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Report on the Conference in commemoration of Marco Biagi on 'The Reform of the Labour Market: Deregulation or Reregulation?', Rome, March 2004.

The Commemoration in Rome on 18-19 March 2004[1] organised by the Marco Biagi Foundation, University of Modena and Reggio Emilia, ADAPT, AISRI and the Association of Friends of Marco Biagi was not simply a formal occasion in honour of Marco Biagi on the second anniversary of his tragic and shocking death but also an opportunity for a highly stimulating and engaging debate, with speakers from numerous European countries, the United States and Japan, along with the leaders of the main employers' associations and trade-union confederations, as well as political leaders. The *leitmotiv*, eloquently expressed by Manfred Weiss, was that in the reform of the labour market there are no easy answers and no simple formulae that can reconcile contrasting policy aims, but labour law scholars need to have the courage to explain the complexity of the issues as well as to devise and advocate innovative measures.

In opening the Conference, GIAN CARLO PELLACANI, (Rector, University of Modena and Reggio Emilia) welcomed the international forum as a chance to discuss the ideas particularly dear to Biagi that were recently implemented by means of Legislative Decree No. 276, 2003. He reported that the Faculty where Biagi lectured for some 20 years is now entitled the Marco Biagi Faculty of Economics, while the Foundation, chaired by Marina Orlandi Biagi, and the postgraduate programmes in Employability and Placement, and Labour Relations, are just some of the

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1 See <http://www.csmb.unimo.it/eventi.html>.

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ways in which his research work is being carried forward.[2] The Rector also stressed the strategic role Universities can play in promoting active labour policies, one of the innovations introduced into Italian legislation based on a proposal by Marco Biagi in his role as Consultant to the Ministry of Labour and Social Policy.

LEA BATTISTONI (Ministry of Labour and Social Policy) examined the close relation between the Biagi Law and the European Employment Strategy adopted in Lisbon. She dealt with several issues, such as the categories that face particular difficulty in gaining access to the labour market, rapid reinstatement, and the need to modernise the system matching the supply and demand for labour in light of a new concept for the Italian market, that of regulated flexibility. Moreover, she highlighted the need to envisage new actors in the labour market such as schools, universities, and private employment agencies.

With regard to placement services, PAOLO SESTITO of the Italian Ministry of Labour drew attention to two main tendencies in the Italian labour market: decentralisation and the opening up to private actors. He stressed that today private bodies can perform many functions, but they face difficulties as until recently the legislative framework was unfavourable. To encourage public-private initiatives and ensure more transparency in the labour market, it is necessary to set up online job banks, with particular regard to the needs of workers whose circumstances risk making them less appealing to private-sector agencies. It is not yet clear whether the role of the public sector should primarily be that of service provider, regulator or competitor with the private sector. The system of authorisation of private agencies is of great importance, along with the regulation and monitoring of these agencies.

In relation to the authorisation of employment agencies, PATRIZIA TULLINI (University of Bologna) argued that the division of competences between the State and the Regions gives rise to a potential conflict over whether a regional authorisation should be valid at national level. Subsidiarity has a role to play in this connection.

Temporary agency work was also discussed by ROGER BLANPAIN (University of Tilburg), who pointed out that worldwide some seven million workers are engaged by such agencies on a daily basis. In the not-too-distant past temporary work was illegal: in the 1960s the ILO Secretariat issued an opinion based on Convention No. 96 that outlawed agency work. Then the triangular relationship was defined, in which the user is not the employer, endorsed by the European Court of Justice

