

Human Work, Inclusive Employment: Transformations, Data and Fake News

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"Economy needs ethics for its proper functioning; not of any ethics, but a personal ethics of the person "(Pope Benedict XVI, Caritas in veritate, 29 June 2009)

Premise. Transformations, fake news and true data

Once not long ago the tool box of economic theory was supposed to deliver universal rules, global interpretations; today we can only expect indications to specific problems. Once economic development was an absolute goal, today it is constrained: it must be sustainable, it must "satisfy the needs of the present without compromising the ability of future generations to satisfy their own"¹. A rational administration of the world that does not exploit resources and meet the needs of mankind has become a direction written by laws, inevitable. The dominant model of economic development of the last century put growth ahead of the rights, the well - being, the happiness of the population. In the new model of sustainable development, the environment is not part of the economy, but the economy is part of the environment and its growth must be conditional on the goal of preserving our "Franciscan common home". Preserving human and environmental well -being is not an economic sacrifice, but on the contrary it is a profitable activity. In the last decade sustainability has accelerated in all its essential dimensions, from climate to migration, from demography to inequality that aggravates conflict in countries and between countries.

Work has become the fundamental element of social inclusion. Human work, precisely because so much is at stake and because it incorporates greater and greater value, is ground of conflict and misleading messages: scientific progress advances at such speed that public opinion is unable to inform itself and is often a victim of beliefs, in contrast with the scientific consensus. The Internet has increased the flow of news but also misinformation: the diffusion of information is so immense to make us believe we are informed while understanding specialized issues is increasingly difficult.

According to the current opinion, almost half of the young people are unemployed, while the elderly have to work longer. Selfish seniors would not leave the job to young people while receiving retirement shares that they do not deserve. The Job Act would have failed and reforms like the Fornero should be abolished! The facts are actually in conflict with these narratives. Youth unemployment is high, but it is not 34.9%, in 2017 or 32% in 2018, but close to the European average. Young people historically have a chance three times as big as adults to be unemployed: this is a fact that has not changed much in recent decades and is explained by the physiological difficulty of young people entering the labor market, but in the last twenty years this difficulties have increased and the participation rate of young people at global level has decreased from 55 to 45.7%. This reduction is explained by a positive fact: the increase in education at a global level, but also with fewer young people able to respond to the new demand from firms than necessary. The youth unemployment rate of 34.9% is a deception that derives a) from the statistical method and b) from early Italian access to unemployment benefits compared to other countries.

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a) A problem of statistical measurement. In 2017 the youth unemployment rate was not 34.9% but 9.2%. How do we explain it? The numerator of the youth unemployment between the ages of 18 and 24, or the number of unemployed at that age, is divided by a workforce which is reduced, because most of them are still in education. This is what produces 34.9%. The unemployment rate of young

¹ Gro Harlem Brundtland, 'Our common future' World Commission on Environment and Development (WCED), **1987** by the United Nations and Oxford University Press

adults aged 25-34 is 12.6%. If a distinction is not made between the two age classes the real problem is lost and the policies and incentives are wasted. The employment rate of the 15-24 class increased by 1.8% between 2014 and 2017, while that of the 25-34 class increased by about half +1.0. The ISTAT data of the first months of 2018 compared to 2017 confirm that youth employment continues to grow in the last 12 months by 3.6%, for the 15-24 year - old, while in the 25-34 age group it decreases by -1,3%. The real problem is these young adults without income cannot form a family and often emigrate to find a job and achieve their professional qualifications. Every young person of 25-35 who leaves the country deprives us of the human capital that Italy has given him, of his future children, of his consumption, of social security savings and of his contribution to national wealth.

