

THE ANNUAL REPORT 2013

The state of the Nation

Summary

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SUMMARY

Madam Vice President of the Chamber of Deputies, Representatives of the Government, Authorities, Ladies and Gentlemen,

today, Istat would like to present the annual Report on the state of the Nation. The analyses presented in the volume refer to 2012: a particularly important year for official statistics.

In fact, the structural changes caused by the crisis, the far-reaching changes in the social fabric and the development of new forms of communication in social networks have resulted in a more accurate way to understand and interpret the present. In the same way, they have made it necessary to predict evolutions that are already underway, and assess policy choices *ex ante* and *ex post*.

In a period where uncertainty conditions the choices and lifestyles of families, businesses and other economic and social figures, the need for high quality, relevant and updated statistics is becoming ever more important, in addition to the increasing demand for comparable statistics on an international level to be used in national and European governance.

In 2012, we conducted a Census of industry and services, non-profit organisations and public institutions. The survey was based on new methods of integrating administrative data and direct surveys, which allowed us to increase the quality and quantity of the statistical information produced while limiting the burden for participants. The Census, as usual, allowed us to update the structural overview of the productive system, but also, for the first time, offered us an in-depth analysis of the decision-making methods, relational networks and strategic behaviours of enterprises, in order to accurately assess their level of modernisation, potential for competition and growth and the critical factors which impede their development.

Although it is important to analyse the fragility and potential of the economic system, it is equally essential to develop our understanding of the country's social situation, the quality of life for its citizens and their vulnerabilities. Making the invisible visible was the most important result we achieved in the social sector, with the development of statistics on the homeless, on discrimination by sexual orientation, prison inmates and the conditions of life of immigrants. Moreover, we also produced new indicators for equal and sustainable well-being. This took place in the context of a project, developed together with the CNEL (Italian

National Council of Economy and Labour), of enormous methodological value to be shared with civil society, which has placed Italy at the forefront of the international panorama in the field of measurements and indicators used to accompany GDP.

Again in 2012, Istat introduced numerous and sometimes radical methodological innovations, and extended the range of economic and social indicators revealing both the structural and economic situation. We intensified our efforts to publish statistics in a way that is easy to understand and accessible even to non-experts, providing new graphic visualisation and geo-referencing services for data and new products, in line with international good practices. Among others, we would like to draw attention to the statistics portal on social cohesion, with updated figures on employment and social integration, and the public administration portal, which combines and integrates the information available on the individual authorities. In order to increase the value of the range of data published and make them more easily accessible to the scientific community and institutions, we have opened our microdata files for public use online, making them free to download from our website.

The recent National Statistics Conference drew the country's attention to the subject of developing a statistics office capable of shouldering the responsibility for producing scenarios to look towards the future and evaluate risks. As we commented in the opening speech: "we need a statistics that can extend its cone of light into the future, while remaining both scientific and independent".

Istat is working hard, in a rigorous scientific manner, to construct simulation and forecasting models and create tools for assessing the impact of public policies, to be used as a reference for deciding investments, allocating resources and making choices which will have implications for the future.

The economy and society in 2012

2012 presented some particularly difficult problems for Italy, which also continued into the first part of 2013, as confirmed by the fall in GDP, estimated at 0.5% in the first quarter. The crisis which has swept over our economy arrived after a decade of economic growth which was not just modest, but far below that of the other large European countries. A decade which was also characterised by stagnant productivity, which grew by only 1.2% against an average of 9.5% in Eurozone-countries. For these reasons, the global crisis which began in 2007-2008 hit the Italian economy harder than many other advanced countries. Between 2008 and 2012, Italian GDP fell by 5.8%, while it remained almost stationary in France and grew by 2.5% in Germany.

The fall in GDP and the negative effect on employment have led, along with financial turbulence and restrictive fiscal policies, to a sharp fall in domestic demand: consumer spending was affected by the fall in available income for families, which was also penalised by inflation which remained relatively high despite the recession. The demand for investment has been strongly affected by the fall in capacity, the uncertain economic situation and problems for enterprises in sourcing credit.