2 See <http://www.csmb.unimo.it/fmb.html>.

(ECJ) in the *Manpower* case in 1970. In the 1980s the prevailing opinion was still that the Government should have a monopoly on employment services, but then private-sector recruitment, headhunting and outplacing became established. Until the ECJ ruling in 1997 in the *Job Centre* case, providing a job for a worker who was made redundant could be a criminal offence. The ECJ played a significant role in recognising private employment agencies as fully-fledged actors in the labour market. As a result of its rulings, placement was gradually removed from the exclusive competence of the Member States and became a European matter relating to the free movement of services and competition law. The *Job Centre* case of 1997 can be considered in this regard a landmark case: for the first time the Court ruled that the state monopoly on placement was contrary to European competition law as public employment services were apparently not capable of meeting the needs of the highly diversified labour market. In the same year the ILO adopted the Private Employment Agencies Convention No. 181. These developments stimulated the rapid growth of temporary work agencies. As a result there is full recognition and a growing number of services (manpower needs, training, skills shortages). In the Netherlands 17% of temporary workers are subsequently hired by the user company; in Belgium a law allows artists/singers to be employed by temporary employment agencies to deal with administration and payment. The Danish model offers coaching: an individual who is out of work for six months receives coaching in order to improve access to the labour market, which is vital for social cohesion. In the US leasing companies have hundreds of thousands of employees. Temporary employment agencies want to set wage rates themselves, not to have them set by the user company, one of the most controversial points in the proposed European Directive on temporary agency work[3]. The Belgian Government requires agencies to register in Belgium, but this requirement is in contrast with the free movement of services. This does not mean that public employment agencies should not be forced out of business, as certain categories still need their services. In fact ILO Convention No. 181 of 1997 encourages the integration of public and private bodies in order to achieve social integration.

PAOLA OLIVELLI (University of Macerata) pointed out that a guiding principle of the ILO when it drafted the conventions prohibiting private employment agencies was that labour was not a commodity. The ILO was driven by a wish to protect workers against possible abuses by employers. However, the profound changes in labour markets due to globalisa-

3 COM(2002) 702, 28 November 2002.

tion and the shift towards the service economy led the ILO to change its attitude towards private agencies even though this process was slow: in the ILO report of 2003 a degree of prejudice against private employment agencies was still apparent. Today it is clear that private employment agencies should not be thought of as an aberration (as is naturally the case with *caporali* or gang masters operating outside the law). Rather, it is important to bear in mind that before the welfare state came into existence, religious organisations provided training and access to the labour market. Private employment agencies have traditionally existed in countries like Denmark, that has always had private placement services, and the UK, that has never tried to prevent temporary employment agencies from doing business. Agencies must be encouraged to provide employment opportunities for all types of workers, as recommended in the report *Jobs, Jobs, Jobs* presented to the ILO by the working group coordinated by Wim Kok.

The reform of the labour market as a process taking place throughout Europe and beyond was discussed by MICHELE TIRABOSCHI (University of Modena and Reggio Emilia), who underlined Marco Biagi's contribution to the White Paper on the Labour Market published in October 2001. In formal terms Italian labour law has traditionally divided the market into two categories, subordinate (salaried) labour, with a high level of protection, and self-employment, with hardly any protection, but over the years a grey area of quasi-salaried employment has emerged and expanded. In addition, the number of workers in the hidden economy is estimated to be two to three times higher than in other countries. The reform aims to deal with this problem by introducing various forms of employment contract, in particular project work, a measure negotiated with the unions and intended to be a form of self-employment. At present 90% of workers in the grey area work for just one client, and 60% are employed on the client's premises. The self-employed label is therefore in many cases inappropriate, and there is a need to combat this practice. Eliminating or reducing quasi-subordinate employment is a necessary condition for introducing a Work Statute.

The distinction between employment and self-employment is a critical issue also in Germany, as discussed by MANFRED WEISS (Frankfurt University). In Germany different criteria are adopted for this distinction in labour law, social security law, and tax law. Recent years have seen the emergence of a third category of 'employee-like' individuals, who are economically dependent and therefore treated like employees with regard to health and safety measures, annual leave and pension schemes. In other words they have access to the system of labour law, but not the 'hard core' of labour law, with protection against dismissal, and participation rights. There is no statutory definition of employees or employee-

like persons: this is done by the courts, that have tried to devise new criteria, relating to the degree of integration into the organisation, the similarity of the work to that of company employees, and the proportion of an individual's income paid by the company.

