

ITALIANS OF TODAY AND TOMORROW: AWARENESS OF NEXT SCENARIOS AND SEARCH OF NEW EQUILIBRIUM

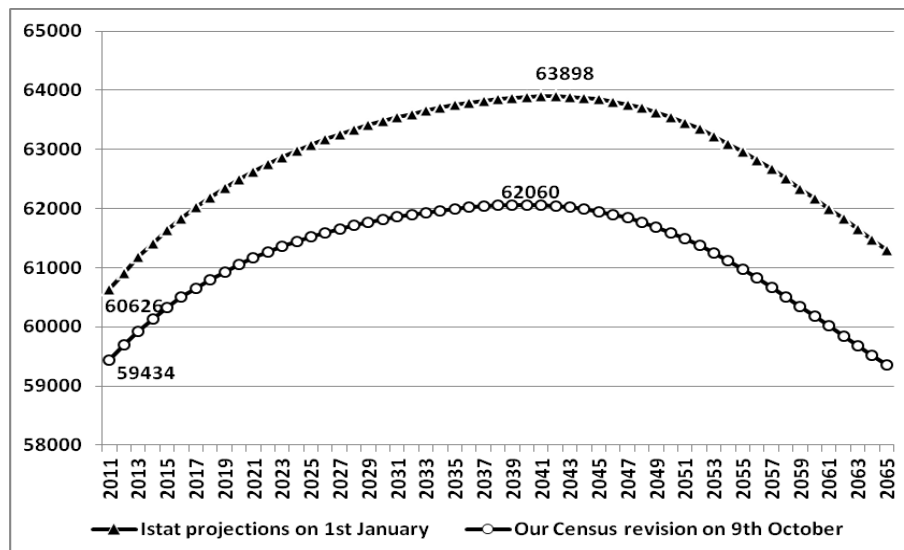
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1. The demographic parabola

After twenty years of substantial stability, at the turn of the new century the Italian population has again started to grow: from 57 million residents in the 2001 census to nearly 60 million in the 2011 one.

The average annual growth rate 2001-2011 is increased to 0.42 per cent, as in the seventies, and the latest projections suggest a further growth periods for at least two/three decades.

Figure 1 – Resident population in Italy: 2011-2065 (thousands)

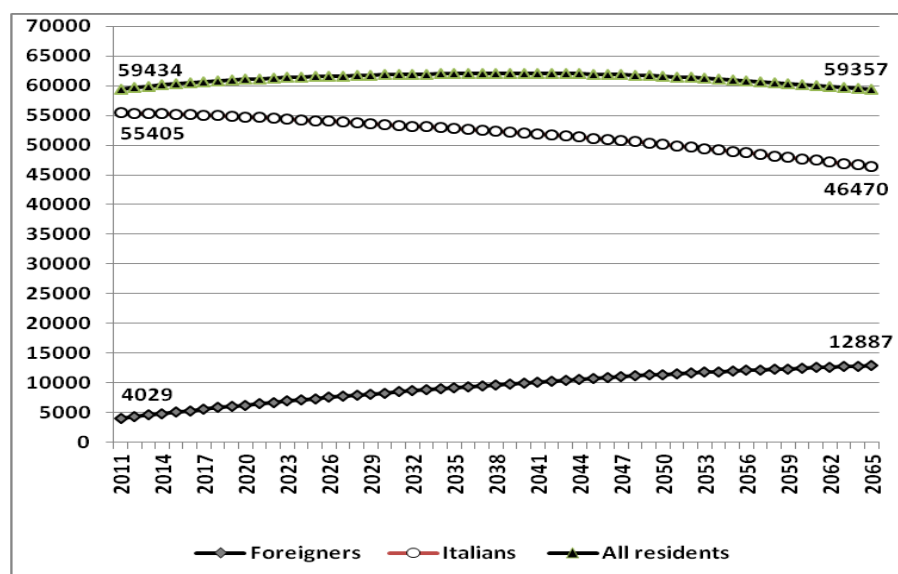


Source: Istat projections 2011 according to our census revision

Eventually, even after reviewing the estimates for the future, according to the corrections due to the outcomes of the last census, on 9th October 2011¹, the whole population will reach 62 million in 2036 and its maximum, only slightly higher, in 2040. By then the Italian population will begin to decrease and will be addressed to fall under 60 million habitants in 2062. So that, in half a century, the demographic parabola will be completed.