This aspect of the crisis emerges very clearly from the reports from enterprises, which show a general tightening of access to credit since the end of 2011, with a return to the levels found at the beginning of the global economic crisis. During 2012, the cases of credit rationing have made it more difficult for small enterprises to survive, and this gap has not shown signs of lessening even during the first quarter of 2013: in March, the probability of a loan

request being refused for a small business was on average double that for a medium or large sized business. This penalisation according to size was considerably reduced, although not completely eliminated, for companies with a solid financial background.

Moreover, there were significant geographical differences in access to credit. In general, both in the manufacturing and services sectors, companies in the South of Italy and Italian islands were more likely to be refused credit.

Credit tension was particularly important because Italian firms have traditionally relied on bank loans rather than other types of financing, both in terms of quantity and tax deductions. However, there are some potentially positive effects of the introduction in 2011 of the ACE - Aid for Economic Growth - an incentive for boosting capital buffers for enterprises, which works by excluding capital injections and re-invested profits from taxable income for IRES or IRPEF purposes. The results of the calculations performed using the new Istat microsimulation model for enterprises show that, when up and running, the deductions introduced by this means will help small and medium sized enterprises and those operating in the South of Italy: precisely the segments that are currently suffering the most from credit rationing.

Given the 2.4% fall in GDP and 5.4% in domestic demand, last year net international demand returned after many years to being the main driver for growth, considerably attenuating the force of the recession with a positive contribution to increasing GDP by no less than three percentage points. Although net international demand provided a positive impulse towards expanding GDP during all quarters of the year, the contribution to growth has gradually been levelling out. In the context of a general slide in global demand, export has grown significantly: the performance of sales of Italian goods abroad (+3.7%) was, together with Spain, the best among the main EU economies. However, an important part of the expansion of commercial activities was due to the strong contraction in imports, affected by the weak domestic demand.

Demand from other countries has also supported the tourism sector which, following the general reorganisation of spending habits in Italian families, has seen consistent falls in terms of the number of Italian residents choosing to take holidays in the country, balanced by the presence of foreign tourists, which increased last year.

Public finances show that, despite the negative economic cycle, the net debt of public administrations in relation to GDP fell by 3%, the target value for closing the excessive deficit procedure opened against Italy by the European Union in 2009. Net of interest expenses, we recorded a considerable primary surplus equal to 2.5% of GDP and 1.3 points higher than in 2011. The reduction of net debt was largely thanks to the increase in fiscal pressure, which reached 44%. Public spending was also reduced: current expenses net of interest fell by 0.5%, while total expenses rose by 0.6%. At the same time, due to the weak economy, the debt/GDP ratio continued to increase, reaching 127%.

The situation of the productive system

In the last eighteen months, the recession has affected all the main sectors, causing a profound and generalised fall in added value and accentuating the structural problems in the productive system. The construction sector was particularly hard hit, with a fall in business for the fifth year running, followed by agriculture and manufacturing; the services sector also suffered from the fall in demand, although to a lesser extent than in the manufacturing sector. The only significant exceptions were the art and entertainment and home repair

services sectors, which both saw growth in 2012, along with the financial and insurance sector, which remained stable.

In particular, the manufacturing sector was heavily affected by the consequences of the latest recession, which began in May 2011; overall, industrial production in February this year was nearly 11% lower than the peak recorded in April 2011, and 24% lower than the historical maximum of April 2008.

The crisis hit a system of enterprises which is characterised by a wide range of structures, degrees of competitiveness and potential for growth; a system which had already been badly hit by the first recessive phase between 2008 and 2009.

The analysis of the preliminary data from the Industry and Services Census show a situation centred around 1.7 million productive units, with a minimum level of organisational complexity, providing around 14 million jobs. Large segments of these showed minimum interest in expanding their size or production capacity, in contrast to some areas with strong dynamic potential. The latter are open to innovation and aware of the importance of managerial and organisational aspects for the company's competitiveness.

