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Betting on the Future: A Comparison Between Trade Unions' Strategy in the Restructuring of Fiat and Volvo Cars

Federico Fusco¹

Abstract

Nowadays, a key factor for business competitiveness is the ability to change structure adapting to markets shifts. Restructuring often requires negotiation with trade unions, which must calibrate their action in order to protect workers' interests. Based on these considerations, the present paper analyses trade unions' role in the restructuring processes of Fiat and Volvo cars during the 2008-2010 economic crisis. Both companies opted for innovative strategies, clashing with their respective national models of restructuring and based on the logic of a "common bet" between employer and employees towards a better future. The Swedish trade union managed to combine its efforts with the Volvo one, to quickly adopt necessary measures. Conversely, some Italian unions clung to old inefficient schemes, affecting the firm's action and almost causing the shutdown of the plant. Those different approaches could be the outcome of opposite public intervention strategies at the economy, especially in relation to enterprises' crisis. Italy traditionally aims to prevent dismissals, supporting layoffs with public allowances. Sweden took action, helping workers to find new jobs. Thus, Swedish trade unions conceive restructuring as a normal part of company's life, while in Italy reliance on public funds helps to keep alive activities which are no longer economically sustainable.

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1. Introduction

A key feature for the contemporary trade unions is its ability to abandon inefficient working models in favour of better ones, embracing together with the employer some kind of “bet” for the future of the firm².

Contemporary companies require an increased amount of managerial flexibility, thus to ensure the achievement of the mutable productivity goals. In the global economy, enterprises are exposed to economic shocks coming from different markets and so, as for every earthquake, there is an increasing need for flexible structures to better resist the stress. For those reasons, the ability to promptly adapt to the shifts of the market has become a key factor for the competitiveness of a system. In this framework, the tools devoted to the restructuring of companies play an essential role. In this context, the trade unions have a crucial part. In fact, the protection of workers’ rights requires the ability to recognize and abandon strategies that are no longer efficient³.

The abovementioned remarks faced an important test during the crisis spread in 2008, which deeply affected the world economy. Focusing on the automotive industry, between 2008 and 2009, the vehicles production decreased by 21.7% in Europe and 34.2% in the U.S. This drop was so dramatic that, even if in this sector the labour cost is not one of the major expenses, employers were forced to undersize their labour force, mainly as part of a restructuring strategy.

Moving from this framework, the present paper will analyse how the restructuring process took place in two different automotive companies, which successfully counteracted the crisis. In both cases, the key of the success laid in deviating from the classical model of restructuring generally used in the respective national experience. Within this perimeter, the analysis will focus on the role played by the trade unions and their contribution in managing the process.

To achieve those goals, the present work is divided in three parts. The first part analyses the main features of the national frameworks in which the restructuring processes took place, so to better frame the innovative aspects of the firms’ choices. The second part describes the restructuring strategy followed by each company and the role played by the trade

² See T. A. Kochan, A. E. Eaton, R. B. McKersie, P. S. Adler, *Healing together: The Kaiser Permanente labor management partnership*, Cornell University/ILR Press, 2009; A. Bryson, J. Forth, *The added value of trade unions*, Trade Union Congress, London, 2017, 29.

³ P. Ichino, *A che cosa serve il sindacato? Le follie di un sistema bloccato e la scommessa contro il declino*, Mondadori, 2006, chap. 1.

unions. The third part investigates the effects of the aforementioned experiences produced on the respective national legal systems.

2. Notes on the Italian and Swedish systems of restructuring under a labour law perspective

Both in Italy and Sweden trade unions play an important role in the restructuring process of the firm. In fact, because of their strength and the high coverage rate of the collective agreements⁴, they are usually consulted by the employer. Moreover, in both countries the traditionally strong role played by sectoral level collective agreements also affects the restructuring process, generally setting boundaries that enterprise level contracts could not easily overcome⁵.

On the other hand, some important differences between the two systems consist in the trade union structure and in how the State intervenes in the restructuring process⁶. In Sweden, workers are mainly organized following the distinction between blue-collars and white-collars: LO organizes the former; TCO the latter. SACO, instead, is addressed to the graduated employees⁷. For this reason (with some recent exceptions between SACO and TCO), they generally do not compete among each other to increase their affiliates. Moreover, they are politically independent (the traditional LO's link with the social democratic party is loosening). Thus ideological issues do not influence their actions very much.

On the contrary, Italian trade unions generally organize all types of workers. Thus, they can join different associations (i.e., CGIL, CISL and UIL and many others). This situation generates a competition among trade unions to attract affiliates, forcing them to characterize themselves somehow. For historical reasons, this differentiation mainly consisted in the political orientation of the union, so that for a long period there were

⁴ The trade union density is significantly lower in Italy (it decreased from about 50% of the 70's to 37% of 2013, while in Sweden it moved from about 80% of the 90's to 67% of 2013 – OECD data). However, the coverage rate of the collective bargaining is similar (around 90% in Sweden and 83% in Italy, according to OECD data).

⁵ However, as we will see in the last part of this paper, the 2008 crisis boosted the decentralization process of the collective bargaining system.

⁶ Among the numerous differences between the two systems, this paper will specifically focus on the mentioned ones. For a comprehensive analysis of the features of the trade unions in Europe see R. Hyman, *Understanding European Trade Unionism: Between Market, Class and Society*, Sage, 2001.

⁷ See A. J. Westregård, *Sweden*, in U. Liukkunen eds., *Collective Bargaining in Labour Law Regimes*, Springer, 2019.

tight links between some unions and political parties⁸. Since the beginning of the 90's those links started to loosen, but they still produce important effects on the trade unions' actions. Thus, sometimes, ideological issues can become the major point of discussion with the employers' organizations, with the result to exacerbate the conflict⁹.

Moving to the role of the State in managing the restructuring process, the two national systems represent the perfect antipodes. While Italy has a tradition of State intervention in the restructuring process with direct injections of public money in private companies, almost no support of this type has usually been provided in Sweden¹⁰.

The main Italian tools to address the restructuring process of the firm have traditionally been the so called "Wage Guarantee Fund" and the "Job-security agreement"¹¹. Those institutes are pretty complex and have been frequently amended. However, their basic mechanism is to allow the employer to quickly lay-off workers (rather than dismiss them), while a public allowance replaces the wage¹². The goal is to avoid that a

⁸ Among the major confederations, CGIL was linked to the Communist party; CISL was linked to the Christian Democratic Party; and UIL was associated with the Socialist party. It should be mentioned that a comprehensive analysis of the features of the Italian trade unions and of the factors shaping them goes beyond the extent of this paper. On this topic see I. Regalia, M. Regini, *Between voluntarism and institutionalism: industrial relations and human resource practices in Italy*, in R. M. Locke, T. A. Kochan, M.J. Piore, *Employment relations in a changing world economy*, MIT press, 1995, 133 ss.

⁹ The so-called "Fiat case" that will be described in the second part of this paper is a clear example of collective action ruled by ideological issues. For another relevant example, see the Arese's factory experience described by P. Ichino, *A che cosa serve il sindacato? Le follie di un sistema bloccato e la scommessa contro il declino*, Mondadori, 2006, chap. 1.

