productive process and on the institutionalisation of "on-call" work.

For the Government, the role of the law should be limited to the definition of the fundamental rights of people in the work context. In particular, the principle of a *subsidiary relationship* – in force in the relationships between community law and national law – must also be applied to the relationship between the State, collective persons and individual workers and employers. This means that the State must intervene only where the collective parties and the contracting individuals of the individual labour relationship have not sufficiently developed a regulatory role.

Arguably, the collective contract could continue to develop the regulatory function for fair competition among companies, guarantying minimum standards throughout Italy. However, the Government must profoundly revalue the role of the individual contract. Further, they must go beyond the present normative context that inhibits the employer from agreeing to conditions over and above those established by law and collective agreement.

In this regard the Italian Government looks to the recent Dutch experience, where they are experimenting with a system of linkage between the collective contract and the individual labour contract. Under this system the worker is free to negotiate with the employer around a number of conditions of employment. For instance, a lower wage level in exchange for greater job security; or a trade-off between better remuneration and extension of the working time; or else the waiving of Christmas compensation in exchange for shares in the company.

In sum, the attitudes and preferences of workers constantly change. Equally, in order to meet international competition corporate strategies change. However, the legal rules that govern the employer-worker relationship are not being modified swiftly enough, and with enough fluidity or coherence, to keep pace with this change. The current reform

project in the Italian labour market has recently been formalised in a social contract of July 5th 2002. This is referred to as the contract for Italy, signed by the Government with thirty-nine worker and employer organisations with the sole exception of the CGIL. Therefore, there now exists a broad social consensus for the substantial reform of the Italian labour contract that is as ambitious as it is radical. This will be discussed later in section four.

2.2. Women and Elderly Workers

In terms of gender differentials, in October, male employment remained stationary (+0.3%), while female employment was still increasing at 2.5%. Limiting the analysis to dependent employment, the index for females resulted at 109.3 (October 1998 = 100), against the 105.4 for males. Looking to continue this positive trend of a reduction in differentials, new regulations are being introduced for the transformation of employment relations involving women, especially in relation to part-time work. These regulations are designed to further promote an increase in the Italian employment rate for women. The employment target for women has been set at 46% by 2005, an increase of 5 percentage points. This, it is hoped, will be achieved both through the implementation of policies relating to income tax and those aimed at promoting better work-life balance for female employees.

Pension reforms introduced in 1995 have been gradually phased in and accompanied by legislation aimed at increasing the retirement age, overhauling the tax-service ratio and reforming retirement rights. In light of these proposals, the target employment rate for older workers (defined as those between the ages 55 and 64) is set at 40% by 2005, an increase of 12 percentage points on the 2002 figure.

2.3. Fixed Time Work

With respect to the modernisation of the labour market, the only innovative element already translated into law is the new fixed-term work discipline introduced with Legislative Decree No. 368/2001. This has radically revised the previous law (No. 230/1962). Further, it has removed the traditional rule of Italian labour law according to which the employer-worker relationship was presumed to be for an indeterminate period of time. The new legislation establishes the general principles and minimum requirements for fixed-term contracts, thereby simplifying and rationalising the relative laws and ensuring that Italian legislation complies with that in other European countries.

It is now necessary to dwell briefly on the new regulations, because arguably this represents the first stage in a radical process of reform of Italian labour law. Decree No. 368/2001 was adopted in accordance with obligations stemming from the Council Directive of June 28, 1999, No. 99/70/EC. This related to the CES, UNICE and CEEP framework agreement regarding fixed-term work. It should be noted that this did not simply represent a formal act associated with the fulfilment of the obligations derived from Italy's membership of the European Community. Having fully accepted the directive's philosophy, the Government

intended to implement reforms designed to modernise labour organisation, and at the same time increase the number of opportunities for regular and good quality employment.

The labour law philosophy, as expressly indicated in the fifth Whereas Clause stems from the conclusions of the 1995 European Council of Essen, which emphasized the need for measures to *"increase the employment strength from growth, particularly through a more flexible labour organization, that responds both to the desires of the workers and to the needs for competitiveness."* This view was successively consolidated within the scope of the European Strategy for employment adopted during the extraordinary Luxemburg summit in 1997. The European directive on fixed-term work was referred to in the resolution of the European Council of February 9, 1999 in relation to the guidelines on employment for 1999, in which *"the social parties urged all appropriate levels to negotiate agreements for modernizing the labour organization, including flexible forms of work, with the aim of making companies productive and competitive and achieving the necessary balance between flexibility and security"* (see the sixth Whereas Clause of the directive).

Social dialogue aimed at managing the modernisation of the labour contract has proved to be particularly fruitful with respect to the regulation of fixed-term work. The social partners are important protagonists in outlining and implementing employment strategy, especially with regards to training actions and the organisation of work. Indeed, arguably the social dialogue model experimented at the European level is the most convincing reference for more beneficial relations between institutions and social partners. Directive No. 99/70/EC was implemented with respect to the procedure laid out in the agreement of March 19, 1999 on fixed-time work. The Union of Confederations of Industry of the European Community (UNICE), the European Centre for Companies with Public Participation (CEEP) and the European Confederation of Unions (CES) have all been supportive of this directive. The use of social dialogue in transposing the Community directive on fixed-term work has been particularly successful. A large number of entrepreneurial associations and union organisations have reached an agreement that, although not signed by the CGIL, the Government has held to adequately meet the objective of the transpositional operation entrusted to the social parties. The new legal framework governing fixed-term work therefore corresponds with an exercise of flexible and collective management of the labour contract that is the result of agreements and accords among the social parties that have accepted the challenge of innovation in modes of working. Only the CGIL persists to hold a conservative attitude that is inspired by the protection of rights won by workers. However this does not display an innovative and modern approach to the management of the new methods regarding the organisation of labour.

The new discipline on fixed-term work established general principles and minimum requirements for the stipulation of fixed-term contracts, simplifying and rationalising the normative framework and bringing Italian law up to the same level as other European countries. Making the most of the guidance provided by the directive and transposition text signed by the social parties, the new discipline seeks to contribute to; improving the quality of fixed time work, guarantying the application of the principle of non-discrimination, and defining a framework for the prevention of abuses derived from the utilisation of a series of fixed time work contracts or relationships.

The discipline is both appropriate for the current socio-economic conditions, while at the same time sensitive to the historic evolution of labour law. Rather than maintaining that fixed-term employment should be banned (although this is the case in a few explicit cases indicated by law and/or the collective contracts), it opts for a completely new formula: the employer can take on employees with fixed-term contracts, however in order to do so he/she must provide "reasons of a technical, productive, organisational or substitutive nature" (Article 1).

In accordance with the Community directive, it is now possible to hire on a fixed-term basis even in the absence of the need for employment of a temporary nature. This contradicts the discipline on temporary work, which only allows temporary contracts when there is a clear need for employment of a temporary nature. Also of importance is Legislative Decree No. 368 of September 6, 2001, which gave rise to the interpretive degenerations of Law of April 18, 1962, No. 230. This intended to impose obligations and conditions on the flexible management of the labour force.

So as to prevent abuses, a maximum total duration has been established for the extension of contracts with initial terms of less than three years (Article 4). Moreover the possibility for successive renewals has also been confirmed. However, this is qualified by the need to restrict the time intervals between the end of one contract and the beginning of the next. Further, it is made clear in which circumstances two term hiring's must be considered successive (Article 5). With respect to equality of treatment, which constitutes one of the fundamental points of the Community directive, treatments (vacation, Christmas bonus, 13th monthly salary, retirement allowance, etc.) should be relative to permanent workers', and based on the principle of *pro rata temporis* (Article 6).

It still seems difficult to confidently talk about this new discipline, at least with regard to the *substantial* conditions regarding the duration of employment contracts. The formal innovations introduced by Article 1, subparagraph 1, can be seen to be significant when compared with the terms laid out in Law No. 230 of April 18, 1962. However, they do not appear to be of such a radical innovation when judged in light of more

recent evolutions in this area.

Well before Legislative Decree No. 368 of September 6, 2001, a careful analysis of the innovative and evolutionary processes that characterised the end of the century saw the introduction of an authoritative set of guidelines (Montuschi). These concluded that the centrality of the orthodox permanent contract model has declined considerably, as it has been characterised by a crisis similar to that experienced by Article 2094 of the Civil Code.

Reforms during the seventies and eighties recorded the progressive change of the social and economic function of the fixed-term contract, in each case explaining it, in relation to the traditional function of fixed-term work. It was recognised as an extraordinary instrument for the satisfaction of temporary company needs, and as a contractual model useful for both the routine integration of ordinary company staff and for recruitment for specific employment promotion policies.

Legislators have sought to return to collective bargaining to introduce new types of fixed-term work contracts. Attributing the function of negotiated authorisation to collective contracts, and loosening the legal limits regarding the fixing of terms to labour contracts, was a sudden development owing to the lack of consideration paid to the devolvement of a collective contracting system. The measures established by the "suggestive" fixed-term contract were reconfirmed with provisions for mobile workers, for the disabled and for workers who have met the requirements for seniority pensions.

As summarised here, it is sufficient to demonstrate how, even given the agreements and disagreements, uncertainties and perplexities, the fixed-term work contract has already infiltrated new territories, establishing itself as a model that is not subordinate, but rather alternative to and concurrent with permanent work, both in relation to the promotion of employment and also to the level of incentive offered for leaving the non-regular labour market.

Also not considered in the new temporary work discipline is the fact that the preliminary issue that presumed the permanency of the employer-worker relationship, had in fact already failed even before the formal abrogation of Article 1, subparagraph 1 of the Law No. 230 of April 18, 1962, produced from the decree No. 368/2001. Or at least, according to a different reading, this preliminary issue was profoundly changed in meaning, owing to a practically indefinite number of exceptions allowed by the system, until it performed little more than an ideological-consultative function. As such, it frankly seems excessive to speak of the new discipline as being a significant modification of the labour principles underpinning Italian law.

With a view to promoting the quality of work for employees hired under fixed-term contracts, important training rights have been recognised, both for the purpose of reducing the risk of accidents at work and of avoiding forms of work without a contract and with limited career potential (Article 7). In each case, national collective bargaining is responsible for allowing training for fixed-term workers and for establishing the flows of information necessary for assuring that temporary workers are aware of employment opportunities *sine die* (Articles 7 and 9).

Sector level collective bargaining has been entrusted with the individualisation of quantitative limitations of fixed-term contracts, and also with the individualisation of a "right of precedence" in favour of the workers who have provided labour activity under a fixed-term contract previously regulated by Article 23, subparagraph 2, of Law No. 56 (Article 10) of February 28, 1987.

