CHAPTER TWENTY-FOUR

DUALISM AND DIVERSITY: A COMPARATIVE ANALYSIS OF UNEMPLOYMENT IN ITALY

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Employment systems in the industrialised countries have undergone far-reaching changes since the economic crisis of the 1970s. Industrial restructuring and the delocalisation of manufacturing towards less developed countries, the spread of new technologies, the expansion of service sector employment and changes in labour market policies and state welfare have all transformed the division of labour, radically altering the “welfare capitalism” that developed during the post-war boom.

One of the most striking symptoms of these changes was the emergence of mass unemployment in the developed countries. In many cases, two-figure unemployment rates were observed, levels unknown since the period of the Great Depression. Over the past three decades, this phenomenon has undergone substantial variation, providing a strong stimulus for empirical research, although the conclusions of these studies have been controversial:

One might have hoped that, with 30 years of data, with clear differences in the evolution of unemployment rates and policies across countries, we would now have an operational theory of unemployment. I do not think that we do. Many theories have come and – partly – gone. (Blanchard, 2006: 8)

At the end of the 1980s, the Netherlands had an unemployment rate above 14 per cent – one of the highest in Europe – whilst in Great Britain the problem of access to paid employment was also assuming great social significance. After just a few years, both countries had once again fallen below the European average. Spain – historically the EU member state with the highest unemployment rate – unexpectedly experienced a sharp reduction after 2004 (Figure 1). Perhaps the most dramatic reversal of fortunes observed within the EU was recorded in the Republic of Ireland, which went from an unemployment rate of roughly 17 per cent in the late 1980s to well under 5 per cent in the early 2000s. With the onset of the recent economic crisis, however, this
figure has risen rapidly once again, and is expected to return to its previous high levels within 2–3 years if growth rates fail to recover (Bergin et al., 2009).

These temporal variations have always been accompanied by equally profound disparities in the spatial articulation of unemployment within specific countries, which contribute to the complexity of the phenomenon. Although Spain, Italy and Portugal are typically viewed as having the strongest employment protection legislation in Europe, their unemployment rates are not uniform, nor have they followed the same patterns of change over time. In Italy, moreover, unemployment has historically been much higher in the Southern Regions, and much lower in Central and Northern Italy (Pugliese and Rebeggiani, 1997). In other countries, different patterns are observed: concentrated unemployment in a deindustrialised “rustbelt”, for example, in the North of England, or a more even distribution of joblessness across the national territory, in the case of France. It is necessary, therefore, to theorise unemployment in relation to spatially and temporally uneven processes of economic restructuring, growth and structured territorial differentials.

At the most basic level, the rapid rise in unemployment during the 1970s and 1980s reflected the difficulties that European countries were facing in reabsorbing the excess labour generated by industrial restructuring and the consequent expulsion of manufacturing workers (particularly low-skilled employees) from the workforce. Bearing in mind that the average unemployment rate in Europe was below 2 per cent in 1971, it is important to note that, following a further rise in the early 1990s (which involved, for the first time, Sweden), unemployment rates subsequently converged towards a fairly narrow band, in the region of 5–10 per cent (Figure 24.1).

It may therefore be argued that the changes that occurred in the twenty-year period between the mid-1970s and the mid-1990s did not restore the conditions for employment growth, whilst simultaneously increasing the heterogeneity and instability of employment itself. The combined effect of these changes has been to consolidate a lower “threshold” for unemployment rates which is considerably higher than in the 1960s. Economists discuss this issue in terms of a rise in what is termed the “natural” rate of unemployment, an adjusted equilibrium rate that controls for the structural characteristics of the labour market (Blanchard, 2006).