



**Extended abstract**

## **EXTENDED ABSTRACT**

### **Title:**

Italian equitable and sustainable well-being and municipal performance. Do women in politics make the difference?

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### **Subject area: (please, indicate the subject area which corresponds to the paper)**

Regional institutions and quality of government in European regions

### **Abstract: (minimum 1500 words)**

Over last decades and almost in every advanced country municipalities have been under pressure to provide local public services with increasing requirements while facing growing expenditures reduction to fulfill the EU and national fiscal discipline on public finance goals. Under these circumstances, to ensure efficiency and effectiveness of the public sector and quality of their performance may be challenging for local governments. Efforts respond to the general aim of enhancing the welfare and the well-being of citizens and their societal quality of life, fundamental functions carried on by local governments.

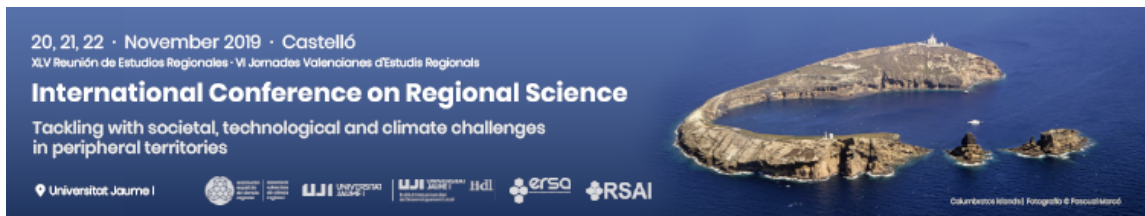


The relevance of societal well-being is getting high in the agenda of not only economists and social scientists but also policy makers. The topic has received greater interest after 2009, when the Commission on the Measurement of Economic Performance and Social Progress” (CMEPSP), generally referred to as the Stiglitz-Sen-Fitoussi Commission, stated clearly the limits of GDP as an indicator of economic performance and social progress of countries and regions.<sup>1</sup> Basically, using a single indicator, we end up ignoring distributional issues and the contribution to the development of the whole area of non-market goods and services such as health, education, security, environment and governance (Ciommi et al., 2017; Stiglitz et al., 2009). Following the recommendations of the Stiglitz-Sen-Fitoussi Commission, several indicators have been proposed to measure well-being by means of complex and multidimensional approaches. Better Life Index (BLI) and the Measuring National Well-being program among the most popular initiative elaborated, respectively, by Organization for Economic Co-operation and Development (OECD) in 2011 and by UK Office for National Statistics (ONS) in 2012.

In Italy, in 2011, the Italian National Institute of Statistics (ISTAT) and the National Council of Economy and Labor (CNEL) develop a new framework to assess the Italian progress, not only from an economic point of view, such as GDP does, but also in the social and environmental realm. This is the so-called Equitable and sustainable well-being (hereafter, BES using the Italian acronyms) project that puts Italy at the forefront of the international scene in terms of developing indicators at national (and more recently at provinces and municipality) level that go "beyond GDP". Thus, since 2013, ISTAT annually releases a report to represent the multidimensional concept of societal well-being through a set of indicators (134 in the first release) to describe 12 dimensions of well-being: health, education and training, work and life balance, economic well-being, social relationship, politics and institutions, safety, subjective well-being, landscape and cultural heritage, environment, research and innovation and quality of services. Consensus on this dashboard of indicators and on the opportunity of

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<sup>1</sup> An earlier attempt to measure the development of a country by a combination of multiple indicators covering economic, education and health aspects of human life is represented by the Human Development Index (HDI) elaborated by United Nation Development Programme (UNDP) in 1990.

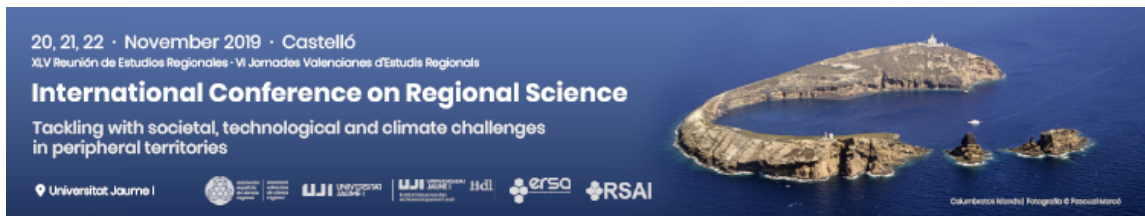


adopting the “Going beyond GDP”<sup>2</sup> vision and strategy in public programming has been largely debated in the political arena. Eventually, within the reform of the budget law introduced by Italian Law 163/2016 some integrations to the Italian Economics and Finance Document (DEF) – the document that outlines the three-year economic policy strategy of the country- have been adopted to accomplish for the more comprehensive multidimensional concept of well-being beside economic goals. Indeed, according to this law, a first group of 4 indicators among those indicated by ISTAT for the development of equitable and sustainable well-being (BES), were adopted to assess the quality of policies and their effects on citizens in terms of collective well-being and sustainability. The indicators introduced are: the average available income, an index of inequality, the rate of non-participation in work and the emissions of CO2 and other climate-altering gases.

