

# **ECONOMIC CRISIS AND DEMOGRAPHIC DYNAMICS**

**Evidences from the *Fifth Population Report. Italy in the Economic Crisis*, Italian Association for Population Studies (AISP-SIS), Il Mulino, Bologna, 2015**

## **1. Prologue: a long and profound economic crisis**

Contemporary history is studded with banking and financial crises. There is however a widespread belief that this most recent crisis has given rise to a broader-based depression than that of 1929 (Alessandrini *et al.*, 2013). The drastic fall in GDP in 2008-09 concerned both more economically developed ones and countries with emerging economies or developing countries. The recovery in the following year 2010, made it seem as if the crisis was over, but in reality GDP growth rates in the three-year period 2011-2013 were lower than in 2010 and were clearly lower than the figures recorded in the decade before the crisis (2.8% against just 1.5%).

In Italy, the decrease in GDP in 2008 and 2009 was greater than the average values of western economies and the fleeting recovery of 2010-2011 was less substantial than in many other advanced countries, followed by a further two years of decrease in the volume of production. The level of economic activity in 2013 was slightly below that of the year 2000 and the per capita GDP fell back to the figures recorded for 1996 (Istat, 2014). Almost a million jobs were lost between 2008 and 2013, equal to 4.2% of the number of peo-

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ple employed at the beginning of the crisis and the employment rate fell from 58.7 to 55.6% (Tab. 1).

*Tab. 1 - Employed people and employment rates according to gender, geographical division, citizenship and age groups. Italy, 2008 and 2013 (absolute values and absolute variations in thousands and percentages).*

Characteristics	Employed (15 and more)		Variations of employed 2008-2013		Employment rate (from 15 to 64 years)		Change in em- ployment rate
	2008	2013	Abs.	%	2008	2013	2008-13
<i>Gender</i>							
- Men	14,063	13,090	-973	-6.9	70.3	64.8	-5.5
- Women	9,341	9,330	-11	-0.1	47.2	46.5	-0.7
<i>Geographical division</i>							
- North	12,067	11,776	-291	-2.4	66.9	64.2	-2.7
- Centre	4,857	4,746	-111	-2.3	62.7	59.9	-2.8
- South and Islands	6,482	5,899	-583	-9.0	46.1	42.0	-4.1
<i>Citizenship</i>							
- Italians	21,653	20,064	-1,589	-7.3	58.1	55.3	-2.8
- Foreigners	1,751	2,356	605	34.6	67.1	58.1	-9.0
<i>Age groups</i>							
- 15-34 years	7,110	5,307	-1,803	-25.4	50.4	40.2	-10.2
- 35-49 years	10,684	10,433	-251	-2.3	76.1	72.2	-3.9
- 50 years and over	5,610	6,680	1,070	19.1	47.3	52.6	5.3
ITALY	23,404	22,420	-984	-4.2	58.7	55.6	-3.1
European Union 28	222,847	216,964	-5,883	-2.6	65.7	64.1	-1.6

*Source: Istat, Labour Force Survey (Istat, 2014).*

The reduction in the number of people employed almost exclusively affected men since the current economic crisis has mainly hit the building and manufacturing industries, two traditionally male sectors. It therefore caused a different impact compared to the past when female employment acted as a 'buffer' and fell in order to allow male employment to remain stable (Reyneri, Pintaldi, 2013). Thus in the five-year period under consideration the male activity rate decreased by 5.5 and that of females by 0.7 percentage points, causing a reduction in the gender gap, despite the employment crisis phase.

The greater weakness of Southern Italy has been confirmed, as

there was a bigger fall in employment. The Italians have been hit particularly hard, with almost 1,600,000 fewer employed people, while the employment of foreigners in the five-year period studied increased by more than 600,000 (Reyneri, Pintaldi, 2013). The impact also varied between the birth cohorts. Among the young (15-24 years) and young adults (25-34 years) the decrease in the number of employed people was considerable, in total 1,800,000 fewer than before, equal to a quarter of those employed in 2008.

