

Five minutes with Maurizio Cotta: “Social justice must become a European priority”

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*On 25 November, a key package of labour market reforms supported by Italy's Prime Minister Matteo Renzi passed through the lower house of the Italian parliament. In an interview on social welfare across Europe, **Maurizio Cotta** discusses the challenges of intergenerational inequalities in Italy, Renzi's reforms, and why Europe needs to put social justice at the top of its policy agenda.*



In the Bertelsmann Stiftung's new [EU Social Justice Index](#) Italy is ranked in the lowest section, in 23rd place out of 28 countries. Does this surprise you?

No, it doesn't. We have indeed some serious problems with social justice in Italy. The main issue relates to the relationship between the old and the young. While the older generations are taken care of in many ways by different mechanisms of protection, the younger generations are much less covered.

Take the pension system for example: the Monti government significantly reformed the system increasing the age of retirement to 67 years and switching all workers into the contribution-based state pension. Previously the benefits of older workers were related to their wages – around 2 percent of the last salary per year of contribution. This reform is sound in many respects, but it disadvantages young people in particular because they will receive significantly lower pensions. This is even more the case when they enter the job market later or not at all due to the economic crisis.

Is reforming the labour market therefore another aspect of tackling social injustice in Italy?

Yes – it's also a focus of the current government of Matteo Renzi. The Italian labour market is very segmented. This means that those who are in the system now – typically the older people – are well protected, while those moving in – the younger – are less protected.

Older citizens typically have stable contracts, while the young tend to get temporary contracts and so are less well protected. When there are layoffs there are mechanisms of salary substitution for older people but these don't exist for temporary jobs. The pension system and the labour market rules are probably the main issues for intergenerational justice in Italy. Of course the current economic conditions make things worse.

Why are these problems so pronounced in Italy?

The Italian system has a strong inertia and both the political class and the labour unions have traditionally focused on defending the system. The voting population is also to a large extent composed of older people who are not immediately ready to renounce their privileges and encourage reform. And the trade unions typically consist of workers in permanent contracts; those with temporary contracts are largely unrepresented. This results in a lack of innovative drive. The problems need to be tackled by labour market mechanisms: promoting greater employment of young people and more stable contracts.

What is your view of the current Renzi government?

The government has a rather broad programme of reform that touches upon some of these aspects, in particular the labour market. With its 'Jobs Act' the government is moving in the right direction, but it is too early to say if it will be able to improve the labour market substantially. The act passed the Senate, Italy's upper chamber, while the lower chamber approved it on 25 November, and then the government must issue a whole series of implementation

decrees. The track record of Italian governments in implementing reforms is not fantastic. The final judgement on the reforms will be in the next couple of months.

What role should the EU play in tackling social injustice in Italy and other EU countries?

Crucial things need to be done at the national level. But the European Union also needs to show that it is able to tackle the issue. Otherwise it is difficult to justify a Union that has become more and more demanding, controlling for instance severely the budgets of the member countries – which is right. How could Brussels justify the constraints that have consequences for social justice unless it balances it with policies that take into consideration these very challenges?

First of all, social justice must become a European priority. At the national level we have a safety net protecting people in difficult positions. I'm wondering if one should not think about a European safety net as well. This is of course a strong step forward, but part of the European model is an inclusive welfare system. Do we want a European community that does not take care of the holes in this system? I have my doubts.

How might these policies find acceptance in the individual countries of Europe?

It is crucial that European policies enter into the national debate much more strongly. Currently we predominantly discuss the constraints that Europe is imposing, for instance that countries' deficits must not exceed 3 per cent of GDP. At least from an Italian point of view there is a lack of positive debate at the national level. We discuss policies when they happen to us, when they come from Brussels. The upstream debate, by contrast, is very weak. By now the European Union has become too important not to stimulate a political debate at the national level. We have to move into this direction if we want to make Europe democratically sustainable.

This interview was conducted as part of the Bertelsmann Stiftung's [Sustainable Governance Indicators \(SGI\)](#) project

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Note: This article gives the views of the interviewee, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics. Featured image: Matteo Renzi, Credit: [Palazzo Chigi](#) (CC-BY-SA-3.0)

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About the interviewee

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