INTRODUCTION TO ITALY

King Victor Emmanuel II founded Italy as a nation state in 1861 when he united Sicily, Sardinia, and the regional states around the Italian peninsula. From 1870 to 1922, Italy’s political system was that of a constitutional monarchy with a parliamentary government, until 1922 when Benito Mussolini came to power and established Fascist rule, while retaining the king as the titular head of state. Mussolini’s alliance with Germany and the Axis powers during World War II came to an end in 1943, when he was ousted from political rule following the Allied invasion of Sicily in 1943, and the newly appointed Premier Pietro Badoglio declared war on Germany. A popular anti-fascist movement took place during 1943 until the end of the war, and a democratic republic was established post-war in 1946.

The Italian Parliament is comprised of two houses; the Senate (also known as the upper house) and the Chamber of Deputies. Executive power is held in the hands of the Council of Ministers, which is headed by a President. The President nominates the Prime Minister, and together, they nominate members of the Council of Ministers. Italy is a member of the European Union (EU), G-8, and the OECD, with their capital in Rome. Within peninsular Italy, two independent states exist: the Vatican State and the Republic of San Marino.

Italy’s industrialized economy is highly divisive; it is comprised of a developed industrial sector in the north, which is headed by private firms, and a less developed agricultural sector in the south, which is marked by high rates of unemployment and dependent on welfare. With a lack of raw materials, most of their resources are imported. The Italian economy is primarily supported by the production of goods by small and medium sized firms. Since joining the EU, as part of the EU membership conditions Italy has had to cap its yearly budget deficit to under 3%. However, given the current economic situation, the Italian government has had difficulty meeting this cap, and it is projected that the budget deficit will increase beyond 3% in 2010.
LABOR FORCE HIGHLIGHTS

- 48.9% of the total Italian population is in labor force (economically active population).  

- The economically active population is projected to increase from 50 million in 2008 to 51 million in 2020. The “economically active population” comprises all persons of either sex who furnish the supply of labor for the production of goods and services during a specified time reference period.  

- The unemployment rate went from 6.6% in the fourth quarter of 2007 to 7.1% in the fourth quarter of 2008.  

- In 2008, 71.2% of Italian employees reported to have worked 31 hours or more in a given week.  

- In 2008, 14.6% of the labor force was part-time.  

- 25% of the total civilian employed labor force reported being self-employed in 2008.  

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Figure 1a. Economically Active Population as Percent of Total Population - Selected Regional Countries, 2007

Source: ILO Bureau of Statistics

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48.9% of the Italian population is in the labor force, compared to 58.7% in Germany and 53.4% in Greece. (See Figure 1a)

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Figure 1b. Economically Active Population as Percent of Total Population (+15) - Selected GNI Countries, 2007

Source: ILO Bureau of Statistics

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The economically active population in Italy is around 48%, while it is 58% in Germany and 56% in France.

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http://www.bc.edu/agingandwork
In 2007 Italy had a male employment rate equal to 70%, slightly higher than the one observed in France and smaller than the one registered in Germany. The female employment rate was instead only 46%, the lowest rate among the countries considered.

In 2007 the employment rate in Italy reached its peak (76%) among individuals aged 35-44, even though it was not much larger than the employment rate observed in the age group 25-34 and 45-54.
The distribution of the employment rate within age groups follow similar patterns in all the countries considered. Germany is the nation characterized by higher employment rates while Italy’s employment rates are the lowest.

The economically active population is expected to increase in correspondence of all the age groups considered, the only exception being represented by individuals younger than 25.

Both male and female economically active population is expected to increase within the age group of individuals older than 45, and decrease in the age group of individuals aged 20-44.
ECONOMIC HIGHLIGHTS

- **Overall GNI per capita:**
  Gross National Income (GNI) per capita in Italy was $30,220 in 2007. This compares to $32,857 in France, $34,977 in Germany, $30,819 in Spain and $46,090 in the United States in the same year.\(^6\)

- **GDP growth:**
  Real GDP growth in Italy increased to 3.6% in 2000. It then dramatically fell to 0.1% in 2003 and 2005, and it increased to 1.9% in 2006.\(^6\)

- **Government Debt as a % of GDP:**
  Public debt as percentage of GDP in Italy touched its peak of 132.6% in 1998. After 1998 Italy experienced a constant reduction of public debt in percentage terms. Government debt was 113.2% of GDP in 2007.\(^6\)

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**Figure 6. GDP Growth, Regional Comparisons, 1995-2006**

GDP growth in Italy has been the lowest among the countries considered from 2004 to 2006.

**Figure 7. Total National Debt as Percentage of GDP, selected Regional Countries, 1995-2007**

Italy's national debt has been constantly and by far the highest among the countries considered.

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Source: OECD Factbook 2009: Economic, Environmental and Social Statistics\(^6\)
DEMOGRAPHIC HIGHLIGHTS

- Population size:
  In 2008, the Italian population was 58,851,000, compared to 61,840,000 for France, 82,772,000 for Germany and 44,311,000 for Spain. The total population in the 27 EU countries is 497,482,000 while total population in OECD countries amounts to 1,186,728,000 in the same year.

- Ethnic composition:
  The Italian net immigration rate per 1,000 inhabitants reached its peak in 2003 when it was equal to 10.6. In 2006 it was 6.4. In comparison in Spain it was 14.2, 1.5 in France and 0.3 in Germany in the same year.

- Fertility rate:
  Total Fertility rate, indicates the number of children to be born to a woman during her reproductive span of her life. Total fertility rate for Italian women is 1.35 children per woman. The French fertility rate is 1.98, while the Spanish and German ones are respectively 1.38 and 1.33.

- % 65+:
  In Italy the ratio of population aged 65 and over to the total population is 20.3 in 2008. This ratio is 16.5 in France and 20.1 and 17 in Germany and Spain respectively, in the same year.

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**Figure 8. Median Age, by Gender, 2008**

![Bar chart](http://www.bc.edu/agingandwork)

Source: The World Factbook, 2009

**Figure 9. Life Expectancy at Birth, 2008**

![Bar chart](http://www.bc.edu/agingandwork)

Source: The World Factbook, 2009
Population distribution of Italy

- The distribution of the Italian population in 2008 is characterized by a high concentration of the population in the age group 30-54, for both males and females. The female population is also highly concentrated in the wage group of individuals older than 80. Similar population distributions are observed for France and Germany in the same year (see Fig. 10a-10b-10c).\(^7\)

- Over time it is expected a constant increase in the population density in the age group of individual older than 75. We expect a dramatic increase in the average age of the population (including males and females), that should become evident by 2050 (see Fig. 10d-10e).\(^7\)

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**Figure 10a. Population Distribution of Italy, 2008.**

![Population Distribution of Italy, 2008](image)

*Source: U.S. Census Bureau, International Database\(^7\)*

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**Figure 10b. Population Distribution of France, 2008.**

![Population Distribution of France, 2008](image)

*Source: U.S. Census Bureau, International Database\(^7\)*
Figure 10c. Population Distribution of Germany, 2008.

Source: U.S. Census Bureau, International Database

Figure 10d. Population Projections, Italy 2020

Source: U.S. Census Bureau, International Database
Figure 10e. Population Projections, Italy 2050

Source: U.S. Census Bureau, International Database
REFERENCES


Isabella Blengini, a doctoral student in the Economics Department of Boston College. Her research focus is on international economics. She has been studying issues related to human capital endowment and quality of production, capital flow dynamics and financial crises.

Established in 2007 by the Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute’s research, publications, and international forums contribute to:

- a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

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