

Onward and Upward: Italy's Economy on the Mend

Judith Harris (October 31, 2017)



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ROME - It's about time. For the fifth month in a row the sluggish Italian economy shows signs of improvement, reflected in an improved consumer confidence rating this October, up from September's 115.6 to 116.1. Confidence among Italian industrialists and businesses is also on the rise, up in one month by a percentage point, from 108.1 to 109.1. Moreover, after an entire decade, this new level of confidence has finally reached that of a decade ago, or just before the battering from the depressive shocks of 2008.

For the [Bank of Italy](#) [2], thanks to improved domestic demand as well as exports, growth is expected to show an increase of 0.5% during the third quarter, an improvement over the 0.3% of the second quarter. An exception, say analysts from the national statistics-gathering agency [ISTAT](#) [3], is the building industry, where employment lags.



"Economic growth is rising, unemployment is falling, plus the quantity of deteriorated creditors that weigh on the banks is visibly dropping," synthesizes [Ferdinando Giugliano](#) [4], economics columnist who writes for the Financial Times of London and [La Repubblica](#) [5]. However, he points out, this fails to address some of the big issues at the base of the economy, from public debt to the balance sheets of the banks. "A good many of our leaders would prefer to postpone the solution to those questions until some other time," Giugliano observes.

As in the USA, middle- and lower-class families are hurting, with incomes stalled at the same level in 2014 as in 1995, again according to the Bank of Italy. This punishes young people, whose income has dropped by 10% since 1995, even as older Italians have seen their income rise by 20%. Youth unemployment continues to be a major concern; as of last July unemployment for those between 18 and 34 years of age stood at a staggering 35%, or slightly higher than the previous month. At the same time employment across the board showed improvement, with the total of the unemployed dropping from 13% to this month's 11.2%.

Traditionally the jobless were, first and foremost, women. Back in 1977 just one out of three Italian women held down a job, but for this trimester the figure has risen to a record high of almost one out of two (49%), again according to ISTAT studies. Whereas in the past the jobs held by women tended to be on the lower echelon of the work scale, at present one out of five (19%) hold down jobs defined as within the "intellectual professions" including teaching in high schools.

In terms of numbers, this means that some 200,000 more women have joined the work force since 2013. An unresolved problem is that women with young children still find it difficult to work: 81% of single women between the ages of 25 and 49 hold down jobs but only 56% of women with children work outside the home, a figure that rises to 70% if the mother holds a top university degree. A downside is that territorial differences continue: in the North almost 60% of women work whereas in the South the figure stagnates at 32%. (For comparative statistics Italy and Europe, see: <http://www.wister.it/delle-donne-confronto-italia-ed-europa/>)

In sheer economic terms, it comes as a pleasant surprise that the Lazio Region around Rome has now outclassed the Veneto, Emilia Romagna and Piedmont in terms of gross domestic product (regional GDP, that is). The leader, with twice the GDP income of Lazio and twice the number of employed (but also twice the number of inhabitants), remains Lombardy, the region around Milan.

Politics play a role. Lazio Regional president [Nicola Zingaretti](#) [6] is particularly proud of the showing of the region, in the past sometimes known as Italy's economic Cinderella. "We're the proof that when the institutions stop fighting each other and work together, the citizens benefit," he says. He credits some of his success to coordination between the national government and the region. "Working together has helped Lazio to increase its exports by 30% during the past five years, the biggest increase in all of Italy," Zingaretti says with pride.

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