

Aug. 31 (Bloomberg) -- Prime Minister Silvio Berlusconi's Cabinet on Aug. 12 pledged to ease hiring and firing rules in a bid to encourage companies to take on workers as part of a 45.5 billion-euro (\$64 billion) austerity plan announced this month. "It will just make the unemployment rate more unstable and linked to the economic cycle" as both hiring and firing practices will be loosened, said **Emiliano Brancaccio**, professor of political economy at the University of Sannio in Benevento.

Aug. 30 (Bloomberg) -- Prime Minister Silvio Berlusconi agreed to overhaul the 45 billion-euro (\$66 billion) austerity plan that persuaded the European Central Bank to support Italy's bonds, dropping a tax on the highest earners and limiting funding cuts to regional governments. The decision came after Berlusconi and Finance Minister Giulio Tremonti held a seven-hour meeting with officials of the Northern League. The new plan does not include an increase in value-added tax to compensate for the lost revenue as some lawmakers had called for. The solidarity tax will be replaced with unspecified levies aimed at the wealth of those evading taxes, the note said. In general terms the decision "could make sense" because "tax evasion, which is an old problem in Italy, can be fought in a more effective way by acting on wealth rather than only on income," said **Emiliano Brancaccio**, professor of political economy at the University of Sannio in Benevento, Italy. As a whole, however, the orientation of the austerity plan remains "depressive", Brancaccio said.