Abstract

Precarity in the workplace is a social-economic condition of extreme weakness, which increases during periods of crisis, like the one the world is going through at present. This paper, centred on Italy, talks about the future of precarious workers in a crisis, which is a multiplier of the risk of exclusion. People with precarious jobs, in addition to being the lowest paid and the first candidates to unemployment, are also those with the worst system of social protection.

The essay is divided in three parts: in the first part we briefly reconstruct the history of the legislation that led Italy, in 20 years, to have a large market of non-standard work; in the second part we quantify the amount of precarious workers and their (poor) condition of social protection; in the last part we try to estimate the impact that the critical year 2009 will have on these workers.

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Introduction

Starting from the 1980s, and even more from the second half of the next decade, flexibility was considered by many a necessity and at the same time something inevitable because it was part of the development of the new post-fordist economic, productive and organizational system. Like a magic formula, flexibility was the solution to all evils, capable of overcoming the difficulties of global phases of recession and answering on time to market instability1.

A greater flexibility was therefore considered the necessary condition to favour the modernization also of the labour market, which was too rigid and characterized by weak factors, such as a high rate of long-term unemployment among young people, a low presence of women and of workers over 50.

In order to contrast these phenomena, to increase the level of employment and to improve the possibility of being employed, since the 1990s, many European countries have carried out important labour market reforms in order to obtain greater flexibility.

In Italy, the introduction of flexibility in the labour market has caused a deep redefinition of the regulations regarding employment demand and offer. In this renewed ambit, the objective to make the Italian labour market more fluid and permeable has been followed introducing and regulating new flexible work contracts. Employment flexibility has therefore resulted in new work relationships with a never previously experienced mix of dependence and autonomy, determining a change of perspective in the way work has always been described, that is as a unique and strongly protected non-stop experience.

The fragmentation of work relationships has had as a consequence the segmentation of employment at various levels. These are characterized by wide differences in work conditions, in career opportunities, in professional growth and stabilization, in the levels of social protection and in the recognition of social rights2. In this context some sectors of the working population are more and more touched by the precarity of their employment conditions and not only.

We must point out, as many have already underlined, that flexibility and precarity do not recall superimposable employment situations. The equation flexible work=precarious work is therefore wrong. The concept of flexibility contains a multiplicity of meanings, which are not necessarily negative. Let’s think of the kinds of work based on time flexibility, such as part-time employment: not always these kinds of work imply employment conditions with the irregularity and the uncertainty typical of precarious situations.

In the definition used by the Italian Statistic Institute (Istat)3, precarity is described as a sense of existential insecurity deriving from an employment situation in which contractual temporariness is associated with an irregular participation to the labour market and with the lack of a stable income, suitable to plan one’s life over a medium-long period. Other elements which define situations of clear employment precariousness are: inferior social security protection, the lack of income during the periods of no work, the intermittence and the brevity of the contracts, the long permanence in instable contractual relationships and the difficulty to move towards stable contract solutions.

Therefore, flexibility becomes precarity when the worker has not got the possibility to choose between a stable and an instable job and when his/her situation of instability becomes permanent, so that he/she finds him/herself trapped in a series of temporary jobs which negatively influence

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his/her social and professional identity, personal relationships and family conditions. In other words, his/her entire existence⁴.

The condition of precarity in which many flexible workers find themselves is made worse or risks to be made worse by the consequences of the international financial crisis on the real economy. In such a fragile economic situation, the Italian companies in serious difficulty are preparing and carrying out plans of employment dismissal, mobility or redundancy. In this situation, the risk of unemployment is higher for the workers with flexible job contracts because they are more exposed to the fluctuations of the economic cycle. For these workers, the crisis is a multiplier of the risk of precarity: in addition to being the least paid and the first to risk unemployment, they are also excluded from the welfare system which can reduce the risk of social vulnerability and exclusion.

1. Flexibility and its phases in Italy

If during the 1960s, the legislator introduced some laws, like the n.1369/60, the n. 230/62 and the n.300/70, which aimed to protect the worker and to guarantee jobs with open-end contracts⁶, with the increasing demand of flexible work, created by a more and more extensive and instable market, this system soon underwent a crisis.

Between the end of the 1980s and the beginning of the 1990s, the Italian labour market deeply revised its legislation, focusing on the rules which define the systems of recruitment and dismissal, as well as on those which decide working hours and tasks. These changes were made to increase the level of flexibility. But let’s proceed with order considering the phases which brought flexibility to the Italian labour market.

The first step was made in 1984 with the law n. 863. It introduced an apprenticeship contract for young people, the possibility for the first time in Italy to sign part-time contracts and the opportunity to use contracts where working hours and salaries were reduced in cases of company crisis.

The second important step towards flexibility was made with the law n. 223/91 which reduced the restrictions and established generous allowances for the employment dismissals caused by industrial crisis or restructuring⁷. In the same perspective we can recall the Protocol signed by the Government, the companies and the trade unions in 1993, based on the concept that flexibility could encourage employment and on the concept that work was something separable from the worker and was therefore merchandise to sell⁸.

The third step was the so-called “Dini Reform” concerning the pension system in 1995 (law 335) which created in the National Pension Board (INPS) a separate fund for those workers who are midway between dependent and independent work, the so-called parasubordinates that can be considered a peculiarity of the Italian labour market⁹.

But the real turning point came in 1997, when the law n. 196 was approved – named “Pacchetto Treu” from the name of the Minister of Labour who signed the decree. This law introduced temporary work, expanding further the possibility to hire workers with short-term or part-time contracts. In addition, this law gave new importance to public services dealing with employment, it favoured the adoption of short-term contracts, it re-designed the main principles of professional

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⁵ This law created the “Statuto dei lavoratori” (“Statute of Labourers”), which brought very important changes in work conditions and in the relationship between employers, employees and trade unions.