With a view to the simplification and rationalisation of the normative framework, the new discipline is intended to fully repeal the pre-existing regulations and in particular Law No. 230 of April 18, 1962 and successive modifications and integrations; Article 8 of the Law No. 79 of March 25, 1983; Article 23 of Law No. 56 of February 28, 1987, as well as all of the provisions of laws that are in incompatible in any manner Article 11.

2.4. Autonomous and Subordinated Work

As far as the Italian Government is concerned, the traditional counter positioning of autonomous work and subordinated work has become increasingly inadequate. There is a need for simple and flexible rules. The compression of the manifold forms of the organisation of human labour into rigid schemes of autonomy or of subordination conversely relegates all the atypical contractual typology to a vast area of grey labour, where worker exploitation may occur, or alternatively legal, fiscal or contributory evasion.

As is well documented in the comparative literature concerning the evolution of economic and social frameworks, the boundaries between autonomous and subordinated work will gradually fade away, if not become irrelevant immediately. It is probable that the various contractual typologies will in the future converge into a single legal category. In fact, in light of the proliferation of atypical work, the discrete criteria of autonomy and of subordination do not appear to be suitable for defining the worker of the twenty-first century. There is a need, for the characteristics of the Italian labour market to surmount the counter positioning of strong and weak areas of the labour market to guarantee all worker groups, whatever their legal characterisation, a minimum core of fundamental protections. This may include a minimum legal remuneration, the upholding of work conditions, health and safety protection and a pension plan, to name but a few.

2.5. Economic Incentives: the Solution to Irregular Work?

In this regard, in its White Paper on the labour market the Government has singled out four areas for intervention that, if adequately regulated, could lead to a shift from the “right of the unemployed” or, in any case, from an “atypical right of labour” (where the labour law is more and more frequently in conflict with the work rights), to a right to work as an expression of social citizenship.

This phenomenon feeds a perverse cycle that heavily affects management practices in employer-worker relationships: the low employment and regular work rates restrict the tax basis, and, consequently, the fiscal yield necessary to fund public expense. Consequently there is either an aggravation of fiscal pressure, with the consequent increase in irregular work, or a curbing of expenditures for employment, active labour policies, infrastructure and so on.

This explains why, in recent years, the Italian Government has used economic incentives (fiscal and contributory) to battle the gradual trend towards illegal and irregular work. The range of incentives include the so-called remunerative realignment contracts. However, the introduction of these contracts is not to be done immediately and is foreseen to span a number of years. In the first year of realignment contracts the employer pays about 60 to 70 percent of the stipend provided by the collective contracts. This moves up to 100 percent after a period of three to four years. The State grants economic concessions to the firms that participate in these programs in the form of incentives for regularisation. However, the experiment with remunerative realignment contracts was ended suddenly last year, because the European Union found the economic incentives to be a form of State aid that had been prohibited by the 1957 Treaty of Rome (Treaty instituting the European Union).

This experiment illustrates the incapability of Italian legislators and the social parties to begin a true process of reform and modernisation of labour law. The remunerative realignment contracts undoubtedly constituted an innovation in the strategy for addressing the submerged economy. It incorporated a repressive-sanction based logic alongside a promotional and incentive based logic. However the realignment contracts failure suggest that the Government and social parties are not capable of providing a real response to the problems of illegal and irregular work. It was not just that this instrument “rewarded” those who had operated illegally and not those who had respected the laws. In addition it only temporarily neutralised the problem and did not address the causes that induced companies and workers to engage in irregular work.

This shows how in Italy economic incentives are generally devised for the sole purpose of neutralizing or counterbalancing, over the short term, the “disincentive” represented by the protective apparatus of labour law. This contributes to making the cost of labour particularly high. In this case a

disincentive refers to firstly, the regular hiring of the labour force or the maintaining of certain employment levels; secondly, the locating of a plant in a certain geographic area; and thirdly, the introduction of new technologies or of new labour organisation apparatuses (for example through the revamping of the work hours or recourse to part-time labour hours).

The continual recourse to economic incentives is problematic as it moves away from a largely self-regulated market, to a situation where heavy state intervention is required in order to regulate employment relations. Further, this has the effect of isolating labour law from other areas of law and wider government policy. Consequently the Government's use of incentives represents a short-term approach that merely contains the problem, rather than addresses its root causes.

It is not being suggested that the Government only uses incentives, merely that it is a commonly used tool. For instance, the "regulations for uncovering the black economy" adopted as part of the 100-day provisions for re-launching the Italian economy aim to ensure the rationalisation of the production system by countering illegality. These regulations are expected to directly or indirectly help increase the employment rate – especially in certain areas of the country. An additional contribution should be provided through revision of employment contracts to take into account benefits for both employees and businesses. New regulations for the labour market should also help oppose concealed labour involving immigrants without a permit of stay.

2.6. The Submerged Economy

The submerged economy and the factors that contribute to distorting competition between companies at both national and international level is an important subject. Recovery from recession, cannot be based simply on defensive instruments of ordinary markets, but also those which impose a diverse allocation of valuable resources among various groups of workers.

It must be made clear that recourse to illegal work is not always the result of fraudulent intent or savage capitalism and exploitation. Rather, it is the result of the inescapable constraints upon economic compatibility, and the restricted capacity of the productive fabric, such as in Italy, which cannot be said to be in a phase of full expansion. From the beginning of the eighties there has been an inducement – originating from Gino Giugni – to discern how much of the submerged economy and non-institutional labour is pathological, and conversely how much does not appear to be anticipated, such as in the case of an employer-worker relationship where, because they have not found a place in the existing order, they have deliberately immersed themselves into clandestineness.

2.7. Training

This is a highly problematic area precisely because the consensuses are, at least formally, unanimous, however this consensus has not been

2.8. Towards the Codification of a “Work Charter”

transformed into a concrete and efficient project of support for the employability of workers. It is increasingly referred to in relation to workers transferring from one job to another, at times in a scheme of subordination and at other times in a scheme of autonomy. With respect to apprenticeships there is an evident functional overload of training policies, where these do not contribute to the enrichment of the competencies and the qualifications of the youth labour force. Indeed, the more recent training contracts include genuine and appropriate training and guidance, such as the relaxing of certain (presumed or real) regulations protecting subordinated labour, the support of income for increasingly extensive bands of unemployed, the search for social consensus, etc. The Government has asked parliament for a delegation to reform such training contracts and to look into economic incentives for training.

In accelerating a process of redefinition of the boundaries of autonomous work and subordinated work, the Government does not intend to remove the fundamental protections that, in our system, accompany the various subordinated labour typologies. It appears instead necessary to try doses of “*normative flexibility*” which, in removing obstacles to the successful functioning of the regular labour market, will contribute to determine a favourable climate for the creation of employment and the successful channelling of labour supply and demand.

The Italian labour market is characterised by precise obligations of economic and social compatibility. Thus the problem of redefining the boundaries of autonomous work and subordinated work cannot be dealt with by direct intervention in the form of penalizing atypical work. Nor does a definitive intervention by the legislators, through the standardization of a new contractual scheme (coordinated labour) appear to be entirely satisfactory. The market requires flexibility, simple rules and legal certainty: a new definition that introduces a contractual *tertium genus* [third kind] would only feed the reasons for litigation between the parties of the employer-worker relationship and the consequent escape into submersion.

In the transition between old and new law, the idea – worked out by Tiziano Treu and Marco Biagi at the end of the nineties – appears instead to be more convincing and realistic. This is the idea for a *new Work Charter* that, with a pragmatic attitude, confronts the question of atypical work oriented toward protections (and of their remodelling with respect to *all* the employer-worker relationships), rather than focusing on formal definitions and concepts. The Government is working to renounce every further attempt to define and classify a rapidly and continuously changing contractual reality, and instead to prepare in advance an essential and sufficiently limited core of intransgressible norms and principles (particularly for specification of the constitutional dictate). These will be common to all the contractual relationships that relate to

autonomous, subordinated or even *sui generis* [self-genesis] work contracts.

The *Charter* should operate on two different levels, with one supported by the other. On one hand there has been a proposal for a voluntary and incentive based instrument of certification (or validation) whereby the parties to a certain employer-worker relationship assign the character of the contract. On the other it would seem advisable to avoid unnecessary litigation relating to employer-worker relationships.

The mechanism of certification of the employer-worker relationships can actually only function reasonably if, at the same time, the “game” of advantages (for both parties) in one contractual scheme versus another in relation to the renewal of the employer-worker relationship is more balanced. From this perspective a *Work Charter* could enable the modulation and scaling (in terms of typology) of the protections applicable to every contractual instance according to the applicable institutions in accordance with a series of concentric circles – along a *continuum* of means of execution of the work – that represent the minimum and intransgressible protections applicable to all the employer-worker relationships with “strong” guarantees attributable only to certain subordinated work typologies (for example the protection against dismissals or the discipline of the working time).

The question of certification of employer-worker relationships, as a response to the over-dimensioning of legal cases in jurisprudence relating to the characterisation of the contract, does not appear to entail particular problems, provided that the contractual program agreed upon *ex ante* by the parties is respected during the execution of the employer-worker relationship. To stimulate certification and maintain the will of the parties, it has been proposed to distinguish between an area of absolute intransgressibility or of public order (relative namely to the fundamental rights of the worker), which are not available to the parties except through the re-characterization of the relationship in a judicial session and an area of relative intransgressibility, which can be managed by the collective parties during the collective contracting and/or by the same individual parties during the constitution of the employer-worker relationship. However, in this latter case, *only* before the administrative body qualified for the certification (remunerations over the threshold of sufficiency, management of career courses, duration of the advance notice, stability of the relationship, treatment in case of suspension of the relationship, modification of work hours, etc.).

Undoubtedly more critical, is the part relative to the remodelling of the protections in which is it still difficult to attain an adequate political and social consensus, and where there are re-emerging taboos and ingrained ideological contrapositions, such as those which impacted on the reform proposals concerning unfair dismissal. Nevertheless, it is clear that the

2.9. Legislative Problems Facing Management, Labour and the Government

regulation of atypical work also requires (at least in part) the rewriting of the traditional protections of subordinated work and the creation of corresponding normative rearrangement of the social security services, delineating a common social security base for autonomous and subordinate workers. In guaranteeing a basic contributory revenue for all the employer-worker relationships, this would contribute to reducing the qualifying problems that individuals have, even for the social security institutions.

