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## **WOMEN AND THE FINANCIAL CRISIS\***

di

**Anna Maria Poggi**

*(Professore ordinario di Istituzioni di diritto pubblico  
Università di Torino)*

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With respect to the economic crisis that has gripped European economic systems and particularly our Country for the last few years the situation of women is characterized by a double paradox.

One of the possible ways to get out of the crisis would be to utilize more women in the labor world. However, this way is rather difficult as women are the first to be hit by an economic crisis. Secondly, the main problem is not the policies but the cultural structure which policies stem from. If the first way does not change there will not be any changes in the second way.

During the period before the crisis, in Italy 47% of working age women worked, the lowest female employment figure in Europe after Malta (the data refers to 2008).

Furthermore, the situation changes over the National territory; the percentage of women working in the north was 56% compared with 31% in the South (including undeclared work). Government investments in the educational sector in the previous period had brought about an increase in the employment of women. However, the female graduate employment rate was lower than the male graduate one (and lower than the European average). Even though women were employed men climbed up the career ladder more than women and they were paid less even though they carried out the same tasks as men.

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\* Attualità – Valutato dalla Direzione.

The above mentioned situation was mainly due to two factors: firstly, the economic and political cultural situation, generally speaking, was not particularly keen on employing women. Companies firmly believed that women spent more time on household tasks and therefore had to be paid less and they were not valued as much as men. The second cause was due to the fact that conciliation policies were still poorly developed compared to those in other European countries and mainly geared towards early childhood. They did not take into account issues such as caring for school age children and the elderly.

However, the EU went on pushing ahead and greatly influenced the National situation, described above.

The principal push was the launching of the “Lisbon Strategy” in 2000 by the homonymous Council of Europe that sustained a number of economic and social goals among which was to rise female employment increasing it from 51% to 60% by 2010.

The latest E.U regulation dealing with maternity and parental leave has moved in the same direction.

Furthermore, “Womenomics”, so called by the *Economist* in 2006, has spread over the past few years; that is, the theory where work carried out by women is the most important engine in world development. This theory is supported by studies carried out by the American economist, Freeman, who believed the American economic miracle of the 90’s was the propelling element for the growth of female participation on the labor market in the 80’s and 90’s.

The crisis has brought about two significant consequences regarding female employment in Italy: a reduction in work – or working conditions have worsened – and government expenditure has reduced benefits for families.

As to the first consequence, the crisis has, first and foremost hit the industrial sector, above all the motor car sector: percentage points show that men have been particularly affected and workplaces have been significantly reduced. Generally speaking, women have been hit the most. The employment of women has gone down in several sectors; employment in highly skilled technical fields and sectors that employ highly skilled workers, in the white collar sector, industrial processing sector, in the tertiary sector (particularly struck when the crisis hit the industrial sector), highly qualified people in the Public Administration Health and educational sectors. As a result, many women have lost their jobs in the public sector, that is, where women are most likely to be employed.

Secondly, the number of jobs that offer little security have increased: precarious and part time jobs (very often imposed instead of a permanent job), fixed - term work or specified by an atypical contract. This phenomenon occurs above all among young workers who are at a stage in their lives when they plan to have a child but they find that they are not fully protected by their atypical contract.

The salary gap between men and women has grown considerably.

The second consequence of the crisis has brought about a reduction in public expenditure for families (4.7% of G.D.P was devolved in 2010) that caused a reduction in welfare services and also in conciliation policies.

These two consequences have accentuated the trends that had already started taking place in our society.

The working situation has a direct impact on family choices. Statistical data shows clearly that women who have a precarious job do not plan on having children as much as women who have a permanent job- that housewives do not commit themselves as much as women who are employed, the family nucleus is formed at a later age and the number of children is gradually becoming less and less.

The incidence of these factors is higher for women who belong to a lower income bracket as they cannot rely on help from family members or turn to private services.

The reduction in welfare services due to cuts in the public budget has brought about a further problem for women who work, making it more difficult for them to spend time at work and household tasks have increased.

Due to the lack of such services, which include the scarcity of crèches (day centres for small children) and also cuts foreseen for full time school for children over 6 years old, women rely on grandparents. However, the “imposed dependency” on grandparents does not permit a family to freely choose to live far away from the original family nucleus even though such a choice would mean more chances of getting a job. The rise in the retirement age will not allow grandparents to care for children as they will be busy working.

As a result of the crisis it has been estimated that the gap between the South and the North has grown. The number of unemployed women in the South is higher than in the North, particularly among those women who have a low level of education.

Comparing the years before the crisis it has been estimated that schooling has not risen in the south, indeed it has come to a halt, much more than in the years before the crisis and graduates tend to emigrate.

Therefore, it is fundamental to try and find a way to solve the issues mentioned above.