¹⁰ The bank sector's crisis of the beginning of the 90's represents an important exception. However, this case does not change the features of the Swedish system, considering that in the credit sector the key role played by State and Monetary Authorities is to act as a lender of the last instance. For an overview of this topic, see C. Panico, F. Purificato, *The debt crisis and the European Central Bank's role of lender of last resort*, PERI, University of Massachusetts, Working paper n.2013/306. Another important example of public intervention in private companies is the steel and shipyard crisis in the late '70s'. The high cost of the operation was one of the reasons that future interventions were discouraged.

¹¹ The former mainly in its "extraordinary" form and, until 31 December 2016, also in its "in derogation" form. The latter in its "defensive" form, which is similar to the German *Kurzarbeit*. For a seminal analysis see M. V. Ballestrero, *Cassa integrazione e contratto di lavoro*, Franco Angeli, 1985.

¹² For further information, see R. Pedersini, D. Coletto, 27 National Seminar Anticipating and Managing Restructuring, National Background Paper – Italy, ITC, 2009.

momentary downturn could lead to the dispersion of a well-organized and skilled human capital or to the shutting off of still-valuable enterprises.

The extraordinary Wage Guarantee Fund (CIGS), historically reserved to major firms¹³, allows the employer¹⁴ to cut working hours, saving on the wages. The employee obtains an allowance paid by the fund and equal to the 80% of the lost pay (until a maximum threshold). The employment contract remains in place; thus the worker is bound to the company.

The Wage Guarantee Fund “in derogation” is similar and it extends the abovementioned scheme to enterprises which do not meet the criteria required for the extraordinary intervention.

A basic difference between the two instruments relies on the fundraising system. The former should (in theory) finance itself, thanks to the compulsory contributions paid by the firms entitled to benefit from it¹⁵. The latter, being an extemporary intervention, was mostly funded by the annual general public budget¹⁶. Thus, the companies benefiting from it were not directly bearing its costs.

Moving to the Job security agreement (in its defensive form), it aimed at sharing among all the employees the risks and costs of dismissals. In case of redundancies, the employees, rather than let someone lose their job, collectively reduced their working time (and wage). This result was obtained due to an enterprise level collective agreement¹⁷ and was promoted via the concession of a public grant aimed to compensate part of the income loss¹⁸.

¹³ The number of firms entitled to apply to the CIGS has grown in the last years, including nowadays a diversified number of enterprises, whose complete list can be found here: <https://goo.gl/1vFvxZ>

¹⁴ At the end of a procedure involving a collective bargaining phase and an authorization from the Ministry of Labour.

¹⁵ However, especially during economic crisis periods, it is quite common for the State to provide extra funds also amounting to several € billions per year.

¹⁶ Between 2009 and 2015, the CIG “in derogation” cost amounted to over 8 €billion. Data from the INPS database “Operazione porte aperte – ammortizzatori sociali in deroga”, www.inps.it. For a comprehensive analysis of the utilization and costs of both types of CIG, see the INPS annual reports available at <https://goo.gl/G0sUaW>.

¹⁷ Which is one of the few cases in which a collective agreement also binds workers that do not belong to the signatory association.

¹⁸ For the firms that could apply for CIGS it consisted in an allowance for each worker up to the 60% of the lost wage; for other firms the State paid an amount of money equal to the 50% of the non-worked hours. It should be mentioned that this type of contract has been abolished as from 1 July 2016 (see art. 46 d.lgs. n. 148/2015). But it played an important role in shaping the behavior of the trade unions in relation to the crisis since the legal scheme was in place for many years. .

Both the solutions are similar to schemes used in other countries (such as the German *Kurzarbeit* or the *Chômage temporaire* in Belgium), but the hallmark of the Italian experience consists in how they have been practically used.

In fact, the abovementioned instruments have been often misused and subverted¹⁹. On one hand, measures that should have been only temporary have been extended for too long²⁰. On the other hand, the aid was granted also to firms with no recovery possibilities. Thus, public money was used to keep in place jobs that, from an economic perspective, were in practice lost (so-called “displacement”)²¹.

This problem clearly emerged during the parliamentary debate concerning the refinancing of the CIG in derogation. As senator P. Ichino pointed out, in seven to eight cases this instrument “is given to workers that have been laid off more than two years (while the firm is inactive), and there are cases in which this situation of inactivity could last up to ten years²²”. Moreover, in some cases this kind of intervention lasted even more, as happened for “the ex-workers of the nursing home of Bari whom, after 18 years of “social shock absorbers”, among which also the CIG in derogation, are still waiting for a new job relocation”²³.

Another clear example of misuse of the public money in managing enterprises crises is the Alitalia case. In 2008, a restructuring process generated 1500 redundancies, and a special law granted the intervention of the Wage Guarantee Fund for four years. However, thanks to further extensions the total period covered by public grants reached the overall length of nine years. In this time span, even if there were no real possibilities for the employees to resume their work for Alitalia, they remained linked to the company and only a few of them looked for other job opportunities²⁴. Moreover, thanks to special legal provisions and an additional tax on flight tickets, the legislator removed the maximum

¹⁹ S. Buoso, *Uso e abuso della cassa integrazione in deroga*, *Diritto delle Relazioni Industriali*, n. 2, 2016.

²⁰ The intervention of the CIGS could previously last up to 36 months, but it was often extended through special laws, especially in the most depressed areas.

²¹ Such problems emerged before the reform of the extraordinary Wage Guarantee Fund of 1991 (l. n.223/1991) and, more recently, a cause of the increasing use of the Wage Guarantee Fund in derogation.

²² See Senato della Repubblica Italiana, *Resoconto stenografico 69° seduta pubblica, mercoledì 17 luglio 2013*, speech of P. Ichino, <https://goo.gl/TdeSs5>

²³ *Ibidem*.

²⁴ See P. Ichino, *Il peccato originale di Alitalia*, www.pietroichino.it

threshold for the public allowance. Thus, some workers received more than €20.000,00 per month without working²⁵.

In the automotive sector, a similar case is the one of the Alfa-Romeo automotive plant of Arese, which also testifies how the misuse of public money can affect the behaviour of some trade unions.

Alfa-Romeo was founded in 1910 (as Alfa) and, after being owned by the state for over 50 years, Fiat acquired it in 1986. The company already suffered from major inefficiencies and after this privatization, the plant of Arese (Milan) continued to produce in loss. Thus, during the next 15 years its labour force was steadily reduced, but only a small portion of the workers were directly fired. Most of them received the protection of the CIGS (in some cases up to five years), without any real perspective to resume working.

In 2001, Fiat sold the entire plant's area and the buyers wanted to use it for activities different from car manufacturing. However, the left wing trade unions fiercely opposed this plan, because they thought that the area should have been addressed to the automotive industry. In the following years, this led to a series of harsh collective actions aimed to prevent the establishment of firms not related to car manufacturing. In addition, those unions also opposed new job offers for the unemployed, and some of those unions physically dispelled recruiters willing to hire workers. As a result, the CIGS kept the workers linked for years to a "dead" factory, hindering the search of new jobs and even making them to refuse several new job opportunities²⁶.