⁹ This fund established a levy of 10% to pay contributions, then brought to 12% of the income.
training by integrating the school system with training courses, and it stimulated the vocational training financed and coordinated by the Regions and the Provinces.

The process of flexibilization culminates in the legislative decree n. 276/2003, which implements what expressed in the law n. 30 or “Biagi Law” (from the name of the scholar who worked on the first draft of the bill and was after killed by the Red Brigades). This decree increased further the number of employment contracts introduced by the previous “Pacchetto Treu”, revising the employment regulations with modalities different from those of open-end contracts and the so-called standard work.

In particular, the main objectives of the law were the following:

- A stronger diversification of the various kinds of contracts (more than 30 have been identified)\(^\text{10}\);
- The introduction of new employment contracts;
- The revision of the contract typologies already existent. In particular, the contracts of coordinated and continuative collaboration (co.co.co.) were transformed into project work contracts (co.co.pro.), so that it would be possible to make the situations of “false self-employment” emerge, because these contracts were used more as an escamotage to reduce costs than as a real organizational solution agreed upon by the workers;
- A reduction of the constraints on the companies thanks to the use of part-time and fixed term contracts;
- The reform of the apprenticeship contracts;
- The creation of placement contracts for disadvantaged workers in areas characterized by higher unemployment rates;
- The regulation of the contracts used by freelancers and by collaborators who work in the private sector.

In this iter the principle which inspired the legislator and the Government has been that to overcome the rigidity of the Italian labour market, this having been indicated as the main cause of the economic stagnation. The Italian legislation has followed the transformations which have taken place in society, reducing the normative ties existent in the labour market, as strongly requested by the entrepreneurs, but also losing the opportunity to “govern the events” by indicating an alternative to rigidity as well as to the flexibility far west. The reform, in fact, seems to have created too many employment profiles\(^\text{11}\) and too many intermediaries, many of which not necessary and therefore not used by the entrepreneurs. This, while other solutions considered more efficacious, have not been considered. In addition, all these measures, though updating the entire national legislative context, do not contain a parallel reform of the welfare system in favour of workers in the flexible labour market and at risk of social exclusion\(^\text{12}\).

For this reason, during the XVth Legislature, the Centre-left Government, in the 2007 and 2008 Financial Laws (L. 296/06 and L. 244/07) and in the Welfare Protocol (L. 247/07), introduced new regulatory measures, which with all their limits, were destined specifically to the workers hired with different contractual formulas from that of open-end subordinate work. The 2007 Financial Law contained specific measures aiming to: 1) extend the social security system to workers with temporary employment; 2) to encourage stable employment; 3) to contrast the improper use of flexible contractual formulas such as collaborations and fixed-term employment. The Welfare Protocol essentially confirmed what contained in the Dlgs 276/03, reviewing, however, some rules

\(^{10}\) Among the various kinds of contracts: shared work, which allows two people to carry out the same job in turn; the placement contract (lasting from 9 to 18 months) which replaces at least in part, the job training one; on-call work, in which the employee declares his/her availability to work if and when the employer requests it; apprenticeship; part-time; fixed-term employment; and parasubordinate work (project, occasional and eventual). Sources: legge 30/03, and R. Brunetta, *Giù le mani dalla Legge Biagi*, Mondadori, Milano, 2007.


which regulate discontinuous work relationships. On call jobs and staff leasing have been abolished. These contractual formulas were little used, but they certainly favoured precarity in life and work conditions. And an important measure concerning fixed-term work contracts was introduced to eliminate or reduce their improper use. Finally, in the 2008 Financial Law, in addition to strengthening the mechanism of stabilization of Public Administration personnel, the Government expressed the possibility to reserve some places for precarious workers in the recruitment of employees with open-end labour contracts. This if they had matured significant experience in the Public Administration sector.

In May 2008, the Centre-left Government was replaced by a Centre-right one. The new Government, in the Legislative decree n. 112/2008 (converted in the Law 133), approved a three year Financial Law which introduced substantial novelties in the labour sector, touching also decisions taken previously.

The new Government has changed perspective in its approach to the work flexibility issue, aiming more to encourage the companies to hire new workers than to reduce precarity. For this reason the step made has been to simplify rules and to obtain a greater contractual deregulation.

The main novelties have regarded fixed-term employment, where some provisions of the Welfare Protocol have been abrogated. In the specific, a fixed-term contract can now be used also for ordinary working activities; while the Law 133 re-introduces on-call work, which had previously been abrogated, to regulate kinds of work like catering.

For what concerns the Public Administration, like the previous government, the provisions contained in the Law 133 aim to reduce the use of flexible work, limiting the conferment of occasional job assignments only to experts “with a university specialization” for particular needs, which the standard personnel cannot satisfy.

Finally, with the proposal of law 1441-quater, introduced by the Financial measures of last Summer and which is still following its legislative iter in the two Chambers (it was approved by the Senate the 29th October 2008), it will be possible to stabilize by the 30th June 2009 the position of a limited number of precarious workers in the public sector. Starting from the 1st July 2009, all temporary workers in public sector, regardless of their position, will be fired because their contracts are not renewable. And this situation will concern also and in particular the workers who, in accordance with the previous regulation, possess the requisites to obtain a stable position.

2. Flexible and precarious workers: big numbers and little protection

As we have seen, in Italy the deregulation process regarded in particular the access to the labour market. New contractual figures with less social protection within the Welfare system were created, but the regulation of the so-called standard contracts remained the same. As argued by Boeri e Garibaldi, “Such reforms introduced two tier systems, as the increase labour market flexibility took place mainly through a series of marginal reforms that liberalized the use of temporary (fixed term) contracts while leaving largely unchanged the legislation applying to the stock of workers employed under permanent (open-end) contracts”.

