

Many protagonists of the Italian *public debate* consider themselves *reformists*. Left-wing, right-wing, ideological and passionate reformists. Still, genuine reformists are not easily identified. Nevertheless, the labour market, where there are clear-cut boundaries and no middle road is the surest way to flush them out. So, it's obvious that Tiziano Treu, labour expert, long-time politician and outgoing Commissioner for INPS (the largest social security and welfare institute in Italy), is undoubtedly a reformist (the new INPS President Tito Boeri is about to take up his position: *bonne chance!*).

As author of the famous *Treu Package* and Labour Minister in the Dini and Prodi governments, Treu was the first to understand that the labour market had to be radically overhauled if it was to satisfy the needs of the new global economy in search of greater flexibility. Most people think that the market needs flexibility and not the *Italian-style* precariousness of these zero growth years. But it's easy to explain how Italy shifted from theoretical flexibility to genuine precariousness: the lack of

a proper unemployment benefit scheme. And protection. In Scandinavia it's called *flexicurity*. In short, a proper welfare system. Treu explains it very clearly: it would have been "phase II" of his reform, but the gruff manners of *politique politicienne* which led to the fall of the Prodi government, put a spanner in the works. Over the years it would have been "phase II" of many other governments. But between gruff manners, and the rest...

Today Renzi has had a shot at it with his Jobs Act which Treu brands as a reformist initiative: a single contract with increasing, and above all, real protection. Talking about an unemployment benefit scheme means talking about social security and welfare. And therefore about INPS. Boeri's task will be difficult, but his predecessor has laid the foundations and indicated the way forward: transparency, legality, and a focus on citizens, businesses and welfare education. This new "SuperINPS" can build its own future on these pillars. Clearly, a new governance will need to consider an ageing population that requires a

change of pace, perhaps even a new paradigm, in order to be economically viable. Innovative INPS Active Ageing measures. A new welfare for citizens. But without losing sight of the real economy, asphyctic for too long. If the system is to be sustainable, we need to jumpstart the economy, reduce unemployment, and draft a new long-term industrial policy. One feels inclined to say we need a wee dose of the reforming spirit!

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Telos is a member of the [FIPRA](#) network

We are doubly grateful to Prof. Treu. In fact he has also written one of the Prefaces to "the collection ONE", Telos A&S' volume that, with its five thematic chapters, introduces some of our most valued contributors to Primo Piano Scala c. You can find it [here...](#)

TREU

## INPS... ON A HOT TIN ROOF

“Without growth or employment no pension scheme can stand the test of time”

**Telos:** You have been the Special Commissioner of INPS since October 1<sup>st</sup> and you will be until the end of January. Your task is to create a *SuperInps*, an endeavour befitting a Marvel superhero. But what does it entail?

**Tiziano Treu:** Compared to all other large institutions INPS (the largest social security and welfare institute in Italy) is deeply involved with the changes taking place in our world and how they affect our society. Its very nature places it at the crossroads of the country's most important social problems. Its original task as the main social security organism means it has to satisfy the basic needs of millions of pensioners. This involves both social security and welfare in a world where needs are multiplying and diversifying. This is due not only to an ageing population (a problem in nearly all advanced countries), but also to the social *malaise* and poverty that has recently affected the so-called middle class. On the one hand this "SuperInps" is the result of a decision to merge it with other social security institutes, while on the other it depends on the growing demand for products and services which INPS is gradually responsible for providing. To deal with these issues we've had to change our structure and objectives so we've recently adopted a method used by other institutes: several tasks – three, actually – tackling the individual needs of our clients, citizens and business. Analysis of the requests from our capillary and territorial network; possible structural solutions for recurrent problems; renewal of the service model; strategic role of communications, and customer analysis. The latter may all seem normal in a multinational, but they represent an interesting novelty for an institutional behemoth such as INPS. In 2015 we'll be able to see the short and medium-term results focusing mainly on traceability (being able to tell an individual or a business the exact status of his dossier), regular consultancy services for citizens and businesses, social security education for young people, and finally legitimacy checks (to stop the many attempts at fraud).

The demographic structure of a country with more and more old people and a dramatic unemployment rate - which means fewer taxpayers – makes a rethink about long-term sustainability absolutely crucial. We could call it a generational pact in reverse. Realistic solutions for a new social security model?

