

The different labour market reforms proposed in the past twenty years have been an argument of bitter debate between political parties, productive social groups and public opinion. Today there is a feeling that this political and ideological conflict has been replaced by a more pragmatic discussion, one which focuses on trying to achieve objectives which are essentially not only shared by more than one group, but are also to some extent inevitable due to the economic situation and the need to structurally adjust *vis-à-vis* the more competitive countries in the Eurozone.

However, our conversation with President Sacconi was helpful to remind us that any labour market reform primarily involves and implies a cultural option: a heritage of values which, when launched in the public domain, becomes a very specific social concept and finally a political proposal. There is indeed growing consensus that important and urgent measures need to be taken to correct certain structural inefficiencies: low labour force participation rate, an often irreparable gap between education and employment, insufficient income support mechanisms for the unemployed or active policies

for their re-integration. It is also widely recognised that the reforms implemented in the last twenty years have generated side effects, first by creating a divide between protected and unprotected workers, and then by slapping administrative and tax burdens on flexible contracts.

Yet, if you take a closer look at the proposals, you will see that they express radically divergent views. The idea that dualism can be overcome by adopting a single contract with progressive seniority rights and the creation of a universal public unemployment fund owes much to the ideal and political heritage of the northern European social-democracy. When applied in Italy, it turns into an attempt to liberalise the labour market, enhance mobility while safeguarding workers with a uniform *safety net*.

In our view, Sacconi proposes something totally different. His recipe hinges on the concept of bargained flexibility: less State, less law, greater free bargaining between the parties involved, and maximum freedom to derogate either regionally or in the workplace from the national collective labour agreements, though within the rigid boundaries of fundamental and universal *rights*. It is not a question

of eliminating the industrial relations system, on the contrary. As Sacconi often emphasises, his proposal is intended to restore industrial relations, by leveraging on the extraordinarily vital network of associations and community organisations, which constitute an enviable Italian exception in the European scenario.

His proposal also envisages a different role for Unions: at a time when expectations are increasingly uncertain, their mission is, in constant dialogue with businesses, to adjust wage mechanisms and employment protection schemes on a case-by-case basis, either to suit the specific requirements of a geographical area or productive sector, or to tackle international competition. We could summarise the comparison between these two visions as the dialectic tension between welfare state and subsidiarity: proof, if you like, that a fundamental difference between left and right politics is still there.

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SACCONI

LESS LAW, MORE CONTRACTS: THE FUTURE OF THE LABOUR MARKET

“Any large organisation representing enterprises or workers should acknowledge and not hamper (for the sake of preserving its own role) the parties’ natural penchant to cooperate locally, look each other in the eye, understand each other’s problems, and work together to produce successful results thanks to an extraordinary common effort.”

Telos: Reforming the labour market seems to be a renewed priority for the Government. The technocratic Cabinet was expected to make the labour market more flexible; instead, it made it less so. The present Cabinet appears to be inspired by the concept of a single employment contract. As Labour Minister, you had tried other options. What is your opinion of the effects of the Fornero reform? And what kind of regulatory change does the labour market really need today?

Maurizio Sacconi: The Fornero Reform has failed and now we need to really speed up the law-making process to simplify labour relations. All kinds of enterprises, irrespective of their size and sector, are asking us to make fundamental changes so that they can hire more easily in a period of uncertainty. We need to simplify fixed-term contracts, apprenticeship, genuine profit sharing agreements, contingent work in agriculture, project work - especially when it involves research projects or it is used properly in market research - and jobs on call caused by the unpredictability of the moment when a person begins to work.

The figures provided periodically by the National Institute of Statistics show that the Italian labour market is now the worst in Europe once again. At the very least the current crisis should prompt us to test temporary regulations, put aside our ideological standpoints, and focus on the most important task at hand: to drastically boost employment. The Decree-Law adopted upon the initiative of Minister Poletti is a step in the right direction, especially when it comes to simplifying the rules on apprenticeship and deregulating the use of fixed-term contracts.

Any labour market reform also reflects a model of industrial relations. The traditional system, based on uniform protection established by Law and national collective agreements, gradually appears to allow more free collective bargaining at the local level. Some parts of the union world believe that this reflects the blackmail by big business, that are now free to delocalise. Instead you defended or rather vigorously promoted this process: what benefits will workers enjoy with more localised settlements?