The Italian productive system has a prevalence of relatively simple governance models, characterised by a high concentration of ownership, family control and centralised business management. In particular, the family-business structure (where control is directly or indirectly exercised by a physical person or family) is found in more than 70% of companies in the industrial and services sector. The leading partner is a physical person or family in 90% of cases. This analysis allows us to identify different types of business with different potential for growth, according to the combination of three main strategic profiles (business dynamism, organisational complexity, and internationalisation). On one hand, around three quarters of Italian companies, representing nearly half of current employment, have profiles and strategies that are mainly targeted at a local market (municipal or regional), with extremely simplified company organisation and low integration in the value chain, especially on an international level.

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On the other hand, there are some industrial segments which show significant innovation in terms of products, organisation and marketing, even in family-run rather than managerial organisational models. These include more than 200,000 highly dynamic Italian companies, accounting for around 12% of the total and representing nearly three million jobs, which frequently show a strong impulse towards economic and employment expansion. This type of company is represented by 10% of micro-enterprises, 25% of small enterprises and 33% of medium enterprises, in addition to more than a quarter of large enterprises. Out of these dynamic firms, around 70,000 units have shown a strong tendency towards expanding, with an increase of over 8% in the number of employees between 2007 and 2010, despite the depth of the economic crisis.

Some aspects of micro-enterprises appear to be particularly noteworthy, accounting for just under half the jobs. Alongside a considerable number of "stagnant" firms, there are important, high performing innovative segments. These are units led by entrepreneurs with a higher than average level of education (double the numbers of graduates) and greater business experience. Moreover, it is important to note that these companies have often been passed down a generation more recently than others.

The factors indicated by the companies themselves preventing competitiveness revealed particular problems regarding the lack of financial resources and excessive administrative

requirements for small enterprises; large enterprises, on the other hand, pointed to weak demand and the difficult economic situation. Limitations due to the lack of infrastructures, qualified resources and difficulty in recruiting staff or suppliers were perceived as less serious.

Over the next few years, characterised by a persistent and significant growth gap between global demand and domestic Italian demand, one of the main factors of growth will be the capacity of enterprises to intercept the expansion of demand for imports from other countries and, more in general, the opportunities offered by internationalisation processes.

The theme of internationalisation has two underlying aspects for analysis: the first, on a micro-economic and retrospective level, regards the assessment of the impact of an international repositioning of Italian firms on the economic and employment performance of individual production units; the second, macro-sectoral and forecast aspect, assess the extent to which the evolution of the international cycle will support Italian economic recovery, considering the characteristics of the Italian export system, composed of around 190,000 firms.

Regarding the first level of analysis, focussing our attention on the forms of internationalisation capable of directly stimulating growth, we find considerable potential for our productive system on one hand, and on the other a series of issues and obstacles associated with both the context and the specific characteristics of our productive units.

Between 2007 and 2010, around 18% of companies with international trade or industrial relations increased their scale of internationalisation, 12% showed a regression, while the remaining 70% maintained a stable presence in foreign markets.

The transition towards more evolved types of internationalisation had a positive and significant effect on their performance in terms of added value and employment. For export companies, an increased number of non-EU outlet markets resulted in a specific and positive impact on the company's economic size, raising added value by 8% and employment by 7%. This evolution does not require radical changes, and could be incentivised using policy interventions in line with the structural characteristics of our system of enterprises (small average size, high level of dispersion, strong specialisation), which could therefore provide an important stimulus for growth in a short time. However, given the considerable negative effects of downgrading companies in the scale of internationalisation, it would also be necessary to monitor and support the international presence of companies which have already undergone advanced internationalisation, especially small enterprises which are heavily exposed on the markets.

The second area for analysis, looking towards the future, allows us to outline forecast cumulative growth in exports between 2013-2014 of just under 10%, with manufacturing taking the lead over services during the period (+10% against +7.5%). The acceleration in the industrial segment would apply to all sectors, with a rise in exports of between 8.3% for intermediate goods and 11.6% for agri-food products over the two year period.

The impact analysis showed that, following the rise in international demand forecast in 2013-2014, the overall impact on added value would be of 1%. The intermediate goods manufacturing segment would see a more sustained rise in work units against a small contribution to growth in added value.

