

# The Rising Invisible Majority

When Fiction Meets Social Science

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**A period of political and economic turmoil calls for a new analytical framework to be developed. Drawing upon the tools of social science and fiction, the “Rising Invisible Majority” project examines how the shifts of a long-term political economy rendered a large share of its population ‘invisible’.**

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*“I don’t think we did go blind, I think we are blind, Blind but seeing, Blind people who can see, but do not see” (Blindness, Saramago, 1997).*

The ‘Rising Invisible Majority’ project began informally in 2013 as a reflection on the transformation of Italian society. The work originates from the encounter of two different intellectual perspectives that we developed separately in our academic research. The first relates to international political economy and precarization; the second to welfare state institutions and social change. Our starting point was to go beyond analyses of what we should do to reduce precarization and inequalities, and to investigate the social forces that contribute to the transformation of obsolete institutional structures and to governmental policy making. The comments we received when presenting our book, *La Maggioranza Invisibile* (Ferragina & Arrigoni

2014)—in political clubs, trade union meetings, libraries, universities, occupied squats, theatres, pubs and associations—offered encouragement enough to elaborate an assessment of the Italian experience, and to compare this with European counterparts (Ferragina et al. *Forthcoming*).

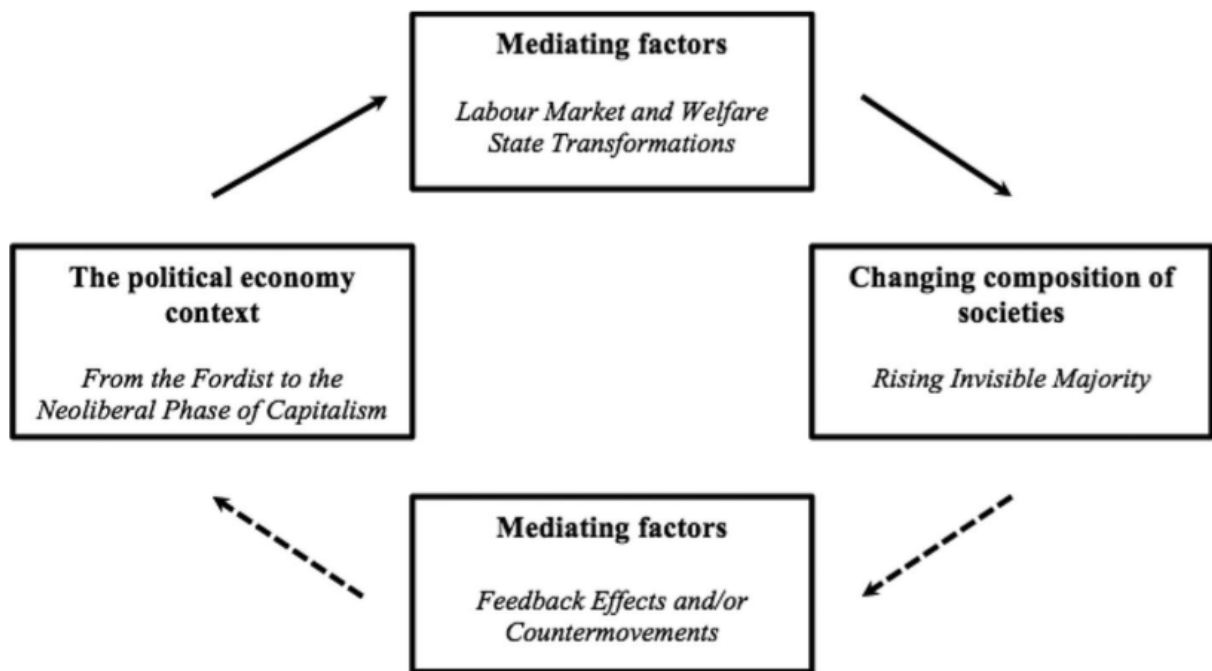
We mixed social science with fiction, and employed Saramago’s dystopian imagery—of a nation whose entire citizenry go blind—as the metaphor to describe how shifts of a long-term political economy can render a large share of its population ‘invisible’. A Rising Invisible Majority for ‘mainstream’ political parties, a Rising Invisible Majority unable to recognize its interest for redistribution and political change. A period of political and economic turmoil calls for a new analytical framework to be developed. So our framework is encapsulated in the following questions: how does the transformation of the international political economy context contribute to the changing composition of society? And can this changing composition of society have a feedback effect on the international political economy context?

