

A COMPARATIVE ANALYSIS OF HOUSEHOLD CONSUMPTION
FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES,
IN FRANCE AND ITALY (1959, 1965, 1969)

BY VERA CAO-PINNA

*Centro di studi e piani economici,
Rome*

AND ALAIN FOULON,

C.R.E.D.O.C., Paris

In this article the authors anticipate some results of a study carried out in France and in Italy, in the framework of a wider research project aiming at analysing in some depth and at comparing the recent trends and patterns of total household consumption in some capitalist and socialist countries.¹

The accounting scheme used to arrive at a comprehensive definition of household consumption, inclusive of the "non-market" divisible services produced by public administrations, and to identify the share of this new aggregate which is financed by collective resources, is outlined in the first section. In the second section, the article shows the growing relative importance of publicly-supported consumption, but it also shows that during the sixties, the overall cost of divisible public services and of social benefits provided in kind or in cash was, in both countries, almost entirely auto-financed by the household sector, via social security contributions and taxes levied on that sector's income and consumption. In the third section, comparative analysis of the recent structural evolution of the "market" and the "non-market" shares of total household consumption points out the similarities and dissimilarities between the patterns and forms of private and public spending in the two countries.

The results of this analysis seem to support the thesis that unless a better integration of social policies with economic growth policies is achieved, it will not be possible to implement rational choices between the "market" and the "non-market" ways of satisfying specific population needs. The authors' conclusion is that under present circumstances, public civil expenditures will continue to rise, both in France and in Italy, more rapidly than total national resources and it will become difficult to balance total receipts and total outlays of the public sector.

1. THE ACCOUNTING SCHEME USED TO ANALYSE THE "MARKET" AND
"NON-MARKET" COMPONENTS OF TOTAL HOUSEHOLD CONSUMPTION

The need to look at consumption trends and paths in a policy-oriented framework is being widely felt, especially in those countries which are experiencing an accelerated expansion of public expenditures destined to satisfy basic population needs.²

Information on so-called "private" and "public" consumption currently published in the framework of national accounts provides only moderate help to policy makers who are more and more confronted with the crucial problem of identifying an appropriate compromise between economic growth objectives and

¹This project has been organized by the European Center for Documentation and Research in Social Sciences (CEUCORS) which is an autonomous unit of the International Council of Social Sciences whose major purpose is to promote cooperation among research institutes operating in countries having different political systems.

²See, for instance, the progress reports of Working party No. 2 of the OECD Economic Policy Committee.

social welfare aims. The questions in which planning authorities, treasury departments and other governmental agencies responsible for the re-allocation and collective resources are more interested are, in fact, of the following type:

- (a) Which factors are behind the rapid growth of civil public expenditures: demographic expansion and pressure of demand for public services; rate of increase of urbanization; income distribution considerations; the necessity of correcting the results of market mechanisms; inefficient organization of public administration and increasing cost of civil servants?
- (b) What are the implications of economic growth policies for private and public spending capacity? Or, more precisely:
—what rate of growth can be attained, with given “market” and “non-market” shares of total consumption?
—and, conversely: which “market” and “non-market” shares of total consumption are compatible with a “desired” rate of growth and a given foreign exchange policy?
- (c) Which constraints arise, on the spending capacity of the various social categories, from the need of financing public expenditures? Or, more precisely: who has to pay (and how much) for the provision of social benefits and free public services to the entire population?
- (d) To what extent, and through which policy measures, would it be possible to control the further expansion of civil public expenditures by shifting to the market sector part of certain non-market services traditionally produced by the public sector; (e.g. education); by easing the burden of social benefits allocated in kind, or in the form of services, through the social security system; by economizing on general administration costs of public services?
- (e) Which social categories benefit most from the re-distribution of collective resources and which ones would suffer most from contraction of welfare expenditures?
- (f) Are the collective resources allocated in proper proportions to satisfy the various categories of population needs, according to the demographic, economic and social evolution of the country?
- (g) Which are the relative “merits” of cash transfers, as opposed to the provision of social benefits in kind, or in the form of services?

None of these questions or the more specific ones raised by the allocation of collective resources can be clarified by the data contained in the present national accounting systems, which were originally (and are still) designed to serve primarily economic growth policy making.

The major shortcomings of the final consumption accounts currently produced by national statistical services of Western Europe are:

- (a) The arbitrary frontier conventionally traced out between “private” and “public” consumption, especially with regard to some important consumption categories such as expenditures on health, social services and education.

- (b) No distinction is explicitly made between the shares of households' consumption consisting of goods and services purchased by households on the market, according to their preferences and income spending capacity, and the shares consisting of goods and services allocated from social funds, without involving a simultaneous disbursement of personal incomes earned during the survey periods.
- (c) Nor is explicit information provided on the three major components of the values of the various categories of goods and services purchased by households (factor cost, indirect taxes and subsidies).
- (d) The nomenclatures used to break down households' consumption and the so-called "public consumption" are different, and both are insufficiently specified with regard to some important categories of goods and services that satisfy non-material population needs. Moreover, the dichotomy between these two components of total consumption implies the assumption of a lack of interdependence between individual and public choices that determine the pattern of total consumption.
- (e) "Public consumption" accounts are seldom broken down by major categories of public administration (central government, local authorities, social security administrations) and there are not yet any generally agreed conventions as to the classifications to be used to describe the patterns of current expenditures of these major categories.
- (f) Finally, an important element of duplication is, indeed, contained in the aggregate value of total final consumption obtained by summing up "public consumption", necessarily evaluated at factor cost, and "private consumption", a large share of which is evaluated at market prices, i.e. including indirect taxes that are one of the major sources of financing the production of public services.

Taken all together, these imperfections of the present final consumption accounts constitute a serious handicap even for the analyst engaged in the simpler task of producing reliable sets of estimates of future, or desirable, developments of total consumption levels and structures. However, the problem of re-shaping the traditional accounting schemes for "private" and "public" consumption to make them more useful for the formulation of final consumption policies and public expenditure programs is not an easy one.³

The double-entry scheme of household consumption on which the summary tables presented in this article are based is that which has been used to describe

³Almost two years were required to reach a general consensus among the experts participating in the study on the appropriate delimitation of a more comprehensive notion of the households' consumption aggregate; the nomenclatures to be used to break it down, by specific population needs; the classification of the institutional channels through which each category of need is satisfied, and the identification of households' consumption shares that are financed by individual and collective resources. Of course, the most critical problem to be solved was the last one, because of the profound differences in the delimitation of "public consumption" in the Western and Eastern Europe social accounts. And, of course, a number of compromises had to be arrived at, to attain a minimum degree of comparability between the two sets of data to be provided by the two groups of countries participating in the project.

and compare the structural evolution of this aggregate in France and Italy. Its major characteristics are:

- (a) Detailed nomenclatures to describe the composition of certain consumption categories which are insufficiently specified in the Western national accounts (health, education, social services);
- (b) distinctions among (i) the consumption of the various groups of goods and services which is entirely financed by individual resources, (ii) the consumption of goods and services which is totally or partially financed by social funds administered by social security institutions, central and local government, private non-profit administration, and enterprises,⁴ and (iii) the consumption of “divisible” “non-market” services produced by central and local government and by social security institutions which are destined to serve primarily households’ needs;⁵
- (c) the specification, for each category of goods and services purchased by households, of the indirect taxes and subsidies included in their purchaser prices, which makes it possible to convert the market values of household purchases into *factor cost values* and, then, to sum them up with the factor cost values of those similar goods and services which are supplied free (or apparently free) by public administrations.