Actually it must be pointed out that the recovery of the Italian population can be entirely attributed to the support of immigration. The foreign residents were 1.3 million in the 2001 census and they rose to 4 million in 2011. Also in the next decades the Italian demographic vitality will be supported by immigration flows. In fact from 2011 to 2065 the Italian citizen residents will decrease by nine million units (from 55.4 to 46.5) while the foreign residents will increase nearly by the same amount (from 4 million to 12.9).

Figure 2 – Resident population in Italy by citizenship: 9th October 2011-2065 (thousands)



Source: Istat projections 2011 according to our census revision

However the contribution of foreign immigration will not be enough to ensure stability with respect to birth cohorts. It is expected that the symbolic annual

¹ As usual, the census count shows less residents than the Official statistics through the population register. In 2011 census the difference was about 1.2 millions. As a consequence, also the population projections, whose basic reference was the Population Register, must be reviewed (on reduction) according to the new census basis.

threshold of half a million births will not be reached, first moderately in the course of the next '20s, then more sharply from 2049. It is estimated that in 2064 the births will be lower by 9% than today. The growth of the foreign-born, destined to double (even if the corresponding population tripled!), will not be enough to offset the sharp decline in the Italian births: -127 thousand between 2012 and 2064 (-27%). Therefore it is not surprising that the biggest challenge facing the Italian population in the coming decades will be ageing: a phenomenon that in the past few years has already increased strongly and that in next scenarios, beside the falling of births, will be a consequence of a longer life (survival effect), and of the entrance of the “baby boom” generations, born after World War II, among the elderly (structural effect).

2. Towards an ageing society

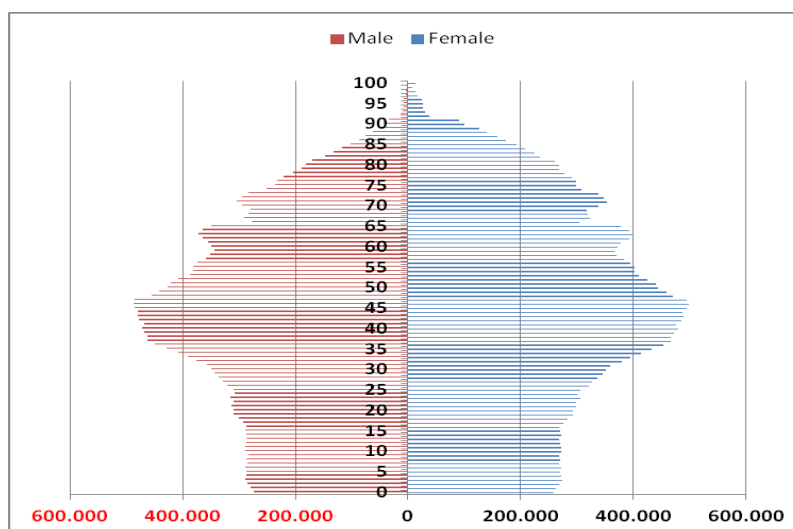
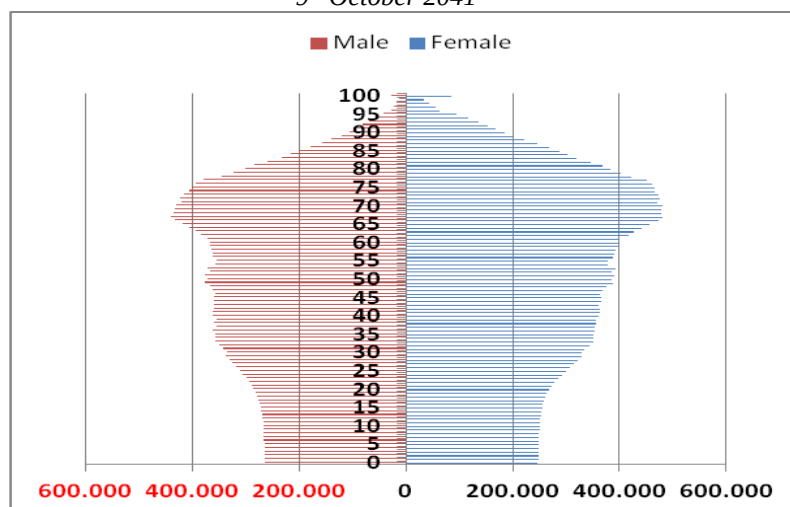
The view of ageing is widely reflected in the comparison of the age pyramids of 2011 and thirty years later. In thirty years the group most represented in the age structure of the Italian population will be that of the seventies.