## **International Political Economy and the Changing Social Composition**

Capitalism can be described historically as unfolding through different phases: a liberal phase in the late nineteenth century was followed by a Fordist phase during most of the 20th century<sup>1</sup> and, since the crisis of the 1970s, a Neoliberal phase followed. Each phase is marked by different strategies of capital accumulation (Aglietta, 1979; Boyer, 1990). The advent of a new strategy—regulated by the transformation of existing institutional forms—redefines the composition of society. Institutional dynamics influence occupational status, relative wage and household income, as the new accumulation strategy alters the relation between capital and labor; in turn, this affects the intensity and modality of political and social participation. Accordingly, the interconnections between the political economy and the changing composition of society can be traced through the different phases of capitalism and the roles played by various mediating factors (see Figure 1).

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<sup>1</sup> Gramsci (1971) employed the term Fordism to describe broader societal effects of the system of production (and its increased productivity) introduced by Henry Ford.



**Figure 1.** The analytical framework.

### *The Rising Invisible Majority*

The notion of a Rising Invisible Majority<sup>2</sup> encapsulates three dimensions: the material, the social and the dynamic.

The *material dimension* appraises growing unemployment, labour market precarization and poverty, whose trends are associated in a similar fashion to the transformation of the political economy context. The general trends over four decades of economic growth, wage levels and labour force participation illustrate that while new institutional, productive and demographic dynamics have unfolded, wage compression and income stagnation have become common across Europe. In addition, certain socio-demographic characteristics—e.g. gender, education, citizenship, age—seem to play a considerable role in the likelihood of inclusion within the Rising Invisible Majority. The 2008 crisis has accentuated these trends, as unemployment started to increase in parallel to the rise of atypical forms of employment and the perpetration of wage stagnation. Moreover, for the moment, we can only speculate on the effect the Covid-19-related lockdowns might have on these dynamics.

<sup>2</sup> For further details see Ferragina et al. (*Forthcoming*).

The *social dimension* suggests that the social and political participation of growing segments of the population is impacted negatively by their adverse material conditions (Ferragina 2012). Worsening working conditions and income compression reduce the possibilities of individuals to participate socially and to become members of institutions and secondary groups. Moreover, trade unions and ‘mainstream’ political parties, especially those that had marshalled the lower classes during Fordism, have been unable to understand or organise the needs and interests of the invisibles.

The *dynamic dimension* follows long-standing political economy and institutional patterns, and suggests that the continuing trends highlighted by the material dimension will impact upon the majority of the population. Therefore, we hypothesized that the growth in the number of the invisibles will eventually constitute a ‘new normal’ for European societies, unless neoliberal mechanisms of regulation are slowed down or reversed.

### *The Political Economy Context*

The crisis of Fordism began in the mid-1960s with the progressive decline of capital profitability (Dumenil & Levy 2004).<sup>3</sup> The economic stagnation and increasing inflation of the 1970s challenged the Keynesian approach to macroeconomics, and made monetarism highly influential. ‘Finance’ became the central engine of capital accumulation (Boyer 2000) in a context characterised by the extension of capital mobility and innovations in communication and financial technologies. Growing financial markets attracted capitals invested previously in the industrial sector, which hastened the de-industrialization of western countries and boosted the service-based economy. In this context, the ‘neoliberal revolution’ came to light first in Chile during Pinochet’s regime. Thatcher and Reagan’s policies in the UK and the US became then the blueprint for a worldwide affirmation of neoliberal measures. International organizations like the IMF and the World Bank reinforced this process (see Williamson 1990). Progressively, the neoliberal paradigm influenced policy-making across the world and promoted monetarism, free trade, deregulation, privatization, regressive

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<sup>3</sup> The rate of profit is the indicator of the profitability of capital. It relates the mass of profits realized during a given period, one year, to the total sum of funds invested (Dumenil & Levy, 2004, p. 22).

taxation, austerity, and, more importantly for our argument, labour market flexibilization and welfare state retrenchment (Harvey 2005).

