

# A estagnação Italiana: *Lições para o Brasil (?)*



Lionello F. Punzo  
DEPS at UNISI and INCT/PPED at UFRJ



# Three (as usual!, *non* exclusive) explanations of Italian stagnation

Data: The *reality of deindustrialization?*

- 3 Explanations: de-industrialisation, changes in wealth/income distribution, re-location
- De-industrialisation: a *morphological variety*
- The economic consequences of Dualism
- *The Italian export-led model and its import-led complement: two/three Italie? How many Italie?*
- The *Rents* (sub-)economy, as a new growth model
- Dualism: Development *without* growth
- Italy/Brazil?



WARM  
WARM  
WARM  
WARM



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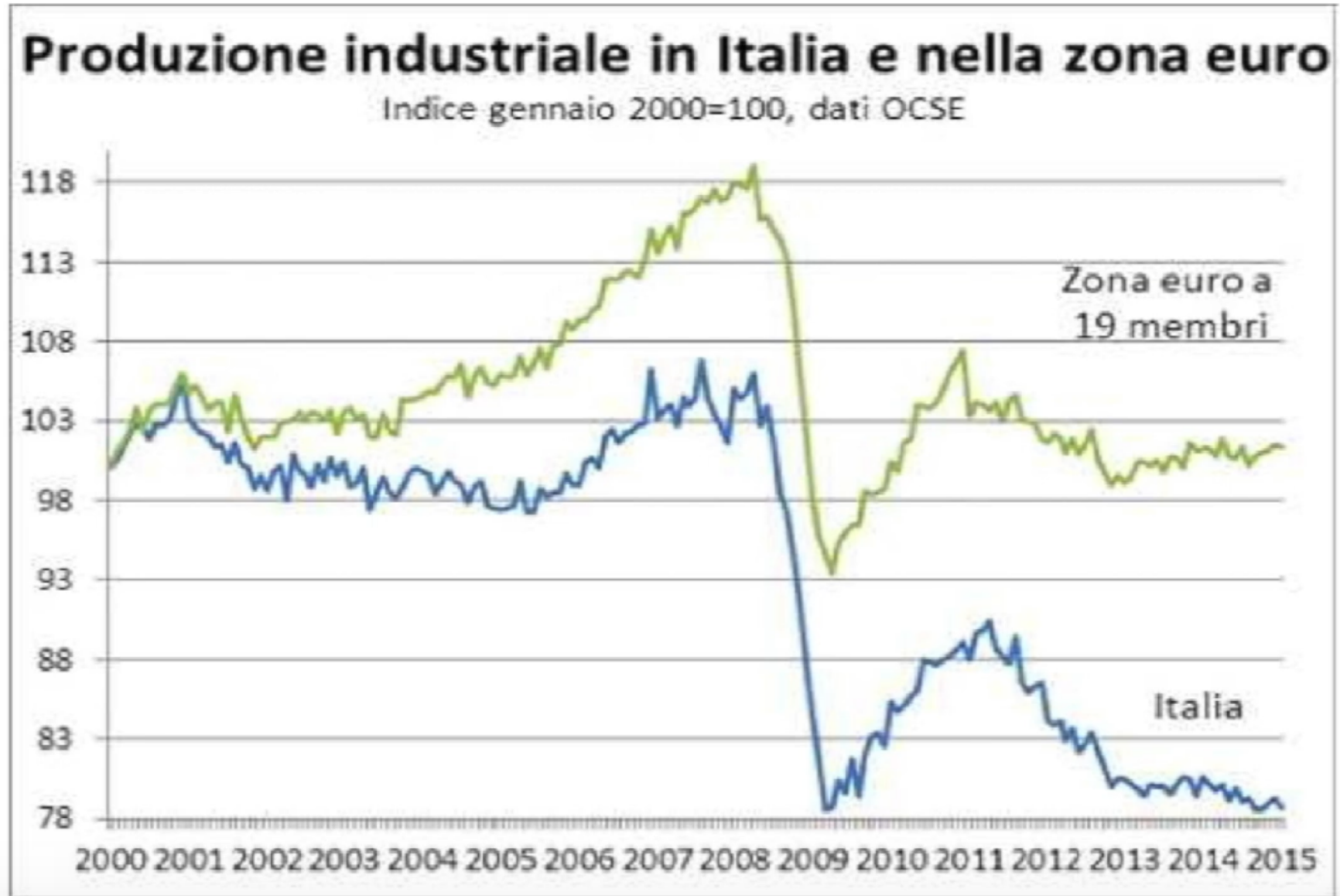
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# Deindustrialization in Italy

- Italy shows the worst performance in the growth of the manufacturing output at constant prices in the period of the crisis 2007-2013 (-5% a year) against the -1,7% of the average in EU-15, United States and Japan, and -7,4 per cent of BRIC countries.
- Much worse if considering the previous period 2000-2007 (-0,1% a year) compared to the +1,4% of the advanced countries and + 9,5% of the emergent ones.

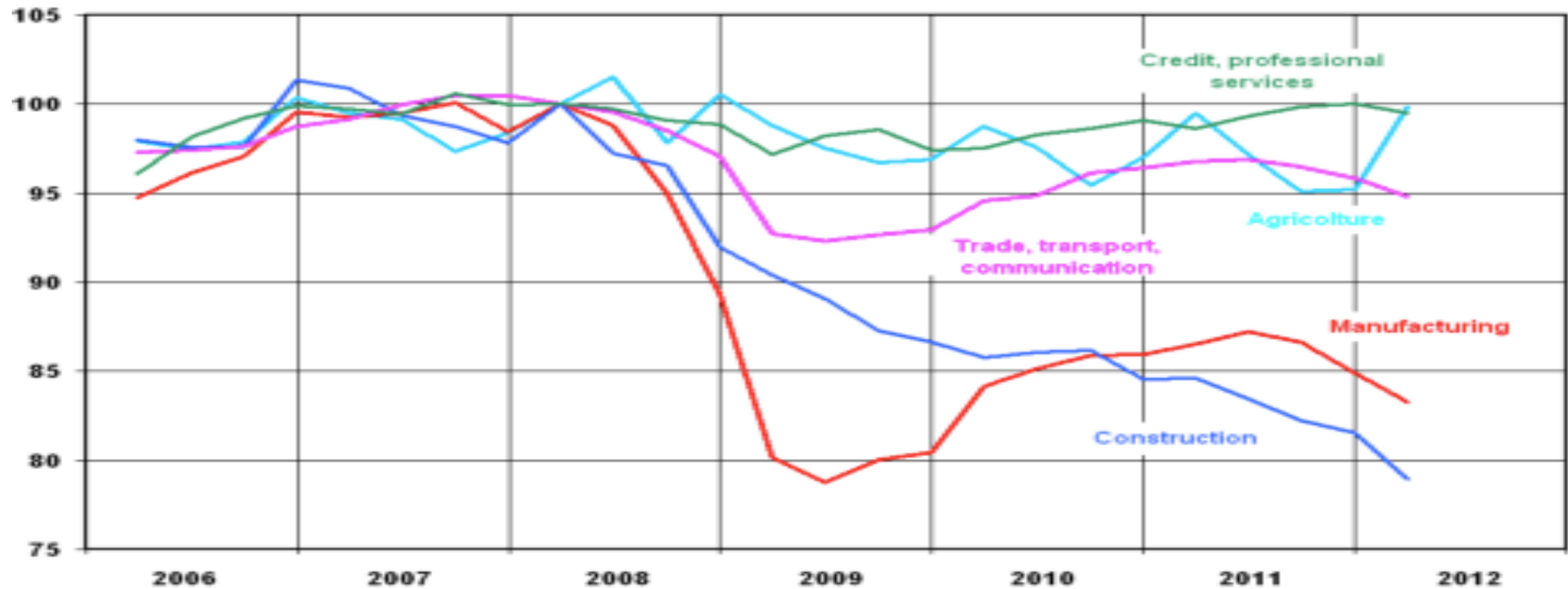
# Il crollo della produzione industriale





