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who has a 1-year-old son.

## In Italy, a Generation Feels the Squeeze

*Continued from first page*  
 drop in their relative wealth since 1987 than any other group, while those over 50 have seen significant gains, according to the Bank of Italy. Incomes have followed the same trend.

"People in my generation who are living on their own salaries don't have such a great standard of living," says Federica Magro, a 44-year-old publisher in Milan.

Italy's 40-somethings are the main force behind rebel candidate Beppe Grillo, who accuses professional politicians of having failed at their jobs. Polls earlier this month showed 26% of that generation supported the comedian's Five-Star Movement.

Responding to more vocal constituencies including young people and retirees, mainstream parties are promising to tackle youth unemployment and soften the impact of the new pension rules.

"The people who should be complaining are not and those who are should not be," says Emanuele Di Bartolo, a lawyer in the southern town of Crotona. Newly loosened rules on the price of legal advice have hurt his office's revenue, triggering layoffs, but details on how public spending will be cut remain

elusive, he said.

Italy is expected to run a primary budget surplus—meaning the state will take in more in taxes than it gives back as goods and services to residents—of 5% of GDP this year, the European Commission said on Friday, and should keep it at around that level to comply with the eurozone's new fiscal compact.

Over the past two decades Italy has run €1.3 trillion in such surpluses, averaging 4% of GDP a year, says Giuseppe Alvaro, an economist in Rome and an expert on Italy's national accounts. Public debt has nonetheless risen—it is now €2 trillion—and the long slog of austerity must continue. Because much of today's working population has never benefited from excess public spending, "they may feel rather reluctant to give back what they never received," Mr. Alvaro says.

"It's as if we are running in a hamster wheel," says Mr. Di Bartolo, who has a 3-year-old daughter.

His generation must now save more for their own future. While Italy's pension system is deemed highly sustainable over the long term, that is because it has pushed benefit cuts forward to those who will retire around 2030.

To be sure, today's elderly are helping their own younger kin, often with substantial gifts of real estate. That is why, though Italians are only half as likely as Northern Europeans to start families before the age of 35, those that do are four times as likely to own their own home, according to a study by Bocconi University's Carlo F. Dondena center.

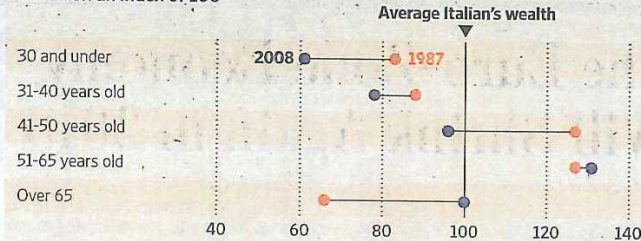
Such parental help inflates the living standards of some, says Ms. Magro, the Milan publisher, who hasn't received any such gifts.

She and her husband both grew up comfortably in single-income households run by people with modest scholarly achievements, she said, but today they both work and have a 30-year mortgage—a rarity a country where six out of seven homes are owned outright. Having moved more than 300 kilometers from their hometowns to pursue advanced studies and jobs, they do without their parents' help in caring for their two daughters.

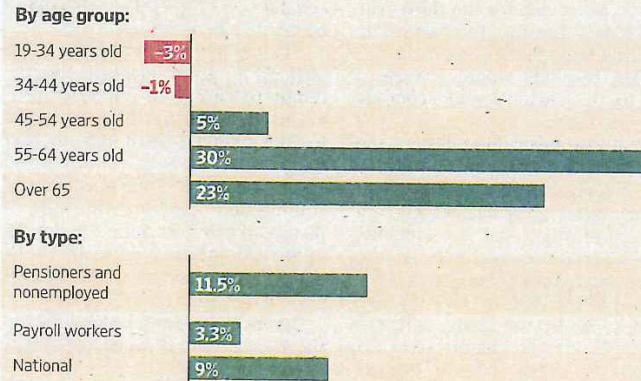
"It's actually inevitable that a generation that earned so much doing so little help the younger people in their family," Ms. Magro says. "But I don't see why it's inevitable that a state should fail to do the same, and more equitably."

### A Country for Old People

Italians' wealth by age group in 1987 and 2008, based on an index of 100



Italians' income change from 1991 to 2010, based on an index of 100



Source: Bank of Italy

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