This case testifies the dangers of the misuse of public assistance during an enterprise crisis. If public aid is granted to companies with no possibility of recovery, part of the trade unions (and workers) are pushed to believe that the state will sustain the financial burden. Thus, they do not accept that the old economic reality should be abandoned because it is not profitable anymore. In other words, this generates a trend for some trade unions to refuse any type of change, severely hindering the restructuring process of the firms²⁷.

The Fiat case of 2010 that will be later analyzed, represents another example of this behavior.

²⁵ See INPS, Fondo Speciale per il Trasporto Aereo (FSTA) – aggiornamento, www.inps.it

²⁶ For a complete list of the events in the Arese factory, see P. Ichino, *A che cosa serve il sindacato? Le follie di un sistema bloccato e la scommessa contro il declino*, chap. I..

²⁷ P. Ichino, *A che cosa serve il sindacato?*, cit.

The Swedish model of enterprise restructuring is the opposite of the Italian one. The Swedish State provides almost no financial support to companies in distress and trade unions prefer to face a collective dismissal, rather than accord a wage reduction (including in this notion also a shortening of the working time)²⁸. This is part of the Rehn-Meidner model that, to enhance exports (fundamental for a Country with a small internal market such as Sweden), introduces the idea of “solidaristic wage”. If each firm faces the same labour cost, they are obliged to base their competitiveness on higher productivity levels (reached through new investments and rationalization of the production process). Thus, restructuring is accepted as “a normal and fundamental principle”²⁹. Enterprises that are not able to deal with the normal standards should close and their employees should move to more competitive companies. For this reason, the public intervention focuses on the labor market, and it aims in easing the transition among different jobs. In line with this policy, trade unions address their actions to ensure that workers can be hired by more profitable companies. This leads to the valorization of their skills and allows them to enjoy a full wage rather than a reduced allowance³⁰.

Because of this contest, trade unions are not afraid of restructuring processes. In fact, they are open to those changes that can lead to better economic performances, which are the unavoidable premise to assure higher working conditions.

To summarize, it could be pointed out that Italy and Sweden have different systems of restructuring of the firms. The former invests a large amount of public money to avoid dismissals. This scheme has often been abused, conveying to some workers and trade unions the message that the State will shelter the existing jobs from the shifting economic needs³¹.

On the other hand, the Nordic country bases its competitive strength on the prompt adjustment to the markets turns. Thus, public money is

²⁸ See also O. Bergström, *Managing Restructuring in Sweden. Innovation and learning after the financial crisis*, Irene, 2014, 5.: “In Sweden, restructuring is typically managed by adapting the size of the workforce through dismissals, and by supporting the dismissed workers to find new jobs with the help of a system of job security councils, which are governed by collective agreements between social partners”.

²⁹ O. Bergström, *Anticipating and Managing restructuring. Sweden, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper – Sweden*, 2009, 7.

³⁰ O. Bergström, *op. cit.*

³¹ P. Ichino, *A che cosa serve il sindacato?, cit.*

invested in order to help workers to move towards more performing companies, abandoning the inefficient ones.

3. The restructuring strategy followed during the crisis. The Fiat case

The economic crisis caused a sudden drop in demand, which forced companies to react. Fiat chose to use the period of production stoppage to restructure some factories. This was part of a long term investment programme aimed to modernize the production facilities, thus to be more competitive once that the crisis had passed³². To achieve this goal, it was (also) necessary to shift to a more efficient system of work organization. In fact, in 2009, the Mirafiori plant (in Turin) had been used only at 64% of its productive capacity; the Cassino plant at 24%, Melfi at 65% and Pomigliano at 14%. At the same time, the Polish plant of Tychy registered a saturation index of 93% and the 6100 employees of Fiat Poland produced as much as the 22000 Italian employees³³.

The restructuring process started from the “Giambattista Vico” plant located in Pomigliano d’Arco. This plant was a former Alfa-Romeo factory with very low productivity levels and where in the previous years most of the employees had experienced quite long periods of CIGS. Moreover, this plant was manufacturing several car models whose production would have been stopped in the near future.

For those reasons, in order to keep the factory running, an investment of several hundreds of millions of € was needed to modernize the assembly lines, converting them to the newest models. Such investment would have assured the continuation of production for many years, securing a large amount of jobs³⁴.

A condition for the feasibility of the operation was the full exploitation of the productive capacity, also adopting a new work organization scheme. This required a company level collective agreement, which, however,

³² On this point, see the speech of Fiat’s Ceo S. Marchionne at the Italian Parliament meeting on 15/02/2011, available at <http://webtv.camera.it>

³³ Datas from R. De Luca Tamajo, *Accordo di Pomigliano e criticità del sistema di relazioni industriali italiane*, *Rivista Italiana di Diritto del Lavoro*, 2010, n. 4, 800.

³⁴ It is relevant that the only other option was to close the factory and produce the new models in plants (such as the Tychy one) with well-known standards of high productivity. Thus, realizing the investment plan was the only solution to keep Giambattista Vico running.

would have deviated under some minor aspects from the sectoral agreement³⁵.

In spring 2010, all the major trade unions signed the contract, except Fiom-Cgil³⁶. In addition, the agreement was approved with a referendum among all the workers. It should be noted that Fiom represented only 8.75% of the workers, while to other unions, considered together, represented a much greater share of employees. Notwithstanding those circumstances, Fiom's refusal had several important consequences.

Fiom is the oldest Italian trade union and has always been one of the strongest. Thus, its clash with the biggest Italian firm and other major trade unions had a large impact in the media.

In addition, the collective agreement binds only the signing unions (and their members). Under certain circumstances, it can be extended also to other employees, but the strong opposition of Fiom hindered this option. Thus, Fiom had almost a right of veto. Without its consent its members and non-unionized workers (which were the majority) would have not been bound by the new company agreement, but only by the sectoral one. Those agreements laid down incompatible models of work organization and they could have not coexisted in the same plant³⁷.

³⁵ It is not possible to describe here the entire content of the agreement. However, its most important points concerned: 1) the realization of a big investment, keeping high occupational rates for the coming years; 2) no pay cuts, the increase of compulsory overtime (for a total of 120 hours a year per person); and introduction of a new shift on Saturday night; 3) the rescheduling of breaks during working time; 4) some provisions to avoid a fraudulent use of sick leaves; 5) a peace clause aimed to control the proliferation of strikes (which would still remain perfectly legal). For a more detailed analysis of the content of the Fiat agreements (of which the Pomigliano one is only the first step) see R. De Luca Tamajo, *I quattro accordi collettivi del gruppo Fiat: una prima ricognizione*, *Rivista italiana di Diritto del Lavoro*, 2011, n. 1, 113 ss. It should also be noted that in that period, a sectoral collective agreement for the automotive sector did not exist in Italy. Thus Fiat was applying one of these agreements for the engineering industry.

³⁶ It was uncommon that the Italian main trade unions did not agree on a unique position, as they traditionally used to. However, the Fiom action was in line with the position of CGIL that since 2009 was clashing with CISL and UIL. On this topic see F. Carinci, *Il lungo cammino per Santiago della rappresentatività sindacale: dal Tit. III dello Statuto dei lavoratori al Testo Unico sulla Rappresentanza 10 gennaio 2014*, *WP Massimo D'Antona*, *It*, 2014, n. 205, 21 ss.