# Sectoral shares in Italian GDP, 2006-2012

*(2008-Q1=100; aggiustato per stagionalità)*

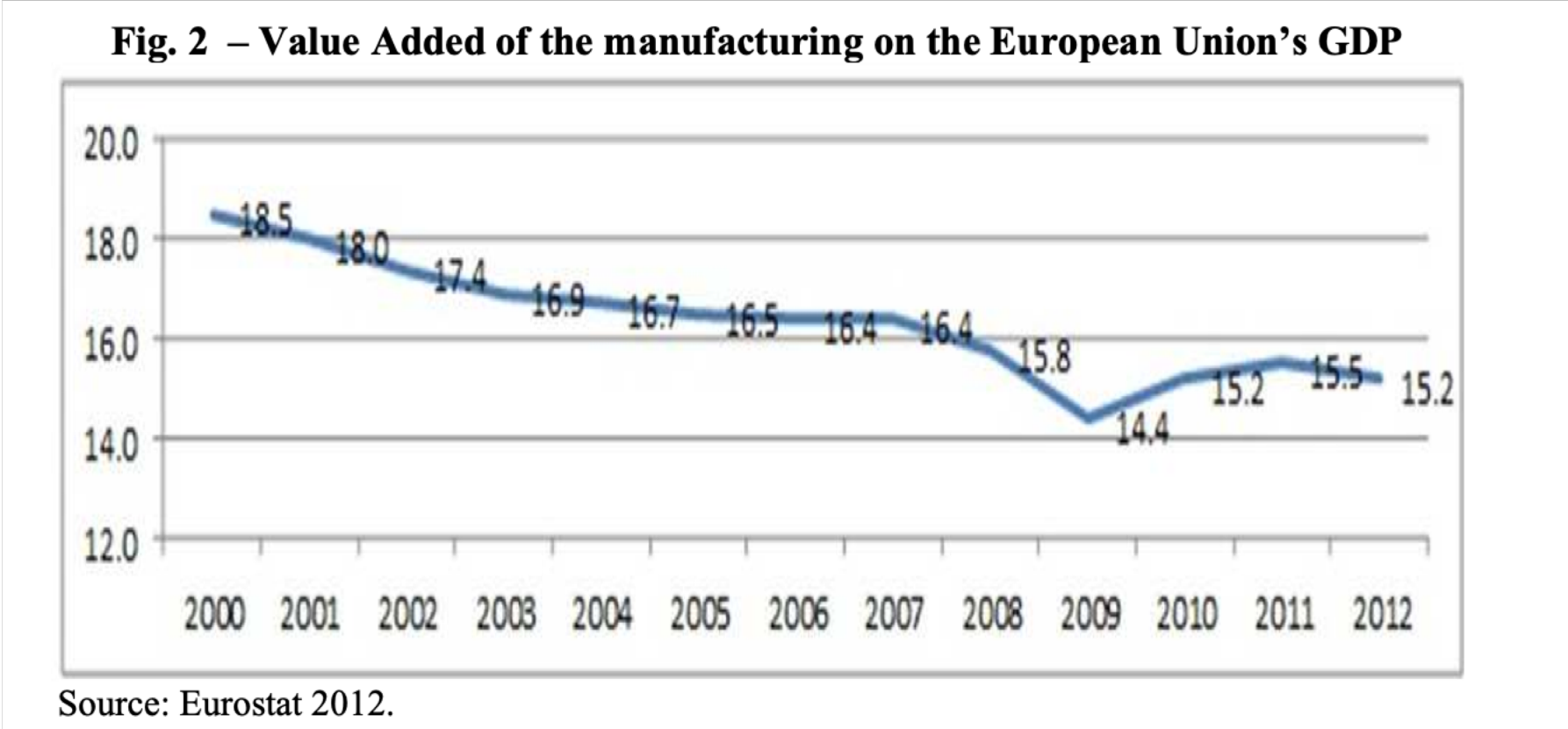


Fonte: elaborazioni su dati Istat.



# In perspective

# e.g. Less and less Manufacturing in Europe



De-industrialization and  
productivity slow-down is an  
advanced world phenomenon (OECD)

Maturity and the *digital paradox*:

