

Mr. Monti Takes a Verbal Tumble

Judith Harris (February 06, 2012)



Italy's suave emergency premier Mario Monti has floated on a wave of extraordinary popularity until last week, when a wisecrack he made about the labor market upstaged even the blizzard warnings. With his usual polite smile he remarked affably, "After all, having a *posto fisso* [guaranteed lifetime job], is boring."

ROME - Indeed it may be boring to those nine out of ten Italian workers who have one, but, as economist Monti well knows, a job for life is the object of anguished desire for the almost 2.8 million workers who do not. According to the official statistics agency ISTAT, reporting on the third quarter of 2011, the numbers of these have-not's continue to grow, and during the past year another 166,000 short-term contracts were awarded, a hike of 7.6%.

Up-to-date figures show that nine out of ten workers in Italy still enjoy lifetime contracts, a lingering result of a combination of well-meant Catholic-Socialist social policy goals that emerged in the early postwar era under the influence in part of the Swedish model of social democracy.

As a result, the forty- and fifty-somethings who benefit from lifetime contracts can sit back and whittle their thumbs (and many do) while Italy's youth, already struggling against a recession with



no end in sight, are now being clobbered in a labor market that is shifting rapidly from overly protective to (perhaps) overly precarious.

Monti's misstep, to the extent that it was, came during his first interview with a Silvio Berlusconi-owned TV channel on Feb. 1. What he actually said was: "Regarding the labor market it is normal to have a dialogue [presumably between government and trade unions], and this dialogue will take place shortly, with an Italy that is also European. The principal goal of the reform we want, and to which [Labor] Minister Fornero and the entire government are committed, is to reduce the terrible apartheid that exists in the labor market between those who, because of their age or luck, are already in it and those younger who are working terribly hard to enter the job market or enter it in precarious conditions.... Young people have to get used to the idea that they will not have a fixed job for their whole lifetime. And then, let's admit it, how very monotonous."

So why did Monti's saying this irritate so many? First, the jesting tone of his final remark intimated that this former president of an elite university, the Bocconi, is overly remote from the desperation of young people pleading for their first job or being hired for six months and then dropped. He probably meant to be consoling but came off as supercilious, "like Marie-Antoinette saying, 'Let them eat cake,' when the French complained they had no bread,'" as one pundit commented.

As the Organization for Economic Cooperation and Development has recorded, Italy's restrictions on firing workers are almost the toughest in Europe." Article 18 of the 1970 Labor Code decrees that, after a worker completes a period of probation, any company with 15 or more employees must retain the worker or risk a costly lawsuit and be obliged to rehire him or her with back wages and social security contributions. For this reason some smaller companies have actually balked at hiring more than fourteen. This clause is the bone of contention that divides the unions and the manufacturers' association, headed by Emma Marcegaglia.

Susanna Camusso, head of the leftist CGIL trade union, will be one of the trade unionists slated to begin negotiations shortly with the government. She defends Article 18 with tooth and claw. The idea of letting workers go is, to her, anathema. Although acknowledging to the press agency ANSA that "this government has done more than its predecessors," to Monti's comment she retorted that what was boring is continued talk of firing workers. "The priorities of the government must be to fight against precarious labor and against the underground economy...I imagine that Professor Monti can give us a list of regulations he considers overly protective. We hear the same song again and again [in favor of labor mobility]. That's what is boring."

And yet this is the future, and it is already here, as most thinking Italians know. Today one out of ten of those in the labor force have short-term contracts. Of this 10%, moreover, two-thirds are under age thirty-five. And almost half of these are younger still (aged 15-24) and already in the labor market while lacking protection from capricious firing. A failing company can fire workers, quite properly, but an unscrupulous employer can be rid of able employees when they find others at lower costs.

The fact is that Italy remains deeply conservative, and the vast majority, beginning with the obsolescent trade unions ("out of the ice age," one former Socialist MP called them), still act upon the idea that what was good enough for Grandpa on the assembly line is still just right for Junior. This might have been true when the assembly line ruled, but today the factory system itself is going the way of the dinosaur. The strong economic growth of the Italy of the past—the Sixties and Seventies—was based upon two great industries, machine tools and textiles, showcased by fashion. When employers can find workers abroad who can perform the same mechanical operations for 90% less in wages, they will do so; and the textile industry, a co-efficient of fashion, is by definition problematic because fashions become unfashionable.

What is Italy to do? It is hard to disagree with Gian Antonio Stella, journalist and writer for *Corriere della Sera*, who said the other day, "Italy must do what it does best. It has a unique heritage of art, architecture, of fabulous small towns, each with its own personality. It must set to work to protect these and its landscape. And then we can continue to attract people the world over." This reporter could not agree more.



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