An intervention that solely regulates atypical work without a corresponding redefinition of the dependent work charter can actually only contribute to the weighing down of the management of work. This may promote further movement into submersion, if not an even more radical response, in terms of the externalisation of labour and the relocation of companies to areas with more flexible labour regulation.

On the basis of the preceding sections, it is possible to identify the following as the principle legislative problems that face management and labour and the government:

Labour

- The increased tendency to use social dialogue as opposed to concertazione, means that though the government has to consider labour's position, it can choose to act independently of it
- Highest rate of unemployment in Europe. Within this there is severe segmentation according to geographical location, age, gender and contract type
- Policy is not sufficiently decentralised to account for micro-level issues, in particular the needs of the self employed and SMEs
- Increasing individualisation may reduce worker protections as collective bodies are bypassed by management
- Labour's dissatisfaction, particularly Cgil, with what they perceive as the limited scope of recent legislative changes has led to industrial action. In fact this has led to a lack of unity within the labour movement
- Although permanent training is guaranteed, there is no such guarantee that employment will follow
- It is unclear how the government plans to fund the increased unemployment benefits and public spending, which may rely on the working population making a greater tax contribution

Management

- to implement employment-related policies, above all for workers receiving income supplements, for improving training implementation and investments

- to create a transparent and efficient labour market
- to deal with the inefficiency and unfairness caused by the black economy
- to introduce types of contract that can be used to ensure adaptability for both businesses and employees and extend inclusion of people at risk of social alienation on the labour market
- Incentives to adopt certain arrangements, for example part time work for older workers, may force organisations to act in a way that is not in line with business logic
- The industrial unrest as a result of labour's dissatisfaction with recent changes has led to many working hours lost and consequent loss of profit. In addition the effects on worker motivation and commitment are unquantifiable at the present time

Government

- Reform of the educational and training system to improve the cultural level and competences of people
- Reform of the labour market to extend the possibility of access to employment, develop employability policies and combine flexibility with safety for workers.
- implementing actions to oppose the "black" economy. This involves intensifying collaboration among regional and peripheral labour-oriented divisions, advancing the role of local organisations and strengthening the role of bilateral organisations to ensure that the measures taken are successful;

3. Recent Changes to the Legal Framework

It is recognised that the legal framework relating to the Italian labour market and employment structure is not yet complete. However, this section discusses the two recent developments that are of particular importance. Firstly, it gives an outline of the current governments plans in an analysis of the October 2001 White Paper. Secondly, it discusses the Pact for Italy, that was signed on 5th July 2002. Finally, it lays out some of the main areas of conflict over the proposed new changes.

3.1. The October 2001 White Paper

In October 2001 the Centre-Right coalition Government, in office from June 2001, released a *White Paper* on the modernisation of labour law that represents the reform program that they intend to adopt over the five-year span that they will be in office. This document - the editorial management of which included a fundamental contribution by Prof. Marco Biagi - outlines government guidelines for labour market and welfare policies and broadly addresses the recommendations and

criticisms advanced by the European Union bodies on the structural weaknesses and shortcoming of Italian policy.

In the *White Paper* the Government in effect proposes a radical rethinking of the very system of the sources of labour law and industrial relationships. From the point of view of policy developments the government is attempting to implement some of the recommendations in the White Paper immediately. This is achieved through the inclusion, in the form of a Related Law (Legge collegata) to the Budget Law for 2002, of a Delegated Law (Legge delega al Governo in materia di mercato del lavoro) approved by the Council of Ministers on 15 November 2001. The Legge delega allows the government to enact, within twelve months, a series of decrees, according to the orientations and scope specified in the Legge delega itself. This procedure de facto bypasses a full discussion at parliamentary sessions and a preventative agreement with the social partners.

The more relevant items put forward include:

- a) the reform of incentives to hiring; with particular emphasis on further extensions of part-time work arrangements for older and younger workers, and encouraged as an alternative to redundancies
- b) a comprehensive revision of the safety net (ammortizzatori sociali), i.e., of unemployment insurance
- c) the reorganisation of the national and regional agencies in charge of monitoring and evaluating policies
- d) enhanced co-ordination and specialisation of norms and incentives for the so-called "entry contracts" (apprenticeship, "training and work" programmes, etc.) In 2001 the government spent 1,567.39 million euro 882.27 million euro on apprenticeship and "training and work" programmes respectively
- e) the pursuit of more flexibility for individual working arrangements, also beyond the standards set in collective agreements with unions, for example in working hours and their flexibility for part-time workers
- f) a trial period of four years where current Employment Protection Legislation would be suspended in three cases: firms transforming temporary work contracts into permanent work contracts; "regularising" work positions within schemes for the "surfacing" of irregular labour; firms with less than 15 operatives for additional hiring beyond that limit
- g) incentive schemes favouring the use of arbitration in the case of labour disputes to reduce the workload of Labour Courts. Among proposed powers arbitrators would be able to propose pecuniary compensation.

Government action to use the Legge delega, and in particular the norms

relaxing employment protection in the event of “unfair” individual dismissals, have led to confrontations with trade unions. For the first time since 1993 the Government has not followed the practice of concertazione. This means that no compromise was sought with the social partners before undertaking important reforms in industrial relations and labour market regulation. Instead of concertazione, the Government states it will follow the less binding practice of “social dialogue”, according to which proposals and policies are discussed with the social partners, and their views taken into account, but they are non binding on the Government.

3.2. The Pact for Italy

On 5 July 2002, the Italian government, employers’ organisations and trade unions - with the notable exception of the Cgil union confederation - signed a major agreement on: incomes policy and social cohesion; ‘welfare to work’; and investment and employment in the South of Italy. This ‘Pact for Italy’ followed lengthy negotiations and disputes over the centre-right government’s reform plans.

The background to the Pact can be traced back to the White Paper discussed in the preceding section. After talks with the social partners on the White Paper’s contents, in November and December 2001 the government issued proposals for the reform of the labour market, the tax system and the pension system. These reforms were to be introduced by means of ‘proxy laws’, whereby parliament delegates to the government the power to legislate on a particular issue.

The three main trade union confederations - Cgil, Cisl and Uil - reacted in different ways to these proposals. Cgil was highly critical and expressed its total opposition to the reforms, calling a major demonstration in Rome on 23 March 2002. Cisl and Uil also criticised the government positions, but expressed their willingness to continue negotiations with the government.

Negotiations with the social partners over the government’s proposals continued, but were interrupted many times. With the government unwilling to concede to trade union demands, Cisl and Uil joined Cgil in calling an eight-hour general strike on 16 April 2002. Some 13 million workers are thought to have participated in the strike, which focused particularly on the government’s proposed amendments to Article 18 of law 300/70. This Article provides for reinstatement of workers dismissed without ‘just cause or ‘justifiable reason’ in companies with more than 15 employees, and the government planned, for an experimental period, to replace reinstatement with financial compensation for certain groups of workers.

Following the general strike, the government softened its position somewhat, appearing willing to accept trade union demands on the reform of the ‘social shock absorbers’ and to reconsider its proposed amendments to Article 18. The interrupted negotiations between the government and the social partners finally resumed at a meeting on 31

May 2002. At the end of this meeting, the government, the employers' associations, Cisl and Uil signed a 'statement of agreement', though Cgil decided not to sign. It was agreed that negotiations would be held on four issues - labour market reform, tax reform, the South of Italy and irregular work.

The lack of unity among the union confederations arose from their divergent views on the government's proposals, and particularly the amendments to Article 18. While Cisl and Uil were prepared to continue negotiations, Cgil refused to negotiate any aspect of the labour market reform unless the proposed changes to Article 18 were deleted from the relevant 'proxy law'. Meanwhile, the Confindustria employers' confederation held its annual assembly on 22-23 May 2002, at which it reiterated its positions, stressing the importance of reform of the labour market and the tax system, in order to increase competitiveness.

The negotiations involving the government and the main social partner organisations - apart from Cgil - culminated on 5 July with the conclusion of the Pact for Italy. On the trade union side, the signatories were Cisl, Uil, the independent Italian Confederation of Autonomous Workers' Unions and the right-wing General Union of Labour (Ugl). All the central employers' bodies signed, including those which are traditionally close to the left-wing political parties, such as Lega delle Cooperative, Confesercenti and the National Confederation of Artisans (Cna).

The Pact for Italy lays down the guidelines for drawing up 'proxy laws' on the reform of the labour market and the tax system, and on measures for the Mezzogiorno regions. These 'proxy laws' are provided for in the 2002 budget law. The objectives that the signatories of the accord intend to achieve are said to be those agreed by the European Council at the summits in Lisbon in March 2000 and Barcelona in March 2002, according to which 'economic dynamism and social justice should go hand in hand'. A key point of the EU strategy agreed at Lisbon is increasing employment rates (to 70% by 2010), and Italy is the Member State with the lowest employment rate and with the highest regional and gender differences in this rate.

The agreement covers three main issues: incomes policy and social cohesion; 'welfare to work'; and investment and employment in the Mezzogiorno regions. These will be discussed in turn below.

3.2.1. Incomes Policy and Social Cohesion

The agreement recognises that the 1992 tripartite national agreement and the tripartite agreement of 23 July 1993 on incomes policy and the bargaining system played a key role in Italy's ability to participate in EU Economic and Monetary Union (EMU). The social dialogue practices and the incomes policy resulting from these agreements allowed for the recovery of Italy's public finances and the control of inflation, the accord emphasises. The government also explicitly recognises in the pact the importance of concertation among the social partners - something which it had previously questioned - and states that it considers this method fundamental to achieving the employment and modernisation objectives

agreed at the Lisbon EU summit.

The agreement lays down guidelines for tax reform, with tax cuts to be concentrated on low-income families and tax incentives on small and medium-sized enterprises (SMEs). The accord provides for:

- income tax reductions. In 2003 at least EUR 5.5 billion will be allocated to reducing income tax on families earning up to EUR 25,000 per year (which includes the majority of dependent workers and retired people). The average tax reduction for each family will be about EUR 500 per year; and
- reduction and simplification of company taxation. EUR 500 million will be made available to start a reform of the regional tax on company income (Irap), while the rate of corporate income tax (Irpeg) will be reduced by two percentage points. SMEs will benefit from streamlined accounting procedures, in particular as regards calculating value added tax (Iva). Local taxes on companies will be continually monitored and controlled. The aim of these various measures is to achieve a reduction of the overall tax burden on companies. Furthermore, the government will introduce new tax rules relating to 'thin capitalisation', a system whereby companies are financed more through loan capital than equity capital.

