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SEEN FROM INSIDE

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Dear comrades, dear friends, delegates to the 3rd National Congress of Uilcem-Uil, dear guests, dear hosts, welcome to the works of our Congress.

“If you ask a modern economic historian why the world is currently in the grips of a financial crisis and a deep downturn, he will give you this answer: This is the latest episode in a long history of similar episodes of bubble—crash—crisis—recession, episodes that date back at least to the canal bubble of the early 1820s, the 1825-6 failure of Pole, Thornton, and company, and the subsequent first industrial recession in Britain”.

Bradford DeLong, Berkeley University.

The crisis.

According to *Fortune*, the 100 first US corporations overall have cash reserves amounting to 948 billion dollars, which they keep until they are certain that the thunderstorm has gone.

And then? Where shall they invest those cash reserves?

Money never stops; it is put today on gold, tomorrow on oil, then on Stock Exchanges, then on derivatives, then on the real estate sector.

There is a small index at the Stock Exchange that tells better than anyone else why is the “bubble” forming again.

Its name is "Vix" and it is not a product for those who have a cold. It stands for "Volatility Index" and it indicates the volatility, the sudden ups and downs in prices.

It is back to the peaks of the year, pushed by the Dow Jones able to lose and earn 2% in 48 hours, and guarantees that the huge cash reserves will look back for those instruments of real or illusory financial protection called "derivatives" and "hedge funds".

Precisely those products that were accused of causing the doomsday of September 2008 and which should have been wiped out.

Dear delegates from Uilcem, the lesson learned from the bankruptcy of the Lehman Brothers

has taught nothing.

Andrew Smithers, a stock exchange analyst, has calculated that the ratio between share prices and the profits of the companies that issued them has reached unimaginable levels. In the S&P 500 index of Wall Street this ratio amounts to 142. This means that the share is traded at a price 142 times higher than profits. Not only this is a record, but the previous one is one third of the present one. Even adjusting the calculation for the present situation of recession – says Smithers – shares are overestimated by nearly 40 per cent compared to the historical average.

Maurizio Ricci, La Repubblica.

And "Il Sole 24 Ore", not "Il Manifesto", wrote, with a tone not satisfied at all: «World Banks today look like funds rather than like credit institutions, which rather than financing enterprises and families, speculate on markets». As a way of supporting a rather drastic position, the daily of Confindustria underlines how, from the analysis of the data of the 12 first European and US banks, it comes out that in the second quarter of 2009, 59 per cent of revenues come from trading activities, dividends and fees. And not from interests on loans.

Maurizio Maggi, L'Espresso.

In this way, the money to be destined to investments will decrease. Real reforms are needed.

According to "Business Week", the most important listed companies should allocate to reserves the amounts exceeding one additional billion dollars per year. In this way, companies will have less and less money for their business and for research activities.

According to Riccardo Bellofiore, professor of monetary policy at the University of Bergamo, the risk of a new financial bubble exists for two apparently simple reasons that are before the eyes of everybody: «First of all, the health of US banks is not as good as it appears, since thanks to public guarantees on toxic shares, they are not entered in the balance sheets according to their real market value; secondly, because the recovery of western economies was overestimated and is mainly based on public aid; therefore, much of the money lent at low rates to the banks are used for speculative financial investments».

The performance of stock exchange listing, therefore, was not favoured by the expectation of an economic recovery, which is also difficult to forecast.

The slight recovery was boosted by the extraordinary contribution of the liquidity injected in the system by governments and by central banks.

And it is also possible to imagine that a good part of these subsidies are at the basis of another euphoric category: the famous corporate bonds.

Each issuing occasion is accompanied by a huge number of requests. The issuing companies are solid, but in the market there are already at least 114 billions of high yield and low rating bonds, which are therefore rather risky. And there is the preoccupying coincidence of the boom for the issuing of corporate bonds in the year in which the insolvency rate is increasing

remarkably.

According to the rating agency Moody's, in the first quarter of 2010 the impossibility of repaying debts might increase to 12 per cent. Last year it only amounted to 0.7 per cent. "These are numbers to be carefully monitored, and in the meantime they feed the party of alarmists."

However, after the storm was over and the markets resumed their growth, many started to take advantage of this situation.

With interest rates amounting to zero, and this is the thesis of the economist Nouriel Rubini, the only one who foresaw the crisis, investors borrowed money where rates are low (as in the US) to reinvest it elsewhere; and they exploited, for instance the growth of emerging markets (as the Chinese one) or of commodities (as golden and oil). This, according to the economist, originated a new huge bubble in the markets and at the same time launched the depreciation of the dollar".

Dear delegates, Uilcem still has a doubt: why waiting to launch a reform of finance mechanisms, able to brighten up our souls and minimise bubbles?

Hasn't one year already passed since the first meeting of the G20, when the twenty world leaders promised with one voice a new "architecture" of finance?

Why are there so many delays?

Why, dear delegates, isn't there any separation between the roles of merchant banks and credit banks and savings management banks?

Two key representatives of world economy, the Former President of the Fed Paul Volcker, among Obama's advisors, and the governor of the Bank of England, Mervyn King, are convinced that there is the need to go back to the separation of banks according to their type of activity: commercial banks, which take the deposits of people and grant loans, should not venture in risky speculations, as it happened at the time of subprime; investment banks would be free to act, but in case of difficulty they could not rely upon the rescue operation of the government.

Volker and King wish to go back to Glass-Steagall, the law that in 1935 imposed a division between financial institutions, which was abolished at the end of the '90s.

It is necessary to recall that Tremonti, the only statesman in Europe, during the election campaign of 2008 admonished from the dangers run by world economy, and hoped for the creation of a new Bretton Woods, and also stated in each national and international occasion the fundamental need for a real restart of world economy, and to reform the monetary and financial system.

Is it true that everything tends to gold, as Goethe said, which is «mighty and bright»? Or is gold the «the excrement of devil» as Luther said?

The misleading recovery of financial markets is once again giving the world the diabolic

illusion of an economy that is growing again, whereas as a matter of fact it is only the speculation bubble and the profits of large banking groups that are growing again.

For us of Uilcem the real global economy is weakening day after day: companies are shutting down, unemployment is increasing, national States are increasingly indebted, the *welfare* systems are developed in an accelerated way.

In the meantime, however, the main world bank giants are tripling their profits.

