

# RESHAPING THE FUTURE OF THE SOCIAL PROTECTION OF THE WORKFORCE, THE INTERNATIONAL SOCIAL PROTECTION SYSTEM AT A CROSSROADS

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# *Pre-pandemic phase*

- ✓ There were already evident critical issues in ordinary workers income security systems (ILO, 2022 – World Bank, 2022 – ETUI, 2022, G20 2021-2022)
- ✓ The pandemic phase stressed the systems highlighted these limits and clearly identified the groups of marginalized workers
- ✓ Income security systems for workers still too much based on late Fordist principles or first principles of lean production
- ✓ Marginalization of some categories of workforce from the protections of the ordinary security system– Job retention schemes, Insurance against unemployment (contingent workers, independent workers, platform workers...)



# *Pandemic phase*

## **Extension of the social systems with economic policies countercyclical (Deliberate deficit – Public intervention in the labour market regulation)**

**All countries to avoid critical situations have increased the Social protection systems of workers inside a keynesian scenario**

- Strengthening of ordinary measures – definition of emergency measures to fill the weakness of the ordinary security model (Italy assistance allowances, GB Job retention schemes, Spain national minimum income and job retention scheme, Germany later changing the indemnity against the unemployment two (Bürgergeld), a hybrid policy behind a minimum income and non-contributory **social shock absorbers**...)
- Suspension of conditionality policies
- International contexts have implemented a strategy that can be defined as high-speed, to extend social security systems to all workers in the emergency storm.



# *Differentiated universalism*

The countries that reacted better to the pandemic phase in the extension of social protection system for workers applied a scheme called of the differentiated universalism (ILO 2022).

A social protection system skilled to face the challenges of post-industrial labour markets (algorithmic digitalization, radicalisation of the principle of lean production with the high development of the algorithmic control on the work, Globalization, radical contingent production and radical contingent labour relations, Platformization)

These system are based on an overcoming of the traditional classifications of income support for unemployment workers (assistance, insurance) but are based on an organic integration of measures of different nature born in different historical periods

## *Principle of Differentiated Universalism*

### LABOUR MARKET


- 1 unemployment protection schemes**, I provided through social insurance or II social assistance, to support jobseekers while they find suitable employment, are in a condition of unemployment, working poor;
- 2 employment retention schemes**, which provide full or partial income replacement during a temporary suspension of work without any break in the employment relationship;
- 3 public employment programmes**, including employment guarantee schemes, whereby the State guarantees employment (as employer of last resort)

*4 Minimum income which only partially affects the labour market (Workers in relative or radical poverty)*



*Unemployment protections in the labor market provided through a social insurance mechanism in coordination with a non-contributory mechanism applying the principle of differentiated universalism limit the ingress of the long-term unemployed, never occupied (young people), Working Pools in the measures against poverty*





More a country applies a system based on differentiated universalism in the labour market, less the income integration for new types of work or for critical situation of specific workers is assured by measures vs poverty

Minimum income, which for his nature don't produce the effects of social shock absorbers: activation- quickness entrance into the labor market

Minimum income has a different kind of activation (social inclusion), different Period of duration, different conditionality



## *Post-pandemic in Italy the impact of the health crisis on the ordinary system*

During the pandemic phase Italy has applied a dynamic of broad extension of the security system with contingent real interpretation of the principle of differentiated universalism – strengthening JRS – easier access to A VS U – Definition of emergency I vs U non-contributory for target group- Strengthening Minimum Income (REM).

After the crisis the reforms for the ordinary system have lost the correct interpretation of this principle. The post-pandemic reforms have produced an extension of the insurance policies, CIG, that paradoxically is not dedicated to unemployment, and another structural reform on the NASPI with the attempt to increase its coverage. Important reform but that do not guarantee a universal coverage.

With the loss of emergency allowances, the idea of a reform based really on the principle of differentiated universalism has been altered (applied only for the CIG, but the principles concerns the different measures not different kind of firms).

Again, some categories remain marginalized.

Solution could be resume and extend the old concept of the ASDI, already partially present in the 2015 reform of the ASPI. Today more useful in a phase of elimination of the RdC and definition of a new thing in 2024. 1) assurance social shock absorbers 2) social I vs U not contributory 3) Minum Income



## Considerations

The analyses presented in this paper have revealed, another key point: when the global crisis assumed apocalyptic features in different historical moments (g. depression, financial crises, pandemic crises, great society program) only one solution has performed on the world stage

An increase in public macroeconomic policies, aimed to extend welfare systems with radical anti-cyclical visions and policies with a deliberate public deficit.

