

Chapter 2: Twenty years of economy and society: Italy between the 1992 crisis and the current difficult economic situation

Demography, family, lifestyle and human capital

1. Italy's resident population was 59,464,000 as of October 09th, 2011, according to the preliminary results of the 15th General Population and Housing Census: 2,687,000 more than in the 1991 census. The population increase is due almost entirely to foreign residents, who have nearly tripled in number over the last decade, and now total 3,770,000 (6.3 per hundred residents).
2. People are living longer and longer: life expectancy for men is 79.4 years, while for women it is 84.5. In Europe only Swedish men have a longer life expectancy (79.6 years) than Italian men, while only French and Spanish women live longer than Italian women (85.3 years in both countries). Since 1992, men have gained 5.4 years, and women 3.9 years, of life expectancy, thanks largely to reduced mortality during adult and advanced age. The reduction in mortality from circulatory system diseases accounted for a gain of 2.1 years in both sexes, while the reduction in mortality from malignant tumours has added 1.2 years of life expectancy for men and 0.6 years for women.
3. The birth rate remains low, despite the slight recovery observed since the mid-1990s. In 2011 the average number of children per woman (1.42) was the result of values of 2.07 for foreign women and 1.33 for Italian women. The geography of fertility has reversed over the course of the last decade: today, the most prolific regions are those of the North (1.48 children per woman) and Centre (1.38 children per woman) where the percentage of foreigners is higher, while in the South the fertility rate is estimated at 1.35 children per woman in 2011.
4. Increased life expectancy and low fertility rates make Italy one of the "oldest" nations, with currently 144 people aged 65 and over for every 100 aged under 15, a figure which was 97 to 100 in 1992. In Europe, the number is higher only in Germany (154).
5. In 2011, 50 per cent of foreigners were from five countries: Romania, Albania, Morocco, China and Ukraine. Processes of integration and communities establishing roots have become more marked. Almost half of the over three and a half million legally resident non-EU citizens have a permanent residence permit. Over 25,000 marriages with at least one foreign spouse were celebrated in 2010 (11.5 per cent of all marriages celebrated), more than double the 1992 number. Mirroring this trend is the tenfold increase since 1992 in the number of foreigners acquiring citizenship by naturalisation and marriage (approximately 40,000 in 2010).
6. The number of children born in Italy to at least one foreign parent reached almost 105,000 in 2010, almost one fifth of total births, ten times more than in 1992. At the same time the "second generations", that is, resident foreign children, have grown in number, totalling 993,000 in 2010 (21.7 per cent of all resident foreign citizens). Numbers of students with foreign citizenship are growing constantly: less than 44,000 foreign students were enrolled for the 1994-1995 school year, less than six for every thousand pupils, while in 2010-2011 the figure will reach almost 711,000, or 79 for every thousand pupils.

7. Over the past twenty years, the number of Italian families has increased from 20 million to 24 million, while the number of members decreased from 2.7 to 2.4. Numbers of single people, couples without children and lone parents increased, while the number of couples with children decreased. The share of married couples with children fell to 33.7 per cent of Italian families in 2010-2011, down from 45.2 per cent of all families in 1993-1994; in the South, too, the traditional family, which still represented the majority in 1993-1994 (52.8 married couples with children per hundred families), now accounts for just over 40 per cent of the total.
8. The number of new family forms is increasing: non-widowed singles, non-widowed lone parents, civil unions and reconstituted families total over seven million families overall (20 per cent of the total in 2010-2011) – approximately double the 1993-1994 figure – a total of 11,807,000 individuals. Civil unions have quadrupled in number in less than twenty years, totalling 972,000 in 2010-2011. Common law marriages between unmarried partners, which totalled around 578,000, recorded the largest increases, at 8.6 times the 1993-1994 figure.
9. Young people are remaining “children” longer and longer. Four out of ten young people aged between 25 and 34 still live with their family of origin. 45 per cent said that they still lived at home because they did not have a job and/or could not support themselves. The proportion of young people leaving their family of origin in order to marry has halved in twenty years. The number of marriages has been in constant decline; the total was just over 217,000 in 2010, around 100,000 less than in 1992; those who marry increasingly opt for a civil ceremony, especially in the North (48 per cent of marriages) and the Centre (43 per cent).
10. In 37.9 per cent of cases, marriages celebrated in 2005-2009 were preceded by cohabitation, while this was true for just 1 per cent of all marriages before 1975. For every 10 marriages almost three end in separation, a proportion that has doubled in 15 years; the number of marriages ending in separation within 10 years has more than tripled, rising from 36.2 per thousand marriages in 1972 to 122.5 per thousand in 2000.
11. The school attendance rate in the 14-18 age group has increased by 24 per cent: for the 2010-2011 school year just over 92 out of 100 of young people of upper secondary school age are enrolled in secondary school. 74 out of 100 young people aged 19 obtain a diploma, compared with 50 out of 100 at the beginning of the 1990s, due mainly to the female component. The school attendance rate for girls now exceeds that for boys (93 and 91.5 per cent, respectively) and the former also complete their studies more frequently than the latter (78 per cent of girls received a diploma, compared with just 69 per cent of boys).

