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CHILD POVERTY AND CHILD WELL-BEING IN ITALY

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Abstract

Child poverty matters directly as children constitute a large share of the population and indirectly for future individual and national well-being. Measures of child poverty are dominated by income-poverty, although education and well-being are now often included. Data in the most recent international and EU reports indicate that Italy performs worse than most developed countries in this respect, in spite of the extremely low fertility rates.

The purpose of this report is to examine several dimensions of relative and absolute poverty among children in Italy in a comparative framework and explore the factors underlying this, which are mainly related to the nature of the labour market, and the structure of the welfare state. The two main groups of households at risk of poverty are single parents (especially if women) and large families with three or more children. The high child poverty rate in Italy is partly determined by the combination of rigidities and limitations of labour market opportunities especially for women (particularly mothers because of limited childcare services and the low support for households with children). The analysis of the impact and effectiveness of recent policies show that public intervention did not have a significant impact in reducing child poverty rate.

Keywords Children Poverty Social Policies
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Introduction¹

Most international reports show that child poverty rates increased over recent years in European countries where income distribution has become more unequal. Data in the UNICEF Report (2007) indicate that Italy performs worse than most developed countries in this respect as well as there being marked differences across regions. The report highlights the positive relationship between government spending on family and social benefits and child well-being, showing how countries which have implemented specific policies to combat child poverty are those with the best record.

As regards recent trends, the ECHP (European Community Household Panel) data show that in the second half of the 1990s (from 1996 to 2001) the risk of poverty among children remained relatively stable at around 20% in the EU-15 while it tended to decline slightly, from 17% to 15%, among the population as a whole. In the three Southern European countries, including Italy, the risk of poverty rates among children remained at around 25%².

Data from the EU-SILC introduced to replace the ECHP cannot be compared with data from the latter, especially in terms of levels of the risk of poverty. It is, however, worth noting that the *relative* ranking of countries in 2004 in these terms was similar to that in the late 1990s with the exception of countries that had implemented significant measures to reduce child poverty.

The OECD also recently compiled data from national sources in order to estimate trends in poverty rates since the early 1990s³. These show that in a number of countries, including in Italy, the gap between child poverty and overall poverty rates widened in the late 1990s and early 2000s⁴.

The purpose of this report is to examine several dimensions of relative and absolute poverty among children in Italy and explore the factors underlying this, which are mainly related to the nature of the labour market and the structure of the welfare state. On the one hand, there are fewer job opportunities for women (especially with children) in Italy than in other countries, which tends to reduce family income, on the other hand, the welfare state devotes most resources to pensions and provides only limited support for families with children (low availability of childcare for young children and very little financial support).

The next section describes the main characteristics of children at risk of poverty in Italy as compared with those in other EU Member States, using the most recent data from the EU-SILC (2007). Section 3 considers trends and the persistence of child poverty across Italian regions. Section 4 examines additional information provided by the new ISTAT absolute poverty measure. Section 5 examines another dimension of children poverty which is related to the human capital of children. Section 6 reports on data and empirical results as regards childcare opportunities and the links with parents' employment. Section 7 contains a brief summary of the new policy initiatives adopted in Italy to reduce poverty and their potential limitations. Section 8 concludes the report.

¹ I thank Anna Laura Mancini, Chiara Noè and Silvia Pasqua (CHILD-Collegio Carlo Alberto) who have contributed to the report.

² This comparison cannot unfortunately take account of the fact that the underground economy tends to be larger in southern European countries especially Italy and Spain, which means that the official income figures understate the true figures significantly, though whether the under-recorded income is larger at the bottom end of the income scale than the top is uncertain.

³ The OECD uses a different definition of relative income poverty based on 50% of the median disposable income, and on a different equivalence scale, which implies that levels and trends in poverty based on this definition might differ to some extent from levels and trends calculated using the EU-SILC.

⁴ A major difficulty in undertaking poverty analysis at the individual level arises from our ignorance of intra-household distribution. While not the focus of this report, it is important to take account of the role of joint consumption, externalities and the lack of information about the allocation of income and the goods and services purchased within the household in generating "a veil of ignorance" over the intra-household distribution of welfare (Ravaillon, 1996, Peluso and Trannoy 2007).

1 The nature of child poverty and the underlying factors

In Italy, some 25% of children are at risk of poverty according to the latest data (2007 EU-SILC). This proportion is higher than among the population as a whole (20%) and much higher than the average proportion of children at risk of poverty in the EU-25 (19%). Moreover, the difference between the risk of poverty for children and for the overall population is wider in Italy than in the EU as a whole.

So far as household composition is concerned, there are two main groups of households at risk of poverty: lone parents (34%)⁵ and large families with three or more children (42%). Though the risk of poverty among the first is slightly below the EU average (37%), the risk among large families is much higher than the EU average (24%). While, therefore, 15% of children live in households with more than three children, the risk of poverty for them is over 50% higher than for other children. For children of lone parents, the risk of poverty is also much higher than for others, but these account for only around 8% of children, lower than the EU average (11%)⁶.