European integration was greatly shaped by the transition from the Fordist to the neoliberal phase of capitalism. The uncertainty of intra-European exchange rates—following the demise of the Bretton Woods monetary framework—contributed to the process of European monetary integration. Monetary integration favoured the German export economic strategy, which became a model for the entire continent and promoted labour cost competition among European partners. This contributed to the advent of a ‘competitive austerity game’, where each country tries to increase productivity and accrue the export of goods and services while at the same time it curtails wage increases and cuts social benefits (Cafruny & Ryner 2007).

#### *Institutional Transformations as Mediating Factors*

Throughout the Fordist era the growing productivity of the industrial sector guaranteed consistent wage increases for the working class, and constituted an important redistributive mechanism; this growing productivity favoured mass consumption and economic growth. It also created the conditions for trade unions and left-wing parties to organise the working class collectively; higher salaries could be negotiated and better social protection attained through the expansion of the welfare state. During the neoliberal phase, the relevance of the service sector as a mass employer dramatically expanded. However, the service sector does not guarantee the same productivity increases as the industrial sector (Baumol 1967). Only a minority of workers are able to take advantage of productivity increases, while a growing number of workers remain stuck in low productivity patterns, and occupy labour rather than capital intensive jobs. These workers—in particular women, people with low education, non-citizens and young people—are more likely to bear the costs of the labour market and welfare state transformations. Moreover, trade union membership among atypical, low-service sectors and new workers is lower than for permanent and industrial sector workers. As a result, unions often focused on the protection of their core, although shrinking, constituencies. At the same time, the implementation of neoliberal reforms, hitherto the preserve of right-wing parties, became increasingly a feature of the social democratic agenda. The neoliberal mantra that the structural rigidity of labour market arrangements inherited from Fordism led to growing and long-term unemployment became widespread. This favoured—together with

structural dynamics linked to the European monetary integration—the deregulation and flexibilization of labour markets.

The imperfect nature of the common currency area (De Grauwe 2009; Hencké 2013) strengthened these labour market dynamics in Europe. An Optimum Currency Area (OCA) can theoretically handle shocks with coordinated fiscal policies, labour mobility, and price flexibility (Mundell 1961). However, redistributive fiscal policies were underdeveloped, while cross-national agreements restricted national budgets and limited the possibility to implement countercyclical macroeconomic policies. Also labour mobility across Europe remained low compared to the United States due to cultural and legislative barriers (Recchi 2015). Hence price flexibility became the prevalent political economy strategy to absorb shocks within the OCA and to compete in the international market. Competition on price flexibility contributed to the creation of precarious forms of employment, moderate wages, and reinforced the European competitive austerity game. EU countries engaged in supply-side politics in the hope that an increase in export would compensate for the decline in levels of consumption. This created an incentive for a race to the bottom, which further privileged the minority working in high-productivity sectors, and punished those employed in low-wage service sector jobs.

The idea that deregulating the labour market was a magic bullet to reduce unemployment boosted the proliferation of part-time and temporary contracts, and was in part responsible for the reduction of social protection afforded by open-ended contracts. In this context, most European welfare states reduced the generosity of unemployment protection, rather than recalibrating it to accommodate the increased need of claimants. Moreover, the austerity measures implemented after the 2008 crisis further limited social expenditure in most European countries. As a consequence, the welfare state, with the weakening of its core ‘market breaking policies’, seems to be geared less towards the social protection of the lower class and more to the fulfilment of employers’ needs in a competitive, international economic environment (Jessop 1993).

## The Italian Case

Italy is a relevant case for our analysis because it followed similar political, economic and social dynamics to most other developed nations, yet remained peripheral to them at the same time. It was subordinate to the American-driven transition from Fordism to neoliberalism, and even though a founder member of the European Community, was a follower in the process of European Integration rather than its prime mover. Italy's peripheral position provides us with a vantage point because we can observe how changes and pressures that come from the international political economy context influenced labour market and welfare state transformations,<sup>4</sup> and contributed in turn to redefine the composition of society.

