

Unemployment and Emigration in Italy in the light of the E. R. P. and O. E. E. C.

by

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1. Unemployment.

1. - In the opinion of some foreign critics Italians insist too much on the problem of unemployment in their country. In reply it should be said that this objection is made by people unaware of the dramatic realities of life in Italy. Unemployment may perhaps present a less distressing appearance in Italy, only because the Italian family, with its unbroken moral traditions, forms a community of affections and resources. Those who have, contribute to the common fund on which all draw. This is one of the finest qualities of our people and accounts for their exceptional resistance to economic depressions.

The causes of unemployment are deep-rooted and long standing. 1926—when the economic situation was exceptionally favourable—was the only year in which the number of unemployed fell to a minimum of 114,000. Ever since 1927 it has again been on the increase, first owing to the revaluation of the lira, followed by the reactions on Italy of the world economic depression which began in 1930. Sta-

tistical returns for 1933 show the presence of 1,019,000 unemployed, equal to 5.9% of the gainfully employed population as shown by the census of 1931.

At the close of the recent war, many and various causes, in addition to those of a typical economic character, accentuated this distressing Italian problem. They are: (a) the surrender of territories under the terms of the Peace Treaty; (b) the uncertain status of the Italian colonies; (c) the reduction of the military establishment; (d) the cessation of orders for munitions.

In the years immediately preceding the war the total number of unemployed was estimated at some 600,000; in the first half of 1948 statistical returns showed the presence of nearly 2,300,000 jobless workers (Table I).

At the present time, however, there is much uncertainty as to the real number of unemployed. The following considerations would suggest a reduction in the official figure: (a) the expression "unemployed" is open to several very different interpretations in economic and political practice; (b) for a number of reasons the description "unemployed" is not and

cannot be considered as corresponding to that of a person registered with a labour exchange.

But on the other hand, certain symptoms point to disguised unemployment. Thus: (a) employers have not been allowed to dismiss their workers and therefore the number on the pay-rolls is in excess of the opportunities afforded by production; (b) a surplus number of factory workers exists owing to the present phase of economic depression, which has led many concerns to reduce working hours.

According to the current estimates made by experts, supported also by the revision of the official statistics now being made, the number of unemployed in Italy would now stand around 2 millions.

Bearing in mind the reasons above given and the fact that for the past ten years emigration has practically ceased, it is not difficult to understand how we have reached this figure of over 2 million unemployed. They can be roughly accounted for as follows:

Stoppage of emigration	1,000,000
Repatriated, refugees, curtailment of armed forces, evacuated from the colonies	400,000
Normal pre-war unemployment	600,000
Total present unemployment	2,000,000

2. - But unfortunately, as we have already said, unemployment in Italy depends on remote causes, which have led to a structural lack of balance in the population (Table II).

In the interval between 1881 and 1936: (a) the Italian economic structure and general economic conditions only allowed a small portion of the increasing number of potentially active persons to find work: 74% of the increase went to swell the number of the unproductive population; (b) the agricultural population remained stationary, although it accounts for more than two-thirds of the natural increase of total population; (c) the number of persons occupied in other branches of economic activity increased in 55 years by 2.8 million, i.e. by some 51,000 persons per annum, while the population of working age (over 10 years of age) increased by 10.6 million, i.e. by nearly 193,000 persons per annum, the disparity thus standing around 150,000 persons.

3. - Two special aspects of unemployment in Italy should be stressed: on the one hand technological unemployment, on the other unemployment in the professional classes.

(1) *Technological unemployment*: Even before the war, the yield per unit of industrial workers was lower in Italy than in the United States, and this inferiority has since become more marked (Table III).

It is estimated that the average yield of labour in all branches of industry was in 1947 about 74 to 75% of the 1938 yield. When, moreover, we take into account the fact that in the last few years labour yield has risen in several countries and particularly in America, we

Unemployment in Italy

TABLE I

	Branches of Economic Activities				
	Industry	Agriculture	Commerce	Sundry	Total
January 1947	1,157,087	484,124	155,625	431,000	2,227,836
June "	1,082,988	276,941	131,920	478,597	1,995,446
December "	914,161	396,069	83,388	383,002	1,778,620
April 1948	1,275,944	478,593	127,090	509,238	2,390,865
June "	1,281,624	342,120	131,347	528,559	2,283,650
Percentage of unemployment in June 1948	56.2	15.0	5.7	23.1	100

Source: Ministry of Labour and Social Insurance.

