

## Among Reforms, Labor Law is Tough Work

Judith Harris (September 03, 2014)



In addition to his proposals for education and judiciary reform, Premier Matteo Renzi must address revision of labor legislation. This may be his toughest job, for it pits the government against the trade unions which in theory support Renzi's Partito Democratico. At the heart of the problem is the "Workers' Bill of Rights," adopted in 1970. Can it be changed to make the work force more flexible? Industry hopes so; the unions disagree.

ROME - For decades early September was marked by the outdoor evenings of wine and sausages, fun and political debate, called the "Feste dell'Unita'," organized by the Italian Communist party (PCI) in honor of its official daily, L'Unita'. That party organ ended when the PCI, founded in 1921, gave up the ghost in 1991. This summer the paper's name also faded away, gallantly but financially bankrupt. The PCI was replaced more or less by the Partito Democratico, whose current head, Premier Matteo Renzi, has no link whatsoever with the old PCI of Antonio Gramsci and Palmiro Togliatti. Nevertheless, even as the names and the party-goers have changed, the feast goes on, and Feste dell'Unita' are being held all over Italy, especially in the North, where they were kicked off in late August in the old red capital of Bologna.



Like the Feste, some of the problems from those old days remain current today, still unresolved, and among the government's reform proposals for education and the judiciary, the toughest which Premier Renzi must address may well be revision of labor legislation drafted in the Sixties. At the heart of the problem is a clause of the Statuto dei Lavoratori, or "Workers' Bill of Rights," adopted in 1970. The Statuto reflected the participation of the Italian Socialist party in a center-left governing coalition, and was incorporated into Italian law.

Its Article 18 has been under fire for the past 14 years. Its chief provision is that, workers in companies with over 15 employees are entitled to keep their jobs unless the employer can demonstrate legitimate cause for firing them. All was well-meant in the climate of 1970, and, because its aim was to protect workers from casual dismissal, the Statuto and its Article 18 had strong support from the powerful big three trade unions of the time (by order of size, the Communist CGIL the Catholic CISL, and the small, middle-of-the-road UIL).

Today's labor lawyers explain that the power of Article 18 derives from its being primarily a deterrent; court battles over unfair dismissal have been few and far between. One justification for firing an employee is "gross negligence," as in theft, but otherwise under its terms fair dismissal is hard to show. Because the Italian system does not contemplate merit, its lack—demerit—is otherwise not a consideration. Being there, as in showing up every day for work, is its own merit, and the worker is generally home and dry before a judge if he proves that he was faithfully present. The law, moreover, provides that, when a court finds that the dismissed employee has been treated unfairly, the company must not only provide him financial compensation, but also give him back his job. (For details, see: <http://www.quagliarella.com/lav35.html> [2])

Since the year 2000 successive governments have tried to change this, but with little success. Even today, business leaders pleading for more mobility in the work force go ignored. Aggravating the situation is today's lackluster GNP, which has been sinking over the past six years at an annual average rate of 1.65%. Despite the fact that 2010 showed positive growth, with an upward surge of 1.7%, what followed has been negative, with growth still declining in July of 2014 by 0.2% and unemployment stuck at 12.6% of the work force.

The unions in turn ignore the financial crisis, and the bewildering list of local and national strikes called this month and last affects hospitals, airports, trains, buses, university research institutes, telecommunications, maritime transport and local administrations. On Sept. 1, a one-hour strike was held in schools and another short strike by some local police.

Speaking at the Comunione e Liberazione end-of-summer meeting at Rimini (the Catholic version of the Festa dell'Unità'), Renzi's labor minister Giuliano Poletti acknowledged that "change is indispensable" in the labor market. "If we do not bring about real change, what follows will be a lot of talk, lots of analyses, but no results." On the other hand, he went on to say, a head-on confrontation over Article 18 would not be useful; and what the government needs is "a different, comprehensive approach. A head-on tug-of-war over this would not be useful."

Licia Mattioli, president of the Turin industrial association and vice president of the national Confindustria association of industrialists, took a more pragmatic approach. "If we want to relaunch the economy we must address the question of Article 18," she said in a recent interview. "Economic reform cannot be put on hold. The Senate reform was a success despite a thousand obstacles: [the government] said they would do it, and they did. But that was not enough, and today Article 18 is at the center of the debate."

Mattioli also pointed out that Turin industrialists need funds to replace aging, eco-unfriendly machinery so as to upgrade their production. Lacking mobility in the work force, funds for this are lacking. Asked if this did not mean the risk of "abandoning people," she replied: "I believe that anything is better than just staying behind a paycheck while you lose skills."



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