In the manufacturing sector, therefore, we can predict a scenario of growth induced by exports in which some of the main consumer goods sectors (textiles, clothing and wood) and traditional segments (rubber and plastics, transport vehicles) would see weaker performance than sectors with a higher technology content (mechanics, electronics). The growth in international demand would tend to modify the structure of exports to the advantage of

sectors which guarantee more sizeable effects on the economic system; however, this effect of this process would not easily be seen within the first two years. In fact, on one had the change in the composition of the Italian exports sector is a phenomenon which would take far longer; on the other hand, in the context of lower foreign demand than in the past, a sharp acceleration in this process seems unlikely.

The situation of families

One of the main causes of the current recession, which began in the second half of 2011, is the fall in disposable income, which has led to a sharp fall in family spending. In fact, in 2012, given the 2.4% fall in purchasing power, the purchasing power of families fell by 4.8%. This was an exceptionally sharp reduction which came hard on the heels of four years of constant slides.

During this period, the disposable income of families, net of inflation, fell by nearly 10%, returning to the levels of twenty years ago.

Over the last year, the fall in income from business activities and the rise in the tax burden were the main factors in reducing family income. Employment income remained stable in nominal terms, although purchasing power was affected by inflation.

The impact of income taxation on disposable family income rose to 16.1%, one percent higher than the previous year: these are the highest levels since 1990. If we add other taxes onto income taxation, essentially represented by IMU (housing tax), the impact on disposable income rises to 16.5%, with a rise of 1.3 percentage points in comparison to 2011. Taking account of actual and figurative social security contributions, the tax and welfare burden on disposable income reaches as much as 30.3%, against 29.4% in 2011.

The calculations performed using a new Istat microsimulation model for families show that the rise in VAT from 20 to 21%, applied since September 2011, and the variations in petrol duty introduced in 2011 have resulted in a sharper rise in costs for families with average expenses (around 0.9%) than for those with higher spending levels. The most disadvantaged families, given the lower impact of the rise in VAT on their spending, had a slightly lower percentage rise in overall spending. Nonetheless, these families were particularly hard hit by the variation in duties, which led to increased costs in comparison to those for the top fifth of families spending the most. In perspective, the impact of the changes to VAT on family spending must take account of the evolution of consumer profiles over time. In fact, families with lower spending levels have gradually modified their basket of products, which now includes more products with ordinary duties rather than those that are tax subsidised or exempt.

The trend of social services, although at its lowest point since 2000, saw the resources received by families for pensions and other social security or welfare benefits rise by 2%, against an average growth of 3.2% over the previous three years. Unemployment benefits and income integration, stable in 2011, started to grow rapidly last year (13.7%).

The considerable fall in the disposable income of families was reflected in a sharp fall (-1.9%) in consumer spending - much sharper than that seen during the crisis in 2008-2009 - and a further reduction in the tendency to save, which has fallen to a historical record minimum of 8.2%. The tendency to save, which used to be one of the strengths of the Italian system, although still higher than that measured in Spain, was significantly lower than in Germany and France, and close to that seen in the UK, the country which has traditionally had the lowest levels in Europe.

In this context, the number of new loans and mortgages granted to families by banks fell in 2012 by 20% and 35% respectively, against an average fall of 3% and 7.8% in the 2009-2011 period. This was also due to greater selectivity by financial operators, given the rise in bad debts from the family sector, which have risen by 27% each year since 2009.

Families have responded to economic difficulties by reducing the quantity and quality of food and clothing products purchased and by choosing low-cost outlets over traditional retail channels. There has been a marked rise in this type of consumer behaviour, especially in the North of Italy, although the South still remains the area where the phenomenon is the most common.

The fall in consumer spending was also affected by inflation, which had a notably greater effect on families with lower spending levels: in 2012, with an inflation rate (measured by the harmonised European consumer price index) of 3.3%, the inflation felt by families in the lower fifth for consumer spending was of 4.2%; the upper fifth was only affected by 2.9%. Inflation also affected families with lower spending levels in 2011, although to a lesser extent.