Table 1 - At risk of poverty rate of children (%) by household characteristics

	Italy	EU-25
All children	25.4	19.1
Single-parent household	34.0	37.0
Two adults with 3+ children	42.0	24.0
Jobless household (work intensity = 0)	79.0	68.0
Work intensity = 0.5	35.0	24.0
Mother <30	41.0	27.0
Mother low education	40.0	36.0

Source EU-SILC 2007

The EU-SILC data also indicate that the risk of poverty increases with the age of children (older children are more likely to have siblings and the number of children accordingly increases their risk of poverty).

The risk of poverty of children is also related to the age of the parent: slightly more than 40% of children whose mother or father is below 30 are at risk of poverty, again 50% higher than for children on average, reflecting the relationship between a parent's age and their earnings.

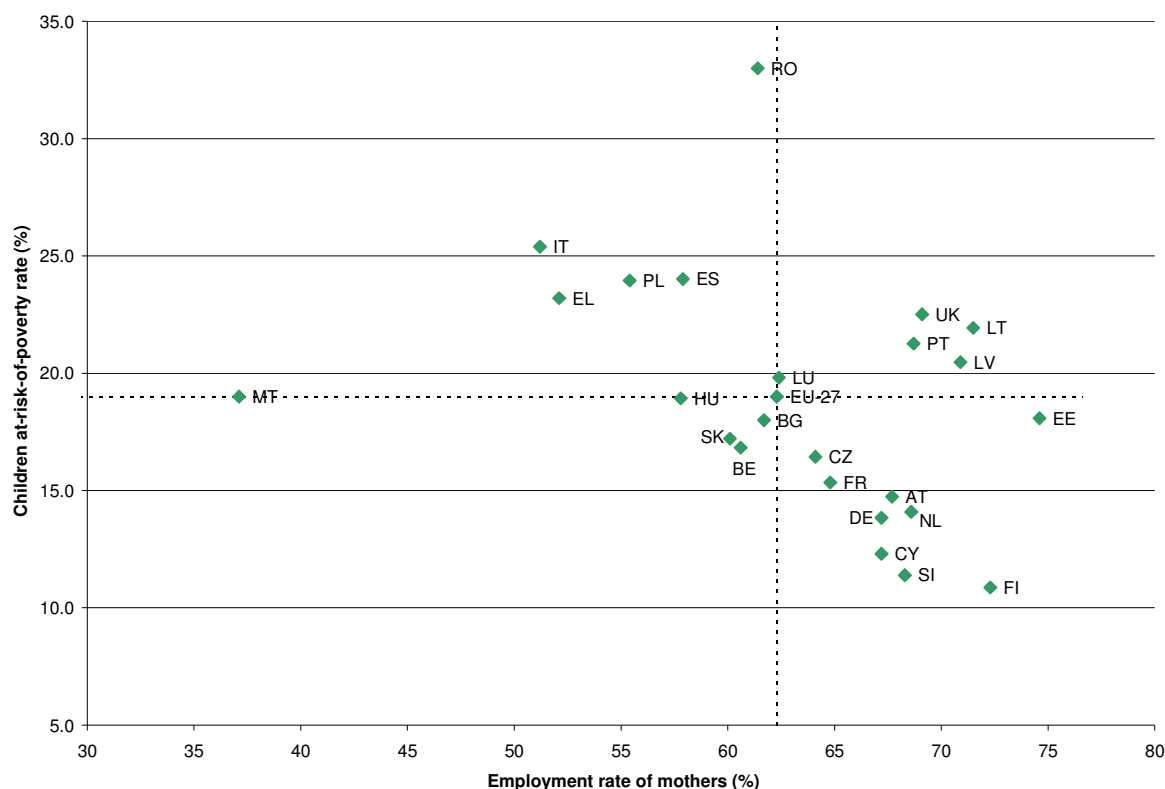
The at-risk-of-poverty rate reaches 41% among children whose parents were born outside the EU, which is significantly more than the overall rate for children (25%). The rate is particularly high among lone parent families (72%) and jobless households (91%). Though the effect of transfers in reducing the risk of poverty for children living in a migrant family is higher than the overall effect (the at-risk-of-poverty is reduced by 17 percentage points as a result of transfers), there is no specific policy measure targeted at migrant children.

The risk of poverty is closely related to the employment rates of mothers, or more precisely, to their non-employment rates. In most countries identified among the best performers with regard to child poverty, mothers' employment rates are over 65% (Del Boca Pasqua Pronzato 2009 and Aliaga 2005). Graph 1 below shows that Italy is among the countries with both the highest risk of poverty among children and the lowest employment rate of mothers.

⁵ The risk of poverty of children living with lone parents is higher in families where the lone parent is the mother. Living with a single mother indeed increases the risk to 37% (in line with the EU average) compared to only 20% for those living with a lone father (the latter share however needs to be interpreted with caution in all Member States because of the small sample size).

⁶ Brandolini and Saraceno (2007) show that the share of young lone mothers is low in Italy, noting that the figure might be underestimated, since in most cases young unmarried mothers tend to live with their parents.

Graph 1 - Employment rates of mothers and children poverty



Source: EU-SILC 2007 (income reference year 2006), LFS.

At-risk-of-poverty rates are own estimations based on EU-SILC 2007, with the exception of BG, MT, RO, EU-27 for which EUROSTAT figure were used.

In the EU as a whole, the employment rate of women with children is lower than those who do not have children (62%, against 70%); but in Italy it is much lower (53% against 60% and 34% with 3 or more children).