### *The Italian Political Economy Context*

During the early 1970s, Italy underwent the fundamental economic changes concomitant with the crisis of Fordism. Moreover, the political adjustments inherent in the Communist party's relationship with the Christian Democracy party—reoriented in the wake of the economic and social fallout of the Chilean coup d'état in 1973, and which led eventually to a 'historical compromise'—were intense (Ginsborg 2003). These changes made the trade unions change tack. If in 1975 they signed up to a system of automatic indexation of wages to inflation rates (via a revision of the 'Scala Mobile', legislation which favoured the working class), only three years later they were to accept harsh governmental measures aimed at reducing labour costs and boosting competitiveness (the so-called 'Eur-line'). In the 1980s, the condition of the working class deteriorated further. The Socialist party, led by Craxi, broke its relationship with the communists and forged a coalition with the Christian democrats; in government together for nearly a decade, they prepared the ground for ten years of epochal change. In 1984, a restrictive revision of the Scale Mobile to reduce inflation was introduced. More importantly, clientelistic governance was developed and was financed by an indiscriminate use of public spending, forcing public debt to rise dramatically; public debt was boosted also by the rapid augmentation of interest rates (the debt/GDP ratio increased from 54% in 1980 to 117% in 1994). In this setting, neoliberal ideas gained traction among the technocratic elites holding sway in the Bank of Italy and the Treasury, and became increasingly the intellectual framework of reference for policy reformers. The neoliberal reforms of the early 1990s were the consequence of

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<sup>4</sup> For more detail see Ferragina and Arrigoni, *Forthcoming*.

international and internal reasons: the Cold War narrative, an acceleration of the EU integration process and dynamics within the Italian political system. During this period, rapid political, economic and institutional changes unsettled the previous order. 1992 is the year that we consider as a watershed moment for the Rising Invisible Majority, when deep change at the institutional and economic levels were set in motion.

The end of the Cold War, together with the judiciary investigation 'Mani Pulite', contributed to the demise of the post-war political system. The Communist party became a third-way type of social democratic force, which gave way eventually to the Democratic Party (PD); the Christian democratic and Socialist parties stumbled into an irreversible crisis after the disclosure of widespread corruption. These changes led to the formation of two centre-left/right catch-all coalitions that took command of the political landscape until the 2013 elections. A rapid sequence of legislation was enacted throughout 1992. In February, the 'Carli law' sanctioned the central bank's greater independence from the treasury. In July, Amato's government approved a draconian program of public expenditure cuts; the 'Scala Mobile' was abolished then also, ending the automatic adjustment of salaries to the variation of living costs. In August, the government launched a first phase of large-scale privatizations. In September, a series of speculative attacks against the Lira displayed the growing disciplinary capacity of markets over governmental decisions. Moreover, the process of monetary integration created structural downward pressures on labour markets through the dynamics of the imperfect OCA, the competitive austerity game, the articulation of a European Employment Strategy, and a focus on reducing Employment Protection Legislation. The Maastricht criteria (1992), the Stability and Growth Pact (1998 and revised in 2005 and 2011), and the Fiscal Compact (2012) worked as budgetary constraints that also limited welfare state expenditures.

Both the centre-left and centre-right Italian coalitions exploited the popularity of the European project among Italian citizens as a cloak to mask the political costs of liberalization and to overcome the domestic resistance to institutional change. Successive governments proposed a bundle of reforms that were, in effect, congruous, each to be part of what became a continuous narrative; these reforms were built upon a framework of thought that prevails still among the European elites. These governmental coalitions were not only constrained by these mechanisms but worked



in line with them, and exploited European pressures to justify the implementation of unpopular labour market and welfare state reforms.