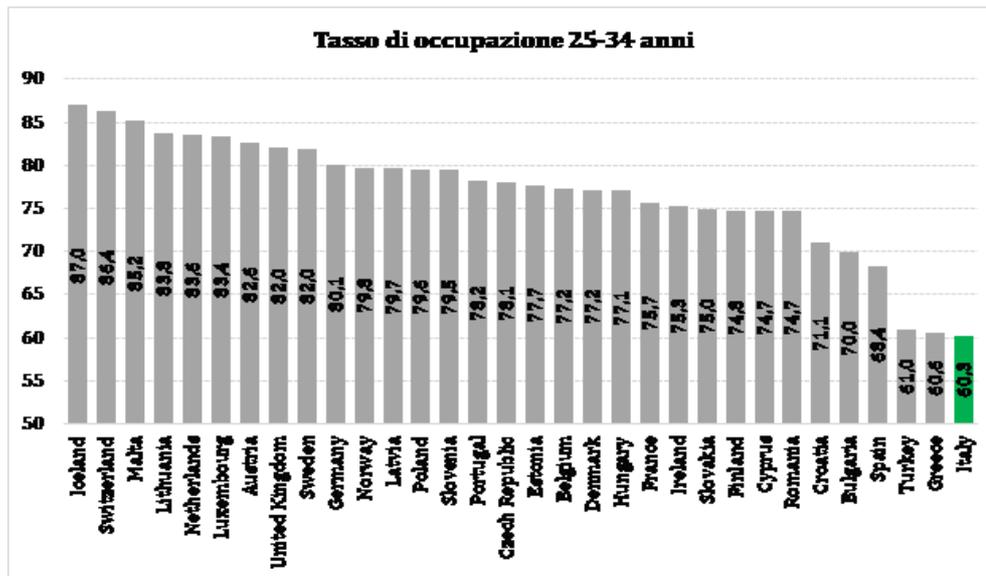
b) A problem of institutional rules. In Italy, unlike many EU countries, young people who go to school, if they work in the summer, are entitled to unemployment benefits and are calculated as unemployed. They then increase the numerator of the unemployment rate even in the months when they return to school. In most other EU countries the student status is incompatible with the unemployed status, while ours artificially increases the numerator.

1. Unemployed young people: data and solutions. Why in Italy young people aged 15-24 and especially those aged 25-35 are struggling to be included in working life while this does not happen abroad? The answers are many: inadequate education of our school, no vocational guidance services, very little education and disconnected from the relevant processes, personnel selection and strategies of human resources to be reformed, too small businesses, family management working with non-meritocratic criteria². There is no real national placement system, nor a professionally assisted match between supply and demand does exist. The information system on which Italy based job search was the personal network: the technological and demographic transformations of the last two decades have made this instrument less effective. The overturning of the demographic pyramid made it necessary to reform the social safety nets that accompanied workers who were still young for many years to retirement. Our National Agency of Active Policies, as its president Maurizio Del Conte³ says, has no financial resources to provide with adequate professionals. The failure of the referendum halted the project of centralizing the employment centres and has remained at the regional level with quality that varies a great deal: this requires a reorganization that gives a homogeneous service to the country and rests on the collaboration with private agencies. In 2017, Eurostat confirms Italy to the penultimate place for job search time: only 58% of graduates and 42.6% of graduates find work after 3 years, compared to a European average of 82% for graduates and 67.8% of graduates, while Germany is at 93%. All these factors contribute to explain the lowest European 24-35 employment rate⁴.

² Luigi Zingales, “**Lo Scenario dell’economia e della Finanza**”
“Villa d’Este” - Cernobbio, april 6 – 7, 2018

³ Maurizio Del Conte, La strada per migliorare i servizi dell’impiego, Corriere della Sera, April 27 2018

⁴ Eurostat, Statistiche dell’**occupazione** - Statistics Explained
http://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_statistics/it, jan 16 2018



Eurostat, 2017

According to the latest ISTAT data, the vacancy rate announced for 2017⁵ is constantly increasing. High levels of the unemployment and vacancies rates, measures how serious the nonexistent matching demand-supply is. Our graduates are not guided by vocational services and achieve degrees that have little in common with the business needs of the company. In Italy, as our slides show, university students are under-represented in the scientific and technological area from which the earnings are expected to be the highest, while the majority of students choose courses that are less likely to lead to stable employment and good life income profiles.

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Certainly the lack of vocational guidance for university is a factor, but also our industrial structure of small family businesses that does not offer opportunities for professional growth and career is another one also considering that personal criteria prevail on merit. These are the obstacles to the first employment of many young people, but especially for those age 25-34, the most exposed to unemployment because their education is less updated and attractive and retraining more difficult. We must redesign university choices towards the most requested technical-scientific disciplines relative to humanities, but also need companies willing to invest in human capital. They too will have to adapt the qualifications to new jobs by investing in specific training programs to build in house a qualified workforce to fit their needs.

The young unemployed aged 15-24 need more solid updated educational institutions, determined to fight school leaving – which is three times that of our European partners – and introduce some serious school – work alternation. The older Millennial must be supported by a real placement, efficient and active institutions capable of helping to provide on-the-job training and the transition between jobs. Many companies struggle to recruit young people with the skills necessary for the cutting-edge sectors on which the prospects for future growth depend. If our young people are not ready for the technological challenge, it is also because their education is not fit to the rapid changes and new skills required by the labor market. A specific policy is needed to "support" the degrees in higher demand from the world of work and to increase professional degrees.

