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EUROPEAN INTEGRATION AS A STABILIZING FACTOR
IN ITALIAN INDUSTRIAL RELATIONS

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1. The new European framework of economic and social compatibility for Italian industrial relations

One of the main points the new Ciampi Government has on its agenda regards a trilateral agreement reached between the outgoing Amato Government, employers, and unions. This agreement sets new incomes policy guidelines in Italy, bringing our industrial relations system in line with a number of objectives set for the phasing-in of European monetary union. The three parties to the agreement underlined two of these objectives in particular: keeping inflation in line with the mean inflation rate in the EC's economically virtuous countries; reduction in the national debt and budget deficit and monetary stability.

In 1991, of the twelve EC Members only Greece registered a higher budget deficit than Italy, and only Belgium and Ireland had a higher national debt. Italy took ninth place in inflation, and its interest rates were topped only by those in Greece and Portugal (1). The Italian situation was one of the most critical in Europe, not only for these quantities which the Treaty of Maastricht considers particularly significant for participation in the EMU (with 18% of the EC population and the same share of total GDP,

Italy registered 30% of the total national debt and 41% of the total budget deficit!) but also for other parameters, first among these unemployment. According to July 1992 EC Commission figures Italy takes tenth place (9.8% unemployment against an EC average of 8.2%) for overall unemployment, but drops to eleventh place for unemployment among young people age 14 to 26. Only Spain did worse (with a similar rate of 31.8%, as compared to 4.6% for Germany).

Given the overall situation, it is clear what prompted government, employers and unions to undersign the above mentioned protocol in April 1993, agreeing that new work opportunities can be created only by "increasing the efficiency and competitiveness of enterprises, with special emphasis on those sectors not exposed to international competition and on public administration". This would also help curtail the erosion of wage purchasing power (2).

If this agreement contributes to formalize the new European framework for social and economic compatibility in Italy, the issue of harmonizing the Italian industrial relations system with the objectives of European integration has been on the table for some time between the major social actors. As a matter of fact it can be said that this issue has constituted an important stabilizing factor not only in the current political scenario but above all for the economy and in labour relations.

This hypothesis is based on the observation of three changes destined to profoundly modify our industrial relations system, which have been introduced or accelerated in the

past year and a half: the abolition of the "scala mobile" (sliding scale mechanism); the start of the privatization process for those public companies not considered "critical" or strategic; the deregulation of labour relations in public-sector employment. These changes would have been unthinkable only a few months earlier and especially without strict supra-national economic restrictions.

The first change, the abolition of the scala mobile, established in an agreement between government, unions, and employers in December of 1991, originated from the fact that only Italy had a wage structure based on four levels: a mechanism of automatic wage indexation, two formal bargaining levels (industry-wide and company-level) and an additional fairly well developed system of individual merit pay. Neither of these levels was dominant, as is the case in the main European and extra-European countries. This fragmentation and competition between different bargaining levels and the lack of coordination in bargaining structure resulted among other things in higher inflation.

The July 1992 agreement on a new bargaining structure and on the cost of labour, which was to constitute the first part of a wider agreement to be reached in September, but which to date has yet to be completed, confirms the unions' relinquishing of the scala mobile, with the exception of prolonged periods not covered by agreements, and temporarily suspends (for all of 1993) company-level wage bargaining (except for crises and reorganization). This last point has

prompted controversy and cases of "disobedience" on both the unions' and employers' sides. Like the previous ones, this agreement on incomes policy did not lead to monetary stability, one of its main objectives. In September the lira was forced out of the EMS and devalued some 30% against the German mark and French franc. But the expected effects of this devaluation on prices and inflation was neutralized not only by the recession but by the July agreement on the cost of labour, as many economists point out. At the start of 1993 it was estimated that the cost of labour per unit of product increased 1.5%, four percentage points less than a year earlier (3).

In 1992 the overall mean variation in hourly wages was 4.7%, less than the increase in consumer prices (5.4%), something which had not occurred since 1986. Figures for the first quarter of 1993 indicate that wages are continuing to increase at a lower rate than inflation. For the first time in many years, in 1992 the budget deficit closed lower than the previous year in absolute terms, while a surplus equivalent to 2% of the GDP was registered in the primary balance, net of interest payments (4).