After the deep phase of the crises come back policies more focused on the sustainability of this model

So, too after the deep phase of the crisis, the question of the sustainability of that emergencies social and economic measures come back again

An ancient ideal contrast rises between the Keynesian theories and the Neoclassical theories (Hayek, Friedman, Lucas)

Neoclassical theories, according to which economic cycles can't not be altered with public planned policies in the labor market, or with a universal welfare system strongly financed,

Only important investment is in the human capital (Hayek).

Perhaps today we are returning to this typical phase in theoretical debate on the future of the social protection system, **taking the international social protection system at a crossroads**





# *Inapp project on the analysis of the effects of the reform of the Italian social shock absorbs system*

## **Why should we care?**

Despite of the Italian social shock absorbs system recent reform, the system seems not having the needed protective capacity with respect to the (not new anymore) characteristics of the labour market: discontinuity of employment, contractual atypicality...

Moreover, there is an increasing need of protection also due to the production and employment crises for causes - apparently - exogenous to the production system itself: also due to their cyclical nature, a phenomenon that a modern protection system should not underestimate.

Finally, the increasing inequalities worsened also by COVID-19: in 2020 EU 1out of 5 (IT 1out of 4) risk of poverty or social exclusion



## *Administrative data*

We have first estimated the eligibility for Naspi

- Statistical Information System on Mandatory Communications (Sistema Statistico Informativo delle Comunicazioni Obbligatorie – SISCO) of the Italian Ministry of Labour. The CO database registers the establishment, extension, transformation or termination of employment contracts for employee and para-subordinate relationships, as well as the main characteristics relating to workers and employers involved.

Then we have proceeded to the linkage with the

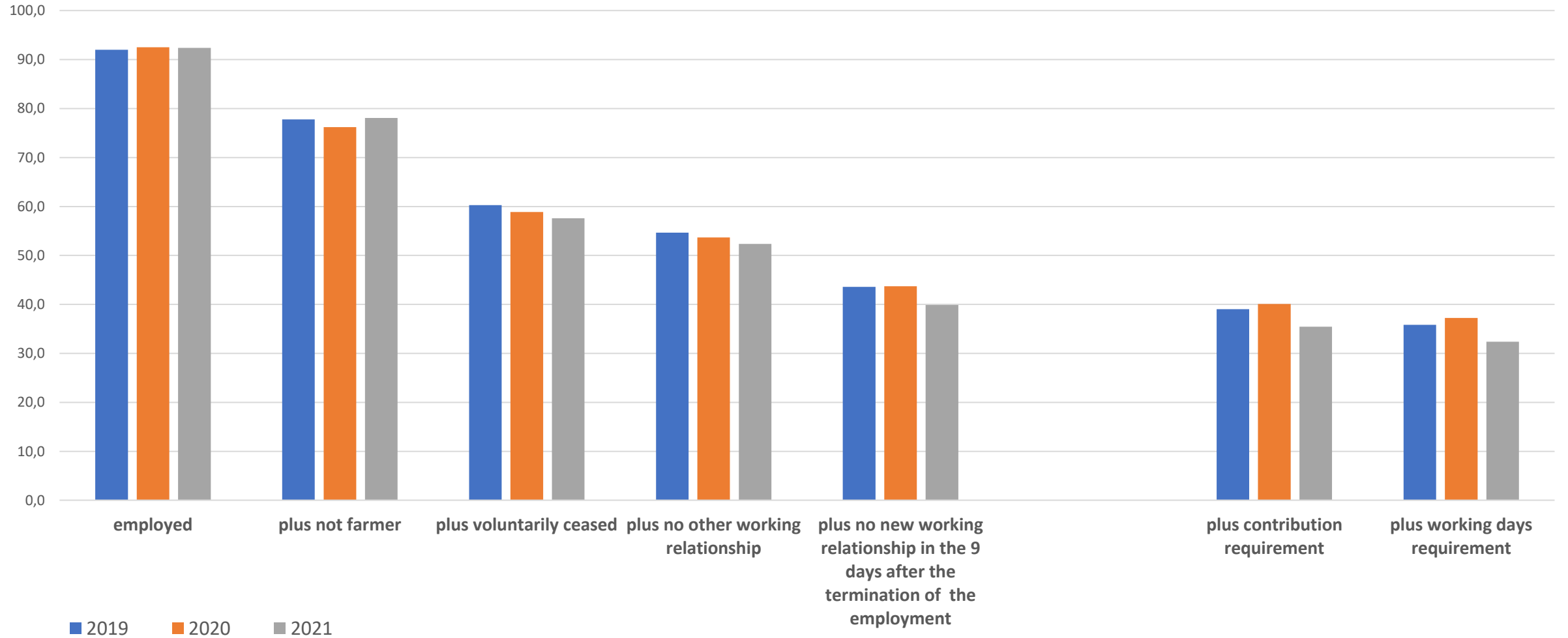
- INPS administrative archive on Naspi beneficiaries from 2016 to 2021



