

# Italian government attacks labour protection laws

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Just before Christmas, the Italian parliament adopted a package of austerity measures totalling €80 billion in cuts, hitting pensioners, workers and the poor. “Technocrat” premier Mario Monti has now fixed his sights on labour protection legislation: by January 23, he plans to submit labour reforms broadly eliminating legal protections against dismissal, and other social rights.

Monti's austerity package was supported in parliament by the Democratic Party (PD—the successor to the Communist Party), by Silvio Berlusconi's People of Freedom Party (PDL) and by the Third Pole, formed by the Christian Democrats and “post-fascists.”

Voting against was Italy of Values, the party of the former investigating magistrate Antonio di Pietro, and Berlusconi's previous coalition partner, the Northern League. Italy of Values criticized Monti's austerity measures for containing insufficient measures against corruption, while the right-wing Lega Nord attempted to make political capital out of their opposition to the package.

The class character of the austerity package is so blatant that for the first time in many years Italy's three major trade union federations felt compelled to call a three-hour general strike on December 12. The action was purely symbolic, however, and was intended as a harmless safety valve for growing popular discontent.

The unions are working closely with Monti, and are regularly invited for consultations before he announces his decisions. They are personally connected with the Democrats and the other parties who voted for the austerity package. Significantly, prominent Democrats also spoke at the union rallies on 12 December, where they railed against an “unfair, unbalanced, recessive” austerity programme—only to support it a few days later, in parliament.

A similar role is being played by Nichi Vendola, president of the Puglia region, who, after the departure of Rifondazione Comunista from the Italian parliament, has become the mouthpiece of the pseudo-left. He dutifully denounced the “false and socially unjust budget”, only then to place all hopes on the Monti government.

“If the government needs a second attempt to take up those measures of social justice, environmental sustainability and economic growth that are so far missing, we will appreciate it”, he said at a press conference at the end of the year.

Emma Marcegaglia, president of the Confindustria employers association, made no secret of her enthusiasm for the austerity plan. Monti is seen as one of their own by many entrepreneurs, “on economic policy issues, he stands directly on our line,” she crowed. Now, as the labour market must be liberalized, “there should be no taboos in the discussion.”

The main thrust of the austerity package is to further cut state pensions. By 2018, both men and women will have to work until the age of 66. Previously, some workers had been able to retire after 35 years employment—which represented an important social achievement. As early as this December, some 100,000 fewer workers were able to retire.

At the same time, the unemployment situation is devastating. According to Confindustria, one million jobs have been destroyed since the crisis began in 2008. A study of the state statistics institute Istat found that one in four Italians is threatened with poverty. Moreover, the country is slipping into a deep recession, which is also being exacerbated by the austerity package. In 2012, gross domestic product will shrink by 1.5 percent.

The second important component of the austerity

package—raising VAT (sales tax) from 21 to 23 percent, increasing energy and real estate taxes—will particularly affect people with lower and middle incomes. The cost of petrol and gas rose from 1 January by five percent, electricity and highway fees by three percent. Highly indebted home-owners (which total 80 percent of the population) must pay on average €800 in additional taxes on their homes.

Pensioners are particularly hard hit by inflation, since their pensions have been frozen by the austerity package. Pensions worth over €900 a month will no longer be uprated for inflation, which represents a substantial cut in real income.

Declining purchasing power has hit retail sales, which fell by 18 percent over the Christmas season compared to the previous year. On the other hand, the luxury shopping street Via Montenapoleone in Milan, crowded with swanky boutiques, saw a sales increase of 25 percent.

The austerity package left the rich largely unscathed. It contains virtually no action against tax evasion and tax avoidance, which are widespread in the Italian ruling class. The Catholic Church continues to be spared from paying real estate tax—costing the treasury three billion euros each year.

In addition, the government abandoned an auction of TV frequencies, thus securing the survival of Berlusconi's Mediaset TV empire.

No sooner had parliament adopted the austerity package than Monti went on to the next offensive. After the “Save Italy” package was passed, the “Italy Grows” package was announced by the Prime Minister at a press conference at the year's end. This plans to broadly liberalize the labour market and the public sector, and “modernize” the social fabric of the country.

The attack centres on Section 18 of the Labour Code, which provides protections against dismissal for blue and white collar workers in firms with more than 15 paid employees. In 2002, three million had demonstrated in Rome, in one of the largest demonstrations in Italian history, against the attempt of the Berlusconi government to abolish legal protection against dismissal.

With the support of the Democrats and the unions, Monti now wants to accomplish what Berlusconi could not at that time. He has already invited the “social

partners” to discuss labour market reforms in the next days. “We want to implement measures that the unions and employees can agree,” he announced.

Monti knows he can count on the support of the unions. They too consider the liberalization measures to be inevitable. An agreement is already in sight. The unions have indicated their willingness to agree to the weakening of employment protection, in return for a promise of higher salaries. In the face of rapidly rising inflation—which means that small wage increases could still translate into a loss of workers’ purchasing power—this might not prove too difficult for business to accept.

Some leading representatives of the Democrats, such as former chair Walter Veltroni, and the Third Pole have already called for the abolition of protections against dismissal.

Monti plans to complete his plans in the next three weeks at the latest and present them to the euro zone finance ministers on 23 January.



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