Unemployment and Pensions Protection in Europe: The Changing Role of Social Partners: Italy

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The Country’s welfare and industrial relation system

- Southern European Welfare State Model (traditionally a “Pension state” + a “sub protective unemployment welfare regime” under deep changes – more retrenchment, less recalibration)

- The rise (and the fall) of social concertation in a country without a previous neo-corporatist tradition and a traditional voluntarism and pluralism tradition
The Country’s occupational welfare

- Low diffusion in comparative perspective and a quite “segmented” OW benefits supply
- Long standing (enterprise level) tradition + innovation in the last 20 years both at the sector- and firm-level
  - A slowly developing second pillar in pensions
  - A faster developing second pillar in health care and unemployment
- An increasing attention to “new social risks” coverage
- Often trade-offs between productivity and benefits
Incidence of voluntary private social expenditure on total social expenditure (%)
The Country’s occupational pension system

-Institutional traits: DC schemes on a voluntary basis (but fiscally fostered);
-“Closed funds” (nonprofit institutions) set up within collective bargaining at several levels

-“Open funds” are promoted and managed by banks, insurance and investment companies, offering both personal and occupational (i.e. based on a collective enrolment) plans

-“Personal pension plans” offered also through life insurance contracts (PIP) and receive the same tax treatment and incentives of pension funds

-- Diffusion very differentiated depending on the sector, the territory, public vs private, SMEs vs large firms
The Country’s occupational pension system

- **Importance:** limited take-up rate (6.5 million workers out of 23 million; 3 million workers in “Open” and “Closed” funds; since 2008 no increase in “Closed” ones; more personal plans rising (2.4 million workers)

- **Origin:** introduced in 1993 (before non existent)

- **Evolution:** increasing but slowly diffusion over time;

  - 2005: voluntary devolution of the TFR, with the “silent consent” formula for the transfer of the latter to “closed” supplementary funds: the choice to devolve is irreversible, however workers can always decide to devolve TFR flows to private pension schemes
The Country’s occupational pension system

- **Importance (coverage, generosity)**

- **Origin:** introduced in 1993 (before non existent)

- **Institutional traits:** DC schemes on a voluntary basis (but fiscally fostered);

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- “Open funds” are promoted and managed by banks, insurance and investment companies. They can offer both personal and occupational (i.e. based on a collective enrolment) plans
Wage Redundancy Fund (CIG)

2) Out of the legal coverage

Industry/large companies

Bilateral Solidarity Funds

By law / coll. agree.

• Banks
• Insurance
• Post
• Transport

Ordinary

Special / (mobility allowances)

Unemployment

1) Covered by the law

NASPI (Social Insurance for Empl.)

ASDI

DisCOLL

3) Out of all

CIG in derogation of the law (Close to be abrogated)
1) Compulsory Bilateral Funds

**What for?**
In constancy of the employment relationship, to ensure adequate forms of income support to those excluded from wage subsidy legislation.

**Where?**
Sectors not covered by the rules of wage, in relation to companies employing on average more than fifteen employees. But also, optionally, in the areas already covered (0.30%)

**Who?**
- Associations comparatively most representative at the national level + INPS (Tripartite committee in the governance; “spurious” bilateralism)

**How?**
- Sectoral or inter-sectoral agreement about the scope and funding Vs. Ministry decree for an erga omnes extension
  
  Overall outputs = financial availabilities
  Obligation of budgetary sustainability

**How much?**
- 2/3 employers + 1/3 employee

2) Alternative Bilateral Funds

- **Source:** collective autonomy exclusively
- **With a consolidated experience of bilateralism:** craft
- **Minimum contribution:** 0.20\% of gross wages
The Country’s occupational unemployment benefits

Given the flaws in the social security system, collective bargaining has without doubt functioned as a ‘stop-gap’, creating self-initiated and self-ruled bilateral funds

1) **Funding:** Bilateral funds require the workers to contribute in the financing of the measures, with an amount equal to one third.

2) **Duration and rate of replacement:** They will be lower than in the companies covered by the stronger legal protection.

3) **Conditionality:** The unemployment support will depend on the quite aleatory existence of sufficient resources accumulated within the funds, whereas their level will reflect the entity of the companies’ contribution decided at the tables of the social partners negotiations.

4) **Scope:** Whether the solidarity funds should leave uncovered the workers of the small enterprises with less than 16 employees, the law would have missed completely its promises and expectations.