The above outlined accounting scheme is, evidently, far from being as complete as desirable, but it has the merits of:

- (α) assigning a new and broader dimension to the aggregate of *total households’ consumption* which appears more appropriate than the traditional one for measuring and comparing the evolution of the level and quality of living in the various countries;
- (β) breaking down the value of this aggregate into a large number of components; thereby pointing out the order of importance of, either the specific needs that (within a given relative price system) households can afford to satisfy at their own expenses, or the specific population needs that public powers assume the responsibility for satisfying at the expense of the community;
- (γ) permitting the reconciliation of the total and partial values of final consumption with those of the aggregates presented within the framework of national accounts of Western Europe countries.

Although limited to three points of the past decade (1959, 1965, 1969), the collection and organization of the specific information required to compile this set of statistical tables has not been an easy task.

The major problems encountered in France and Italy were: (i) differing budgeting practices of public administrations, at both the central and the local levels; (ii) insufficient disaggregation of certain expenditure categories in the

⁴Social benefits allocated by enterprises have been, however, excluded from the overall value of total social benefits, since their cost is normally shifted to the market prices of products sold to households.

⁵Due to the lack of reliable information on social benefits allocated by private administrations, in the French accounts the value of this component could be included only for educational services.

accounts of the operational units of social security institutions (e.g. food provided by hospitals to patients); (iii) the poor coverage of local authorities and private administrations accounts that could be used to estimate the total values of the various types of services rendered to households by these sectors. Consequently, the specification of social benefits provided in kind to French and Italian households must be considered as *tentative estimates*, rather than statistical representations of the cost structures and product mix of the supplying sectors.

Pending the publication of all the sets of data assembled in France and Italy in the framework of the accounting scheme outlined above, only a few summary tables will be presented and briefly commented upon in the following sections, with the purpose of showing that, even in its consolidated form, this scheme may help to discover the similarities and differences in the ways of satisfying population needs in two countries characterized by similar political systems, but which, of course, differ somewhat in institutional structures and in the instruments used to implement social welfare policies.

These tables will sketch the structural evolution of the “market” and “non-market” areas of total households’ consumption in France and Italy, as it emerged from the estimated values of the various components of this aggregate at three points during the past decade (1959, 1965, 1969). These values are all expressed *at current prices only*. It is, in fact, the belief of the authors that, especially in the case of inter-country comparisons focused on the contribution of the public sector to the financing of total household consumption, it is preferable to avoid the use of sets of deflators—which are necessarily heterogeneous and difficult to compute for theoretical and empirical reasons⁶—for attempting to compare the changes in volume of *all* the components of this aggregate, i.e. including those that are financed by collective resources. Indicators in physical terms provide, indeed, less abstract measures of the various types of public services made available to households than those obtainable by simply deflating current public expenditures.

2. A COMPARATIVE ANALYSIS OF TOTAL HOUSEHOLDS’ CONSUMPTION FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES, IN FRANCE AND ITALY

According to the definition of total households’ consumption adopted in this study, the factor cost value of this aggregate increased, during the sixties, at the same average rate of about 10 percent per year, in France and Italy. It is worth noting that this rate does not differ from that obtained by expressing the households’ purchases component at market prices and that it is not much different even when it is derived from values in *per capita* terms (8.7 percent in France and 9.3 percent in Italy). The two sets of data in *tables 1 and 2* indicate, however, that the expansion in the monetary dimension of this aggregate was largely due, in both countries, to the rapid increase of its “non-market” share, as defined in the previous section.

⁶See, for instance: S. Fabricant, “Prices in the National Accounts Framework: a Case for Cost-Benefit Analysis”, and, J. Alterman and M. L. Marimont, “Prices and Price Analysis in the Framework of the National Accounts”, *The Review of Income and Wealth*, series 16, no. 2, June 1970.

TABLE 1
HOUSEHOLDS' CONSUMPTION AND TOTAL CONSUMPTION IN THE ECONOMIC TERRITORIES OF FRANCE AND ITALY
(1959, 1965, 1969)

Major components of total consumption	France			Italy		
	Million Francs, at current prices			Billion Lire, at current prices		
	1959	1965	1969	1959	1965	1969
1. Households' purchases, at consumer prices ¹	162,229	275,793	400,719	12,689	22,405	31,276
2. Less: Indirect taxes on production and trade of consumer goods and services	18,439	33,783	61,752	1,143	2,191	3,256
3. Plus: Subsidies to producers of consumer goods and services	4,095	10,730	18,315	179	482	781
4. <i>Households' purchases, at factor cost</i> (1 + 3 - 2)	147,885	252,740	357,282	11,725	20,696	28,801
4a. Per capita (in French francs and in thousand lire)	(3,305)	(5,179)	(7,114)	(238)	(401)	(545)
5. Social benefits allocated in kind, or in the form of services ²	9,203	22,224	36,771	673	1,648	2,526
6. Total "private" consumption, at factor cost (4 + 5)	157,088	274,964	394,053	12,398	22,344	31,327
7. "Public consumption" of final "divisible" services ³	9,137	20,563	33,293	869	2,192	3,173
8. <i>Total households' consumption, at factor cost</i> (6 + 7)	166,225	295,527	427,346	13,267	24,536	34,500
8a. Per capita (in French francs and in thousand lire)	(3,716)	(6,057)	(8,509)	(269)	(476)	(653)
9. "Public consumption" of intermediate and final "indivisible" services ⁴	27,696	41,188	56,674	1,547	2,983	3,732
9a. Of which: Defense, justice and public security ⁵	(9,649)	(16,713)	(21,849)	(486)	(903)	(1,180)
10. <i>Total consumption of present population</i> (8 + 9)	193,921	236,715	484,020	14,814	27,519	38,232

¹Including autoconsumption, wages in kind and imputed rentals; excluding reimbursements of expenditures on health.

²Including reimbursements of household expenditures on health. (The values for France do not cover benefits provided by private non-profit administrations.)

³Education and allied research, general administration costs involved in the organization or control of sanitary services, social services, culture and information, sport and entertainment.

⁴Defence, justice and public security, general affairs and other "invisible" public services.

⁵The values for France cover only defense expenditures.

Sources: *France*: CREDOC; *Italy*: Centro di studi e piani economici.

