

The Italian Jobs Act: The End of Labour Rights in Italy

The so-called Jobs Act, passed by the Renzi government in May and December 2014, can easily be described as Italy's most important labour reform in recent years. In a speech before parliament in December, the Italian prime minister pointed out that the reform would put an end to what he called the "Apartheid" between the precarious and the "stable" labour force. The reality of things looks very different though. By generalising the insecure conditions it claims to overcome, the Jobs Act furthers and accelerates a process of increasing labour market flexibilisation that started almost twenty years ago. In an attack on the entire proletariat living in Italy, the government is abolishing all the rights that the workers' movement has fought for for decades.

This measure takes up the social and economic demands put forward by the ECB. In the course of the Eurozone crisis, the latter had to launch expansive monetary interventions in order to stabilise the markets and prevent the states in debt from defaulting. In exchange, it requested the respective governments to implement restrictive welfare and social policies.

In Italy, a letter by the ECB to Berlusconi's government on August 5th 2011 sped up the ongoing institutional crisis and brought Mario Monti's technical government into office. The latter was then charged with a list of tough targets, such as reaching a balanced budget until 2013, cutting public spending and most importantly, passing pension and labour reforms.

However, both Monti and the following government of Enrico Letta did not manage to meet but partly the requests of European capital. The latest government of Matteo Renzi finally turned out to be a reliable ally of European capitalists, ready to push their agenda. The influential circles of the country agreed on young and smart Renzi to be the one to break the bottleneck and bring new speed into the restructuring of the Italian labour market that had been prepared in the years before.

A very short history of labour reforms in Italy

The starting point was the introduction of the "Pacchetto Treu" on June 24th 1997, which introduced training time and subcontracted labour. Next came the laws passed by the centre-right governments that liberalised fixed-term contracts in 2001 and passed the "Biagi-Law" on February 14th 2003, a law that, among other things, modified apprenticeship contracts and brought about deteriorations for a number of other types of contracts. Finally, the "Fornero Act" of 2012 drastically modified the apprenticeship contract (maximum length of 6 years, lower wages, and higher maximum number of apprentices per company), eliminated all obligations of legitimating the first use of a fixed-term contract and restricted the right to re-employment in case of illegitimate layoff.

The narrative behind the Jobs Act

Now Renzi – in perfect continuity with former governments – pushes the agenda of international capital to the detriment of the workers. The narrative that couches the new labour reform is clear: In the age of "globalisation", companies have to be free to allocate their productive resources, such as work force, as they deem right. The system thus needs flexibility. A too heavily regulated labour market keeps companies from hiring which results in high unemployment and decreasing competitiveness of the national economy. Moreover, it causes companies to seek the dearly needed flexibility where it is obtainable: in a bunch of excluded workers, eternally disadvantaged in comparison to those who have their rights secured.

It is against that background that the government and the employers it represents build their solution rhetoric. If you eliminate the systems rigidity and let the market operate freely, the latter

would not only restore Italy's competitiveness, but also reduce unemployment and abolish the unjust division between the "stable" and the precarious work force.

The Jobs Act

What are the changes that the new labour reform brings about? Here you have an overview:

The new contract of employment of indefinite duration with "gradually increasing protection"

Before the Jobs Act, an employee with a contract of employment of indefinite duration had the right to get re-hired if she/he had been fired without a legitimate reason (the famous article 18 of the Italian Workers' Statute¹). Except for cases of discrimination (that so far have never been recognized as such by an Italian court), the Jobs Act abolishes that right. The new contract of employment of indefinite duration merely allows for a monetary compensation that increases proportionally to the years of employment, the maximum being the equivalent of 24 monthly salaries. However, this only applies in case the dismissal is ruled illegitimate in court; the odds of which keep decreasing.

Overall, a contract of employment of indefinite duration has now reached the same level of insecurity as a "precarious" contract: An employee finds herself/himself under the constant threat of getting fired, at best with the chance of receiving a small indemnity if a judge rules in her/his favour. Everyone thus becomes more and more susceptible to blackmail by her or his employer.