The expressions “flexible work”, “atypical work” or “non-standard work” have been used to associate a multiplicity of contracts in reality very different from one another. Different can be, in fact, their impact on the lives of the people who risk precarity and social exclusion. More and more attention is being given to the attempt to quantify the phenomenon of flexible and precarious work and to measure its distribution among the various classes of the working population.

To reach an estimate generally agreed upon of the dimensions of flexible employment in Italy is a very difficult task: the available statistical data often does not coincide because of the heterogeneity of the sources (sample surveys, administrative data, etc), the study periods chosen and the methods of calculation. It has even been more difficult to isolate the component “precarity”, because this refers to a blurred condition of existential insecurity which combines objective aspects and subjective perceptions.

Following the definition given by Eurostat\(^{14}\), the Istat (Italian Statistic Institute) spreads data on subordinate temporary workers, including not only workers with fixed-term contracts (workers with the collective-bargained contract of the category they belong to), but also workers with supply contracts, those with job training posts (extinct by law since November 2006), placement contracts and apprenticeships. The universe of temporary workers is completed by all those who have been hired with extremely new contract typologies, but little used, such as on-call work or shared work.

In 2007, the employed workers with a fixed-term contract were 2 million 269 thousand, equal to 11.9% of the total workforce.

It is a few years now that the statistics provided by the Istat consider also the so-called parasubordinate work, as explained before an Italian peculiarity, which includes the coordinated and continuative collaborations (the so called co.co.co, only in the public sector) and the project work contracts (the so called co.co.pro), as well as occasional work.

<table>
<thead>
<tr>
<th>Table 1 – Temporary work according to Istat. Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute values (in thousands)</td>
</tr>
<tr>
<td>Men+Women</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Workers with fixed-term contracts</td>
</tr>
<tr>
<td>Cococo/project work workers</td>
</tr>
<tr>
<td>Occasional work collaborations</td>
</tr>
<tr>
<td>Total: Fixed-term work</td>
</tr>
</tbody>
</table>

Source: Our elaboration of Istat data.

According to Istat’s sample survey, in 2007 the workers with co.co.co and co.co.pro contracts were 392 thousand (equal to 1.7% of all the workers employed), while the occasional work collaborations reached 98 thousand (equal to 0.4% of the total). These are numbers which, as we shall see, strongly diverge from those provided by the Inps, the Italian Social Security Institute\(^{15}\).

Let’s leave out of our analysis for now the parasubordinate work and let’s focus on fixed-term employment. In the ambit of this aggregate it is possible to make various distinctions, considering both the social-demographic characteristics of the workers and those of the work performed. This way we can identify the subset of the most disadvantaged employees.

According to the elaborations carried out by the Labour and Economic Council (CNEL)\(^{16}\) on the data provided by the Istat, over 90% of employees with fixed-term contracts declare that their condition is not the result of free choice, but only the consequence of the fact that they have not found a job with an open-end contract. A limited number of people (less than 200 thousand) consists in workers who voluntarily accepted a fixed-term contract. The last mentioned workers are frequently very young or very old: it is probable that for them work is a sort of “sideline” to their main activity: that of a student and of a pensioner.

\(^{14}\) Eurostat reduces its analysis to subordinate employment, providing an aggregate estimate of temporary employment which includes, according to the definition of the Institute, all the jobs which have a length determined in the contract – the completion of the task assigned, a specific date or the return of a worker temporarily replaced.

\(^{15}\) In the Inps administrative database are recorded all the people who have paid contributions during the year to the separate pension scheme for temporary workers. Istat’s sample survey considers instead only the workers whose main contract typology is the coordinated and continuative collaboration; the survey does not consider therefore the workers for whom collaborations are a secondary activity and workers such as company directors, auditors, members of boards and committees.

\(^{16}\) C. Dell’Aringa, I lavoratori temporanei e le transizioni verso il lavoro stabile, in CNEL, Il lavoro che cambia. Contributi tematici e Raccomandazioni, Roma, mimeo, 2009.
Table 2 – The characteristics of the workers with fixed-term contracts. 
Voluntary/Involuntary. Year 2007*

<table>
<thead>
<tr>
<th></th>
<th>voluntary</th>
<th>involuntary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48,2</td>
<td>48,4</td>
</tr>
<tr>
<td>Female</td>
<td>51,7</td>
<td>51,6</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-24</td>
<td>29,9</td>
<td>23</td>
</tr>
<tr>
<td>25-34</td>
<td>25,3</td>
<td>34,3</td>
</tr>
<tr>
<td>35-44</td>
<td>18,9</td>
<td>25,2</td>
</tr>
<tr>
<td>45-54</td>
<td>14,5</td>
<td>13,6</td>
</tr>
<tr>
<td>55-64</td>
<td>9,1</td>
<td>3,8</td>
</tr>
<tr>
<td>65-74</td>
<td>2,2</td>
<td>0,1</td>
</tr>
<tr>
<td>Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North-West</td>
<td>27,1</td>
<td>21,9</td>
</tr>
<tr>
<td>North-East</td>
<td>29,4</td>
<td>19,2</td>
</tr>
<tr>
<td>Centre</td>
<td>18,2</td>
<td>20,5</td>
</tr>
<tr>
<td>South</td>
<td>25,3</td>
<td>38,4</td>
</tr>
<tr>
<td>Absolute value (thousands)</td>
<td>199</td>
<td>2060</td>
</tr>
</tbody>
</table>

Source: CNEL elaboration of Istat data
*The elaborations refer to a population in working age (15-64) and consider the second quarter 2007.

