



Local Employment Policies in the *Milano Lavoro* Project Experience

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Comments to the document

“The Differential Competitiveness of Latin American Regions:
Opportunities and Constraints”

by Ann Markusen and Clelio Campolina Diniz

I was very pleased to accept the invitation to be *panelist* in this conference because I believe that the experience we have built up in the metropolitan reality of Milan in recent years is an important example of the commitment of local Administrations and, concerning me more directly, the Municipal Administration, to coming to terms with the problems of employment and providing an input regarding this to the government, interpreting the specific situation emerging the analysis of the territorial reality.

The interesting, exhaustive research of Professor Markusen shows us how the phenomenon of globalisation – that it would be anti-historical and purely demagogic to want to resist – potentially offers great opportunities for economic and social development, but at the same time risks excluding the large worldwide market, with the dramatic consequences that we are all know. And this mainly applies to those geographic areas where the structural and political conditions that can honourably accompany the more and more rapid transformations of the economic-productive network are not created. Of course, the point of observation that a city like Milan offers is a lot different from many of the realities examined by Prof. Markusen: our city has one of the lowest rates of unemployment and the highest pro-capita income in Italy; it is a city where a large slice of the most important economic activities of the country are located and where economy, culture and society are naturally projected towards Europe, in a continuous and profitable relationship of mutual exchange.

Still, this does not at all mean that the challenges launched by a market without borders have not had a considerable impact on the economic system of the area of Milan as well. Indeed, I would like to dwell briefly on some of the peculiarities of this area before going on to examine the employment policies that my government has already created and the ones we are about to implement.

As we know, Milan and its hinterland have represented one of the fundamental centres of industrial grouping in Italy, contributing, perhaps more than any other local reality, to the post-war reconstruction of the entire system-country and its subsequent development, to the point where it earned Italy an important position as one of the most industrialised countries.

On the other hand, the radical transformation – which professor Markusen also discussed in her report – that the *method of producing*, i.e. the industrial organisation and the *what to produce*, i.e. the object of the economic activities present in the market, have undergone recently, had the effect of revolutionising the structural characteristics of the economic-production system in Milan. To the point where, today, we find ourselves with a system of local economy that is not at all similar to what we were used to until a short time ago.

The lines of labourers employed at the large manufacturing industries have become progressively shorter, and this is only partly due to the effect of technological innovations to the production processes: the reason for the regression of the industrial presence in the Milan area must primarily be placed in relation to the unstoppable rise of the so-called advanced services industry (finance, services and fashion, to begin with), which have slowly filled up the spaces left free by industry.

Then in even more recent years, Milan was the Italian turning point for the phenomena of the so-called *new economy* and *net economy*, once more having to deal with the repercussions, on the financial and social level, of the speculative bubbles and their sudden and unexpected deflation.

Already from these very rapid observations it is possible to appreciate how complex and dynamic the Milanese economic reality is and that, precisely because of these peculiarities, represents a continuous challenge for whoever finds themselves playing an active role in it, both in the private sector and in public institutions.

The City Council of Milan, with a project that met with a lot of obstacles and diffidence, particularly in the initial phases, decided to take up this challenge, providing itself with the necessary resources and skills to offer a constructive contribution of proposals and services to the social protagonists, making itself an interface between the public and private sectors.

The action of the City Council was directed towards different subjects on the matter, all of which were connected by a common denominator – to offer opportunities and services where the free market of private business operators cannot arrive because it is not motivated by enough of an economic interest that justifies it. In this perspective the most significant experience, particularly on the level of its

experimental and innovative content, was represented by the *Patto per Milano (Pact for Milan)*. At the end of the nineties, in full recession, in the emergency caused by one of the most visible and macroscopic effect of globalisation, i.e. the growing wave of migration from countries where poverty and misery lead to flight, Milan found itself facing a social crisis of serious proportions and uncertain prospects.

The idea of offering job opportunities matured in that context, therefore social integration for the categories that the market refused: in particular, workers who were no longer young, thrown out of the production system because of the cyclical economic crises and without concrete prospects of another job, and immigrants from outside Europe, without a specific profession.

We must never forget that the driving force and indefatigable promoter of this idea was our friend Marco Biagi, who was killed a year ago because of his ideas on the blind and pitiless fury of terrorism; an experimental good practice workshop in relations between local Institutions, trade union representatives and companies working on the territory was matured around the idea and it developed an innovative plan of action for social and employment policies. So positively innovative as to become the inspiration for other agreements, also at a national level, such as the now famous Pact for Italy, that led to the reform of the job market now being implemented.

