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THE WALL STREET JOURNAL.

WSJ.com

EUROPE NEWS | MARCH 11, 2011

Italy Takes Steps to Address Flight of Talented Youth

ROME—After finishing his master's in business administration in France and Singapore last year, Edoardo Irrera moved back to his homeland to look for a job. After less than three months in Italy, the 28-year-old gave up and headed to New York, where he quickly landed a job at investment firm Evercore Partners.

"I would have liked to come back, but there are no opportunities in Italy," said Mr. Irrera, who is from Sicily. "I hope I'll be able to make it back in a few years and finally have my experience count."

For years, Italy, which has one of the oldest populations in the world, has been suffering the departure of skilled young people. Some 9,000 people with university degrees left in 2008, says Italian statistical agency Istat, up from 3,800 in 2002.

Now, Italy is trying to change that. In December, Parliament approved a law dubbed "counter-exodus" that gives a tax break for Italians—and other Europeans—under the age of 40 who come back to Italy after two years of work or study abroad. To account for women's generally lower salaries in Italy, men will be taxed on 30% of their income and women, 20%, during the first three years that they reside in the country again.

"We aim for 1,000 skilled young people coming back to Italy just to begin with," said Guglielmo Vaccaro, a deputy from the center-left opposition Democratic Party and a main proponent of the law. "We believe we can begin rebuilding the country."

The law is part of a growing public realization in Italy that skilled people must be lured back. Brain-drain tales fill the nation's newspapers, talk shows and blogs. "If people know they're not alone, they'll feel empowered to change the rules of the game," said Sergio Nava, journalist and owner of the blog "Escape of the skilled," in which he hosts letters from Italians who have left the country for jobs abroad.

Italy's experience is paradoxical. It has one of the highest youth jobless rates in the European Union, with 13.9% of people ages 25 to 29 without a job compared with 12.2% in the EU as a whole.

Yet many companies say they have trouble finding skilled employees.

Alessandro Rosina, professor of demographics at the Catholic University of Milan, said educated Italian youth have left in droves over the past two decades because of the low level of investment in research by universities and companies. Italy invests 1.2% of its gross domestic product on R&D, compared with the average 1.9% of the rest of the EU, according to European statistical agency Eurostat.

The government recently passed a sweeping overhaul of the country's university system aimed at encouraging more research and making higher education more meritocratic.

Many Italians are skeptical of the counter-exodus measures, saying Italy has tried in vain to draw young

people back.

"Everything is better in Italy, except that you can't make a good living there," said Federico De Martino, 31, a research fellow at the Minneapolis Center for Magnetic Resonance Research who now lives in Minnesota. "If I stay here, I can become a professor in three or four years, whereas in Italy it could easily take me 15 years."

—Nathania Zevi

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