Italian prime minister targets protection against layoffs

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Italy's parliament is currently discussing the jobs act of Matteo Renzi's government. The labour market reform aims at deregulating labour relations, cutting wages and making layoffs easier to implement.

Renzi has repeatedly praised the law as a means for the creation of new jobs. He has countered critics of his proposal by arguing that they were denying the unemployed the possibility of work, and were "more interested in ideological battles rather than the real problems of the people."

In reality, the goal of the jobs act is the creation of a labour market in which companies can hire and fire workers as they please and exploit them for the lowest wages. Rights and achievements won by Italian workers in bitter battles and defended with mass demonstrations are to be eliminated at a stroke. Renzi's obvious model is Germany's Agenda 2010, through which the government of Gerhard Schröder established a massive low-wage sector a decade ago.

Renzi is under significant pressure from the European Union (EU) and the international banks, which are insisting that Italy do away with the last remnants of the social gains of the post-war period.

Labour minister Giuliano Poletti, a veteran trade unionist with a background in the Communist Party, collaborated in the development of the jobs act. The core of the draft is the elimination of layoff protection for existing labour agreements, and the introduction of a universally applicable contract with a three-year probationary period.

The previously existing short-term worker benefit (Cassa Integrazione), which guaranteed workers 50 percent of their pay and the continued payment of pension contributions in businesses with more than 15 employees if production was cut or halted, will be eliminated. It will be replaced by a new unemployment assistance programme, which is connected with a state agency for the unemployed. In line with Germany's Hartz IV law, unemployed workers will be compelled to accept poorly-paid jobs.

According to last Monday's *il Fatto Quotidiano*, Renzi commented on this to the leadership of the Democratic Party (PD), "For me, work is not a right, but an obligation." And he went on, even more explicitly, "A businessman must be in a position to choose the workers that he needs, and he must also be able to lay them off."

The new law also makes the elimination of public-sector jobs easier. Renzi intends to continue a freeze in public-sector pay in 2015, and sharply cut spending on public administration.

The new labour law allows for the extension of temporary work contracts to 36 months, which will lead to a significant increase in precarious working conditions. In the first three years, any worker can be laid off without cause.

In addition, Renzi intends to completely eliminate the troublesome paragraph 18, which protects permanent employees from arbitrary dismissal. He described the paragraph as a "purely ideological issue from the past." Prior to him, Silvio Berlusconi and Mario Monti attempted to do away with the paragraph, but they only had partial success due to strong opposition from workers.

Paragraph 18 of the labour statute emerged out of bitter working class struggles in 1970. As well as protection from arbitrary layoffs, the statute also guaranteed freedom of assembly, the right to freely elected trade union representation, and protection against health risks at work. Today, there is practically nothing left of this.

The technocratic government of Mario Monti

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severely restricted paragraph 18 two years ago. Since then, workers at larger companies can no longer appeal to a court in the event of being laid off to be reinstated to their job, but at best secure only a redundancy agreement. Layoffs for economic reasons are considered lawful regardless. It was Monti who stated that young workers had to get used to the idea that a "permanent job for life is boring."

Renzi is under significant pressure from the financial markets. The International Monetary Fund warned that the labour market reforms had to move "quickly from the project stage to implementation." The IMF directors, who conducted their annual inspection of the Italian economy in September, predicted a further contraction for this year and have revised downward their previous prognoses.

The Organisation for Economic Cooperation and Development (OECD) and the ratings agency Standard & Poors stated that Italy would not emerge from recession before the end of 2014. According to their projections, Italy's GDP would shrink by 0.4 percent for the year as a whole, after having already dropped by 1.8 percent in 2013.

Euro zone finance ministers opposed easing the EU's criteria for the Italian budget, until the labour market reform is concluded. This was reported by the *Financial Times*, citing Francesco Giavazzi, a professor at Milan's Pocconi university. He said, "As long as we have nothing concrete to show on the issue of the labour market reform, the discussion about flexibility has no chance."

Renzi has shown his determination to force through labour market reform at any cost, even if he has to govern by decree due to lack of a parliamentary majority. "Everything has to change in Italy, and we will change it," he said.

In recent days, several politicians from Renzi's PD have spoken out against the elimination of paragraph 18. These included former Prime Minister Massimo D'Alima, and Renzi's predecessor as PD leader, Pierluigi Bersani. CGIL trade union head Susanna Camosso and Nichi Vendola from the SEL (Left, Ecology, Freedom) party, the successor to Rifondazione, also expressed opposition.

Vendola declared on TG2 (television news program) that he explicitly opposed the reform. In a letter addressed to "Dear Matteo Renzi," he wrote, "Your reform will realise the dreams of the right wing." CGIL chief Camosso announced a national trade union rally on 25 October, stating that Renzi was imposing the neoliberal programme of Margaret Thatcher. Bersani told the television programme La 7, "Paragraph 18 has a certain symbolic character, it cannot just be thrown overboard."

These protests are solely aimed at capturing the massive opposition in the working class, and preventing the emergence of an independent movement against the government. The PD and trade unions can afford to make their symbolic protests because Berlusconi has been collaborating closely with Renzi for some time and supports the jobs act in principle.

All of the politicians and trade union functionaries who are now howling with rage have helped organise the attacks on the Italian working class in recent years and are responsible for ever worsening conditions.

Since the 2008 global financial crisis, over one million Italians have lost their jobs, and over 400,000 in the last year alone. The unemployment rate has more than doubled. Youth unemployment, at 44 percent, is almost as high as Greece.

According to a census study, one in three Italians fear falling into poverty. Millions of retirees were thrown into pension poverty by the increase in the retirement age.

The number of those in absolute poverty rose by 1.2 million in a year, and over half of the 6 million in absolute poverty in Italy live in the south. The increase in child and youth poverty is particularly alarming. This has doubled in two years, from 723,000 to 1,434,000 people.

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