

The logo for CGIL, consisting of the letters 'CGIL' in a bold, black, sans-serif font.

Confederazione Generale
Italiana del Lavoro
(Italian General
Confederation
of Labour)

Plan for Jobs

creating jobs to give Italy future and growth

presentation by

Daniela Freddi

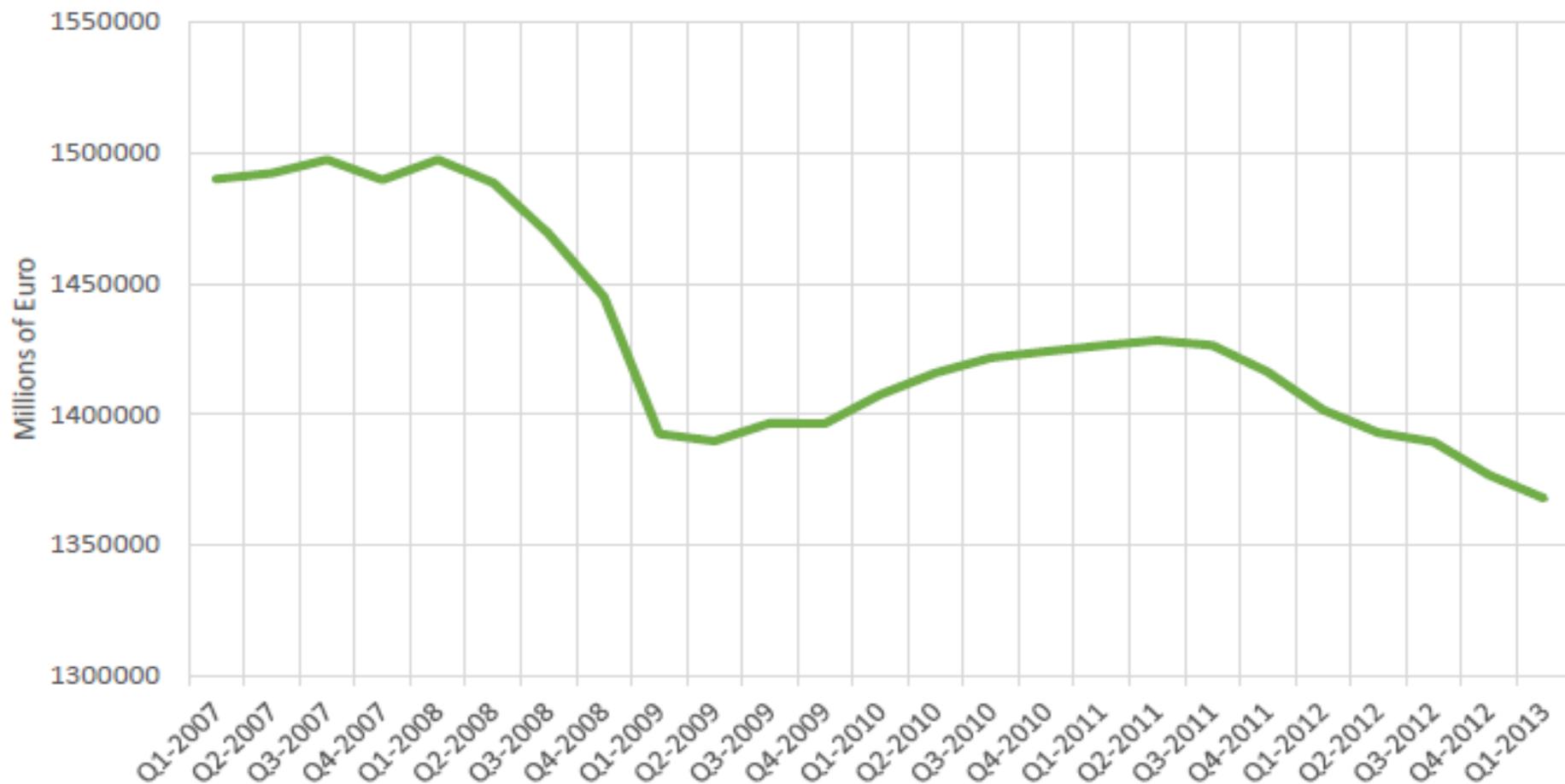