We do not notice, instead, significant differences between voluntary and involuntary workers when we consider the variable “gender”. Gender is, in any case, an important criterion of segmentation when we look at the universe of temporary workers: the data disaggregated per gender shows, in fact, a more noticeable presence of temporary work among women. In fact, of the overall number of women employed (9.123.000 in 2007) 15,7% performs temporary work, while among the men (14.076.000 in 2007) the percentage goes down to 9,3%.

Age is a further discriminating factor: the workers more at risk are the young people between the ages of 15 and 29. These represent 40,6% of the workers with fixed-term contracts. The most alarming data, however, regards the workers over 30, which represent 59,4% of the employees with fixed-term contracts. Of these, half belong to the bracket 30-39 and half to the bracket of the over 40 year olds. The data confirms that for these workers there is a serious risk of remaining trapped in a condition of permanent employment instability. A clear sign that flexible work not necessarily is the starting point from where to move into a stable and guaranteed job.

It is generally thought, in fact, that when a temporary job is quickly transformed into a permanent one, we should not talk about precarity, because the flexible job is simply a step towards a stable one. On the contrary, the percentage of those who remain in the same conditions of job insecurity belong to the precarity trap area.

CNEL’s17 data processing of the matrixes provided by the Istat, thanks to which it is possible to see how temporary workers pass from one employment status to another, offer us a disheartening picture. Out of 2 million and 560 thousand workers with fixed-term or collaboration contracts in 2005, in 2006 only 23,7% (equal to about 590 thousand people) had changed their condition having obtained an open-end contract. 56,3% (A million and a half people) continued to be in a condition of job insecurity, while 4,7% (135 thousand people) became unemployed. Between 2006 and 2007, we can see a decrease in the percentage of temporary workers who remain in the same condition; however, data (55,1% remains in a precarious situation) confirms once again the thesis that fixed-term contracts are not just a temporary condition.

17 C. Dell’Aringa, op. cit.
In addition to the periodical surveys carried out by the Istat on the work force, there are other studies, normally using administrative data, which allow us to investigate on and to quantify some specific segments of flexible employment. The Ebitemp Observatory18 performs data processing on the information contained in the administrative archives of the INAIL (Istituto Nazionale per l’Assicurazione contro gli Infortuni sul Lavoro – The National Insurance Institute against Accidents at Work), in order to understand the qualitative and quantitative dimensions of a particular segment of temporary employment: jobs based on a supply contract.

According to this data, in 2007 the workers with supply contracts were 547 thousand, with an increase of 13% towards the year before, an increase due mostly to the presence of foreign workers. Supply work contracts have always been more frequent in the regions of Northern Italy (70%) and have been used especially by the manufacturing sector (52%), although an increasing percentage of the demand comes from the private service sector. Among those with a supply contract, the male component prevails (56.5% in 2007), despite the fact that this percentage has constantly decreased since 2006 (60%) to the advantage of the female one. If we look at the age of the workers, we can see that the majority of them are under 30 (little less than 50%); however, a longitudinal analysis of the data shows that the incidence of the younger people on the total of workers with supply contracts has gone down by 8 per cent since 2002. On the contrary, the percentage of over 40 year olds reached 20% in 2007 (in 2003 it was 13%); also the percentage of over 50 year olds has increased passing from 2.6% in 2003 to 4.3% in 2007. These trends seem to affirm that supply work is more and more not only a way of entering the labour market, but also a way for expert workers to be reinstated.

To conclude this overview on flexible employment, we must consider the data processing carried out by the Permanent Observatory of Atypical Work in Italy – created thanks to an agreement between the University “La Sapienza” and the Cgil trade union– on the parasubordinate workers enrolled in the Inps separate pension scheme. According to the last Report of the Observatory, in 2007 the parasubordinate workers were about 1 million 567 thousand; of these one third were “typical” (company directors, mayors, auditors, etc.), that is people with a professional and managerial work activity. The remaining two thirds (about 1 million people) were “atypical” workers, mainly collaborators. Typical and atypical workers can be “exclusive” in the sense that they only have their parasubordinate job and do not have any other income or social security protection, but sometimes they can perform other activities outside the parasubordinate reality, or even have a pension which must be added to their final income.

Intersecting these dimensions we obtain the typological model you can see in the Table n. 3. Of the four possible typologies, the segment of the atypical/exclusive workers makes up the biggest number of collaborators (836 thousand) at risk of precarity, because they add their atypical contract to the fact that they have only one income (an average of about 8 thousand euro per year), the one coming from their parasubordinate work. Of these collaborators, over 90% have had only one employing party in 2007. Also in this case the variable “gender” has a fundamental role in determining the conditions of precarity among the parasubordinate workers. The presence of women among those who have “typical” jobs (mayors, administrators, auditors) and who can rely on incomes from other sources (incomes from other activities or pensions) does not even reach 20% (in comparison to the 80.4% of men) of the total of the enrolled in the separate pension scheme. There is, therefore, in Italy a percentage of female collaborators who live and work in a condition of precarity. In 2007 out of 100 women who have a parasubordinate job, more than 70 live in an insecure situation. The men in the same conditions are much less: 357 thousand, that is 40% of the men enrolled in the separate pension scheme.