3.2.2. Welfare to Work

The pact's section on 'welfare to work' covers 'all the instruments aimed at encouraging and assisting citizens in entering or re-entering the labour market' - and this includes some of the more controversial labour law and employment issues. The main points are as follows.

- Public employment services. Public job placement services will be reorganised and the rights and duties of unemployed people will be defined. Private placement services will be promoted. The social partners may be involved in the management of placement services through new joint bodies. Before the end of 2002, a 'labour services network' will be set up with the aim of linking public and private bodies operating in this area.
- Education and training for employability. The agreement seeks to promote lifelong and permanent learning. The government has launched a reform of the education system, based on the need to establish a closer link between education and work, which will seek to guarantee permanent training to everybody. The duration of compulsory school education or training will be increased to 12 years and will involve a higher level of basic competences (in the areas of languages, technology, mathematics and social skills). Some 700,000 adult education and training places will be offered each year.
- Income support measures for unemployed people. The agreement increases the levels of unemployment benefit and introduces the concept of 'active protection' which involves 'a strict link between the allocation of benefits and the rights and duties of unemployed people'. Unemployed people in receipt of

unemployment benefits will be monitored periodically to verify that they are unemployed, and must obligatorily undergo training programmes. Within 60 days following the conclusion of the new pact, a 'bargaining table' will be organised - involving the government, the regional and provincial authorities and the social partners - in order to examine how to link income support measures with specific training programmes for unemployed people. The pact increases the amount and duration of unemployment benefit. Benefit will be payable for up to 12 months, rather than the current six months, though it may not be claimed for more than 24 months (30 months in the Mezzogiorno) in a five-year period. During the first six months of unemployment, the benefit will correspond to 60% of previous pay, falling to 40% during the following three months and 30% during the last three months of entitlement.

- Reorganisation of incentives. The various incentives for companies to employ specific categories of people will be reorganised. The aim will be to promote the recruitment of long-term unemployed people and women, and to increase employment in the Mezzogiorno. In 2001 208.38 million euro was spent on subsidies for firms located in the Mezzogiorno.
- 'Temporary and experimental measures to promote regular employment and company growth'. The agreement sets out a number of measures to promote employment growth in companies with 10-15 workers - according to data from the Italian National Institute of Social, companies with 10-15 workers outnumber those with 16-19 workers by about 70,000 to 20,000. Article 18 of the Workers' Statute provides additional employment protection for workers employed in companies with more than 15 employees - in such companies employers are currently obliged to reinstate workers who have been dismissed, if their dismissal is found by the courts to be unfair. In order to avoid the existence of this 15-employee threshold discouraging small employers from recruiting new staff, the pact provides that certain categories of employee will not be counted towards this threshold. It does not, however, modify the content of Article 18 itself. This technique of 'non-inclusion' of certain types of worker when calculating workforce size for legal purposes already applies to workers on work/training contracts, apprenticeship contracts and employment reintegration contracts, and to temporary agency workers and workers employed under the 'socially useful jobs' employment-creation scheme. The main change introduced by the pact is that certain workers on open-ended contracts will in future not be counted towards the threshold, while previously this exemption applied only to workers on various kinds of temporary contract. The effect of the new provisions will be that the rules which provide for the reinstatement of unfairly dismissed workers will be suspended for

three years, on an experimental basis, in all companies that, through new recruitments of workers on open-ended contracts, bring their workforce size to over 15 workers. At the end of the three-year experimental period, the decision on whether or not to prolong this measure will be subject to the joint opinion of the social partners. In order to prevent companies which currently have more than 15 employees from seeking to circumvent Article 18 by cutting their workforce to below 15 employees and then re-hiring staff under the new rules, the agreement provides that the new provisions will not cover any company that employed an average of at least 15 workers in the 12 months before the implementing decrees enter into force.

- Outsourcing. The government had proposed, in order to extend the practice of outsourcing, to abolish existing rules which prevent the transfer of a company's productive activities. The agreement instead updates the current rules in this area, stating that: outsourcing must be carried out respecting the relevant EU rules on transfers of undertaking; and the current legislative requirement that part of a company must have 'pre-existing functional autonomy' in order to be outsourced, will be amended so that this autonomy can be 'potential' and may be acquired during the transfer process. The social partners will negotiate a joint opinion on this subject.
- Income support measures for poor people. Income support schemes of this kind have been launched on an experimental basis over recent years, directly managed by the central state. They will now be reformed and the regions will be entrusted with running them.
- Social dialogue. The government states in the pact its intention to draw up a new Work Statute - a single consolidated source of labour law. For this purpose, a special commission made up of high-level academics will be established to prepare all the necessary materials. The government will start talks with the social partners on this issue by the end of 2002. As regards new rules on arbitration and conciliation related to individual labour disputes - an issue which was included in the government's previous 'proxy law' and was strongly opposed by the trade unions - the social partners are to negotiate and draw up a joint position on this issue. The partners are also to start talks during July 2002 on the issue of social security and protection policies, with the government guaranteeing that social expenditure will not be reduced in the next budget law.

3.2.3. Investment and Employment in the Mezzogiorno

Measures to promote the economic recovery of the Mezzogiorno are an important part of the new pact. The parties have agreed the following objectives:

- the economic growth rate in the Mezzogiorno should become 'significantly and steadily' higher than in the rest of Italy;

- the existing 'infrastructure gap' (in terms of transport, logistics, water and energy) will be substantially reduced; and
- investment will be provided, increasing the Mezzogiorno's competitiveness in terms of security, the provision of sites equipped for businesses to move into, and streamlined procedures.

The economic resources to help achieve these objectives will come from:

- the allocation of additional resources in the next budget law;
- an increase in the amount of public expenditure dedicated to the Mezzogiorno, which should average 45% over the 2002-8 period; and
- ensuring that at least 30% of the resources allocated to the public sector in areas such as railways, road and other infrastructure go to the Mezzogiorno.

The pact provides for the following measures to enhance investment and employment in the South:

- implementing 'territorial pacts' - i.e. agreements involving local authorities, social partners and other public and private actors, providing for the implementation of a programme of local interventions to promote development;
- policies promoting the location of production facilities in the South. This includes the negotiation of 'programme agreements' – i.e. agreements on investment involving the competent public administrations, major companies, consortia of SMEs and representatives of industrial districts;
- upgrading the agriculture and agro-industry sector and encouraging new models of organisation;
- simplifying procedures to provide businesses with credit, with the involvement of the banks;
- improving infrastructures, including upgrading water supply systems and strengthening and modernising the railway and road systems. On this point, the government confirmed that the construction of a bridge over the Straits of Messina (between mainland Italy and Sicily) would start within 36 months;
- reorganising the vocational training system and in particular higher-technical education and training courses;
- strengthening collaboration between public research organisations and businesses in order to set up a permanent network bringing together science, innovation, industry, commerce and tourism; and
- fighting organised crime. This will include creating a system to monitor tenders procedures, strengthening the information technology equipment of police departments, and confiscating illicit goods and using them for socially useful purposes.

3.2.4. Regulating Irregular Work

As noted in section 1, irregular work is an issue that of central importance to the Italian labour market and employment structure. In late July 2002, 36 Italian trade union and employers' organisations signed a joint opinion

on measures to 'regularise' irregular work – i.e. employment which is not declared for tax and social security purposes and does not observe the pay and conditions laid down by sectoral collective agreements - and help firms emerge from the submerged economy. The agreement, which will be implemented by the government, provides for important changes to existing procedures. It should be noted that Cgil was not one of the signatories.

As shown in figure 1, clandestine and 'irregular' work in Italy makes up 27.8 % of GDP.

Figure 1

Country	Submerged Economy: as a % of the GDP Source OCSE (2000)	Submerged Economy: as a % of the GDP Source European Union (2000)
Greece	29.0	29 / 35
Italy	27.8	20 / 26
Spain	24.0	23
Belgium	23.4	12 / 21
Sweden	20.5	4 / 7
Norway	20.0	–
Denmark	18.0	3 / 7
Ireland	17.0	5 / 10
Canada	16.0	–
Germany	15.9	4 / 14
France	14.9	4 / 14
Australia	14.5	–
Low Countries	13.5	5 / 14
United Kingdom	13.1	7 / 13
United States	8.8	–
Austria	8.3	4 / 7
Switzerland	7.5	–

Over the years, various governments have made many efforts to try to deal with the problem of illegal work. The present centre-right government has also introduced new measures to encourage the 'emergence' of companies from the submerged economy, with legislation adopted in April 2002 introducing a three-year 'emergence' period, during which companies and workers involved in irregular work benefit from tax and social security incentives as they regularise their situation.

The measures taken by the government have not had the expected results and the trade unions asked the government to place the issue of irregular work on the agenda of negotiations between the government and the social partners over the former's reform programme. These talks culminated on 5 July 2002 with the signature of the 'Pact for Italy', covering: incomes policy and social cohesion; 'welfare to work' (including labour market matters); and investment and employment in the South of Italy. The General Confederation of Italian Workers (Cgil) did not sign the

pact.

On 24 July 2002, 36 trade union and employers' organisations - again not including Cgil - signed a joint opinion on the regularisation of irregular work. The government has said that it will now make the necessary legislative changes to its recent law on this issue.

The joint opinion proposes the following:

- the procedures for the progressive adaptation of the pay of irregular workers to the wage minima set out in sectoral collective agreements should be defined by collective bargaining. At present, these procedures are laid down by the Interministerial Economic and Planning;
- tax reductions should be enhanced for companies which have regularised their situation for three to five years without compromising the pension entitlements of the workers involved;
- regularisation programmes should be extended to non-EU migrant workers;
- the law should be extended to agricultural companies;
- companies involved in emergence programmes should not be able to take part in tenders for public contracts;
- companies taking part in tenders for public contracts should have to present a certificate showing that they have regularly paid their workers' social security contributions;
- provincial 'committees for labour and emergence' should be set up to manage the new progressive emergence procedures. The committees should be composed of employers' and workers' representatives, plus representatives of the Ministries of Labour and the Environment, the National Institute for Social Insurance, the National Institute for Industrial Accident Insurance, local public health companies, municipalities and prefectures. The social partners should negotiate over the role and operation of the new committees;
- joint bodies should be used to simplify local emergence programmes; and
- the current deadline of 30 November 2002 for companies to present 'declarations of emergence' should be postponed.