The dependency ratio $D_R = [\text{Population}_{65+} / \text{Population}_{20-64}]$ that, through the relationship:

$$\text{GDP}_{\text{for pensions}} / \text{GDP}_{\text{as a whole}} = [D_R] \{ (AP) / [(GDP/Em\text{ployed}) * (Em\text{ployed}/Active)] \},$$

can be linked to the share of GDP absorbed by pensions ($\text{GDP}_{\text{for pensions}} / \text{GDP}_{\text{as a whole}}$) – together with the average amount of pensions (AP), the productivity per capita ($\text{GDP}/\text{Em\text{ployed}}$) and the employment rate ($\text{Em\text{ployed}}/\text{Active}$) – will tend to double in the next thirty years: from 35% in 2011 to 62% in 2041. This means that, *ceteris paribus*, the share of GDP for pensions will also double. Actually it does not realistic to believe that the strong increase of the ratio of aged to active population will be offset by a similar increase in the productivity and/or in the employment rates. Nevertheless no compensation would be possible through a reduction of the average level of pensions, so that the only valid response to the sharp increase in the relative weight of the elderly component could come from a parallel growth in economic development: a goal as much desired as difficult to achieve, nowadays more than ever.

However, the consequences of demographic ageing are not only related to the economic and social welfare. To pay pensions - not to mention the other great theme of survival of health care system- is certainly a major challenge but it is not the only problem connected to demographic change to be managed.

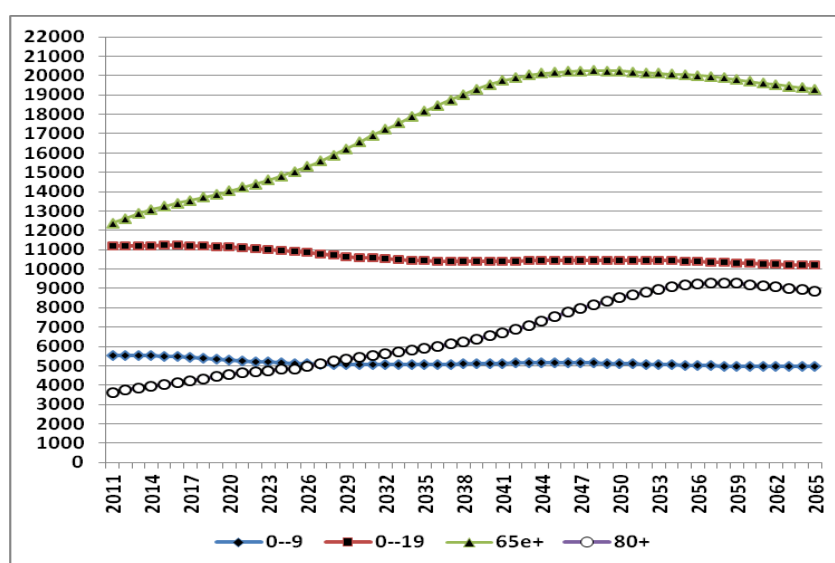
Figure 3 – Resident population in Italy by sex and age, 9th October 20119th October 2041

Source: Istat projections 2011 according to our census revision

It should not be underestimated even the new reality that is emerging in terms of the weight of generations and the relationships between them. While few years ago we have seen the overtaking "of grandparents on grandchildren" (since the beginning of the century the population aged 65 and over is greater than that with

less than 20 years), in a very near future we will see the overtaking of "the great-grandparents on great-grandchildren": since 2028 the population aged 80 and over will be largest than those with less than 10 years (CEI, 2011).

Figure 4 – Resident population in Italy: old and young (thousand)



Source: Istat projections 2011 according to our census revision

Therefore in a society destined to live similar transformations, building awareness of the new problems and foster the ability to face them with the tools and the attitudes that are more suitable become essential.

3. Four issues to deal

In light of the ongoing demographic dynamics that induce social, economic and cultural changes, some points are worthy of attention.

3.1. A productive potential more and more weak

The first point that should be addressed concerns the economic issue and, in particular, the analysis of the labour force potential with which the country will be called upon to face the new equilibriums in the coming decades.

According to the *potential demography* approach (Blangiardo 2012; Blangiardo and Rimoldi, 2012) the demographic asset that will shape the future of the Italian population - considering both the current mortality conditions (and the corresponding life expectancies) and the age distribution of the population - can be valued in nearly 2.4 billion life-years as a whole. The decomposition of this figure at different stages of the life cycle of the Italians highlights 1.3 billion years life to be spent in working age, a little over 900 million in retirement age and a little more than 100 million in school-age or training.