TABLE 2
 INDICES, FROM 1959 TO 1969, OF THE "MARKET" AND "NON-MARKET"
 COMPONENTS OF TOTAL HOUSEHOLDS' CONSUMPTION, IN FRANCE AND ITALY
 (1959 = 100)

	France	Italy
1. Households' purchases, at factor cost	242	246
1a. At consumer prices	(247)	(247)
2. Social benefits allocated in kind, or in the form of services	400	375
3. Production of "divisible" public services	364	365
4. Total households' consumption, at factor cost	257	260
4a. Per capita	(229)	(243)

Looking only at the evolution of the three major components of total households' consumption, it appears (*in table 3*) that in both countries, approximately 11 percent in 1959 and 16 percent in 1969 of the factor cost value of this aggregate would have been financed by collective resources. The real magnitude of collective resources used to finance household consumption appears, however, much higher (especially in France), if two additional forms of public spending are considered, subsidies granted to producers of consumer goods and services and cash transfers to households. Taking into account *subsidies* (which, indeed, represent an indirect form of financing private consumption) the contribution of collective resources would, in fact, already have attained in 1969 the level of about 21 percent in France and about 19 percent in Italy. Finally, considering that *cash transfers* to households can be assumed to be entirely destined to consumption, it may be concluded that in 1969, 42 percent of total households' consumption was publicly supported in France and 35 percent in Italy.

TABLE 3
 SHARES OF TOTAL HOUSEHOLDS' CONSUMPTION DIRECTLY AND INDIRECTLY
 FINANCED BY COLLECTIVE RESOURCES, IN FRANCE AND ITALY, 1959, 1965, 1969
 (Percentages of total households' consumption at factor cost)

	France			Italy		
	1959	1965	1969	1959	1965	1969
1. Social benefits in kind, or in the form of services	5.5	7.5	8.6	5.0	6.7	7.3
1a. Of which reimbursements	(2.0)	(3.2)	(3.9)	(0.3)	(0.3)	(0.5)
2. Production of "divisible" public services	5.5	7.0	7.8	6.6	8.9	9.2
3. Total (1 + 2)	11.0	14.5	16.4	11.6	15.6	16.5
4. Subsidies to producers of consumer goods and services	2.5	3.6	4.3	1.4	2.0	2.3
5. Total (3 + 4)	13.5	18.1	20.7	13.0	17.6	18.8
6. Cash transfers to households	17.2	21.2	21.7	14.1	15.3	16.4
7. Total (5 + 6)	30.7	39.3	42.4	27.1	32.9	35.2

For policy purposes, however, it is not sufficient to look at the increasing shares of publicly supported consumption. The dynamics of this phenomenon (today common to all developed countries) must, in fact, be confronted with that

of households' contributions to the formation of collective resources, in order to check whether what they pay for social welfare is balanced by their benefits from the re-distribution of collective resources administered by public powers. Unfortunately, the information so far available does not yet permit the establishment of such a comparison for the various social categories that contribute to, and benefit from, the re-allocation of collective resources. At the macro level, it is only possible to determine the balance or imbalance between the amounts of resources obtained from and redistributed to the household sector, through the two major institutional channels: the social security system and the other public administrations.

Omitting less relevant and less accurate data on resources administered by private administrations and enterprises, it is possible to show (*in table 4*) that, in the three years of the period under review:

- (a) The total value of benefits received by French and Italian households through the social security system exceeded (more in Italy than in France) the total amount of social contributions deducted from the gross earnings of dependent and independent workers.⁷
- (b) On the contrary, the total amount of resources destined by other public administrations to meet households' needs was, in both countries, systematically and substantially below households' contribution to the formation of these resources (in the form of direct and indirect taxes and other minor current transfers).
- (c) Summing up the overall results of the re-distribution operated through these two major institutional channels, it appears that, in both countries:
 - (i) the "non-market" share of household consumption was almost entirely "autofinanced" by the social contributions and taxes levied on income and consumption of households;
 - (ii) other current public expenditures destined to serve community needs ("indivisible" public services, interest on public debt and other minor outflows) were covered with other public revenues (direct taxes on profits, indirect taxes on the production of intermediate and capital goods, duties, etc.).

This finding seems, therefore, to indicate that barring spiraling inflation, or economizing on military expenditures, or securing additional resources through public indebtedness:

- (α) The further expansion of public expenditures on behalf of households will encounter financial constraints in the social security funding by enterprises and in the fiscal pressure on the social classes that contribute most to the formation of public revenues.
- (β) Any tentative shift to the market of part of the non-market "divisible" services traditionally produced by central and local government (e.g. education) will find, in turn, socio-economic constraints in the difficulty

⁷Employers' contributions to Social Security must be, in fact, correctly considered as compulsory cuts on income earned, or spent, by households and not as cuts on profits.

TABLE 4
PERCENTAGE DISTRIBUTION OF TRANSFERS IN MONEY AND IN OTHER FORMS BETWEEN HOUSEHOLDS AND PUBLIC ADMINISTRATIONS, IN FRANCE AND ITALY
(1959, 1965, 1969)

Flows	France								
	Social Security Institutions			Other Public Administrations			Total		
	1959	1965	1969	1959	1965	1969	1959	1965	1969
(A) <i>Households' contributions to the formation of collective resources</i>	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—
1. Social security contributions	100.—	100.—	100.—	2.3	2.8	2.5	46.4	52.1	49.5
1a. Of which charged to dependent and independent workers	(21.0)	(27.1)	(28.4)	(1.6)	(1.6)	(1.5)	(10.3)	(14.5)	(14.5)
1b. Of which employers' contributions	(79.0)	(72.9)	(71.6)	(1.2)	(1.2)	(1.0)	(36.1)	(37.6)	(35.0)
2. Indirect taxes on production and trade of consumer goods and services	—	—	—	61.1	59.9	62.8	33.6	29.5	32.5
3. Direct taxes on households' income and wealth	—	—	—	36.1	37.3	34.7	20.0	18.4	18.0
4. Other current transfers	—	—	—	—	—	—	—	—	—
5. Total in absolute values*	(24,608)	(58,045)	(91,439)	(30,185)	(56,417)	(98,277)	(54,793)	(114,462)	(189,716)
(B) <i>Uses of collective resources on behalf of households</i>	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—
1. Current transfers in money	70.6	67.0	63.9	37.1	36.2	33.5	55.5	53.7	50.9
2. Reimbursements of expenditures	12.7	15.1	16.8	—	—	—	7.0	8.5	9.6
3. Social benefits in kind, or in the form of services	10.8	12.5	13.9	13.6	9.8	8.2	12.0	11.3	11.5
4. Final services produced by public administrations	5.9	5.4	5.4	34.8	35.3	37.5	19.0	18.4	19.1
4a. Of which general administration services	(n.a)	(5.3)	(5.3)	(n.a)	(5.7)	(6.8)	(n.a)	(5.5)	(5.9)
5. Subsidies to producers of consumer goods and services	—	—	—	14.5	18.7	20.8	6.5	8.1	8.9
6. Total, in absolute values*	(26,613)	(63,395)	(99,753)	(21,744)	(48,464)	(74,547)	(48,357)	(111,879)	(174,300)
(C) Ratios (B.6/A.5)	1.09	1.09	1.09	0.72	0.66	0.76	0.88	0.98	0.92

Table 4—continued

PERCENTAGE DISTRIBUTION OF TRANSFERS IN MONEY AND IN OTHER FORMS BETWEEN HOUSEHOLDS AND PUBLIC ADMINISTRATIONS, IN FRANCE AND ITALY
(1959, 1965, 1969)