Cgil participated in the negotiations but did not sign the agreement. Sergio Cofferati, general secretary at the time, stated that 'signing the agreement on the irregular economy is tantamount to providing political cover to the government. This is a mistake that Cgil decided not to make.' According to Mr Cofferati, the government is seeking, through the social partners, to hide the failure of the measures it has taken. According to Giuseppe Casadio, the Cgil confederal secretary responsible for the irregular work negotiations, 'the contents of the agreement cannot be put into practice, not even with the best will of the trade unions.'

According to Paolo Pirani, confederal secretary at the Union of Italian Workers, 'this agreement marks an important moment in the fight against irregular work, entrusting the social partners with important roles and

3.3. Reactions to the Pact

responsibilities, starting from the role played by collective bargaining.' Raffaele Bonanni, the confederal secretary of the Italian Confederation of Workers' Unions, believes that one of the most significant points of the agreement is that it entrusts the social partners and joint bodies with a key role in managing the emergence process, thus 're-establishing a role excluded by the previous legislation'. Moreover, the agreement redresses the situation whereby the government earlier acted unilaterally in this area, despite trade union opposition.

Confindustria stated that it has confidence in the agreement's success. Guidalberto Guidi, the head of its industrial relations department, said that the agreement is a 'declaration of war against the new slave-drivers' who use irregular work.

The Pact for Italy has further divided the three main union confederations. Cgil refused to sign the agreement because it believes that:

- the deal will not be able to promote employment and economic development; and
- the agreed text does not cover the issues of young people, illegal work, reductions in prices and tariffs, development policies, industrial plans and strategic decisions.

According to Cgil, the pact takes a 'neo-corporatist approach, tends to exclude all the parties which did not sign it, and is based on weak representativeness'. Cgil wants the agreement to be put to workers for their approval, and has confirmed that it will continue to mobilise against the government's proposals, calling a general strike at the beginning of October.

Cisl's governing bodies have approved the pact and the actions of Cisl's general secretary, Savino Pezzotta, in negotiating it. Mr Pezzotta stated that many trade union demands have been included in the deal, not least the fact that it reaffirms social dialogue and the current approach to incomes policy. Mr Pezzotta does not believe that it is necessary to submit the pact to a ballot of workers, as suggested by Cgil. The general secretary of Uil, Luigi Angeletti, stressed the importance of the agreement in terms of concertation and recalled that the government had previously been very reluctant to recognise the merits of this approach.

Antonio D'Amato, the president of Confindustria, said that the pact marks a turning point in the direction of reform, combining equity and development.

3.4. Analysis of the Pact

In terms of its contents, the Pact for Italy is very similar to various 'pacts for employment' signed in a number of European countries over the past decade. One novelty in the new pact's employment provisions, in the Italian context, is the new measures for the participation of the social partners in the management of some aspects of the labour market (as occurs in some north-eastern European countries). The pact thus entrusts joint bodies with the management of job placement services and the 'social shock absorbers', and of procedures to help companies

'emerge' from the illegal economy, and 'irregular' undeclared workers to 'regularise' their position.

On more controversial issues, the agreement has moderated the government's original plan to exclude from Article 18's coverage all workers who were recruited on fixed-term contracts which were then transformed into open-ended contracts. This would have had devastating effects, because encouraging recruitment on fixed-term contracts in this way would have very soon rendered void the protection offered by Article 18. To have prevented this measure - supported both by the government and Confindustria - was a positive result for the trade unions. The changes introduced by the pact, on an experimental basis, concern a less important aspect of workers' protection against dismissal - the company-size threshold above which some aspects of this protection apply. Elsewhere in Europe, such thresholds are varied from time to time, eg as in Germany in 1999. Moreover, the approach of not including certain categories of workers in calculating workforce size for the purpose of the application of employment legislation was used in Italy during the 1990s, when trade unions did not oppose it or make it a matter of principle. Furthermore, the solution adopted in the pact does not deprive of this type of protection those workers who already benefit from it.

A very positive aspect of the agreement is the tax reform in favour of low-income families which represents, according to many observers, one of the most significant tax cuts ever decided in Italy. The measures adopted for the Mezzogiorno are also widely regarded as very significant. Even Cgil, which did not sign the agreement, commented in a very positive way on the decisions in this area, which will provide for a coordinated effort aimed at overcoming the development gap between the North and the South of Italy.

However, according to some observers, the government's economic policy is at some risk due to the poor perspectives for economic growth in Italy. GDP growth forecasts have been repeatedly revised downwards, and the slowness of the economic recovery in Europe may jeopardise the government's programmes and the possibility of having the necessary resources to achieve the objectives set out in the Pact for Italy. Indeed, Italy's current economic situation is such that the government may encounter problems in meeting the requirements of the EMU 'stability pact'.

3.5. The Forthcoming Enabling Act

The aim of the act is to revise labour market rules to increase employment and encourage quality at work. The Government intends to amend current legislation, thereby reducing market segmentation - due to the existence of situations in which work is extremely protected and others that are highly flexible - and making it easier to obtain stable employment for those beginning with temporary jobs - and consequently avoid possible reductions in investments in human capital;

Contents:

The Government introduces measures to ensure improved efficiency in the market through this Bill for an Enabling Act, thereby taking full advantage of integration between passive and active labour policies and provisions focussing on rationalisation of existing contract types and introduction of innovative employment contracts. More specifically, the following aspects are involved:

- improved match between supply and demand via simplification and reorganisation to guarantee co-ordination among public and private organisations; liberalisation of the activities of private organisations in obligatory employment and full access to the job service network IT system and cancellation of the “exclusive mission” of temporary job companies;
- revision and rationalisation of the income support system to become the responsibility of businesses and based on insurance, aiming to proactively safeguard employees without discouraging efforts to find new opportunities, extension to sectors and situations not currently covered and simplification of procedures - above all when involving company reorganisation and restructuring;
- identification of apprenticeships as an alternative to training though linked to the education system, redefinition of the role of first-time employment and work experience contracts;
- reform of legislation regarding part-time employment to conform with the relative European directive, thereby ensuring improved flexibility for adoption and integral extension to the agricultural industry;
- introduction of new, flexible employment contracts and review of existing contracts (temporary employment, co-ordinated and continuous collaboration)
- four-year experimentation of the new rules regarding unfair dismissal involving fair compensation;

3.6. Partnership Industrial Relations

The Government believes that talks between institutions and Social partners are a useful means of outlining jointly set objectives to guarantee economic stability, higher employment rates and better competitiveness for the Italian economy.

The Government wholly supports the protocol signed by Social partners on July 23rd 1993 and encourages dialogue as developed at the European level. This is not only the priority solution for implementing European Directives at the national level, but also a means for producing

rules regarding social affairs - especially with regards to modernising labour and labour market relations. The importance of such dialogue in regulating social- and employment-based relations ensures that Social partners have a particularly demanding role - almost becoming responsible for legislation. Obviously, adopting this kind of method while respecting the respective competences and attributions of those involved must not compromise the rapidity of decision-making procedures.

This method has led to several agreements between the Government and Social partners recently:

- implementation of the European Directive regarding closed-end contracts;
- implementation of the European Directive regarding the protection of workers from chemical substances;
- implementation of the European Directive regarding European Business Committees;
- general policy agreement for renewal of civil service contracts;
- reform of ordinary employment (details of worker, rights-obligations of involuntary unemployed people, etc.);
- business agreements regarding excess staff in mainly public-owned important companies.

These agreements were reached during talks between the Government and Social partners on the proposed general policy law regarding labour. The Government nevertheless presented a proposal for reform of the welfare system - currently under discussion in Parliament - following talks with the Unions. Talks between these parties this week involve reform of the tax system.

The proposed general policy law regarding the labour market valorises the role of bilateral organisations by assigning them innovative functions, such as management of the labour market, income support and training actions, planning common actions, preparing negotiations, joint monitoring of effective application of collective contracts and opposing concealed labour. Social partners will undoubtedly be responsible for creating the conditions to ensure development of agreements, however national and regional institutions also believe that bilateral organisations are a solid means of collaboration between different collective and organised interests and that this is an important means of supporting increased competitiveness for our economic system in view of social cohesion.

The Government therefore encourages Social partners to reflect on the matter and thereby ensure improvement in the quality of our industrial relations, thereby ensuring increased participation under agreed methods and following which legislation will merely need to guarantee implementation of collective contracts and require compliance with minimum conditions regarding rights.

It is agreed that Social partners must be involved in legislative or regulatory actions regarding welfare and employment not only at the national level, but also at the regional level.

Social partners are important protagonists in outlining and implementing employment strategy, especially with regards to training actions and modernisation for work organisation. The social dialogue model experimented at the European level is the most convincing reference for more beneficial relations between institutions and social partners.

The proposed Enabling Act regarding the labour market presented in Parliament is based on horizontal welfare, thereby re-confirming the importance of collective contracts and making workers' unions and employees largely responsible for implementation of the regulations comprised therein, according to their specific competences.

More specifically, this proposal involves ensuring that social partners play a more important role in managing activities related to employment service, training and income support policies. Co-management of these services ensures that worker and employee organisations can find immediate forms of collaboration and thereby effectively complete the action of bilateral organisations, which the Enabling Act proposed by the Government acknowledges have an important role with regards to implementing labour policies. The development of bilateral organisations at the territorial level also produces social tools for control that are both capable and jointly interested in opposing and uncovering the black economy. The role of Social partners also becomes more important when involving a procedure for certifying employment relations using the bilateral organisations to support individuals in their search for contracts that can fulfil the expectations of both parties.

The Government intends to constantly aim for an increase in the employment rate to reach the levels established at the European level as a means of demonstrating that it operates in compliance with the Conclusions of the European Summits in Lisbon and Stockholm. This objective is at the centre of all dealings with Regional Councils and Social partners. Targets regarding employment for women and older people (see A.) have also been indicated as from this year.

The provisions presented by the Government relating to the labour market, reform of employment services and nurseries focus on the

employment rate for women. More specifically, this target will be fulfilled via the following actions:

- improving employment services and focussing particularly on women (information, orientation and matching supply and demand);
- developing ongoing training, professional qualification and lifelong learning policies;
- introducing types of work with structured hours (especially with regards to part-time jobs), thereby ensuring that people can reconcile their family and professional needs;
- improving childcare services, which is part of more extensive framework comprising various measures to re-launch the family.

The proposed enabling Act for the labour market acts on current legislation in a more structural manner. It aims to eliminate legislative barriers that still make it difficult to use flexible contracts, without causing social alienation or low-quality work. Part-time contracts are made more accessible, as set forth in European legislation; temporary contracts are co-ordinated with temporary employment and their role as a tool for matching supply and demand; new contracts aimed at “freeing” the labour market from improper use of a number of existing tools and that take into account changed production and organisational needs (“intermittent” work, work by project, etc.) are planned.