WSI/ver.di 10. Workshop

***Before the European Parliament Elections: Is the crisis over?
- For a more social and democratic Europe -***

BERLIN – 8th-9th May 2014

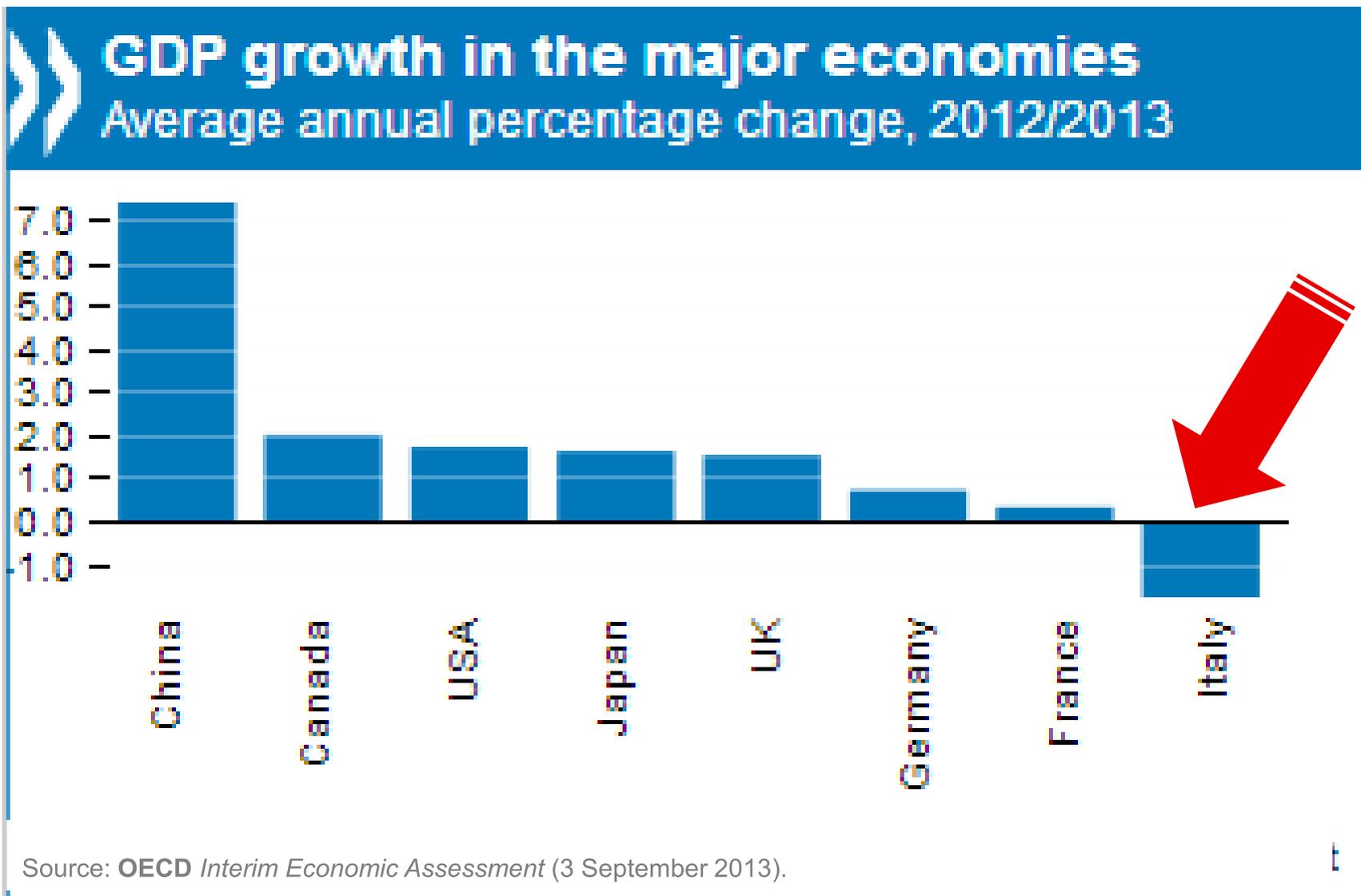
Italy's GDP

(real GDP; in constant 2005 prices; seasonally adjusted)