³⁷ In addition, some provisions controlled the proliferation of strikes, obliging the trade unions to not promote actions against the scope of the agreement, as well as to try to influence workers not to take part in these actions. This obligation was only towards the unions, and it did not impact on the lawfulness of the strike. Thus, the employees were free to go on strike whenever and for whichever reason they wanted. The issue with this

For this reason, the sole solution for Fiat to not shut down the plant, was to unbind itself from the sectoral agreement. In this way, the contract signed by the (new) company would have been the only one in force. This situation would have eliminated the clash between different work organizations models.

This goal was achieved in two steps: on 29 December 2010, it was signed a new sectoral collective agreement addressed to the automotive industry (which traditionally was applying the one of the engineering industry). The deal was named “first level contract” and was signed by Fiat and the national boards of the trade unions favorable to the Pomigliano agreement. Neither Fiom, nor any employers’ association signed it.

In the meantime, Fiat created a new company (Fip) that was not part of any employers’ association. Thus, it was not bound by the sectoral (engineering) collective agreement. Fip rented the industrial area where the Pomigliano plant was previously located and used it to realize a new factory for the production of the new car models. In doing so, it applied the “first level” automotive agreement, integrated by a company level one. The latter (signed on 17 February 2011, not by Fiom) was shaped on the model of the Pomigliano agreement of 2010. Concerning the workforce, Fip reemployed most of the former workers of Fiat Pomigliano, which had been recently dismissed because of the closure of the plant.

The second step consisted in the extension of the Pomigliano model to all the Italian plants of Fiat³⁸. In fall 2011, Fiat withdrew from the employer’s association with effect from 1st January 2012. At the same time, it gave notice of termination of all the old collective agreements both national and local, with effect from 1st January 2012. Thus, from that date the only collective agreements binding Fiat were the “first level one” (born on 29 December 2010 and renewed on 13 December 2011) and the plant level ones specifically designed upon the specific local needs.

This quick chronicle shows the relevant difficulties faced to save the Pomigliano plant and its workers, even if Fiat was willing to invest in it hundreds of millions of € and the new agreement was supported by the majority of trade unions and workers. In fact, the opposition of a minority (Fiom) risked to wreck the entire project.

clause was that Fiom’s programme was to firmly oppose the application of the agreement.

³⁸ For a detailed description see F. Carinci, *La cronaca si fa storia: da Pomigliano a Mirafiori*, WP Massimo D’Antona, It, 2011, 113. In a general overlook on the Italian industrial relation system of those years: VV.AA., *Da Pomigliano a Mirafiori: la cronaca si fa storia*, edited by F. Carinci, Ipsoa, 2011.

It must be noted that both Fiat and Fiom played by following the rules and had the right to behave as they did. Thus, the described paradoxical scenario was the outcome of an unsatisfactory legal regulation of the enterprise level collective bargaining system³⁹.

Postponing to the last section of the paper the analysis of the impact that the Pomigliano case had on the Italian legislation, we should now focus on the role played by the trade unions.

The key element consists in the opposite behaviors of the trade unions in dealing with Fiat's ambitious plan. While the majority embraced the challenge of creating an innovative plant serving as an example for the sector⁴⁰, Fiom refused any agreement because it required the adoption of a different model of working organization. The impression is that Fiom's opposition stemmed from the refusal to adapt to a new model, rather than from dissatisfaction for working standards⁴¹.

³⁹ R. De Luca Tamajo, *Accordo di Pomigliano e criticità del sistema di relazioni industriali italiane*, cit., 811. points out four major problems of the company level collective bargaining. Those problems are: 1) the lawfulness of *in peius* derogations of the sectoral collective agreement; 2) the lack of rules concerning the internal decisional mechanism of the RSU; 3) the lack of a majority rule (instead of unanimity) in order to have a company level collective agreement with general effects; 4) the legal uncertain regarding the binding effects of the peace clauses.

⁴⁰ Under this aspect, in 2012 the plant won the Automotive Lean Production award, one of the most important in Europe. In 2013 it obtained the Gold medal in the World Class Manufacturing system, becoming the best Fiat plant in Europe. For an interesting description of the result of the plant transformation, with some adverse remarks from Fiom, see P. Ichino, *Pomigliano: quando la sinistra sbaglia il bersaglio*, www.pietroichino.it, 2012, 1 ss.

⁴¹ As already stressed, the agreement slightly increased the compulsory overtime and introduced minor modifications in the workers' break schedule. However, those changes were of lesser importance and they were not the main ground of the dissent. Fiom's major claims concerned a hypothetical violation of the worker's constitutional rights to health and of strike (see Fiom *Così non possiamo firmare. Il 25 giugno sciopero generale metalmeccanici*, *la Repubblica*, 10 June 2010.). However, in ten years of application of the agreement (and an incredibly high number of court decisions about it) any judge has never found such violations. In reality, those alleged infringements were simply an excuse to refuse changes in the way of working. In fact, the whole restructuring plan moved from the idea that employers and employees must embrace a common effort in order to build a strong and competitive firm. Their interests, even if still opposed, share a common base: the working standards that can be obtained cannot be separated from the economic performance of the firm. Thus, workers carry a self-interest in enhancing productivity. In the Pomigliano model this concept leads to the empowerment of every employee. Everyone is asked to take an active part in the improvement of the production process, suggesting changes (even minor) that could ameliorate it. The contested (but totally legal) clauses concerning sick leave and strikes were just another step in this

Thus, the Pomigliano case represents a conflict between two opposite ways to conceive the role of the trade unions, rather than a confrontation on the labour standards. Some of its actors agreed that the trade union should play an active role in sponsoring solutions that, increasing the competitiveness of the firm, create the basis for better working conditions. Other actors ignored such need and, with a shortsighted vision, seemed to assume that good working standards can be granted regardless of the good performance of the firm.

A possible explanation for this latter attitude looks at how Italy has traditionally handled enterprises' crisis. The massive use of public money to avoid dismissals even in "dead" companies⁴², pushed some trade unions to believe that decent working conditions can be granted irrespectively from the economic performance of the firm. If the company performs poorly, this is not a matter for the trade union because the state will intervene and pay the workers instead of the employer. Thus, there is no need for the union to support actions aimed to increase the competitiveness of the firm.

In this context, the restructuring process, instead of being seen as a physiological event and as a tool to implement performances, is perceived as a danger that should be fought back. In fact, why should the workers accept the challenge towards a better future, when they can just stay still and wait for the emergency parachute of the public support?

For all the above-mentioned reasons, the Italian system suffers from the misuse of the public intervention in the economy. The practice of saving job positions, even when this is not economically convenient influenced

direction. The former excluded the payment of the sick allowance for the initial days in case of a grounded suspect of fake illness (such as in case of a peak of sick absences concurrently with a strike, an important football match or between two red days). However, upon request a joint commission could ascertain the authenticity of the illness. The latter was related to the peace clause signed by the trade unions. In Italy, those clauses are devoid of a specific sanction, thus they risk not being effective at all. The Pomigliano agreement tried to enforce them relating via contractual sanctions. Thus, when violations occurred, the trade unions would have lost some of the rights stemming from the agreement. So, the strike would have been legal and the union would have still enjoyed the rights granted by the law. However, this union would have lost some of the benefits that the contract added to the ones given by the legislator. On this topic see also F. Carinci, *Se quarant'anni vi sembran pochi: dallo Statuto dei lavoratori all'Accordo di Pomigliano*, WP Massimo D'Antona, 2010, 108, 17 ss.