Flows	Italy								
	Social Security Institutions			Other Public Administrations			Total		
	1959	1965	1969	1959	1965	1969	1959	1965	1969
(A) <i>Households' contributions to the formation of collective resources</i>	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—
1. Social security contributions	100.—	100.—	100.—	—	—	—	45.5	47.2	47.4
1a. Of which charged to dependent and independent workers	(n.a.)	(27.3)	(25.6)	(—)	(—)	(—)	(n.a.)	(12.9)	(12.1)
1b. Of which employers' contribution	(n.a.)	(72.7)	(74.4)	(—)	(—)	(—)	(n.a.)	(34.3)	(35.3)
2. Indirect taxes on production and trade of consumer goods and services	—	—	—	56.7	53.1	52.7	30.9	28.0	27.7
3. Direct taxes on households' income and wealth	—	—	—	38.1	42.8	43.0	20.7	22.6	22.6
4. Other current transfers	—	—	—	5.2	4.1	4.0	2.9	2.2	2.3
5. Total in absolute values*	(1,682)	(3,694)	(5,577)	(2,015)	(4,128)	(6,179)	(3,697)	(7,822)	(11,750)
(B) <i>Uses of collective resources on behalf of households</i>	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—
1. Current transfers in money	72.1	68.6	67.6	24.5	11.5	11.9	51.5	45.9	46.2
2. Reimbursements of expenditures	1.8	1.7	2.3	—	—	—	1.0	1.0	1.4
3. Social benefits in kind, or in the form of services	18.4	23.1	23.8	13.4	11.2	9.1	16.2	18.3	18.2
4. Final services produced by public administrations	7.7	6.6	6.3	49.8	61.6	61.4	25.9	28.5	27.4
4a. Of which general administration services	(7.7)	(6.6)	(6.3)	(19.0)	(20.6)	(21.7)	(12.9)	(12.2)	(12.2)
5. Subsidies to producers of consumer goods and services	—	—	—	12.3	15.7	17.6	5.4	6.3	6.8
6. Total, in absolute values*	(1,902)	(4,643)	(7,144)	(1,450)	(3,061)	(4,431)	(3,352)	(7,704)	(11,575)
(C) Ratios (B.6/A.5)	1.13	1.26	1.28	0.72	0.74	0.70	0.91	0.98	0.98

*France: million Francs at current prices; Italy: billion lire at current prices

Sources: France, CREDOC; Italy, Centro di studi e piani economici

of modifying the primary income distribution, or of imposing severe controls on the quality and prices of similar services produced by the market.

Another interesting finding emerging from table 4 lies in the similarities in the relative importance of the various forms in which French and Italian households contribute to the formation of collective resources (social security charges being the most relevant one and indirect taxation contributing more than direct taxes on income and wealth). Conversely, there are differences in the relative weights of the various forms in which about 70 percent of total public revenues is re-allocated to the household sector. While a common feature of the welfare policies implemented in France and in Italy during the sixties has clearly been control of the expansion of cash transfers, there are significant differences in the proportions in which collective resources have been re-allocated by social security institutions in the forms of reimbursements of households' expenditures on health (about 17 percent in France and only 2.3 percent in Italy in 1969), and in the provision of social benefits (about 14 percent in France and 24 percent in Italy).

Equally striking are the differences between the proportions in which collective resources administered by central and local government are redistributed to French and Italian households through cash transfers (only 12 percent in Italy, as compared with 33.5 percent in France in 1969), and through the production of final "divisible" services (61 percent in Italy and only 37.5 percent in France, in 1969).

The different forms of public spending in the two countries seem, therefore, to leave the impression that the allocation policy is more concerned in France than in Italy with the correction of the results of the market mechanisms, without restricting too much the consumers' ability to choose the ways of satisfying their own needs. But, it must be pointed out that these differences are, in part, due to the high general administration costs of public services rendered in Italy. According to the results of the study, the share of these costs in the value of public education services was, for instance, only 8 percent in France and 24 percent in Italy, in 1969.

To conclude the review of the major monetary aspects of the re-distribution of collective resources in France and Italy, it may be of interest to show the recent evolution in the *composition of cash transfers* to households, which are still the major form of public support to final consumption in both France and Italy.

The series of percentages presented in *table 5* show that the major component of this outflow is represented, in both countries, by payments of *pensions* to retired workers, veterans and handicapped persons. In spite of the slow adjustment of pension levels to the rising cost of living, the total amount of these payments is rapidly increasing, in France and Italy. And, since the major factor behind this expansion is the evolution of the demographic structure of population, it can be expected that this expenditure category will continue to absorb an increasing share of collective resources available for social welfare.

In both countries, the decline registered in the relative importance of *family allowance* payments may be also ascribed to demographic factors; and equally

TABLE 5
PERCENTAGE DISTRIBUTIONS OF CASH TRANSFERS TO HOUSEHOLDS BY PUBLIC ADMINISTRATIONS, ENTERPRISES AND THE REST OF THE WORLD, IN FRANCE AND ITALY
(1959, 1965, 1969)

	Transfer categories	France			Italy		
		1959	1965	1969	1959	1965	1969
1.	Pensions	54.0	59.4	62.8	61.0	67.5	73.8
1a.	Of which to: retired workers	}(50.8)	}(54.7)	}(58.0)	(46.9)	(56.4)	(62.7)
	veterans				(11.6)	(7.3)	(6.5)
	handicapped persons				(3.2)	(4.7)	(4.8)
2.	Family allowances and maternity grants	30.8	24.2	21.0	29.4	25.2	19.0
3.	Sickness pay	4.8	7.0	6.6	4.0	3.5	4.7
4.	Unemployment subsidies	0.4	0.7	1.3	2.2	3.3	1.9
5.	Other transfers in money	10.0	8.7	8.3	3.4	0.5	0.6
5a.	Of which: scholarships and pre-salaries	(3.9)	(1.2)	(1.5)	(3.0)	(...)	(0.2)
5b.	assistance to repatriated	(...)	(1.0)	(0.1)	(...)	(...)	(...)
6.	Total (1 to 5)	100.-	100.-	100.-	100.-	100.-	100.-
6a.	Of which allocated by: Social security institutions	65.7	67.6	68.8	73.4	84.8	85.3
6b.	Other public administrations	28.2	28.0	27.0	18.9	9.3	9.2
6c.	Enterprises	6.1	4.4	4.2	5.7	4.6	4.6
6d.	The rest of the world	(...)	(...)	(...)	2.0	1.3	0.9
7.	Total, in absolute values*	(28,598)	(62,797)	(92,676)	(1,869)	(3,759)	(5,661)

**France*: billion French francs at current prices; *Italy*: billion lire at current prices

(...) Percentages less than 0.1

Sources: *France*, CREDOC; *Italy*, Centro di studi e piani economici

explainable by structural factors, rather than policy, are the slight variations in the relative magnitudes of *sickness payments*.

3. CHANGES IN THE STRUCTURES OF “MARKET” AND “NON-MARKET” HOUSEHOLDS’ CONSUMPTION

In the previous section the emphasis has been put on the “financing side” of total households’ consumption. The paper now goes on to analyse the recent evolution in the spending patterns of the private and public sectors, in France and Italy.

As in the first section, however, attention will be focused on the similarities and differences between the consumption patterns of the French and the Italian populations that are relevant to policy-making issues and considerations.