Source: OECD

OECD forecasts 2013



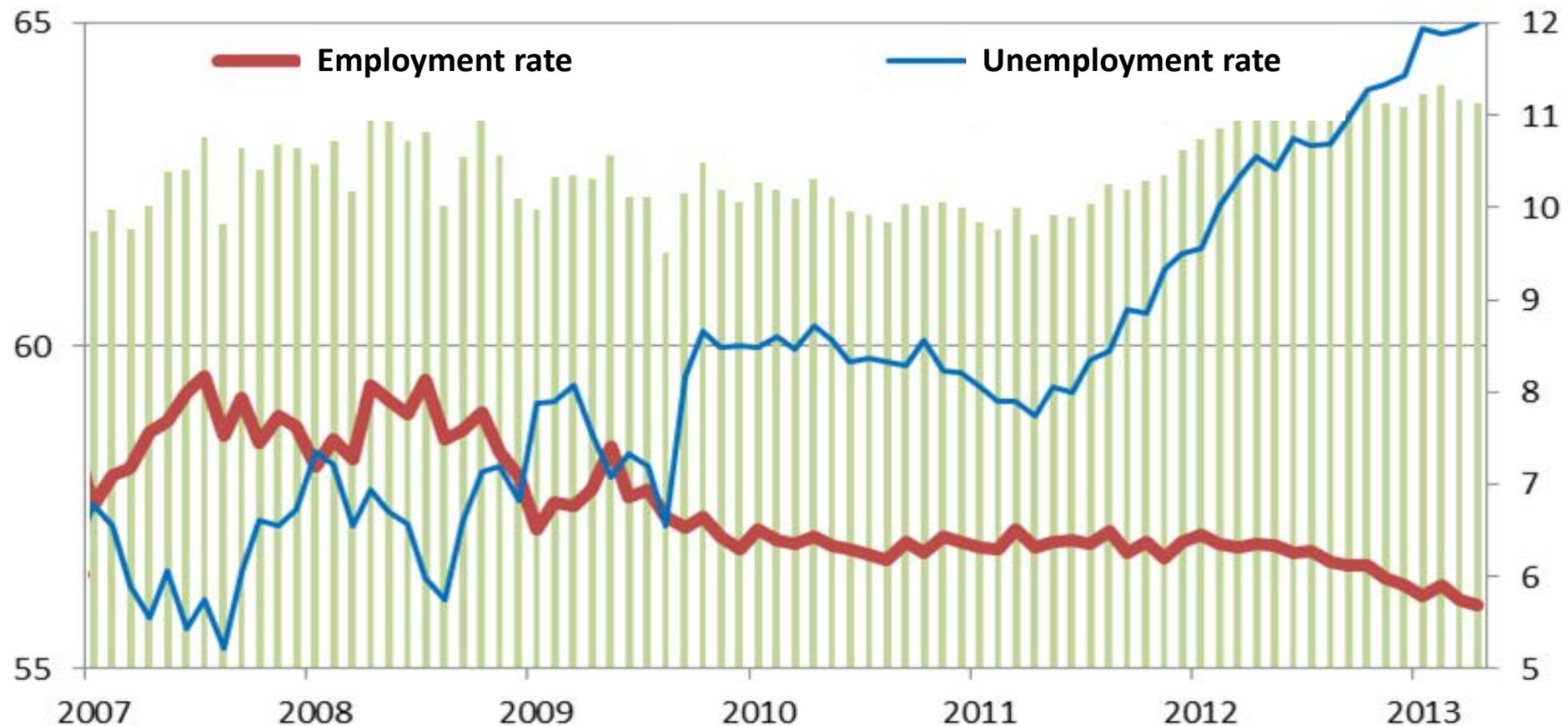
Italy employment spread

Unemployment rate 12% (out of employment 54.7%)