A lower inflation rate (from +5.6% in April 1992 to +4.2% in April 1993, the lowest level since 1987) is the first objective of the new incomes policy, achieved through union control and moderation of wage increases. This tendency is expected to act as a stabilizing factor in Italian industrial relations in the future as well. It also constitutes an important element on which the social actors

will base completion of the second part of the agreement drafted in July 1992, especially with regard to bargaining levels and union representation, but also to face the other two major changes on the table: the privatization of public industries and the deregulation of labour relations in the public sector, both of which are proceeding with greater difficulty and uncertainty.

2. Direct effects: the limits of downward intervention in the absence of upward delegation

We have seen how the major changes currently taking place in the Italian industrial relations system have been triggered in large measure by new pressures deriving from European economic integration, and that this same integration constitutes an important stabilizing factor inasmuch as it sets guidelines for the social actors involved.

These changes, unthinkable without European integration, are among the main "indirect" effects on the Italian industrial relations system of said integration. Even if indirect, their weight has thus far been greater than the "direct" consequences of the new social Europe in the making.

Lange (1992) rightly points out that EC commitments to direct development of social policies have a long history of good intentions and high principles rarely put into practice. Also in Italy, the main direct influence of EC

authorities on labor standards has been in the field of gender equality and standard setting to protect the health and safety of workers.

But to date no significant upward delegation on the major issues has been forthcoming from the many social aggregates involved. The hypothesis that relations between the social partners shall be governed by agreement, called for in art. 118b of the EEC Treaty, has remained nothing more than a statement of principle in Community regulations (Guarriello, 1992). The strike of last April 2, called by European unions, was a purely defensive action.

Looking at the effects of EC downward intervention, we note that it has not only produced irrelevant results on the Italian industrial relations system but that it has lost impetus in the past three years. There are therefore few examples we can give of the direct effects of EC interventions, some of which are actually pejorative of preceding practice and union rights.

The constitution of European-scale enterprises committees guaranteeing the right to transnational information is of increasing importance, in our country as well. The unions present in Italian groups with plants abroad are moving in this direction, in the food (Ferrero, Eridania, Heinz-Plasmon), textile (Miroglio, Marzotto, Benetton), chemical and metal working sectors. It is hard to foresee whether these experiences will lead to richer industrial relations, as in the case of Bsn or Iri.

As we mentioned, the greatest effects of direct EC initiatives on our labour relations have been in the context of the constitution of Equal opportunity committees to counteract and correct sex discrimination in the workplace deriving from social practice and systems.

In Italy the law on equal rights dates to 1977, adopting those EC directives of the mid 1970s which addressed the issue of equal rights for women in the workplace. This is perhaps the only case in which supra-national legislation has had a direct effect on national practice in industrial relations (Treu, 1986). This action was not integrated by subsequent measures, except for a simple recommendation in 1984. Since then Italy has steered an independent course in this area, beyond what Brussels had called for.

Italtel was one of the first Italian companies to set up joint committees for equal rights in the mid 1980s (Negrelli, 1989), followed by others, up to the experimental initiative taken by Fiat in February 1992, prompted by a renewed commitment to concrete, workable solutions.

In fact, in 1991 the Italian Parliament passed Law n. 125 on equal opportunities. Among other things this law regulates procedures for implementing Positive Action in enterprises and for setting up joint committees as called for in a number of category and company-level agreements. This law combines financial incentives to the social parties with two other types of action: one aimed at the judicial level and at establishing penalties, to repress both direct and

indirect discrimination, and one aimed at the institutional level (the National Committee for Implementation).

The law also covers public sector employment. Public administration is pressing for the constitution of equal opportunity committees in the public sector. These have been called for by the EC and in the law reforming public sector employment, to develop a new system of managing human resources in line with European tendencies.