One positive trend, confirmed by the courts, is the gradual expansion of the notion of employee to embrace as many people as possible and grant them adequate protection. It is often up to the courts to decide on the character of the employment relationship and the definition given by the parties to the individual contract is not sufficient. However, this system of case law is no longer transparent: there is a lack of clarity about who is an employee and who is an employee-like person, also because many employees opt to become self-employed to avoid paying contributions, and the social security system is losing out as a result. Should quasi-subordinate workers be included in the social security system? In 1998 the Government attempted to do this, laying down five criteria, three of which were sufficient to identify the individual as an employee, but the Hartz Commission argued that this had a negative effect on employment levels, the Government accepted these recommendations and now Germany has employee-like persons once again. It is not a matter of which party is in power: rather, as Jürgen Habermas said, the problem is that society is so complex that it is hard to predict the consequences of any reform. There is a need to be pragmatic, to have the courage to experiment but then also to make changes. It is a confusing message, but that is what scholars are for: to give complex answers to difficult questions.

ALAN NEAL (University of Warwick) continued the discussion of the complexity of the notion of employee by pointing out that the term 'parasubordination' was invented by EU translators for the Supiot report in 1999. Some of these phenomena have only come into existence as a result of regulations: zero-hours contracts were invented to avoid certain forms of regulation, and this undermines the system of basic protection. It is not clear who is protected and who is not, as labour lawyers still rely on the old tools. Whether individuals are protected persons or self-employed is a matter of political choice that should be addressed in a transparent manner. The British experience is similar to the German case: all that is lacking is an expression for employee-like persons. A close examination of what is happening leads to some uncomfortable answers, and it is no longer acceptable to leave these cases to the courts. In English law those inside the protected circle are called employees, those outside are called workers. This is the choice of the statutory draftsman: the expression 'worker' is used extensively. Until 10 years ago in the UK unemployed persons were paid to be trainees, but they were not employees, so received none of the protection of employees. After a fatal acci-

dent involving a trainee, it was decided to reclassify trainees as employees. This was a political decision, and there is a need to justify the choices made. There should be a presumption in favour of protection, with a requirement for justification in the case of reduced protection. There is an irreducible floor of rights: certain types of rights and protection should not be removed or diminished, and the criteria adopted could be those of the Nice Treaty or the ILO.

The impact of the grey area on industrial relations was discussed by GIAN PRIMO CELLA (University of Milan) with reference to the Italian system.

The session on outsourcing began with a discussion of its impact on human resources management by RICCARDO DEL PUNTA (University of Florence). In temporary agency work the user has certain responsibilities even though he/she is not actually the employer. In this connection the law has difficulty in keeping up with ongoing developments. One important problem in the Italian labour market is the demarcation line between legitimate subcontracting and the illegitimate use of temporary agency work, though there is a need to adopt elastic criteria in order to keep pace with developments.

LUIGI GOLZIO (University of Modena and Reggio Emilia) then examined developments in company organisation. The market requires personalised services at competitive rates. There is a strong contrast between critical (protected) employment and marginal labour with a lower level of protection, but the general trend is for labour to become more specialised, with even low-skilled tasks requiring the use of computers. Demand is strong for those who are capable of coordinating a team, cultivating relations, and matching supply and demand. Outsourcing is not always a winning strategy: a company that outsources its call centre may have made the wrong decision, as the costs may be lower but the quality of the services inferior, and clients expect personalised services. The legal categories are not suited to dealing with the complexities of the market.

JANICE BELLACE (University of Pennsylvania) underlined the fact that in the US there is no comprehensive regulation of the employment contract, and no law that the contract be in writing or for an indefinite period. An employer can dismiss anyone at any time (except for cases prohibited by law, e.g. discrimination), an employee is under no obligation to give notice, and the employer is free to change the working hours. Market forces determine the conditions, though there is a notion of what the normal terms are supposed to be. Economic growth is strong, but it is not delivering an increase in jobs, and many blame outsourcing. In the 1990s the US was seen as an incredible job machine until the 'tech bubble' burst. At present the value of total household wealth is rising and consumers are spending though wage growth is flat. The Government has used huge fis-