A reform of the financial system would have given the possibility to the Italian Government and to all the others to refinance the real economy without performing cuts to public spending or without managing somehow to find the liquidity needed to refinance welfare support provisions.

In this picture, the case of Italy is absolutely special. The drop of the Italian GDP in 2009 accounted for -4.8%. Among the major economies, it is slightly lower than Japan and Germany only, which were more markedly affected by a drop in foreign demand. In Italy the productive activity was already stagnating at the end of 2007, and it was dropping in the second quarter of 2008, just before world finance became agitated in the second part of 2008.

I would like to summarise the figures available as far as the latter aspect is concerned. The drop in real GDP in Italy in 2008, -1%, can be entirely ascribed to the decrease in domestic demand, having considered that imports decreased more than exports.

In 2009 the 4,8% drop of GDP mostly depends on the drop of domestic demand, on further contractions of consumptions and of investments, and only partly on the drop of foreign demand and on the reduction of exports.

Differently from other economies, ours is going through two crises at the same time: the loss of industrial production and the loss of productivity (the latter was pre-existing).

What about the causes?

Very briefly, according to Uilcem the causes are linked to the shortcomings existing inside of the Business system (in dimensional dynamism, in the quality of productions, in the acceptance of competition) that interacted within a vicious circle with the deficiencies in State actions (in government budget and in public debt, in the services of Public Administrations, in the physical and legal infrastructures for the economy).

According to us representing Uilcem, it is necessary that State and Enterprises interact as synergically as possible at least at three levels:

a) We ask that interventions are carried out with a view to reducing and equalising tax burdens as well as envisaging to allocate part of public spending to infrastructures (transports, communications, utilities, water and energy networks), in particular in Southern Italy. Furthermore, we ask to remodulate the subsidies to enterprises (law 488 and FAS funds) as well as a higher efficiency in the healthcare.

b) We ask for actions to strengthen intangible infrastructures. According to us, it is not possible to further postpone the rewriting of the economy law, the administrative law, but also the commercial, corporate and bankruptcy law, as well as reconsidering the role of the antitrust, also according to a vision that adjusts the role of law to the needs of the productive system and of the civil society.

c) We ask to rediscover the role of large enterprises. Irrespective of those who lead them, they are fundamental in selecting, spreading and implementing the most promising innovations. The growth was slowed down by the persisting small size of enterprises. Very few small companies have become medium-sized ones, and almost none of the existing medium companies have become large ones. The economic growth, on the contrary, coincides with business dynamism.

According to Uilcem, along this pathway it is possible to achieve the trend levelling of the profit rate between sectors and companies, given the same salary paid for the same tasks.

If this condition continues to not to be met, the production increase will not take place and the dynamism between large and small enterprises will not take place; capitals – the very few ones still available – will be increasingly concentrated, and the profit rate will continue to dump in the most profitable sectors vs. the less profitable ones.

The State and the Enterprises are called to urgently commit themselves. Otherwise, there is also the risk of a new recession. The deadlocks and non-performing debts on the loans to enterprises – rapidly increasing – can lead to severe losses to banks, to block investment credit, and paralyse the entire economy.

We have the reasonable perception of the fall of employment, which can cut consumptions. The public debt would be part of a vicious spiral. On the contrary, if fulfilled, that commitment would bear its fruits until boosting income growth.

We at Uilcem believe that these initiatives would promote, in 2010, an economic growth far higher than the one presently foreseen, 0.7-1% in 2010, considered as not sufficient for the recovery of the 4% employment drop in 2008-2009.

The increase of private spending for consumptions and investments could be sided by the temporary contribution of public demand. In consideration of a higher one-off deficit, based on the investments of the Public Administration as well as on the support to the unemployed and to the disadvantaged people, financial markets would react positively. This is what rating agencies have been asking to Italy for years.

It would be unforgivable if Enterprises and State continued to persevere in inaction.

Industry.

The area recording the major drop involves sectors as textile, steel, chemical, and electronics – the latter being reduced to mere distribution.

Also in Italy the “theoretical decline process” began at the beginning of the ‘90s, with a phase of acceleration coinciding with the “*mani pulite*” court proceedings.

As Luciano Gallino noted, in those years there was the disruption of the largest Italian agri-food and electric corporation, that is to say the Montedison-Ferruzzi group; the adventurous privatisation of the SME, which ended up with the financial disaster and the fraudulent bankruptcy of Cirio and Parmalat; the dangerous distraction from the personal strategic mission of FIAT; the missed participation of Italy in the industrial Consortium of AirBus (“the major technological and commercial success of contemporary Europe”) and, last but not least, in April 2003 the exit from the MIB 30 Index of Olivetti, which was definitively merged and disappeared in the Olimpia project of Mr. Tronchetti Provera.

As from the beginning of the ‘90s, the governments that led our Country carried out and fulfilled a huge privatisation activity of public industrial companies.

Dear delegates, while those of the “Britannia” are still having a great time, public utilities were sacrificed in the name of the theories of the free market to improve the debt-GDP ratio, with the supposed objective of making the national productive fabric more efficient and competitive hence allowing citizens and consumers to derive huge advantages from it. They were promised the reduction of prices and tariffs that inevitably the “free market” would entail in the theoretical obedience of the law of demand and supply.

In the Italian case of privatisations, the marginalist or microeconomic theory of privatisations was guiltily applied, and inevitably prices remained high and company management remained expensive and inefficient.

The pre-existing diseconomies of privatised companies prevented the new managers from cutting prices and fees in the times scheduled, hence disappointing market expectations and markedly contributing to widening the gap between institutions and citizens.

And do you know why?

“The existence of controlling authorities and the separation from the network of plants is not sufficient if the costs of the incumbent company (the holding) are high”, maintains Roberto Petrini.

Dismantling the large industrial conglomerates hugely reduced the capacity of our system of enterprises, represented by small and medium-sized companies – to compete in the international arena.

The high costs of research, in consideration of the risk of not recovering them in the future, objectively represent a hindrance for small and medium enterprises.

The creation of a pharmacological molecule entails investments of around 1.5 billion Euros, and bringing the results of the research to the market demands equal or higher investments, without neglecting that it is then also necessary to have a manufacturing industry for its production and a distribution network as close as possible to the outlet market.