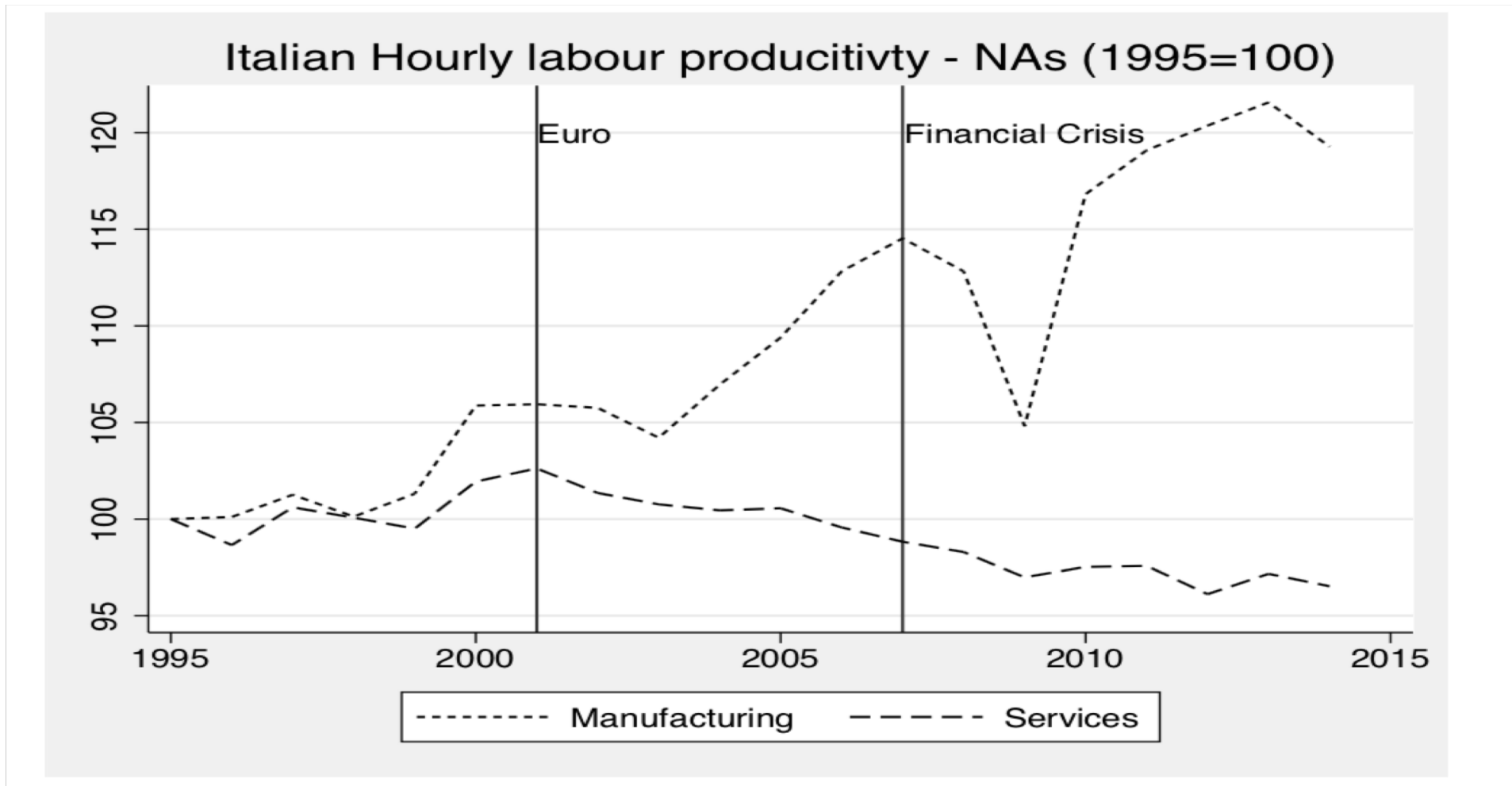


*However, Italy has its own  
negative story to tell*

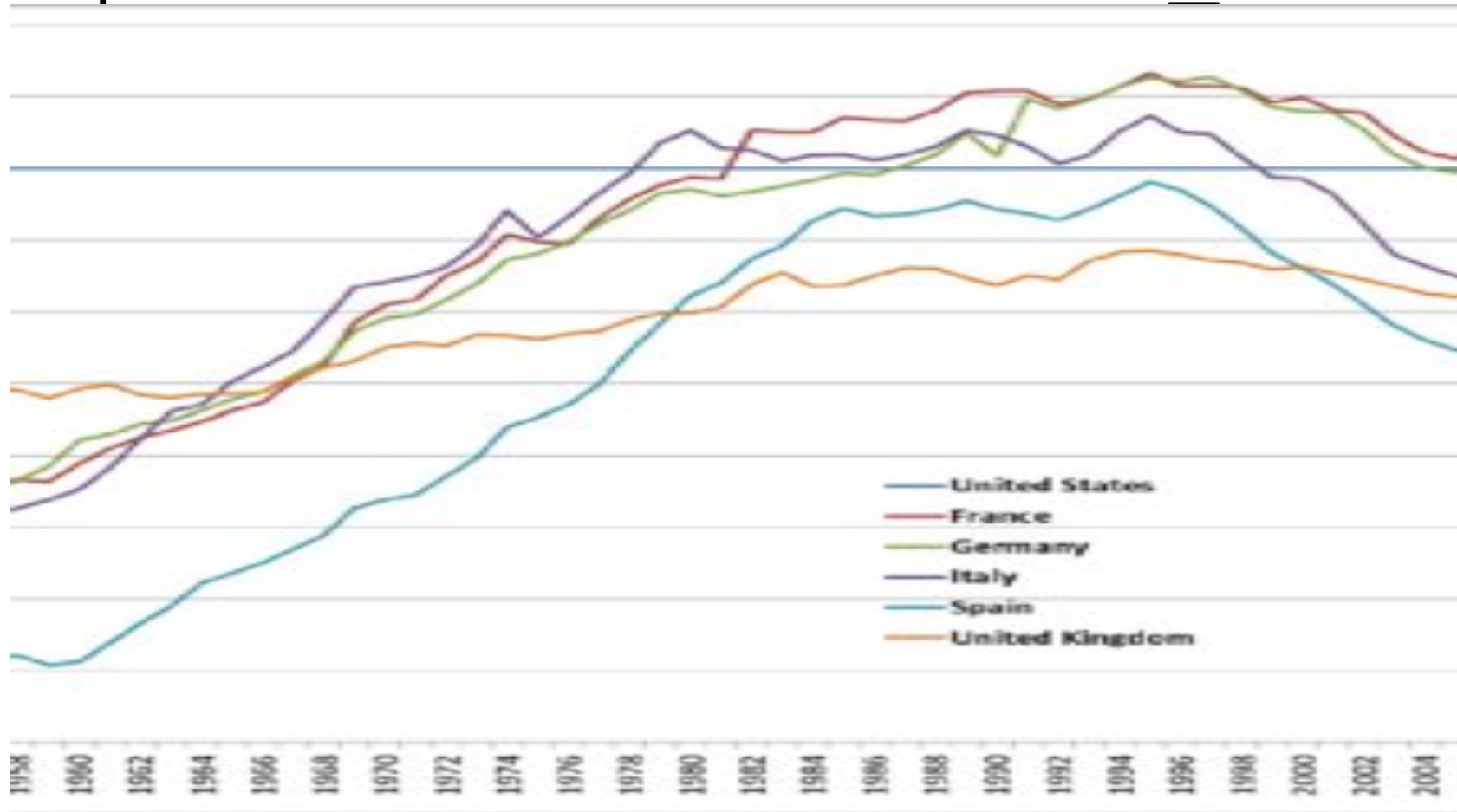
## *Stylised facts* of the Italian growth performance (2000 to date)