Among the results of the study that may be of special interest to policy makers are the proportions in which the various categories of population needs are *not* met by the market in the various countries, a comparison that, evidently, is more meaningful when all the “market shares” of households’ consumption are unaffected by the differing tax burden entering into consumer prices. This is the case of the inter-temporal and inter-country comparisons presented in *table 6*: where both the “market” and the “non-market” shares of the 14 consumption categories are derived from values at current factor cost levels.

The evolution depicted by this table is *per se* of considerable interest, since it shows that, during the sixties:

- (a) Households’ demand for goods and services classified in 11 of the 14 categories was almost entirely satisfied by the market, in both France and Italy, a finding which, however, does not mean that public intervention in this area is non-existent, or negligible. The “market” shares of these consumption categories include subsidies granted to producers of consumer goods and services that satisfy basic population needs (food, housing, transportation and communication, culture and information, sport and entertainment), a provision that (especially in France) contributes significantly to lower the producers’ cost of these goods and services.
- (b) In both countries, direct public intervention in the form of social benefits and “divisible” public services is relevant only in three consumption categories: *health, education and social services*. Apart from the fact that the levels of the “non-market” shares of these consumption categories are not strictly comparable (because the French figures do not include the social services rendered by private non-profit administrations), what is worth noting from a policy point of view is the rapid increase registered, in both France and Italy, in the magnitudes of these shares. The major factors responsible for this trend may be identified as:
 - (i) the extension, in both countries, of social security benefits to new social categories that were previously excluded from such provisions;

TABLE 6
SHARES OF HOUSEHOLDS' CONSUMPTION FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES, IN FRANCE AND ITALY

		France					Total Households' consumption (at factor cost)	
Category of Needs		Households' purchases ¹		Consumption financed by collective resources				
				Social benefits	Production of public divisible services			Total
Years	1	2	3	4	3 + 4 = 5	2 + 5 = 6	million francs	
1	2	3	4	5	6	7	8	
99	1. Food (consumed at home and outside home)	1959	97.2	2.8	—	2.8	100.—	(53,679)
		1965	97.6	2.4	—	2.4	100.—	(82,242)
		1969	97.8	2.2	—	2.2	100.—	(109,011)
	2. Beverages (consumed at home and outside home)	1959	98.8	1.2	—	1.2	100.—	(11,804)
		1965	98.0	1.2	—	1.2	100.—	(16,999)
		1969	98.8	1.2	—	1.2	100.—	(19,946)
	3. Tobacco and matches	1959	100.—	—	—	—	100.—	(1,360)
		1965	100.—	—	—	—	100.—	(1,523)
		1969	100.—	—	—	—	100.—	(2,025)
	4. Clothing, shoes and personal apparel	1959	98.4	1.6	—	1.6	100.—	(16,501)
		1965	98.8	1.2	—	1.2	100.—	(28,085)
		1969	98.6	1.4	—	1.4	100.—	(34,702)
	5. Personal care (excluding health protection)	1959	100.—	—	—	—	100.—	(1,996)
		1965	100.—	—	—	—	100.—	(4,693)
		1969	100.—	—	—	—	100.—	(8,049)
	6. Housing and household operation	1959	98.3	1.7	—	1.7	100.—	(27,159)
		1965	97.8	2.2	—	2.2	100.—	(52,430)
		1969	97.4	2.6	—	2.6	100.—	(81,078)
	7. Transportation	1959	99.5	0.1	0.4	0.5	100.—	(11,286)
		1965	99.5	0.1	0.4	0.5	100.—	(22,617)
		1969	99.5	0.1	0.4	0.5	100.—	(33,338)

8. Communications (excluding radio and T.V. services)	1959	100.—	—	—	—	100.—	(761)
	1965	100.—	—	—	—	100.—	(1,424)
	1969	100.—	—	—	—	100.—	(2,379)
9. Health	1959	34.1	58.7	7.2	65.9	100.—	(10,516)
	1965	18.7	73.6	7.7	81.3	100.—	(23,359)
	1969	17.0	75.7	7.3	83.0	100.—	(39,194)
10. Social services	1959	31.6	19.6	48.8	68.4	100.—	(2,913)
	1965	25.3	22.0	52.7	74.7	100.—	(5,417)
	1969	22.3	20.3	57.4	77.7	100.—	(8,335)
11. Education and research (excluding research for military purposes)	1959	31.6	—	68.4	68.4	100.—	(7,700)
	1965	24.0	—	76.0	76.0	100.—	(16,869)
	1969	23.1	—	76.9	76.9	100.—	(28,072)
12. Culture and information (including radio and T.V. services)	1959	85.1	1.7	13.2	14.9	100.—	(3,170)
	1965	87.3	0.6	12.1	12.7	100.—	(5,569)
	1969	87.3	0.5	12.2	12.7	100.—	(8,637)
13. Sports, leisure and entertainment	1959	97.3	0.1	2.6	2.7	100.—	(9,672)
	1965	97.0	(...)	3.0	3.0	100.—	(20,564)
	1969	95.8	(...)	4.2	4.2	100.—	(33,021)
14. Other goods and services	1959	87.3	—	12.7	12.7	100.—	(7,708)
	1965	87.2	0.4	12.4	12.8	100.—	(13,736)
	1969	91.9	0.4	7.7	8.1	100.—	(19,559)
15. Total households' consumption (at factor cost)	1959	89.0	5.5	5.5	11.0	100.—	(166,225)
	1965	85.5	7.5	7.0	14.5	100.—	(295,527)
	1969	83.6	8.6	7.8	16.4	100.—	(427,346)

Table 6—continued

SHARES OF HOUSEHOLDS' CONSUMPTION FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES, IN FRANCE AND ITALY

		Italy						
		Consumption financed by collective resources				Total Households' consumption (at factor cost)		
Category of Needs	Years	Households' purchases ¹	Social benefits	Production of public divisible services	Total	%	billion lire	
								1
1. Food (consumed at home and outside home)	1959	98.1	1.9	—	1.9	100.+	(5,008)	
	1965	98.1	1.9	—	1.9	100.—	(8,806)	
	1969	98.2	1.8	—	1.8	100.—	(11,745)	
2. Beverages (consumed at home and outside home)	1959	100.—	—	—	—	100.—	(584)	
	1965	100.—	—	—	—	100.—	(1,008)	
	1969	100.—	—	—	—	100.—	(1,322)	
3. Tobacco (and matches)	1959	100.—	—	—	—	100.—	(132)	
	1965	100.—	—	—	—	100.—	(105)	
	1969	100.—	—	—	—	100.—	(292)	
4. Clothing, shoes and personal apparel	1959	100.—	—	—	—	100.—	(1,253)	
	1965	100.—	(...)	—	(...)	100.—	(2,115)	
	1969	100.—	(...)	—	(...)	100.—	(2,921)	
5. Personal care (excluding health protection)	1959	100.—	—	—	—	100.—	(172)	
	1965	100.—	—	—	—	100.—	(310)	
	1969	100.—	—	—	—	100.—	(461)	
6. Housing and household operation	1959	100.—	(...)	—	(...)	100.—	(2,369)	
	1965	100.—	(...)	—	(...)	100.—	(3,963)	
	1969	100.—	(...)	—	(...)	100.—	(5,400)	
7. Transportation	1959	100.—	(...)	—	(...)	100.—	(673)	
	1965	99.8	0.2	—	0.2	100.—	(1,562)	
	1969	(...)	(...)	—	(...)	100.—	(2,665)	