cal and monetary stimuli, and as a result mortgage rates are low and house prices are rising. Last year GDP went up by 4.3%, but wages by only 1%. The winners are shareholders, with a 39% increase in share prices last year, and corporate profits up 25%. Many employers do not provide health cover for low-paid employees, as it can cost $8000 a year. Health care depends on whether an individual has a job and the quality of the job. At present there is no shortage of labour, with unemployment at around 5.5%, though the size of the labour force is falling as 16-24-year-olds work less. Many workers are acutely aware that their jobs are at risk: they fear their jobs will leave the US, and in 2003 blue-collar jobs fell by 3%. Outsourcing is not new to the US–until the 1970s it was called subcontracting–but what is new is the magnitude. In the 1980s US industry started to go offshore, particularly labour-intensive industries such as apparel and electrical goods assembly. There was a feeling that more education was needed, but that the labour market was strong. In the UK there are 'leased employees' but the terminology is different in the US. In these cases one employer pays the worker, while another controls the health and safety aspects. Now white-collar jobs such as accounting and software programming are going to India, and education does not seem to be sufficient any more, leading to a feeling of vulnerability on the part of the middle classes. It is not obvious where the new hot areas are that will provide good jobs. IT is leading to an increase in productivity: the online purchase of airline tickets results in a fall in the number of booking agency jobs.

The report by CSILLA KOLLONAY (Eötvös Loránd University, Budapest) made the point that outsourcing in Hungary at times means that employees are dismissed but carry on doing their old jobs on a self-employed basis. In this way the employer is no longer responsible for paying contributions, so it is a form of avoidance (or evasion) of tax and social security liabilities.

LUCA NOGLER (University of Trento), in a comparative survey of provisions on dismissals stressed that normal practice is to use a general formula for dismissals, but countries that have opted for more detailed provisions have not so far seen any significant improvement. In the Netherlands the employer is required to inform the Labour Office before dismissing an employee, and this system protects not only the worker but also the enterprise. In Germany in order to give incentives to employers to hire unemployed people the number of employees before dismissal legislation applies has been raised from 5 to 10. In Austria a participatory vision of industrial relations prevails. Italy, unlike Germany, has signed the European Social Charter. In the US reinstatement was introduced in 1918 to protect union activists. In Italy strong forms of protection are applied in the case of irregularities, even of a procedural nature, but a major problem is that legal proceedings take far too long.

ROGER BLANPAIN considered dismissals in relation to developments in the labour market as a whole, characterised by the shift from job security to employability, since the best job security is in the skills of the individual. The labour market is both global and local: even a small country such as Belgium has 11,000 subsidiaries abroad. The markets produce more but the value may not increase as goods become cheaper. There are more services where another person is the object of the activity, such as restaurants, sport, and hairdressing, and for these services productivity is not growing and they are becoming more and more expensive. White-collar jobs are now being exported, involving everything that can be carried out on the Internet: Siemens is planning to export 50,000 software jobs. India produces 2,000,000 engineers per year, and there are as many software engineers in Bangalore as in Silicon Valley. How to finance the welfare state, health and pensions is becoming a major problem. Higher tenure leads to higher productivity, but the more flexible the labour market, the more jobs there are. In terms of best practice the speaker mentioned the Danish model, pointing out its excellent combination of flexibility and security in labour market policies. In Denmark the unionisation rate is 80%, with a short period of notice, and 80% of salary upon dismissal. After six months if the individual does not find a job the community provides a job and it is obligatory to take it. In contrast, in Belgium some white-collar employees must be given 24 months' notice, so dismissing an employee is extremely difficult: Sabena had to go bankrupt in order to restructure. The age factor is also significant: in Belgium only a quarter of those over the age of 55 work, whereas in Sweden it is three-quarters. The Belgian system is the worst: Ford workers in Belgium can obtain early retirement at the age of 48, Volvo offers them alternative jobs 100 km away, and they refuse to take them. It is also necessary to bear in mind that as a rule older workers are more expensive than younger ones, and in many cases their productivity does not reflect their higher wages. This is another reason for their early retirement. Pensions and health care risk becoming an unaffordable social burden. It is therefore necessary to give older people more opportunities to remain in the labour market by changing the present legislation. Workers' pay should reflect added value and not necessarily age. Older people should be encouraged to remain in work as long as possible by offering a higher pension in exchange for their continuing to play an active role in the labour market.