This is why I think I can say that the tried and tested method in the Pact for Milan was the seed that was spread a lot further than our, albeit important, Milanese “garden”.

I think our experience can be a particularly important example in relation to one of the central themes of this *panel*: the relationship between the local level and the national level has in fact been one of the most delicate but also most innovative points of the Pact for Milan and of what subsequently ensued from it.

From a technical-legal point of view, the coordination work between the binding regulations deriving from the general legislative outline and the specific needs to recalibrate the relationships and for flexibility in the contracts that emerged at a local level was very complex. On the other hand, on the political-union level, the mediation and compromise work between the guidelines expressed at a national level and the concrete action implemented at the territorial level was very delicate.

As far as this is concerned I feel authorised to say that the matter of the Pact for Milan, in the different evolutionary steps, has demonstrated how it is possible to realise at a territorial level what seemed impossible in a national perspective: and all of this without ever deviating from complying with the

overall legal outline, but taking full advantage of the opportunities offered by a context of reciprocal trust between the parties, strengthened by the cohesion around a shared project of social development. But, as I said, the Pact for Milan was only the first small step in a more complex project design that has been progressively refined and enriched with contents and that today, after passing through the experimental moment when it emerged, is heading towards a more mature and structured phase. Precisely by developing cooperation between the different levels of the territorial administrations and their specific competences, the City Council of Milan has set up a “counter” to bring together job offer and demand, also particularly directed at *weak* subjects, in other words those who are not very appetising for the market, giving life to professional training projects aimed at reducing the *gap* in terms of employability with respect to the specific requirements of the enterprises operating in the metropolitan area.

To make the services offered by this “counter” more visible and entrenched in the territory, we are about to open new physical spaces situated in areas with a high rate of social disadvantage, where information and professional structures sit alongside the activity of *job scouting*.

In the knowledge that the characteristics of the job market are closely related to the peculiarities of the manufacturing system, the City Council, together with other bodies and a *network* of business associations, has helped draft the local action plan for employment (LAP), a fundamental tool to direct local policies in support of employment.

The latest important initiative also lies in this perspective; it has only just been launched and is the *Observatory for employment policies*, which this Administration has invested a lot in, in terms of resources, projects and expectations and that is the result of the so-called new Pact for Milan, i.e. the Agreement of 2nd May 2002 between the City Council of Milan, the Chamber of Commerce, Entrepreneurial Organisations and Trade Union Organisations, with the collaboration of the Ministry of Welfare and also of Italia Lavoro S.p.A.

The objective of the *Observatory* is to record and control the economic-productive activities and local employment and as such is crucially important to aim at an increase in the employment rate and in job quality.

The *Observatory* has a highly innovative position insomuch as on the one hand it is the expression of a shared project by the social parties, and on the other it is a tool, in a local perspective, of the European guidelines on the question of employment.

In fact, in the creation of the *Observatory* there is a clear influence from the so-called *European Employment Strategy* that, by specifically favouring a rationale of coordination and cooperation between national and community organisations to formulation of the *National Action Plans for Employment* (NAP), identifies a work method to use also at a local level in the preparation of the *Local Action Plans for Employment* (LAP).

So, in a manner of speaking we obtain a two-way circulation of information and experience made in the local societies; this rises through the different levels of competence until it arrives at the European level, and then returns to the local level, once the quality and exportability have been verified by the same “good practice” standards.

This system favours the procedures of *devolution* of the employment policies to the local communities and their needs, carried out within the nation. In particular, decentralisation of the meeting between job demand and offer on a local basis, a prelude to the already introduced reform to article 117 of the Constitution, shows us, in the short term, employment policies with a local matrix, diversified according to the precise characteristics of the different job markets.

Please allow me to conclude my speech on a personal note: over the years, the model of employment policies that the City Council of Milan has developed has been the object of careful consideration by the academic, entrepreneurial, trade union and political world. In the lively debate that ensued, there have been enthusiasm and criticism. We are grateful to our interlocutors, particularly the latter, because in the work we do, a continuous stimulus to review the mistakes made is fundamental so we can try to improve a project that aspires to offer a contribution – as limited as this may be – to improving the economic-social conditions of the territory we live in. So, we trust that this debate will continue, that the critics will make themselves heard, definitively suffocating, with the force of reason, the deaf noise of arms.