

# Italy' economy

Literature, Russian Literature



The Economy of Italy History has it that the economy of Italy has been growing since the 1880's when industrialization began in the northern and central parts. The loss of about 700,000 soldiers in World War I left Italy in a seriously weakened state. The participation of Italy in World War II complicated the situation even more and left the economy at its lowest point. The recovery of the economy was during the Korean War where there was increased demand for metal, which revived the steel industry in Italy. This continued to increase when Italy became a member of the European Common Market, which ensured that Italy could export its products not to mention attracting investments and availability of cheap labor force. The economic crisis of 2007-2011 had a negative impact on Italy's economy. During this crisis, the economic growth went down by 6.74%. This left Italy in a huge budget deficit. Italian debt rating was quite poor by 2011 attributed to the government's inability to make effective decisions on national issues. However, this changed over that period when the government adopted austerity measures that led to a budget deficit of only 1.5% in 2011.

According to the International Monetary Fund, measured by nominal gross domestic product, Italy's economy is the seventh largest in the world and fourth largest in Europe preceded by Germany, France and United Kingdom (OECD 127). This is despite its late industrialization and the current economic growth being almost stagnant. Most economic growth has been contributed by industrialization, which developed rapidly in the 1950's. There is also practice of agriculture, which contributes about 2% of its growth domestic product, and tourism is the most important industry (Rodgers &

Simon 134).

Industries in Italy are diversified ranging and mostly based on the North in Milan, Turin and Genoa. Over half of the labor force is employed in the manufacturing industry that deals with chemicals, food, clothing, footwear, motor vehicles and ceramics among others (OECD 34). The rest are employed in agriculture that deals in livestock like goats, cattle sheep and pigs together with plants like soybean, grapes, potatoes and sugar beets. Most of these industries were state owned but recently, the trend is changing to privatization.

Most scholars and analysts suggest that Italy's economy should have been above other countries like China or even Japan. Since this is not the case, political instabilities and the problems discussed above in the history of the economy as discussed are some of the reasons why this is Italy's status quo. Why then do most people believe that if the problems above were averted, the economy of Italy would be much better?

The first reason is that Italy has mineral resources chief of them being petroleum whose production is in vast amounts in Sicily. Mercury, zinc, asbestos, pumice lignite and potash are the other minerals available in the country. In addition to this, natural gas is in abundance and there is the production of hydroelectricity. Such minerals help in improving industries, developing new industries, imports and other subsidiaries such as infrastructure are developed and thus attracting investors (Mignone 181). As mentioned earlier, tourism is one of the largest industries. Italy is endowed with a lot of tourist attraction sites (OECD 63). Ranging from cuisine, fabulous beaches, great climate, winter sports, historic sites, wine

and cruises act as a great tourist attraction sites. Tourism has its own advantages including earning foreign exchange and attraction of investors. Being a country with many harbors, there is the development of a commercial shipping fleet. This enables a lot of foreign trade through exports and imports. All these are reasons why Italy should be having a better economy.

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