Unemployment rate 15-24 year-olds 39.5% (15-34 year-olds 22%; 24% NEET*)

Inactivity rate 36.4% (15-24 year-olds 73.1%)

Employment rate 55.9% (women 46.8%)



Italy's Economy, Crisis and Economic Outlook

<i>(average annual percentage change)</i>	2000	2007	2008	2009	2010	2011	2012	2013	2014
GDP	3.7	1.7	-1.2	-5.5	1.7	0.4	-2.4	-1.4	0.7
Employment (full time equivalent employment)	1.8	1.0	-0.4	-2.9	-1.1	0.1	-1.1	-1.0	0.1
Gross annual wages	-0.3	0.0	0.3	1.9	1,3	-1.6	-1.8	-0.8	-0.4
Productivity	1.9	0.7	-0.8	-2.7	2.8	0.2	-1.3	-0.4	0.6
G. fixed Capital formation	6.4	1.8	-3.7	-11.7	0.6	-1.8	-8.0	-3.5	2.9
Inflation HICP	2.6	2.0	3.5	0.8	1.6	2.9	3.3	2.1	2.0
Consumption deflator	3.2	2.3	3.1	-0.1	1.5	2.9	2.8	1.8	1.7

the recovery in 2014?

	Annual average percentage change in 2000-2007 (before crisis)	Annual average percentage change in 2008-2013 (crisis)	<i>Minimum hypothesis</i> Year of recovery of economic indicators level before crisis by annual percentage change in 2014	<i>Maximum hypothesis</i> Year of recovery of economic indicators level before crisis by annual percentage change in 2000-2007 (potential rates)
GDP	1.6	-1.4	2026	2020
Employment (full time equivalent employment)	1.1	-1.0	2076	2020
Gross annual wages	0.4	-0.1	Never!	2020
Productivity	0.5	-0.4	2017	2017
Gross fixed Capital formation	2.5	-4.7	2024	2025

The Plan for Jobs 2013



A document proposed by the National Confederation open to contributions of all our structures, and outside the CGIL (experts, scholars, universities and other social partners), till it will be reworked and voted in Congress of CGIL in 2013-2014, at all levels of the Union.



As the CGIL of Giuseppe Di Vittorio (1949), it must be a Plan for Jobs for the whole Country: the partners are the Governments (national, regional and local), companies, political parties, associations, etc..



Today we introduce the "meaning", the method and some examples...

The Plan for Jobs 2013

- * *Keynesian*, in support of effective demand, aiming to create **employment**, to increase **investment** and **wages**, so even consumption and collective goods.
- * *Schumpeterian*, on the supply side, selecting programs for **innovation** and **sustainability** by promoting local development and common goods.
- * «***Production of Jobs by means of Jobs***» The opposite of the other way, *mainstream*: austerity, deleveraging, competitiveness on production costs and, in particular, labor and human rights, to increase exports (a few firms) and profits (or capital gains), hoping in trickle-down...

The Plan for Jobs 2013

- ☑ The Plan moves to a new **public intervention** in the economy, with direct job creation and the combination of public and private resources.
- ☑ A change of direction in economic policy:
 - **Industrial policy**, "horizontal", territorial.
 - **Industrial relations** and innovation.
 - **Fiscal policy**, tax and income distribution.
 - **Social policy**, new Welfare state.
 - **Environmental** (starting with green industry, green jobs and green educational programs).
- ☑ Public reforms: Education, P.A. and Legality.



The Plan for Jobs 2013

The Plan foresees **immediate implementation** of:

- ▶ the direct creation of employment of young people and women, through public employment or intervention;
- ▶ the reclamation of the territory including the hiring of young and qualified people;
- ▶ a special competitive examination for the hiring of young people in the Public administration;
- ▶ the reunification and increase of the tax exemption funds for the hiring of young people and of women with the constraint of a permanent contract.