The number of economically disadvantaged families, especially those with serious deprivation, grew to include 14.5% of the population. Over the last two years, the number of seriously deprived families doubled, in sharp contrast to the previous period.

The gap between the South and the rest of the country continued to expand in 2012, with families resident in the southern areas and Italian islands experiencing markedly worse conditions than those in the North and Centre. In the South, material deprivation rose by more than 3%, extending to 40% of the population, while serious deprivation affected as many as one in four, with a rise of more than 5%.

Furthermore, a trend which began in 2011 was confirmed in 2012: serious material deprivation began to extend from individuals with the lowest family incomes to those with higher average income, who were exposed to the risk of poverty by negative and unforeseen events. In 2012, around 48% of the individuals who moved into a situation of severe material deprivation came from the lower fifth of equivalent income, but more than a quarter of the total came from higher income brackets (from the third fifth upwards).

The depth and extraordinary duration of the economic crisis is also resulting in significant effects on the psychological aspect in the population. This aspect, as well as being an essential element for strong social cohesion, conditions the economic system's capacity to react and the efficiency and credibility of economic policy.

For the first time, the Report will dedicate considerable space to analysing citizens' perception and opinions of the economic situation, the quality of the various aspects of their lives, their trust in institutions and the effects of globalisation, examining how these opinions translate into behaviours that affect the functioning of the economy and society.

The results of the survey of families indicate that citizens have low levels of trust in the main public institutions and especially in political parties. The analyses developed show that there is a link between the level of trust in local institutions, in particular municipal authorities, the quality of services offered and the conditions of the territory and environment in which we live. The region of residence also counts - reflecting differences in social situation, level of cohesion and the general conditions of life on a local level - along with lack of trust in parties and the other national institutions.

In 2012, the territorial and social gap in terms of satisfaction about economic condition widened further, with decidedly lower rates among the population than for other aspects of life, recording a fall where levels were lowest.

An interpretation of the last twenty years shows that the crisis has accentuated a slide which had already begun in 2001, with particularly negative points during recessive phases, during which the gap between the northern and southern regions also widened. The number of residents that are satisfied by their economic situation went from 50% in the North, to 44.3% in the Centre and 32% in the South and Islands.

The analyses presented show a link between the level of consumer spending and citizens' view of their own and their country's economic situation. These assessments were also influenced by modifications in purchasing choices. If economic difficulties led citizens to give up part of their purchases which, although not strictly necessary, are perceived to be important, then their perception of the situation of the country as a whole was also negatively affected.

Despite the problems produced by the economic crisis, the level of satisfaction about the lives of Italians in general remained high, although it did fall sharply between 2011 and 2012. More than 90% of citizens over the age of 14 stated that they were satisfied by their family relationships, and nearly 85% for friendships. Satisfaction with health was also widespread, despite the high average age of the population: nearly 90% of those interviewed expressed a positive opinion. The same was true for leisure time: in 2012, 65.9% of the population was very or quite satisfied by this component, a share that even increased in comparison with 2011 (64.1%)

The order of importance of the various components changed according to the level of satisfaction for life in general: those who were very satisfied valued the economic situation most of all, then health, followed by the other components. The economic situation counted much less, however, for those who rated their satisfaction as low or none. In this case, the most important aspect was health, followed by the remaining areas relating to personal life.

Only the population in active employment saw their satisfaction for the individual areas of life change according to their work. This played the most important role, not so much for its value as a source of income, but for its "contents". For example, this was the most strongly emphasised aspect for everyone, regardless of whether they performed a highly qualified profession or a manual job. Between 1993 and 2012, the percentage of employees who were satisfied by their job never fell below 75%, with the lowest levels in the South of Italy.

The labour market

Along with a fall of around 500,000 jobs, recorded from 2008 onwards, the crisis has produced a considerable increase in participation in the job market, especially for women. However, this has not led to an adequate response in terms of number of jobs. The unemployment rate has grown considerably, reaching 11.5% (March 2013). The number of people who have been looking for jobs for over 12 months has risen by 675,000 since 2008, and now represent more than half the total, while the average length of a job search has increased to 21 months.

