

**ETUI–ETUC Conference**

**The world(s) of work  
in transition**

**27-29 June 2018**

**European Trade Union Institute**

**The present and future role of collective bargaining in  
Italy: outcomes from the CAWIE 3 Project**

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**Brussels, 27 June 2018**



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# Major changes in Italy

## 10 years after the outbreak of the crisis

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### **Economic**

- A fall of apprx. 10 points of GDP, now halted at levels below the EZ average
- A doubling of unemployment (from 6 to 13%), now partly reduced (11.2%) but entirely driven by fix-term contracts (+ 85%)
- An aggravation of social inequalities and territorial dualisms

### **Political-social**

- The unprecedented constraints imposed by the NEEG on labor flexibility, CB decentralization and pensions
- Fall of the employment protection index, after the reforms of labor market
- Widespread loss of trust among citizens towards all democratic political and social institutions: neo-populism

# The institutions of the industrial relations

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## **Weakenesses**

- Volunteerism and absence of legal rules on extension mechanism, representativeness, workers' participation (BLER)
- The decline of neo-corporatist practices, which dominated industrial relations for fifteen years between 1992 and 2007
- An unprecedented unilateralism of governments, unbalanced on the demands of companies
- The absence of a political interlocutor for the unions

## **Strengtheness**

- Medium-high level of unionization (> 35%)
- Very high level of CB coverage (>80%), though without extension mechanism
- Resilience of bipartite social dialogue and collective bargaining
- Legally supported trade union prerogatives for social assistance and complementary occupational welfare (servicing)

# 1. Place and role of collective bargaining

- Still a coordinated/organized CB system, but with some structural weaknesses and unsatisfactory outcomes (wages, productivity..)
- State-sponsored pushes for a radical decentralization have not produced up to now any real increase in the number of firm-level agreements/workers covered. Worsening derogations to the law negligible
- A certain level of unity of action among trade unions was recovered
- A certain resilience of inter-confederate and sectoral, though with the problems of renewals of national CAs in times of deflation (15 months)
- Company level bargaining limited to the medium-large firms, North, with works councils established (roughly 10%); concessive, integrative, never alternative to the national sector CA
- New scope and contents for CB on no-monetary issues (occupational welfare and flexible benefits): from 17% (2012) to 30% (2016)
- A regulatory framework in progress, with an unclear stratification of texts, scope, systems and a growing fragmentation of actors: CAs and cross-sectors differences

# Institutional changes.

## The trendless fluctuation of coordination in collective bargaining

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➤ **Organized decentralization:** the tripartite Protocol of 23/7/1993 and its two-tier intra-associational coordination

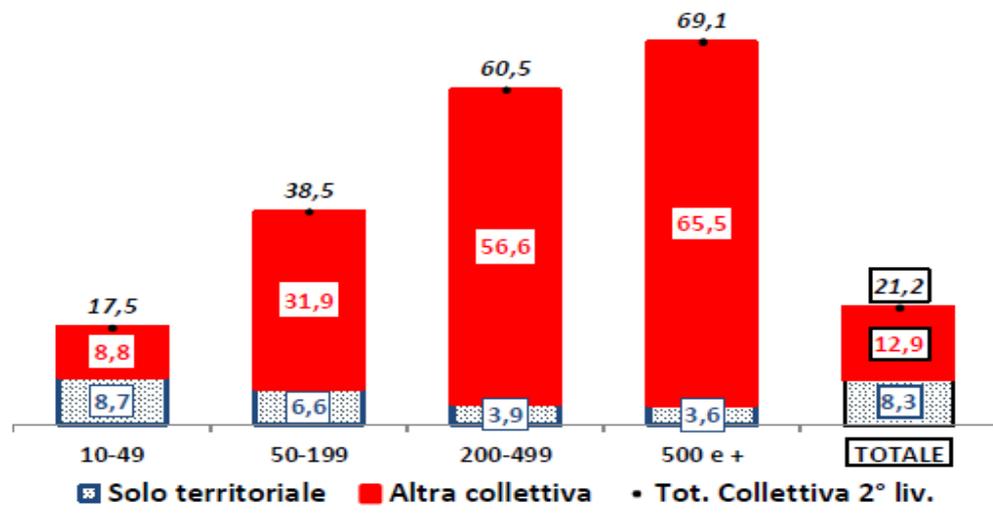
➤ **Totally disorganized:** the “corporatization” and “frontal assault”

- a) from the bottom (company-driven: Fiat 2010-11);
- b) from the top (BCE vs. State-driven: art. 8, Law no. 148/2011)

➤ **Partial recentralization:** the inter-associational coordination of the framework agreements 2011-14

