

Italy: Renovation Required | December 10, 2022

“Wanted: An Italian Thatcher”

Wanted: an Italian Thatcher; Italy. (2022, December 10). *The Economist*, 0.4(US). https://link-gale-com.libproxy.clemson.edu/apps/doc/A729305832/AONE?u=clemsonu_main&sid=bookmark-AONE&xid=7c5e6a93

“The Cost of Vulnerability”

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“Structural Faults”

Structural faults; Business in Italy. (2022, December 10). *The Economist*, 0.8(US). https://link-gale-com.libproxy.clemson.edu/apps/doc/A729305839/AONE?u=clemsonu_main&sid=bookmark-AONE&xid=1216bb6f

“Italy’s Bane”

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“Renovation Required” is a look into the changes of Italy over time and how it has overcome or failed many of the challenges presented to the nation. Italy’s deep need for change comes from the harboring issues within their economy. One of the fastest growing economies on the global scale has been slowing down and is expected to continue a steep decline. Covid led to high inflation and interest rates on top of an energy crisis due to the Ukrainian war and its impact. While the economy seems willing to grow, it is the younger population holding back the nation as fewer citizens are entering the workforce while the country is facing a decline in birth rates. Giorgia Meloni is the newest and first female prime minister to take the helm and while her focus is to protect the conservative values of the nation, many political experts are calling for an economic reform over protectionism.

Like many nations after the second world war, Italy faced a massive economic boom going from one of the lowest members within the European Union (EU) to a country with the highest real GDP per head. Italy joined most the EU in the decision to move their currency to the Euro which was one of the best things they could have done economically; however, without the right policies in place, many of these benefits were lost to the nation. Just as many others, Italy faced the brunt end of the economic failures over the previous decades from the stock market crash in 2008 to the current modern events. Due to the stubbornness of Italy, they refused to apply and accept bail outs from the EU which led to the country being left behind. Countries like Spain, Ireland, Portugal all accepted the bail outs and have since seen economic growth. Italian citizens have grown desperate over the years waiting for their government to refocus on the standards of living for its people and thus, in 2022 voted for Meloni under the impression her protectionist policies would better help the people instead of the nation’s wallet.

Italy's economic vulnerability stems from an unevolved structure that has persisted through the decades. The low social trust – or lack thereof – has led to a problematic labor market where many of Italy's business owners pride themselves on staying family-controlled meaning not hiring any outside influences – Italian or not. This rigid and strict flow of labor has led to the younger generation making up 8% of unemployed workers and those who are willing to enter the workforce only being able to accept temporary work contracts; this is due to many of the elder citizens refusing retirement and working through long tenured contacts. Within Italian labor policies, it is already difficult to get rid of bad workers (proof of firing, lawsuits, biased court proceedings, etc.) that it is too much trouble to try to push older employees out of the market to incentivize the younger citizens. All of this comes to fall on the production market and drives off foreign direct investment as it is seen as too much of a hassle to adhere to the Italian business structure.

It is worth noting that Italy's government has been passed through many hands without seeing a firm grip on the future of the nation. With low voter rates for decades and corruption filling the pockets of many parliamentary members, the citizens of Italy have all but given up on their nation until recent years. For years, members of the EU commented on the lack of stability within Italy's political system saying they were simply waiting to see who would show up at the next meeting. Between 2018 to 2022, Italy had been passed between four members before Meloni's victory via election. This was a clear sign from the people of Italy that reform had to be Italy's top priority. While many doubt Meloni's capability due to her demographics, many of the Italian citizens are looking to her right-leaning positions to help stabilize Italy on the global front and rebuild the nation to glory.

The main take aways for this special report are:

1.) Drastic times call for drastic measures and a push in the right direction. Chapter nine discusses how regional economic integration can help massively to a nation's benefit while Italy stands to fight against it within its nationalistic pride – which hurts other EU members.

2.) Italy has been left behind within the EU. As within chapter nine, we have discussed how the European Commission and Council monitors compliance and has ultimate authority; the EU has left Italy to solve its own problems regardless of how it affects other members. Where the Commission and Council should be looking to support and restructure Italy, it has simply left Italy in instable hands for many a decade.

3.) Within chapter twelve, the strategic significance of global expansion is made clear in that it is crucial to any country playing on the global stage, yet Italy simply lacks within its government, the force, and within its people, the willingness, to be open to foreign direct investment or allowing any help to boost the economies at scale from within.

Other countries (EU members or otherwise) can learn from these take aways, and other economic misfortunes Italy has been unable to stabilize from. There were many actions that could have kept Italy from sliding as far as it had whether from its own parliament or from authority of the EU. Italy stands as a forewarning to other countries as an example of how far a nation can stand in disintegration for decades without recovery.

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