⁵ [Istat.it Posti vacanti](https://www.istat.it/it/archivio/posti+), <https://www.istat.it/it/archivio/posti+> Il mercato del lavoro. IV trim 2017, march 13, 2018

All possible resources must be concentrated on education, training and scientific research, of which we occupy the last positions in Europe. Italy is last but one in Europe for young graduates: in the last ten years we have gone from 18.6% to 26.5% of graduates (Eurostat 2017), like the Romanians, to 26.3%, but they started from 13,9%. While in the last 10 years the rest of Europe was increasingly investing we have cut the funds assigned to education. Only the governments Renzi and Gentiloni have begun to seriously finance the access to the university of students of families below the necessary income. The last two governments have reversed the trend, but 7 billion a year are very little compared with the 24 of France and the 30 of Germany, and the rate of transition from high school to university still remains only slightly more than 50% and a freshman in three leaves the university or change program.

2. Young and old: complements, non-substitutes. If young people find it difficult to enter the labor market, it is not because the elderly are more employable or selfish. They, like everyone else, have suffered the effects of the technological revolution, of the demographic earthquake, and of the global recession. Pensioners are not to be blamed but reassured of the certainty of their pensions: they receive the "return" of the contributions paid during work and the taxes they continue to pay. Digital natives must creatively invest their human capital not only on the cutting edge advances, but also on digitally - enabled traditional jobs that will grow together with technology in forms and ways that are renewed every day and that we do not even imagine. Every day a new profession is born: Data protection officer, Data scientist, Risk model specialist, Business excellence officer just to name a few.

The solution for young people lack of work is not getting rid of the elderly: it is not a zero-sum game, what one side loses the other gains. It depends on the many factors that generate growth: competitiveness, innovation, human capital, labour rules. Where these factors are combined virtuously, employment increases for everyone: young and old, men and women, as it proved by the experience of many countries. Young people are not substitutable with the elderly at work: they are complements not substitutes. Many of the jobs older people leave in the future will disappear or be different. However, we must not waste the experiences and skills of pensioners, by placing limits on their employability, or throw away their still valuable human capital at least part-time in new sectors. The technological revolution has put skills and capability at the heart of the place of work and made it less hierarchical: the most widespread competence flattens the chain of command. The individual contribution is increasingly valuable and is best expressed in a collaborative team context between different capacities and generations.

3. Inclusive work. Work is the first real form of social inclusion: we need to respond to the young people who demand it, promoting the collaboration between the world of education and business, aided by the national agency and specialized local employment centres. We live in an age where many more generations work together and this must be an opportunity of inclusion to be exploited. Businesses have to use the experience of the elderly to train young people: training is an essential function and a duty, to be activated not only when state contributions are available. Firms must not expect tailor-made employees, they have to invest and they must include if they want to grow at the pace of new business standards. No one should be left out of work due to age, gender, disability, race, religion, belief, marriage, pregnancy, maternity or social background. Inclusion means involving the workforce actively with their different ideas, knowledge and perspectives. The very nature of the new global business makes inclusion a competitive advantage. Customers and their tastes change quickly: an intelligent business will include those that will represent and recognize new global potential clients whose research and profiling are constantly evolving. The generation of baby boomers is leaving the labour market and the Millennials, the Y generation is replacing it in the workplace. This generation is the conveyor of more advanced and technological human capital. 70 percent of the jobs that have emerged in industrialized countries in the last two decades require conceptual ability. Inclusion and engagement are closely linked, this generation is naturally collaborative and will give the best away from the old managerial chain of command and control structures. Young people want to participate, not just to accomplish tasks.

4. Weak institutions do not match demand and supply. The labor market could offer employment opportunities, identify the most requested professional figures from carpenters to Data Scientists. In Italy there is great gap between the technical skills of the candidates and the needs of the labor demand, and unfortunately the employment centers are inadequate to help the match. Any future progress only must come out of the collective effort of dedicated institutions and professional private agents⁶. Training, as a transfer of theoretical and practical knowledge but also as a tutoring in consolidating hard and soft skills, can lead to work placement. Not only digital and STEM but also professional figures are recently required, such as welding workers and machine tools drivers, installers and mechanical maintenance personnel, cam-cad designers, communication, marketing and IT professionals. These figures were not formed due to lack of initial school vocational guidance services, and technical-professional schools are still too few to respond to the growing demand. Germany forms 10 times as many technical-professional workers as Italy.