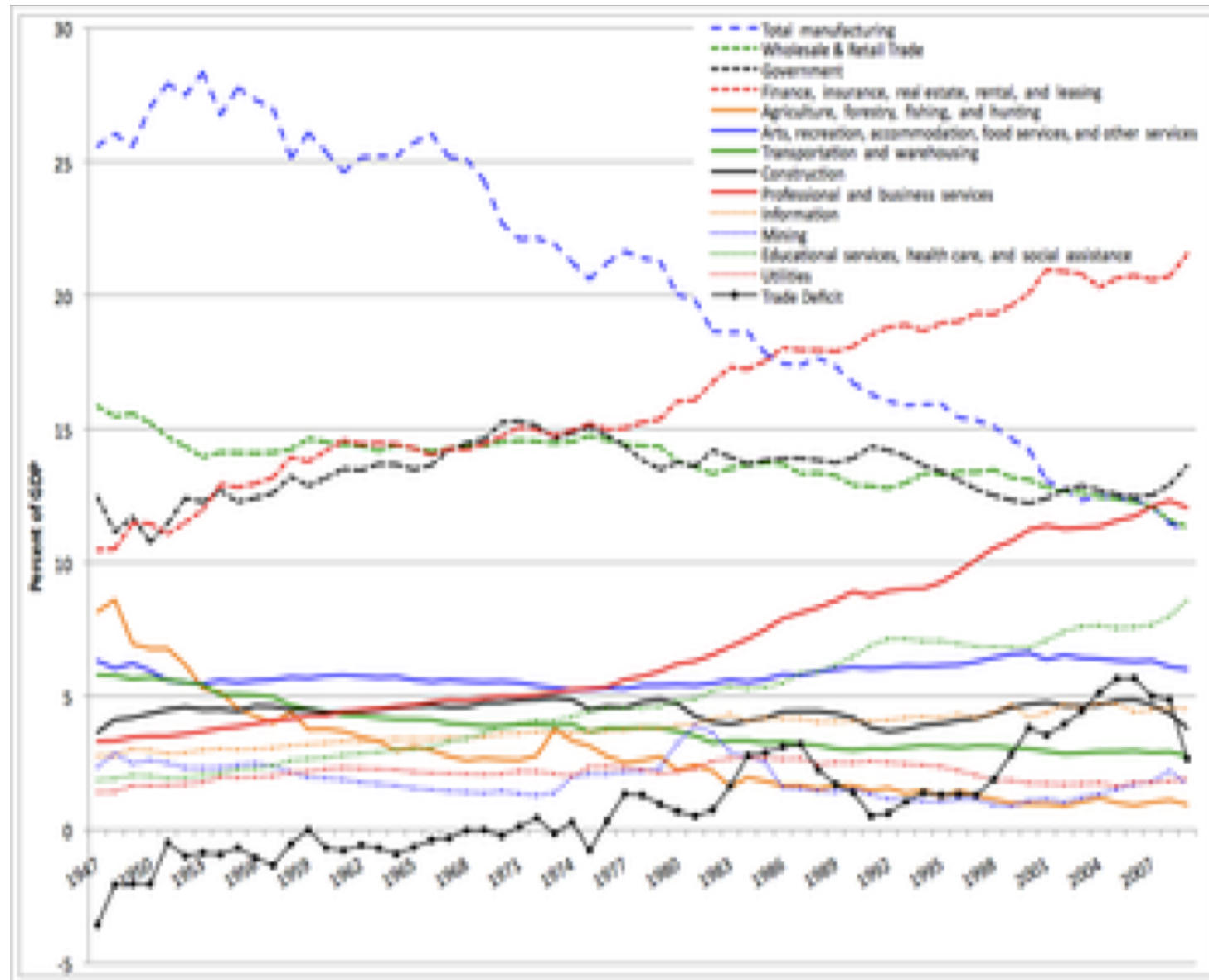
- **The slow down of per capita GDP growth in Italy has been determined by the slowing down of productivity**
- **Between 2000 and 2011, labour productivity in real and unit terms, has registered an average annual increase of 0,8%**
- **Labour productivity has thus been stagnating for the past 19 years , in 13 years cumulatively growing 2% against the 20% of Germany**
- Wages have increased in those sectors where productivity was decreasing in relative terms (while Germany's sectors cluster around an upward sloping line)
- **Finally, FTP has decreased at -4% annually, while it has increased at little less than 1% both in France and Germany**
-