The welfare reform

The substitution of the unemployment benefit with the "New Social Security for Employment" (NASPI) constitutes another important change. While the reform extends the eligibility for benefits to a larger number of persons, it also cuts their amount and duration. Moreover, it is now up to the state to assess whether a person is involuntarily unemployed. This includes the possibility to cut the payment of the NASPI in case the unemployed does not accept the employment agency's job offers. People may therefore wind up taking on jobs that are far from where they live or badly paid (less than the NASPI) in order to not end up both without a job and without unemployment benefit.

The dismantling of the so-called "atypical" contracts

The government's claim to be dismantling the bloc of "atypical" contracts turns out to be a fraud: of the 47 existing contract types only one („contratto di collaborazione ,autonoma' a progetto") is being abolished; a contract that was among the ones with greater employee protection.

Fixed-term and apprenticeship contracts

Moreover, the first part of the Jobs Act facilitates the application of fixed-term contracts by once and for all eliminating the obligation to justify its use and increasing the number of renewals as well as the duration. The same is true for apprenticeship contracts, for which the reform drastically increases the maximum of apprentices per company.

On top of all this, a few, not yet passed decrees will allow for employers to downgrade their employees task level (and retribution) as well as install surveillance technology at the workplace.

The last move of the Italian Capitalists

If you cast a look behind the government's rhetoric of "scrapping the old" and creating "the new", it is obvious that Renzi could not care less about our condition as workers. In fact, his job is rather clear: to bring to an end what those before him started. Partly due to internal conflicts within the

¹ Workers' statute or Statuto dei lavoratori: A law in the field of Italian labour legislation. Introduced in 1970, it had been the result of two decades of workers struggles. It enforced important changes with respect to working conditions and the relation between employers and employees. Article 18 regulated provisions on protection from unfair layoffs.

Italian ruling classes, partly because they feared mass protests, the previous governments did not manage to bring about the reforms that the Italian capitalism needs in order to start making profits again.

Renzi on the other hand has succeeded. Among the first people to praise the reform were those who for years had only been half-lucky in their attempt to change the Italian workers' statute. Like former labour minister Sacconi, one of the main creators of the so-called "atypical" contracts in which so many Italian workers are trapped and that were then used as an excuse to abolish the rights of all workers. In other words, the Italian ruling classes managed to take advantage of the dramatic situation they themselves created in order to exacerbate and generalise it.

Despite the arrogant tones with which the reform has been presented to the public, behind the scenes stands an anxious, apprehensive class that is making an important and potentially explosive move. It will not be long, before millions of workers get a taste of what the promises of the Jobs Act are really about. Almost twenty years after the first "precarious" ("precari") contracts were introduced, it is obvious that they did nothing but enable salary cuts and deteriorate working conditions without creating even a single job! Quite the opposite! They produced a mass of workers with no protection that have a lot more trouble entering the labour market and are very easily kicked out of it... As a recent study on unemployment in Italy² shows, there is no evidence for youth unemployment – the type of unemployment that according to the government's logic is the product of the labour rights of the "stable" labour force – to be in any way caused by that very "rigidity" of the labour market. What seems certain on the other hand is that youth unemployment increases with a rising general unemployment rate. In other words: what keeps young people from finding a job are not the rights of those who are already employed, but a generally high level of unemployment.

The idea of reducing any form of unemployment through this reform is nothing but a hope of the government and the interest groups that it represents. As Olivier Blanchard, chief economist of the International Monetary Fund had to admit after a study on the European labour market: "differences in employment protection seem [...] largely unrelated to the unemployment rates across countries"³. On another occasion no other than the OECD⁴, even though being a firm advocate of such policies, doubted that flexibilisation could create jobs and growth.

So the Italian ruling classes are forced to hope for economic recovery rather than being able to count on it. Despite the influential prognosis made by those who such as the OECD have been far from accurate in their predictions, the Jobs Act is not going to start that recovery. On the contrary! While it is true that the capitalists are profiting from the increasingly catastrophic conditions in which they put the Italian proletariat, it is indubitable that they are forced into such policies in order to pass the costs of a crisis they cannot control and might actually aggravate with those measures along to the workers.

The only crisis that the Italian employers are trying to escape is theirs. For us, the proletariat in Italy, the crisis can only get worse like this. The growth that they are talking about is nothing but our growing exploitation!

² See in Italian: Antonella Stirati (2008) *La flessibilità del mercato del lavoro e il mito del conflitto tra generazioni*, e Elia M. (2013), *La condizione sociale del lavoro nell'era della flessibilità*.

