

In March 2014 the newly appointed Italian Cabinet led by Matteo Renzi presented a draft bill on a comprehensive labour market policy reform, known as the “Jobs Act”, which was largely based on a policy proposal outlined by the prime minister’s (PM) political party, the Democratic Party (DP). The Jobs Act was adopted at the end of the same year, and led to the introduction of significant policy measures throughout 2015 such as the easing of dismissal rules for open-ended workers, and the reform of the Italian unemployment benefit system.

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Matteo Renzi repeatedly declared that this reform was addressed to tackle the problem of high (youth) unemployment and the segmentation of the Italian labour market. Overall, while acknowledging the importance of its functional objectives, the Jobs Act can be interpreted by looking at its political goals. In a [news broadcast interview](#), Renzi stressed that the Jobs Act aimed at giving more opportunities to youth and unemployed, rather than “pleasing trade unions or other professional categories”. This legitimization narrative was consistent with the goal of gaining the support of new constituencies, and confirmed the image of “political newness” associated with the Renzi leadership. As a matter of fact, youth and unemployed (along with workers on temporary contracts), were among those groups who voted in high numbers for the Five Star Movement, DP’s main political antagonist in the 2013 general elections. In addition, while Renzi presented the Jobs Act as a policy for the youth, his main political target was bigger. After the “defeating victory” of the DP in the 2013 national election—the party lost about three million votes compared with the previous elections—Renzi tried to reposition his party in order to attract new voters and, at the same time, to partially shore up old electoral constituencies.

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In light of this, the adoption of policy reforms such as the Jobs Act could be interpreted as [an attempt to seek the consensus of the so-called “bloc bourgeois”](#), that is the alliance between the skilled middle- and upper class. This strategy can be better understood if we look at the goals that were prioritized, since Renzi’s labour market reform was mainly based on the liberalization of employment relationships, the delivery of strong incentives for employers who hire “flexible” open-ended workers, and the promise to invest in active labour market policies and reinforce benefit conditionality. At the same time, the Jobs Act introduced some expansionary measures in the domain of unemployment benefits and work-life reconciliation policies. As suggested by [Sacchi and Roh](#), this expansionary move can be interpreted as an attempt to mitigate the negative impacts of the recent economic crisis and austerity reforms that hit not only traditional working class, but the shrinking Italian middle class. In other words, this progressive recalibration was instrumental to the liberalization process embedded in the Jobs Act as well as consistent with the overall *bloc bourgeois* strategy that Renzi was trying to pursue.

## **The Jobs Act two years later**

Two years after the introduction of the new rules on the unfair dismissal of open-ended workers, results appear to be rather limited. It is fair to say that the Jobs Act clearly contributed to a substantial increase in open-ended employment contracts in 2015. According to [estimates provided by the National Institute for Public Policy Analysis \(INAPP\)](#), 714,000 new open-ended job positions would not have been possible without Renzi’s reforms, in particular the introduction of generous employment incentives for new open-ended hires. Nevertheless, when these incentives were reduced, the increase rapidly diminished. Moreover, it seems that the Jobs Act has not yet led to structural changes in employers’ preferences for open-ended jobs and in terms of job productivity. These were considered as crucial goals in the labour-market de-segmentation strategy claimed by the Renzi

government in order to legitimize the reform. Actually, open-ended job positions recorded in 2016 (when the generous employment incentives were scaled down) were slightly less than those observed in 2014 (the year before the adoption of the Jobs Act's implementing decrees), while [in 2016 fixed-term job positions increased by about 370,000 units compared to two years earlier](#). This means that the expected "u-turn" from labour-market de-segmentation has not been realized so far, while the positive impacts observed in 2015 can be mostly interpreted as a "honeymoon effect", mainly due to the temporary availability of very generous employment incentives.

Also youth (un)employment has shown little progress. While we can observe an improvement from the situation in 2015, the number of new open-ended job positions referred to people under 30 years of age in 2016 is similar to the figure for 2014, by contrast, [fixed-term job positions have slightly increased in 2016 compared to 2014](#). Finally, according to [a recent estimate provided by the National Statistical Institute](#), if we consider the distribution of employment gains among different age groups by controlling the effect of demographic trends, it is possible to observe that in 2016 only 9.2% of these gains concerned people aged 15-34, 74% being referred to older workers (50-64 years) (on this see also [Seghezzi and Nespoli 2017](#)).

## A new agenda for the youth

Therefore, structural problems of the Italian labour market are far from being solved; also for this reason, the issue of youth (un)employment remains high on the public agenda. In the last months, several new proposals have been advanced. Among these we can mention the reinforcement of school-to-work transition measures, the expansion of the national civil service, the adoption of employment incentives specifically addressed to youth, and income tax reduction focused on young people. A further issue at stake concerns the introduction of a basic pension for youth who will lack adequate protection because of low wages and fragmented careers. Finally, some trade unions have proposed to relaunch direct job creation programmes addressed to strategic sectors. A similar policy receipt was adopted between the seventies and mid-eighties, when the Italian public administration absorbed an important share of highly qualified youth employees, while often fuelling clientelistic practices ([Reinery 1987](#); [Reyneri and Fullin 2015](#)).

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Beyond this new agenda on youth, it is worth noting that in the last two decades investments in education and research and development policies have been significantly reduced and only limited increases can be observed in recent years. Compared to the EU15 average, the average expenditure (relative to GDP) on education divided by the potential beneficiaries in Italy dropped from 108% in the mid-nineties to 74% in 2011-2013, [while as far as R&D policies are concerned there was a drop from 100 to 59%](#). Therefore, medium- to long-term policy strategies that could contribute to tackling youth unemployment have remained underdeveloped, Italian governments being mainly oriented towards supply-side approaches.

In conclusion, while the issue of youth employment has gained centre stage since the beginning of the recent economic crisis, only limited improvements can be observed with reference to the Italian case. The adoption of the Job Act has not redressed the situation so far, while other policy strategies which could enhance structural investments in R&D, such as the [Italian plan for Industry 4.0](#), are far from being fully established.

At the European level, the promotion of policy initiatives such as the Youth Guarantee has been largely insufficient to tackle youth unemployment problems. At the national level, it should be interesting to consider whether future party competition dynamics between mainstream and non-mainstream parties (such as the Five Star Movement in Italy, or Podemos in Spain) will affect the policy agenda by promoting the adoption of new perspectives on youth employment policies in southern countries.

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