8. Communications (excluding radio and T.V. services)	1959	100.—	—	—	—	100.—	(82)
	1965	100.—	—	—	—	100.—	(186)
	1969	99.7	0.3	—	0.3	100.—	(324)
9. Health	1959	18.4	62.3	19.3	81.6	100.—	(732)
	1965	7.6	74.6	17.8	92.4	100.—	(1,886)
	1969	6.3	74.8	18.9	93.7	100.—	(2,633)
10. Social services	1959	(...)	43.0	57.0	100.—	100.—	(256)
	1965	(...)	37.1	62.9	100.—	100.—	(490)
	1969	(...)	37.3	62.7	100.—	100.—	(740)
11. Education and research (excluding research for military purposes)	1959	17.2	(...)	82.8	82.8	100.—	(611)
	1965	11.2	0.6	88.2	88.8	100.—	(1,818)
	1969	10.8	0.7	88.5	89.2	100.—	(2,209)
12. Culture and information (including radio and T.V. services)	1959	78.9	(...)	21.1	21.1	100.—	(218)
	1965	81.3	(...)	18.7	18.7	100.—	(455)
	1969	81.8	(...)	18.2	18.2	100.—	(751)
13. Sports, leisure and entertainment	1959	97.7	1.0	1.3	2.3	100.—	(854)
	1965	96.0	1.7	2.3	4.0	100.—	(1,493)
	1969	95.8	2.0	2.2	4.2	100.—	(2,129)
14. Other goods and services	1959	93.8	0.3	5.9	6.2	100.—	(323)
	1965	93.5	(...)	6.5	6.5	100.—	(588)
	1969	91.0	0.1	8.9	9.0	100.—	(818)
15. Total households' consumption (at factor cost)	1959	88.4	5.0	6.6	11.6	100.—	(13,287)
	1965	84.4	6.7	8.9	15.6	100.—	(24,536)
	1969	83.5	7.3	9.2	16.5	100.—	(34,500)

¹Excluding reimbursements of expenditures on health

(...) Percentages less than 0.1

Sources: France, CREDOC; Italy, Centro di studi e piani economici

- (ii) the post-war evolution of the demographic curves that, especially in France, substantially raised the share of the school age population, and the policy measures adopted in both countries to favor the lengthening of the school attendance period;
- (iii) the progressive adjustment of the remunerations of the personnel employed in these sectors;
- (iv) the changes in the living habits of the population and the attraction exerted on consumers by the uncontrolled production, or importation, of a large variety of new goods that stimulate the satisfaction of less essential needs, i.e. two factors that jointly contribute to lowering households' capacity to buy (at uncontrolled prices) goods or services similar to those provided (apparently) free by the public sector.

These findings seem, therefore, to suggest that, since the increasing size and cost of services traditionally provided by the public sector is attributable to structural and behavioral factors, it would be difficult to shift to the market any part of the expanding demand for non-market services without expanding, simultaneously, the allocation of specific cash transfers in various forms, and by extending direct, or indirect, controls on prices of similar services produced by the private sector.

An even more clear-cut evidence of the low capacity, or propensity, of French and Italian households to spend on their own on health, education and social services is offered in *table 7*: which shows the changes, over the sixties, in the structures of the three major components of total household consumption.

The percentage distributions of households' purchases, evaluated at either consumer prices or factor cost, indicate in fact that, in both countries, only the expenditure categories related to the evolutionary trends in life styles (transportation and communication, culture and information, sports, leisure and entertainment, personal care and, in France, also housing) are systematically gaining in importance, to the detriment of expenditures that satisfy more qualified non-material needs. The percentages of households' purchases on health have, in fact, declined to 1.9 percent in France and to 1 percent in Italy, in 1969; purchases for education have declined to 0.8 percent in both countries and the weight of household expenditures on market social services is practically negligible.

Even more striking are, however, the similarities between the two countries in the percentage distributions of the total factor cost value of goods and services allocated to households in the form of *social benefits and public services*. The high and rising proportion of collective resources destined to health protection (which in 1969 had already reached 46 percent in France and 43 percent in Italy) and to education (about 31 percent and 35 percent, respectively, in 1969) are, in fact, so similar and so evidently dependent upon structural factors, as to justify the impression that unless drastic institutional changes occur, it would be difficult to alter the evolutionary trend of public spending patterns in the two countries.

It is, also, worth noting that the inclusion of "divisible" public services in the aggregate of households' consumption leads to a more comprehensive representation of the relative importance of the various consumption categories than that shown by the composition of the so-called "private" consumption aggregate.

TABLE 7
EVOLUTION IN THE STRUCTURE OF HOUSEHOLDS' CONSUMPTION FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES, IN FRANCE AND ITALY
(1959, 1965, 1969)

Category of needs		France								
		Households' purchases ¹						Consumption financed by collective resources ²		
		at consumers' prices			at factor cost			1959	1965	1969
		1959	1965	1969	1959	1965	1969			
1. Food (consumed at home and outside home)	33.5	30.1	27.5	35.3	31.8	29.7	8.3	4.6	3.5	
2. Beverages (consumed at home and outside home)	8.9	7.3	6.5	7.9	6.6	5.5	0.7	0.5	0.3	
3. Tobacco (and matches)	2.1	1.9	1.7	0.9	0.6	0.6	—	—	—	
4. Clothing, shoes and personal apparel	11.5	11.5	10.4	11.0	11.0	9.6	1.4	0.8	0.7	
5. Personal care (excluding health protection)	1.4	2.0	2.4	1.3	1.9	2.3	—	—	—	
6. Housing and household operation	17.5	19.7	21.2	18.0	20.3	22.1	2.5	2.7	3.0	
7. Transportation	8.1	9.3	10.2	7.6	8.9	9.3	0.3	0.3	0.2	
8. Communications (excluding radio and T.V. services)	0.5	0.5	0.7	0.6	0.6	0.7	—	—	—	
9. Health	2.2	1.7	1.9	2.4	1.7	1.9	37.9	44.4	46.4	
10. Social services	0.5	0.4	0.4	0.6	0.5	0.5	11.0	9.5	9.2	
11. Education and research (excluding research for military purposes)	1.1	0.7	0.8	1.6	1.6	1.8	28.7	30.0	30.8	
12. Culture and information (including radio and T.V. services)	1.7	1.8	1.9	1.8	1.9	2.1	2.5	1.7	1.6	
13. Sports, leisure and entertainment	6.6	8.4	9.4	6.4	7.9	8.9	1.4	1.4	2.0	
14. Other goods and services	4.4	4.7	5.0	4.6	4.7	5.0	5.3	4.1	2.3	
15. <i>Total</i>	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	
15a. In absolute values*	162.2	275.8	400.7	147.9	252.7	357.3	18.3	42.7	70.0	

Table 7—continued

EVOLUTION IN THE STRUCTURE OF HOUSEHOLDS' CONSUMPTION FINANCED BY INDIVIDUAL AND COLLECTIVE RESOURCES, IN FRANCE AND ITALY
(1959, 1965, 1969)