Another critical matter is the lack of funding for research. There are 400,000 European researchers in the US, but in Europe only Finland and Sweden invest 3% of GDP in research. The existing 15 Member States of the EU do not intend to let Polish workers in but Europe needs the brains that at present are going to America.

In Germany, as reported by MANFRED WEISS, there is an elaborate system of protection against dismissal. One of the measures ensuring job security is the period of notice, that is proportionate to the number of years an employee has worked for the employer. It is a popular idea that without this elaborate protection there would be more unemployment but there is no evidence of this. Before a dismissal can take place (for incapacity, misconduct, or economic reasons) the *Betriebsrat* must be consulted and a long period of notice must be given. If there is a conflict arising from dismissal that goes to the labour court, in 80% of cases the outcome is compensation rather than reinstatement. This can be explained by the fact that often the employer and the employee reach a compromise in the courts of first instance: employees are interested in higher compensation, while employers give priority to a quick resolution of the case.

The application of the law on dismissals was limited to companies with more than five employees but from 1 January 2004 this limit was raised to 10 employees. Part-time workers are counted on the basis of full-time equivalents. All workers have minimum protection under the Constitution, but workers have a higher level of protection only in large companies. The four criteria to be taken into account in selecting employees for redundancy are seniority, age, maintenance responsibilities, and disability, but the legislator does not specify how these criteria are to be balanced: that is for the *Betriebsrat* that in any case must be informed and consulted before the dismissal takes place. Moreover, these criteria do not apply if there is a need to consider the appropriate composition of the workforce, adding another element of uncertainty. The dismissal is also void if an employee can be transferred to comparable work immediately or after appropriate training. In Germany the reform is advocated as an instrument for the creation of new jobs, but no evidence has been provided. Politicians are not sure which policies to promote, but introduce symbolic legislation that is presented as flexibility by the media.

YASUO SUWA (Hosei University, Tokyo) began his analysis by stating that the concept of job security is of great importance in Japan. Until the 1980s the three pillars of job security were lifelong employment, conditions determined by seniority, and enterprise unions, but the 1990s were the lost years, the decade without growth, and the unemployment rate rose from 2% to 5%, reaching 10% among young people. The active discussion of changes to the system of dismissal began in the 1990s, though even in the post-war years in Japan it was not forbidden to dismiss employees: it was a matter for employers to decide. However, dismissals were rare as they were in contrast with the culture of life-long employment. The law intervenes only in a few instances, for example in cases of discrimination. The employer has the right to dismiss an employee, but this right cannot be exercised in an indiscriminate manner. In order to be

effective a dismissal must be 'objectively reasonable or socially acceptable'. Japan is currently going through a transition in the search for new employment conditions appropriate to the new socio-economic context. The uncertainty characterising this phase may be illustrated by the case of the radio newsreader who was under a contractual obligation to present the six o'clock news every morning. On one occasion he overslept and read the news 10 minutes late, resulting in protests from irate listeners and a written warning by the employer. The second time this happened, he was dismissed and appealed to the labour court, that found the dismissal could not be upheld, because 'Buddha forgives the guilty one three times'.

Still with regard to dismissals, ROBERTO PESSI (LUISS, Rome) stated the need to reduce the area of quasi-subordinate employment while preventing those involved from slipping into the hidden economy. When an enterprise increases the number of employees from 15 to 16, crossing the employment threshold, costs escalate, so the provisions applied at present are not proportionate to the size of the company. Rather than remove existing forms of protection there is a need to introduce forms of reregulation in proportion to the size of the enterprise. He also pointed out a paradox of the Italian legislation, that makes individual forms of dismissal more difficult than collective forms. The solution may be to encourage employers to evaluate the possible alternatives to collective dismissal, one of which for example may be temporary work. In conclusion, the speaker underlined the need to strike a balance between employee protection and the requirements of employers in order to ensure flexibility not only in relation to dismissal but also to labour market access.