It is important to make workers feel they are part of the company. In turn, the company has to further enhance its collective nature by entering localised settlements which prevail over national collective agreements. Workers and employers can use localised settlements to agree on objectives, distribute profits in proportion, adjust labour contracts ranging from recruitment to dismissal, organise forms of social protection to protect the real value of wages, provide primary care for minors, education for children, family health services, supplementary social security schemes and insurance schemes for dependent persons. This way not only workers, but also their families identify with the fate of



Maurizio Sacconi is President of the Senate Standing Committee on Labour and Social Security since 2013. Since November last year he is also President of the *Nuovo Centrodestra* Senators. He has held many important positions in the Italian Government and international organisations. Undersecretary of the Treasury from 1987 to 1992 under Ministers Giuliano Amato and Guido Carli, he was responsible for modernising the credit and financial markets. Again as Undersecretary in the first Amato Government (1992-93) he headed the Ministry for Public Administration. From 1995 to 2001 he was Branch Office Director at the ILO in Geneva. He was later Undersecretary of Labour in a technical capacity between 2001 and 2006. During that period, together with Marco Biagi, he drafted the White Paper on the Italian Labour Market. He was again elected as an MP in 2006, initially in *Forza Italia*, then in PdL and finally in *Nuovo Centrodestra*. From 2008 to 2011 he was Minister for Labour and Social Policies in Berlusconi's fourth Cabinet; he was also Health Minister between 2008 and 2010. He considers himself a humanitarian reformist because he believes in gradual reforms, inspired by traditional values which put emphasis on the key role played by individuals, families and collective organisations. His publications include: "*La tesi di Mario Rossi: le regole semplici della libertà responsabile*" (Marsilio, 1993), written together with other friends including Letizia Moratti, Corrado Clini, Tiziano Treu, and Stefano Parisi; "*Ai liberi e ai Forti*" (Mondadori, 2011), and more recently "*Moderati. per un nuovo umanesimo politico*" written with his colleagues and friends Gaetano Quagliariello and Eugenia Roccella, again published by Marsilio.

the company. This means avoiding any public regulation over bargaining processes and the parties involved, in line with articles 39 and 40 of the Constitution.

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Italy has lost one million jobs since the crisis began while Germany has created one and a half million. Faced with such a divergence, one gets the impression that the debate on labour market regulation doesn't really tackle the real threat to Italy's industrial future. Deutsche Bank has estimated that the current Euro/Dollar exchange rate is not sustainable for Italian exports, while German industry would remain competitive even with a much stronger Euro. Would we be right to say that without drastic salary cuts Italy has no future in the Eurozone? Or do we still have other options?

It's not a question simply of monetary policies or maintaining salary levels. Italy's economic growth will only come as a result of widespread dynamism and mobilisation which only certain factors can set in motion: a vision of Europe that includes its Mediterranean region and takes into account the need for infrastructure investments in Mediterranean countries; an economic governance of the single currency and sovereign debts that reconciles the stability of the Union and the competitiveness of all Member States; a European digital compact which forces us to rapidly make full use of new communication technologies; radical domestic policies in the direction of less rules, less public expenditure, less taxes, and more subsidiarity. Even greater liquidity is just a corollary, as it may be promoted by a more stable regulatory framework and by a more virtuous behaviour by the State *vis-à-vis* its creditors as well as its taxpayers. Promoting an environment that is favourable, or at least does not hinder dynamism is the key goal of any economic and industrial policy.

You have been among the protagonists of two crucial moments - twenty years apart - when the Italian Government was forced to make drastic cuts in public expenditure. Do you think that given the current situation it's possible to create new models of social organisation to ensure security, opportunity and well-being for citizens without the redistribution role of the State? What tangible actions can politics take to promote private welfare management?

There has to be a comeback of a social market economy based on the concepts of less State and more community, less taxes and more efficiency in the public sector, less public law and more private law, less law and more contracts, less prior checking and more post checking, less public justice and more extrajudicial solutions, less formalism and more responsibility. And "*more community*" does not only mean a reduction in physical and immaterial interference by the State, it also refers to human capital, full employment and the development of profitable and non-profitable forms of collective initiatives, including enterprises, as places where people can share interests as well as values.

A social market economy is also a far cry from the concept of absolute freedom devoid of any and all responsibility, and associated with the possibility of making any choice as long as it implementable. Individualism has forced many people to experience the vertigo of existential solitude, especially during this terrible crisis. Instead many others who were in difficulty have been able to take advantage of the territorial communities, associations and welfare organisations which are so actively present in Italy today. We should not be wary of these intermediate communities. Rather than robbing people of their individual personalities, they are places where dynamic relations help individuals or legal entities to grow and become aware of who they are and what they can achieve.