TABLE II
Distribution of the Population over 10 Years of Age in the several Branches of Economic Activities in 1881 and 1936

Branch	Millions of Persons			Percentage Composition				
	1881	1936	Increase	1881 = 100	1881		1936	
I	2	3	4	5	6	7	8	9
Agriculture	8.8	8.8	—	100	56.8	38.1	48.1	26.1
Industry & transports	4.6	6.2	1.6	133	29.7	19.9	33.9	18.4
Commerce & banking	0.7	1.6	0.9	229	4.5	3.0	8.7	4.7
Other occupations	1.4	1.7	0.3	121	9.0	6.1	9.3	5.1
Total gainfully employed	15.5	18.3	2.8	118	100.0	67.1	100.0	54.3
Unproductive population	7.6	15.4	7.8	205	—	32.9	—	45.7
Total	23.1	33.7	10.6	146	—	100.0	—	100.0

Source: Data of the official census returns re-elaborated.

are forced to the conclusion that the present situation is even more serious than that shown by the index numbers in Table III.

TABLE III

Comparison of the per unit yield of industrial workers in Italy and in the U.S.A.

Industry	No. of Italian workers needed to obtain the yield of one American worker	
	Pre-war	1947
Textile	2.6	3.3
Chemical	3.6	5.3
Engineering	4.3	5.6

This brings us up against a dilemma: the scanty amount of capital available must be used either (a) to enable existing industries to meet international competition by providing them with modern equipment and allowing them to dismiss surplus labour (the solution adopted by the *Finsider* Group which plans for a larger steel output accompanied by a reduction in the number of workers); or (b) new industries must be started to employ the jobless workers: this is the aim of the proposed industrialisation of Southern Italy.

(II) *Unemployment in the professional classes*: Prewar surveys had shown the presence of unemployment among workers in the professions averaging some 10%, the highest figures being for school teachers, and the percentages being generally higher in the South than in other parts of the country. The latest statistical data clearly show the so-called "diploma inflation".

In this connection it should be noted that: (1) in the present time diplomas are conferred

TABLE IV

Overcrowding in the Number of University Students

University year	Total No. students	Of which women	Degrees and Diplomas granted	
			Total	Of which to women
1936/37	71,512	11,551	11,329	1,929
1940/41	127,038	26,006	11,934	2,258
1945/46	189,663	47,692	20,387	4,908
1946/47	190,861	47,476	?	?

Source: *Compendio Statistico Italiano*, 1947-48, p. 168.

each year on some 15,000 school teachers, while in this branch alone the Ministry of Public Education estimates the number of unemployed at 100,000; (2) the number entering the artistic professions tends to decline, in conformity with a general tendency of modern life.

The overcrowding in the Universities is shown by the figures of Table IV.

II. - Emigration.

4. - The loss of population occasioned by permanent emigration over the years from 1870 to 1939 is estimated at some 9 million persons, being one half of the 18 million who left the country as shown by the statistical returns. From 1936 to 1946, first as a result of the restrictive measures put into force by the Fascist Government and of the anti-immigration policies of the countries to which the emigrants usually went, then owing to the war, and lastly owing to impediments during the first post-war years, emigration of a permanent character has been reduced to practically nothing. Indeed, the number of repatriations has been much higher than that of the few departures. The following facts should however be emphasised: that emigration (a) played an important part in Italian economic life in the past; (b) must again become of importance in the future, in order to adjust the demographic disequilibrium from which Italy suffers (1).

In view of the present international situation, it is very difficult to estimate the probable growth of Italian emigration. To get a clear idea of this matter we must refer back to the past, for which valuable statistical data exist (Italian statistics on emigration were considered models of their kind the world over).

An analysis of the data in Table V shows: (a) the really striking and progressive shrinkage of emigration since 1916; (b) the prevalence of emigration to European countries during the twenty years between the two world wars.

(1) Our new Constitution lays down (Title III - Economic Relations - 4th par. of article 35) that the Italian Republic "recognises liberty to emigrate (except for the obligations established by law in the general interest) and protects Italian labour abroad".

Emigration of Italian Workers from 1901 to 1940

TABLE V

Annual Average	Total			Of which towards		
	Number of emigrants	Percentage per 100,000 inhabitants	Index Number 1901-05=100	European countries, No.	Non-European countries, No.	Percentage of non-European to total emigration
1901-1905	554,050	1,681.9	100.0	244,808	309,242	55.8
1906-1910	651,288	1,308.6	113.5	257,594	393,694	60.4
1911-1915	548,612	1,246.4	91.9	243,515	305,077	55.6
1916-1920	217,201	595.9	35.4	95,954	121,247	55.9
1921-1925	303,264	787.4	46.8	172,360	130,904	43.9
1926-1930	212,245	528.3	31.4	122,872	89,373	42.1
1931-1935	91,628	218.6	13.0	63,447	28,181	30.8
1936-1940	42,901	111.7	6.6	29,172	13,729	40.3

Source: *Compendio statistico italiano*, 1947-48, p. 25, completed by the pre-war Yearbooks published by the Central Institute of Statistics.