In order to understand better the extent to which parental employment is the key to raising the income of households to adequate levels, we need to examine the extent to which people of working age in households are employed and whether, if so, they work part-time or full-time, throughout the year or only for a part of the year. From this, a work intensity index can be calculated for households defined in relation to the employment situation of all working-age members over the income reference period (12 months). A work intensity of 1 refers to households in which all working-age adults are working full-time over the whole year, and a work intensity of 0 corresponds to a “jobless” household where no one is working. Values in between indicate the extent to which those in the household are working part-time or only for part of the year.

Italy is marked by a very high level of in-work poverty: almost 60% of children at-risk-of-poverty live in households with work intensity of 0.5 or over – i.e. where at least one person is employed full-time. The at-risk-of-poverty rate of these children reaches 18% (6 percentage points higher than the EU average, with only Spain having a higher rate). Among children living in households at risk of poverty where someone is employed, some particular groups face a greater poverty risk (above 32%): those living in large families, those with parents born outside the EU, those with low educated parents and those living in the South of the country – though, of course, these groups overlap to a large extent.

Children at risk of poverty despite at least one of their parents working constitute the central challenge for policy in Italy. Their characteristics are as follows:

- 48% live in households with 2 adults and 2 dependent children and 26% live in large families (with 3 children and over).
- More than half (53%) have low educated parents, i.e. no education beyond basic schooling which is 20 percentage points higher than among all children.

- 14% live with parents born outside the EU, i.e. twice as much as among the total population of children.
- Almost half live in Southern Italy which is a significantly large proportion than their share of all children living in this part of the country (27%).
- Most of their family income comes from earnings (88%). However, income from self-employment accounts for just over a third of total income, which is larger than the share for all children (23%). This suggests that in-work poverty in Italy is partly related to small businesses which cannot provide sufficient earnings for those concerned to prevent them income from falling below the poverty threshold.
- 79% live in a household with only one breadwinner (the father in 95% of the cases).

Children living in households with weak labour market attachment (whose work intensity is below 0.5) also have a relatively high risk of poverty. Such children account for 12% of all children, but their at-risk-of-poverty rate is particularly high since more than half (54%) were threatened by poverty in 2007, which is twice as high as the overall child poverty rate (25%) and significantly higher than the EU average (42%). Among children at-risk-of-poverty living in households with low work intensity, 44% are aged 12-17 and 70% have low educated parents.

One of the main challenges for the government is therefore to increase participation in the labour market with a specific focus on mothers. This can be achieved by, in particular, increasing the supply of public childcare facilities (in terms of both the number of places and the length of time they are open) and by promoting flexible working arrangements. A complementary measure would be to increase significantly the income support to low-income families with children. Apart from a short childcare programme (*Piano straordinario nidi* – see below) in 2006 and the implementation of two new social benefits of a limited nature and amount (the *Bonus famiglia* and the Social Card – see below) in 2008, the authorities have not taken any significant action in this direction.

1.1 The dynamics of child poverty

The way the risk of poverty has changed over time is also important. According to data from Italian National Institute for Statistics (ISTAT), the risk of poverty among families with children seems to have been relatively stable (around 13-15% during the period 1997-2007. It has, however, increased among families with three children or more⁷ (from 26.3% in 1997 to 27.8% in 2007). The corresponding shares are much higher in the Southern regions: from 36% in 1997 to 37.9% in 2007, though the increase has been similar.

It is also important to look at the duration, or persistence, of poverty among children. The “static” approach measuring the spread and intensity of poverty at a given moment in time should be supplemented by a longitudinal analysis of individual experience to indicate how long children remain at risk of poverty, since the policy significance is very different if children remain for only a limited time with income below the poverty threshold than if this is a permanent, or almost permanent, state of affairs. The longitudinal data available from the EU-SILC for the years 2003-2006 throw light on this issue. According to these data, some 19% of children who were at risk of poverty in 2006 were also at risk in at least two of the preceding three years. Accordingly, around three-quarters of those with income below the poverty threshold had income this low for three of the four years for which data are available, which indicates that it is difficult for households with children to increase their income above the poverty threshold once it falls below.

The results of calculating the persistent risk of poverty from the EU-SILC data are broadly in line with those of a study by Devicienti and Gualtieri (2007), who used the panel aspect of the ECHP to examine in parallel the dynamics of a number of alternative definitions of poverty⁸. Income poverty, they defined in terms of equivalent household income, subjective poverty according to an individual’s own assessment of ability to make ends meet given available financial resources. In addition, an index of “life-style deprivation” was obtained from the information in the survey on the lack of possession of a number of items deemed as “essential” in contemporary western life. For each poverty definition, the

⁷ Probably because of a lack of effective support to large families.

⁸ Income poverty, subjective poverty and a multidimensional index of life-style.

transitions in and out of poverty and the persistence of poverty were estimated and compared. The results of the multivariate models show that those living in households with many children and with low levels of education have a significantly higher risk of persistent poverty than the rest of the population. The situation might be even worse for those living with a non-working head of household (unemployed, out of the labour force) or working an insufficient number of hours, although these variables were not always statistically significant. The region in which the household is located and the employment of mothers are also crucial factors. This is not surprising for a country like Italy, characterised by a longstanding territorial dualism, with an underdeveloped and slowly growing South and a poorly performing labour market, characterised by high rates of long-term unemployment and youth unemployment rate and one of the lowest female participation rates in Europe.