➤ The new-interventionism of law on LMPs and a **State-sponsored liberalization** (Rensi’s Jobs Act and its implementing decrees)

# Fragmentation of actors and agreements at the top; underdeveloped reps and bargaining at the bottom



Fonte: elaborazioni FDV da Cardinaleschi e De Santis (2016)-ISTAT-CNEL

Tavola C.1 – Imprese che dichiarano la presenza di RSA, RSU, CAE e l’adesione ad Associazioni di Categoria per classe dimensionale. (Valori percentuali sul totale imprese)

CLASSI DIMENSIONALI	RSU	RSA	CAE	ADESIONE ASSOCIAZIONI DI CATEGORIA
10-49	7.5	8.4	0.1	43.9
50 - 200	34.7	28.3	0.9	69.9
200 - 500	58.8	41.8	3.9	81.4
500 e oltre	61.5	57.6	10.3	85.2
<b>Totale</b>	<b>12.1</b>	<b>11.8</b>	<b>0.4</b>	<b>48.0</b>

Fonte: Istat Modulo sulla contrattazione nazionale e decentrata anno 2012-2013

# 2. CAWIE 3.

## Methodology and fieldwork

### ***2 high national representatives of employers associations***

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General Director of Federmeccanica (largest metalworkers association)

National Responsible for industrial relations CNA (craft and SMEs)

### ***5 high national representatives of trade unions***

#### ***3 National Confederations***

- National Econ. Dept. CGIL
- National Collective Barg. Dept. CISL
- National Collective Barg. Dept. CISL

#### ***2 Sectorial Federations***

- General Secretary of FIM-CISL (metalworkers)
- General Secretary of FILCAMS-CGIL (commerce, tourism, domestic work)

#### ***2 academics***

- Labour law professor, Univ. Pescara
- Labour economy, Univ. Roma 3

5 interviews face-to-face; 4 interviews by e-mail

## 3.1 Targets and logic of the bargaining strategy: *the employers' positions*

### **Large companies associations (Federmeccanica)**

A deep “cultural renewal” is needed, very much focused on company level bargaining and wage setting, “productivity/competitiveness come first”; volunteer occupational welfare and flexible benefits

National industry-wide agreement and wage setting as last resort guarantee for those having not company bargaining.

- Open to some possibilities for statutory minimum wages but against administrative extension mechanisms and norms on employee participation
- HRM and direct participation as the ‘Italian way to participation’ and workers’ inclusion

### **the SMEs associations (CNA)**

- primacy of the national agreement, with a territorial (multi-employer) bargaining as second level.
- Recognition of the most representative unions, avoiding and dissuading affiliated from signing “pirate” agreements.
- No to a competitiveness played only on labour costs competition
- Inclusive industrial relations, through an extend network of bilateral funds for joint management of complementary welfare schemes

# ***The position of trade unions***

## ***CGIL, CISL, UIL (Memorandum of understanding of 16/1/2016)***

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- 1) still a centrally coordinated CB decentralization, with a key role of MEB as wage setting institution;
- 2) Wage increases beyond the mere cost of living indicator, with considering the macro trends (average sectorial productivity) and micro, to re-launch a wage-driven domestic demand
- 3) an encompassing reform of industrial relations, with including legal rules about social partners' representativeness, extension mechanism, workers' participation: strategic (board level employee representation) financial and organizational
- 4) No statutory minimum wage

# ***The bargaining strategy and goals***

## **CGIL**

## **CISL**

The full and good employment, through a massive public intervention in infrastructures, education, green economy, welfare (see *Work Plan 2013*);

- 2) An inclusive collective bargaining, more careful to the atypical workers and technological change
- 3) Recasting welfare state, with the national petition for a more inclusive *Charter of universal labor rights (2016)*.
- 4) “Bargain the algorithm”; the new big focus of representing digital workers

- 1) An expansive economic and fiscal policies to strengthen domestic demand, increase wages and reduce taxation on labor and pensions
- 2) Great focus on expanding decentralized bargaining
- 3) Employee participation in all forms: strategic, financial, organizational
- 4) Occupational welfare and flexible benefits through the bilateral bodies and funds

# ***“Why do not wages grow in Italy?”***

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*“The answer is simple: because it is not expected to grow. The Italian bargaining model has in fact established since 1993 that national agreements are targeting inflation, with company or territorial agreements in charge to go beyond it, accordingly to the effective productivity growth.*

*As the largest majority of the employees are excluded from second level bargaining, they're condemned to see their wage dynamic anchored to the value of 1993. While for those lucky enough to have a business or territorial contract, growth is still very modest anyway” (L. Tronti, economist).*

# Inclusive growth: definitions

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“When creates opportunities for jobs of quality, decent working and life conditions, fair employment relationships, an equitable income distribution, good opportunities for developing individuals’ attitudes and capacities” (int. Labour lawyer).