Category of needs	Italy								
	Households' purchases ¹						Consumption financed by collective resources ²		
	at consumers' prices			at factor cost			1959	1965	1969
	1959	1965	1969	1959	1965	1969			
1. Food (consumed at home and outside home)	40.2	39.9	37.8	41.8	41.7	40.0	6.3	4.4	3.7
2. Beverages (consumed at home and outside home)	4.9	4.8	4.5	5.0	4.9	4.6	n.a	n.a	n.a
3. Tobacco (and matches)	4.1	3.3	3.2	1.1	0.8	1.0	—	—	—
4. Clothing, shoes and personal apparel	10.0	9.6	9.5	10.7	10.2	10.1	n.a	n.a	n.a
5. Personal care (excluding health protection)	1.4	1.4	1.6	1.5	1.5	1.6	—	—	—
6. Housing and household operation	19.4	19.3	19.5	20.2	19.1	19.1	n.a	n.a	n.a
7. Transportation	6.4	8.1	9.9	5.7	8.0	9.2	n.a	0.1	0.1
8. Communications (excluding radio and T.V. services)	0.7	0.8	1.0	0.7	0.9	1.1	—	—	—
9. Health	1.7	0.7	0.8	1.2	0.7	0.7	38.7	40.6	43.3
10. Social services	(...)	(...)	(...)	(...)	(...)	(...)	16.6	12.7	13.0
11. Education and research (excluding research for military purposes)	0.9	0.8	0.8	0.9	0.9	0.8	32.8	37.4	34.6
12. Culture and information (including radio and T.V. services)	1.6	1.8	2.0	1.5	1.8	2.1	3.0	2.2	2.4
13. Sports, leisure and entertainment	7.1	6.8	6.8	7.1	6.9	7.1	1.3	1.6	1.6
14. Other goods and services	2.6	2.7	2.6	2.6	2.6	2.6	1.3	1.0	1.3
15. Total	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—	100.—
15a. In absolute values*	12,689	22,405	61,276	11,725	20,696	(28,801)	(1,542)	(3,840)	(5,699)

¹Households purchases (excluding reimbursements), wages in kind, autoconsumption and imputed rentals.

²Social benefits in kind, or in the form of services and for production of public "divisible" services.

*France: billion francs, at current prices; Italy: billion lire at current prices

(...) Percentages below 0.1 or not available

Sources: France, CREDOC; Italy, Centro di studi e piani economici

Between the two sets of percentages in *table 8*, only the second one (B) permits the identification of the relative weights in total consumption; of *all* the groups of goods and services that satisfy households' needs, i.e. including those provided by public administrations, at the expenses of the entire community. Looking, for instance, at the group of goods and services satisfying the need for education, the increasing relative importance of this consumption category becomes evident only through the structural evolution of *total* households' consumption, as defined in this study. It is, in fact, interesting to note that, in spite of the persistent gap between the per-capita consumption levels of French and Italian households, the percentage of resources used for education rose, in both countries, from 4.6 in 1959 to about 6.5 in 1969.

Finally, policy makers will be interested in some of the detailed results of the study, namely those showing the proportions in which collective resources are used, in both France and Italy, to meet *specific* households' needs. The comparisons between the composition of total expenditures on *health, education* and *social services* is limited, however, to two years (1965 and 1969), after the reforms of the French and Italian social security systems, for which the detailed basic data are more accurate.

The series of percentages shown in *table 9* indicate that the major element differentiating the allocation of collective resources which are usable in France and in Italy to meet the three major categories of collective needs is the relative importance of general administration costs of public services, much higher in Italy than in France. It is, however, interesting to note that, in the two countries, the relative burden of such costs is similar for health and social services rendered by social security institutions, while it is quite different for the educational services rendered by public administrations. This finding seems, therefore, to indicate that, at least in Italy, it would be possible to control the further expansion of civil public expenditures by reducing the abnormally high bureaucratic costs involved in the production of "divisible" public services.

The other differences in the relative magnitudes of collective resources destined to meet the specific needs of the French and Italian populations are less relevant, but not negligible. Looking, for instance, at the composition of public expenditures on *health*, it may be surprising that the share of social funds allocated to hospitals, clinics and sanatoriums is higher in Italy than in France, while the reverse appears to be true in the case of resources allocated to health stations and general medical care. These differences evidently reflect the dissimilarities in the structure and geographical distribution of medical services and, probably, also in the medical doctrines prevailing in the two countries, i.e., a variety of extra-economic factors that the second part of the project is attempting to identify.

Even more surprising are the differences between the French and the Italian distributions of resources allocated for the provision of *social services*, according to which the share for orphanages, asylums, and old peoples' homes appears to be relatively higher in France than in Italy, while the share for kindergartens, children's homes and day-nurseries appears to be greater in Italy. Here, a word of caution is in order, however. These differences are, in fact, probably due to the poor coverage of statistics on social services in both countries and to the lack, in

TABLE 8

CHANGES IN THE STRUCTURE OF HOUSEHOLDS' CONSUMPTION IN FRANCE AND ITALY

- (A) Total households' consumption, as defined in the national accounts (purchases on the market at current consumer prices, plus the value of social benefits in kind, or in the form of services)
- (B) Total households' consumption, as defined in this study (purchases on the market at current factor cost, plus the value of social benefits plus production of "divisible" public services).

	France					
	A			B		
	1959	1965	1969	1959	1965	1969
1. Food (consumed at home and outside home)	32.6	28.6	25.8	32.3	27.8	25.5
2. Beverages (consumed at home and outside home)	8.1	6.8	6.1	7.1	5.8	4.7
3. Tobacco (and matches)	2.0	1.7	1.5	0.8	0.5	0.5
4. Clothing, shoes and personal apparel	11.1	10.8	9.7	9.9	9.5	8.1
5. Personal care (excluding health protection)	1.4	1.8	2.3	1.2	1.6	1.9
6. Housing and household operation	16.9	18.6	19.9	16.4	17.7	19.0
7. Transportation	7.7	8.6	9.4	6.8	7.7	7.8
8. Communications (excluding radio and T.V. services)	0.5	0.5	0.5	0.5	0.5	0.5
9. Health	5.7	7.4	8.6	6.3	7.9	9.2
10. Social services	0.8	0.7	0.7	1.8	1.8	2.0
11. Education and research (excluding research for military purposes)	1.1	0.7	0.4	4.6	5.7	6.6
12. Culture and information (including radio and T.V. services)	1.7	1.7	1.8	1.9	1.9	1.9
13. Sports, leisure and entertainment	6.2	7.8	8.7	5.8	7.0	7.7
14. Other goods and services	4.2	4.3	4.6	4.6	4.6	4.6
15. Total	100.—	100.—	100.—	100.—	100.—	100.—
15a. In absolute values ¹	(171,432)	(298,017)	(437,490)	(166,225)	(295,527)	(427,346)
15b. Per capita	(3,833)	(6,108)	(8,716)	(3,716)	(6,057)	(8,509)