In parallel with the growth in unemployment and the length of its duration, a specific segment of inactivity has also increased, for the potential work force: these are people who don't have a job and are not actively looking for one, but who would be willing to work.

This segment represents 3 million people, bringing the total number of potentially employed people to 6 million when counted together with job seekers. Given the cyclic conditions of the job market and the reduced opportunities for employment, it is unlikely that this level of demand for work will be met.

There is increasing uncertainty in the country caused by applications for income benefit. Following the changing status in the last four years of those claiming income support, we have observed an extension of the duration of periods when these benefits are necessary and a considerably rise in those who have become officially unemployed or inactive.

The imbalances in the job market continue to be very serious in the South, where the fall in employment levels began earlier and has been more intense, if we consider that from 2008 onwards the drop has been three times sharper than in the rest of the country (4.6% against 1.2% in the Centre and North). The percentage of job seekers in the South out of the total, which was falling up until 2011, has also started to rise again, and the different in employment rates between the North and the South has also rise by around 2 percent over the last year. This has led to the employment rate rising to over 17%, nearly 10 points higher than in the North, while the time it takes to find a job, which has risen throughout the country, has seen peaks of 27 months in southern regions. The phenomenon of discouragement has been particularly strong: the rate of failure to participate, which includes both the unemployed and the potential work force, was three times as high in the South as in the North (34.2% against 11.8%).

Employment rates, which had started to grow slightly in 2011, fell again in the second half of 2012, and continued to fall in early 2013. At the same time, there was a stronger fall in jobs created (-1.1% in terms of standard work units used for national accounting purposes) due to the increase in the number of part-time employees, which has seen constant growth during 2012, and a rise in applications for income support.

The age profile of those in employment is changing due to a rise in the numbers aged over 50 - as a result of the reforms in the pension system - and a fall in the numbers of young people. We also saw a shift towards more flexible types of contract as a tool to cope with the crisis. A fall in permanent full-time contracts: down 5% between 2008 and 2012, down more than two percent just in the last year. A rise, not by the employees' choice, in part time work and temporary contracts. In comparison to the previous year, the percentage of employees moving from part-time to full-time fell by half. 54% of part time contracts are now involuntary.

For temporary contracts, it was mainly the short term contracts that increased (half of the temporary contracts in 2012 were for less than one year), although nearly one employee in five has been working on a temporary contract for at least five years. A fall in the probability of moving from temporary contracts to a standard employment contract, with a rise in the number of contracts terminated.

The polarisation in the forms of contract was accompanied by a loss in the number of employees in highly qualified professions. Between 2008 and 2012, the number of managers and entrepreneurs fell by more than 40%, while the more executive, less qualified positions rose, especially in the family services sector. The deterioration of the general conditions of the job market intensified the phenomenon of gender segregation in professions, due both to the increased number of women working in traditionally feminine occupations and the same increase in men working in male professions.

Young people continue to be the segment that has been hit hardest by the crisis. Their chances of obtaining or holding onto a job have been significantly reduced: in four years, the employment rate for people between the ages of 15-29 (32.5%) has fallen by around 7 percent, and by 1.2% just in 2012. This represents 727,000 fewer jobs for young people between 2008 and 2012, and the phenomenon is stronger in the South, where the employment rate for young people is half that in the North (22.5% against 41.5%).

The unemployment rate for young people has grown by ten points in four years, five points only in the last year, mainly affecting those with lower academic qualifications. The percentage of NEET, young people not in employment, education or training, rose more sharply than in other European countries, reaching 2,250,000: 24% of the total number of young people between the ages of 15 and 29. In Italy, the condition of NEET is less closely associated with the condition of unemployment and more with the phenomenon of discouragement than in other countries, as fewer young people are actively seeking jobs and more are included in the potential work force.

The return on investment in education is still low in Italy, reflected by the number of students, which has remained substantially stable at around 4 million, equal to 41.5% of the population between the ages of 15 and 29.