The probability of leaving poverty was lowest for families with children but most especially for families with non-working mother and parents with low levels of education and living in the South.

1.2 Absolute poverty

Recently, ISTAT published a report on absolute poverty in the country (*La povertà assoluta in Italia nel 2007*), absolute poverty being estimated on the basis of a poverty threshold which corresponds to “the minimum monthly expenditure necessary to purchase a basket of good and services considered essential for an acceptable standard of living for a given family”⁹. This threshold varies (by construction) according to family size, age composition, geographic area and city size. The basket includes three macro components: food, housing and residual consumption (items such as education, health and transport).

According to ISTAT (see Table 2), the rate of absolute poverty in Italy in 2007 was 4.1% and varies across regions and among different family types. The rate in the South (5.8%) is much higher than in the North (3.5%) and the Centre of Italy (2.9%)¹⁰.

Table 2 - Incidence of absolute poverty (%) in 2005 and 2007 by regions

	2005				2007			
	North	Centre	South and Island	Italy	North	Centre	South and Island	Italy
Family	2.7	2.7	6.8	4.0	3.5	2.9	5.8	4.1
Individual	2.5	2.4	7.0	4.1	3.3	2.8	6.0	4.1

Source: *Rapporto sulla povertà assoluta in Italia nel 2007*, ISTAT

Looking at family types, the highest level of absolute poverty is concentrated among large families (with three or more children) and in particular in families with young children. The poverty rate of households with five members (8.2%) is more than twice as high as for households with two (3.4%), three (3.3%) or four (3.4%) members. Moreover, for households with three children under 18, the proportion increases to 10.5%. The poverty rate of families with three or more children is three times higher than in families either with one child (2.6%) or two children (3.3%).

From 2005 to 2007, the incidence of poverty on average remained broadly unchanged as confirmed by the data on both absolute poverty and relative poverty; but it increased markedly for families with three or more children (from 8 % in 2005 to 10.5% in 2007).

The ISTAT report also considers the incidence of absolute poverty according to the personal characteristics of the head of the household (such as the age, gender, education and occupation). The absolute poverty rate is relatively high for households where the head has an elementary level of education (7.4%) or is a manual worker (5.2%).

⁹ “Rapporto sulla povertà assoluta in Italia nel 2007”, ISTAT.

¹⁰ While absolute poverty in the South decreased between 2005 and 2007, it increased in the North of the country. [0]While the North-South differences are statistically significant, the differences between the years are not (Statistiche in Breve, Istat, April 2009).

Another important characteristic concerns the working status of household members. When all family members are employed, the incidence of absolute poverty is only 1.8%, but it rises to 5.2% if only one member is employed or is searching for a job.

In sum, the absolute poverty data seem to give a very similar picture to that for relative poverty at least in terms of its incidence.

1.3 Early school-leaving and under-age working

Child poverty is strongly related to human capital investment. Individuals with a low level of education are at strong disadvantage in the labour market and are at greater risk of poverty.

The Ministry of Education published a report on drop-outs and early school leavers for lower and higher secondary schools in Italy to check progress towards the Lisbon targets in education and training (to reduce the number of early school-leavers by 50% by 2010)¹¹. (In what follows, drop-outs are students who leave school in a particular year before completing their studies, while early school leavers refers to those aged 18-24 with at most lower secondary education who are no longer in education.)

For the academic year 2006/2007, the number of drop-outs was equal to 0.2% of the total number of students attending lower secondary school and 1.6% of those attending upper secondary school. In 2006, early school leavers in Italy amounted to 20.8% of those aged 18-24 (as against an EU average of 15.3%). The high rate of early school leaving is evident not only in the Southern regions, but also in some regions of the North where the labour market demand for low skilled workers is relatively high.

The regional differences in the results of the Pisa-Ocse tests show worse results for children in the South¹². In particular, the score for mathematical competence is 448 for Southern students against 515 for Northern students. This large territorial difference in student performance is surprising, given the highly centralised nature of the Italian educational system. School teachers are hired through a national competition and receive the same pay in all part of the country, the rate rising according to seniority only. Around 90% of the teaching curriculum is set by the central government, while the remainder is left to the discretion of each school. Two thirds of total financial resources are fixed centrally and only a third by local authorities (which are in charge of providing buildings and basic services such as transport, food and sports facilities). Bratti et al (2007) showed that the most important factors determining both the likelihood of finding employment and the scale of the informal (and illegal) economy are school facilities and the state of the local labour market.

The phenomenon of early school leaving and poor performance is arguably linked to child labour. In Italy, school is compulsory until 16 and children are not allowed to work until they are 14. In practice, according to a CGIL report¹³, 400,000 children aged under 18 are working¹⁴. From a geographical point of view, under-age labour is more widespread in southern Italy (60% of the total) although it is relatively common in the north of the country as well (40%). According to the study, child labour is caused not only by economic but also "cultural" poverty. Besides economic aspects, therefore, the cultural attitudes of the families of under-age workers' and their immediate social environment are also important. For example, in many cases the family tends to dismiss the value of education as compared with work, the latter being seen as a factor which enables individual fulfillment. Consequently,

¹¹ "La dispersione scolastica 2007", Roma 2008.

