***ΕΡΓΑΣΙΑ ΤΩΝ: ΠΑΠΠΑ ΙΩΑΝΝΑΣ***

***ΝΤΑΝΤΑΣΙΟΥ ΕΛΕΝΗΣ-ΚΩΝ/ΝΑΣ***

***ECONOMIC HISTORY OF ITALY***

***=1974-2014***

 After 1964, Italy maintained for a while a constant growth rate of above 8% every year. Despite this, due to political, economical and social problems in the country during the late-1960s and most of the 1970s,  the economy went stagnant and entered its first recession after that of the late-1940s. The problems included an increasingly high inflation rate, high energy prices (Italy is highly dependent on foreign oil and natural gas resources). This economic recession went on into the early-1980s until a reduce of public costs and spendings, tighter budgets and deficits, a steady economic growth, and a lowered inflation rate meant that by the recovery plan of 1983, Italy left recession. This plan led to an increasing GDP growth, lower inflation, and increased industrial/agricultural/commercial produce, exports and output, yet made the unemployment rate rise. A decrease in energy prices and lowered value of the dollar led to foreign exchange being liberalised and the economy to re-grow rapidly.  As a matter of fact, in 1987, Italy had a period when it surpassed the British economy, becoming the sixth in the world.

 The 1970s and 1980s was also the period of investment and rapid economic growth in the South, unlike Northern and Central Italy which mainly grew in the 1950s and early 1960s. The "Vanoni Plan" ensured that a new programme to help growth in the South called "Cassa per il Mezzogiorno" (Funds for the "Mezzogiorno" (a slang for Southern Italy, literally meaning "midday")) was put in place. Investment was worth billions of US dollars: from 1951–1978, the money given to the South was $11.5 billion for infrastructure, $13 billion for low-cost loans, and outrighted grants were worth $3.2 billion.

 On 15 May 1991, Italy became the fourth worldwide economic power, overcoming France, called the "secondo sorpasso" with a GDP of US$ 1.268 trillion, compared to France's GDP of US$ 1.209 trillion and Britain's of US$ 1.087 trillion. Despite this, however, Italy's alleged, according to the Economist's, 1987 GDP growth of a phenomenal 18%, Italy was shortly re-overtaken by both France and the United Kingdom after Britain's economic growth and the arrival of a new strong pound sterling.

## 1990s

 By the 1990s, the Italian government was fighting to lower the internal and external debt, liberalise the economy, reduce governmental spending, selling business and enterprises owned by the state, and trying to stop tax evasion; the liberalisation of the economy meant that Italy was able to enter the EMU (European Monetary Union) and it later, in 1999, qualified to enter the eurozone. However, the main problem which plagued the 1990s, and still plagues the economy today, was tax evasion and underground "black market" business, whose value is an estimated 25% of the country's gross domestic product. Despite social and political attempts to make reduce the difference in wealth between the North and South, and Southern Italy's modernisation, the economic gap remained still pretty wide.

 In the 1990s, and still today, Italy's strength was not the big enterprises or corporation, but small to middle-sized family owned businesses and industries, which mainly operated in the North-Western "economic/industrial triangle" (Milan-Turin-Genoa). Italy's companies are comparatively smaller than those of similar countries in size or of the EU, and rather than the common trend of less, yet bigger businesses, Italy concentrated on more, yet smaller enterprises. This can be seen in the fact, that the average workers per company in the country is of 3.6 employees (8.7 for industrial/manufacturing-orientated businesses), compared to the Western European Union average of 15 workers.

 In the recent decades, however, Italy's economic growth has been particularly stagnant, with an average of 1.23% compared to an EU average of 2.28%. Previously, Italy's economy had accelerated from 0.7% growth in 1996 to 1.4% in 1999 and continued to rise to about 2.90% in 2000, which was closer to the EU projected growth rate of 3.10%.

## 21st century





A graph showing Italy's GDP growth from 2000 to 2012 (including predictions of 2013) compared with EU's growth.

 Italy's economy in the 21st century has been mixed, experiencing both relative economic growth and stagnation, recession and stability. As of the late 2000s recession, more notably the 2008 recession and the2009 recession, Italy was one of the few countries whose economy did not contract dramatically, and kept a relatively stable economic growth, yet figures for economic growth in 2009 and 2010 have showed a negative average, ranging from around -1% to -5%. The late-first decade of the 21st century recession has also gripped Italy; car sales in Italy have fallen by almost 20 percent over each of the past two months. Italy's car workers' union said; "The situation is evidently more serious than had been understood." On 10 July 2008 economic think tank ISAE lowered its growth forecast for Italy to 0.4 percent from 0.5 percent and cut the 2009 outlook to 0.7 percent from 1.2 percent. Analysts have predicted Italy had entered a recession in the second quarter or would enter one by the end of the year with business confidence at its lowest levels since the September 11 attacks. Italy's economy contracted by 0.3 percent in the second quarter of 2008.