However, university degrees are increasingly becoming a form of insurance against the growing difficulties in the job market, far more than secondary school diplomas. This is shown by the considerable expansion of the gap in recent years between Italy and the rest of the European Union in terms of employment opportunities for those with secondary school qualifications. Since 2006, for those aged between 20 and 34 and holding a diploma from three years before, the gap between the average European employment rate and the Italian rate doubled, reaching a peak of 20.8%, while for graduates the gap was 16.5% with a rise of only 1.3%. This segment of diploma holders saw employment rates fall by 14.3% between 2008 and 2012, while graduates saw a fall of only 6.5%.

Other studies also show that some of the effects of the crisis on employment opportunities for graduates appear to have accentuated the role of social background, with the probability of finding work or obtaining higher salaries rising in line with social class. This had a negative impact on social mobility, combined with evidence highlighted by last year's Report of the phenomenon by which far fewer students from disadvantaged backgrounds sign up for university.

Immigrants are another segment which has been particularly hard hit by the difficult economic situation. Between 2008 and 2012, the employment rate for foreign citizens fell by more than 6%, 10% only among men. In comparison with Italians, the employment rate rose by almost 2%, which became 3.5% if we only consider the North. Furthermore, the job market still has important elements of double standards between Italian and foreign citizens, whose salaries are an average of 25% lower. Women in particular saw a process of concentration in only two professions: domestic assistants or home helps.

Lastly, due to the concentration of the various communities in different sectors of the economy, we note that the crisis has had a greater effect on those female ethnicities, such as Moroccans and Albanians, that worked mainly in industrial firms and less on those working for families, such as those from the Philippines, Poland and Romania.

Despite these phenomena, the particularly difficult economic situation appears to have increased the feeling of competition between Italians and foreign citizens in claiming scarce

resources, in particular jobs. Although 86.7% of Italians agree that everyone should have the right to live in any country they choose, 50% claim that, when there are limited jobs available, employers should give priority to Italians. The probability that an Italian citizen calls for greater protection against immigrants for their own and other Italians' jobs increases according to their level of academic qualification and their perception of being more vulnerable to losing their position. This is especially true in cases where the possibility of being replaced by foreign citizens is perceived as higher.

Female employment grew by 110,000 units. This positive trend counterbalanced the re-composition of the workforce in favour of the upper age range, as a result of pension reforms. In fact, the increase was partially due to the over-49 segment (nearly 7%) which more than compensated for the fall in young people. In this context, we also saw the number of low-qualified jobs increase, especially for female immigrants, and the effects of new family strategies to cope with economic difficulties. From 2008, the number of married women with children and jobs who represent the only source of family income rose from 224,000 to 381,000. Moreover, the number of women seeking employment in order to support the fall in family income due to their partner's loss of work or application for income support is growing, especially in the South. Lastly, regarding the expansion of the low-qualified employment segment, we would like to emphasise that this has taken place almost exclusively for services to families, a phenomenon that confirms the impossibility of reducing the need for assistance for elderly people not able to look after themselves.

The number of women employed in Italy remains, however, considerably lower than in the EU. Furthermore, they are concentrated in only a few professions (50% is taken up by 18 professions, against 51 for men) and is often associated with increasing levels of "over-qualification", which is more accentuated than for men.

Conclusions

A precise and in-depth understanding of these figures is the basis on which to construct Italy's future. This is the context of the analyses we are presenting in this Report. We hope that they will serve as a contribution to our commitment to plan for a future beyond the crisis.

What is certain is that the role of statistics in supporting complex decision-making processes is becoming ever more apparent from several points of view.

European governance requires high quality indicators, especially regarding aspects of macro-economics and public finances; the policy for growth and social cohesion require an increasing number of measurements of the behaviour of the various subjects, taking account of the heterogeneity present in the economic and social fabric and the environment.

Supporting this role requires a high and constant level of innovation: in contents and technology, in the methods applied and the production processes used. This is an extraordinary challenge not only for Istat, but also for the European and national Statistics Systems, which are also required to meet a growing demand for faster, more articulated and high quality information.

The Institute will continue to serve society and citizens and record the main transformations, representing an independent view of the country with its strong-points and weaknesses.

This is our interpretation of the task we are appointed to perform.