### *Labour Market and Welfare Reforms*

The first wave of structural labour market reforms came with the 'Treu Package' in 1997 and the 'Biagi Law' in 2003. These legislative interventions multiplied the typologies of atypical employment, and created a contractual maze for new entrants on the labour market. Every government followed the neoliberal mantra—that to reduce the protection offered by permanent contracts would simplify the access of unemployed and inactive people (especially women) to the labour market. This process continued during the more recent economic crisis with the '*Collegato Lavoro*' in 2010, the 'Fornero Reform' in 2012, the 'Law 99 in 2013', the 'Decree Poletti' in 2014 and the 'Jobs Act' in 2015. These reforms introduced stricter rules to appeal against the unlawful use of atypical contracts, increased their scope and length and defined a new open-ended contract in the private sector. This new contractual typology did not replace the plethora of atypical forms of employment, but served to diminish the entitlements of workers who would have been otherwise employed and protected by the more consistent social guarantees of previous permanent contracts of employment. Italy flexibilized its labour market at the margins, unloaded the cost of its political economy transformations onto the shoulders of newcomers, and, after two decades of continuous reforms, reduced the rights of all workers employed in the private sector. Changes to the labour market legislation not only impacted on employment status but also contributed to wage compression. Trade unions played an important role and participated actively in tripartite agreements, such as the end of '*Scala Mobile*', the 'Giugni Agreements' (1993), and further social pacts in 1996, 1998 and 2002. These agreements led to the adoption of anti-inflationary measures and a revision of the mechanics of wage negotiation; indeed, they intensified trends of wage compression which began at the end of the 1970s.

The lack of adequate basic social protection—witnessed by the absence of universal measures of income assistance and a national minimum income guarantee—amplified the socio-economic consequences of labour market flexibilization. The Italian welfare state system left atypical workers unable to qualify for social protection established during Fordism; only recently have mild corrections been introduced (with the NASPI and *Reddito di Cittadinanza*). Italy has also a fragmented and

corporatist welfare state system characterized by clientelism and a collusive mix between public and private providers. Successive governments over the last two decades have reduced further social entitlements and followed the neoliberal imperative of controlling public spending, instead of restructuring the welfare state in a universal direction to act as insurance against new social risks for the most vulnerable population.

### *The Rising Invisible Majority in Italy*

A dramatic transformation of the Italian labour force took place after 1992. Unemployment increased from 8.6% in 1983 to 12.3% in 1998; it then declined sharply to 6.2% in 2007. This decline in unemployment coincided with a growing flexibilization of labour market legislation. The 'Treu Package' (1997) and the 'Biagi Reform' (2003) encouraged part-time and temporary contracts. Unemployment increased again in 2018 to 10.8%, yet the number of atypical workers increased at a greater rate. The Italian active workforce included a record level of part-timers (18.4%) and temporary employees (17.1%); this was a steep increase on comparative figures for 1996 (respectively 6.5% and 7.4%). The aggregate percentage of people in unemployment and atypical work across the workforce remained almost stable between 1983 and 1991, then increased substantially in the early 2000s and skyrocketed in 2018. A measurement employing the European Social Survey Data suggests that in Italy 'the invisibles' were 38.3% of the working age population in 2002; this increased to 46.7% in 2016. Almost a majority.

The likelihood to be invisible varies significantly by socio-demographic characteristics. Women are more likely to be invisible than men, and this gender cleavage increases more with education. Age makes also a considerable difference: those aged 35-64 are in a better position than younger cohorts. When comparing Italian nationals to migrants, the difference in the likelihood to be invisible increases with education, as it is with gender. Finally, those living in the South display much higher probabilities to be invisible than those living elsewhere in the country. The invisibles tend to participate less in political elections and have a lower union membership. They have less confidence than the rest of the population in the political system's ability to enable participation in political life, and are less inclined to express their opinion about governmental decisions. Moreover, they have a lower propensity than the rest of the population to trust institutions that regulate social life, including parliament and

political parties; indeed they show less trust in the political system as a whole. The invisibles participate less in political life, but when they do participate they prefer mostly political options perceived as challenging ‘mainstream’ parties. A disconnect between mainstream parties on the centre-left and the invisibles is observed (see also Piketty 2018). Moreover, the Rising Invisible majority, more than leading to the growth of a specific party, seems to contribute to political volatility. Volatility in Italian elections is recorded at its highest in the 1994 general election, the first held after 1992; Total Volatility (TV, i.e. the number who voted for a different party compared to the previous election) was 39.4%. The second and third highest peaks were recorded in 2013 (TV: 36,7%) and 2018 (TV: 26,7%).