Conversely, it appears that, by recovering the presence of large enterprises – that is certainly strategic – it would be possible to face the problems of development and decline, meaning

that by solving the problems of the chemical group ENI, or of the electric industry ENEL, we might avail ourselves of a wide technological platform for the relaunch and the development of our economic and industrial fabric.

More realistically, what in this moment can represent a concrete idea of technological platform is the development of public services, networks and infrastructures to the service of the market, a good access to financial services as well as a streamlining of authorisation procedures, rationalising, without putting rules aside, the legal provisions in force in the relevant operational sectors (over 450 considering laws, directives and regulations) that dampen the boost to launch new business projects, and scuttle the perspectives of the projects developed.

It is also misleading the idea of thinking about small enterprises and manufacturing companies as having a low technological content.

In this connection, it is important to recall that in small and medium enterprises continuous progresses were achieved in process technologies, also in consideration of radical changes in work organisation, with considerable investments in Information Technologies.

It is enough thinking that in mature sectors as textile, rubber and ceramics, products are designed by the head office through electronic processors and sent via Internet to the different factories that, by means of the new process technologies, cut, shape and press the product designed by the head office.

In this case as well, work division and the control of the productive process show the achievement of high company management capacity through IT techniques, developed by means of considerable investments in the ICT.

The under-sizing of the Italian spending for research and development remains; it is ascribable not only to the choices made by the present government, but also – and to a higher extent – to the low level of spending incurred by private companies in the last decade.

In general it is reasonable to state that the company size is proportional to its capacity to invest in research and development, although in theory it is also reasonable to state that nothing prevents small enterprises from participating in larger research projects, providing first-class skills and excellence.

This remark leads us to trace the origins of the disincentivating factors for technological innovation and participation in new business projects back to the unsuitability of our banking and financial system, limitedly willing to support with risk capital new business start ups, to the inefficiency of the public utility services of some geographical areas of the country, and to the slowness of our public authorisation system.

The present crises should have suggested to the financial system to support small enterprises with a higher degree of confidence, having considered their level of soundness and their guiltlessness on the causes of the crisis. However, the public financial system as well, at a regional level, should have better and more strongly supported SMEs, facilitating the access and the allocation of regional Confidi.

At the same time, particular appreciation is deserved by the idea of establishing a Bank for the South, aimed at promoting development and growth in territories that have to be given back to the market and to the rule of law.

At present, our country system is not attractive for national and foreign investors and capitals, which find a better and quicker remuneration in the economic and industrial systems of other western countries, which are supported by modern public infrastructures and favour the process of transformation of ideas into products, borrowing the idea of the “just in time” productive model.

For us representing Uilcem, the reconstruction of national patterns is key, and we wish a temporary return of the State to the real economy, with the role of financial “tutor” helping to overcome the present problems. This is not protectionism, but rather a reasonable protection of the national interest in a European framework, as in France, with particular attention paid to the advanced sectors of chemistry, renewable energy, biotechnology and environmental reclamation.

In the latter sector in particular there are already considerable capitals available, and recently, through a trade-union agreement, Uilcem committed itself so that in the next 5 years over 800 million Euros are spent for the requalification of the chemical site of Porto Torres.

The existence of large enterprises is undoubtedly fundamental, in the same way as the development of public infrastructures is undelayable, since it can guarantee a higher level of efficiency, competitiveness and attractiveness of the country that, being poor in raw materials, must necessarily strengthen the volume of trade in internal and international markets, maybe also launching tax policies favourable for those enterprises that face high levels of expenditure in innovation and research, technological development and vocational training of its employees.

In addition to the considerations made until now, other issues contribute to the development of theses concerning decline and development, including in particular the trend of trade and the influence of tax burden.

It is not a case that, due to the effect of the different tax burden in the various geographical areas of the planet, the Italian export has undergone an important change in the quality of the goods traded. Many commodities considered as having a low technological content or, more simply, “poor goods” have moved from our price lists, and we presently find them proposed by companies located in developing or emerging countries.

Emblematic cases must be recalled in the chemical-pharmaceutical sector, in the field of rubber and plastic, ceramics, glass, and in order manufacturing areas.

The “made in Italy” products and patents, recently adopted in Eastern countries, are structurally changing the corporate geography of many national trademarks and brands.

According to the theory of “*ceteris paribus*” (other things being equal), we should have assisted – in consideration of a movement of goods and services towards the outside – to a

return of intangible services and financial movements towards the inside. However, since we are not in the abstract and theoretical condition of perfect competition, we assisted to a real migration of companies and products to those countries with a low tax burden, low labour cost and low cost of services, without recording the physiological financial effect of return, to be invested in activities with a higher technological content in the country of origin. If anything, the effect produced by the trade deficit has immediately turned into a loss of manpower with poor professional skills, worsening the profit and loss account of welfare spending.

Delegates, this has been, and continues to be, an open wound in our economic and social system. Who is going to pay for it?

It is worth recalling for a minute that the discovery of the new world and the strengthening of international trade produced in the 17th century a subversion of the economic balance of the old continent, to which Italy – the country of provinces and grand-duchies – without a colonial policy, could not oppose any protectionist policies or expansion of trade that quickly moved from the countries overlooking the Mediterranean to the countries of the new world.

Today as at that time, our country is not experiencing the effect of return of the financial profits that the phenomenon of delocalisation should – at least in theory – produce. Money remains abroad.

The solution recently adopted by the Government and extended in the Budget Law 2010 until April, relating to the return to Italy of capitals from abroad, can help the economic recovery provided that money is reinvested in real economy, research and innovation; otherwise, it risks to turn out to be a further injustice vis-à-vis honest taxpayers, which are already heavily outraged.

This was also clearly said by our Secretary General during a recent interview with the “Il Tempo”.

As a matter of fact, Tremonti is trying in other ways to strengthen public finance. The *Tremonti bonds* and the Bank for the South aim at restarting the productive economy with the subsequent creation of tax revenues for the inland revenue. In fact, Tremonti’s tax policies (from the banning of tax havens, to the inversion of the burden of the proof when dealing with the lawfulness of the transfer of capitals abroad, to the tax "shield") aim at filling the coffers of the State without putting the basic economic system in the hands of privates.

According to the neo-liberal doctrine, the hypothesis of giving more money to capitalists was based on the assumption that they knew more and better than wageworkers how to productively invest them in the company, that is to say in the real economy and in productive goods and services, therefore expanding the economy and the employment.

