

Italy jobs market

Five Star labour reform attacked by business and unions

MILES JOHNSON — ROME

Five Star's hastily drafted reform of Italy's labour market has been criticised by business groups and trade unions, undermining the party's attempt to regain the initiative from its anti-immigration coalition partner.

Party leader Luigi Di Maio's "dignity" labour reform, being debated in front of Italian lawmakers this week, aims to crack down on short-term contracts and reduce job insecurity.

Yesterday Marcella Panucci, director-general of Confindustria, Italy's largest business lobby group, told a parliamentary committee that the reforms would make "the framework for companies more uncertain and unpredictable, discouraging investment and limiting growth".

Trade unions argued that the reforms did not go far enough in tackling precarious labour contracts.

Mr Di Maio has been overshadowed in the coalition by Matteo Salvini, leader of the League and the country's interior minister.

"The labour reform is being largely driven by Five Star feeling they have to get something done quickly, as they have seen opinion polls showing they are being overtaken by the League and Salvini is dominating the headlines," said Wolfgang Piccoli, an analyst at Teneo Intelligence in London.

Rolling back the "Jobs Act" labour market reforms of the government of Matteo Renzi from 2015 was an important election pledge for Mr Di Maio, the Five Star leader and minister of labour and economic development. The pledge

won support from Italians struggling with high unemployment and precarious work.

Pietro Reichlin, professor of economics at Luiss university in Rome, said: "The law is not going to attract much enthusiasm from unions as I don't see many benefits for workers, while at the same time there are additional costs for businesses, so this is unlikely to be very popular."

Mr Di Maio blasted estimates by INPS, Italy's pension agency, that the reform could end up costing the country 8,000 jobs a year. He issued a joint statement with Giovanni Tria, the economy minister, saying that the agency's estimates were "unscientific, and as such, questionable".

Mr Salvini, his coalition partner, renewed his call for the head of the INPS, whose mandate runs to 2019, to resign.

Mr Salvini's position in the government was boosted after the League made big gains in municipal elections in June. Analysts interpreted the results, as well as national polls showing a surge of support for the party, as evidence that his anti-immigration and Eurosceptic message resonated with voters.

But the clamour around the introduction of the labour reform bill will not have enhanced Mr Di Maio's standing.

Mr Piccoli said: "This was very much a Five Star initiative, and has created a backlash from businesses for making the labour system more rigid and creating more costs. For the League this is clearly important as its power base is in northern regions where business groups are influential."

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