An extraordinary program for the direct creation of jobs (1)

- This “big push” is to be implemented during three years through public programming a great injection of **public investments** and **the generation of new jobs** linked to various sustainable activities including the complex maintenance of the territory and the enhancement of the cultural heritage, especially in the South;
- shared with the social partners,
- with the coordination of a **National Agency** (*New Deal* model);
- using a **Public bank** for investment and innovation.



Priority projects (2)

- A new **public regulation**, especially at the local level;
- defined by the **institutional and social dialogue**;
- in order to generate, set free and attract **new private investments**;
- based on **innovation and sustainability**.
- Focus is on new jobs linked to various sustainable activities including the complex the **green economy** and the **knowledge-based economy**.

Programs and Projects

More specifically, the Plan identifies few areas in which it is urgent to intervene to create new jobs including among others:

- *hydrological reorganization of the territory;*
- *non-invasive agriculture, compatible with the environment;*
- *anti-seismic prevention; measures for the building heritage;*
- *implementation of safety measures in the school buildings;*
- *non-invasive building development linked to processes of urban requalification and energy saving;*
- *development of shopping centres, new consumption patterns and valorization of the cities;*
- *energy saving and reduction of energy costs through the use of renewable sources;*
- *etc..*

How does it work?

- From a national coordination to a local implementation (by *Territorial Committees*):
 - a) open also to associations research institutions, universities;
 - b) comparison and co-decision on the objectives, agreed definition of priorities and projects, including "sequential" implementations, with moments of consultation and verification;
 - c) sharing private resources and a selected use of existing public resources (including European funds);
 - d) mobilizes all jobs available and not only dependent, independent, etc..;
 - e) all jobs, either new or existing, have to be *decent* (based on contract, paid and qualified by universal protections and by training);
 - f) functional rapid administrative paths established together.

Resources for the Plan

Revenues

- ▶ **Fiscal reforms**
(EUR 40 billions per year)
- ▶ **Spending review**
(EUR 20 billions billions per year)
- ▶ **Tax expenditures**
(EUR 10 billions billions per year)
- ▶ ***Cassa Depositi e Prestiti*** (a joint-stock company under public control (EUR 10 billions)
- ▶ **European funds**
(EUR 10 billions)

Expenditures

- ▶▶ **Priority Projects**
(EUR 5-10 billions per year)
- ▶▶ **Public Programs and the extraordinary plan for the direct creation of jobs**
(EUR 15-20 billions per year)
- ▶▶ **New Welfare (Reforms and Tax exemption)**
(EUR 10-15 billions per year)
- ▶▶ **Fiscal return**
(EUR 15-20 billions per year)

Econometric model

☐ The total resources to implement the Plan amount to about EUR 50 billions per year on average in the 2014-2016 three-year period. Ex-ante impact assessment of the program argues that compared to a basic scenario (no new policies are implemented) the Plan for jobs could generate...

...**a new GDP growth (+8.9%)**

...new investments (+19.2%) and an increase of the available income, wages and households consumption and a further increase of export...