5. Fake news and misinformation: Fornero reform and Jobs Act. Fornero reform is the best example of an issue that generated conflict and misinformation. Yet, without this reform, our social security, aggravated by the economic and demographic crisis, would have been seriously damaged. The Italian public opinion, nostalgic of “baby pensions” or at 55, rebelled against the inevitable new regime, hoping that something of the lost world could be saved. This Italian never ending **illusion** that pensions could be collected before having matured the requirements aggravates the pension expenditure by tens of billions while it produces a **real** debt against themselves and the youth depriving also them of resources to create employment. An honest scientific truth is the only weapon against widespread disinformation. Economics is not a dismal science, it indicates unavoidable constraints and sacrifices: political slogans diverting from the real social security accounts are dishonest. Deficit spending is a boomerang that hits back those who believed in it and future generations ultimately will pay for it.

Employees who have been left without work and pension the “esodati” are less than one hundred thousand. Would not have been more sensible to use the resources “conquered” by the last safeguard measures, in education, training, active labour policies, instead of spending it on additional seventy thousand people who were not without income and who entered the safeguards just because they belonged to particular categories? Why not identify instead, with epidemiological methods, those who have carried out arduous work in heavy industries such to reduce their life expectancy, to send them to retirement first? This is the only scientific and morally correct benchmark for anticipating retirement and asking the community to contribute. Without Fornero reform, in a society where few children are born and life expectancy grows, the social security system could not hold up. Indeed, despite Fornero law, Italian pension spending remains high: two recent ECB and the IMF documents⁷ express fear that the sustainability ensured by the latest reforms is deteriorating due to demographic trends. ECB has quantified in a decline in GDP per capita up to 4.7% the long-term effects of an aging shock in the eurozone with a consequent reduction in labour supply. This will probably even reduce youth unemployment because of the cohorts being reduced. But, without corrective measures, the debt/GDP ratio of the area would be destined to grow up to 6 points beyond current levels. From the Eurostat 2015 demographic scenarios, it emerges that the EU pension systems in the coming years could be in difficulty, when the whole generation of baby boomers will be out of the labour market. In particular, in 2060, Italy will have an index of dependence of the elderly among the highest around

⁶ Francesco Giubileo, Centri per l’impiego: il costo del rinnovamento lavoce.info 17.04.18

⁷ Davide Colombo Marco Rogari Pil giù fin del 4,7% per l’invecchiamento della popolazione, Il Sole 24ore, 26 march 2018

60% and a level of pension costs around 14% of GDP. Only increasing the retirement age could work against the adverse macroeconomic effects triggered by aging.

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6. Underground economy: a dishonest world. To allow a steady recovery in labour demand and consumption, the tax wedge must be lowered, so that employees receive a heavier pay check, increasing the net amount of remuneration without affecting the payment of pension contributions. As demand has picked up, also corporate taxation should be lowered to give more investment margins. This vital goal requires a serious fight against undeclared tax and contributory evasion. Activate IT solutions that cross the existing archives and big data would serve but the political will is necessary. We cannot impose sacrifices on honest citizens without a serious policy against evasion and the submerged economy. Corruption and evasion distort not only the allocation, but also the redistribution of resources, economic incentives and the interpretation of facts. The underground economy and undeclared work have reached such unsustainable levels as to strangle with the tax burden those who can not escape: to pay all taxes are the pensioners that exceed the no tax area, the majority of employees and some self-employed. Tax evasion is concentrated on VAT and on many services that we use everyday. When Italians understand that tax evading is a theft to the community the government will be able to relieve the tax burden all Italians complain about.

7. Unstable work: the true data of a very controversial problem. In 2017, as we have seen, Italy is the country with the lowest youth employment rate in Europe, but it is also where the rate of unstable employment grows. From 11% in the mid-1990s, it rose to 15% in 2017, more or less in the European average, similar to Germany and better than France and Spain, but the problem of unstable employment depends on structural conditions in our country: it depends on a GDP that is growing slower than many European partners and forces companies to use temporary contracts. It is therefore a more serious and difficult problem to solve than other European countries that grow at twice our rate. To stop unstable jobs from growing, a country that has 15% of temporary workers has to hire more than the current 50% of new employees with permanent contracts but this will not happen until our recovery is more stable and grows faster.