3.7. The Legal Framework: Controversial Changes!

Although the signatories of the Pact for Italy of 5 July 2002 are united in calling for its implementation, splits may open in their ranks when the time comes to assess the measures introduced by the government's 2003 budget law in order to remedy the poor state of the economy and public finances. The signatory trade unions are pressing for the full application of the Pact, with no reduction in the financial resources earmarked for its implementation. The Pact has been criticised by some trade union and political leaders on the grounds that it is too limited in scope. Therefore, any scaling down in the application phase would be unlikely to be accepted by the signatory unions.

At the same time, relations among the main union confederations are marked by the division that opened up when the Pact for Italy was signed by Cisl and Uil but rejected by Cgil. The breakdown in relations among the confederations has been aggravated by the general strike of October 2002. Given the way in which the strike came about, this represented a harsh and radical criticism of the government's policies - criticism which in certain respects is also directed against the organisations which, according to Cgil, have supported these policies by signing the Pact for Italy.

The various union confederations are at present pursuing goals that are

largely similar: support for development and employment, especially in the Mezzogiorno; wage claims which offset the erosion of pay levels by inflation; and welfare measures which extend protection and improve the quality of benefits. However, the obstacles raised by their contrasting attitudes to the Pact for Italy, as well as by differences of opinion on concrete solutions - as in the case of possible reform of collective bargaining structure - mean that the rifts between the unions will be difficult to overcome in the short term. From this point of view, not even the forthcoming negotiations over collective agreement renewals in important branches of industry - the metalworking sector especially - seem likely to heal the breach between Cgil, Cisl and Uil. Indeed, for the time being, it seems inevitable that the traditional united platforms of bargaining demands will be abandoned, being replaced by fragmented claims which may trigger forms of 'competition' and 'outbidding' among the union confederations.

In this situation, it is possible that the unions may be united in their criticism of the government, but significantly divided between those opposed to the Pact for Italy and those committed to its full application as 'the only anti-recession economic policy' feasible at the present time.

It may be possible to re-launch unified social dialogue and concertation if the Pact for Italy is reconsidered in some way, and if new talks are held on economic, fiscal and social policies. There are two actors that are able to perform a crucial role at this stage. The first is the government, which must take control of economic policy initiatives, seeking the agreement and involvement of the social partners, in accordance with the provisions of the Pact for Italy. There does not seem to be much room for manoeuvre at the moment, due to the constraints imposed by public finances, but seeking viable solutions is the government's inescapable duty. The second key actor is Cgil. It would be difficult for it to lead a reunification of the trade union front, even given a possible 'crisis' of the Pact for Italy. More practicable, although not easy, would be for it to abandon its intransigent stance and open up space for dialogue with the other union confederations and the government.

3.8. Political and Ideological Problems for Management and Labour

The July 2002 pact and the divisions between the trade unions have had a major impact on the political debate and in particular on the opposition centre-left parties. This can be seen as the basis for the political and ideological problems currently facing management and labour in connection with the Italian labour market and employment structure.

The members of the Left Democrats, the largest of the left-wing parties, reacted in different ways. A minority supported Sergio Cofferati. The majority, however, fears that the trade union disunity which they see as being caused by Cgil's positions could have negative consequences for the centre-left grouping in parliament, with one of its components, the moderate Margherita party, having expressed support for the Cisl and Uil position.

The centre-left parties also have worries about Cgil's decision to collect signatures to enable it to organise a referendum on revoking the

experimental changes to Article 18, once these are approved by parliament. This might deepen divisions between and among the centre-left parties and trade unions, making the re-establishment of unity, especially as regards negotiations with the government, almost impossible.

Future development will also depend on the approach taken by Guglielmo Epifani, who succeeded Sergio Cofferati as Cgil general secretary in September 2002.

Annexes

Table 1. Beneficiaries of Active Labour Market measures (average stock, thousands) – years 2000-2001

number of participants in training and similar measures who were previously registered unemployed related to the number of registered unemployed (yearly averages). Broken down by types of measures and gender.

	2000		2001			
	men	women	men	women		
The non-employed participating in training programs (a) **			203	94	147	241
Non-employed adults participating in educational program (Total) (b) **	42	55	97			126
short courses	19	34	52			65
long courses	24	22	45			61
Individuals involved with programs of access to entrepreneurial activities (c) **	7	3	10	0	0	14
Regional active policy initiatives (d) **			40	*		35
Individuals participating in work experience schemes (Total) (e)			157			134
socially useful jobs and public interest jobs (LSU and LPU)	66	60	126	55	50	105
vocational placement schemes **			12			9
in-house traineeship and training schemes **			20			20
Employed with work-training contracts (f)	479	289	769	441	266	707
Apprenticeship **	277	182	458	260	170	430
Training and work contracts **	203	108	310	181	96	277
Incentive-supported hiring of workers (f)			471			566
Tax relief ex L. 449/97			68			59
Tax relief ex L. 448/98			8			8
Tax relief ex L. 388/00 **			0			90

LTU and workers in receipt of redundancy allowances	169	144	313	176	153	329
workers under mobility schemes	46	37	82	45	36	81
E: Participants in training and similar measures (Total) **			1.747			1.823
F₁: Unemployed (ILO definition) who are registered at the PES (g)			1.963	783	884	1.666
F₂: Unemployed (ILO definition) (g)	1.179	1.316	2.495	1.066	1.201	2.267
ACT₁ = E / (E+F₁) %			47,1			52,2
ACT₂ = E / (E+F₂) %			41,2			44,6

Figures show the average annual stock discovered directly or carried over to the average stock according to the duration of the actions in question. Some figures are partial and subject to correction. Non-aggregation for sex is indicated solely where available.

Notes

- * *provisional estimate*
- ** *The status of beneficiaries (unemployed or otherwise) cannot be determined for measures marked **.*
- (a) *Non-employed people included in professional training initiatives other than education courses, as discovered in the survey on workforces carried out by ISTAT.*
- (b) *Non-employed people participating in adult education courses managed by the Ministry of Education. The annual accumulated total of participants account for ½ in estimates of the average annual stock of beneficiaries of active policies for short courses and 100% of long courses.*
- (c) *Subjects admitted to participate in support programmes for start-ups including training and tutoring.*
- (d) *Initiatives directly managed by Regional Councils (including work experience and training and admission to employment not included in the other items - provisional estimate)*
- (e) *Work experience programmes for unemployed people and young people looking for their first job.*
- (f) *Long-term unemployed people or those receiving special income supplement or mobility allowance re-admitted to the labour market under incentive-related contracts.*
- (g) *Source: ISTAT, Survey on Workforces*

Table 2 - Employed with atypical contracts. Breakdown by geographical area and age group – Total
Absolute values (thousands) and percentage values – Year 2001

Geographical area	Age group	Atypical dependant workers						Independent workers		H = D + E		%
		A	B	C	D = A + B + C		E	%				
		Fixed term Full-time	Fixed term Part-time	Permanent Part-time	Atypical dependant workers	Atypical workers / Dependants	Atypical dependant workers / the employed	Independent part-time workers	Independent workers	Atypical workers	Atypical workers / the employed	
North-west	15-24	82.1	21.7	23.2	126.9	27.0	23.1	7.9	10.1	134.8	24.5	
	25-54	150.9	56.2	300.5	507.6	12.6	9.6	84.8	6.6	592.4	11.2	
	55-64	5.6	2.8	12.6	21.0	9.9	4.8	19.4	8.1	40.4	9.3	
	15-64	238.6	80.7	336.2	655.5	13.9	10.4	112.0	7.0	767.5	12.2	
	Over 15	239.1	81.3	337.7	658.2	13.9	10.3	124.3	7.4	782.5	12.3	
North-east	15-24	77.3	15.2	14.4	106.9	28.7	25.7	6.1	11.3	112.9	27.1	
	25-54	136.2	50.2	242.5	428.8	15.4	11.4	70.1	6.8	499.0	13.2	
	55-64	6.4	3.7	14.5	24.6	16.4	7.4	21.1	10.8	45.7	13.7	
	15-64	219.8	69.0	271.4	560.3	16.9	12.4	97.3	7.6	657.6	14.5	
	Over 15	220.6	70.0	272.8	563.4	17.0	12.2	114.2	8.4	677.6	14.7	
Centre	15-24	48.9	16.0	14.0	78.8	33.6	26.8	6.7	11.9	85.5	29.1	
	25-54	133.8	68.0	155.4	357.2	13.7	10.1	66.2	7.0	423.4	12.0	
	55-64	5.8	4.2	12.7	22.8	9.3	5.5	13.4	7.5	36.2	8.7	
	15-64	188.5	88.1	182.1	458.7	14.8	10.8	86.3	7.3	545.0	12.8	
	Over 15	189.2	88.6	183.8	461.7	14.8	10.7	95.0	7.7	556.7	12.9	
North and centre	15-24	208.2	52.8	51.5	312.6	29.0	24.8	20.6	11.0	333.2	26.5	
	25-54	420.9	174.4	698.4	1,293.6	13.7	10.3	221.2	6.8	1,514.8	12.0	
	55-64	17.8	10.7	39.8	68.3	11.2	5.8	53.9	8.8	122.2	10.3	
	15-64	646.9	237.9	789.7	1,674.5	15.1	11.1	295.6	7.3	1,970.2	13.1	
	Over 15	649.0	240.0	794.4	1,683.3	15.1	11.0	333.6	7.8	2,016.9	13.2	
South	15-24	70.3	27.2	11.4	108.9	32.2	24.7	8.5	8.2	117.3	26.6	
	25-54	298.7	186.6	105.4	590.7	16.6	12.2	65.1	5.0	655.8	13.5	
	55-64	25.9	14.1	7.3	47.3	11.1	7.2	12.0	5.1	59.3	9.0	
	15-64	394.9	227.9	124.1	746.9	17.3	12.6	85.6	5.2	832.5	14.0	
	over 15	396.4	229.0	125.2	750.7	17.2	12.4	94.2	5.5	844.9	14.0	
Italy (total)	15-24	278.5	80.0	62.9	421.4	29.8	24.8	29.1	10.0	450.5	26.5	
	25-54	719.5	361.0	803.8	1,884.3	14.5	10.8	286.3	6.2	2,170.6	12.4	
	55-64	43.7	24.9	47.1	115.7	11.2	6.3	65.9	7.8	181.5	9.9	
	15-64	1,041.8	465.8	913.8	2,421.4	15.7	11.5	381.2	6.7	2,802.6	13.4	
	over 15	1,045.4	469.0	919.6	2,434.0	15.7	11.4	427.8	7.1	2,861.8	13.4	