*Tab. 2 - The unemployed and unemployment rates according to gender, geographical division, citizenship, age groups and education. Italy, years 2008 and 2013 (absolute values and absolute variations in thousands and percentages).*

Characteristics	Variations of unemployed				Unemployment Rate		Variations in unemployment rate
	Unemployed		2008-2013		2008	2013	2008-13
	2008	2013	Abs.	%			
<i>Gender</i>							
- Men	821	1,702	881	107.3	5.5	11.5	6.0
- Women	872	1,411	539	61.8	8.5	13.1	4.6
<i>Geographical division</i>							
- North	489	1,085	596	121.9	3.9	8.4	4.5
- Centre	317	578	261	82.3	6.1	10.9	4.8
- South and Islands	887	1,450	563	63.5	12.0	19.7	7.7
<i>Citizenship</i>							
- Italians	1,531	2,620	1,089	71.1	6.6	11.5	4.9
- Foreigners	162	493	331	204.3	8.5	17.3	8.8
<i>Age groups</i>							
- 15-34 years	945	1,584	639	67.6	11.7	23.0	11.3
- 35-49 years	570	1,091	521	91.4	5.1	9.5	4.4
- 50 years and over	177	438	261	147.5	3.1	6.2	3.1
<i>Education</i>							
- Until middle school	819	1,418	599	73.1	8.4	15.8	7.4
- High school	682	1,348	666	97.7	6.1	11.4	5.3
- Bachelor and beyond	190	346	156	82.1	4.6	7.3	2.7
ITALY	1,692	3,113	1,421	84.0	6.8	12.2	5.5
European Union 28	16,741	26,201	9,460	56.5	7.0	10.8	3.8

Source: Istat, *Labour Force Survey* (Istat, 2014).

In the same period of time the number of people looking for work almost doubled, exceeding 3,100,000 and the unemployment rate rose by 5.5 percentage points, from 6.8 to 12.2% of the labour force, about 1.4 points more than the European average (Tab. 2).

The rate increased the most for the young and young adults, going up to 23%, which is more than 11 percentage points higher and is a significantly bigger increase compared to that for the other two main age groups. The unemployment rate has increased the most among the youngest age group (15-24 years), coming close to 40%, but it becomes less alarming when we remember that most young people in the 15-24 age group are part of the inactive group since they are mainly students. There are more problems for young adults: the unemployed in this group are close to 930,000, with an increase of almost 400,000 cases between 2008 and 2013.

The increase in unemployment rates has been more marked for men, for Southern Italy and the Islands, for foreigners and for people with a low level of education. Other indicators signal the worsening of the average economic condition for Italian families over the last 5-6 years. For example, the average monthly family spending has decreased slightly, the proportion of families declaring that in the previous 12 months they had scarce or absolutely insufficient resources increased (from 42 in 2007 to 50% in 2013), families who are unable to save went from 66 to over 70% and those who are unable to cover unexpected expenses went from 32 to 43%. The number of families living in absolute poverty has more than doubled (from less than a million in 2007 to more than two million in 2013) and their weight has grown from 4 to 8% of the total.

In a period as difficult as this one, have there been any important changes in the demographic behaviour of the Italian population? Have people continued to marry, have children, separate and migrate as in the years before the crisis? Has life expectancy continued to increase or has anything changed in Italian people's health and lifestyles?

## **2. The demographic consequences of the crisis: expected effects and empirical evidences**

Economic recession can influence demographic behaviour in many ways. With reference to the crises that occurred in Europe

and the United States in the last century, research has documented several dramatic impacts, stemming from the unexpected and prolonged worsening of economic conditions, on when and how to raise a family, on fertility levels and marital stability, on the death rate and health as well as on migrations.

The Fifth AISP Population report examines some of these expected effects in depth, with reference to the Italian situation (De Rose, Strozza, 2015).

Young people are most affected by the most dramatic aspect of the crisis, which is the increase in unemployment. The reduced chances of counting on a steady income, of being able to buy a house and save some money all slow down the “growing up” processes and those aimed at creating a new family. With the reduction in job opportunities, the number of demoralized young people has increased, especially in Southern Italy and where the levels of education are low, together with the number of NEETS (*Not in Education Employment or Training*).