It was mainly owing to the political and economic nationalism that arose after World War I that Italian emigration was unable to return to the levels reached before that conflict arose. The high level reached in 1913 with 872,598 expatriations, equivalent to 2,463.6 emigrants per 100,000 inhabitants, is in striking contrast with the 61,548 who left in 1938 (equivalent to only 140.6 per 100,000 inhabitants).

The reasons for this stagnation are deep-seated and well-known. The economic and social changes due to the war effort and to new requirements disrupted the community of interests which until then had existed between the immigration and emigration countries.

When we consider the very large contribution made by emigrant remittances to our balance of payments, it is easy to understand the great importance Italy attaches, under the present unbalanced trade condition, to a resumption of emigration. The data given in Table VI are eloquent, and justify the attention given in the past to the problems of emigration.

5. - Italy's emigration policy is necessarily subordinate to the immigration policies of the countries who receive our workers. It is therefore grafted on to a wider problem, that of the general demographic and economic disequilibrium existing in the several countries and of the distribution and growth of productive capacity internationally considered. Above all it is essential that, in the case of countries like

ours where the pressure of population is severely felt and raw materials and capital are scarce, measures be taken to create the essential conditions for relieving the consequences of this internal economic and social disequilibrium.

Bearing this in mind, it would not seem that during the next four years (1949-52) the total number of emigrants could exceed 832 thousand, of whom 364,000 would go to European, and 468,000 to non-European countries.

As to the size of emigrant remittances, we only have the estimates for those sent through the Italian Foreign Exchange Office, amounting to 31.1 million dollars in 1947. The figure for 1948 is expected to stand at 45 million dol-

TABLE VI

Emigrant Remittances and Italy's Balance of Trade (millions of current lire)

Year	Trade deficit (Colonies excluded)	Emigrant remittances	% of deficit covered by remittances
1927	4,969	2,110	42.5
1928	7,538	2,064	27.4
1929	6,623	2,120	32.0
1930	5,428	1,806	33.3
1931	1,605	1,550	96.6
1932	1,630	892	54.4
1933	1,602	648	40.4
1934	2,618	351	13.0
1935	1,187	370	31.2
1936	2,859	670	23.4
1937	5,629	832	14.8
1938	3,015	726	24.1
1939	1,508	767	50.9

Source: Report of the Economic Committee of the Ministry for the Constitution Assembly. III. Monetary problems and foreign trade. Vol. I. Report. pp. 180 and 182. Data re-elaborated.

lars. This is exclusive of the foreign exchange that has entered the country illegally (which in 1947 must have amounted to a considerable figure, especially from Switzerland) but cannot be statistically ascertained. At the end of 1952-53, that is to say when the execution of the ERP will have brought about a revival of the European economy, an influx of some 120-130 million dollars from this source may be hoped for.

It will not be possible to exceed such a figure for several reasons: (a) the number of emigrants will be much smaller than formerly; (b) the emigration of most importance from the point of view of the influx of foreign exchange is temporary, as in this case the savings made are for the most part sent by the workers to their families in the home country; but for several years past a considerable proportion of the temporary emigration has turned into permanent emigration, and this helps to reduce the remittances; (c) the wages paid to our Italian emigrants should leave a margin over and above essential needs, that is to say, a certain margin for savings to send home; but unfortunately this is not always the case under present conditions; (d) several immigration countries, and since 1930 especially those of Latin America, have adopted policies which aim to secure that the savings made on their territory be invested in their own internal economy, thus placing serious obstacles in the way of the export of capital.

III. - Probable development in the next 4 years.

6. - Under the conditions set forth in the previous paragraphs, the problem Italy has to face is that of assuring steady employment to the mass of unemployed, which may be estimated at some 2 million persons, and to the new forces which in the coming years enter the labour market as a result of the growth of population. From 1949 to 1952 the total increase in the population will probable amount to 1,500,000 persons (Table VII).

We must now determine what percentage of the increase may reasonably be expected to

be economically active. In this connection it should be noted that: (a) generally speaking the groups able to carry on a productive activity, *i.e.* those between 15 and 64 years of age, account for 62-63 per cent of the total population of a country; (b) in Italy (1936 census) the population comprised within those age groups accounted for 61.5% of the total. But the economically active population, engaged in a trade or profession, belonging to the same age group, accounted only for 38.8% of the total, *i.e.* for 63.8% of the population of a productive age.