Table 3 – The workers enrolled in the INPS Separate Pension Scheme per gender, typology and average annual income. Year 2007

### Absolute values and %

<table>
<thead>
<tr>
<th>Parasubordinate employment typologies</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
<th>Percentage of workers with only one employing party</th>
<th>Yearly income in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical/with other incomes</td>
<td>58.310</td>
<td>239.368</td>
<td>297.678</td>
<td>85.50</td>
<td>25.280</td>
</tr>
<tr>
<td>Typical/exclusive</td>
<td>59.523</td>
<td>166.299</td>
<td>225.822</td>
<td>89.80</td>
<td>34.807</td>
</tr>
<tr>
<td>Atypical/with other incomes</td>
<td>67.828</td>
<td>139.132</td>
<td>206.960</td>
<td>90.20</td>
<td>12.549</td>
</tr>
<tr>
<td><strong>Atypical/exclusive</strong></td>
<td><strong>479.642</strong></td>
<td><strong>356.876</strong></td>
<td><strong>836.518</strong></td>
<td><strong>90.40</strong></td>
<td><strong>8.122</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>665.303</strong></td>
<td><strong>901.675</strong></td>
<td><strong>1,566.978</strong></td>
<td><strong>89.30</strong></td>
<td><strong>15.873</strong></td>
</tr>
</tbody>
</table>

*Source:* Data provided by the Inps and processed by the Permanent Observatory on atypical work in Italy.

If we look at the age of parasubordinate workers, we can see that this kind of work regards “relatively young people”: during 2007 the average age of these workers was 40.7, but if we consider only the collaborators with atypical and exclusive employment, we can notice that this sub-universe is populated especially by young adults with an average age of 34 and where the difference between men and women is only about six months.

To remain for a long time employed in a company with a contract of collaboration means that the worker is in a condition of prolonged precarity, especially if one considers that the pay is low and that the contracts do not be longer than seven months during the year. Unfortunately these cases are very frequent: 6 precarious workers out of 10 had an atypical job for two years running (2006 and 2007) and over 37% during the three years 2005-2007.

As we have seen the population of flexible or non standard workers is made up of many “tribes” and precarity can be a transversal condition of all of them, because it is connected to the issue of social protection. Temporary workers are less protected than workers with an open-end contract; however, in this regards, there are significant differences between one contractual form and another. In a situation of general difficulty and of job insecurity, some workers, such as, for example, the workers with fixed-term or supply contracts are “luckier” than others. Luckier, for example, than the collaborators, who can count on little or no protection whatsoever.

The following scheme with all the non standard contracts, though not complete, summarizes the peculiarities of the different kinds of precarious workers in Italy and it gives a list of the guarantees and the protection offered to them.
## Scheme – Precarious workers in Italy: peculiarities and protection

<table>
<thead>
<tr>
<th>TYPOLOGY</th>
<th>NUMBER YEAR 2007</th>
<th>CONTRACT ASPECTS</th>
<th>MAIN CHARACTERISTICS</th>
<th>SOCIAL PROTECTION: THE STATE OF THE ART</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEMPORARY SUBORDINATE WORKERS:</td>
<td>2,269,000</td>
<td>1) Workers with fixed-term contracts included in the National Collective Contract</td>
<td>- 40.6% is made up of young people between 15 and 29, 59.4% of workers over 30, half of whom belonging to the age bracket 30-39 and half to the bracket of over 40 year olds;</td>
<td>- Wage decided in the CCNL, although the worker is often excluded from the productivity salary.</td>
</tr>
<tr>
<td>1) Workers with fixed-term contracts included in the National Collective Contract</td>
<td>Source: Istat</td>
<td>- Limit of 36 months to the possibility of prolonging the fixed-term contracts between the employee and the employer.</td>
<td>- Sick pay, maternity, injuries: for the period in which he/she works, the worker has the same rights of the workers with an open-end contract.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(According to the Observatory Ebitemp which has used INAIL data, the temporary workers are 574,000)</td>
<td>- 55.1% continues to work in precarious employment conditions for two years in a row.</td>
<td>- Severance Pay: It is calculated considering the period of employment;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Wage decided in the CCNL, although the worker is often excluded from the productivity salary.</td>
<td>- Unemployment allowance: it is possible if the worker has reached the minimum requisites;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Sick pay, maternity, injuries: for the period in which he/she works, the worker has the same rights of the workers with an open-end contract.</td>
<td>- Access to public training: no</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Severance Pay: It is calculated considering the period of employment;</td>
<td>- Access to credit: Difficult.</td>
<td></td>
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<td></td>
<td></td>
<td>- Unemployment allowance: it is possible if the worker has reached the minimum requisites;</td>
<td></td>
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<td></td>
<td></td>
<td>- Access to public training: no</td>
<td></td>
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<td></td>
<td></td>
<td>- Access to credit: Difficult.</td>
<td></td>
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<td></td>
<td>2) Workers with supply contracts</td>
<td>- The wage to the worker and the pension contributions are paid by the agency;</td>
<td>- 50% of the workers are under 30, but the percentage of over 40 year olds reaches 20%;</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- The extension of the contract is allowed with the consent of the worker in the cases and for the length of the collective contracts signed by the agencies.</td>
<td>- Every worker has been hired and has ended his/her work relationship in average 4 times a year;</td>
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<td></td>
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<td>- According to the Agencies only one third of the workers obtain a stable occupation.</td>
<td>- According to the Agencies only one third of the workers obtain a stable occupation.</td>
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<td></td>
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<td></td>
<td>- The same protection of the workers with fixed-term contracts.</td>
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<td></td>
<td>- For the period worked, the worker should receive the same wage and have the same costs of the workers with an open-end contract but, as a consequence of 2nd level collective bargaining, only 15/20% receives the productivity salary.</td>
<td></td>
</tr>
</tbody>
</table>
### PARASUBORDINATES WHO RISK PRECARIOITY:

1) Collaborators with coordinated and continuative contracts;
2) Occasional collaborators (Self-employed and ex Art. 61 Dlgs 276/03);
3) Profit-sharing associates