In 2013, the centre-left and centre-right parties which had dominated the government coalitions in post-1992 elections, were much in retreat. The PD and the Popolo della Libertà (PDL/Forza Italia), which polled 70.6% of the vote in 2008, had declined to 32.8% of the vote in 2018 (a loss of 15 million votes over ten years). Moreover, in 2018, the PD could be considered a party for ‘insiders’, receiving only 14% of precarious workers’ preferences and 8% of the unemployed (when 18.7% of the entire population). The rise of political challengers mirrored the decline of the ‘mainstream’ parties. In the 2013 Italian elections, the 5 Stars Movement (5SM) received 25.5% of the vote; it ranked as the first party of choice among unemployed (34.8%) and atypical workers (52.6%). In the 2018 electoral campaign the 5SM— which proposed a universal income support—attained 32.7% of the popular vote and performed well in areas with high unemployment and also in the South, where it attained 43.4% of the vote. The Lega—which sublimated its anti-southern Italian rhetoric into an anti-immigration policy—witnessed a dramatic increase of its vote share, from 4.1% in 2013 to 17.4% in 2018. Together, the 5SM and the Lega obtained 58% of the atypical worker vote and 66% of the unemployed. This dwarfed the ‘mainstream’ parties (PD and Forza Italia) share which attained 25% of the atypical vote and 18% of the unemployed.

To summarize, we can say that the invisibles seem to display a low level of participation in the traditional activities which regulate social and political life. However, their electoral behaviour that sidelines the ‘mainstream’ parties is a major contributory factor to the destabilizing of the political system. This growing electoral volatility provides empirical support to our reflection on feedback effects.

## Feedback Effects?

The continuous expansion of market mechanisms, a corollary of the transition from the Fordist to the neoliberal phase of capitalism, created new forms of political instability, and illustrated that a transformation of the social composition can influence the political economy context. The transformation of the social composition can produce feedback effects on the political economy context, but the advent of a countermovement (Polanyi 2001)<sup>5</sup> would require political agency. A growing part of invisibles votes much less for traditional 'mainstream' parties than the rest of the population. Therefore, a constant increase of invisibles as a percentage of the total population may delegitimize the political forces that have governed through the neoliberal phase to date. 'Mainstream' parties are caught between a rock and a hard place. They can continue to expand market mechanisms, yet will commodify further and impoverish the rising invisible majority. This can only heighten the distrust the invisibles hold in the system. Otherwise, 'mainstream' parties may choose to enact protective measures to constrain self-adjusting market mechanisms. However, by doing so, they would jeopardise the position of the country, in an international political economy context characterised by neoliberal rules. At the same time, some political forces and social movements have taken advantage of the rise of the invisibles (as in Italy the 5MS and the Lega). Nevertheless, these political challengers face the difficult task of appealing to broader sections of the population, to elaborate mid- to long-term political projects and to address the mechanisms of neoliberal governance leading to the rise of the invisible majority.

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<sup>5</sup> Polanyi (2001) argued that an excessive liberalization and commodification of social life eventually leads to societal countermovements challenging the political status quo of the time.

## Conclusion

The Rising Invisible Majority concept helps us to chart an important social transformation in Italy and across Europe throughout the neoliberal phase of capitalism, and identifies societal forces that can fuel political and social change (for more detail about the application of our framework to the rest of Europe, see Ferragina et al. Forthcoming). More specifically it allows us to make two observations: that a part of the population—eventually, given the outlined mechanisms, a majority—is materially and socially marginalised by the regulatory mechanisms of the neoliberal phase of capitalism; and that this overall societal transformation opens significant space for feedback effects and perhaps counter movements. These societal reactions could in the long run change the political economy context, potentially to unravel the present economic and political order.

### Acknowledgments

This research was funded by a public grant overseen by the French National Research Agency (ANR) as part of the “Investissements d’Avenir” program LIEPP (ANR-11-LABX-0091, ANR-11-IDEX-0005-02) and the Université de Paris IdEx (ANR-18-IDEX-0001).

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