On the supposition that the low ratio remains unaltered in the future, the number of persons seeking work—net of the probable number of emigrants estimated for that period (832 thousand)—will probably increase by 350,000. As a result of the hoped for increase of economic activity in Italy, thanks to the steady development of ERP plan, and if international collaboration develops, we may expect on a rough estimate, an increase of a little more than 1.2 million in the number of persons provided with steady employment (Table VIII).

If we consider the serious congestion in agriculture and take into account that the plans

TABLE VIII
Growth of Occupation in the several Branches of Employment in the four Years 1949-52

Branch of occupation	Presumptive increase	% of total
Agriculture	25,000	2.0
Industry & handicrafts	500,000	40.8
Building, including public works	300,000	24.5
Public & private administration, commerce & transport	400,000	32.7
	1,225,000	100.0

TABLE VII
Probable Increase of the Population (in millions)

Population on	Resident population	Increase	% for the period
31.XII.1947 (ascertained)	46.11	—	—
31.XII.1952 (estimated)	47.11	1.50	3.25

for investments entail a whole series of public works and building and industrial reconversion, while the growth of processing industries brings greater opportunities for employment in commerce and transport, then the forecast made would appear to be one which could be realised.

IV. - Presumptive situation on the labor market at the end of 1952.

7. - The situation on the Italian labour market as a result of the completion of the ERP plan, with the consequent expected development of Italian economy during the four years of its execution, and above all as a result of the higher levels of output foreseen, may be expected to develop as follows:

Unemployment on 30.VI.1948	2,000,000
Net increase in the number of seekers for work in the 4 years (net of presumed emigrants: 832,000)	350,000
Total surplus workers	2,350,000
Estimated increase in Italian demand	1,150,000
Residual unemployment at end 1952	1,200,000

At the end of 1952—even supposing a conjuncture of favourable circumstances—the number of unemployed in Italy would still exceed one million. The improvement over existing conditions would certainly be marked, but our country would not yet have found a solution for its greatest problem which is that of utilizing the potential man-power now running to waste. The coefficient of occupation would still be very low (Table IX) and the unfavour-

TABLE IX

Estimate of the Population gainfully occupied (in millions)

Year	Resident population	Italian Population occupied	
		number	% of gainfully occupied to total population
1938	43.33	19.36	45.9%
1948	46.26	18.70	40.4%
1952-53	47.61	20.00	41.9%

able situation of Italy in this respect would be worse in 1952-53 than it was in 1938, a situation which compared to that existing in the more important countries was already very serious (Table X).

TABLE X

Gainfully employed Population compared to total Population in some Countries

Country	% of gainfully occupied to total population	No. of unproductive persons for each gainfully occupied
Russia 1926	57.5	0.74
France 1931	52.4	0.91
Germany 1933	49.4	1.02
United Kingdom 1931	47.0	1.13
Italy 1936	47.0	1.13
Poland 1931	43.2	1.51

Under these circumstances the conclusions to be drawn are evident, and it is worth while summing them up:

Italy:

(1) even with the valuable help of ERP cannot solve the problem of her surplus labor;

(2) needs new export markets for her finished products, which are nothing but the transfer abroad of her excess of labor. In this connection the most important thing for her would be to develop the export of her engineering as these industries absorb the largest amount of labor;

(3) sees the importance of re-establishing European economic unity so that she may maintain close commercial relations with all European countries;

(4) asks that her workers be able to emigrate on good and honourable conditions to those countries which are able to absorb more labor;

(5) calls attention, more especially in view of the increase of unemployment, to the serious consequences of the loss of her African territories.

The Italian problem of surplus population is one which can only be solved on international lines. Its solution requires the improvement and development of European economic col-

laboration. It therefore seems to us impossible reasonably to exclude considerations of international policy. Leaving aside all theoretical appreciations of dictatorial regimes, there can be no doubt that Italy—as indeed also Germany—at least in part, went to war in order to settle what in 1938 was described as the problem of "living-space". The problem not only was not settled by force of arms, but has been enormously aggravated by the

destruction of wealth caused by the war and by the articles of the "Diktat" of peace. Therefore our most earnest wish must be that the spirit of economic collaboration may be developed to the utmost among the peoples of the world in general and among those of Europe in particular. On this point Italy has already given more than one clear proof of her good will. But how about the other powers? This query still awaits an answer.