

## Italian respite

Jobless Italians won some respite from the economic crisis yesterday under a scheme that allows them to suspend repayments on home loans for up to a year, **writes Guy Dinmore in Rome.**

More than 100,000 families were expected to apply for the scheme, according to the Association of Italian Banks.

Unemployment levels in Italy continue to rise in spite of a slow return to economic growth.

Assurances by Silvio Berlusconi, centre-right prime minister, that the "worst is behind us" have looked increasingly hollow over the past week with big companies, including Fiat, Alcoa, the aluminium producer, and Finmeccanica, the defence conglomerate, announcing plans to cut thousands of jobs.

Even Pope Benedict XVI intervened on Sunday, calling on governments and businesses to exercise a "huge sense of responsibility" in saving jobs. Workers gathered in St Peter's square cheered the pontiff as he mentioned Fiat's Termini Imerese plant in Sicily and

Alcoa's smelter in Sardinia, which both face closure.

Official figures last week showed a sharp leap in Italy's jobless levels to 8.5 per cent of the workforce at the end of 2009. This puts Italy just below the European Union average rate of 9.6 per cent, ranging from 4 per cent in the Netherlands to 22.8 per cent in Latvia.

The jobless rate in the eurozone is at its highest since August 1998. Behind the figures, however, a debate is raging over the true jobless levels in Italy, the third-largest eurozone economy.

In a report that irritated the government, the Bank of Italy noted last month that the real rate would be 3 percentage points higher if figures included temporary laid-off workers on state-backed support schemes as well as "discouraged workers" who have dropped out of the job market altogether.

Trade unions point to another segment of unrecorded Italians who are "employed" in the private sector but have not been paid for months.

*Additional reporting by Giulia Segreti*

