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POLICIES AGAINST IN-WORK POVERTY IN ITALY

Andrea Garnero, Silvia Ciucciovino, Mariella Magnani, Paolo Naticchioni, Michele Raitano, Stefani Scherer, Emanuela Struffolino

A quarter of Italian workers have a low individual wage (i.e. below 60% of the median), and more than one in 10 are in poverty (i.e. they live in a household with a net equivalent income below 60% of the median). In the public debate, in-work poverty is often linked to low wages whereas it is the result of a process that goes far beyond wages, and concerns also work intensity, the household structure, and redistribution policies. A strategy against in-work poverty therefore requires multiple instruments to support workers' wages, increase the number of earners, and ensure an effective redistributive system. In this contribution, after a discussion of the mechanisms that lead to in-work poverty, we discuss four policy packages to address in-work poverty in Italy.

Keywords: in-work poverty, wages, redistribution, Italy.

WAGE INEQUALITY:WHAT MATTERS MOST

Francesca Subioli

The economic literature provides evidence that standard demographic characteristics and human capital variables explain at most one third of wage inequality in Mincerian earnings equations. This work explores the unexplained inequality by using Italian linked employer-employee data from 1998 to 2016. I provide evidence that, from the end of the 1990s to 2016, the type of contract became increasingly important in explaining wage inequality, especially annual and weekly, but around 70% of annual earnings inequality, and 40% of weekly and hourly wages remain unexplained by observable characteristics. My results suggest that part of the unexplained variance is due to differences between the firms in which the workers are employed, but the largest contribution remains workers' unobserved heterogeneity.

Keywords: earnings inequality, linked employer-employee data, AKM model, Italy.

OLD AND NEW DEPENDENCY RELATED TO EXTRACTIVISM

Milos Skakal

The purpose of this article is to investigate the link between, on the one hand, the concept of extractivism, and, on the other, the dependency theories that, in the 1970s, tried to explain the underdevelopment of South American countries with the centre-periphery binomial. The contribution delves into the evolution, from extractivism to neo-extractivism, of economic models based on commodity extraction, and highlights the crucial role of the progressive Governments of the first years of the 21st century within this transition. Two main aspects are highlighted: the persistent economic dependency between commodity-exporting countries and importing countries, and the broadening of the concept of extractivism, which is necessary to understand the contemporary forms of exploitation of labour, territory, and relationships within the neo-liberal phase. The paper also addresses the struggles that arise against the spread of the extractivist model (environmental and unionist struggles, as well as the ones for civil and political rights), and ends with a consideration on the dramatic increase in demand for commodities related to energy transition.

Keywords: dependency, extractivism, neo-extractivism, commodities, centre-periphery, social movements.

INFLATION IN ITALY

Claudio Gnesutta, Matteo Lucchese, Mario Pianta, Giuseppe Simone

In 2022, annual inflation reached 8.7% in Italy, the largest increase since the mid-1980s. The rise in consumer prices in this country, as well as in other Western economies, is mainly due to the increase in energy prices. In Italy, economic policies aimed at tackling inflation have been limited to subsidies for businesses and households. Policies did not address the structural causes rooted in our dependence on gas and oil imports, in inefficient energy markets, and in the lack of an industrial policy favouring production adjustments and ecological transition. Inflation revives the distributional conflict triggered by rising prices, as well as the need for an incomes policy centred on the protection of real wages.

Keywords: inflation, wages, incomes policy.

INDUSTRY AND LABOUR IN EMILIA-ROMAGNA: HUMAN CAPITAL, GROWTH, AND COMPETITIVENESS

Luca Rossi, Annamaria Raimondi

The present essay contributes to the debate on the mismatch between labour supply and demand, focusing on workers' skills vs. those required by firms. This aspect, paired with the demographic scenario featuring rapid population ageing, as well as with the emigration of highly qualified young people to other countries (brain drain), has a significant impact on the availability of human capital for firms, in terms of both quality and quantity.

Through an analysis of the trend of economic, demographic, and social indicators in Emilia-Romagna over the last 50 years, the essay discusses the effects that the shortage of human capital can have on the growth potential of the regional industry.