The second day began with a presentation by LORENZO ZOPPOLI (University of Naples). The concept of social inclusion does not come from labour law but from social and community policy, and from Article 137 of the Treaty on European Union. The present Government sees the malfunctioning of the Italian labour market as a priority and considers the tax and social security burden on the enterprise to be too heavy. For the purposes of social inclusion, access to the labour market is of central importance. The Biagi Law (Act No. 30/2003) and Legislative Decree No. 276/2003 place particular importance on access to the labour market, and Articles 47-60 introduce new provisions relating to training contracts, with certain functions delegated to regional legislation and collective bargaining. Project work is to be dealt with mainly by collective and individual bargaining along with the certification of employment contracts, but the protection for workers is considered by some to be inadequate. Articles 13 and 14 of the reform provide incentives for employment agencies to assist disadvantaged workers, while Article 14 grants relief for enterprises that take on workers with major disabilities. A fur-

ther provision is for the purchase of vouchers for those working 30 days a year with an upper earnings limit of 3000 euros, in order to encourage the emergence of labour from the hidden economy, that is particularly extensive in the building trades.

TINDARA ADDABBO (University of Modena and Reggio Emilia) presented a profile of women in the Italian labour force: in the 15-64 year age bracket, just 42% of women are in paid employment, against a target of 60%, so gender mainstreaming in public policies is now a necessity. Women are under-represented in executive posts but also in the Italian Parliament, while part-time work is still not widespread. Only 6% of children up to the age of three years are in day care (20% in Emilia Romagna, 1% in the South). Part-time work may be voluntary or involuntary: a further option in addition to part-time or full-time is short full-time. Employment contracts should contain elastic provisions to facilitate the change from one working pattern from another. The labour market reform in Italy also provides for job sharing. Work-life compatibility is not simply an advantage for the worker, but enables new families to be set up, combating the demographic decline. The most competitive economies have a high level of employment among women, but certain market segments are not well served by employment agencies, e.g. well qualified women from non-EU countries. The reform recognises the need to certify and monitor employment agencies.

LUCA MELDOLESI (University of Naples) first of all addressed positive trends in the Italian labour market: according to the official statistics, between 1993 and 2004 the total number in employment increased by 2.5 million. He pointed out that the Italian reform is designed as framework legislation, with detailed provisions to be enacted in a second phase. Some progress has been made in bringing workers out of the hidden economy, but more is needed. All four pillars of the European Employment Strategy are present in the Biagi Law, that also aims to provide incentives for enterprises that operate within the law. He also stressed the tendency to assign a considerable amount of responsibility for combating the hidden economy to the social partners, and highlighted the necessity of cooperation between all the actors involved, paying special attention to the local dimension.

LUISA GALANTINO (University of Modena and Reggio Emilia) examined the link between training and employment, and the need for individuals to improve their competitive position through skills development. It is now intended to allow apprentices to take school-leaving certificates alongside vocational training. In the past abuses of the apprenticeship system led to the enterprise being obliged to hire the apprentice on an open-ended contract but now fines are to be levied instead. Training contracts are governed by EU, national and regional provisions and by collective

bargaining, but the distinction between national and regional competences laid down by Article 117 of the Constitution needs further clarification.

MARCELLO PEDRAZZOLI (University of Bologna) examined the complex problem of the Work Statute. It should be a matter of public policy to deal with periods in which individuals are not working as well as periods in which they are in employment. Italy has the highest rates of unemployment among young people in the EU, with 28% out of work against the EU average of 14.7%. Moreover, the long-term unemployed (12 months or more) account for 60% of the total, but in comparative terms Italy spends the least on safety-net measures. In addition, pension cover is starting to fall: while the replacement value of pensions stands at 80% of final salary today, this is likely to fall to 20-25%, and this shortfall will need to be made up. Legislative Decree No. 276 introduces many new forms of employment but there is some doubt about their effectiveness: more judges may be needed and businesses will have to operate in a climate of uncertainty. The method of delegated legislation is also open to criticism.