⁴² It is interesting to notice that the Pomigliano plant is a former Alfasud one that has experienced major organizational failings for many years (F. Pirone and F. Zirpoli, *L'Alfa Romeo e l'industria automobilistica italiana*, in F. Russolillo (ed.), *Storia dell'IRI. 5. Un Gruppo singolare. Settori, bilanci, presenza nell'economia italiana*: Laterza, 2015.).

the way of thinking of some trade unions, encouraging them to refuse restructuring processes. Such situation affects the competitiveness of the system on the global market.

4. The Volvo case

As already seen, the economic crisis deeply affected Sweden as well. The average monthly number of notice of termination raised from 4.000 to 20.000 and in a 10 months span (September 2008 – June 2009) almost 150,000 people were declared redundant⁴³. Focusing on the industrial sector, between 2007 and 2009 the production fell by 65% and the automotive production was almost halved between 2008 and 2009.

In order to save the national economy, several measures were quickly adopted: between 2008 and 2010 the global value of the interventions amounted to 733 billion SEK, of which 25 billion were allocated during the acute phase of the crisis (15 billion were destined to industrial policy). The actual cost of the economic intervention was significantly lower (around 600 – 700 million SEK)⁴⁴ and companies did not receive any direct support. The business-oriented initiatives aimed to: avoid a liquidity crisis granting loans to financial institutions; grant support to dismissed workers via employment services and retraining; provide advice to companies in crisis; and support restructuring and development of the automotive industry⁴⁵. Thus, the governmental reaction was in line with the key feature of the Swedish restructuring model. It avoided a direct expenditure of public money in private firms⁴⁶ and provided a comprehensive set of services to

⁴³ Data from Tillväxtanalys, *Näringspolitik i kriser – vad kan vi lära av finanskrisen 2008–2009?*, 2013, 11 ss.. See also O. Bergström, *Anticipating and Managing restructuring*, . Sweden, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper – Sweden, at 29.: “Sweden was the country with the largest number of announced job losses in Europe during the period 2008-2009 if calculated by the size of the labour force”.

⁴⁴ Tillväxtanalys, *Näringspolitik i kriser – vad kan vi lära av finanskrisen 2008–2009?*, 11 ss.

⁴⁵ For a comprehensive analysis of those initiatives see *ibid.*, 37 - 44. Here we can just underline that companies within the automotive sector had the possibility to obtain loans of up to 5 million SEK in order to counter the crisis. However, the conditions in terms of payback time and warranties were so strict that no one applied for these loans. See also *ibid.*, at 13. where it is clarified that one of the major reasons of the refusal to provide direct support to private companies was the outcome of the shipyard and steel crisis of the late 70's - early 80's, when the final public cost “amounted to 60 billion SEK at 1986 prices”.

⁴⁶ See O. Bergström, *Anticipating and Managing restructuring*, Sweden, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper –

help both companies and workers strengthen their position in the market⁴⁷. This feature is even more remarkable considering that several actors asked for a public rescue of private companies.

In December 2008, the debate concerning the role of the government in managing the crisis also interested the automotive sector. Before the crisis, this industry accounted for 15% of the Swedish exports, directly employing over 140,000 people and with an important net of sub-contractors and suppliers. However, at the early stages of the downturn, the total production was halved⁴⁸. At the same time, other EU member states were implementing public schemes to support their automotive sectors. For those reasons, in autumn 2008 and winter 2009, IF Metall (the blue-collar union) formally asked for a public intervention. In February 2009, Volvo also demanded some support. Both the proposals aimed to introduce a type of layoff financed by public funds aimed to provide vocational education as well as training as an alternative to dismissal⁴⁹. The IF Metall's suggestion shared the salary cost between the companies and the unemployment fund. The proposal from Volvo divided those costs between government (70%) and firm (30%)⁵⁰. However, the conservative Government refused both proposals and only in March 2009 granted to Volvo a public guarantee for a loan from the European Investment Bank⁵¹.

Sweden, 8.: "There is in general a political agreement that industrial policies should not be focused on keeping up the existing production structure. Instead, "taxpayers' money" should be used for developing the infrastructure and resources that stimulate and attract new industries and investments".

⁴⁷ The analysis of the impact of the interventions on public costs shows that the only certain expenses are the ones related to the advice services for the companies (20 million SEK) and to the competence development measures for dismissed workers (650 million SEK). Those expenses represent almost all of the global cost). See Tillväxtanalys, *Näringspolitik i kriser – vad kan vi lära av finanskrisen 2008–2009?*, 44.

⁴⁸ Between 2007 and 2009 the number of cars sold by Volvo decreased from 458.323 to 334.808 (data from Volvo Cars Newsroom; Volvo 2013:7).

⁴⁹ It should be noted that layoffs were theoretically possible in Sweden, but moving from the fact that in 1995 the public allowance was abolished (equal to the 45% of the salary), employers stopped using layoffs because they would have been obliged to pay the workers' full salaries.

⁵⁰ K. Lovén, *Social partners in motor industry seek to bring back layoff pay*: Eurofound, 2009b 1 - 2.

⁵¹ See O. Bergström, *Anticipating and Managing restructuring. Sweden*, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper – Sweden, 61 - 62.

In this framework stands out the innovativeness of the restructuring strategy followed at Volvo. Opposite to the predominant idea of sticking to the classical Swedish restructuring model, several actors chose a restructuring strategy specifically designed for that situation.

IF Metall and some employers' associations considered the labour market would have not be able to reabsorb the exceptional number of unemployed⁵². Moreover, being a financial crisis, it could have led to bankruptcy companies still profitable⁵³. Finally, after the crisis, companies should have selected and trained new staff to resume the normal production⁵⁴. For those reasons, on March 2nd 2009, a temporary framework agreement on temporary layoffs was signed. The agreement allowed each employer to agree with the shop stewards a reduction of working time and wage by maximum 20%. This possibility was only temporary and available until March 31st 2010 (but the deadline was later extended to October 31st 2010)⁵⁵. With this solution, employees not only kept their jobs, but also received an income greater than the unemployment benefit.

The agreement was shaped on the model of several foreign experiences (especially the German *Kurtzarbeit*, but the Italian CIGS is also similar) and its uniqueness was the lack of public funding.

Volvo Car Corporation was the first company to implement the agreement, signing in April 2009 a local understanding to avoid redundancies. Instead of dismissing the workers, the company (between April 1st and December 31st 2009) was able to lay them off, stopping the

⁵² In fact, 25.000 IF Metall members were unemployed and another 40,000 were facing the risk of dismissal. See O. Bergström, A. Broughton, and C. E. Triomphe, *EU Synthesis Report - 27 National Seminars on Anticipating and Managing Restructuring - A.R.E.N.A.S.*, 2010, 49.

⁵³ See S. Murhem, *Security and change: The Swedish model and employment protection 1995–2010, Economic and Industrial Democracy*, 2012, 621 - 36, 629. where the A. also points out that the lack of a short-term work plan was seen as a competitive disadvantage of the Swedish system compared to other European countries.

