Censis and Unipol Gruppo Finanziario's project 'Welfare, Italy – forum for discussion about new social policies' ready for the off

The welfare system no longer provides reassurance and must be changed

In 2030 there will be 5.4 million people over the age of 80 in Italy (+54% compared with 2010) and in 2040 6.7 million who are not self-sufficient. Only 36% of Italians think welfare cover is adequate and 68% are concerned about their income in old age.

Rome, 17 December 2010. **The welfare system no longer provides any reassurance for Italians.** More so than other Europeans, Italians feel 'on the margins' of society (21% compared with the European average of 9%), excluded from social policies and a welfare system that responds less effectively to their needs than elsewhere. One Italian in three feels at risk of poverty (36% compared with the European average of 25%) and only 36% (compared with the European average of 51%) consider that the welfare system provides adequate safeguards. 62% also express a negative opinion about ways of helping the unemployed; more than in other large countries such as Germany (39%), France (29%) and the UK (28%) and higher than the European average (45%). 44% even consider that the situation has deteriorated over the last five years, compared with 38% in Europe as a whole, 39% in France and 27% in England. The figures call into question not only the front-line methods of social intervention, such as the cassa integrazione wages guarantee fund, but the whole gamut of ways of protecting those who have lost their jobs and helping them to find another.

Concern about the future of pensions. Retirement pensions are a particular worry. 28% of Italians are very concerned and 40% are fairly concerned about the fact that their income in old age will be insufficient to ensure a reasonable standard of living. Both figures are above the average for Europe as a whole, where 20% are very concerned and 34% fairly concerned. Fears are decidedly less prevalent in the other major European countries: 15% of the French are very concerned and 36% are fairly concerned. In the UK the percentages fall to 13% and 34% respectively and in Germany to 11% and 34%. 21% of Italians over 18 are convinced that they will be forced to retire later than planned, 20% think that they must try to save more for their retirement and 19% believe that their pension will be less than expected.

The demographic trend is bringing new requirements in its wake. Public concerns and widespread individual insecurity are joined by unavoidable structural factors affecting the fate of our welfare system. The ageing of the population and the gradual fall in the proportion of those in work will have an increasing impact on future social scenarios. The proportion of over-65s in the total population has already reached 20% (12.2 million people) and in 2030 will exceed 26% (16.5 million), an increase of 35% in twenty years. There will be 4 million more people not in work and 2 million fewer in work. The increase in the number of elderly people drawing a pension (from 30.9% in 2010 to 43.7% in 2030) will lead to growing imbalances between contributors to and beneficiaries of the pension system, which will face new challenges of compatibility. Between now and 2030 the number of Italians aged over 80 will rise from 3.5 million to 5.4 million (from 5.8% to 8.8% of the total population), an increase of 54%, whilst the number of those over 90 will increase from 465,000 to 1.3 million (rising from 0.8% to 2.1% of the total population).

The irresistible rise in the demand for welfare. The ageing population goes hand in hand with the increase in long-term illness, degenerative diseases and disabilities, which will require a huge commitment of welfare resources. According to estimates by Censis the proportion of people with disabilities in the total population currently stands at 6.7%

(4.1 million people) and will rise to 7.9% in 2020 (4.8 million) and to 10.7% in 2040 (6.7 million).

Imbalances in the pension system. The sustainability of the pension system remains the other crucial aspect that must be tackled in order for the welfare system to be overhauled. In Italy social spending is 27.8% of GDP, in line with the European average (26.4%). However, compared with other countries, pensions in Italy account for a much higher proportion of total social spending. Most of the €5,880 of per-capita social spending goes on pensions: €3,404 per capita in Italy compared with €3,087 in Germany and the European average of €2,504.

Limits imposed by rationalisation and spending cuts. Expenditure on health staff in the Regions is falling (from 36.8% to 33.1% of total health spending between 2000 and 2009). However, it is difficult to do any more here without affecting the quality of services provided and in view of the number of jobs involved. (Hospitals employ huge numbers of people nationwide and fulfil a social as well as a strictly health function.)

Reorganisation of the welfare system. "We have been discussing the possibility of reorganising the welfare system for years," declares Giuseppe De Rita, chairman of Censis. "Despite huge gaps in public health, social welfare and educational provision, the system has held out thanks to the role played by families and their private resources, voluntary bodies and informal networks. A welfare mix system has sprung up spontaneously. Experiments in countries similar to ours have provided some ideas, but I am convinced that we must find our own way of identifying new social policies that rest on responsibilities shared between the public and the private sectors."

'Welfare, Italy – forum for discussion about new social policies' project ready for the off. This is the objective of the joint Censis and Unipol Gruppo Finanziario project 'Welfare, Italy – forum for discussion about new social policies'. "We want to encourage reflection about welfare," states Carlo Cimbri, Unipol's Chief Executive Officer, "that uses the current outlook and what individuals really need as a basis for helping to overhaul social policies so that they respond to the changed situation and the new welfare requirements. With its lengthy experience and leading position in the world of social finance the Unipol Group is well placed to promote this forum for discussion in which to develop debate on and come up with suggestions for new tools and active policies that can breathe new life into the social welfare sector."

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