

## A Generation In Italy Feels Fiscal Squeeze

BY CHRISTOPHER EMSDEN

ROME—Forty-something Italians are facing austerity for the rest of their working lives—just as they have since becoming adults.

"We are the lost generation," says Andrea Bolla, the 46-year-old chief executive of energy provider Vivigas and of the Valdo Prosecco winery near the northern city of Verona. He says he pays more taxes and receives fewer services while navigating more red tape than his father did while running the family businesses.

"He always felt difficulties could be overcome," says Mr. Bolla, who has three daughters. "Now we're often just in a survivalist mentality."

Two days of voting in Italy's national elections come to a close Monday, paving the way for a likely coalition government that will have to take on the country's most urgent economic problems. What won't be high on the agenda is whether to lighten the heavy tax burden that a swath of the Italian population has borne for the past two decades; enforcing auster-

ity will be the main task of whatever government emerges from the vote.

Since 1992, when Mr. Bolla and his cohort began working, public debt has climbed to 127% of gross domestic product in 2012 from 102% in 1992, despite two decades of tight budgets that crimped investment and led to lower wages and salaries.

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Italians born in 1970, who are 43 now, will pay 50% more in taxes as a percentage of their lifetime income than those born in 1952, according to research from the Bank of Italy and the University of Verona. The research also found they will receive half the pension benefits that Italy's 60-somethings are getting or are poised to get.

Sandwiched between two

critical moments in Italian history, 40-somethings are eating the crusts. Over the past year, Europe's debt storm has forced Rome to introduce emergency measures including an unpopular property tax, a public-sector wage freeze, and raising the retirement age to 68 from 65.

In 1992, when today's 40-somethings were entering the workforce, a budget and currency crisis, coupled with corruption trials that decimated the postwar political establishment, forced Italy to adopt draconian budget cuts—the bulk to funding for education and infrastructure, and a pension overhaul that shifted the bulk of cuts to those who will retire around 2030.

Today, the marginal income-tax rate on a typical €30,000 (\$40,000) annual salary is 38%, up from 25% two decades ago. Retirement checks for those under 50, however, will be based on total contributions to the system, rather than workers' final salaries.

One result is that Italy's 40-year-olds have seen a bigger

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