Moreover, it is essential that women go on working and particularly during an economic crisis. Female work creates new work, as women have become the real and true engine of the economy (surveys carried out by the *Economist* show that the increase in female employment in the years 1996-2006 in developed Countries contributed to the world G.D.P more than the entire Chinese economy).

The female employment “engine” has a number of consequences.

The first one is an increase in the family income, that in its turn implies that it is easier to make ends meet (in 2008 40% of single income families stated that they were not able to cope with an unforeseen expense), that there is less vulnerability due to the doubling of knowledge and ties with the labor market and reduction of risks, if one of the two adults loses his/her job (considering the growing instability of affective relationships that reduces security for women, not only as regards income but also the pension scheme) and that consumer goods increase as well.

The second consequence regarding female employment is that it creates other work as it provides the possibility to resort to services much more. Out of 100 employed women fifteen work places are made available in the services sector, that is the sector that has the greatest possibility to increase employment in post industrial society. Furthermore, such increases, concern services that, owing to the type of service they provide (caring for children and the elderly, the catering industry, leisure activities) have to remain in the region, close to whoever makes use of them. Other services linked to companies (e.g. call centres) may be located in places that have lower costs.

The third consequence is the “multiplication” of company results. Studies carried out by “womenomics” have revealed that female managers are able to interpret women’s needs in a better way, thus providing extremely useful expertise. It is women today who are the protagonists when consumer goods are chosen. Secondly, it has been proved that women managers are more able to work in a team than men, can be trusted for delegation, deal with people and cope with conflicts. However, they are not so able to cope with risks. It has been verified that companies having mixed management styles function better. Last of all, on “searching” for new minds in the female world it is extremely likely that talents will be encountered that have not been found yet and managers that are more competent as well.

It cannot be denied that female employment has to be encouraged: as many experts have stated, it has to aim at strengthening the current experimental channels, that is, services for families and conciliation policies.

As to the first one, a proposal that involves setting up a modern and innovative sector would be to follow the model that started in France in 2005. Funding for this model mostly comes from families themselves and the total costs are not entirely charged to public finances.

Three steps are carried out prior to promoting services for families.

First of all the labor code was reformed and a number of jobs in the “craft service sector” were recognized (included in this category are services that provide care for the elderly and children; promoting home healthcare and welfare, such as physical therapies and aesthetic services, computer and administrative assistance, to consumers and minor legal assistance; transport, planning trips, the upkeep of houses and gardens).

The second step intends setting up a National Agency responsible for Personal Services that have the task of coordinating and training. The new “artisans in the service sector (individuals, cooperatives, companies) will be accredited through this Agency. Moreover, the different activities they provide shall be registered on line, so that they are easily accessible for families.

The third step brought in fiscal incentives, such as the possibility to deduct 50% of the amount paid for services described above, a reduced rate of VAT of 5% on the same amount. CESU (Cooperative Ecosystem Studies Unit) was brought in to pay for transactions. CESU is a bank or post office coupon that may be utilized for whoever supplies services. It incorporates fiscal contributions avoiding the burden of tax, contributions and bureaucratic declarations.

New resources would have to be provided in order to make such a system efficacious in Italy. They would have to be drawn, for example, from EU funds or those intended for female entrepreneurship. It would be necessary to provide a simplification of the sector regulations that should be at the same time frequently monitored.

The second channel through which it may be possible to find an answer to the crisis is that of the conciliation policies, essential in order to prevent the engine of female employment from going out while it is in its powering stage. Italy stands out because of its significant shortcomings related to leave, services for families, work organization, working hour regulations, opening and closing hours, services for children and the elderly. Moreover, the mentality of men as they are disinclined to share family tasks. Furthermore, the crisis has

brought about tighter budget constraints that have affected the development of new interventions that have proved to be extremely satisfactory in other countries.

The situation could be remedied, for example, taking deregulation measures that favor conciliation, such as flexible working hours and opening and closing times (up to now only part time has been utilized) bringing in compulsory paid paternity leave (that the EU regulation would try to push ahead, for the time being bills such as these have been left aside due to the crisis); strengthen, within the social services sector, those intended for children at an early age, that would imply a number of positive repercussions (new workplaces in crèches, conciliation for mothers and promote children's capabilities).

Up to now the crisis has pushed towards diverting economic benefits to other sectors. Referring to the possible solutions mentioned above, the one that is most compatible with the current situation, and among the measures that cost less, would be to draw up new regulations regarding opening and closing times of public offices, crèches, schools and the organization of work. On the other hand, among the measures that have higher costs is the utilization of saving funds thanks to the rise of the female pension age in order to strengthen the conciliation policies and relative services. This choice however, has not been carried out.

The fundamental condition in order to claim more favorable policies is that "pro women" coalitions are set up in the managerial and political classes, as has taken place in other Countries.

However, the above mentioned condition is based on the fact that the presence of women in the political sector conditions economic choices, that means increasing resources assigned to healthcare, environment, welfare, public policies geared towards women's needs, that in their turn create new workplaces.