# Productivity, in Italy, in recent times

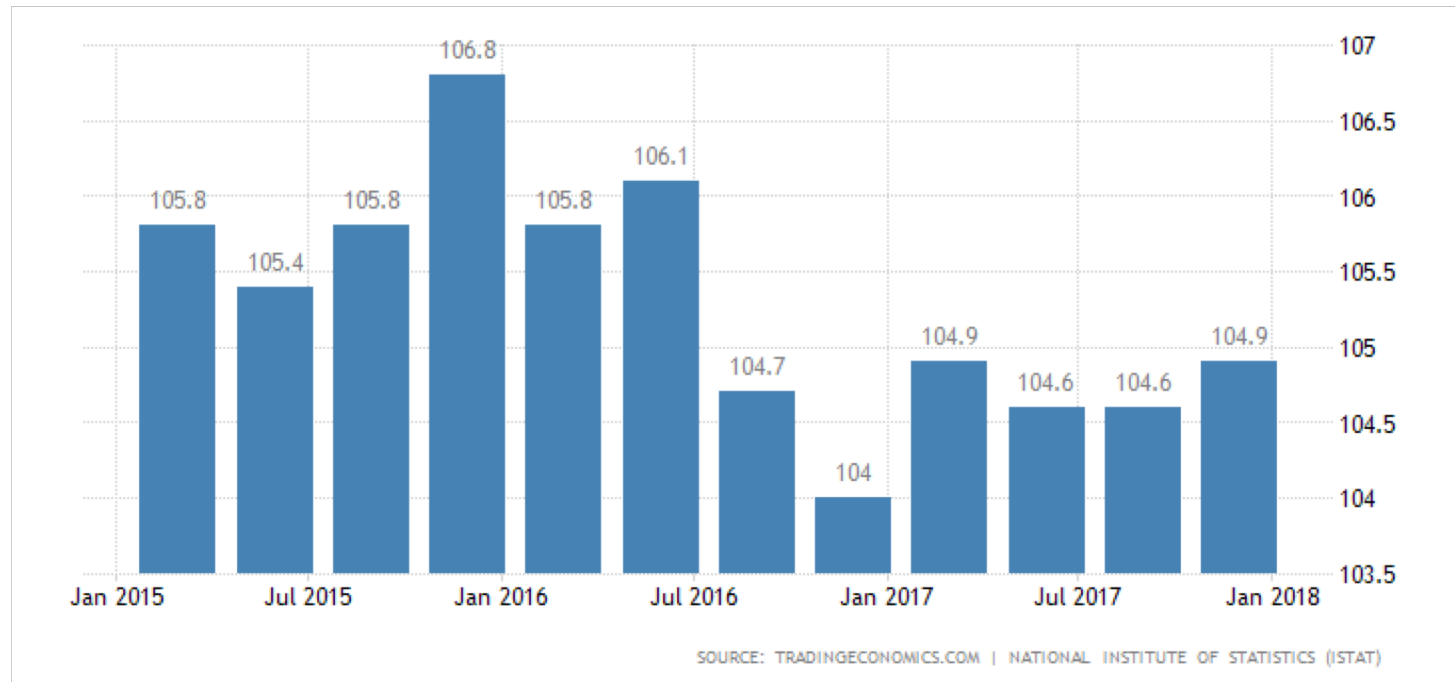


# Output-per-hour-worked with-respect-to-the-US-1950-2017\_Q320