¹² E Bratti, M., Checchi, D., Filippin, A. (2007) "Territorial Differences in Italian Students' Mathematical Competencies: Evidence from Pisa 2003", Iza Discussion Paper No. 2603 (February).

¹³ Gianni Paone and Anna Teselli "Lavoro e lavori minorili", Ediesse, Rome (2000) and CGIL (2005) "Mai piu lavoro minorile" Rome.

¹⁴ A qualitative survey was conducted which covered a total of 16 territorial units (large cities, medium-to-small towns and provinces) deemed particularly significant in terms of the extent of child labour. In each of these units, minors were contacted. A total of 600 interviews were conducted. The study did not consider informal, unpaid work (like childcare) or the agricultural sector, which has specific features of its own, and focused on work performed on a continuous basis (seasonal work was therefore not considered).

numerous minors view work as a means of satisfying their needs through obtaining money. Moreover, small family-run firms tend to view child labour as a resource which facilitates their operations.

According to ISTAT (2002), 0.5% of all children aged 7-10 work, 3.7% of those aged 11-13 and 11.6% of those older than 14. In addition, it is estimated that, 80% of children aged 7-10 who are working live in a family at risk of poverty¹⁵. School drop-out, early school leaving, and under-age working therefore, seem to be more likely among children at risk of poverty.

Calculating costs and benefits of human capital investment in different periods of children life, the authors showed that costs are lower and benefits are higher when children are younger. In particular, the returns to investment in late childhood and remediation for young adolescents from disadvantaged backgrounds are low, while the returns of early investment in children from disadvantaged backgrounds are relatively high.

1.4 Childcare opportunities: availability and costs

In Italy, childcare options for working parents are more limited than in other EU countries. In the Northern European countries, parents can decide whether to use a combination of part-time work and childcare or to use parental leave (in some countries both parents can take part-time leave)¹⁶. Moreover, they can choose among private, public and informal services.

The options available for Italian parents are more limited, given less private and public childcare options as well as less part-time employment opportunities and shorter (and lower paid) parental leave (with less possibility of sharing with the partner)¹⁷. Fathers have been encouraged to take parental leave only since 2000¹⁸.

In spite of a reputation for high quality¹⁹, childcare opportunities are limited and a large proportion of parents use informal care to take care of their children. The limitations of childcare opportunities concern both availability and costs. In terms of availability, while childcare for children aged 3-5 is very widespread in Italy, childcare for children under 3 is still quite limited.

The EU-SILC data shows that about 20% of children use childcare in Italy. While 27% of parents with income above the poverty line use formal childcare for children under 3, only 17.5% of the families below the poverty line do so. It is a question of availability as well as costs (facilities are less available in areas where the poverty risk is relatively high). Among households with a child under 3, only 23% of women with low education are in employment as against 73% of women with high education. Among low-educated women aged 25-49, 17% are not looking for a job because they believe that no work is available, 37% because they have to look after a child²⁰.

A mismatch between childcare arrangements and the participation of mothers in the labour force is evident in Italy. Since the public childcare system provides care for only a very number of hours, only non-working mothers or those employed in part-time jobs find it useful (Del Boca and Vuri, 2007). In other countries, such as the UK and the Netherlands, childcare availability is also poor and the

¹⁵ "Bambini, lavori, e lavoretti: verso un sistema informativo sul Lavoro Minorile", ISTAT (2002).

¹⁶ De Henau J., Meulders D. and O'Dorchai S. (2007), "Parents' care and career. Comparing Parental Leave Policies", in *Social Policies, Labour Markets and Motherhood: a Comparative Analysis of European Countries* (D. Del Boca and C. Wetzels eds.), Cambridge University Press.

¹⁷ In Italy, the division of labour within the household is still very traditional.

¹⁸ Father taking 3 months is entitled to one additional month of parental leave (it implies that he can leave for 4 months). The leave is an individual entitlement but the total amount of the parental leave taken by 2 parents cannot exceed 10 months, or 11 if the father takes at least 3 months. The use is flexible, and can be used until the child is 8 years old. Cash benefit: within the 3rd birthday, 30% for maximum 6 months in total.

¹⁹ De Haneau et al "Making time for working parents: comparing public childcare provision", 2008.

²⁰ The results obtained from the EU-SILC data are higher than those reported by the Multi-scope survey of ISTAT 2007 (17%). This is mainly due to a difference in the definitions used. EU-SILC includes more childcare facilities than the Multi-scope survey. In addition, given the different timing of the two surveys during the year, the share of children aged 0-1 is different. Freguja and Cutillo (2009) showed that when the 2 surveys are corrected for the different definitions, the discrepancy between the 2 data sources is not statistically significant.

opening hours limited, but a large number of part-time jobs makes it easier for mothers to reconcile work and caring for children. In Denmark and Sweden for instance, childcare facilities for children under 3 are open for 11 hours a day. Such a degree of availability is of great help to parents with very young children who need to combine their family and professional responsibilities.