⁵⁴ It should be pointed out that the crisis quickly blew over. Between 2009 and 2011 the automotive sector in Sweden grew by 150% and in 2011 Volvo sold almost as many cars as in 2007 (449.255 vs 458.323 - data from Volvo Cars Newsroom; Volvo 2013:7).

⁵⁵ The agreement was signed between IF Metall and Teknikarbetsgivarna (engineering employers), Metallgruppen (metal employers) and Industri- och Kemigruppen (Industry and chemical employers). Another agreement was signed on March 10th 2009 between IF Metall and representatives of the transportation sector. For an extensive analysis see O. Bergström, *Anticipating and Managing restructuring. Sweden*, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper – Sweden, 62..

production for a maximum of 6 days every wage period. For the non-working employees the wage reduction was at most up to 4% every month. Another important point for the firm was the postponement of the wage revision process. On the other hand, Volvo took the obligation to not dismiss any worker during the period covered by the agreement, under the sanction of having to pay them the lost wages.

This strategy turned out to be effective: the agreement saved 1000 jobs in Volvo⁵⁶ and the firm was able to quickly increase the production once the crisis had passed. At sectoral level the agreement covered more than 50,000 workers, and the over 400 local hang-on agreements saved between 10,000 and 12,000 jobs, with an average working time reduction of 18% and a pay decrease of 13%⁵⁷.

The described process was not easy to realize: as mentioned, the strategy followed by IF Metall and Volvo was entirely “against the Swedish model, with its wage policy of solidarity, which meant that companies that were unable to pay the normal wages should go into bankruptcy, and thus enforce technological change”⁵⁸. Thus, criticisms were levied from some IF Metall members, and especially from the white-collar union Unionen⁵⁹. For this organization, the new strategy entailed the risk of an “internalization” of the restructuring costs. Instead of resort to the public system (assistance to the dismissed workers paid by the State⁶⁰), it would have pinned the restructuring costs to the employees. They would have suffered a wage reduction, possibly hindering the future wage bargaining rounds⁶¹. Moreover, Unionen feared a domino effect, with other firms forced to lower wages in order to remain competitive⁶². In addition, in an

⁵⁶ K. Lovén, *Agreement on temporary layoffs reached in manufacturing*: Eurofound, 2009c at 1.

⁵⁷ Estimations respectively from Teknikföretagen's employers association and IF Metall. See S. Demetriades and M. Kullander, *Social dialogue and the recession*, EurWORK, /107, December 08 2009, 12.; Teknikföretagen, *Lokala krisöverenskommelser i teknikföretag – utvärdering av avtalsenliga krisåtgärder*, 2010, 4.; S. Clauwaert et al., *The crisis and national labour law reforms: a mapping exercise. Country report: Sweden*, European Trade Union Institute, 2016,1; Oecd, *Back to Work: Sweden: Improving the Re-employment Prospects of Displaced Workers*, OECD Publishing, 2015, 68.

⁵⁸ Murhem, *Security and change: The Swedish model and employment protection 1995–2010*, 629.

⁵⁹ O. Bergström, *Anticipating and Managing restructuring. Sweden*, 27 National Seminars on Anticipating and Managing Restructuring, A.R.E.N.A.S., National background paper – Sweden, 62.

⁶⁰ Highlights this feature of the Swedish system O. Bergström, *Managing Restructuring in Sweden. Innovation and learning after the financial crisis*, 7.

⁶¹ See C. Axelsson, 'Facklig vända efter krisavtal', *Svenska Dagbladet*, 18 May 2009.

⁶² K. Lovén, *White-collar unions under pressure to sign agreement on temporary layoffs*: Eurofound, 2009a, 1.

overall perspective lower wages would have affected the spending power. Thus, consumption would have declined, worsening the crisis. Finally, Unionen was scared that this could have become a permanent arrangement⁶³, without any proof of its positive effects on the employment rate⁶⁴.

For all of those reasons, the innovative agreements of IF Metall and Volvo represent an important milestone in the Swedish restructuring model. Their relevance is not represented by the type of solution adopted, but by the course of action that led to their conclusion. The practice to lay off workers during crises is widespread among European countries and it had been used also in Sweden in the past. Instead, it is remarkable that the mentioned trade union and company decided to deviate from the Swedish mainstream strategy, searching for a better one. Thus, the merit of IF Metall was to foresee the peculiarity of the situation and bet on a tailor-made solution, avoiding to reiterate old inefficient schemes only because in line with the “Swedish tradition”.

For those reasons, the Swedish case represents a bright example of the key role that the trade union should play. In a globalized economy in which firms (and workers) geographically distant are in constant competition, the competitiveness of the firm becomes a key concern for the employees as well. Thus, an essential part of the duty of the trade union is to tackle together with the firm those challenges that, enhancing the competitiveness, result in an improvement of the workers' condition.

5. The outcome of the Fiat and Volvo experiences on the corresponding national frameworks

The Fiat case had the merit to expose the ongoing crisis of the Italian system of industrial relations⁶⁵. In particular, it revealed its limits concerning four fundamental aspects: the links between the different levels of collective bargaining; the conclusion process and the binding effect of the enterprise level collective agreement; the definition of the trade unions entailed to have shop stewards and the effectiveness of the peace clauses. Hence, in the following years both the legislator and trade unions had to face those problems.

⁶³ K. Lovén, *Agreement on temporary layoffs reached in manufacturing*, 2.

⁶⁴ O. Bergström, *Managing Restructuring in Sweden. Innovation and learning after the financial crisis*, 22.

⁶⁵ R. De Luca Tamajo, *Accordo di Pomigliano e criticità del sistema di relazioni industriali italiane*, cit. at 799.

A first major response was the so-called “Accordo interconfederale” of 28 June 2011, a framework collective agreement that laid the foundations for a reform of the collective bargaining system. It set up more democratic rules regarding the conclusion of collective agreements and solved some issues related to the enterprise level one (such as its binding effects and its possibility to derogate to the sectoral one). Remarkably, this agreement was signed also by CGIL (the confederation of which Fiom belongs). This ended a conflict with the other main trade unions started in 2009⁶⁶. The agreement was followed by other two, the “Protocollo d'intesa” of 31 May 2013 and the “Testo unico sulla rappresentanza” of 10 January 2014. The former reformed the shop stewards and realized a mechanism to calculate the effective strength of the different trade unions, linking to this strength the whole collective bargaining process. The latter resumed and completed the two previous and became the comprehensive set of rules of the Italian collective bargaining system⁶⁷.

Moving to the legislative remedies, the art. 8 of d.l. n. 138/2011 (of August 2011), almost subverted the entire system of collective bargaining. The decree introduced a type of local agreement generally binding and able to derogate, in a large set of subjects, from the sectoral level agreement and the law.

This reform was strongly criticized by the trade unions, which perceived it as an invasion in their private domain that they had recently modernized with the agreement of June 28. Thus, in September 2011 they added a final clause to that agreement, committing to not resort to the tools introduced by the new law⁶⁸.