Even in this case INPS is paradigmatic. The average age of people at the institute – 53 – is also very high, just as it is in the country. The Active Ageing measures we will adopt internally are intended to obtain maximum input from individuals nearest to their pensions. Mentoring – senior staff working with and training newly employed personnel – is one way to pass on knowledge from



**Tiziano Treu** was Minister for Labour in the Dini e Prodi I governments, Minister for Transport in the D'Alema government, and has been elected several times as MP and Senator. Since 2013 he has been an Advisor at CNEL. On October 1, 2013 he was appointed Special Commissioner for INPS, a responsibility he will shortly hand over to Tito Boeri, recently named President of the Institute. He is a full professor of Labour Law at the Università Cattolica di Milano where he was a student together with Romano Prodi and Giovanni Maria Flick. Always close to the reformists, his name is linked to the so-called *Treu Package* (1997), the first law to radically revise the labour market, introduce several kinds of atypical labour contracts, and abolish the public monopoly of the labour market. Radical left-wingers have bitterly criticised his deep-rooted reformist ideas, for example the legendary demonstration by the anarcho-antagonists groups in Venice in 2006. The journalist Sergio Rizzo recently wrote: "Undoubtedly Treu is authoritative and honest". In June 2014, as soon as Clarence Seedorf was fired as trainer of the Milan football club, he asked Treu to act as his legal advisor and lawyer. Born in Vicenza, Tiziano Treu lives in his family home on the shores of Lake Garda. He is married with 2 children.

older to younger staff members. Often this shadow training motivates both groups of employees. While Active Ageing is a system used in other countries, it is still underexploited in Italy. It could have a positive fallout on the entire labour market if extensively implemented by the production system. Ageing is a problem for all western economies. Europeans are ageing rapidly due to a low birth rate and an increase in life expectancy. Compared to the working population the number of people 65 or over is expected to double by 2060. The enormous economic and social changes which have recently taken place due to more and quicker technological innovations and growth in world markets have radically changed people's labour conditions and lives. The crisis reduced and then stopped the growth on which our economic and welfare model is based. Increasing the retirement age will not guarantee long-term stability and balance if growth and employment do not once again increase payments into our pension schemes. Although introducing a contributory regime into our social security system was a much criticised but financially solid move, stability and social sustainability are still at risk due to years of zero growth and stagnation. Increased imbalance in income and opportunities exacerbates inequality, including in the social security system. There are too many small pensions, which do not ensure a decent life, while many privileged pensions still exist despite the reforms. Without growth or employment no pension scheme can stand the test of time.

*The Treu Package was the first step towards establishing a new labour market, or acknowledging it, depending on your point of view. Nevertheless, in this new world the concepts of professional flexibility and precarious contracts have often been confused with one another or superimposed, dangerously. The former becoming a theoretical justification for the latter. In practice, what do you think should be saved and what should be eliminated from the theoretical ideas behind the labour theories of the past decade?*

*Nemo propheta in patria.* The *Treu Package* is what people remember most, even if technically it isn't the most important thing I've ever done. What's positive about those measures is that we realised before anyone else that the economic world had changed and with it labour flexibility. Those norms didn't "introduce" precariousness, they acknowledged it existed. When entrepreneurs couldn't use permanent contracts to hire people, we preferred to develop contracts which gave them an alternative to illegal work. Could we have improved them? After a few years, yes of course, just like anything else and the *Jobs Act* introducing contracts with increasing protection is just one example. At the time we made a mistake and didn't include unemployment benefits... We were working on this when the Prodi Government fell.

*Explosive press conferences, slides, proposals to scraps things and a honeymoon with the electorate culminating in the PD obtaining 41% at the European elections in May: an almost futurist dynamism. However as time goes the Government has slowed down. Why do you think is this happening?*

In a way I feel I'm reliving the same period we've just mentioned when we needed labour flexibility in the past. It's not slides or politics that create this futurist dynamism, but the world. Technology is dynamic, consumption is dynamic, and so are professions and ideas. Good politics should 'sense' these changes and incorporate them in laws, systems and better organisation. As far as I'm concerned this gradual slowing down towards a less hectic situation is like wanting to catch a bus while it's moving; we have to run and then stop... but only after we've jumped on.