The financial deregulation proved that the neo-liberal theory was wrong, the capitals rationally and cynically remained outside of the country, and today an indistinct tax reduction would be more beneficial for the rich and for speculators. For this reason, Uil

differentiates its proposal, asking that the tax reduction mainly applies to employment and retirement income. We are convinced that this proposal, an old hobbyhorse of the Union, besides corroborating the wage rate in favour of domestic demand and employment, also meets the demand for tax democracy in a Country characterised by a strong tax evasion.

Energy and climate

The economic recovery, however, demands availability and access to energy sources, and we all know that in order to support the intensity of human activities, it is necessary to intervene on the models of consumption of energy resources to guarantee a long-lasting model of development, protecting the environment and the communities.

In the last few years, increasing concerns were raised for energy supplies due to the depletion of fossil fuels and for geopolitical questions that put the energy issue and its complexity on the top of the agenda of all Governments.

Energy represents a central sector and as such demands a national plan and an international strategy, whose subject must be tackled both from the viewpoint of diversification of supplies and from the perspective of cost-effectiveness of raw materials and of their price, which together represent a crucial point for the industrial sector and for network services.

The industrial energy production has a structure of supplies demanding long implementation times as well as considerable capitals to be invested. Such a structure limits the number of companies able to provide it, and these aspects characterise this sector with the presence of oligopolies in all the main western and developing countries.

Therefore, while defining the main lines of an industrial policy, it is necessary to bear in mind that the energy needs of our Country depend for over 80% on fossil fuels and in particular on gas, and that the field of hydrocarbons are located outside of our territory and outside of the European Union, in conditions in which the laws of the free market are not enforced.

We representing Uilcem highlight the following nodal issues:

- 1) the availability of fossil fuels is located outside of the national territory;
- 2) consumers market is too far compared to the places of origin of these energy sources;
- 3) the presence of oligopolies in the energy market;
- 4) the inelasticity of the supply structure influences the demand, and the market is inelastic;
- 5) the Countries that own the traditional sources are not open to the rules of the free trade;
- 6) energy sources are in the hands of States and not of private companies;
- 7) the nuclear project suffers from the contradictions of the Italian system;
- 8) renewable sources demand a long program of financial support.

Furthermore, the complexity of the transportation system of traditional energy sources makes this situation even more difficult to solve. Inevitably, this aspect as well will influence the industrial policy choices.

The considerations made until now, also on the basis of the still unsatisfactory economic results coming from scientific research on renewable sources, lead to propose once again

the use of fossil fuels as a main option against the growing energy demand, and place the nuclear option as a marginal solution.

Despite of the reduction of the energy demand imposed by the drop of consumptions, Italy remains a gas-powered country.

Gas is the cleanest and less expensive fossil fuel (considering the realisation costs of gas plants compared to those of new generation coal plants) given the same energy efficiency. Gas is very much widespread all over the Planet and is also abundant (reserves are certainly available for over 60 years) and if for some consuming Countries it is distant from the market of consumption, gas can be transported and stored.

A flexible energy source that was rediscovered in the last few years in which, the increase of public awareness to environmental problems, led to the need to look for solutions able to conjugate economic development and environmental protection – and think that many many years ago gas was burned as a torch also with huge damages for the surrounding environment.

The main cause was represented by the low prices of this raw material that prevented a return on investments, since there was no suitable knowledge and technologies for its taking, transportation and sale as a direct competitor of oil. For these reasons, gas has increasingly become the *industrially correct* solution for the production of electric power, for heating, for the chemical industry, which now also competes with the other sources close to it as petrol and gasoil in the industrial sector of transports, supported by the incentives in favour of bi-fuel-lpg vehicles.

The debate and the choices that will be deployed shall take into account this framework as well, and it is already evident that favouring the use of gas as an energy solution will further divide the parties, between those who consider more convenient the investments for methane-oil pipelines (pipelines), and those who will prefer regassifiers (the terminal) to guarantee a save growth, fully respecting the environment.

For us of Uilcem the main question is the following: will it be possible, on the basis of the economic growth, to put fossil fuels aside and rely upon alternative sources? Will the technologies and the knowledge presently available allow us in the short time to produce high quantities of energy? Although to a marginal extent, within how many years will nuclear power start to produce the first megawatt? Will the rediscovery of coal represent a valid alternative between the low costs of the raw material and territorial cohabitation?

To the representatives of institutions and of the world of labour that we are honoured to host, we ask: how do we think to intervene in the energy sector to bridge the gap in competitiveness that separates us from the rest of Europe? Which pathway shall we follow to conjugate development with the full respect for the environment? Which energy sources is it possible to rely upon in order to support the energy demand?

Our society has to face two fundamental challenges: find end ensure the energy resources to support the growth and the economic development, and mitigate the climate change that is taking place, hence guaranteeing environmental protection.

In the meantime, between Kyoto and Copenhagen, the European Commission has taken on the commitment of reducing within 2020 greenhouse gas emissions by at least 20% compared to the levels of 1990, resorting to energy policy interventions up to 20% of efficiency, and develop the industrial sector of renewable energies up to 20% of production, jointly with the emission trading scheme as well as other policies in the field of climate change.

Finally, the European “energy package” has been completed by the Commission with the introduction of the 10% percentage in the sector of transports, with the clear intention of stimulating almost all the energy sectors also in the perspective of industrial reconversion of the technological platforms presently available.

It is worth recalling that the new technologies applied to transports have triggered an important process entailing the restoration of the hydrocarbon refining plants, both in Europe and in America. These technological novelties might, in alternative to shut-downs, stimulate investments in the production of bioethanol and syngas. This means from refinery to biorefinery. Et voilà! All of a sudden we would solve some alarming problems linked to the cycle of urban waste, of mobility and of energy production.

The new environmental technologies today start to compete with traditional technologies, and the technological transfer, in other fields as building-mechanic-food, has started an activity of “skill development” to be used for the tangible climate mitigation also in developing Countries, which are more vulnerable to climate change.

We are convinced that the recent international policy measures on climate represent encouraging steps forward toward mid-term objectives (2020-30) that are realistically within the reach of industrialised Countries – including Italy – and concern the reduction of pollutants and the limitation of *global warming*, a support to which also has to come from the incentives and the financial support of the recent actions adopted by the government.

According to Uilcem, it will be necessary to chose a model of development, based on the corporate social responsibility that all countries and all companies shall implement jointly.