Actually the demographic structure of residents in the 2011 Italian Census (assuming 20-66 age group as active) provides a “potential” dependency rate of 69%, about double what you would get through the ratio of the population aged 67 and over (the elder) and the population 20-66 year old (the actives) .

Table 1 – *Demographic assets of the Italian population for specified stages of the life cycle according to the structure by age and sex at the 2011 Census and on 1st January 2031 (in millions of life-years)*

Target population	Steps of the life cycle			
	Education Age 0-19	Job Age 20-66	Retirement Age 67+	Total All ages
Residents at 2011 Census	116.3	1335.3	926.9	2378.5
Whose foreigners	11.9	127.7	66.4	206.0
Residents on 1 st January 2031	111.5	1292.2	1146.1	2549.7
Whose foreigners	24.8	260.7	183.6	469.1

Source: Own processing on data Istat

On the other hand, no improvement can be expected in the future. In 2031, the demographic asset of the Italian population will have grown to 2.5 billion life-years, but the share to be spent working age will have dropped by 3.2%, while the share to be spent in retirement age will have risen by 23.6%.

Not even the contribution of the foreign population can be considered capable of modifying the signs of weakness of the productive structure of the resident population in Italy. In 2011, their age structure shows a “potential” dependency rate of 52%, destined to rise to 70% in 2031.

3.2. Problems of welfare

On the level of welfare in the scenarios for the future two aspects seem particularly important to merit careful consideration. The first concerns the

household transformations that are connected to the ageing process of the population.

Over the next twenty years, the population aged 85 and over shows, in the context of an increase of 1.2 million units, a rise of 600,000 singles: a condition which, in the course of old age, inevitably leads to frailty (physical and psychological) and dependence.

It is even more worrying to note that the growth of lonely old people is more intense for the male component (+102% for men compared to 62% for women), i.e. in correspondence of those who, very often, have less aptitude (and habit) to live in independent condition.

Table 2 – Population over 85 resident in Italy by household position

	Single	Couple	Couple & children	Sole parent	Others	Total
Male						
2011	177	231	48	11	37	504
2031	359	465	96	22	77	1019
Female						
2011	696	165	24	68	215	1168
2031	1122	263	38	108	344	1875
Total						
2011	873	396	72	79	252	1672
2031	1481	728	134	130	421	2894

Source: Osservatorio Nazionale sulla Famiglia. 2012

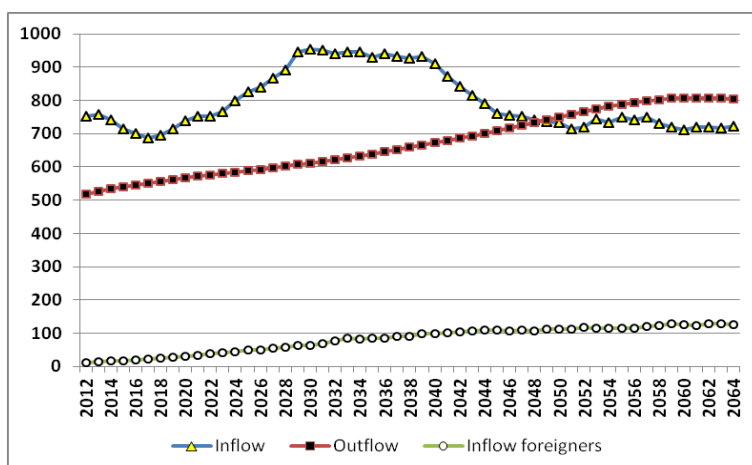
A second observation on the problematic aspects of welfare comes from the analysis of the process of growth of the elderly population. Considering the annual number of inputs and outputs from the population aged 65 and over, the former, up to about the middle of this century, will be much greater than the latter. The difference, now nearly 100,000 units, is going down in the next five years but then it will begin a rapid climb to reach nearly 400,000 units around 2030.

In this regard, it may seem surprising that the peak of inputs observed in 2030 (related to the baby-boom of 1965) does not show in the following years the expected decline that should be related to the fall in the birth rate after 1965. Actually, the flows input into the elder population will be stable above 900,000 units annually till 2040, because of the growing support by the foreign people who will reach age 65.