Due to shortage of human capital, companies might refrain from certain investment strategies, and thus take less innovative and challenging growth paths, thereby losing competitiveness in the long run. This scenario requires awareness and coherent and well-grounded choices of the political, social, and economic system.

Keywords: labour demand, human capital, skills, and occupational choice, geographic labour mobility, regional economic activity, growth, development, and changes.

ENERGY TRANSITION AND INDUSTRIAL DEVELOPMENT: THE PHOTOVOLTAIC INDUSTRY IN EUROPE (AND IN ITALY)

Augusto Ninni

The article briefly analyses Italy's commitment to the energy transition process, at a time – the last three years – when extremely serious external shocks, such as the pandemic, a pick-up in inflation (also driven by rising energy prices), and recently the Russia-Ukraine war have emerged, putting a strain on the pursuit of the goal of reducing climate-changing gas emissions. Italy's performance is compared with that of France, Germany, and Spain: Italy appears less committed to the energy transition process as long as such country has to rely on its own resources, while this is no longer the case when it becomes clear that it can use the resources of Next Generation EU.

Furthermore, the Russo-Ukrainian war also emphasises the geopolitical significance of the security of energy supply. Therefore, the REPowerEU programme may boost – with positive effects also on Italy – the reshoring strategies triggered by the pandemic.

Keywords: energy transition, comparison between Italy and other European countries, NRRP, Next Generation EU, energy crisis, REPowerEU, reshoring, photovoltaics.

COLLECTIVE BARGAINING IN SMALL FIRMS OF THE INDUSTRY SECTOR

Francesco D'Amuri, Raffaella Nizzi, Santiago Pereda Fernández

The present essay describes the collective bargaining patterns most commonly adopted by the small firms of the industry sector, assessing their impact in terms of wage levels and dispersion, both at country level and in the different areas of Italy. Although median pay levels set by the collective bargaining agreements of the craft sector are lower than those set by the collective bargaining agreements entered into by Confindustria, these two types of collective bargaining agreement feature risible differences in terms of low pay levels, which usually represent a starting point for jobseekers. In 2019, the first decile of the wage distribution of the collective bargaining agreements of the craft sector was 11.5% lower than that of the collective bargaining agreements entered into by Confindustria. The gap monotonically increases along the distribution, and attains its peak in the ninth decile (17%). Such trend is more evident in southern regions, where low pay levels feature a less significant deviation than that observed in other areas of the country. Overall, the findings point out the presence of a minimum threshold below which pay levels are not set, although the Italian legislative framework does not envisage a statutory minimum wage.

Keywords: industrial relations, bargaining, wage distribution.

COVID-19 AND WOMEN'S ATTITUDE TO WORK: COMMITMENT, EFFECTIVITY, AND PARTICIPATION

Irene Brunetti, Lorenzo Corsini, Irene Martelli

The aim of this paper is to assess the impact of Covid-19 and the subsequent lockdown on the attitude and capability of women towards work and on their labour force participation. The empirical analysis is based on a case study that uses an online survey on working conditions of women before, during, and after the lockdown in Tuscany and on their post-lockdown perspectives. By applying the Item Response Theory (IRT) model, we estimate a latent measure that captures women's sense of commitment to their jobs. Results suggest a predictable worsening in women's working conditions and perspectives. However, this worsening was not symmetric among women. The lockdown was particularly detrimental to women: (i) working in the private sector; (ii) in the younger age class (below 35); and (iii) without tertiary education. These findings point to a severe risk of a withdrawal of women in terms of labour force participation, and suggest the need for policy to support categories particularly exposed to this risk.

Keywords: Covid-19, female labour participation, Item Response Theory

THE YOUTH GUARANTEE IN THE ITALIAN SCHOOL-TO-WORK TRANSITION SYSTEM. OPPORTUNITIES AND CRITICALITIES

Francesco Pastore

This essay provides a review of the (mainly Italian) literature evaluating the impact of the Youth Guarantee programme implemented in Italy in the last five years or so. The institutional, organisational, and economic aspects are considered, at both micro and macro level. The policy has been successful in the sense that it has actually demonstrated to a significant number of young people that the European Union was dealing with their problem, although the effects on employment were rather modest, both because of the organisational difficulties encountered by Public Employment Services, and due to macroeconomic issues linked to low growth.