The many bureaucratic and information requirements provided for in the new law (5) prompted employers to accuse legislators of excessive mistrust, as if they were being isolated as the main culprits of sex discrimination (Cesos, 1992). On the other side the strong union lobby on labour laws does not seem to have been particularly active in this case, contrary to what happened in the same period for the law covering the right to strike (Treu, 1992).

At times EC directives have been more restrictive than existing practice and rights in the national industrial relations system, fostering highly negative reactions both from unions and employers. Two directives in particular made news: maternity and workers' health and safety. In 1991 a legislative decree was passed to adopt the latter directive, after much debate in the Chamber of Deputies which resulted in many amendments by unions and environmentalist groups, promptly rejected by the Senate. Even employers lamented the excessive bureaucracy involved, in an area where concert between the actors is even more important.

The dockworkers' case is anomalous and emblematic. An EC court of Justice ruling, following a 1990 order from the Court of Genoa, broke the monopoly exerted by the port companies which in the past had caused problems not only to shipowners but to national confederate unions as well. The "camalli" (dockers) belonging to local transport unions had challenged and refused the national agreements more than once. It would therefore have been impossible to implement the national harbour reform wanted by the social actors without this ruling, which resolved a decades old union dispute.

3. Horizontal interdependence and imitation

Thus far our analysis has shown us that the new supra-national European level has exerted a significant indirect effect on national concertation between the major social actors with regard to those social and economic policies tied to European integration, but has been ineffective in directly orienting the same actors to build a European system of industrial relations.

It is hard to verify whether or not the two tendencies are connected. The restraints deriving from the need to harmonize economic policies may have contributed in some way to render the second tendency less important. Or else this latter issue may contain the same intrinsic weakness

common to all projects of "dirigisme" for constructing social systems (Streeck, 1992). We propound towards the latter hypothesis. Not only on the basis of the Italian case, but above all because it appears that supra-national intervention has had scarce effects in all the major European countries (Negrelli, 1993).

What are the reasons for this partial failure in the Italian case? To answer this question we first have to identify those conditions which have hindered the functioning of the supra-national level and those which could instead help it. The first have been studied in depth and there is little to add to the existing detailed analyses illustrating and explaining their limits and difficulties, from the White Book up to post-Maastricht literature (Streeck, 1990; 1992; Jacobi, 1991; Hyman, 1991; 1992; Lange, 1992; Treu, 1992). Less attention has been paid to those conditions, or rather pre-conditions which could facilitate or guide downward planning on social issues. This requires analysis of horizontal interdependence, meaning that network of relations which at an intermediate or decentralized level is being created between national subjects in Europe, often autonomously, resulting in embryonic transnational labour relations systems. It is now evident that any centralized plan for social integration is likely to be preceded by the construction of an intermediate society at a European level, both from a logical and practical point of view.

The Italian case seems to evidence two tendencies which are slowly and with understandable caution moving in that direction. The first regards the labour market, with particular reference to increased flexibility and greater breadth of offer. The second is more directly tied to the development of transnational systems of industrial relations in homogeneous economic sectors and in companies with plants in different countries.

It is worthwhile noting how competition at the European level creates an "imitation" effect, thereby fostering the introduction of forms of flexibility similar to those in competing countries. This is the most pragmatic form of harmonization to protect oneself from system competition created by the transnational mobility of productive factors. The national actors evaluate and concert on the most suitable and acceptable tools for their country. That these tendencies are the result of imitation is demonstrated by the fact that there are no EC directives on work flexibility!

The labour market in Italy is a significant case. In Italy unemployment is most widespread among young people, both for lack of training structures with respect to economically stronger countries and for the need of additional flexibility. There has recently been an increase in agreements covering both points, with better results at a local rather than national level.

In Lombardy, in 1992 five agreements were reached between local employers' associations and unions (mobility; work/training contracts; environment; equal opportunities; non-EC workers) calling for the establishment of joint committees and new participatory models of industrial relations. These projects have the potential to grow for the very purpose of locally managing those problems stemming from new economic and industrial policies being drafted at a supra-national European level. This would be similar to what is taking place in other areas of Europe, such as the German Laenders, which through profuse and active local industrial relations have developed a successful model for managing qualified and flexible labour markets.