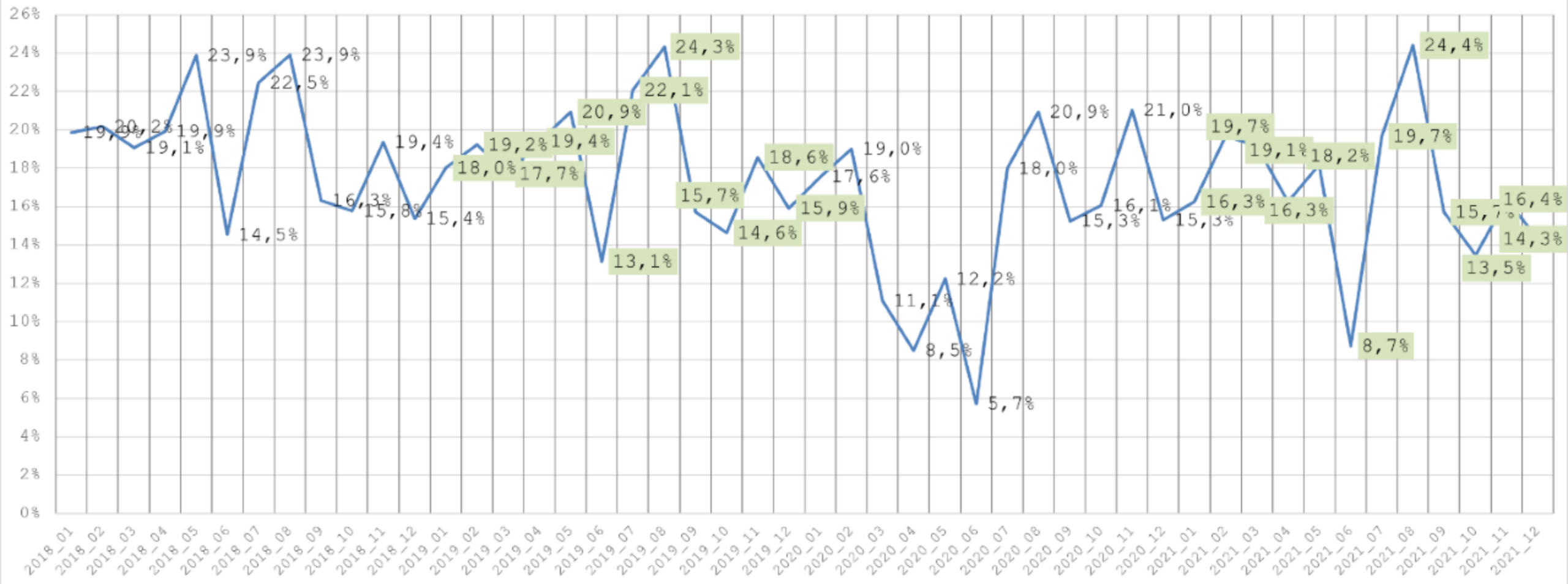
- exact matching for 1.35 million treatments (CO) out of 1.42 million, equal to approximately 95% of the NASpI benefits. This 5% of mismatches consists of individuals with no employment relationships (some categories of workers are not found in the CO data provided, for example seafarers), around 26,000 (1.8% of the total) and of individuals with employment relationships which end on dates not compatible with the termination of the NASpI, around 45,000 (3.2%)