CARO LUCREZIO MONTICELLI (Italian Ministry of Labour) defended the choice of delegated legislation as a means of reducing the time needed to implement the reform. Inspection services are being set up and inspectors recruited. Self-employment will have to be interpreted in the strict sense. For the first time, project work includes basic forms of protection: health and safety, maternity cover, accidents, fair pay.

NATALE FORLANI (Italia Lavoro) identified a potential for change over the next 10 years comparable to that of any other European country, with large numbers of workers leaving the labour market, especially men. During the previous administration the then Minister of Labour, Tiziano Treu, was subject to vehement criticism for implementing temporary agency work but this reform has had beneficial effects. The aim should not be to identify the highest level of protection and then extend it to all workers. Hiring and dismissals currently take place mainly on the basis of company size.

GIAN CARLO DURANTE (Italian Banking Association) saw the need for more self-employed individuals as the new professions require a greater degree of autonomy than in the past. It is in the interests not only of workers but also of employers for regulations to provide guarantees and a degree of certainty, and the certification procedure is an innovative approach to this problem. Basic social protection must be provided at the first level, with a second level consisting of a range of incentives.

LUIGI ANGELETTI (UIL, trade-union confederation) noted that more than 10% of workers are now quasi-subordinate, an anomalous situation, whereas Stefano Parisi (Confindustria, employers) saw the need for new developments to take place within the law, and for the various reforms to be brought together in a unified system.

GUGLIELMO EPIFANI (CGIL, trade-union confederation) expressed doubts about the basis of job security in the new system and saw a shift in power in favour of business. In the US productivity is increasing but not employment, whereas in Italy the number of jobs is rising while aggregate income remains flat.

SERGIO BILLÈ (Confcommercio, service-sector employers) lamented the decline in the purchasing power of Italian consumers, but underlined the urgency of reform in order to combat the largest hidden economy in Europe.

SAVINO PEZZOTTA (CISL, trade-union confederation) was alarmed by the decline in Italy's competitiveness, and saw lifelong learning as essential. New forms of mutual support are required to help workers in the transition between jobs, with bilateral bodies playing an important role.

GUIDO GENTILE (Editor, *Il Sole-24 Ore*) and ROBERTO MARONI (Minister of Labour and Social Policy) then paid tribute to Marco Biagi's writing on labour issues and his drafting of the White Paper on the Labour Market. This was followed by the award of the Marco Biagi Prize to Rita Fatiguso for journalism, and to Loredana Nardella for her career guide for school leavers.

ENRICO LETTA (AREL) spoke of a new bipartisan spirit between the social partners, also with regard to matters concerning dismissal that have yet to be resolved.

TIZIANO TREU (Catholic University, Milan) noted that the legal system is posited on a simple dichotomy between employees and self-employed workers, but the reality is far more complex. Contributions to the welfare system need to be made by all workers, as flexibility needs to be supported by welfare provisions.

MAURIZIO SACCONI (Undersecretary of State, Ministry of Labour and Social Policy) underlined the link between competitiveness and labour market regulations, as labour market provisions can favour economic growth but they can also impede it. The widespread nature of black-market labour in Italy shows that the present system is obsolete. The aim of the Biagi Law is not to extend the area of precarious employment but to increase the number of open-ended contracts.

PIER FERDINANDO CASINI (President, Chamber of Deputies) reminded the Conference of the continuity of Marco Biagi's service under the previous Government and the present one, underlined by the participation both of the present Minister, Roberto Maroni, and his predecessor, Tiziano Treu. The overall conclusion of the Conference was that the most appropriate way of paying tribute to Biagi's courage and intellectual integrity is to continue with his rigorous observation and analysis of the labour market in a comparative perspective and to further the ideas he defended as a way of improving the range and quality of employment opportunities.