Three essays on the Italian economic decline: a Kaleckian-Kaldorian theoretical perspective

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Information

Thesis developed at:
- University of Salento (Italy)
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General overview

- Focus on the Italian economic decline
- Intense debate started with Luciano Gallino’s work (2003)
- No consensus on variables and causes
Research goals

• Provide an heterodox interpretation to the Italian economic decline

• Focus on the dynamics of labour and education markets
Theoretical framework

Post-Keynesian framework

Combining elements from:
• Michał Kalecki
• Nicholas Kaldor

Refer to the economic thought of:
• Federico Caffè
• Augusto Graziani
Methodology

- Long-term historical pattern reconstruction à la Graziani (1970-2013)
- Economic policies driven by “economic alarmisms” (Caffè, 1972)
- Analysis of the gap between expected outcomes and actual results
- No econometric exercises, Thesis is based on official data (mainly ISTAT and OECD)
- Academic research, including papers on economic blogs
- Structure: three chapters
1st chapter

Social conflict, union density and struggle against inflation

- **Period:** 1970-90s

- **Alarmism:** inflation

- **Expected outcome:** reduce inflation

- **Policy:** elimination of automatic indexation wage mechanism and set new industrial relations

- **Actual outcome:** drop of domestic demand
2\textsuperscript{nd} chapter

Labour market flexibilisation and decentralised bargaining system

- **Period:** 1990-2000s

- **Alarmism:** rigidity of labour market

- **Expected outcome:** increase employment rate

- **Policy:** flexibilisation of labour relations and decentralised bargaining system

- **Actual outcome:** increase precariousness and unemployment
3rd chapter
The University’s reforms

- **Period:** 1999-2010s

- **Alarmism:** education mismatch

- **Expected outcome:** increase graduates and employability

- **Policy:** adapt the University to the labour demand

- **Actual outcome:** deskill the labour supply and high-educated emigration
Focus on the 1\textsuperscript{st} Chapter

‘70s-’90s

1969-80:
• Hot Autumn – March of 40.000
• Industrial triangle -> Third Italy
• Wage↑ > Labour productivity \implies Profit ↓

1980-’90s:
• March of 40.000 – Amato and Ciampi Protocols
• Capitalist offensive (decentralisation of production, labour market deregulation)
• Wage moderation \implies Export (profit by cost cut, no innovation)
• Inflation struggle \implies Conflicts: (1) workers vs capitalists, (2) among countries
• Union defeat: bargaining power ↓ \implies union density ↓
Focus on the 1st Chapter

Analysis of:
• non-worked hours due to conflict (1969)
• labour disputes (1971)
• workers participating disputes (1975)
• union density (1976)

Reversal of causation:
Expected benefits, current cost e individual choice
vs
Collective memory of past successful experiences
(Conflict \((t-1) \uparrow \implies \text{Unionisation}\) \((t) \uparrow\) )
Focus on the 1\textsuperscript{st} Chapter

- European Monetary System (1979)
- Divorce Treasury/Bank of Italy (1981)
- Saint Valentine decree (1984)

- Asian Tigers (’80s)
- German reunification (1990)

1992:
- Maastricht Treaty
- “Mani Pulite” investigation
- General Election
- Mafia bombing

- Containing public debt \(\rightarrow\) Interest \(\text{debt} \uparrow\)
- Containing wage \(\rightarrow\) W/GDP \(\downarrow\)

- + direct competitors
- - strategic country
- International loans \(\downarrow\)

- Pressure on economic/political system
- Technocratic Govs
Alarmism: inflation → Target: wages
Policy: elimination of “scala mobile” and introduction of decentralised bargaining system

- Attacked by Confindustria (1982)
- Reduced by Scotti Protocol (1983)
- Saint Valentine Decree (1984)
- Amato Protocol (1992)
- Ciampi Protocol (1993)
Main achievements

• Re-reading of Italian political and economic history

• Contribute to the debate with an analysis and a proposal
Thank you for your attention!

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