

Chapter 5

FEMALE LABOUR FORCE PARTICIPATION AND MARITAL FERTILITY IN ITALY

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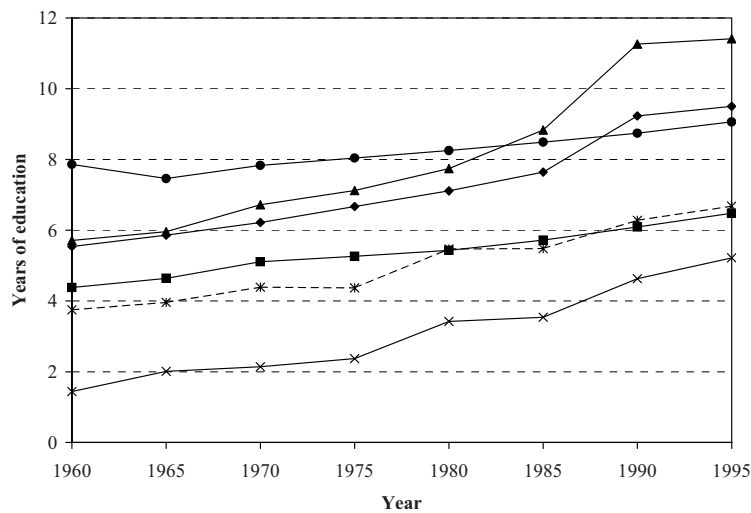
1. INTRODUCTION

Italy has very low female labour force participation (LFP hereafter) and fertility rates. Both phenomena have recently drawn the attention of many researchers and policy makers since they are likely to have very important economic consequences. On the one hand, low fertility rates, well below the population replacement level, have caused a progressive ageing of the Italian population, and the social contributions paid by current workers are becoming insufficient to finance the pensions of retired workers, causing huge problems of sustainability of the current pension system. On the other hand, unlike other European countries, in Italy female labour force participation rates are increasing very slowly, and this fact contributes to exacerbating the problem of the progressive lack of manpower related to population ageing.

Some of the causes for the low LFP and fertility of Italian women that have been put forward are related to the specific characteristics of the Italian labour market and the Italian welfare system (see Del Boca, 2002b). As to the low female participation (in 1999 more than one out of two women were out of the labour market), it is often stressed that the Italian labour market is heavily regulated and characterised by high levels of employment protection and rigidity. According to an OECD (1999) study Italy ranks¹ between 3rd-5th out of 15 countries as to strictness for individual dismissal, 2nd-3rd as to strictness for collective dismissals, 2nd for strictness of temporary employment regulation and 3rd for overall employment protection.² The hiring system and the very strict firing rules have negative effects especially on the employment rate of particular segments of the labour market, such as young, female and old workers and also contributes to the high long-term unemployment rate. Moreover, part-time work, which may contribute to reconcile family and market work is scarcely diffused in Italy compared to other countries.³ Eurostat (1999) reports that in 1998 in Italy only 10.1% of employed women worked part-time. The

Italian welfare system, in the taxonomy of Esping-Andersen (1990), is a “conservative regime” in which the State, the market, and other institutions, typically the family and the church, share responsibility for citizens’ welfare. In such regimes, women are traditionally the main responsible for child rearing and are only marginal to the labour market. The system of provision of public child care is characterised in Italy by constraints in terms of both number of hours of care provided and number of places available (see Del Boca 2002c). As documented by Del Boca (2002b) public child care is also the only form of formal child care that is likely to be affordable by many families: in the Italian Survey of Households Income and Wealth (*Indagine sui Bilanci delle Famigli Italiane*, ISHIW hereafter) 1993 data the monthly costs were about € 229 and € 110 for private and public child care, respectively, related to children aged 0-2. As to the low fertility rates of Italian women some possible economic causes may be related to the high cost of child rearing.⁴ The institutional rigidities reported above contribute to make it difficult to conciliate family with market work and might push women to withdraw from the labour market in the case of child birth, which has therefore high

Figure 5.1. Average years of education per woman aged more than 14 in some European countries



Source: Barro and Lee (2001).