		Italy					
		A			B		
		1959	1965	1969	1959	1965	1969
1.	Food (consumed at home and outside home)	38.9	37.9	35.6	37.8	35.9	34.1
2.	Beverages (consumed at home and outside home)	4.6	4.5	4.1	4.4	4.1	3.8
3.	Tobacco (and matches)	3.9	3.1	3.0	1.0	0.7	0.8
4.	Clothing, shoes and personal apparel	9.6	8.9	8.8	9.5	8.6	8.5
5.	Personal care (excluding health protection)	1.4	1.3	1.5	1.3	1.3	1.3
6.	Housing and household operation	18.5	18.0	18.1	17.9	16.1	15.9
7.	Transportation	6.1	7.5	9.2	5.1	6.8	7.7
8.	Communications (excluding radio and T.V. services)	0.6	0.8	0.9	0.6	0.7	0.9
9.	Health	4.6	5.8	6.6	5.5	6.9	7.6
10.	Social services	0.8	0.8	0.8	1.9	2.0	2.2
11.	Education and research (excluding research for military purposes)	0.8	0.8	0.8	4.0	0.6	6.4
12.	Culture and information (including radio and T.V. services)	1.3	1.6	1.9	1.6	1.8	2.2
13.	Sports, leisure and entertainment	6.5	6.5	6.3	6.4	6.1	6.2
14.	Other goods and services	2.4	2.5	2.4	2.4	2.4	2.4
15.	<i>Total</i>	100.—	100.—	100.—	100.—	100.—	100.—
15a.	In absolute values ¹	(13,362)	(24,653)	(33,802)	(13,267)	(24,536)	(34,500)
15b.	<i>Per capita</i> in French francs ²	(2,148)	(3,702)	(5,080)	(2,135)	(3,777)	(5,183)
15c.	<i>Per-capita</i> ratios, Italy to France	(0.56)	(0.61)	(0.58)	(0.57)	(0.56)	(0.61)

¹France: million French francs; Italy: billion lire.

²Based on the (relatively stable) exchange rate of 126 lire for 1 French franc.

Sources: France, CREDOC; Italy, Centre di studi e piani economici.

TABLE 9
 PERCENTAGE DISTRIBUTIONS OF COLLECTIVE RESOURCES DESTINED TO MEET SPECIFIC HOUSEHOLDS' NEEDS
 FOR HEALTH, SOCIAL SERVICES, EDUCATION AND RESEARCH, IN FRANCE AND ITALY
 1965, 1969

Category of Needs	Groups of Goods and Services	France		Italy	
		1965	1969	1965	1969
Health	Pharmaceuticals	22.8	26.6	20.9	19.4
	Sanitary apparatus (orthopedic, dental, acoustic, etc.)	1.4	1.2	0.8	0.5
	Hospitals, clinics and sanatoriums ¹	38.1	37.8	37.3	41.4
	Outpatient establishments and health stations, emergency aid, general medical and dental care	27.7	25.0	21.2	18.5
	Prophylactic care	1.1	1.0	1.9	1.2
	Prevention care	0.9	0.9	0.3	(...)
	<i>General administration services:</i>	8.0	7.5	17.6	19.0
	of which: Social security institutions	(7.1)	(6.7)	(8.9)	(8.4)
	Other Public administrations	(0.9)	(0.8)	(8.7)	(10.6)
	Total		100.—	100.—	100.—
In absolute values*		(19,000)	(32,516)	(1,558)	(2,467)
Social services	Kindergardens, children's homes, day nurseries, etc.	0.7	0.6	11.0	11.0
	Orphanages, asylums, old peoples' homes, establishments for incapacitated persons	28.8	25.6	19.0	20.0
	Assistance to distressed people	10.1	14.3	4.7	4.3
	Assistance to unemployed	1.5	2.3	(...)	(...)
	Workers' canteens, refreshment rooms, student hotels and refectories	—	—	2.4	2.0
	<i>General administration services</i>	58.9	57.2	62.9	62.7
	of which: Social security institutions	(50.3)	(47.5)	(33.7)	(33.4)
	Other Public administrations	(8.6)	(9.7)	(29.2)	(29.3)
	Total		100.—	100.—	100.—
In absolute values*		(4,049)	(6,479)	(490)	(740)

Education (and allied research)	Primary schools	47.5	39.6	31.6	26.6
	Secondary schools	16.3	18.6	21.4	21.4
	Professional, vocational, special schools, training and apprenticeship, evening schools, etc.	12.4	15.5	11.3	11.4
	Higher and post-university education (and allied research)	16.2	18.3	11.1	15.5
	School books	—	—	0.6	0.8
	<i>General administration services</i>	7.6	8.0	24.0	24.3
	Total	100.—	100.—	100.—	100.—
In absolute values*	(12,822)	(21,588)	(1,436)	(1,973)	

¹Excluding food supplied during hospitalization.

**France*: million Francs at current prices; *Italy*: billion lire at current prices.

(...) Percentages less than 0.1.

Sources: *France*, CREDOC; *Italy*, Centro di studi e piani economici.

France, of information on the uses of social funds administered by private non-profit administrations.

It is, finally, worth pointing out that the major difference between the two countries in the distribution of public expenditures on *education* (i.e. the lower share destined in Italy to primary education) is probably due to the higher proportion of primary education services rendered by private schools (especially those organized by religious communities).

4. SOME CONCLUDING REMARKS

This condensed analysis of the research work carried out in France and Italy has sufficiently documented the growing contribution of the public sector to the improvement of the quality of life and to human capital formation and maintenance of the French and Italian populations.

The comparative analysis of the various kinds and forms of public spending on behalf of households has also revealed the existence of surprising similarities between the patterns of public expenditures in the two countries and the determining influence in the evolution of these patterns of (a) structural factors (among which the most important appears to be the changing age stratification of population), and (b) the declining household capacity to pay for the purchase of “market” services similar to those provided free by the public sector.

The study has, however, mirrored the different institutional arrangements for health care and the different orientation of the French and Italian policies in this sector and in others not covered by this report (housing and transportation). It has brought into evidence the contrast between French social policy, tending to reduce direct intervention in these areas (except education), by favoring (via cash transfers, subsidies and price regulations) the access to the “market” of the less privileged social classes, and Italian policy tending, instead, to broaden the “non-market” area of household consumption, through the provision of social benefits in kind or in the form of public services (especially in those sectors where the implementation of price regulations encounters the strong opposition of the categories concerned).

This study has, finally, revealed that, in both countries, the household sector benefits more from the redistribution of collective resources operating through the social security system than from the “divisible” services produced by other public administrations. Results indicate that while the welfare policies implemented through the social security systems are evidently motivated by income distribution considerations, the other forms of public support to household demand are (especially in France) more concerned with the desire to improve the operation of the market mechanism without restricting consumers’ preference functions excessively.

Hastily, one might conclude that, at least in the two countries covered by this report (so similar in size and in political, social and economic organization), social policies and the related public spending could be improved, or better managed, by simply manipulating traditional (and relatively “cheap”) instruments, such as fiscal reforms, subsidies, cash transfers, a minimum of price controls, credit facilities and a more efficient organization of the public sector. This hypothesis,

indeed, holds in the short run. But the authors of this study believe that, even in the so-called “market economies”, time is already calling for a better integration of social policies with production and income policies, that is to say with economic growth policies. It is, in fact, becoming more and more evident that the very crucial problem of welfare economics is the widening gap between what a society wants, in terms of social justice, and what its individual components are prepared to pay for it, in terms of a slowdown in material self-advancement.