It is likely that imitation, which originates from a negative "regime competition" but which can have a positive influence on European harmonization, affects not only the labour market but industrial relations as well. This is the second tendency which seems to be developing in Italy and elsewhere, towards what we called intermediate and decentralized European transverseness of the labour relations systems. Labour relations taken to intend not only the traditional collective union relations but the new forms of human resources management or company internal relations, which in our country appear to be complementary rather than alternative to the former.

At the intermediate level, for instance, a number of Italian enterprises have promoted permanent European labour relations "observatories" in homogeneous sectors:

telecommunications, banking, steel industry. The first of these undoubtedly represents the most advanced experience. The national Sip started such a project about three years ago (Fondazione Seveso-Sip, 1991).

The fact that all the national social actors in the sectors were involved in collecting and debating these data is the most innovative aspect of said experiences, which are spreading to other countries. If it's true that European-wide collective bargaining can only take place within economically and socially homogeneous sectors, such as the ones described, one of the necessary pre-conditions for this is that there exist a comparative network of information on labour relations common to all the social actors who are to develop transnational bargaining.

At a decentralized level we find that companies with plants in more than one country are tending to implement this type of solution. Many of them have set up European company-level committees, and some are stipulating supra-national union agreements, as per the protocol on social policies in the Treaty of Maastricht. Bsn represents one such case which merits some attention. This regards 46,000 employees, 13,000 of which are in Italy. First of all for the flexibility of its procedural agreement, in particular with regard to vocational training, to be transferred and adapted to single national realities. And then because it sets the precedent of an annual check on industrial relations at the supra-national level, between the Group's management and the single national category unions.

4. Meso or micro-corporatism of Europeanized Italian industrial relations?

If the effects of European economic integration on Italian industrial relations tend to confirm the widespread pessimism on the possibility of building a macro-corporatist Europe, they also render a vision of Europe guided exclusively by markets and based on neo-voluntaristic action on the part of the actors in the industrial relations process hardly credible (Streeck, 1993).

By effect of European integration, Italy seems to be oriented towards incomes policy at a macro level, a tendency in common with the rest of the Continent (Dore, 1993). This tendency should bring the three national actors back to the bargaining table to pick up where they left off in the mid 1980s and reform the industrial relations system. But, more so than in the past, coordination of the bargaining structure will have to depend on intermediate models, valorizing those social aggregations known as meso and micro-corporatism, which will give birth to new and different forms of cooperation and conflict in the process of European integration.

These socio-economic aggregations are highly differentiated among themselves, ranging from territory based to economic sector based to those present in multinational companies to

others tied to an individual corporate identity (Negrelli, 1992). The new Europe will therefore be composed not only of nations and classes but of regions, economic sectors, and corporate groups, making centralized coordination even more complicated than it is.

It has been repeatedly said that the central knot of the European labour market is the economic and social disequilibrium between the different regions. National level comparisons tend to hide disparities in income distribution within the single nations, at times more pronounced than between countries. Furthermore unemployment is not only concentrated regionally but regards specific categories of workers, as in the Italian case: the young, the elderly, women. With regard to the unemployment rate, there is no great difference for instance between the Italian Mezzogiorno and Spain. There are strong doubts on the much vaunted expectations of greater mobility of capital and labour stimulated by differences in the cost of labour between European regions. For the time being infrastructural advantages seem to neutralize those deriving from social dumping (Sengenberger, 1991). Rather than capital from Germany or from the economically stronger countries moving to the weaker areas, we continue to see workers from the Eastern and Southern regions emigrating towards the richer countries of old Europe. The belief that this immigration can have a negative effect on workers' rights and union power in the countries involved is a simplification which does not take into account the

segmentation of the national labour markets and the fact that the jobs available to immigrants are generally those rejected by the local unemployed. The problem for Italy is to plan better and to implement a number of provisions to regulate the integration of non-EC workers.

Legislative intervention on these and other problems relating to the labour market and training have been widely experimented and equally insufficient. Local agreements and participatory processes have had better results.