This contribution may be referred to as "ageing imported". In fact if we compare the expected flows - on the basis of birth 65 years earlier (and taking account of survival) - with the corresponding actual values, there is a constant imbalance (more flows observed than expected) that will arrive to exceed 200,000

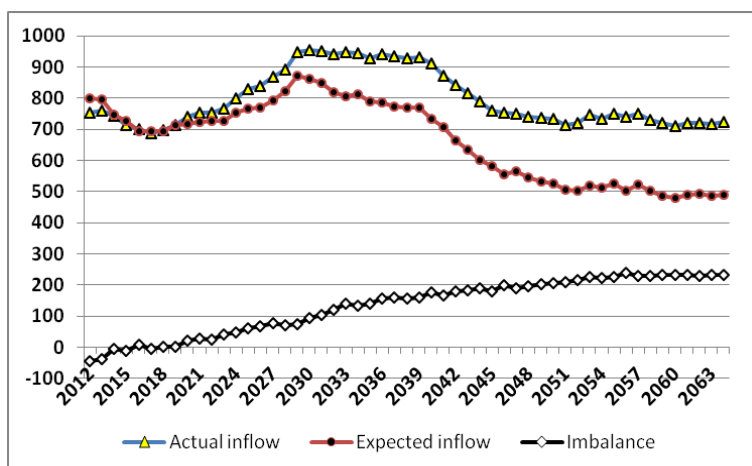
units annually. Such imbalance is higher than the corresponding inflow of foreign people 65 years old owing to the previous acquisition of citizenship by numerous immigrants that will reach the older ages as Italians.

Figure 5 –Population flows over 65 in Italy: 2012-2064 (thousands)



Source: Own processing on data Istat

Figure 6 – Actual and expected inflows into the population over 65 in Italy:2012-2064 (thousands)



Source: Own processing on data Istat

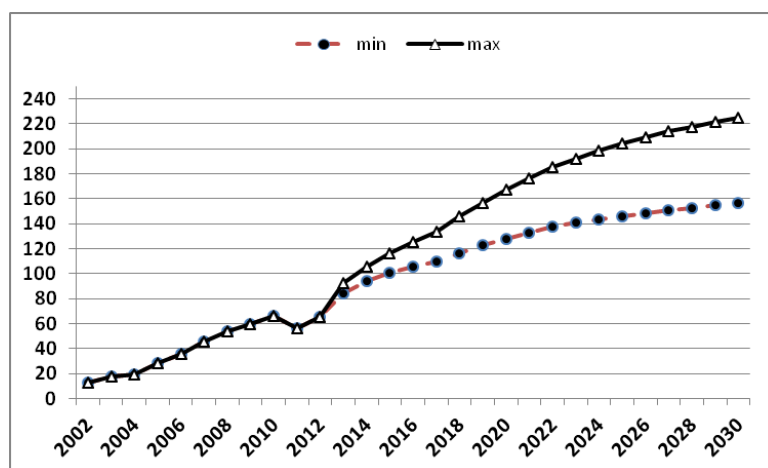
An important consequence of the "ageing imported" on the welfare system in coming decades is that it seems very likely that this new category of older people will have had a particularly difficult contribution to pension. These are often people who have had a regular job in mature age (normally with low wages), and therefore they could have paid contributions that are not sufficient to secure an adequate retirement. Eventually, it will be a task for the social security system (with costs on general taxation) provide them the necessary support to a dignity life.

3.3. The new Italians

The theme of the new Italians is now further considered as the third point of study of the socio-demographic change.

It should be noted that since the beginning of the century about half a million foreigners have become Italians and it is estimated that from a minimum of 2.3 to a maximum of 3 million will follow the same path within 2030 in the absence of legislative changes (Blangiardo, Menonna, 2011). On the other hand, the 50-60 thousand annual acquisitions that have been recently recorded are likely to be affected, even if the rules of naturalization should not change, by the progressive maturation of the right to apply for citizenship by a part of a growing number of foreign residents.

Figure 7 – Acquisition of Italian citizenship recorded in 2002-2012 and estimated for 2013-2030 on unchanged legislation (thousands)