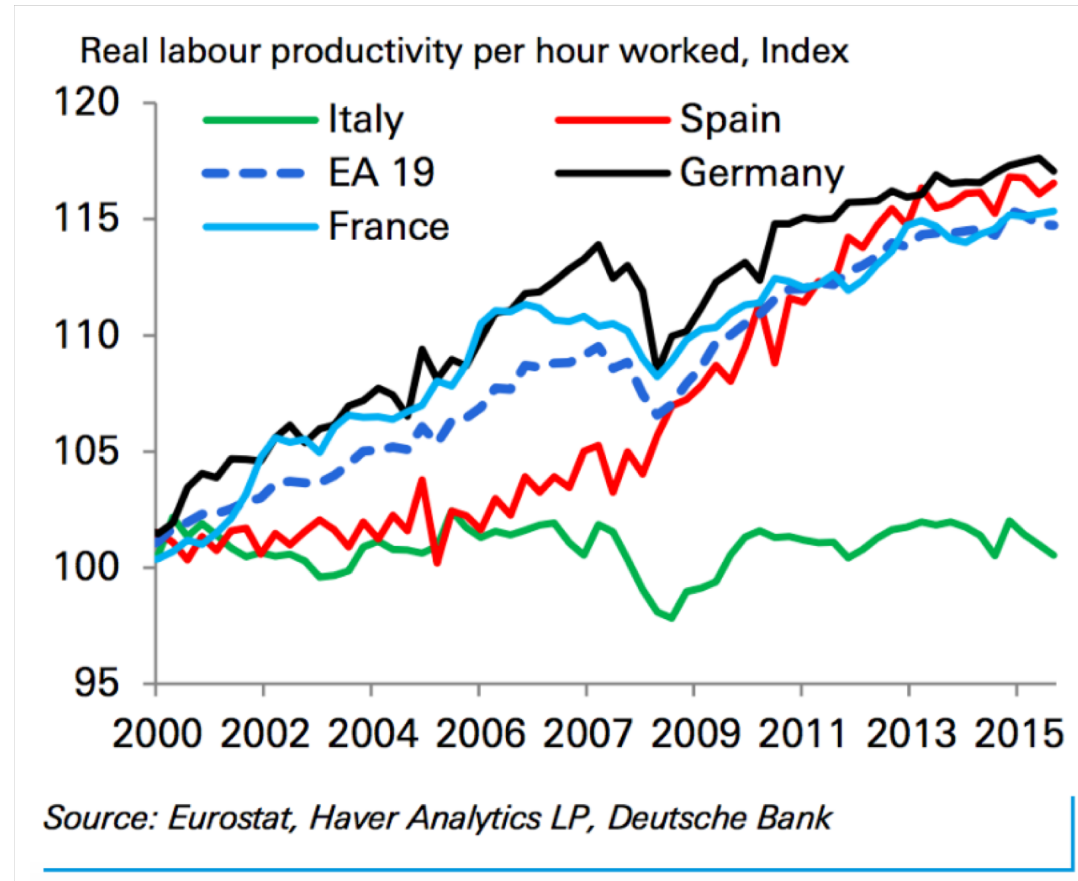




# Productivity over recent times

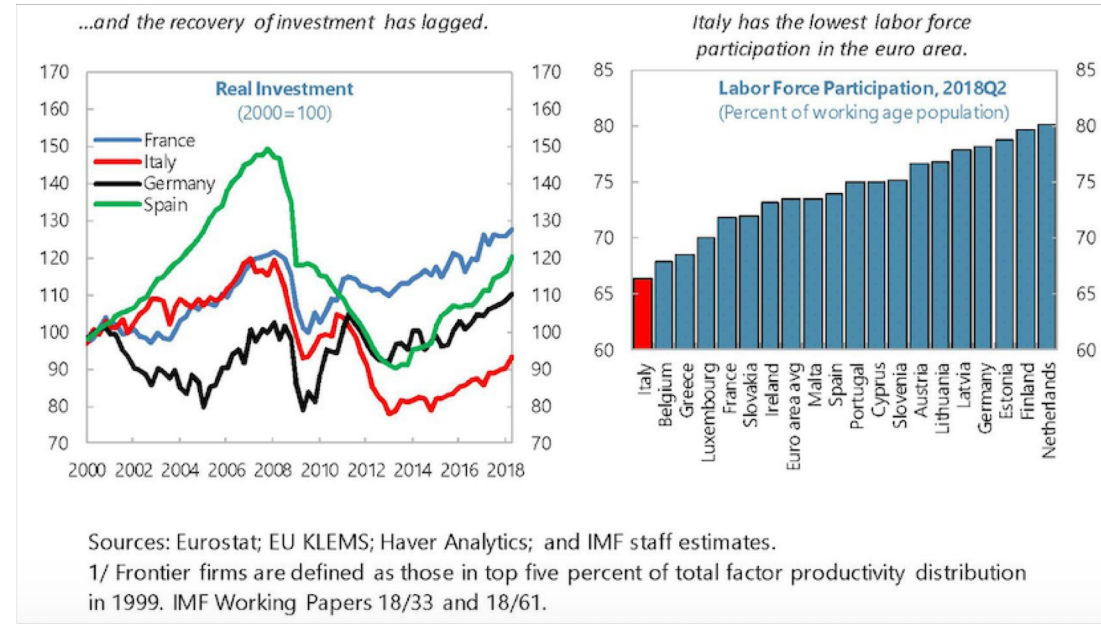
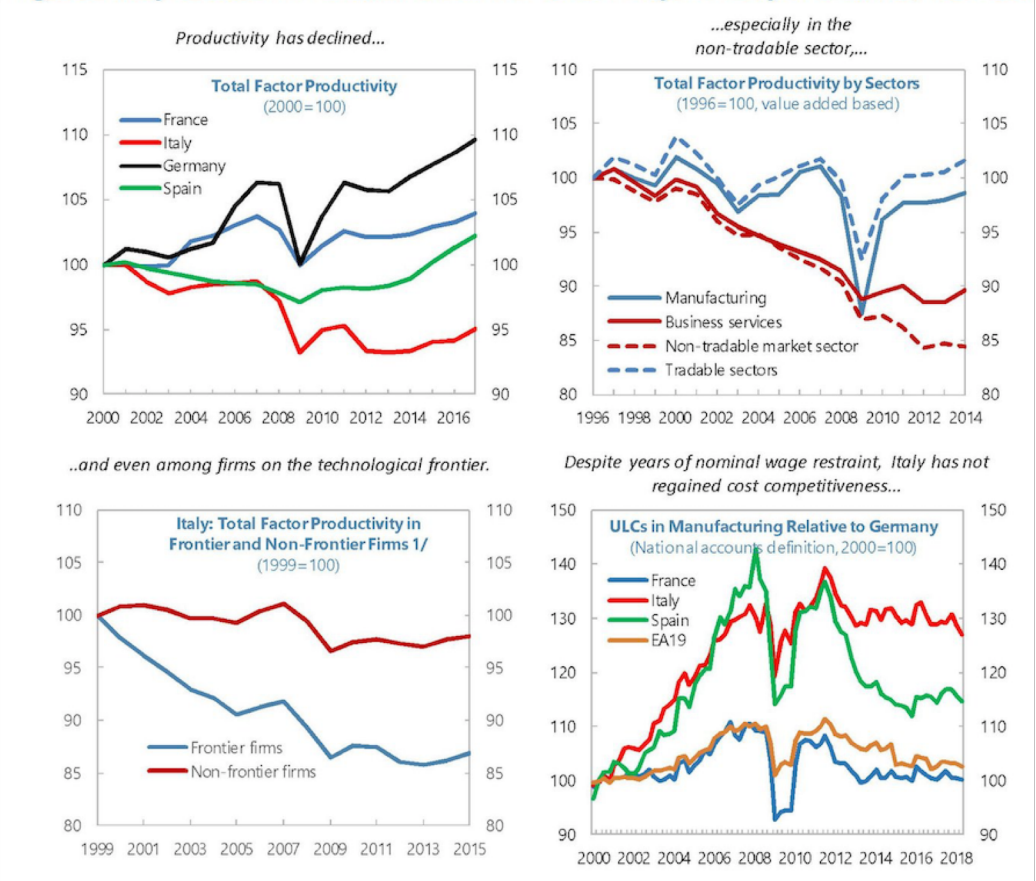