³ See: Blanchard, Olivier (2005): *European Unemployment: The Evolution of Facts and Ideas*.

⁴ See in Italian: economiaepolitica.it.

Workers of the World ... go fight each other!

The story of the Jobs Act is not an Italian tale, but is part of an international redefinition of class relations that is aimed at overcoming the structural crisis of capital and whose main instrument is increasing the exploitation of labour. Departing from different starting points all European workers – some sooner, others later – face policies of flexibilisation, increases in productivity (and thus in exploitation), destruction of unions etc. These measures can be described as an attack on workers coordinated on a European level.

In order to understand, let us go back to the ECB's policies or, more precisely, to a talk held by Mario Draghi in front of the Council of the European Union two years ago. On that occasion, the ECB's president revealed the secret of the economically successful countries that, like Germany, have chalked up a budget surplus. The formula for success, according to Draghi, was that until 2008 nominal wages in those countries increased equally or less than productivity. In other countries, such as Italy, wages had simply increased too much. The trick to overcome the Eurozone's debt crisis and create successful economies in all European states thus was to adjust the nominal wage growth to productivity growth. In other words, the price to pay for growth would be a gigantic wage drop, especially considering that what is supposed to be adjusted to productivity are the nominal wages, those that do not factor in inflation. For years, the *real* wages have been lower than productivity everywhere! The solution suggested consists in continuing and intensifying a process that in the past 30 years has brought about huge economic redistribution from bottom (wages) to top (profits).

The effects of the wage deflationary policies of (not only) Germany are used to deteriorate working conditions in other countries.

What hides behind the famous "German model" is in reality a policy of low wages that constitutes the base for a mercantilist type of capitalism driven by external demand. The "Hartz-reforms" of 2003 unleashed a process of labour market liberalisation that struck on multiple levels. Between 2003 and 2007, the governments gradually increased working hours, lowered salaries and cut welfare benefits. The statistics show that only in 2012 the wages increased more than inflation and productivity, after ten years of wage stagnation! One of five workers in Germany works for less than nine Euros an hour. This is the highest rate of low wage work in proportion to the national average salary in all of Western Europe. The German miracle, the boom in exportation, the competitive gap between Germany and other countries: All these things we keep hearing about have really been paid for by the workers!

Its advanced production system allowed Germany to maintain working conditions superior to those of other countries without putting at risk its products' competitiveness. Simultaneously, it continued to cut wages and worsen working conditions. That way an "advanced" economy was able to conduct wage dumping against countries like Italy or Greece, accusing them of living beyond their means even though people there work longer hours for lower wages.

All that may - for now - give Germany and other economically strong countries the possibility to defy the crisis or even profit from it while actually granting some improvements with respect to the working conditions of their own work force (like the minimum wage in Germany). However, with the crisis proceeding and the working conditions in other countries worsening, it will eventually hit the core countries and their workers as well. Companies will be able to move production to the peripheral countries to profit from their cheap work force, while the latter will migrate to the core countries ready to accept wages a lot lower than the ones, workers there are willing to work for.

After years of failed austerity policies, it becomes more and more difficult to believe that these measures are actually meant to overcome the crisis. What seems more likely, is that the capitalists

do not even know how to resolve it and instead try to take advantage of it as much as possible. As the Polish economist, Kalecki wrote with respect to the “political aspects of full employment”, “‘discipline in the factories’ and ‘political stability’ are more appreciated than profits by business leaders. Their class instinct tells them that lasting full employment is unsound from their point of view, and that unemployment is an integral part of the ‘normal’ capitalist system.”⁵

Therefore, if they work on measures that seem irrational or absurd it is only because those are the irrational and absurd, but inevitable products of the logic of a “mode of production in which the worker exists to satisfy the need of the existing values for valorisation, as opposed to the inverse situation, in which objective wealth is there to satisfy the worker’s own need for development”⁶. It is a system in which “accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole”⁷, as Marx put it.