<table>
<thead>
<tr>
<th>836,493 (out of a total of 1,566,978 workers enrolled in the INPS Separate Pension Scheme)</th>
<th>1) Coordinate and continuative collaborators:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Oss. Permanente sul lavoro atipico – Università La Sapienza and NIdiL CGIL</td>
<td>- It is compulsory to enrol in the INPS Separate Pension Scheme;</td>
</tr>
<tr>
<td></td>
<td>- Contribution rates 24.72% in 2008 (26.72% in 2010), of which one third to be paid by the worker and two thirds by the employing party</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2) Occasional Collaborators (both self-employed and ex Art. 61 Dlgs 276/03):</th>
<th>3) Profit-sharing associates:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Occasional collaborators can work for more than one employing party and for more than 30 days directly paying their pension contributions only if they declare more than 5000€ income per year;</td>
<td></td>
</tr>
<tr>
<td>- Occasional collaborators ex Art. 61 Dlgs 276/03 can work up to 30 days and up to 5000 € as payment from each single employing party.</td>
<td>- Since 2004 they pay their contributions to the INPS separate pension scheme fund;</td>
</tr>
<tr>
<td></td>
<td>- Since 2006 they have the same form of social protection of the</td>
</tr>
</tbody>
</table>

| | 4) Average Age: 34 (40 for the entire universe of parasubordinates) |
| | - One employing party: 90,4% |
| | - Average gross income per year: 8800 € (15,900 € for the entire universe of parasubordinates) |
| | - Average job length: 7 months |

| - No right to fair pay. |
| - Sick Pay: Only from 9 to 18 € a day after 3 days and up to 60. |
| - Parental leave cannot be asked for |
| - Severance pay: NO |
| - Unemployment Allowance: NO |
| - Public Training: NO |
| - Access to credit: Difficult |

| - Written contract: not compulsory. |
| - No right to fair pay. |
| - No insurance against injuries; |
| - Maternity, Sick pay: NO |
| - Unemployment allowance: NO. Not even with reduced requisites; |
| - Public training: NO |
| - Access to credit: No |

- Thanks to the Bilateral Bodies, the worker receives extra training and protection, he/she has credit access and integrated health assistance.
| PROFESSIONAL WORKERS WITH VAT REGISTERED NUMBER BUT WITHOUT A PROFESSIONAL REGISTER | 187,334 (INPS data 2007 on 2006 situation) | - Holders of a Vat Registered Number, because they are self-employed. They are enrolled in the INPS separate pension scheme fund;  
- Contribution rates: 24,72% in 2008 (26,72% in 2010), to be paid entirely by the professional workers themselves;  
- They must pay an additional local tax of 4,75% of total income as individual firm and VAT of 20% | - Average Age: 43 (62% belongs to the age bracket 30 - 50)  
- Average contributions paid: 3,079,44 €  
- 65% asked for a VAT registered number because the employing party demanded them to do so. | - No right to fair pay.  
- Sick Pay: Completely denied by the INPS.  
- Maternity at risk. It is not compulsory to abstain if the risk is due to the working context.  
- Maternity allowance, but it is compulsory not to work during a normal pregnancy.  
- No parental leave without stopping one’s work activity  
- Severance pay: NO  
- Public training: NO  
- Access to credit: NO |
3. The occupational future of precarious workers in an era of crisis

While we are writing this paper it is still not clear what effects the global crisis exploded in the second half of 2008 will have on the labour market. The forecast is however gloomy. According to the International Labour Organization\textsuperscript{19} in 2009 unemployment will increase in number from 18 to 51 million\textsuperscript{20}. According to this pessimistic estimate, the unemployment rate in Europe will reach 7.9%\textsuperscript{21}. Precarious work in the world will expand even more, touching 53% of the jobs, while 45% of the employed will not be able with their salary to maintain their families\textsuperscript{22}. It is obvious, therefore, that “the world is facing a dramatic and unprecedented crisis that calls for creative solutions. This enormous challenge also gives rise to opportunities to address the negative social consequences of globalization”\textsuperscript{23}. In February 2009 the European Commission talked about 3.5 million job posts at risk in Europe, which would bring to an overall reduction of employment of 1.6%. Among the sectors most damaged there are those of the car manufacturers, the financial services, the mechanic industries and the transport ones\textsuperscript{24}.

But besides these forecasts, let’s consider the concrete data. The very efficient Bureau of Labor Statistics in the USA, which, unlike the major European government services, is capable of measuring the course of the labour market in real-time, has calculated for the month of February 2009 an increase of unemployment equal to 851 thousand people. This brings the number of unemployed to 12.5 million, that is an unemployment rate of 8.1%\textsuperscript{25}. In 4 months, since October 2008, the number of employed in the United States has gone down by 2.6 million, while long-term unemployment concerns now over 2.5 million American workers. A fall unequalled, the worst situation of the last decades.

Also in Italy the effects of the crisis are worrying. Confindustria, the most important association of Italian entrepreneurs, revealed its concern to the Government last January: in the car manufacturing sector, without incentives and support to the companies, 300 thousand job posts will be lost, of which 60 thousand only at Fiat; in the building sector 250 thousand unemployed are expected (that is about 20% of the workers in 2007). The Government, despite some delay, will answer to the requests of the entrepreneurs financing with incentives the sales of new ecological cars and with ad hoc regulations the construction of residential buildings and big public works, such as the discussed bridge between Italy and Sicily. But the measures adopted are not completely able to stop the employment crisis. INPS, the government body called to pay the unemployment allowance and the Cassa Integrazione Guadagni (income support fund for open end employees), records at February 2009 an increase in the redundancy payments of 553% in comparison with the 12 previous months. In the first two months of this year 72 million working hours have been lost. This has brought the government to budget 8 billion euro for 2009 and 2010 to support the income of workers belonging to the companies in crisis.

