

Monti government deregulates Italian jobs market

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The so-called “experts” government led by banker Mario Monti in Italy has lost no time since taking office three months ago. Last year, the parliament passed an austerity package involving cuts of over €80 billion (US\$105 billion), including a significant increase in the retirement age and attacks on the incomes of low-wage earners in the form of increased VAT (value-added tax) and taxes on energy. Now the government is intent on deregulating the labour market.

Last Thursday, the Senate passed a deregulation law that lifts existing concessions for taxi companies, pharmacies and other services, and restricts certain privileges of the Catholic Church. Mario Monti linked the decision in the Senate to a vote of confidence in order to ensure that the 1,700 additional motions were dealt with en masse. The law now must be passed by the House of Representatives.

A decision on Clause 18 of the Penal Code, which stipulates rules for dismissal, was dropped for the time being in order to permit the government to reach a deal with the trade unions. Monti told the media that he expected to finalise such a deal towards the end of March.

Entrepreneurs, politicians and the media have long conducted a vehement campaign for the reform of Clause 18, which they describe as an outdated relic of history. The paragraph is a direct product of the militant labour struggles carried out in the 1960s. It imposes strict conditions regarding layoffs on companies with more than 15 employees. The official propaganda presents the clause as an unwarranted “privilege” for workers with a secure workplace, preventing companies from recruiting young people

and the unemployed.

The weakening or abolition of Clause 18 is regarded in business circles as a key element of labour market reforms aimed at deregulating the jobs market, creating more flexible working conditions and significantly reducing wage levels.

Reuters writes: “The risk is that while the country may already have avoided a spiralling debt crisis, without greater deregulation and labour market flexibility it may remain in the low-growth, high-debt trap in which it has floundered for well over a decade.”

Prime Minister Monti declared on television that young people should “get used to the idea that they could not expect a job for life with the same employer at the same job”. In order to provide work, it was necessary to ensure that “those who are currently very, very strongly protected are protected somewhat less.”

As was the case with the adoption of his austerity measures, Monti can rely on broad support for his plans to dismantle job protection laws. Above all, he can anticipate the backing of a broad coalition of parties, ranging from People of Freedom (PdL) led by his predecessor, Silvio Berlusconi, to the Democrats and other parties that emerged from the Italian Communist Party.

The trade unions also back Monti’s plans, even though they feel obliged to organise symbolic protests to create an outlet for workers’ discontent. The biggest and traditionally most militant trade union federation, the CGIL, and its affiliate, FIOM, the metalworkers’ union, announced an eight-hour strike of metalworkers

for March 9. The purpose of the strike is to let off steam and divert attention from the fact that the union leaders are working closely together with the government to abolish protection against dismissal.

To this end, the Labour Ministry set up a kind of round table at the beginning of February at which Labour Minister Elsa Fornero and employers president Emma Marcegaglia met with leaders of the main trade union federations, including Susanna Camusso, the leader of the CGIL.

All of the unions are involved in this conspiracy, including the metal workers union FIOM. Recently, it became clear that FIOM had collaborated closely with Fiat CEO Sergio Marchionne to implement a new, massive deterioration in labour contracts for workers at the auto company. This is despite the fact that the FIOM has previously posed as an implacable opponent of the new contracts.

On February 24, Marchionne gave an interview to the newspaper *Corriere della Sera*, admitting that he had met several times in secret with FIOM representatives. “There were special meetings with the FIOM”, he said. “Those more intelligent on the left have sought to mend the breach. But it has not achieved anything.”

When asked by *Corriere*, FIOM leading member Giorgio Airaudo confirmed the secret meetings with Marchionne. “There were several meetings”, he said. “They were very, very long: We said everything we wanted to.” The meetings were organised by the former mayor of Turin, Sergio Chiamparino (Democrats), and held in February and March of last year.

According to Airaudo, FIOM offered the Fiat boss a number of compromise proposals for the factory at Bertone, where the FIOM has a majority of shop stewards. “Marchionne said he would consider it”, Airaudo said. “I thought it was a ray of hope.”

In reality, Marchionne used the secret concessions made by the FIOM to enforce the attacks against Fiat workers more rigorously. “If there had been any chance of real negotiations, we would have used them”, Airaudo regretfully contends today.

In the past eight years, the FIOM and other metalworkers’ unions have repeatedly signed agreements that have led to the destruction of thousands of jobs. During this period, the Fiat workforce in Turin shrank from 21,000 to 14,000.

Now, Marchionne is threatening the closure of two other Fiat plants in Italy. He told *Corriere* that if Fiat is unable to export successfully to the United States, “we will have to withdraw from two of the five plants which are active today.”

Fiat already closed its Sicilian plant at Termini Imerese last November. Today, in addition to the works in Turin, the only remaining factories are in Cassino, Atessa, Melfi and Pomigliano. With regard to the company’s main factory in Turin, Marchionne said it was impermissible “to fill the company parking spaces with unsold vehicles.”

The Fiat boss considers Monti’s “reforms” a great opportunity to implement the planned layoffs. He praised the new government, which “in a very short time had shown the world that a country can change”. Should Clause 18 be abolished, foreign companies would once again be prepared to invest in Italy.

The labour market reform, and in particular the abolition of traditional job security, will make it much easier for companies such as Fiat to subvert the existing collective contract system and shift even more of the burden of the economic crisis onto the backs of working people in Italy.



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