The meeting of Copenhagen, although not improving the thresholds of CO₂ and did not reach an agreement to launch the reduction of global warming by 2°C, due to the fear of extinguishing the *ignis fatuus* of economic recovery, it certainly has the merit of establishing a financial item, amounting to nearly 100 bln \$, (that according to NGOs is not satisfactory), which will allow to develop low-emission technologies in favour of emerging Countries and continue the research for the capture and storage of CO₂ in an industrialist vision of recycle of industrial waste and functional recovery of the emissions in the atmosphere. Think of the reinjection of CO₂ in mature oil fields. It is ingenious, although expensive.

But technology is expensive *par excellence*, and then? It is necessary to have clear ideas.

Clear choices, for a stable programme of energy policy, shall be made for nuclear power.

The first question that Uilcem asks is the following: the development of the nuclear industry is a task of the State or of the private sector?

If we consider the scientific complexity of this energy source, as well as the ways in which it was applied for civil use in other Countries, then differentiated choices are available. There has been the prevalence of state over private management. Furthermore, the wide variety of use that this scientific skill puts at the users' disposal included this industry among the strategic sectors for the national interest in all the countries in which it was adopted. In the light of this brief consideration, it is possible to infer that in this field the State vision prevails over the private one.

Therefore, it is possible to consider it as a strategic industry first, and as an economic category afterwards.

At this point the nuclear program shall contain stable choices by the State.

The Italian nuclear program, relaunched by the central-right wing, repropose in a suggestive and challenging way not only the ambitions of the national scientific élites, but also the challenge of the "Made in Italy" industrial system from the viewpoint of skills and implementation. It will not be easy, since major situations as the Referendum of 1987 as well as a well-established environmental awareness, besides the obstinacy of the "no nukes" committee, will represent a real obstacle to the implementation of the program.

Are we starting?

The present government, since its first day of office, relaunched nuclear power as a strategic choice for the Country, for the diversification of energy sources, as well as for the need to modernise our infrastructures. Minister Scajola asked the largest Italian company in the sector of electricity production to study a project for nuclear power, its feasibility, and also the availability to develop it in partnership with the best international enterprises.

The Enel-Edf consortium is getting ready to intercept, within 2030, 16-18 bln Euros out of the 30, allocated by the Government, to deliver Italy the third generation atom, which shall meet nearly one fourth of the future energy demand.

Twenty years to implement the programme. Will this time be enough?

This is difficult to say. Or, better, it is easy. After all, 23 years only have passed since the Referendum that shut the doors to the State nuclear industry, and it seems like yesterday. Time, in our country, when it comes to large industrial subjects, easily loses its spatial dimension.

As far as this subject is concerned, Uilcem does not intend to erect walls but it simply looks at the historical "taints" of the country system, and is concerned about the eventual waste of money and, while debating, it suggests – if possible – to rely upon renewable sources, less expensive and more democratic.

Renewable sources are going through a real industrial renaissance. The choice of state

subsidies succeeds in bridging cost and efficiency differentials. If we want to, then it is possible to consider the growth and the consolidation of the sector of renewable sources as a typical case of economic school, in which there is the birth of a new sector through the initial investment made by the State. Small and large entrepreneurs are growing, and with them we hope that new jobs are soon going to be available as well.

The development of renewable sources will demand investments, not only in process technologies but also in human resources. According to the white paper of the European Union, about 100,000 workers will be employed in this sector; they will be professionals with high technical and professional skills. According to Promelec International, there is the reasonable risk that nearly 40% of demands will be unmet due to the lack of availability of profiles and subsequent search for workers abroad.

Presently, the experts already operating in our market earn salaries of 40-60,000 Euros per year. Therefore, it is possible to state that the sector of renewable sources can promote a good quality employment and, as far as we are concerned, we have to support it until its consolidation.

The State as a “tutor”; it is not a case that we want to recall it, since this is our pet subject.

Not only employment, but also the chemical area can be stimulated by the sector of renewable sources. As already stated by Uilcem, it is necessary to select within the Italian chemical sector the “intermediate” products from naphtha that, from the organoleptic point of view, are better than the Asian ones derived from gas and, in order to guarantee a suitable level of development, it is necessary to invest in high value-added chemical sector. This is the most convenient moment to do so, since we are in a low phase of the business cycle. In fact, investments today are less expensive than one year ago (for the negative cost of money), and resorting to domestic research can make a difference, also considering the property of technology and the intellectual advantage that is still present. There are many technological innovations that can be transferred to the sector of renewable sources: the new materials for thermodynamic solar energy, or the special polymers for photovoltaic solar energy, the replacement of silicon, the new fluids, etc

It is also important to look at sectors as vegetable chemistry, nutraceuticals, the biotechnologies already available for the market, and nanotechnologies, in order to have a place in the sun among the countries that matter.

It is not the Reach that is going to select the top chemical companies in the world, but rather the capacity of the different companies to reorganise their basic chemical structure by integrating it with new specialties in the green economy, for the relaunch of the technological platforms of the car and the building sectors. It is evident that our country as well has the need to rapidly start a pathway of sustainability of its development by integrating economic policies with the environmental ones.

The chemical sector alone, in Italy, is worth 57 bln Euros and 125,000 jobs, and considering that among all the different sectors it has the best leverage for the supply-side industries, with 1.8 jobs activated, (0.7 in the engineering and steel sector) it would be crazy to discontinue it.

Ethylene and propylene, as far as new materials are concerned, represent the strategic activities to be carried out not only in Italy but also in Europe and all over the world. Those who succeed in resisting and overcoming the crisis, will certainly play a leading role in the chemical sector in Europe.

In this framework, it is necessary to state once again that polyolefin is and will be the basic and fundamental production for the industry of plastic and agri-food processors, as well as of life sciences, both for western economies and for developing countries. For developing countries, however, polyolefins represent the raw materials *tout court*. They are the frame of the growing sectors of their economies. Obtaining the access to ethylene and propylene still makes the difference between growing economies and economies in a situation of stall. Small and medium enterprises – both national and foreign ones in the sector of plastic materials, packaging, fibres, automotive, pharmaceutical, agricultural, etc..., consume ethylene and propylene far more than any other raw material of inorganic origin.

The importance of polyolefin in the manufacturing sector has to lead a Country as Italy to create a system of production and infrastructures (logistics) able to remedy the physiological disadvantage deriving from the absence of gas and oil natural feedstock.