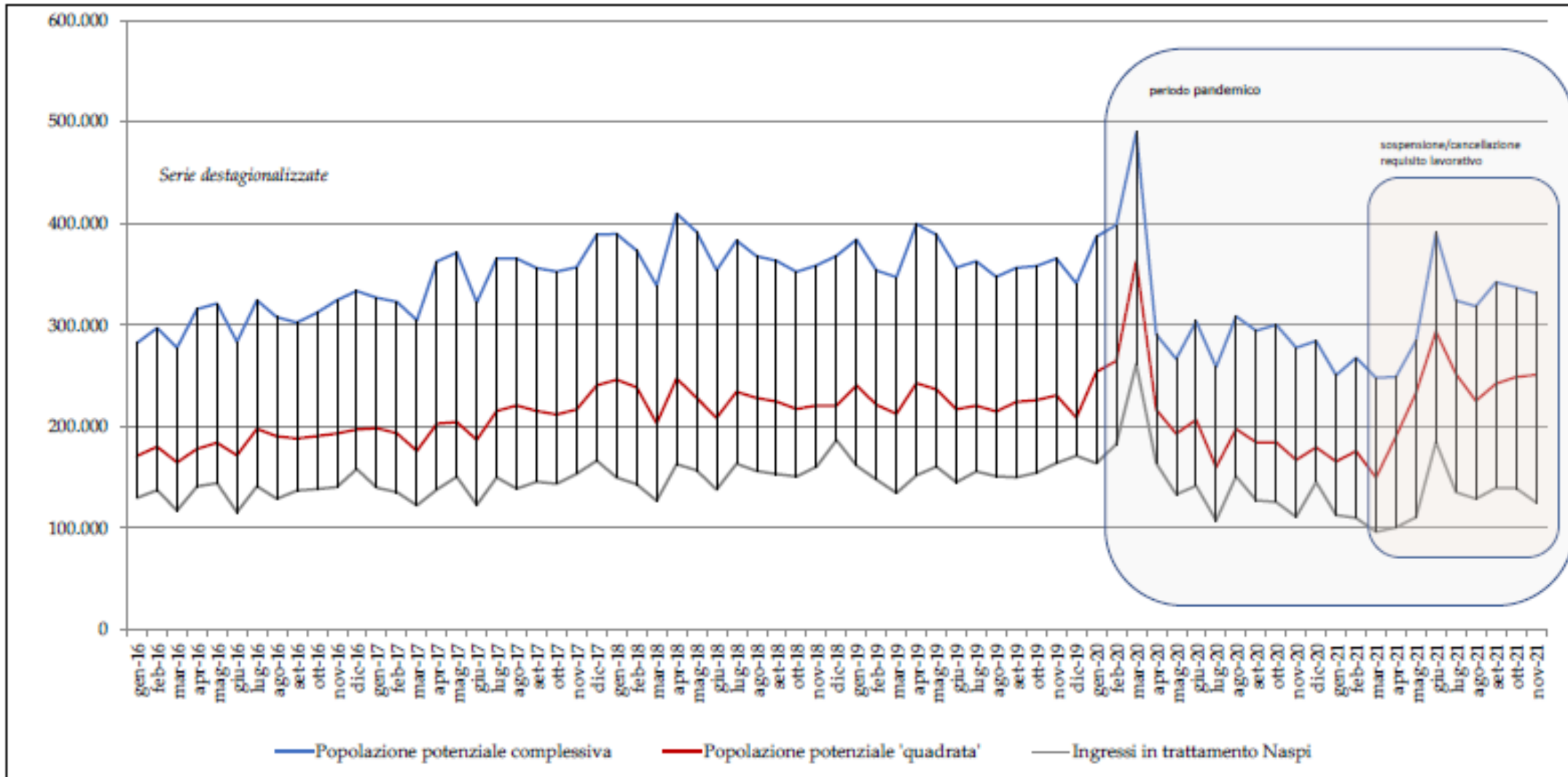
# Population with the 5 pre-requirements and the 2 requirements needed to be eligible for NASPI (yearly evidence 2019, 2020 and 2021)



## Relative differences (%) between potential population and NASPI eligible population (yearly evidence 2019-2021)



# Seasonally adjusted series of the total potential population, the population eligible for NASpI and the population treated by NASpI by year\_month (2016-2021)



## *Next steps*

- Matching all the possible db (self-employed, ..) in order to have the full working population
- How many of the people that does not have all the Naspi requirements, but do have the pre requirements, can we find in the Dis-coll archive?
- Moreover, we will analyze the transition in and from unemployment/employment
- Finally, we will analyze the impact of the extension of the social protection system in France and Spain on beneficiaries socioeconomic outcomes, industrial relationship and job demand



## *Conclusion and public policy considerations*

- ✓ There is a need of rethinking the overall system of social protection of workers applying to the correct form of differentiated universalism
- ✓ The elimination of the Naspi working days requirement seems not having had the expected enlarging effects on the eligible group. Is it the right way to go to stress as much as possible the contributory nature of an insurance measure in order to bring it closer to a welfare measure? The risk is weakening the insurance sense of the measure while not extending the system
- ✓ Do to the lack of benefits to protect people without contribution in unemployment, working poors and underemployed, the RdC has been confused with a social shock absorber
- ✓ With the abrogation of the RDC the system will miss the only support for workers marginalized by the contributory system
- ✓ Today it is necessary to reform both the structure of the social shock absorbers, to finally take in considerations the new needs created by the labour market and new crises, and the minimum income scheme.
- ✓ It seems necessary to insert a social allowance against unemployment between the social shock absorbers and the minimum income that screens workers in crisis (in the contributory system) before they fall into a condition of poverty, and become beneficiaries of a minum income scheme.





**Thank you !**