Changes in the economic system

12. Between 1992 and 2011 the Italian economy grew in real terms at an average annual rate of 0.9 per cent. It performed better between 1992 and 2000 (averaging growth of 1.8 per cent per year), while between 2000 and 2011 the average annual growth rate slowed, settling at 0.4 per cent. At one percentage point less per year, Italy ranks last among the 27 Member States, some way below both euro area countries and EU countries as a whole.
13. The public debt burden has remained at high levels, reducing room for manoeuvre for anti-cyclical policies during the recession. In 2011 the debt-to-GDP ratio was 120.1, close to the

1990s figure. General government expenditure according to function is seeing a systematic increase in the burden of health expenditure (from 14.6 per cent to 16.3 per cent over the period as a whole) and a decrease in spending on education (from 12.3 to 9.4 per cent). Social protection alone takes up more than 40 per cent of government expenditure and is significantly impacted by ageing trends in the population.

14. In Italy the process of tertiarisation of the economy, which was already strongly underway in the 1980s, has continued unabated over the last two decades: between 1992 and 2011, the service sectors have increased their share of value added by about seven percentage points (from 66.5 to 73.4 per cent). The sectors which recorded the highest growth due to demand on the part of enterprises are programming, ICT consulting and related activities (+131.1 per cent), scientific research and development (+79.4 per cent), advertising, and market research. Staff recruitment, selection and supply services recorded the highest increase by far (over 600 per cent), helped by the emergence of temporary employment agencies.
15. With regard to services demanded in particular by households, the sectors that have shown greater vitality are telecommunications (in which value added increased by more than 200 per cent) and social assistance (+95.6 per cent between 1992 and 2010), the latter linked to the ageing population. Significant changes were also recorded in sport activities, entertainment and recreation (+42.4 per cent over the period as a whole), and creative and artistic activities (+16.6 per cent between 2001 and 2010).
16. The reduction in the relative size of the industrial sector is almost entirely attributable to manufacturing industry, in which value added fell from 21 per cent in 1992 to approximately 16 per cent in 2011. Value added in the Italian economy's traditionally leading manufacturing sectors has declined, especially over the last decade: furniture and furnishings (-17.4 per cent), textiles, clothing and footwear (-23.6 per cent) and manufacture of other transport vehicles (-41.9 per cent over the period as a whole). Motor vehicle manufacturing has fallen over the last decade (-10.5 per cent).
17. A contraction in employment in large industrial enterprises has been recorded, offset primarily by a strengthening in small and medium-sized firms. The opposite situation is found in commerce, where the share of employees of large firms rose over the twenty years from 4.9 per cent in 1991 to 12.6 per cent in 2001. The share of workers in micro-enterprises remains by far the largest in the sector (62.1 per cent in 2010).

The evolution of the labour market

18. Between 1995 and 2011, employment in the EU15 countries increased by 24.7 million units (+16.6 per cent). Growth was steady until 2008, fell sharply in 2009-2010 and made a modest recovery last year. In Italy, between 1993 and 2011 total employment increased by approximately 1.7 million (+7.8 per cent). The increase regarded exclusively the Centre-North, while employment in the South fell from around 6.4 to 6.2 million.
19. Over the last twenty years labour demand has been sustained in Italy, as it has in other European countries, by growth in the tertiary sector. The number of people employed in this sector grew at a rate of 1.5 per cent a year (+2.6 million units) until 2010, and 1 per cent in 2011.