Finally, another important change came from the case law of the Constitutional Court. One of the consequences of the refusal of Fiom to sign the collective agreements with Fiat (not a member of Confindustria at that point), was its impossibility to have shop stewards. In fact, according

⁶⁶ More in detail, the clash moved from being among different confederations (CGIL vs CISL and UIL), to being internal within CGIL. In fact, Fiom did not accept the CGIL decision to sign the 2011 agreement (nor the subsequent agreements), creating a serious fracture within the trade union itself.

⁶⁷ Other important agreements are the ones of the 4th July 2017 and of 8th March 2018. The former introduced some technical amendments to the “Testo Unico”. The latter addresses a wide range of topics related to collective bargaining, expressing the willingness to start checking the strength of the employers' associations as well.

⁶⁸ See V. Filì, *Contrattazione di prossimità e poteri di deroga nella manovra di ferragosto (art. 8 D.L. n. 138/2011), Il lavoro nella giurisprudenza*, 2011, 10, 977 ss. For a comprehensive analysis of the reform and of its legal implications see VV.AA., *Contrattazione in deroga*, edited by F. Carinci, Ipsoa, 2012.

to the wording of art. 19 l. n.300/1970, this right pertains only to the trade unions who signed a collective agreement. With the decision n. 231/2013 the Court gave a new interpretation of the provision, stating that can appoint shop stewards all the trade unions taking part in the collective bargaining process. The same right pertains to those unions that, because of their strength, could have legitimately taken part in it. This new interpretation permitted to Fiom to have shop stewards in Fiat, but created a greater confusion in many different cases. In fact, it is not clear how to identify which unions should be involved in the collective bargaining process. Thus, the decision of the Court created a major legal uncertainty.

For those reasons, the Pomigliano case deeply affected the Italian industrial relations, initiating an important renovation process leading to a greater decentralization. The company level collective agreement can now better comply with the specific needs of the firm, also derogating (within some limits) from the national standards. The replacement of the unanimity rule with the majority one rationalizes the collective bargaining process, eliminating the veto power of small dissenting unions. Nowadays, if an agreement is signed by a number of trade unions representing the majority of the workers, it is binding for all the trade unions that have signed the Testo Unico of January 2014. This mechanism relies on the measurement of the representativeness of each trade union, which is another important innovation introduced by the agreement⁶⁹. Moreover, the respect of the collective agreements can now be enforced via more effective contractual sanctions against the non-compliant unions. Lesser changes interest the functioning of the shop steward council, reformed in a more democratic way (decisions are taken by majority instead of by unanimity and the election process has a greater importance).

On the other hand, this reformation action also left severe wounds in the system. Its complexity and length brought a high degree of legal uncertainty. In addition, an important player such as Fiat-Chrysler Group withdrew from the major Italian employer association. In its place, FCA created a parallel system, governed by its own set of rules and in which the major Italian confederation (Fiom-Cgil) is not represented⁷⁰. Finally, as already seen, the new interpretation of art. 19 l. 300/1970 creates relevant practical problems.

⁶⁹ However, this mechanism is not fully working yet.

⁷⁰ Fiom, thanks to the Constitutional court decision n.231/2013 is entitled to have shop stewards in Fiat's plants. However, it has not signed any agreement with the company and is not part of the system of industrial relations designed by those agreements.

In an overall perspective, the Fiat case kicked off a reformation process of the industrial relations system, which, however, is still far from being completed.

Moving to the Swedish experience, the economic crisis and the reactions put in place by both the government and trade union (IF Metall) gave rise to a relevant debate⁷¹.

The emergency exposed the lack of legal tools to counteract “external crises” characterized by a sudden, but temporary, shortage of demand. In such a situation, the only option was to dismiss employees and move them to more profitable companies. However, this implied to push away skilled workers that in a near future would become necessary again, increasing restructuring costs and times. Moreover, most of the EU countries had legal solutions to lay off workers, thus creating a competitive disadvantage for the Swedish economy⁷².

For those reasons, and thanks to the positive outcome of the layoff agreements of 2009, in 2012 several trade unions and employers' organizations published a joint proposal for a short-time work scheme⁷³, which was transposed into law in 2013⁷⁴.

However, because of the strict conditions required to obtain the support, in late 2013 IF Metall and Teknikföretagen signed another agreement shaped on the 2009 one, which allows layoffs without the support of public money.

Therefore, from an ante-crisis situation in which Sweden was devoid of any solution in order to lay off workers, there are now two different schemes, governed by different rules.

The scheme designed by act 2013:948, as recently amended, limits the support only in cases of very deep recession linked to a fall in demand, so

⁷¹ Concerning the political debate, it should be taken into account that Mr. Stefan Löfven, who, in his quality of IF Metall chairman, strongly wanted the layoff agreement, became the leader of the Social Democrats party in January 2012, and, after the elections of fall 2014, was appointed Prime Minister.

⁷² See Gruvornas Arbetsgivareförbund – GS – IF Metall – Industri- och KemiGruppen – Skogsindustrierna – Stål och Metall Arbetsgivareförbundet – SVEMEK – Sveriges Ingenjörer – Teknikarbetsgivarna – Unionen, *Korttidsarbete. Ett partsgemensamt förslag för Sverige*, Stockholm, 2012, 5.

⁷³ Ibidem.

⁷⁴ See *Lag 2013:948 om stöd vid korttidsarbete*, www.riksdagen.se. The debate concerning public intervention during the crisis continued in the following years, mainly because the solution designed in 2013 was too rigid. The actual version of the law, described above, is the one resulting after the amendments introduced by lag 2020:207, which updates the system to better face the Covid-19 crisis.

as to avoid helping companies whose difficulties depend on internal structural problems. This assessment is now mandated to the *Tillväxtverket* (Growth Agency) that should determine if there are the general economic conditions to resort to the subsidized short time work. When this preliminary condition is fulfilled, two different collective agreements are necessary. A first agreement must be signed at the central level and should “give the permission” to use short time work. The second is a local agreement and it should set the details such as time reduction, duration and workers involved. The maximum length is 6 months and can be extended for another 3 months (followed by a cool down of 24 months). Concerning the levels of working time reduction and pay cut, the law lays down three options. For time reductions up to 20% the worker gets a pay cut of 4%, so that the short time subsidy is equal to 16% of the normal salary (15% paid by the government and 1% by the employer). For time reductions up to 40% the pay cut is equal to 6% of the normal salary. The subsidy is equal to 34% (30% by the Government and 4% by the employer). Finally, for time reductions up to 60% the pay cut is 7.5% and the subsidy is 52.5% (45% by the Government and 7.5% by the employer). Thus, the employee can get a wage cut of 7.5% maximum, while the employer can save up to 53% of the wage cost. In addition, the cost paid by the employer increases with the augmentation of layoff hours, and this should discourage an abusive use of the tool⁷⁵.

The second model is fully bipartite and binds only the signing parties⁷⁶. It can be activated without any statement from the *Tillväxtverket*, as the decision is left to the social partners. Moreover, the process is decentralized and the agreement is signed by the local trade union. There is no need of preventive authorization from the central level, but only a subsequent duty of notification. Focusing on the content of the short time work program, the only provisions are that the wage reduction can be at maximum equal to 12%, regardless of the working time cut. The maximum duration of the scheme should be 9 months⁷⁷. Of course, being a “private” model there is not a public allowance or support.