Our petrochemical system still has a tangible advantage in terms of technologies, infrastructures and marketing in international markets, as well as the proximity to rich outlet markets, both in Europe and in the Mediterranean basin: this is a privilege that can still make a difference.

The future market will be based for the decades to come on ethylene, which today represents the most widespread commodity in the world, far more than iron, and although environmental rules might anticipate its possible decline, another commodity will move in tomorrow, i.e. propylene – which is less toxic and probably more flexible.

It is worth quoting the famous statement made by Zaki Yamani, the Ministry of Oil of Saudi Arabia: “The Stone Age did not end for the lack of stones”.

In the future, within western economies, the main growth will be recorded for the demand of increasingly innovative materials with a high value added.

In the next four years, we hope that opinions leaders, participating in the congress, will treasure our wishes, and we invite them to take into consideration for some strategic activities of basic chemistry the possibility of their separation from the controlling company, hence separating the management of profitable assets from those recorded among liabilities – obviously with the help of a national investment fund for the industrial sector.

A modern country, however, also needs modern networks and grids, as well as modernising services, including public utilities that have been the object of a regulatory reorganisation through a liberalist approach.

At this point, the Ronchi decree-law comes into play. The need for liquidity by the public sector obliges Countries to sell off the little assets they still have. Local public services represent the last extra tax revenue that national states can still avail themselves of in order

to find funds in the market.

In this way, in those cases in which Europe was moving toward a peaceful freedom of choice of management by part of local communities, our cabinet considered it as an invitation to privatise the water service. On 18th November 2009, through article 15 of the decree, through an omnibus provision (the Tirrenia affair and regional motorways were also involved) the liberalisation of local public services came into force, exception made for the distribution of electric power, of regional railway transportation and municipal pharmacies, but it is suitable to recall that water continues and will continue to be a public good.

Managements, deriving from a «in house» assignment, will cease to be in place as from 31st December 2010.

Subsidiary companies can keep the contracts signed without a formal tender until expiration in case administrations sell at least 40% of the share capital.

The situation is different for listed companies, which have three additional years to comply with this provision, provided that they have at least 40% public shareholding as at 30 June 2013, a percentage that decreases to 30% in 2015.

Inside of this specific sector, we feel the need for a debate with the Confederation, in order to further clarify present collective agreements that in our opinion shall take into consideration the prevailing agreement. For us, the sector agreement is the electricity-gas-water one. Otherwise, there might be unjustified conflicts on representation, in contrast with the guidelines of the contract reform.

According to some analysis, on the basis of present values, the municipalities of Brescia and Milan shall sell 25% of the shareholding within 2015, with a value exceeding one billion Euros; nearly 400 million Euros for Acea of Rome and 300 each for Hera of Bologna and Iride of Turin-Genoa. Over 2 billion Euros for the main listed companies alone. These are estimates made by analysts that take into consideration the average business diversification within the service portfolios of multi-utilities, with a possible decrease to 30% of public property.

The decree modifies the organisation of a sector in which recently good examples of dual business management had been carried out, which also provided an idea of efficiency of the managerial skills of public and private administrations, with a full respect for the market and within an already launched business internationalisation programme.

Within Uilcem, we did not feel the need for this further liberalisation activity, on the basis of what happened between 1993 and 1997, and we are certain that, also in this case, there will be no advantages for consumers. On the contrary, some already talk about too low fees to support the investments in the networks.

Dear delegates, let's get ready to run into new debts, just to have a good that we own already. This is a real paradox!

Why don't we think of institutional investors, like for instance *Cassa Depositi e Prestiti*? F2i presently manages a strategic asset of Enel, the gas network, and it might be the *politically correct* solution for the transfer to national bodies of the shares that the Ronchi Decree

imposes to utilities within 2015.

Now we fear that the ownership shaking might negatively impact on employment levels that, as we all know, represent a reserve in terms of flexibility of work-sharing and immediate financial satisfaction for shareholders. For these reasons, we are convinced that in the near future the central focus will be not only the introduction of the “social clause” but also the reorganisation of the industrial projects of multi-utilities, distracted from the market and from the scope of the new mandate.

Labour

It is reasonable to foresee that, although the system remains the present one, during the next two years of uncertainty most of the hundreds of thousands of people that are losing their old job in the crisis will find a new one – provided that they find a new one – in more instable and less protected forms.

Furthermore, in the periods of economic crisis companies are less willing to hire workers, and we believe that it is important to work in the construction of a new model of labour protection that takes into account the need for flexibility of companies and stability of employment. With the present regulatory and tax model, we fear that the area of precarious employment might widen and even favour the increase of undeclared work also in “privileged” sectors as ours.

It is therefore necessary to try and develop solutions suitable to stabilise the labour market on models already tested in Europe, possibly the Danish model.

In our opinion flexisecurity, which also inspired the Ichino proposal, based on bilateral management organisations, might be considered as a reference point.

Besides the considerable income protection, flexisecurity adds the “new placement contract” as well as an extensive healthcare protection programme as well as reconstruction of professional skills. The package is provided by the bilateral authority, on the basis of the best skills of the outplacement companies.

On these bases, we will be available to organise discussion and negotiation tables with our counterparts in order to develop the feasibility of these proposals.

Always in the perspective of proceeding gradually, in the last four years we implemented “Welfarma”, an agreement that takes into consideration the North-European models of flexisecurity. It is mainly destined to govern the reorganisation process of the pharmaceutical industry – still taking place – (a subject that deserves a specific future in-depth analysis) committed in reducing ISF, due to the effect of the governmental choices of reduction of pharmaceutical spending and patent expiration relating to drugs.

Welfarma, although not endowed with own economic resources, might have a wider implementation at a company level if agreements for the establishment of income support bilateral funds were developed. In this way, as indicated by the recently renewed agreement of the chemical and pharmaceutical sector, with Welfarchim it might be possible to test a model similar to the Danish one. Welfarchim would have the right credentials to support not

only workers' income but also their employability.

However, what is still missing in the labour market is the Labour Exchange.

It had to be one of the cornerstones of the Biagi Reform, whereas it remains unfinished. It had to be the place of encounter between labour demand and supply based on many regional hubs and freely accessible by workers and enterprises. Nothing of this has been achieved.