The economic sectors of Europe also seem destined to play an important role in the future Single Market. The Italian experience points to the possibility of transnational bargaining processes in numerous homogeneous sectors, from telecommunications to automobile, from airlines to steel, from banking to other services. All the social actors (employers, unions, national governments and Community agencies) stand to benefit from these processes for the implicit effects of modernization, integration and coordination of economic and social activities. The affinities in the industrial relations and human resources management systems of certain sectors across Europe are such that they constitute a patrimony which the parties are unlikely to relinquish. Let us take for example the telecommunications sector, characterized in all countries, including Great Britain, by widespread union representation at all levels, generally collaborative towards management strategies. Consolidated union relations and a tradition of union and worker participation have in turn allowed and are

still fostering profound institutional, organizational and economic homogeneous changes in the various countries (Negrelli, Treu, 1993).

In the context of social micro-corporatism there remain to be considered the multinational corporations and the large groups of enterprises. In this case too the absence of a European collective bargaining level hinders complete functioning of that industrial relations system which is de facto a transnational reality, directly influenced by headquarters management policies. Company-level European committees within transnational companies are creating a European service of worker consultation and information (EEC Commission, 1991; Hall, 1991; Marginson, 1991). This could be the first step, as in the case of Bsn and other companies, towards actual transnational company-level collective agreements. As for economic sectors, the development of an industrial citizenship and a non-antagonistic human resources management within large corporate groups could be considered as strategic objectives by a significant share of European entrepreneurs, in light of increased competition with US and Japanese companies as well.

On the basis of this and other analyses, it is harder to predict whether the process of European integration will be tied to a process of social deregulation, with the abolition of existing labour-protective norms, or if this process will require new, more flexible social regulation.

The prevailing tendency, given the Italian case too, is to keep social convergence to a minimum, without relinquishing the idea of a European social "project", which will have to be more flexible and based on the difficult balance between social solidarity and economic flexibility, between centralization and decentralization, between collective and individual action.

Given that downward guidance of the major social actors will be much less pervasive than under the old macro-corporatism, there remains the partially open question of competition between meso and micro-corporatism. In Italy as elsewhere we find a certain differentiation, in the unions as in companies, between those who are tempted by the idea of considering companies as a community of interests and those who continue to recognize the centrality, at all levels, of confrontation between the organized representatives of collective interests (6). Recent statements from areas of the Italian left wing to the effect that the concept of "anti-capitalism" should be abandoned in favor of a new vision counterpoising the alliance between conservative entrepreneurs and workers and that between progressive entrepreneurs and workers caused a certain uproar.

Should a model based on company micro-corporatism prevail, albeit in a more democratic version than the Japanese one, it could pose an obstacle to coordination of the bargaining structure. Unions and employers' associations in general seem to be well aware of this, despite significant internal contradictions.

Should meso-corporatism prevail, as appears plausible on the basis of the tendencies described herein, not only would micro-corporatism be better oriented but the new incomes policy, which the major social actors on the Italian stage are starting to propose in the context of European integration, would find a more stable ground on which to develop.

Endnotes

(1) See M. Monti, Tutti i numeri che fanno l'Italia, "Il Corriere della Sera", January 2, 1992.

(2) The two annual meetings of May-June, prior to presentation of the economic-financial plan, and of September, before the budget law is passed, should guarantee the functioning of said incomes policy through a check on the behaviour of the social parties.

(3) P. Sylos Labini, Il calo dell'inflazione, "La Repubblica", January 31, 1992.

(4) See "Relazione generale sulla situazione economica del Paese", sundry years. See also an unsigned article, Anche l'economia ha voltato pagina, in "Il Sole 24 Ore", April 20, 1993, p. 6.

(5) Companies with over 100 employees are obliged to draw up, at least once every two years, a detailed report containing information on male and female personnel: hiring, training, promotions, mobility, recourse to the wages guarantee fund, dismissal, retirement, actual pay. This report is to be sent to the Rsa and to the regional equal opportunity councillor.

(6) Statements to this effect from employers were made by Luigi Abete, President of the Confindustria (Italian Manufacturers' Federation), on the occasion of his taking office. See "Il Sole 24 Ore", February 9, 1992.

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