⁷⁵ On April 14, 2020 the Government proposed a new amendment to introduce a fourth option with a working time reduction of 80%. This measure should be limited to the months of May, June and July 2020.

⁷⁶ As already mentioned, the first agreement was signed between IF Metall and Teknikföretagen, and similar agreements have been signed with other employers' associations.

⁷⁷ However, the agreement could be renewed indefinitely, even without a cool down period.

The above mentioned changes testify to the footprint left by the 2009/2010 crisis agreements. Those agreements have been able to modify one of the main pillars of the Swedish system, generating an ideological change. Nowadays, getting public support to avoid dismissals is a right for companies and this shift stemmed from the ability of the Swedish social partners to discuss the weaknesses of their system, experimenting new solutions.

The ongoing Covid-19 pandemic represents the first test bench of the new system of publicly funded layoffs, which, so far, is playing a key role in handling the economic aspect of the crisis.

6. Conclusion

The Fiat and Volvo experiences represent two opposite ways to deal with a similar situation. In order to face the same crisis it was necessary to adopt innovative solutions, not affecting the working standards⁷⁸, but (and this was the critical point) deviating from the “traditional” restructuring strategy.

Thus, the challenge for the trade unions stood in recognizing the need of new solutions and in embracing them together with the firm.

This is exactly what has been done in the Volvo case, while the contrary happened at Fiat. Of course in both countries, relevant debates took place. However, the issue of the Italian experience laid in the obstructionist strategy adopted by Fiom, aimed to subvert the democratic decisions of the majority of workers and trade unions.

A possible cause of such behavior could consist in the traditional misuse of crisis management tools. The habit of the Italian authorities to avoid dismissals subsidizing activities not profitable anymore, could have created for some trade unions an expectation for this type of public rescue⁷⁹. Thus, there would be no need for the trade union to embrace together with the employer the quest for a better performance of the firm. In fact, the availability of public money would grant decent working standards regardless of the performance of the company.

In the contemporary economic framework, this feature of the Italian system represents a major competitive disadvantage. In this light, the

⁷⁸ Concerning Fiat, we have already clarified this point. Concerning Volvo, it is sufficient to consider that the hourly wage remained untouched and that laid off workers got a monthly pay considerably higher than the unemployment benefit.

⁷⁹ Underlines this approach with regard to the Alitalia case P. Ichino, *Il peccato originale di Alitalia*, www.pietroichino.it, 2017, par. 1.

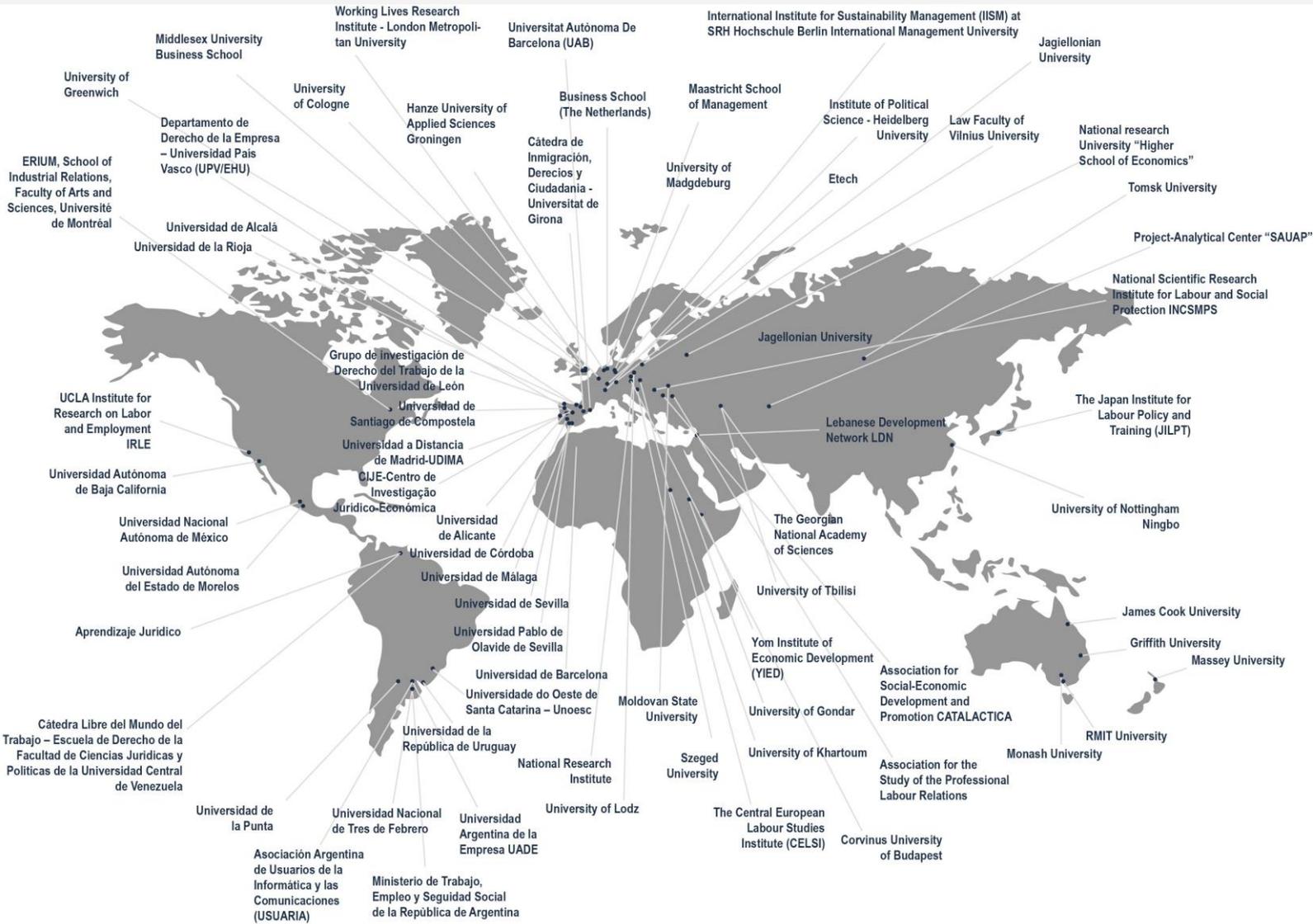
boost to the industrial relations reformation process provided by the Pomigliano case constituted an important step towards a more efficient model.

On the contrary, in Sweden, the Governmental intervention is traditionally oriented in sustaining the change. Restructuring is an essential part of the industrial relations culture, and trade unions are used to facing changes and innovations. It is rational to assume that this contest played an important role in the Volvo case. In fact, even if the proposed strategy was very innovative, it shared the fundamental idea of requiring an active role of the trade unions in handling the crisis. Thus, the merit of the Volvo experience “simply” consisted in shifting this active role from the labour market (after the dismissal), to the labour relation (so to avoid the dismissal).

In conclusion, both cases exposed the issues of the respective national systems, starting reformation processes that resulted in better models. In Sweden, the cooperative approach made this change smooth and quick. In Italy, the harsh conflict fought by part of the trade unions made the process long and difficult, risking to hinder it.

Thus, in an overall perspective, the Swedish system appears more efficient, being able to improve itself in a leaner and more effective way.

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