In the 4 quarters of 2006, Italy's growth rates were approximately these: +0.6% in the Q1, +0.6% in the Q2, +0.65% in the Q3, and +1% in the Q4.

 Similarly, in 2007's 4 quarters, these were the figures: +0.25% in the Q1, +0.1% in the Q2, +0.2% in the Q3, and -0.5% in the Q4.

 In the 4 of 2008's quarters, the results, mainly negative, were these: +0.5% in the Q1, -0.6% in the Q2, -0.65% in the Q3 and -2.2% in the Q4.

 In the Q1 (1st quarter) of 2009, Italy's economy contracted by 4.9%, a greater contraction than the predictions of the Italian government, which believed that it would be of at most 4.8%. The Q2 (2nd quarter) saw a smaller decrease in GDP, more or less that of -1%, and by the Q3 (3rd quarter), the economy began to re-grow slightly, with GDP increase rates of about +0.2% to +0.6%. Yet, in the Q4 (4th quarter) of the year 2009, Italy's GDP growth was of -0.2%.

 ISTAT predicts that Italy's falling economic growth rate is due to a general decrease in the country's industrial production and exports. However, the Government of Italy believes that 2010 and beyond will bring higher growth rates: anything from circa +0.7% - +1.1%.

## GDP (PPP) growth

A table showing the growth of Italy's GDP (PPP) growth from 2000 to 2008

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** |
| 1,191,056.7 | 1,248,648.1 | 1,295,225.7 | 1,335,353.7 | 1,390,539.0 | 1,423,048.0 | 1,475,403.0 | 1,534,561.0 | 1,814,557.0 |

## GDP (PPP) per capita growth

A table showing Italy's GDP per capita (PPP) growth from 2000 to 2008.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** |
| 20,917.0 | 21,914.9 | 22,660.7 | 23,181.3 | 23,902.6 | 24,281.2 | 25,031.6 | 25,921.4 | 26,276.40 |

## GDP sector composition

|  |  |
| --- | --- |
| **Macro-economic activity** | **GDP activity** |
| Primary (agriculture, farming, fishing) | € 27,193.33 |
| Secondary (industry, manufacturing, petrochemicals, processing) | € 270,000.59 |
| Constructions | € 79,775.99 |
| Tertiary (commerce, restoration, hotels and restaurants, tourism, transport, communications) | € 303,091.10 |
| Financial activities and real estate | € 356,600.45 |
| Other activities (e.g. R&D) | € 279,924.50 |
| VAT and other forms of taxes | € 158,817.00 |
| **GDP (PPP) of Italy** | **€ 1,475,402.97** |

A table showing the different compositions of the Italian economy:

## Other statistics

* **Central Bank discount rate**: 3% (31 December 2008), 5% (31 December 2007)
* **Commercial bank prime lending rate**: 11.34% (31 December 2008), 10.93% (31 December 2007)
* **Stock of domestic credit**: $3.046 trillion (31 December 2008), $2.932 trillion (31 December 2007)
* **Market value of publicly traded shares**: $NA (31 December 2008), $1.073 trillion (31 December 2007), $1.027 trillion (31 December 2006)
* **Industrial production growth rate**: -12% (2009 est.)
* **Electricity - exports**: 3.431 kWh (2008 est.)
* **Electricity - imports**: 43 billion kWh (2008 est.)
* **Oil - production**: 162,200 bbl/d (25,790 m3/d) (2008 est.)
* **Oil - consumption**: 1,639,000 bbl/d (260,600 m3/d) (2008 est.)
* **Oil - exports**: 667,100 bbl/d (106,060 m3/d) (2008 est.)
* **Oil - imports**: 2,205,000 bbl/d (350,600 m3/d) (2008 est.)
* **Oil - proved reserves**: 406,500,000 bbl (64,630,000 m3) (1 January 2009 est.)
* **Natural gas - production**: 9.255 km³ (2008 est.)
* **Natural gas - consumption**: 84.88 km³ (2008 est.)
* **Natural gas - exports**: 210,000,000 m³ (2008 est.)
* **Natural gas - imports**: 76.86 km³ (2008 est.)
* **Natural gas - proved reserves**: 94.15 km³ (1 January 2009 est.)
* **Current account balance**: $55.44 billion (2009 est.), -$78.03 billion (2008 est.)
* **Reserves of foreign exchange and gold**: $NA (31 December 2009 est.), $105.3 billion (31 December 2008 est.)
* **Debt - external**: $NA (31 December 2009 est.), $2.328 trillion (31 December 2008)
* **Stock of direct foreign investment - at home**: $386.7 billion (31 December 2009 est.), $376.6 billion (31 December 2008 est.)
* **Stock of direct foreign investment - abroad**:$610.5 billion (31 December 2009 est.), $565.3 billion (31 December 2008 est.)
* **Exchange rates**: euros (EUR) per US dollar - 0.7153 (2009), 0.6827 (2008), 0.7345 (2007), 0.7964 (2006), 0.8041 (2005)