➤ “It represents an indispensable tool for the recovery of widening and intolerable economic and social inequality and gaps of all these years, by social class, education and skill, nationality, typology of employment contract, gender, territory, sector, age” (int. Economist).

➤ “It fights against inequalities and enhance the workers and people access to resources which are firstly economic (wage; income) but not only, overcoming the voids of labor law determined by too many forms of precarious and non-standard employment. It includes issues like life long learning, information, participation, sustainable growth and good quality industrial relations” (int. UIL)

➤ “It must be based on the recognition and enhancement of the person” (int. Federmeccanica).

# Cost competitiveness and wage growth: who comes first?

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“Competitiveness comes first. To be able to redistribute wealth, you must first create it. A competitive enterprise, which knows how to enhance the role of workers, will certainly achieve better wage dynamics” (int. Federmeccanica).

“Productivity growth and wage dynamics are inevitably intertwined. On the one hand, the trade union action will have to push to increase the speed of renewal in the most backward parts of our economies. On the other hand, negotiate innovation in the evolved parts of the economy so that productivity gains are equally distributed in workers' wages. This attention to the organization of work, and therefore to a greater commitment in the workplace, is central to face this new economic and political phase” (int. CISL).

“We argue that the time has come to get out of the logic of wage moderation, which translates into the simple defense of purchasing power, to arrive at an expansive wage policy that aims to increase spending power. This means going beyond inflation” (int. UIL)

Competitiveness and productivity are both two real needs, which concern companies but also workers. “But they cannot be prosecuted - as companies claim - at the expense of workers alone. If wages are stagnant, consumption is affected and so are the budgets of companies” (int. FILCAMS-CGIL).

## 3.3 Collective bargaining: levels and coordination the unions positions

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- Organized decentralization of a two-tier bargaining system, under a central coordination of the national industry-wide agreement;
- Enforceable rules for a certified measurement of both social partners representativeness in order to avoid “pirate agreements” and contractual dumping;
- No SMW but legal extension mechanisms
- More room to the territorial or site bargaining and to new MEB units to catch the chain of value and industrial district
- Inclusive bargaining, open to the casual workers needs of stabilization and rights
- “Bargaining the Apps” and the digital innovations, through a better bottom-up control over the firms’ technological change

# About the international markets and Europe

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**For the employers**, “the European and global economic environment is so crucial that our every proposal on collective bargaining starts with the recognition of those constraints that restrict the margins of maneuver of the old negotiation” (int. Federmeccanica).

The role of the MNCs: the Germans are exporting good participatory practices; others – Amazon, Deliveroo, Ikea, Auchan, Carrefour... - are emerging for their controversial and anti-union attitudes.

## **Unions believe in:**

- an economically, socially and politically united Europe, open and tolerant
- a U-turn in economic policy, against the austerity
- public investments in material and immaterial infrastructures and innovative sectors and employment
- a wage-driven and sustainable growth
- the ETUC Pay-rise campaign also to reduce the wage dumping among countries
- transnational company agreements in MNCs

# 3.4 Views on fairness

## **Precarious work, low paid jobs, the working poors:**

“plagues which have to be removed” (int. UIL)

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The ongoing deep polarization of new employment/jobs produced by the occupational and technological change: very highly vs. low skilled. In both cases external to the traditional system of social protections and collective representation.

**The answers:** unions organizing, inclusive collective bargaining, public industrial and labor policies for more and better jobs, a modernization of the welfare state

## **Good practices:**

- the atypical workers unions' associations;
- the campaigns against over-exploitation (agriculture; migrant workers; sub-contracting and value chain is sectors as garment and logistics.
- the inclusive collective bargaining (TAW) and the occupational welfare;
- the industry-wide agreements as a tool of fairness/inclusion;
- the case of the domestic work and professional studies;

# Conclusions

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Bipartite social dialogue remains fairly lively and reactive, as clearly indicated by the inter-confederal agreements on representativeness and collective bargaining (2011–2014; 2018).

- The system's capacity and efforts to reform itself should also be appreciated, as should the willingness of the three main trade union confederations to overcome harsh divisions between 2009 and 2011.
- The traditional voluntarism of Italian industrial relations, quite peculiar today in comparative terms, is not sufficient to overcome the increasing risk of wage dumping and downward competition
- These developments deserve to be adequately supported by the state by means of auxiliary legislation that – transposing the best outcomes of social dialogue – restores to the system as a whole the certainty, transparency and enforceability that are currently missing.