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

D = A + B + C; **H**

= D + E

N.B. Part-time = B + C + E;

Fixed term = A + B

Table 3 - Employed with atypical contracts. Breakdown by geographical area and age group – Men**Absolute values (thousands) and percentage values – Year 2001**

Geographical area	Age group	Atypical dependant workers						Independent workers		H = D + E		Atypical workers / the employed
		A	B	C	D = A + B + C		%	%	E	%		
		Fixed term Full-time	Fixed term Part-time	Permanent Part-time	Atypical dependant workers	Atypical workers / Dependant workers	Atypical dependant workers / the employed	Independent part-time	Independent workers	Atypical workers		
North-west	15-24	41.1	6.5	5.7	53.2	21.4	17.6	4.5	8.7	57.7	19.1	
	25-54	69.6	11.2	29.3	110.0	4.9	3.5	19.7	2.2	129.7	4.1	
	55-64	3.6	1.3	3.0	7.9	6.0	2.7	8.9	5.1	16.8	5.6	
	15-64	114.2	19.0	38.0	171.2	6.5	4.6	33.0	3.0	204.2	5.5	
	over 15	114.6	19.2	38.5	172.3	6.5	4.5	42.0	3.6	214.3	5.6	
North-east	15-24	42.6	4.0	3.4	50.0	24.9	22.2	2.3	6.4	52.3	23.2	
	25-54	59.0	11.6	20.2	90.8	6.0	4.1	14.4	2.0	105.2	4.7	
	55-64	3.6	1.8	3.4	8.8	9.7	3.9	11.0	7.6	19.8	8.7	
	15-64	105.2	17.3	27.0	149.6	8.3	5.6	27.7	3.1	177.2	6.6	
	over 15	105.4	17.9	27.6	150.9	8.3	5.5	39.6	4.1	190.5	7.0	
Centre	15-24	28.9	5.5	3.5	37.9	29.8	23.3	2.5	7.8	40.4	24.8	
	25-54	63.3	21.2	22.7	107.3	7.2	5.1	17.4	2.7	124.6	5.9	
	55-64	4.0	1.1	3.2	8.3	5.3	2.9	6.8	5.2	15.1	5.3	
	15-64	96.3	27.8	29.4	153.5	8.6	6.0	26.7	3.3	180.2	7.0	
	over 15	96.8	28.2	30.3	155.3	8.7	5.9	32.6	3.9	187.8	7.2	
North and centre	15-24	112.5	16.0	12.5	141.1	24.5	20.5	9.3	7.8	150.4	21.8	
	25-54	192.0	44.0	72.2	308.1	5.8	4.1	51.5	2.3	359.6	4.8	
	55-64	11.2	4.2	9.6	25.0	6.6	3.1	26.6	5.9	51.7	6.4	
	15-64	315.7	64.1	94.3	474.2	7.6	5.3	87.4	3.1	561.6	6.3	
	over 15	316.8	65.3	96.4	478.5	7.6	5.2	114.1	3.8	592.7	6.5	
South	15-24	49.3	13.9	4.3	67.4	30.2	23.4	4.4	6.5	71.9	24.9	
	25-54	194.2	93.2	31.8	319.2	13.4	9.5	26.4	2.7	345.6	10.3	
	55-64	18.5	10.1	3.4	31.9	10.3	6.6	6.5	3.6	38.5	7.9	
	15-64	262.0	117.1	39.5	418.6	14.3	10.1	37.4	3.0	455.9	11.0	
	over 15	263.3	117.9	39.9	421.2	14.3	10.0	42.7	3.3	463.9	11.0	
Italy (total)	15-24	161.8	29.9	16.8	208.5	26.1	21.3	13.7	7.3	222.2	22.7	
	25-54	386.2	137.1	104.0	627.3	8.2	5.8	77.9	2.4	705.2	6.5	
	55-64	29.7	14.3	13.0	57.0	8.3	4.4	33.2	5.3	90.1	7.0	
	15-64	577.7	181.2	133.8	892.8	9.8	6.8	124.8	3.1	1,017.5	7.8	
	over 15	580.1	183.3	136.4	899.7	9.8	6.7	156.8	3.7	1,056.6	7.9	

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

D = A + B + C; **H**

= D + E

N.B. Part-time = B + C + E;

Fixed term = A + B

Table 4 - Employed with atypical contracts. Breakdown by geographical area and age group – Women
Absolute values (thousands) and percentage values – Year 2001

Geographical area	Age group	Atypical dependant workers						Independent workers		H = D + E		Atypical workers / the employed
		A	B	C	D = A + B + C		%	%	E	%		
		Fixed term Full-time	Fixed term Part-time	Permanent Part-time	Atypical dependant workers	Atypical workers / Dependan t workers	Atypical dependan t workers employed	Independent part-time	Independent independent workers	Atypica l workers		
North-west	15-24	41.0	15.1	17.5	73.7	33.3	29.8	3.4	13.0	77.1	31.2	
	25-54	81.3	45.0	271.2	397.6	22.5	18.5	65.1	16.2	462.7	21.6	
	55-64	2.0	1.5	9.5	13.1	16.3	9.4	10.5	15.9	23.6	17.0	
	15-64	124.3	61.7	298.2	484.3	23.4	19.1	79.0	16.0	563.3	22.3	
	over 15	124.6	62.1	299.2	485.8	23.4	19.0	82.4	16.0	568.2	22.2	
North-east	15-24	34.7	11.2	11.0	56.9	33.1	29.8	3.8	20.9	60.7	31.7	
	25-54	77.1	38.6	222.3	338.0	26.5	21.7	55.8	17.8	393.8	25.3	
	55-64	2.7	1.9	11.1	15.8	26.8	15.0	10.1	19.7	25.9	24.6	
	15-64	114.6	51.7	244.4	410.7	27.3	22.1	69.7	18.2	480.4	25.9	
	over 15	115.2	52.1	245.2	412.5	27.3	22.0	74.6	18.6	487.1	26.0	
Centre	15-24	19.9	10.5	10.5	40.9	38.1	31.1	4.1	17.7	45.1	34.3	
	25-54	70.4	46.7	132.7	249.9	22.3	17.6	48.9	15.7	298.8	21.0	
	55-64	1.9	3.1	9.5	14.5	16.4	11.0	6.6	14.0	21.0	16.1	
	15-64	92.2	60.3	152.7	305.3	23.2	18.1	59.6	15.6	364.9	21.7	
	over 15	92.5	60.4	153.5	306.4	23.2	18.0	62.4	15.8	368.9	21.7	
North and centre	15-24	95.7	36.8	39.0	171.5	34.3	30.1	11.3	16.7	182.8	32.1	
	25-54	228.9	130.4	626.2	985.5	23.7	19.2	169.7	16.5	1,155.2	22.6	
	55-64	6.6	6.5	30.2	43.3	19.1	11.6	27.2	16.6	70.5	18.8	
	15-64	331.2	173.7	695.4	1,200.3	24.6	19.8	208.3	16.5	1,408.6	23.2	
	over 15	332.2	174.6	697.9	1,204.8	24.6	19.6	219.4	16.8	1,424.2	23.2	
South	15-24	21.0	13.3	7.1	41.4	36.2	27.3	4.1	11.7	45.5	29.9	
	25-54	104.5	93.4	73.6	271.5	23.1	18.3	38.7	11.9	310.2	20.9	
	55-64	7.4	4.1	3.9	15.4	13.0	8.9	5.5	9.9	20.9	12.1	
	15-64	132.9	110.8	84.6	328.3	23.3	18.1	48.2	11.7	376.5	20.8	
	over 15	133.1	111.1	85.3	329.5	23.2	18.0	51.5	12.0	381.0	20.8	
Italy (total)	15-24	116.7	50.1	46.1	212.9	34.6	29.5	15.4	15.0	228.3	31.6	
	25-54	333.3	223.8	699.8	1,257.0	23.6	19.0	208.4	15.4	1,465.4	22.2	
	55-64	14.0	10.6	34.1	58.7	17.0	10.7	32.7	14.9	91.4	16.7	
	15-64	464.1	284.5	780.0	1,528.6	24.3	19.4	256.5	15.3	1,785.1	22.7	
	over 15	465.3	285.7	783.2	1,534.2	24.3	19.3	271.0	15.6	1,805.2	22.7	

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

D = A + B + C; **H**

= D + E

N.B. Part-time = B + C + E;

Fixed term = A + B

Table 5 - Non voluntary atypical workers. Breakdown by geographical area and age group – Total
Percentage values – Year 2001