Now, with the finance bill 2010, a further occasion of relaunch is available. In fact it is decided that between INPS and the Ministry of Welfare data is exchanged on the receivers of income support measures for which the law provides for incentives in favour of hiring companies. Let's hope that this is the right time.

In the meantime, we are facing the crisis with an old system of welfare support provisions, although heavily strengthened and extended to new categories of workers that were previously excluded. Many companies from the manufacturing sector have been in "derogation" for over one year, since they are cyclical sectors, and risk to close down, and as far as we understand the present measures will not be sufficient.

It is worth recalling for a moment the cases of Manuli, besides Owens Illinois and Nylstar, Novaceta and Saint Gobain, not to mention the ceramics districts of Sassuolo and Civitacastellana together with the leather cluster of Arzignano. These are emblematic cases in which the outbreak of the crisis affected every and everybody, causing inevitable shutdowns. In the next few days, a decision might be made on the future of Videocon of Anagni, that for over two years and a half has kept 1400 workers within a scheme of income support fund.

How can we prevent and heal the wounds that the free market imposes on territorial social structures?

In case of productions with a low value added, welfare support provisions can do little.

In many cases, either the company is reconverted into new industrial projects, or it will be necessary to shut down.

In the past, when desperate cases as these ones occurred – generated by economic cycles - resort was made to extraordinary measures, very burdensome, which had the advantage of reducing social conflicts and protecting, partly, the economies of the territory from declining. I am referring to "community works" that accompanied the industrial restoration processes during the '90s, downstream the massive privatisation campaign that produced some hundreds of thousands of unemployed among direct and indirect workers (from over 48,000 workers in the chemical sector with of 1993, to the nearly 6000 today). Those were questionable choices although necessary and, with the benefit of hindsight, I feel I can state that it was well-spent money that accompanied to safe results tens of thousands of Italian families, both in the north and in the south of the country.

In 2009, 918 million hours of Income Support Fund, the highest value since 1970 and 12.5% higher than the peak of 1984 and 81% than the average of the period 1992-93. On the basis of this data, and with an unemployment rate exceeding 8.3% on a monthly basis (December 2009), we cannot just do nothing and look at events.

Maybe, sooner or later, we will carry out the reforms, but in the meantime it is necessary to find a solution to the disruption of employment. In our opinion, the present government should reconsider solutions in line with community work.

In the meantime, work is changing, professional skills migrate from persons to tasks; overtime, since it is less expensive, solves the problems of companies rather than the problems of workers, contracts deregulate good work to the detriment of safety, solidarity gives way to individualism.

The new generations have many orthogonal characteristics (perpendicular, equivalent) relating to the present operation of the corporate world: they are focused on themselves, are not able to take on any responsibility, and have short time horizons.

In order to succeed in attracting, training and managing this population, it is certainly necessary to endow oneself with tools to provide them with strong certainties, identities, meaning and personal relations.

Looking at the “*workplace of the future*”, I imagine that labour will be more *ad hoc*, open-ended, *multitasking*.

It will be necessary to meet the continuous challenges with imagination, to identify and use the dispersed resources (information and community), to tolerate diversities, to balance independent thinking and team work, and to belong to multiple communities.

The sooner we succeed in adjusting training and organisational models, the sooner it will be possible to enhance these precious characteristics and to benefit from them.

There is no doubt that a union policy is lacking, as well as a union strategy reproposing the idea of the protection of the weak as a central objective of its action, able to attract new generations and provide the tools to recognise themselves in the future work.

Compared to our labour organisation experience, an inversion is taking place which tends to separate workers from their professional skills in order to ascribe them entirely to the place of production where said professional skills are carried out, and this favours delocalisation processes as well as outsourcing, as globalisation demands. In the next few months, due to the effect of the persistence of the crisis, companies will increasingly invest on the extension of the working activity and will push to have a maximisation of plants, with the unavoidable potential risk of accidents at work. Low-cost work will surround quality work, particularly in industrial sites, and will more heavily show its tragic consequences, in the indifference of those who continue to outsource. Women remain an open issue and, in terms of percentages, they will suffer from the consequences of the crisis to a higher extent compared to men.

This is not fair. Uilcem intends to fight against these injustices.

We ask Uil to start from workplaces. We ask Uil to develop a proposal that gives value back to work. We ask Uil to repropose the dignity of human beings and their need for solidarity at the workplace.

We feel the need to mobilise the conscience of people, and we can do it only if we include

them in a project and make them visible.

There is still a lot to do, and Uilcem strongly believes it can contribute to the confederation commitments with its sector experience and with the renovation ideas that characterise it.

It is not a case that we from Uilcem feel we are inside of the “value to work” project because we chose it without any imposition whatsoever. We are a great team where none of us enjoys incomes from the past; indeed, those who were eventually in such a situation would be called to do something more, because only in this way their presence would be reasonably justified.

The election successes of the last four years hide this precondition. Everybody, from the suburbs to the centre and vice-versa, are willing to participate, and they do it freely, by supporting the project with enthusiasm but also with autonomy.

We wouldn't have succeeded in Enel, hadn't we all been on the same side!

The choice of candidates was not done in Rome: you did it in the different territories. But we all worked to give value to our subjectivity, to Uilcem, sacrificing ourselves to achieve the objective.

Today at Uilcem there are no more “free meals”!

In the case in point, the managing group in Rome has identified an objective, a priority: giving back the right to vote to the nearly 40,000 employees of Enel that are in Italy and that had not voted for over 10 years, **a shame**, without prescribing lists of giving advice. We simply organised and arranged the different and most convincing experiences already tested in the territories.

We did not make the political error of the PD (Democratic Party) for the primary elections in Apulia.

Uilcem really sees the involvement of its members at any level, and the leadership is daily assessed on the field, where we discuss on the subjects relating to labour and relations with all the interlocutors, and choices are always shared.

By means of these simple practices, we have recently become the union with the highest number of union representatives also in the refining department of ENI today, in 2009, and not in the previous years.

We are putting our heart and our mind in this endeavour, with the main target of improving our position.

However, dear delegates, in order to achieve these successes, we had to pass from Tivoli.

It was a painful experience for all and reprehensible for very few, which has given back to us a new life and an irresistible wish to be involved and fight for our organisation, at all levels, with humbleness, patience and skills.

Today Uilcem is an organisation with a “young and tough spirit”, and we see ahead of us all the space we need to extend our view and our ideas.