But in Italy welfare compensations, like unemployment allowance and income support funds, go especially to workers with an open-end contract, and the support is higher according to how big the company is and to the sector in which it operates\textsuperscript{26}. For the workers of small companies, and even more for the workers hired with flexible contracts, social protection in the case of a crisis, is limited, if not inexistent. Precarious workers, although they are the people who risk more than anyone else to become unemployed as a consequence of the fixed-term contract they have signed, are excluded from every kind of allowance in the period in which they await to pass from one job to the

\textsuperscript{20} Rispetto all’anno 2007
\textsuperscript{21} Ivi, pag. 20-23
\textsuperscript{22} Ivi, pag. 26
\textsuperscript{23} ANSA News, 17 Febbraio 2009
following one. This condition can be of little importance when the market is growing, but becomes a further sign of precarity in periods of crisis. And the signs in Italy are everything but promising. In the public sector, as a consequence of some laws passed by the Centre-right government and discussed before, 100 thousand job posts are at risk, about 40% in the educational sector. They are precarious workers who have worked more than 36 months over the last 5 years and who cannot be confirmed in their job. And, for the need to reduce expenses in the public sector, they will not be replaced by others. Workers with supply contracts, according to Ebitemp, a body created by companies and trade unions to manage the professional training of temporary workers, will lose their post in 75 thousand in one year, that is 25% of the employed each month\textsuperscript{26}. Cgil, the biggest Italian Union, had already talked about the situation in November 2008, estimating that about 400 thousand workers with fixed-term or project contracts – just in the private sector – were risking their post at the end of the year. The Cgil’s estimate was based on the 3,4 million precarious workers who work in the private sector\textsuperscript{27}. The economists of the website La Voce, basing themselves on serious historical statistics, have calculated that the flexible contracts\textsuperscript{28} in expiry were over 300 thousand at the end of 2008 and that the following unemployment phase may last from 9 to 19 months\textsuperscript{29}. Using the data of the Observatory on atypical work for the period 2005-2007, we have instead calculated that, only among the workers with project contracts enrolled in the INPS (781 thousand in 2007), the possibility of being confirmed in one’s job is of 61%; therefore the contracts in expiry which risk not being renewed are 212 thousand, three times more the 64 thousand indicated by the experts of Lavoce.info\textsuperscript{30}.

But the situation in 2009 could be even more critical than the trade unions and experts think. According to the data spread by the regional government of Emilia Romagna, the fixed-term contracts to expire in the region in 2009 are 110 thousand. Of these 80 thousand will expire by June, and the workers have little hope to see their contracts renewed. The “army” of precarious workers according to the region is destined to increase, seems that 88% of the workers hired between September and December 2008 (280 thousand contracts out of 350 thousand) have a fixed-term contracts.

Flexible workers, therefore, are even more at risk in difficult periods. Their precarity is multiplied: not only they are employed with a fixed-term contract, but they are also the first to be sacrificed when production decreases. And in the present state of the Italian legislation they are not even entitled to any social safety valve. To say it with the words of the Governor of the Bank of Italy, Mario Draghi\textsuperscript{31}, the crisis hits the weakest; in the labour market the weakest are the precarious workers.


\textsuperscript{27} La 7.it, Cgil: “\textit{Entro Natale a casa 400 mila precari}”, 23 Novembre 2008, http://www.la7.it

\textsuperscript{28} We refer to: Work training contracts, apprenticeships, supply contracts, project collaborations, and other various typologies for a total of 2,5 million workers.


\textsuperscript{30} Ibidem.

Final remarks: How to minimize the effects of the crisis

If the situation is the one so far described, the question a scholar of social phenomena should ask him/herself is not only what consequences it will have on society – as well as on the lives of the people involved – but especially how to stop it from having serious consequences in terms of social cohesion. The lack of job opportunities and the high rate of unemployment, in particular if associated with an inadequate welfare system, put at risk the very existence of the urban middle classes, as has been affirmed recently by authoritative studies: “material conditions are fundamental to social cohesion, particularly employment, income, health, education and housing. Relations between and within communities suffer when people lack work and endure hardship, debt, anxiety, low self-esteem, ill-health, poor skills and bad living conditions. These basic necessities of life are the foundations of a strong social fabric and important indicators of social progress”32.

The specific nature of the Italian situation can be summarized in the too fast introduction of a legislation aiming to make employment more flexible and in the continuous postponement to other periods of the welfare system reform. This is still anchored to the protection of the so-called “standard” worker: full time, male, with at an open-end contract in a medium or large size company. This has created a particular phenomenon, correctly defined as “flex-insecurity”: poor salaries, contract discontinuity and low levels of social protection have transformed flexibility in precarity33. It will obviously take years and great investments to repair this situation because the workers with flexible employment (though they are not all precarious workers) are now over 3 million, that is about 12% of the employed. And they are destined to increase because over half of the new contracts are fixed-term ones.

A structural proposal to stop the proliferation of flexible contracts was already presented in 2007 by the economists Boeri and Galasso34. The laws introduced to encourage flexibility have created a little contractual jungle of about 40 different typologies. An excessive number, and the companies have only used some of them. The two authors, to overcome the flexibility spiral, suggest to go back to the open-end contract, adequately reformed so that it includes three phases: trial, placement and stability. During the first period, six months long (as happens today for public sector workers), the employer will have the possibility to evaluate in depth the vocational and professional characteristics of the candidate. After this phase, the placement phase starts, which lasts for further two years and which is necessary to develop the potential of the new worker. During this phase, the two authors suggest, the worker is protected against any discriminatory and disciplinary dismissal, but he/she can be fired for economic reasons. In this case he/she will be entitled to a redundancy payment decided by the national labour contract, which could take into consideration the difficulty of reinstatement in that specific sector. At the end of the three years the worker enters the period of stability and he/she receives total protection. This protection against dismissal would not be an obstacle to the worker’s recruitment because, as the two scholars observe: “at this point it becomes very expensive for the company to interrupt the work relationship, having already invested in the worker”35. It is, as one can see, a practicable proposal, which if applied to all companies, whatever their size, would represent an important improvement also when compared to the article n. 18 of the Statute of the Labourers. At present, this article is applied only to the bigger companies and this generates inequality.