...**new employment (+6.5% in 2014-2016)**

= **Unemployment rate < 7% in 2016**

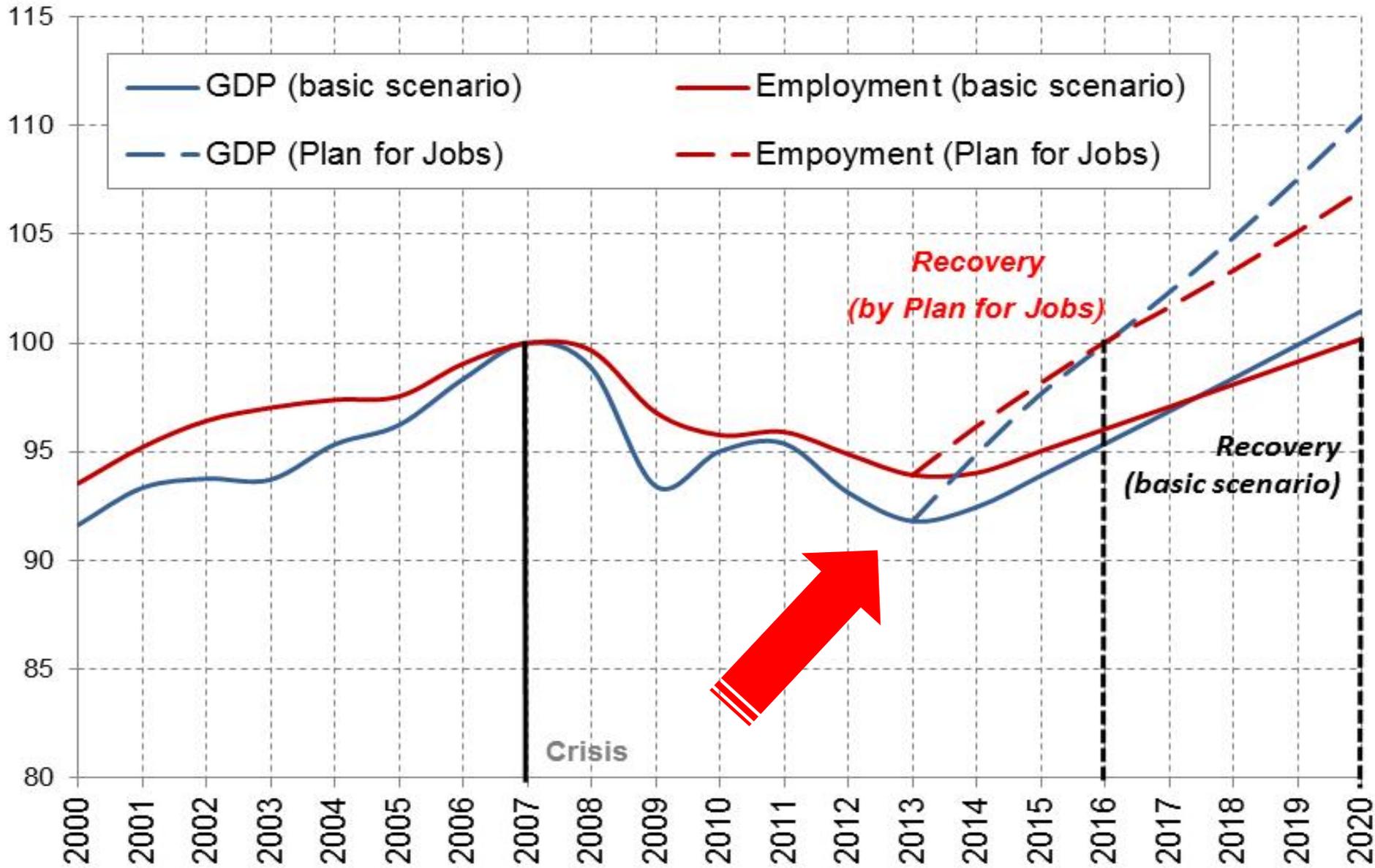
= **+1,530,000** full time equivalent employment units that means **+980,000** 15-34 years-old)

Impact of Plan for Jobs over the Long Term

Through a further level of econometric processing, was estimated the stimulus of direct public intervention on the **potential GDP**,

demonstrating that an increase in the investments (first public, then private ones), in addition to determining an increase in the demand, also increases the stock of capital and therefore the long term potential for productivity.

	Annual average percentage change 2000-2007 (before crisis)	Annual average percentage change 2008-2013 (crisis)	Maximum Hypothesis	<i>Ipotesi Piano del Lavoro</i>	Potential annual percentage change in 2014-2020 (by CGIL's Plan for Jobs)
			Year of recovery of economic indicators level before crisis by annual percentage change in 2000-2007	Year of recovery of economic indicators level before crisis by CGIL's Plan for Jobs annual percentage change	
GDP	1.6	-1.4	2020	2017	2.7
Employment (full time equivalent employment)	1.1	-1.0	2020	2016	1.9
Gross annual wages	0.4	-0.1	2020	2014	0.8
Productivity	0.5	-0.4	2017	2017	0.8
Gross f. Capital formation	2.5	-4.7	2025	2019	5.0



Thank you!