In the meantime, we are in a dense season of contract renewals, with new rules and lower

availability than our counterparts due to the crisis.

We successfully renewed the main sector contract, and we did that in the respect of the form and together with Femca and Filcem.

As with our tradition, the agreement of the chemical sector caused some debates due to its capacity to innovate and for the famous bargaining autonomy that has always been little influenced by political events.

Unfortunately, however, the reform of bargaining did not put all of us on the same side: CGIL is not there. This is a problem, a big problem, since it damages the industrial relations – chemical-pharmaceutical – that for us have always represented a point of strength of national collective bargaining and more generally since it weakens the mutual interest between bargaining subjects.

While looking forward to debating in our bargaining tables, I feel I can say the following: the chemical-pharmaceutical renewal is the first and true “democratic” renewal of this category since the times of Fulc.

In the past Uilcem played an ancillary role in the bargaining process. Today, on the contrary, we had the exact perception that it was the position of the other unions that was becoming an obstacle to the signing of the agreement, and we did our best so that the colleagues could be helped to solve their difficulties.

In fact the negotiation, although entailed critical moments as well, due to the recent political divisions than to the contents of the negotiation, forced the parties to lay their cards on the table. This new situation, all of a sudden eliminated the use of tactics and the strategies that were historically triggered.

After an initial critical objection vis-à-vis the reform, I feel the duty to put in a good word for the positive dynamics produced: the Ipca unveils tactical behaviours and gives certainty to the recovery of the purchasing power of salaries in weak sectors.

It is however necessary to overcome the real obstacle that the reform meets for wage claims in high-income sectors. This risks to turn into a level.

It is not a case that the renewals of the national collective agreements in the electric and oil sector must face heavy delays due to a rigid technicality that prevents to pay higher wages. Also the “chemical formula” is applied with difficulty in these frameworks, although it is not impossible in consideration of the high values in exchange for the abolition of seniority increases.

Particular attention is deserved by the renewal of the national collective agreement of the electric sector. I do invite our colleagues from Flaei and Filcem to hurry up since we are not handing off to the agreement of 15 April, also for the curiosity of assessing the efficacy and the political strength of the agreement recalled.

In the real market, today and maybe also in the future there is no equivalence in terms of profit rates, therefore it cannot even exist for salary rates.

As concerns these final specific remarks, I ask once again Uil to take these evaluations into consideration, considering as useful an eventual revamping of the Reform.

However, the contract renewals that are still open, as the electric, oil, gas-water and rubber-

plastic ones, represent a real opportunity to develop new unitary pathways also in considering the recovery of the agreements of 12 February 2008, signed with Femca and Ilcem and the three Confederations.

A support to go out of the little frameworks in which we operate can be given by the European experience, based on pragmatic issues and less on political artifices.

We have to look more at Europe and to the several experiences from which gathering inspiration and suggestions for the labour organisation models, for the models of bargaining for the quality of rights and distribution of wages. Sometimes it is worth being influenced and leave the old dresses aside, especially when their protective task is over and when they do not identify those that wear them any longer. They cannot be comfortable forever.

Dear friends of Emcef and Icem, we look at you with interest, and we will always provide our support to your action, as it happened recently; therefore, besides the enrolment, we will continue to support your activity also with one of our executives.

A final mention is addressed to the delegates that are here today and to the militants of Uilcem that are following us through the web from their workplaces.

We did not forget you, and after a massive investment campaign on the territories without and distinction in terms of gender, Uilcem announces that as from 2010 an ad hoc budget item will be included to facilitate your access to the different bodies at all levels. We are convinced that also in this way we can strengthen the presence of women within Uilcem.

Dear delegates,

The transformation of production procedures, the need to privilege the distribution-commercial phase, the dissemination of production facilities on a global level, looking for the places with the lowest cost of labour (for the prevalence of the supply, for the low levels of taxation, for the scarce attention paid to the safety of workplaces), the ageing of population, challenged the model of State that we have known and conceived as a guarantor of the agreement that linked production, taxation, and income distribution on the binomial of equality and solidarity.

This is a high-level compromise, which characterised the western democracies of the second half of the Twentieth century. It was in line with the productive process, based on large industries and on lasting work, as well as on the demographic pyramid that had a large base of youth and a limited tip of elderly people.

The global market and the setting of models of liberalist states challenged that model of State, whose economic and bureaucratic costs have become too high, compressing the national economies that pay more attention to social security. Paradoxically, the technological, scientific and social successes have caused negative effects for those Countries that more than other ones acted as protagonists, to such an extent that the fact of living longer and with a better health was seen with some degree of concern.

In 212 a.D. Emperor Caracalla granted the citizenship to all the inhabitants of the Empire by

means of an edict. Cassio Dione, a political adversary of Caracalla stated that at the basis of this decision there was a tax need. Two centuries later, Saint Augustine stated that this decision was very much human and grateful, since all the inhabitants of the empire became roman citizens and after this “it belonged to all what was previously owned by a few”. Today we continue to have different opinions while interpreting the will of Emperor Caracalla: there are those who maintain that he acted on the basis of economic reasons, and other that say that he acted on the basis of humanitarian ones.

Having considered the historical origin of this dilemma, we from Uilcem are even more convinced of the need to increase the ethics of collective and relational responsibility vis-à-vis the environment in which we live, foreign workers, the different members of the economic and civil societies, and in the search for the local quality of standards of living. By improving the relationship between local institutions and the territory, we can understand that new scenarios can empirically produce wellbeing and that, by removing the risk of separation from the constraints of development, they can positively perform also in terms of GDP, which represents the great totem of modern economy.

The growth might take place also through a non-economic pathway of quality, which produces wellbeing and social value and reduces the malaise of the economy and of the civil society.

Giving a momentum to this model of relational development would stimulate the culture of collaboration and the model of “acting as a group”, starting from the most dynamic territories, cooperating in the production of the necessary resources to support global competition.

The sociological approach is therefore fundamental, since the architecture of labour and of enterprises is undergoing some metamorphoses that propose a new model of being a company: from the large factory to the group of companies, from the isolated individualism of small entrepreneurs, to the shared participation in business projects, from the loneliness of single workers to the solidarity of the group.

In this way, through the sociological vision, it is possible to go back to the economic and fiscal vision, with a higher awareness and without unmooring, in order to avoid a wreck on unforeseen rocks.

We from Uilcem want to try, and will do our best!