

Employment and Italy's National Economic Plan

1. Italy's Five-year National Economic Plan 1966-70 (published in the *Gazzetta Ufficiale* of August 14, 1967) sets out some targets regarding employment partly expressed in quantitative form. Two years have elapsed since January 1, 1966, when the five-year period began; a first evaluation can thus be made of the actual performance during this span of time (see table below) and of the implications for the remaining three years.

2. The references in the Plan to employment are the following:

(a) target: "expansion of GNP to an extent that will allow full employment of the labour force" (Chapter II, section 3, paragraph 2);

(b) target: "reduction of agricultural employment by about 600,000 units in the whole five-year period" (II/4/1/2);

(c) target: "increase of non-agricultural employment by 1,400,000 units" (II/4/1/3);

(d) target: "reduce the rate of overt unemployment to 2.8-2.9 per cent of the labour force by 1970" (II/4/1/3);

(e) forecast: "the labour force will grow by 600,000 units, rising from 20,380,000 in 1965 to 20,980,000 in 1970" (II/5/2) (1);

(f) forecast: "employment will reach 20,380,000 (in 1970), with an increase of 800,000 over 1965" (II/5/3).

3. As to the first target (§ 2a above), a formal objection can be raised: the Plan calls full employment the same thing as — a few lines farther on — it calls unemployment of 2.85 per cent. The adjective "full" must therefore be taken to mean "almost full".

(1) The figure used in the Plan for the labour force in 1965 differs slightly from the ISTAT data.

ITALY: LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT FROM 1959 TO 1967
(Congiuntura Economica, ISTAT data, in millions of workers)

Years and months	Labour force	Employed				Non-employed
		Agric.	Industry	Other	Total	
Nov. 1959	20.82	6.40	7.47	5.98	19.85	0.97
Oct. 1960	21.02	6.26	7.88	6.17	20.32	0.70
Nov. 1961	20.92	5.98	8.11	6.19	20.28	0.63
Oct. 1962	21.22	5.95	8.36	6.37	20.68	0.53
Oct. 1963	20.19	5.42	8.09	6.28	19.80	0.40
Oct. 1964	20.03	5.01	7.91	6.58	19.50	0.53
Oct. 1965	20.05	4.96	7.73	6.68	19.37	0.67
Oct. 1966	19.70	4.62	7.72	6.67	19.02	0.68
Oct. 1967	19.89	4.54	7.80	6.88	19.22	0.67
Targets of the National Economic Plan 1966-70:						
end 1965	20.38	-0.60	+1.40	19.58	20.38	0.60
end 1970	20.98					

4. Let us turn to the first of the forecasts (§ 2c), which logically comes before the others: the increase of the labour force by 600,000 workers in the five-year period. As a matter of fact, the labour force, in spite of the increase in the population, fell from about 21,000,000 in the years 1959-62 to about 20,000,000 in the following five years. These basic data, obtained as is known through surveys on a limited sample, are imperfect, and therefore do not allow precise conclusions to be drawn. At any rate, the data point to a decrease of 160,000 workers from October 1965 to October 1967. The Plan's forecast would therefore imply an increase of $160,000 + 600,000 = 760,000$ in the three years from the end of 1967 to the end of 1970, that is, a quarter of a million a year. Since it is not clear on what foundations the forecast rests, a re-examination should lead to a big reduction of the increase foreseen in this way.

5. To return to the targets and to § 2b in particular, the reduction of agricultural employment corresponds to a clear tendency in Italy and elsewhere. In Italy, agricultural employment fell by 1,860,000 in the eight years from 1959 to 1967, that is, at an average rate of more than 200,000 a year, though there were marked fluctuations from year to year. The fall that has already occurred during

the first two years of the five-year period is 420,000 workers; it can therefore be admitted that this target of the Plan (the reduction by 600,000 workers in the five-year period) will be easily attained and probably exceeded (2).

6. It is a different story when it comes to employment in the non-agricultural sectors (industry, services, public administration), which account for more than three-quarters of total employment. As can be seen from the table, employment in industry decreased from 1962 onwards, and only in 1967 was there a slight increase: at the end of 1967 employment in industry had not yet returned to the level of seven years earlier (3). Employment in the other sectors has shown, as a whole, a tendency to rise: 900,000 workers in eight years, or an average of 110,000 a year. In the non-agricultural sectors as a whole, employment rose in the eight years from 13,500,000 to 14,700,000, with an average increase a year of 150,000 workers.

The Plan sets as a target (§ 2c) an increase of 1,400,000 non-agricultural employed workers from 1965 to 1970. When the increase of 270,000 attained between the end of 1965 and the end of 1967 is deducted, employment, if it is to reach the target set, ought to rise by 1,130,000 in the three remaining years, that is, at the rate of 380,000 workers a year, which is obviously exaggerated. A reasonable forecast made today would indicate an increase in non-agricultural employment of not more than 150,000 workers a year from the end of 1967 to the end of 1970, or 200,000 if one wishes to be optimistic: a total in the five-year period of 700,000 to 800,000 workers, in place of 1,400,000.

7. As to unemployment, the Plan's target (§ 2d) is to "reduce" unemployment to 600,000, corresponding to a rate of 2.85 per cent

(2) A formal objection can be raised here, too — why give the name of "target" to what is a means? Those whom the "dismal science" of the planners calls "units" are men: single, or married, often with children. A worthy objective is to give a job to someone without it, not to take it away from anyone who has it, however wretched the job may be, in agriculture or elsewhere. The reduction of agricultural employment, as such, is not a target; it can be a means — sometimes inevitable, often hard, always socially expensive — providing that the target of economic and social betterment is attained in other ways.

(3) That is, technological progress, increased productivity, new labour-saving investments and the relative expansion of low labour-intensive branches of production have led to a notable increase in overall industrial output without increasing the aggregate amount of manpower employed.

in relation to a working population of 20,980,000 foreseen by the end of 1970. A glance at the last column of the table shows that in the five years 1961-65 unemployment did not, on average, exceed the above figure of 600,000 workers. The Plan therefore makes a curious mistake when it speaks of a reduction: the target of 600,000 unemployed means, in reality, to keep unemployment at the same level of the years 1961-65.

8. The forecasts of total employment (§ 2f), in the light of the points made above, can therefore be corrected as follows:

— agricultural employment, from the end of 1965 to the end of 1970, a fall of 600,000 to 700,000 workers;

— non-agricultural employment, an increase of 700,000-800,000 workers;

— total employment, an increase of 100,000 workers, or 200,000 as an optimistic assumption, in place of the 800,000 indicated in the Plan.

9. To conclude, it remains to compare the forecasts of employment thus corrected with the revised ones for the labour force (§ 4) admitting that this may increase from the end of 1965 to the end of 1970 by 200,000 workers (in place of the 600,000 forecast by the Plan), an increase in total employment of 200,000 (§ 8), as an optimistic assumption, would enable unemployment to be left unchanged at 600,000 workers, equivalent to 3 per cent of the labour force.

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