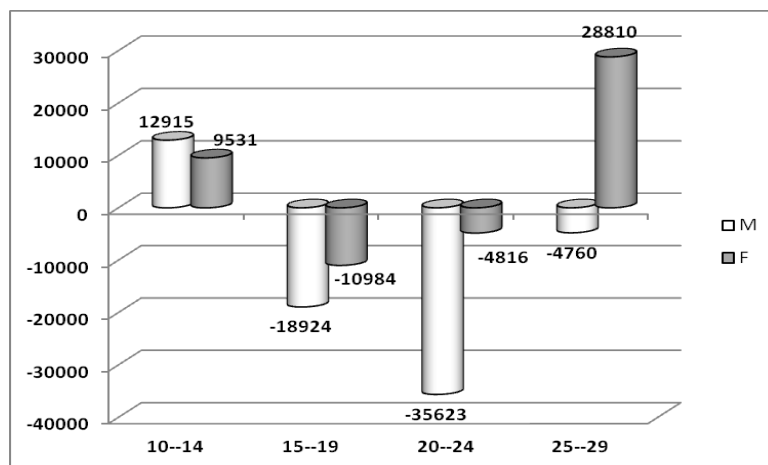
Source: Own processing on data Fondazione Ismu-Ministero dell'Interno

Further significant contributions will be available if some changes of regulation with respect to the granting of citizenship will be introduced. Appropriate simulations show that the reduction from ten to eight or five-year period of residence required for naturalization would result in an annual increase of citizenship requests granted amounted respectively to 12,000 and 28,000 units in the next five years and 5,000 and 13,000 in 2026-2030 (Blangiardo, Menonna, 2011). The acquisition of new citizens could grow further, until reaching well 257,000 units per year in the period 2026 to 2030 if *jus soli* for those born in Italy will introduced. The annual flow will be only slightly lower (244,000) if it is subordinate to the five-year residence at least one parent.

3.4. Lost young

Italy has become an immigration country but while thousands of people move towards its territory, an important flow of Italians, mostly young, go along the reverse path. The comparison between the populations with Italian citizenship at the time of the two most recent censuses emphasizes a significant number of missing units. If the Italian citizens aged 15-19 at 2001 census are compared with those 25-29 year olds in the 2011 census they show a reduction by approximately 30,000 units. And the unbalance rises to 40,000 if we consider the comparison between those aged 20-24 in 2001 and 30-34 in 2011.

Figure 8 – Balance of young residents with Italian citizenship 2001-2011 by gender



Source: Own processing on data Istat

This is in contrast with the positive balance for the younger (10-14 year old in 2001) and women aged 25-29. But it should be considered that in the past decade 383,000 people (of which 56% females) have become Italians, by naturalization or marriage. This explains the surplus of women (the effect of becoming "Italian by marriage") and younger (the effect of "citizenship on the 18th birthday or acquired by the parents"), but also underlines how the balance in the two central classes is negative despite the contribution of young foreigners who have become Italian. Eventually, considering also such contribution it can be estimated that the "net loss" of young Italians in the decade 2001-2011 goes well beyond the 100,000 units as a whole.

4. Conclusions

In a country that is going through a phase of demographic temporary recovery only due to the contribution of people from abroad, the open questions are still several and important. More than thirty years of fertility below the level of replacement left deep changes in the age structure of the Italian population that can hardly be erased. The demographic future of Italy demands new equilibrium in the economy and in society. We must avoid the illusion that immigration can magically solve every problem. The weakening of the productive potential and the growing demands on the front of the welfare state are two indisputable facts from which we should move to re-build a social project. A project that must be able to give an opportunity to two fundamental components for the future of Italy: the new Italians that - with or (still) without citizenship - provide an essential contribution to the economy and the social fabric, and the young natives. The latter are already a scarce resource that, as we have seen, paradoxically we risk losing.

Only if knowledge of demographic change will create awareness of the problems and move us into action, it will be possible to reach a new equilibrium capable of responding adequately to the challenges of the demographic change without lowering the quality of our lives.

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SUMMARY

The recovery of demographic vitality that, supported by foreign immigrants, has recently affected the Italian population seems to be oriented to run out, following a parabola that will have its maximum with 62 million residents estimated for 2036.

At the same time, changes in the age structure and population ageing will be consolidated and will produce significant changes in the economy, in the welfare state and in the intergenerational networks.

Trusting that migration can't be the magic solution to all our problems, it is necessary to take note of the emerging difficulties - of which the weakening of the productive potential and the growing demands on the front of the welfare offer eloquent examples - to build a new social project. In this sense, seem to enhance priority two components that are essential for our country's future: the "new Italians" (with or without citizenship), which provide an essential contribution to the economy and the social fabric, and the young natives: a resource already scarce that, through the resumption of emigration "of quality", we risk to lose more and more.

Only if knowledge of demographic change will create full awareness of the problems, so as to induce coordinated and effective actions, it will be possible, through new equilibriums, respond adequately to the challenges of demographic change without any negative impact on the quality of life.