On the basis of this legislative innovation, in this work we evaluate if the Italian local governments have proved to be efficient in ensuring a good performance in terms of equitable and sustainable wellbeing. The analysis is developed through the application of data envelopment analysis (DEA) techniques, adopting as observation units more than 6000 Italian municipalities of ordinary statute Regions for which information is available on input and output of the DEA. As input indicators we assume several categories of per capita expenditures (social, education and culture, police, sports and leisure, viability and territory) (data source: Ministry of the Interior). The indicators of BES introduced in the 2017 DEF by Law 163/2016 represent outputs in DEA; they have been proxied as follows: total gross households’ income per households’ member, income difference as ratio among gross income owned by 20% of citizens with highest income on 20% of the citizens with lowest income, percentage of families with a work intensity of less than 20% of their potential and percentage of circulating cars in the Euro 0-3 class. The last three outputs are treated as undesirable outputs in the DEA estimation. The analysis is carried out for years 2014 and 2015, that is years following to the introduction of BES in Italy and contemporaneous to the debate that culminated

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<sup>2</sup> The Beyond GDP initiative is about developing indicators that are as clear and appealing as GDP, but more inclusive of environmental and social aspects of progress such as climate change, poverty, resource depletion, health and quality. Economic indicators such as GDP were never designed to be comprehensive measures of prosperity and well-being.



in the resolutions adopted in 2016; moreover, for most of the BES indicators we only have data for 2014 e 2015.

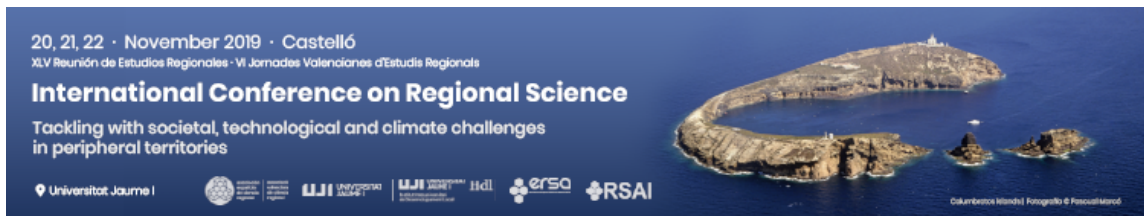
As a main point of this research, we investigate to what extent performance outcomes across Italian municipalities are influenced by gender participation in political processes. The degree of women's representation in local councils can affect local public expenditure patterns (Svaleryd, 2009) as women's preference may be different from men's ones and there is some evidence that women mostly allocate public funds toward social uses and projects that provide more public goods (Hicks et al. 2016; Funk and Gathmann, 2008; Duflo and Topalova, 2004). To this aim, we apply a two-stage estimation approach wherein technical efficiency of local councils in providing well-being is estimated in a first stage non-parametric DEA is then regressed in the second stage on indicators of women in politics. Specifically, as key dependent variables we consider the gender composition of local council's governing bodies: a) the share of women in the Municipal Executive and b) the share of woman in the Municipal Council. In addition, we evaluate the effect on municipal technical efficiency in providing well-being when the mayor is female. Estimation is obtained through TOBIT as the independent variable technical efficiency takes values between 0 and 1.<sup>3</sup>

Estimates provide evidence that larger female composition of both Municipal Executive and Council has a positive and significant effect on municipal technical efficiency toward the provision of well-being. These results hold both when the share of women within the Municipal Executive and the Municipal Council enter the regression one at a time and when they are included together. Results computed for the year 2014 are statically stronger in comparison to those obtained when year 2015 is examined.

Evidence is more puzzling when mayor's gender effect is analyzed. In the basic model, female leaders provide to be more efficient than male ones when performance is considered in the year 2014. Instead no statistically significant gender difference emerges as to the 2015 performance. However when we run an econometric model that includes a dummy for female major and the gender composition of Municipal Executive

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<sup>3</sup> The basic regressions include municipality's controls - citizens' education, citizens' ageing index , share of women on total citizens, share of immigrant on total citizens, population (categorical), municipal with more than 3000 citizens with gender quotas (dummy), coastal municipality (dummy), altitude zoning (categorical) – and province fixed effect. Errors are clustered by territorial macroarea.



and Municipal Council, we do not observe any significant effect of the leader's gender. Instead the other indicators of female in politics confirm to affect positively and significantly the municipality's technical efficiency.

Some robustness checks complete the empirical section of the paper.

To summarise this paper shows that an higher number of women in politics increases the likelihood of a more efficient local government performance, regardless the gender of the major. Some policy advise follow.

**Keywords:** wellbeing, local finance, gender political representation, Data envelopment analysis

**JEL codes:** J71 ,H75, C61

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