The proportion of children in public childcare in Italy is 12% against about 50% in Denmark and 35-40% in Sweden. In the southern regions of Italy, the supply is particularly limited and in some regions it is less than 5% (of the total number of children under 4 living in these areas). It is not a coincidence that the Southern regions are also the ones with lowest female participation rates (less than 30%) and with fewer children (an average of 1.30 children per woman) (Del Boca and A. Rosina 2009, Zollino 2008).

In the Northern areas of Italy, the labour market participation rate of mothers exceeds 60% against less than 20% in the South. Different accessibility rates created a situation of severe rationing of public childcare in some areas of the country, especially in the South. In these regions, women have difficulties to find a job in the formal labour market and are unemployed or work in the underground economy.

In a situation of rationing in particular, the help of grandparents is important. Indeed, they provide flexible help at zero cost. Recent research by Keck and Saraceno (2008) shows that, relative to Germany, the help of grandparents is much more common in Italy. Access to this help however depends on the geographical vicinity of young families and their parents. In Germany, only 7% of children aged under 8 are cared for every day by their grandparents when they are not at school while the corresponding share in Italy is about 24%. Comparing Italy with France and the UK, when grandparents co-reside with their adult children, women have higher participation and fertility rates (Del Boca, Pasqua, Pronzato, 2009). In a situation of lack of childcare and income support for children, grandparents and family ties are of key importance. Basically these data suggest that grandparents share with mothers the burden of childcare much more than fathers. However the support of grandparents may be reduced in the future because of the postponement of the pensionable age of women as well as their greater mobility which is likely to mean that fewer of them live nearby.

Public childcare in Italy is also more expensive than in other countries. Public subsidy accounts for about 80% of the total cost in Italy while in Spain and France it is between 90% and 100%. Private childcare is also more expensive, about 30% more than public childcare (Del Boca, Locatelli and Vuri 2005). Hourly childcare costs are higher in the private sector than in the public sector both for children under 3 (EUR 8.25 as against EUR 7.67, on average) and for those between 3 and 5 (EUR 4.16 as against EUR 2.61). In spite of the higher costs, the recent increase of childcare for children under 3 is mainly due to the private sector. Indeed, private childcare accounted for 7% of all childcare arrangements in 1997, 20% in 2000, 39% in 2005 and 42% in 2007, indicating an increasing demand for more flexible and longer hours of care as well as the continuing rationing (availability and hours) of public childcare.

The priority in public childcare waiting lists depends on the working status of parents, family composition and type, and children's health. The length of waiting lists is indicated by the fact that for every 100 applications, 33 are registered on a waiting list (Del Boca Locatelli Vuri 2005).

According to a recent Bank of Italy report (Zollino 2008), there is a positive relationship between the number of existing public childcare facilities and the number of children on waiting lists. Waiting lists are indeed more relevant in regions where public childcare is well established, implying that the provision of places encourages trust of parents in childcare facilities and increases the demand for the service.

However, the small proportion of young children using childcare is not only because of a lack of availability or the relatively high costs but also the "cultural resistance" of Italian families to delegate the care of young children to someone else. As the World Values Survey shows, Italian mothers are those most convinced that young children are better off being looked after by their mother²¹.

²¹ World Values Views Surveys, 2001.

According to a ISTAT Survey (2005) almost two thirds of families with children under 3 prefer to take care of their children themselves, while 19% report a preference for using childcare and are able to access this, while 23% report childcare as being limited (the most important reasons are lack of availability in the area, high costs and inconvenient hours of service). This finding is confirmed by another source produced by the Fondazione de Benedetti which interviewed families about their attitudes to formal childcare which showed very similar results.

Another study tried to analyse the effects of reducing the cost and increasing the supply of childcare (Del Boca and Vuri, 2007). The results show that a reduction in childcare costs would have an impact on the participation of mothers in the labour market but only in the North, where childcare is more widespread and well established and therefore well-known and “trusted”. An increase in the availability of childcare is considered to have a positive effect on the likelihood of participating in the labour market, especially of the part of women with low education (Del Boca, Pasqua and Pronzato 2009).

From this, it appears that the most effective policies would be those aimed at increasing the supply of publicly-provided childcare places rather than at reducing the costs. An understanding of the importance of these factors is important in evaluating childcare policies following the Barcelona recommendation²². This is particularly the case in Italy, where the majority of families with children have only one child and children would benefit from the socialisation aspects of an expanded childcare system.

2 Impact and effectiveness of policies in place

In Italy, pensions account for the largest share of social transfers (80%) while very little is directed to families and children. (In fact, the proportion of transfers going to pensions is larger than in any other EU country, which is only to a small extent explained by the larger number of people in retirement.) Moreover, while in 2007 and 2008 more expenditure was directed to increasing benefits in kind, the new policy initiatives are confined to monetary transfers.

There are basically no, or very limited, measures targeted directly at children in low income families, and most of the welfare transfers and benefits are targeted to families in which at least one parent works on a regular basis.

Moreover, the level and effectiveness of social spending is among the lowest in the EU. The impact of government transfers have been explored in several research papers using EUROMOD, the findings of which have been summarised by the Social Situation Observatory (EC Report Children Poverty in the EU, 2008).

Given that child poverty outcomes result from complex interactions between joblessness, in-work poverty and the impact of transfers, the countries achieving the best outcomes are those that are performing well on all fronts, notably by combining strategies aimed at facilitating access to employment and enabling services (childcare, etc.) with income support (social transfers other than pensions).