In addition to the proposal Boeri-Galasso, especially in these periods of occupational crisis, an incentive, for example, a tax discount, should be introduced for the companies which decide to

35 Ivi, pag. 117.
stabilize the position of their precarious workers. This incentive could be gradually eligible till the worker reaches the phase of stability, so after the third year. During the previous phase, instead, the state incentive would be used to cover the training costs in order to insert the worker in the professional structure of the company.

In this proposal, what happens to the fixed-term contracts? According to the authors they would be stipulated only for working activities of a limited length. They would last no more than two years and would make the employer pay higher contributions against unemployment, which is a concrete risk for workers with fixed-term contracts. It is possible, however, to argue that there is a simpler way to limit the use of fixed-term contracts, that is to abolish them, using instead supply work contracts. Temporary work, introduced in 1996 by the “pacchetto Treu”, has left a good mark, but its expansion has been limited by the competition of flexible contracts, which not being regulated from the economic and normative point of view, have become a low cost alternative to temporary work. To rediscover temporary work as the only alternative to typical subordinate work has many advantages. In fact, the private employment agencies: a) work in a clear normative situation; they are controlled by the Ministry of Labour which makes them stipulate clear written agreements; b) they compete with each other and this guarantees the best economic conditions for the companies who look for interim appointments c) the workers’ salaries are bargained by the social parties and they are equivalent to those of the other employees d) for the workers who rely on the agencies there is by law a fund which finances their training (it is administered by a bilateral body created for this purpose) and the different companies to obtain the loyalty of the best workers offer extra benefits, such as transport reimbursements or guarantees to receive bank loans; e) the selection of the candidates is really meritocratic because the agencies aim to find the “right” workers for the companies which are their clients: to send someone who does not possess the right qualities, is not a good strategy.

To what said above two last key conditions are missing to render flexibility an extra opportunity for young people and not a sentence to precarity and poverty. First of all it is necessary to fix a minimum wage for every hour of work, to be applied to all jobs. As Boeri and Galasso point out, this way it would be possible to guarantee those who are at present excluded from all forms of collective bargaining. The imposition of a minimum salary is far from being a revolution of devastating consequences for the entrepreneurial system: it already exists in the most liberalist countries, such as the United States and many others. By the way, the American experience shows that to be efficient, the minimum wage must be linked to the cost of living index. As Beth Shulman has noticed, the fact that the minimum wage has not grown since 1997 and is 5,15 dollars per hour, has brought the buying power to its lowest level since 1955. And this, while to not be considered poor, one should have a minimum wage of at least 11 dollars. The same identical considerations should be extended to Italy. Italy should therefore design a system which rewards the companies that, without being forced, pay flexible workers better wages than the minimum one, and therefore reduce the need of state assistance.

The last positive innovation which would allow us not to be afraid of flexibility is to guarantee real income support to the flexible workers and to the young people who enter the labour market. These workers have two problems: the lack of social protection when they leave one job to hopefully move on to another, a period in which they always face unemployment, and the uncertainty about their future pension. For what concerns the first aspect, we must remember that Italy in the period 2000-2006, spent in unemployment allowances an average of 0,48% of the total of its social expenditure. The UK spent in the same period 1,49%; France 0,86%. It is time to redress the balance, guaranteeing – also to the precarious workers – an unemployment allowance and increasing the provision of social services to support the workers’ families.

For what concerns the second aspect, it is obvious that it is impossible to think of applying to workers who earn only a few thousand euro every year, the financial rules of the pension scheme systems based on contributions. And this for the simple reason that, whatever may be the percentage of the levy, when incomes are low, a sufficient pension will never be guaranteed. We risk, therefore, to find the problem of supporting the worker and his/her family amplified 35 years later, when time comes for him or her to go on pension. To avoid this, it is necessary to create a mixed pension mechanism where the contributions paid by the worker would be integrated by state contributions and solidarity funds if his/her wage were to be under a certain minimum. The share paid by the collectivity will become less important as the worker’s income increases and will disappear when a certain income level is reached. The worker will then start paying back the surplus to compensate for the loan he/she obtained at the beginning of his/her working life.

To sum up, policy makers should adopt a multidimensional approach to the problems if they want to contrast the phenomenon of precarity. In other words, it is necessary to balance measures and provisions considering the multiplicity of contracts which are defined with the common name “non-standard”, but which recall, in reality, legislative and social protection situations very different from each other. Flexibility must be an opportunity not only for the employers, but also for the employees, who must not live it as a misfortune or as a life sentence to precarity and to poverty.

Of all this, unfortunately, there is no trace in the policies against the crisis passed by the Italian Government the 28th of November 2008. Precarious workers, sometimes seen as “self-employed workers” and, in other cases as “young people who are looking for their first job”, have so far benefited from a tiny fund, which should grant them, in some particular situations, a single payment amounting from 500 to 1000 euro. According to a reliable analysis, the conditions required by law to obtain this sum are so restrictive that, of the 800 thousand precarious workers registered in the public pension scheme fund, only 10 thousand people will be entitled to receive it. The overall cost will be barely 8 million euro. 8 billion euro are instead available to pay income support to the subordinate workers of the companies in crisis. And 300 million euro are being spent for the construction of buildings in the Maddalena where the G8 will be held in July 2009. To allow Italy’s precarious workers to live decently is obviously not a priority of the Italian government.

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37 The Government increased this provision in March 2009, but the yearly support to precarious workers is still well below the subsistence: up to a maximum of 2600 Euro for the whole year 2009.

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