20. Until the early years of last decade, growth in service sector employment was paralleled by labour demand being progressively more geared towards highly skilled workers. During the years that followed, in contrast, there was a shift towards lower-skilled, more manual jobs. This growth in employment is related to hotels and catering (such as waiters, bar staff and chefs), personal care (such as hairdressers and baby-sitters), commercial distribution (salesman, on-line sales staff) and particularly in jobs such as domestic worker, labourer, caretaker and porter.
21. Between 1993 and 2011 the number of men in work fell by 40,000, while the number of women rose from around 7.6 million to just over 9.3 million: this increase regarded approximately one and a half million women in work in the Centre-North, but only 196,000 in the South.
22. Female employment in services grew consistently in the tertiary sector, rising to 7.8 million in 2011, 83 per cent of the total number of women in work. The number of women employed in industry in the narrow sense, on the other hand, fell steadily between 2001 and 2010. For women, during the 2008-2009 recession, the risk of losing their job was due not only to the increased presence of women in certain sectors, their employment status, or the size of firm, or even to whether they had children. Taking away these factors, women face a 40 per cent higher risk of losing their job in industry than men.
23. Part-time employment has contributed significantly to the growth in female employment: between 1993 and 2011 two thirds of the increase were accounted for by part-time employment. Of the 2.3 million individuals in temporary employment, almost one in two is a woman (1.1 million). Currently 30 per cent of women in employment work part-time. However, for about half of them it is involuntary part-time.
24. In 2012, two years after having a child, almost one mother in four who previously worked no longer has a job. Those who leave or lose their job are mainly new mothers in the South, the youngest mothers, those who have had their first child and those who live with partners.
25. Since 2008 the unemployment rate among the 18-29 age group has risen sharply, reaching 20.2 per cent in 2011, recording the greatest gap compared with the overall unemployment rate (8.4 per cent) since 1993.
26. In 2011, the number of *NEETs* (young people aged 15-29 not in education, employment or training) was 2.1 million. The proportion of *NEETs* is higher in the South, at 31.9 per cent, which is almost twice as high as in the Centre-North, with peaks in Sicily (35.7 per cent) and Campania (35.2 per cent).
27. Between 1993 and 2011 the number of employees with fixed-term contracts grew by 48.4 per cent (+751,000) compared to +13.8 per cent recorded for total payroll employment. In 2011 temporary employment accounted for 13.4 per cent of payroll employment, the highest figure since 1993, exceeding 35 per cent (almost double the 1993 figure) among young people aged 18-29.
28. Between 1993 and 2000 the rate of employment stability remained basically steady at around 40 per cent for 18-to-29-year-olds one year after finding employment. After 2000 the stability rate grew to 50 per cent in 2005-2006 and climbed as high as 56.3 per cent in 2010-2011.

Socio-economic conditions of households

29. Between 1993 and 2011 contractual wages and salaries showed zero change in real terms, while actual wages grew by 0.4 per cent a year.
30. Over the last two decades, household consumption expenditure grew faster than household disposable income, leading to a progressive reduction in their scope for saving. Overall since 2008 household disposable income has risen by 2.1 per cent in current values. However, purchasing power (i.e. income in real terms) has fallen by approximately 5 per cent.
31. Income from employment as a share of household disposable income has increased, rising from 39.3 per cent in 1992 to 42.8 per cent in 2011. In contrast, the contribution of income from self-employment to total disposable income has decreased, from 28.8 per cent in 1992 to 25.3 per cent in 2011. The contribution of income from financial capital to disposable income has more than halved, from 16.1 per cent in 1992 to 6.8 per cent in 2011.
32. Over the last twenty years social security benefits to households have contributed positively to the trend in disposable income; in fact their share of it increased from 24.5 per cent in 1992 to 32 per cent in 2011.
33. Over the same period, the current tax burden on households rose from 13.2 per cent from 1992-1996 to 14.1 per cent from 2001-2007, to reach 15.1 per cent in 2011.
34. In the presence of a continuous reduction in the propensity to save, in the last 15 years the relative poverty rate has remained generally stable. The percentage of households below the minimum consumer spending level has remained around 10-11 per cent. The regional gap remains wide: in the North the poverty rate is 4.9 per cent, rising to 23 per cent in the South.
35. The condition of larger families has worsened: in 2010, 29.9 per cent of families with five or more members lived in conditions of relative poverty (seven percentage points higher than in 1997). In families with at least one underage child the poverty rate was 15.9 per cent. A total of 1,876,000 children live in relatively poor households (18.2 per cent of the total), almost 70 per cent of them in the South.

Crime and safety

36. Certain types of serious crime are declining, such as murder (from 2.6 to 0.9 per 100,000 inhabitants), as well as some less serious ones such as bag-snatching (from 100.2 to 23.5 per 100,000 inhabitants) and domestic burglaries (from 341.2 to 279.7). Fraud, in contrast, more than doubled from 62 crimes per 100,000 inhabitants in 1992 to 159 in 2010. New forms of fraud include credit and debit card cloning, telephone scams and *phishing*.
37. In parallel with the growth in the foreign population, there has been an increase in the percentage of defendants born abroad, up from 2.5 per cent of the total in 1990 to 24 per cent in 2009. One in five was charged with illegal presence on Italian soil (such as illegal immigration and false claims or statements of identity or other personal characteristics made to a Public official). Two of the crimes most frequently committed by foreigners are exploitation of prostitution and counterfeiting.