From February 2014 to December 2017 there was an increase in employees of 903,000 units according to Istat, of which 474,000 on permanent contracts and 593,000 on temporary ones: the Italian economy did not grow but enough to change the composition of employment towards a larger proportion of permanent jobs. In the last four years the labour market has improved, but not like in other European countries, because many structural problems of our economy remain unsettled: we have not yet solved the public debt problem, made justice faster and more efficient, nor simplified the bureaucracy that slows and discourages economic growth. This prevents the GDP from growing at such a pace as to increase the demand for work, as Luca Ricolfi⁸ claims. The Jobs Act has improved the labor market but if the GDP does not grow at a rate of at least 2-3% a year, it is impossible to guarantee a steady stream of new jobs.

There has always been a lot of misinformation and controversy against the Jobs Act, accused of not creating long-term jobs⁹. But as Anastasia¹⁰ says, we continue to discuss how to reduce fixed-term

⁸ Luca Ricolfi, Fondazione David Hume, 4 dicembre 2017

[Mercato del lavoro, l'eredità della crisi – Hume Page - Fondazione Hume](http://www.fondazionehume.it/politica/mercato-del-lavoro-eredita-della-crisi/)
<http://www.fondazionehume.it/politica/mercato-del-lavoro-eredita-della-crisi/>

⁹ Tito Boeri Pietro Garibaldi, Effetto Jobs act: cosa dicono i dati, lavoce.info 27 march 2018

¹⁰ Bruno Anastasia, Perché crescono i contratti a termine lavoce.info, 9 gennaio 2018 e Strumenti per mettere un freno ai contratti a termine, 19.01.18

contracts with new restrictive rules, but these would not be able to eliminate them completely because most of the jobs are actually temporary. According to Corvino, Giubileo and Pedron ¹¹to generate such a high number of futures contracts, more than the opportunism of companies, is the peculiarity of the Italian labor market in some sectors characterized by strong seasonality and low skilled workers. With the exception of manufacturing, where the number of permanent contracts is higher than average, the other employment relationships are mainly low-level, linked to the seasonality of agriculture or to the production peaks of tourism. In short, very many fixed-term contracts, at least in the Friuli Venezia Giulia Region where the data were collected, depend on the specific features of local development and the situation is similar elsewhere. The solution here is not to add restrictive rules and increase bureaucracy, but to invest in active labour policies, employment mobility and continuing education to make the recipients employable, or in promoting relocation elsewhere to the workers involved in sectors marked by "cycles of temporary production".

8. The digital revolution: more or less work? Different and traditional work revisited. The digital revolution that has transformed our lives has appeared with reactions ranging from absolute enthusiasm to radical luddism: this revolution has been accused to be the cause of youth unemployment. In fact, every wave of technological progress, since Gutenberg has replaced the scribes, has generated fears of job losses. In 1930 John Maynard Keynes spoke of technological unemployment, in 1952 Wassily Leontief saw human work displaced by technology, but exactly the opposite happened: employment has increased all over the world and has brought millions of people out of poverty, millions of jobs have been created and many jobs have been converted into new less tiring and dangerous activities. What matters is that, during the critical phases, assistance is given to retraining and to training in the transition between jobs.

In the last forty years, in spite of technological innovation and globalization employment increased in Italy of over 18%. There is no limit to the potential demand for human work, even non-digital: we are increasingly in need of medical and paramedical care, more research and knowledge to assist elderly and disabled people, we need to take care of the natural and urban environment, services for the protection of people and things. The problem is the transition from the old to the new job, which can be long, but effective work services can shorten and make this transition economically viable. Assistance to job seekers is essential to facilitate the transition from declining to more productive companies and from old ones to new professional skills. Technology is the driving force of growth, its passage temporarily affects employment by destroying some traditional jobs, but others have created them and will create them both in traditional and digital sectors.

Those who foresee a non-plausible "end of the work" propose an assisted future based on a permanent minimum income for the unemployed, those who believe instead in a constant run-up between new techniques and new jobs recommends vocational guidance services for students, continuing education, a ground on which Italy today is still far behind, as Pietro Ichino¹² says. No technological revolution has left behind more poverty and less employment, on the contrary it has rescued millions of people from poverty, from the industrial revolution onwards. Not even this will be an exception, but we need better and more scientific research and higher education, to support global competition and above all we Italians must have more children. There are not too many robots and too much technology but too few Italians being born. In the next twenty years the cohorts of young people will

¹¹ Carlos Corvino, Francesco Giubileo e Francesca Pedron, Più che precario il lavoro è stagionale <http://www.lavoce.info>, 27.04.18

¹² Pietro Ichino, L'ossessione pensionistica di Cgil e Uil e qualche dato che dovrebbe far riflettere, www.pietroichino.it

be reduced for this reason and unemployment will maybe be reduced, but how will the social security system stand?