In Italy, although the percentage of young people living with their families has not increased compared to the years before the crisis, the percentage of young people living with their parents is still very high. The number of marriages has continued to fall: in the last four year-period it dropped from 247,000 in 2008 to 207,000 in 2012. Instead, the number of pre-marriage cohabitations increased: since they are without the costs involved in organizing weddings, they may be a valid alternative to conjugal unions at a time of economic difficulty.

The economic crisis has hit young people extremely heavily, even when they have moved away from their families of origin and live with someone as a couple. The proportion of couples with two salaries out of the total of young couples (those in which the woman is younger than 35) decreased in the period 2007-2012 by about 10 percentage points (it was 73.1% of unmarried couples and 51.5% of married couples in 2007), while at the same time the number of couples in which the man works and the woman is looking for work has doubled (it was about 6% both for married and cohabiting couples). In 2012 more than half the couples of both types underwent a general worsening of the economic situation compared to the previous year (52.4% among married couples and 52.8% among non-married ones).

In this situation it may be assumed that families continue to

act as social shock absorbers and to support the younger birth-cohorts, especially in a country such as Italy which has always been characterised by strong family networks (Dalla Zuanna, Micheli, 2004). It has to be noted that, between 2009 and 2012 there was a reduction in the divorce rate, from 181 to 173.5 per 1,000 marriages, which reversed a ten-year increase trend, and the growth trend in the number of separations also seems to have slowed down. At the same time there has been an increase in the number of young adults living in families with more than one nucleus, including those who are forced to return to their families either following a relationship break-up or for economic reasons.

One of the most expected effects of the economic crisis on demographic dynamics is the fall in fertility (Sobotka *et al.*, 2011; Goldstein *et al.*, 2013). The current crisis is hitting Europe after a period in which the average age of maternity had increase steadily and at a time when many countries had just begun to see increases, albeit modest ones, in their fertility rates. For example in Greece the increase in the average number of children, which began at the end of the last century, came to a halt in 2009 when the Greek economy started to disintegrate. A similar reversal trend occurred in Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Rumania and Spain.

In Italy as well the positive trend in fertility observed at the beginning of the Millennium seems to have come to a standstill. The average number of children per woman, equal to 1.42 in 2008 fell to 1.39 in 2013, when just over 514,000 births were recorded, about 62,000 fewer than in 2008. This decrease is due mainly to the births recorded for Italian women, but, for the first time in the last decade, there has also been a fall in the number of births to foreign women.

It is more difficult to establish a connection between economic crisis and death rates or quality of survival. Studies over the past crises have not always produced consistent results: some suggest that the death rate increases in times of economic decline, while others show that a deterioration in the economic conditions is associated with stable or even lower death rates.

Generally speaking, death rates seem to be pro-cyclical in more industrialized countries, that is to say they increase during economic booms and decrease during recessions. A reduction in economic activity is associated with a reduction in pollution, in the

use of cars, in work-related accidents: in short, less work and less exposure to risks to health and to the environment. Yet a crisis involves specific risks (Danziger, 2013): first of all an increase in suicides, secondly a decline in living standards for those who experience (or are simply afraid of) unemployment, in terms of harmful behaviour (alcoholism, smoking) or people eating badly and not taking care of themselves.

The current recession seems to be producing analogous effects, apparently contradictory, on health and death rates in European countries including Italy. Survival levels did not change over the period of time corresponding to the crisis, in fact life expectancy continued to increase, although this increase slowed down slightly for men in Southern Italy. However the number of suicides rose, from 2008 onwards, a trend mostly found in the 35-69 working age group: there were 1,832 suicides in this age group in 2011, 345 more than in 2007. In contrast, the number of deaths in road accidents fell (from 1.4 per 10,000 residents in the 15-34 age group in 2007 to 1.0 in 2011), but in line with a tendency towards a reduction that had started a long time ago: it is hard to say how much of this positive trend is due to a beneficial effect of the crisis – the reduction in the use of cars – and how much is due instead to a more careful policy for accident prevention that the Italian institutions have recently implemented. The same considerations are valid for the decrease in tobacco and alcohol consumption: long term policies have an effect on people's behaviour and are far more important and long lasting than a temporary reduction of consumption due to the fact of having less disposable income.