The effect of social transfers is estimated to reduce the risk of poverty by only 7 percentage points in Italy in contrast to 14 percentage points in the EU. Slightly more than half of this reduction is attributable to family/child-related transfers (4 percentage points). The poverty reduction impact of social transfers is most marked among children aged 6-11 (8 percentage points) whereas it declines progressively as the child's age increases at the EU level.

The 2006-2007 policy measures for poor families focused on transfers for families with a large number of children (Assegno di Sostegno) and increased provision of childcare opportunities (Piano

²² “Member States should remove disincentive to female labour force participation and strive, taking into account the demand for childcare facilities and in line with national patterns of provision, to provide childcare by 2010 to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under 3 years of age” Conclusioni della Presidenza, Barcellona, 15-16 marzo 2002.

straordinario Nidi)²³. The latter programme was the first important intervention in terms of childcare for children under 3 since the beginning of the 1970s. The objective was to raise the number of childcare places by 40,000, to increase the types and hours of services available (more flexible hours, childcare at the workplace and playgroups), and to increase the minimum childcare coverage in the South (at least 6% of children under 3 in the South should have access to childcare facilities).

The 2008-2009 new policy interventions for families consists instead mainly of monetary transfers and are very limited in their amount (*Bonus Famiglia* and Social Card).

The *Bonus Famiglia* is directed at low-income families, but only for 2009, and only for Italian citizens. Its amount varies from EUR 200 to EUR 1,000 depending on the number of household members (including children) and family income. People living alone are eligible only if they receive a pension (i.e. it is an income support policy for elderly people in this case). The table below summarizes the amount of the bonus according to household composition. According to the estimates of Baldini and Pellegrino (2009) the potential recipients amount to around 6.45 million households.

Table 3 - Amount of the Bonus Famiglia by household type

Household members	Income threshold in EUR	Bonus in EUR
Single person living alone (with pension)	15,000	200
2 members	17,000	300
3 members	17,000	450
4 members	20,000	500
5 members or more	22,000	1.000

Source: Baldini and Pellegrino (2009)

The Social Card is a cash transfer to support the household expenditure (on electricity and/gas bills or groceries) of low income families. Households with at least 1 child younger than 3 as well as individuals of 65 and older with an equivalent annual income below EUR 6,000 are eligible. Given the eligibility criteria, this support is mainly targeted at the elderly with low incomes much more at than low-income families with children. Moreover, the amount involved is very limited (EUR 40 per month). A recent analysis showed that 78% of households receiving the Social Card are households with at least member aged 65 or more while only 22% are families with children aged less than three (Monti 2009).

Table 4 - Beneficiaries of the Social Card by family type

Family type	% beneficiaries	% excluded	Total
Single	2.8	97.2	100
2 adults, both < 65	0.0	100.0	100
2 adults, at least one > 65	6.2	93.8	100
Single parent	3.8	96.2	100
2 adults + 1 dependent child	2.4	97.6	100
2 adults + 2 dependent children	1.5	98.4	100
2 adults + 3 or more dependent children	3.9	96.1	100

Source: Monti (2009)

Using a micro simulation model based on the Bank of Italy data, Baldini and Pellegrino (2009) show that the Social Card will increase the income of recipients in the bottom decile of the income distribution by 8%, while the *Bonus Famiglia* increases it by only 5%.

Given that the incidence of poverty is larger among large families (with 3 or more dependent children) and lone parent households, the Social Card does not seem to address the areas of most serious poverty risk. As the data discussed above have shown, the age of children seems to be much less important than household circumstances. Moreover not all low income families are eligible for the

²³ <http://www.politichefamiglia.it>

Social Card since most households with no or very low income are excluded because they do not fulfil the eligibility criteria²⁴.

Finally, a recent policy initiative (not yet implemented or approved) is the *Fondo di credito per i nuovi nati*. This is a loan of EUR 5,000 to families who have a baby in 2009, 2010 and 2011, which is then to be repaid at an interest rate of 4% over five years. The scheme is aimed at raising fertility rates by alleviating credit constraints on the families concerned. However, as demographers have shown, the low fertility rate in Italy is mainly due to women postponing having their first child. As several studies indicate, “in-kind” services are likely to affect fertility and participation choices more than monetary transfers (Del Boca and Rosina 2009).