# Trends compared, in selected EU countries



# Italy's many problems.....in a word: de-industrialization

Figure 2. Italy: Structural Problems Are at the Core of Italy's Underperformance, 1996–201



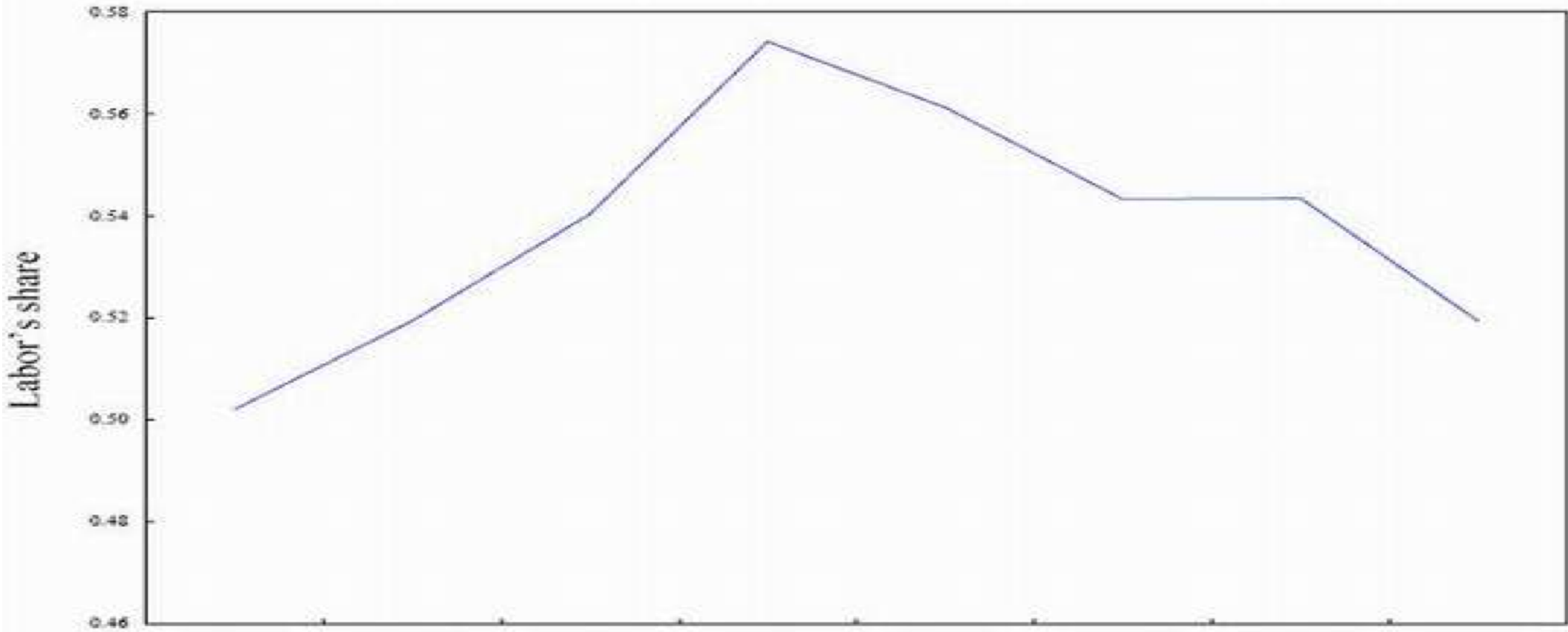


*Why: A distributional  
(Kaldorian?) explanation*

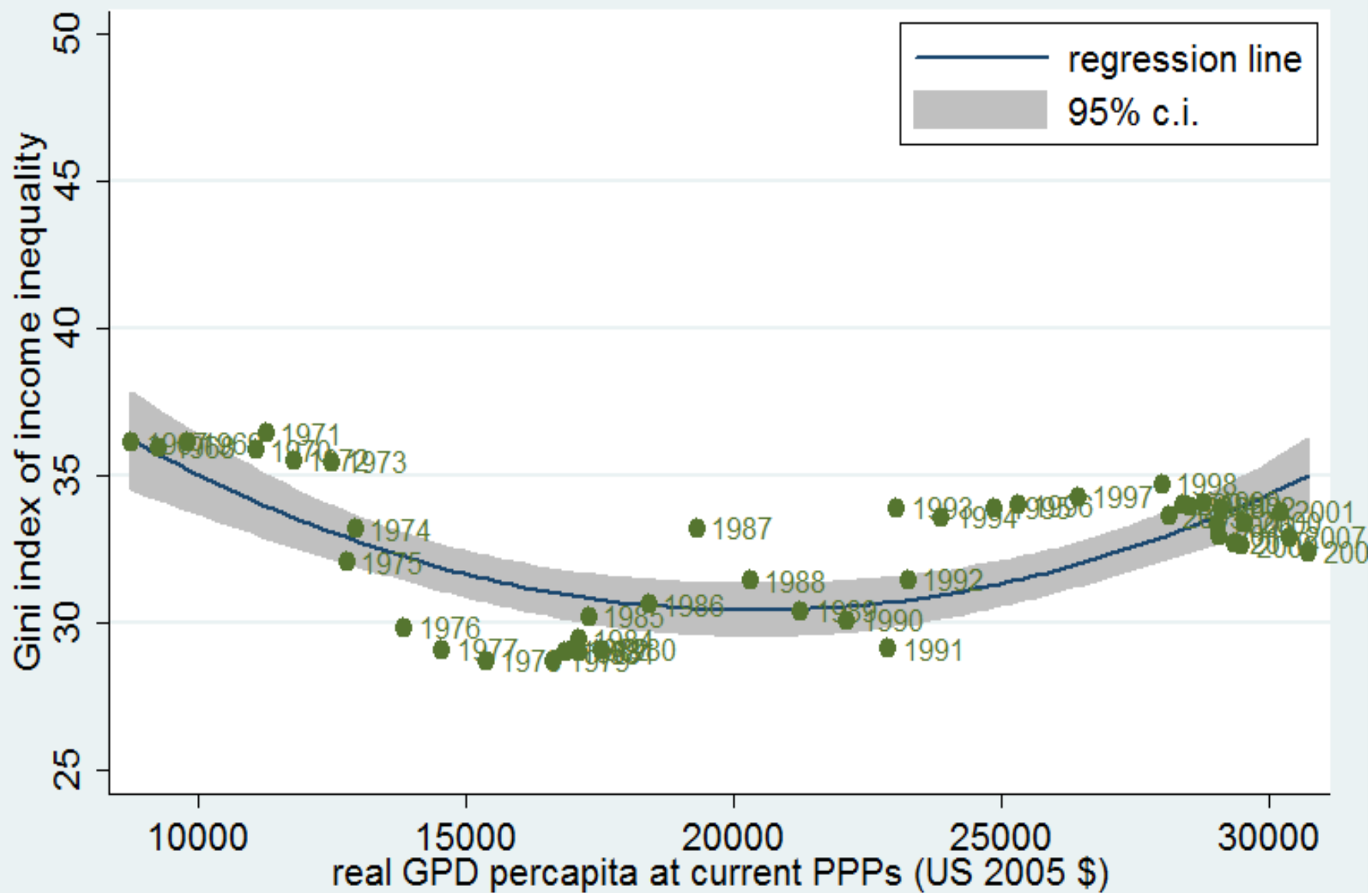
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Shrinking consumption, low investment, low  
productivity growth

The crisis in private consumption is related to a change in income distribution



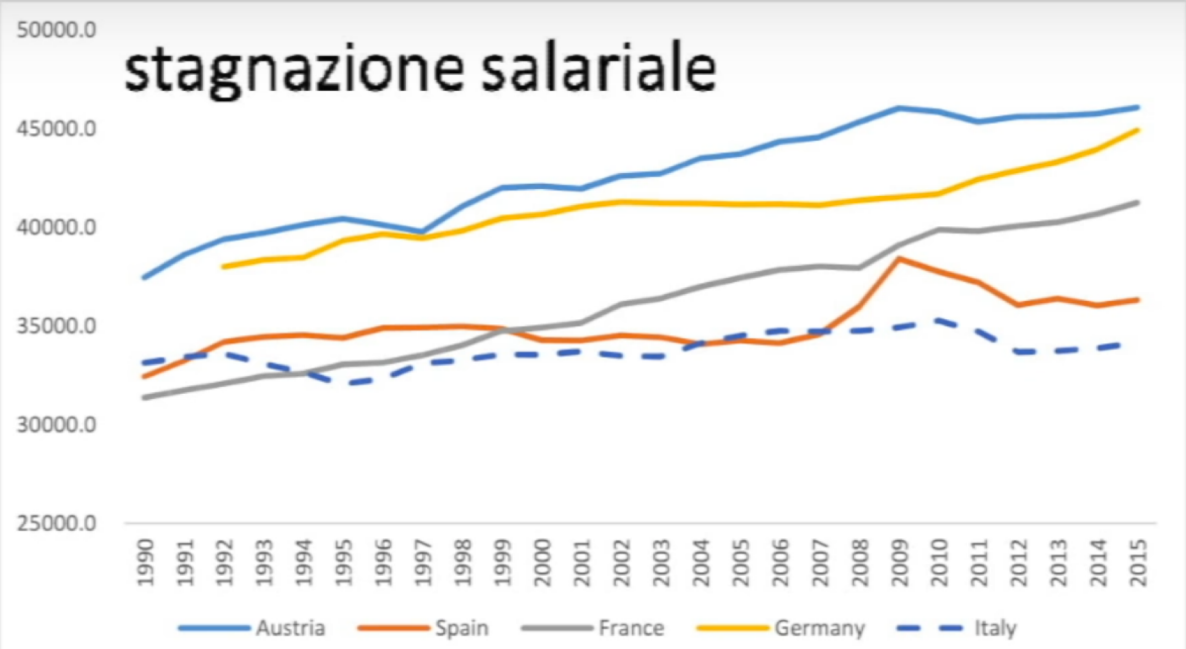
# Gini index of income inequality vs. percapita GDP ITALY