While in these times of crisis capitalists do most definitely not have the problem of fighting full employment, they surely have the possibility to profit from the widespread unemployment. The main political purpose of which is to push workers into a desperate competition in which they are doomed to fight each other over the little that they are given. By playing the precarious work force off against the “stable” one, the young against the old, men against women, the Italian labour reform tries to use the individual interests and desperation of the single workers against the interests of their class. The scenario that we are facing is thus a run against zero of the working conditions with workers becoming more and more controllable, docile and susceptible to blackmail... a scenario in which every worker goes to war against the others in order to obtain the little that they are handed. The Jobs Act legally ratifies this de-facto state and deteriorates it.

Furthermore, it adopts and reinforces those European policies that try to play workers off against each other on a continental level.

This is a well-known, age-old capitalist strategy that says: workers of the world go fight each other!

What shall we do?

Italy like many other European countries has seen numerous mobilizations since the beginning of the crisis: starting in 2008 with the students’ movement that had tens of thousands of university students take to the streets in protest of the government’s plans to cut funds for public universities. In 2010, the metalworkers of FIAT took on the company’s CEO Marchionne, opposing his restructuring plans that in many ways anticipated the current labour reform. Much like the students the employees of FIAT managed to attract solidarity from hundreds of thousands of workers and citizens⁸. In order to grasp the dimensions of the mobilisations, you can go back to October 15th 2011, a day of worldwide protest, that the Spanish social movement had called for. That day Rome held the second largest demonstration in terms of number of participants globally.

However, also because of internal conflicts the movement did not manage to affront the ongoing crisis and the sudden and profound institutional changes that it provoked: the end of the twenty-year Berlusconi-era, the appointment of a technical government and finally the rise of Renzi.

On October 19th 2013 there seemed to have been an important signal when the growing housing movement that is squatting houses all over Italy united with the grass-root unions and managed to

⁵ Kalecki, Michal (1943): “Political Aspects of Full Employment”. See: http://economie.politique.free.fr/liens/Kalecki_1943.pdf.

⁶ Marx, Karl: Capital: A Critique of Political Economy. Volume One.

⁷ Marx, Karl: Capital: A Critique of Political Economy: Volume Three.

⁸ See for instance: http://www.wildcat-www.de/en/wildcat/89/w89_italy_en.html.

mobilise tens of thousands of people under an anti-capitalist perspective. Nonetheless, also this time around the movement was not capable of formulating a common political ground to build on.

The scene, therefore, seems to be dominated by a crisis that is relentlessly proceeding towards a progressive devaluation of the workforce and by the neoliberal plans of a government, which is its immediate legal expression.

However, underneath the calm surface of this situation things are heating up, as workers are daily paying for the effects of this crisis at their work place. As said before, the recent labour reform does nothing, but deteriorate the situation. Therefore, the moment the government started talking about it an impressive reaction followed. On October 25th 2014, almost a million workers took to the streets to protest the Jobs Act alongside the CGIL, Italy's biggest union. On November 14th, the FIOM's (the biggest metalworkers' union, part of the CGIL) metalworkers and the logistic workers organised in the SICOBAS (grass-root union) went on strike – the very same day social movements and grass-root unions had called for national mobilisation against the government and its policies. On December 12th, shortly after the reform's approval in parliament, a general strike was organised.

Granted, most of these mobilisations were organised by the CGIL, a union that in recent years has not only never posed a threat to the plans of capital, but has often been its ally. Now, rather than taking a genuine interest in the workers' condition, it seems to try to leave the isolation Renzi's government has put it in and work its way back to the negotiating table.

Nonetheless, the dimensions and the power of the mobilisations are important. The approval by large parts of the public opinion, combined with the presence of particularly combative segments of the working class⁹ are a steps towards overcoming the differences between the precarious and the "stable" work force that have played an important role in the defeats over the past years. At the same time, they are the inevitable and involuntary effect of recent government policies that, in a run against zero, homogenised working conditions.

Sure, capital still has many aces up its sleeves: through its states' borders in controls the workers' movements and puts "autochthonous" against "foreign" workers, by threatening to relocate it carries through with increasingly bad working conditions. Nevertheless, this simply means that uniting our struggles on a global level becomes more and more important.

It is not simple, but it is possible. It depends on us.

⁹ For instance the workers of the logistical branch. See for example the struggle at the Ikea plant in Piacenza: <http://clashcityworkers.org/english/1553-national-campaign-against-ikea-italy.html>.