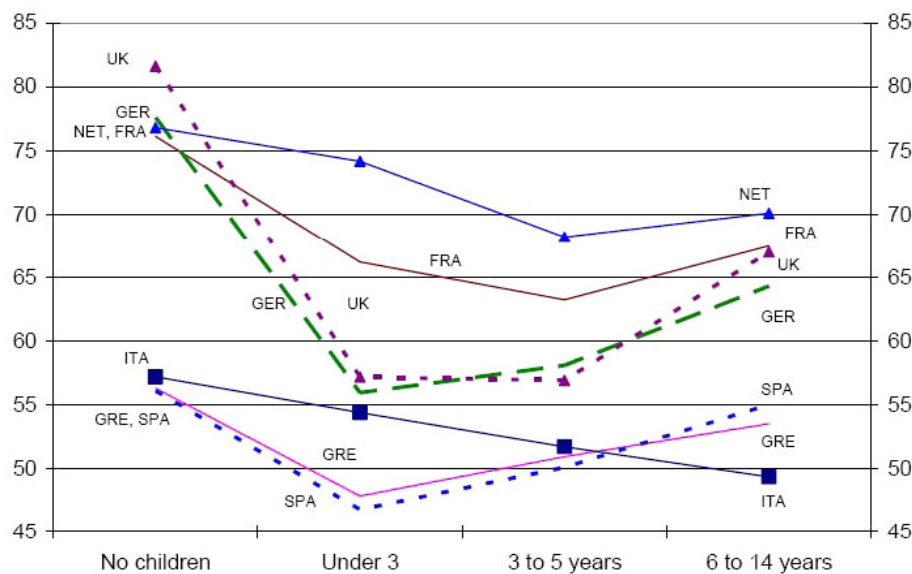
These new interventions directed at supporting low income families with children have been mainly monetary unlike the policy measures adopted by the previous government which were a combination of monetary and in-kind measures. Because of the “temporary” nature of the *Bonus Famiglia* and the limited amount of the Social Card, it is difficult to expect them to have significant effects on poverty rates. The two measures in combination are estimated to reduce inequalities but only marginally (the Gini index of available equivalent income declining from 30.99 to 30.59).

Finally, as mentioned above, the employment of mothers is one of the most important ways to protect children from the risk of poverty in years of recession. But the 2009 School Reform (law 169/08 of 29/10/08) appears to go in the opposite direction. This reform in fact implies a reorganisation of primary and secondary schools with a substantial reduction in the number of teachers (mostly women with children) and a reduction of the full-time schedule in pre-school and primary education (a reduction of some 87,400 teachers in less than three years mostly among women who make up 81% of teachers). Given the lack of other services (such as after-school care), the full-time schedule in pre-school and primary school is one of the most important ways to assist people to reconcile work and family.

This is particularly relevant in Italy where, unlike in other countries, the participation rate by the age of the child does not follow a U shape, with a large proportion of women leaving the labour market after the first child and not returning onto the labour market afterwards.

²⁴ Three other policies were previously implemented: “Assegni per il nucleo familiare”, which is a cash transfer for families of employees or retired. Its amount (quite limited) depends on the number of family members (spouse, children <18, other adults living in the household) and on family income. “Assegno di sostegno”: cash transfer for families with three or more children <18 with equivalent income lower than EUR 22,480.91. The monthly amount is EUR 124.89 and is paid for 13 months. “Deduzioni e detrazioni familiari a carico”: tax credits (decreasing with family income) available for dependent spouses and children.

Graph 2 - Mothers' employment rates by age of the youngest child



Source: OECD, *Society at a Glance* (2006)

In the UK, France, Germany and the Netherlands (as well as Greece and Spain even at lower levels of employment), the participation of mothers increases after the child is 3, which is not evident in Italy. The picture is, however, very different for women with higher education who are more likely to return to work after childbearing years. Del Boca Pasqua Pronzato (2009) show that women who have made greater investment in education, and who have higher earnings potential as a result, are more likely to work, irrespective of the characteristics of the environment; they need to recoup their investment in human capital, have better job opportunities in terms of wages and benefits, and, in all likelihood, differ in their preferences regarding employment from women with lower education qualifications.

A policy which has proved to be effective in raising the participation of mothers with low earnings' potential in the labour market is the Working Tax Credit in the UK which provides a benefit to low-income families contingent on them being in employment. In Italy, a recent proposal has suggested making benefits contingent not only on employment²⁵ but also on the use of formal care services (children and elderly care) (Boeri and Del Boca 2007). Since in order to obtain the tax credit, families would need to report their income and the costs paid for care, this measure would also tend to reduce the size of the underground economy.

Conclusions

All data sources measuring children poverty rates show similar results. The two main groups of households at risk of poverty are single parents (especially if women) and large families with three or more children. The high child poverty rate in Italy is partly determined by the combination of rigidities and limitations of labour market opportunities especially for women (particularly mothers because of limited childcare services and the low support for households with children). Social expenditure for children and households in Italy is only 4.4% of total social expenditure (1.1% of GDP) – the lowest in the EU-15.

The 2009 *Libro Bianco*, which summarizes the most crucial social problems and welfare priorities for the Italian Government, still neglects the issue of child poverty as well as strategies to encourage the participation of women in the work force. Policies which would appear particularly appropriate to the Italian case include the extension of childcare, schools and other basic social services, the promotion

²⁵ Boeri T, e Del Boca D (2007) "Chi lavora in famiglia" www.lavoce.info

of part-time and other work arrangements suitable to the needs of women during childcare years, a greater investment in re-training programmes and access to ICT.

The EU recommendation to raise women's employment to 60% is at this point an unreachable target (the female participation rate being only 47%). In order to reach this target, the EU has recommended an increase in public childcare availability and the creation of more part-time jobs (as part of the overall Employment Strategy). The results showed that, especially for less educated women (with lower earnings potential and lower status in the labour market, and higher costs of participation) the availability of part-time work, childcare and child allowances has a more significant effect on their labour market decisions. All results indicate that women with lower education (and income) are more sensitive to changes in income and prices - a finding that is consistent with economic theory as well as the results of empirical studies. Recent policy measures unfortunately do not seem so far to go in this direction with potential negative implications for the child poverty rate.

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