Other health indicators provide some clues about a possible effect of the decrease in individual and collective economic wellbeing. The perceived individual physical health seemed to improve in 2013 compared to in 2005, but the perception of psychological status seemed to be worse, especially that of adults and young people; there were more general and specialised medical examinations, although the latter increased more among those who have greater economic resources, as did the number of diagnostic tests. In particular, a part of the Italian population gave up on health services and assistance and on purchasing medicines for economic reasons, except for treatments for children, and this happened more in the South than in the North.

The effects of the cyclical down turn on migratory processes and

mobility are much clearer. An initial effect is the drastic reduction in entry flows: this occurred with varying intensity and different characteristics during all the economic crises of the last century (Castles, 2009). Another expected effect is that some foreign citizens who had settled in the host country before the crisis were discouraged from staying in that country when it was in a recession and decided either to return to their home country or to go elsewhere. However, unless the host government makes decisive interventions to send them away, history shows that very few foreigners choose to leave a country where they have been working for many years. It is a different story for those who have only just arrived as it is easier to expel them. This is especially true for *low skilled migrants*, who are more likely to work without job security or protection: it is very difficult for this category to stay in a country hit by an economic crisis and they are also vulnerable in a social climate which is more likely to be poisoned by anti-immigration feelings in times of recession than in times of economic prosperity (Beets and Willekens, 2009).

The economic crisis has redrawn the European scenario regarding migratory flows, although numbers are still very high. Some countries, such as Spain, have experimented with a drastic reduction in entry flows during times of crisis, while others, such as Germany, have actually recorded increases in the numbers arriving from countries hit harder by the crisis since 2008 (Bertoli *et al.*, 2013; Strozza, Buonomo, 2014).

Italy is experiencing the twofold effect of a drastic reduction of the entry flows of foreign citizens and an increase in the emigratory flows of Italian citizens towards destinations with better economic and work prospects. Furthermore, the data relating to internal mobility seem to suggest the persistence of people moving from the South to the North of Italy.

The number of registrations from abroad has fallen from 558,000 in 2007 to 307,000 in 2013, while the regular entries of non EU citizens (new residence permits), though remaining at around 250,000, are less and less linked to work reasons and increasingly linked to family reasons, to political asylum and to other reasons. The result is that the non Italian population has grown more slowly during the crisis compared to previous years, remaining below 5 million at the end of 2013. In the last few years there has also been an increase in the number of people who have decided to move away from Italy, about two thirds of whom are Italian: between

2010 and 2013 the number of Italian emigrants rose from 46,000 to 82,000. They are often young people and graduates who generally move to other European countries, above all to Germany, United Kingdom, France and Spain.

Overall, in the examined period, the demographic structure of the Italian population has generally continued in the ageing process as a result of a further fall in the birth rates and in a situation in which the foreign component also seems to be less dynamic. According to the updating of the data from the latest census, at the beginning of 2014 there were almost 60,800,000 people resident in Italy, a population which is continuing to age (people of 65 years and over have risen from 20.2 to 21.4%) (Tab. 3).

*Tab. 3 - Age structure of the resident population by citizenship. Italy, January 1st 2008 and 2014.*

Age groups	Total		Italians		Foreigners	
	2008	2014	2008	2014	2008	2014
0-14 years	14.1	13.9	13.8	13.4	20.1	19.2
15-39 years	31.5	28.6	30.5	27.1	51.2	46.4
40-64 years	34.2	36.1	34.6	36.5	26.5	31.6
65-79 years	14.7	15.0	15.4	16.1	1.9	2.4
80 years and over	5.5	6.4	5.7	6.9	0.4	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Mean age	43.1	44.2	43.7	45.2	31.1	32.6

*Source:* Own elaboration on Istat data.

The role of the current economic instability is readable in these processes, although it is not completely clear since it influences people's behaviour and choices through complex mechanisms. Surely, it leaves marks that will continue to affect the Italian population in the years to come.

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