Geographical area	Age group	Non voluntary atypical dependant workers				Non voluntary atypical independent workers			
		non voluntary dependant part-time / dependant part-time	non voluntary dependant fixed term / dependant fixed term	non voluntary dependant atypical / dependant atypical	non voluntary dependant atypical / dependant workers	non voluntary independent part-time / independent part-time	non voluntary independent part-time / independent workers	non voluntary atypical / atypical workers	non voluntary atypical / the employed
North-west	15-24	49.5	18.7	28.2	7.6	12.7	1.3	24.6	6.7
	25-54	27.6	42.2	32.3	4.1	14.3	0.9	30.7	3.3
	55-64	21.4	37.4	27.6	2.7	8.3	0.7	17.4	1.7
	15-64	29.7	34.4	31.4	4.4	13.1	0.9	28.8	3.5
	over 15	29.6	34.4	31.3	4.4	12.1	0.9	28.2	3.5
North-east	15-24	40.1	15.4	21.0	6.0	16.9	1.9	19.2	5.6
	25-54	17.5	38.5	25.5	3.9	12.9	0.9	24.9	3.1
	55-64	19.2	32.2	24.6	4.0	5.0	0.5	17.2	2.1
	15-64	19.6	30.9	24.6	4.2	11.4	0.9	23.3	3.3
	over 15	19.5	30.8	24.5	4.2	9.9	0.8	22.7	3.2
Centre	15-24	64.2	21.7	34.8	11.7	34.7	4.1	32.4	10.1
	25-54	41.7	47.3	43.2	5.9	24.8	1.7	41.2	4.8
	55-64	41.0	53.5	45.3	4.2	12.5	0.9	35.6	2.9
	15-64	44.1	41.5	41.8	6.2	23.7	1.7	39.4	5.0
	over 15	43.8	41.4	41.7	6.2	21.6	1.7	38.6	4.9
North and centre	15-24	51.0	18.3	27.4	7.9	21.0	2.3	24.8	7.1
	25-54	27.8	42.8	33.0	4.5	17.0	1.1	31.8	3.7
	55-64	27.2	41.2	32.4	3.6	8.0	0.7	22.6	2.2
	15-64	30.1	35.5	32.0	4.8	15.6	1.1	29.9	3.9
	over 15	30.0	35.4	31.9	4.8	14.0	1.1	29.3	3.8
South	15-24	65.3	42.3	49.4	15.9	33.6	2.8	46.8	12.9
	25-54	63.3	59.3	63.3	10.5	31.8	1.6	61.8	8.1
	55-64	59.1	65.6	65.9	7.3	14.8	0.8	55.3	5.0
	15-64	63.3	57.0	61.5	10.6	29.5	1.5	59.1	8.1
	over 15	63.0	57.0	61.3	10.6	27.2	1.5	58.5	8.0
<i>Italy (total)</i>	<i>15-24</i>	<i>54.9</i>	<i>24.8</i>	<i>33.1</i>	<i>9.9</i>	<i>24.7</i>	<i>2.5</i>	<i>30.3</i>	<i>8.6</i>
	<i>25-54</i>	<i>36.7</i>	<i>50.2</i>	<i>42.5</i>	<i>6.2</i>	<i>20.3</i>	<i>1.3</i>	<i>40.9</i>	<i>4.9</i>
	<i>55-64</i>	<i>36.7</i>	<i>55.5</i>	<i>46.1</i>	<i>5.1</i>	<i>9.3</i>	<i>0.7</i>	<i>33.6</i>	<i>3.2</i>
	<i>15-64</i>	<i>38.6</i>	<i>44.4</i>	<i>41.1</i>	<i>6.4</i>	<i>18.8</i>	<i>1.2</i>	<i>38.6</i>	<i>5.1</i>
	<i>over 15</i>	<i>38.4</i>	<i>44.3</i>	<i>40.9</i>	<i>6.4</i>	<i>16.9</i>	<i>1.2</i>	<i>37.9</i>	<i>5.0</i>

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

* The term "non voluntary" refers to people with a part-time and/or closed-end contract who stated that they were unable to find full-time and/or open-end work. Furthermore, mixed contracts (apprenticeships, traineeships, work experiences and grants) are comprised in voluntary contracts.

Table 6 - Non voluntary atypical workers. Breakdown by geographical area and age group – Men
Percentage values – Year 2001

Geographical area	Age group	Non voluntary atypical dependant workers				Non voluntary atypical independent workers			
		non voluntary dependant part-time / dependant part-time	non voluntary dependant fixed term / dependant fixed term	non voluntary dependant atypical / dependant atypical	non voluntary dependant atypical / dependant workers	non voluntary independent part-time / independent part-time	non voluntary independent part-time / independent workers	non voluntary atypical / atypical workers	non voluntary atypical / the employed
North-west	15-24	38.8	16.1	20.7	4.4	11.1	1.0	20.0	3.8
	25-54	41.9	36.4	38.1	1.9	23.8	0.5	35.9	1.5
	55-64	26.0	29.7	28.2	1.7	8.2	0.4	17.7	1.0
	15-64	40.0	28.9	32.2	2.1	17.9	0.5	29.9	1.6
	over 15	39.6	28.8	32.1	2.1	14.4	0.5	28.6	1.6
North-east	15-24	28.0	10.6	13.2	3.3	13.7	0.9	13.2	3.1
	25-54	26.8	32.8	31.6	1.9	21.6	0.4	30.2	1.4
	55-64	17.1	28.1	24.2	2.3	8.8	0.7	15.6	1.4
	15-64	25.8	24.2	25.0	2.1	15.8	0.5	23.6	1.6
	over 15	25.3	24.0	24.8	2.1	11.3	0.5	22.0	1.5
Centre	15-24	67.5	18.9	26.0	7.7	23.1	1.8	25.8	6.4
	25-54	60.3	47.3	50.7	3.6	40.6	1.1	49.3	2.9
	55-64	38.1	39.7	39.5	2.1	15.0	0.8	28.5	1.5
	15-64	59.8	39.1	44.0	3.8	32.5	1.1	42.3	3.0
	over 15	58.5	39.0	43.6	3.8	26.8	1.0	40.7	2.9
North and centre	15-24	45.0	14.9	19.5	4.8	15.0	1.2	19.2	4.2
	25-54	44.7	39.2	40.6	2.4	28.9	0.7	38.9	1.9
	55-64	26.5	32.5	30.6	2.0	10.2	0.6	20.0	1.3
	15-64	43.2	30.7	33.8	2.6	21.7	0.7	31.9	2.0
	over 15	42.4	30.6	33.5	2.6	16.8	0.6	30.3	2.0
South	15-24	68.0	41.1	46.9	14.1	29.2	1.9	45.8	11.4
	25-54	68.8	62.4	67.0	9.0	39.9	1.1	65.0	6.7
	55-64	62.3	65.9	68.1	7.0	20.5	0.7	60.0	4.8
	15-64	68.2	59.1	63.9	9.2	35.2	1.1	61.5	6.8
	over 15	67.9	58.9	63.7	9.1	31.2	1.0	60.7	6.7
<i>Italy (total)</i>	<i>15-24</i>	<i>53.9</i>	<i>23.5</i>	<i>28.3</i>	<i>7.4</i>	<i>19.6</i>	<i>1.4</i>	<i>27.8</i>	<i>6.3</i>
	<i>25-54</i>	<i>57.2</i>	<i>51.9</i>	<i>54.0</i>	<i>4.4</i>	<i>32.6</i>	<i>0.8</i>	<i>51.7</i>	<i>3.4</i>
	<i>55-64</i>	<i>44.2</i>	<i>54.2</i>	<i>51.6</i>	<i>4.3</i>	<i>12.2</i>	<i>0.6</i>	<i>37.1</i>	<i>2.6</i>
	<i>15-64</i>	<i>55.6</i>	<i>44.9</i>	<i>47.9</i>	<i>4.7</i>	<i>25.7</i>	<i>0.8</i>	<i>45.2</i>	<i>3.5</i>
	<i>over 15</i>	<i>55.0</i>	<i>44.8</i>	<i>47.6</i>	<i>4.7</i>	<i>20.8</i>	<i>0.8</i>	<i>43.7</i>	<i>3.5</i>

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

* The term "non voluntary" refers to people with a part-time and/or closed-end contract who stated that they were unable to find full-time and/or open-end work. Furthermore, mixed contracts (apprenticeships, traineeships, work experiences and grants) are comprised in voluntary contracts.

Table 7 - Non voluntary atypical workers. Breakdown by geographical area and age group – Women
Percentage values – Year 2001

Geographical area	Age group	Non voluntary atypical dependant workers				Non voluntary atypical independent workers				
		non voluntary dependant part-time / dependant part-time	non voluntary dependant fixed term / dependant fixed term	non voluntary dependant atypical / dependant atypical	non voluntary dependant atypical / dependant workers	non voluntary independent part-time / independent part-time	non voluntary independent part-time / independent workers	non voluntary atypical / atypical workers	non voluntary atypical / the employed	
North-west	15-24	53.5	20.8	33.5	11.2	14.8	1.9	32.7	10.2	
	25-54	25.7	45.9	30.7	6.9	11.4	1.8	28.0	6.0	
	55-64	19.6	48.0	27.3	4.5	8.4	1.3	18.9	3.2	
	15-64	28.1	38.4	31.1	7.3	11.1	1.8	28.3	6.3	
	over 15	28.0	38.3	31.0	7.3	10.9	1.7	28.1	6.2	
North-east	15-24	44.1	20.3	27.9	9.2	18.8	3.9	27.3	8.7	
	25-54	16.4	42.0	23.8	6.3	10.6	1.9	22.0	5.6	
	55-64	20.1	37.0	24.9	6.7	0.9	0.2	15.5	3.8	
	15-64	18.6	35.9	24.4	6.7	9.7	1.8	22.3	5.8	
	over 15	18.6	35.7	24.4	6.7	9.2	1.7	22.0	5.7	
Centre	15-24	62.8	24.9	43.0	16.4	41.8	7.4	42.8	14.7	
	25-54	37.1	47.2	39.9	8.9	19.2	3.0	36.5	7.7	
	55-64	42.0	67.7	48.6	8.0	9.9	1.4	36.5	5.9	
	15-64	39.9	43.4	40.7	9.5	19.7	3.1	37.3	8.1	
	over 15	39.8	43.4	40.7	9.4	19.0	3.0	37.0	8.0	
North and centre	15-24	53.3	21.6	33.9	11.6	26.0	4.3	33.4	10.7	
	25-54	25.2	45.1	30.7	7.3	13.4	2.2	28.2	6.3	
	55-64	27.5	51.5	33.5	6.4	6.0	1.0	22.9	4.3	
	15-64	27.8	39.1	31.3	7.7	13.1	2.2	28.6	6.6	
	over 15	27.7	39.0	31.2	7.7	12.6	2.1	28.3	6.6	
South	15-24	62.9	44.5	53.6	19.4	38.4	4.5	52.3	15.6	
	25-54	59.1	54.9	59.0	13.6	26.2	3.1	54.9	11.5	
	55-64	53.7	64.9	61.1	7.9	8.1	0.8	47.2	5.7	
	15-64	59.3	53.9	58.4	13.6	25.1	2.9	54.1	11.3	
	over 15	59.2	53.9	58.3	13.6	23.8	2.8	53.6	11.2	
Italy (total)	15-24	55.4	26.3	37.7	13.1	29.2	4.4	37.2	11.8	
	25-54	31.3	48.6	36.8	8.7	15.8	2.4	33.8	7.5	
	55-64	32.1	57.8	40.8	6.9	6.3	0.9	28.4	4.8	
	15-64	33.6	43.9	37.1	9.0	15.4	2.4	34.0	7.7	
	over 15	33.5	43.8	37.0	9.0	14.7	2.3	33.7	7.6	

Source: processed by the Ministry of Labour and Welfare Policies using ISTAT data (LFS)

* The term “non voluntary” refers to people with a part-time and/or closed-end contract who stated that they were unable to find full-time and/or open-end work. Furthermore, mixed contracts (apprenticeships, traineeships, work experiences and grants) are comprised in voluntary contracts.