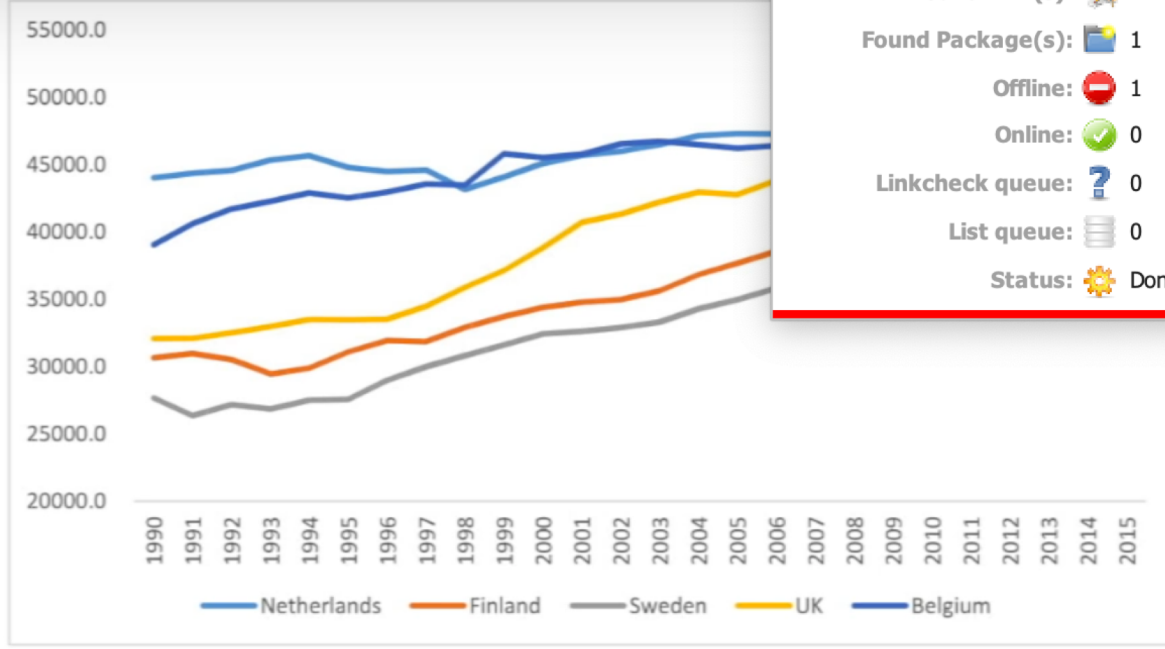
# Deindustrializzazione e...

Duration: 02s  
Found Link(s): 1  
Found Package(s): 1  
Offline: 1  
Online: 0  
Linkcheck queue: 0  
List queue: 0  
Status: Done!

## stagnazione salariale

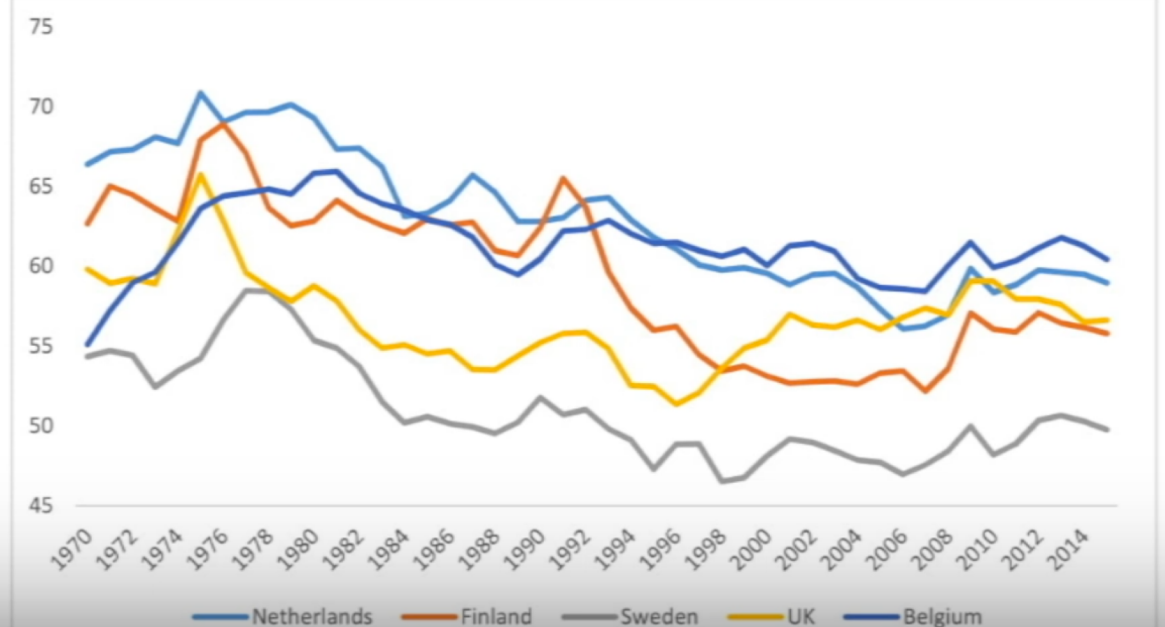
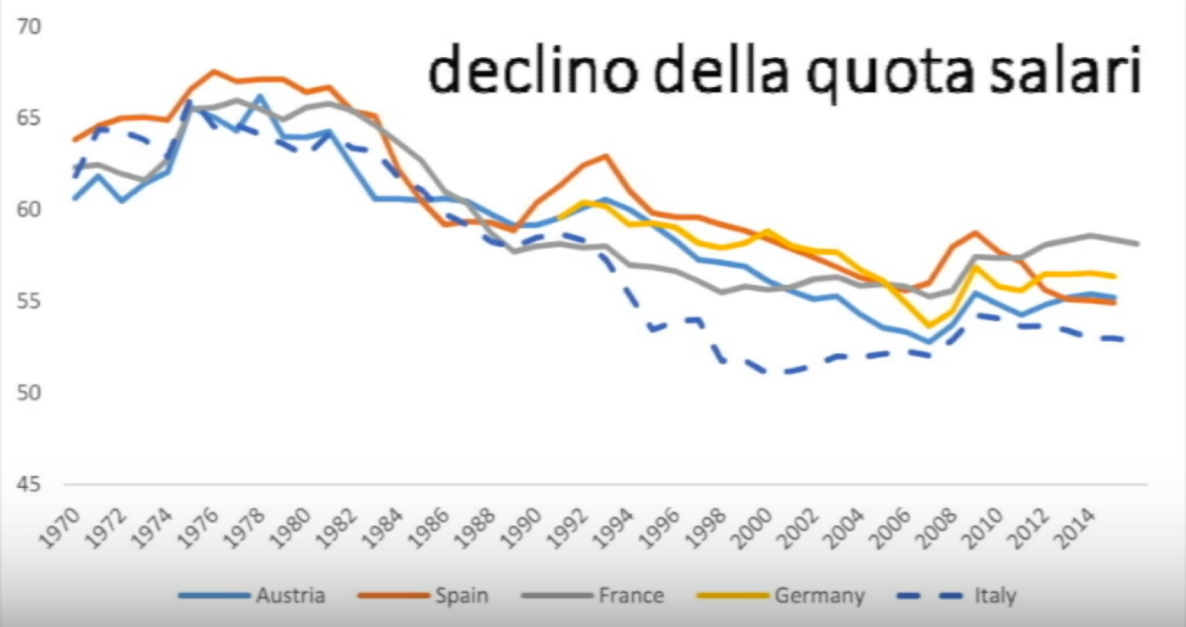


(fig a)



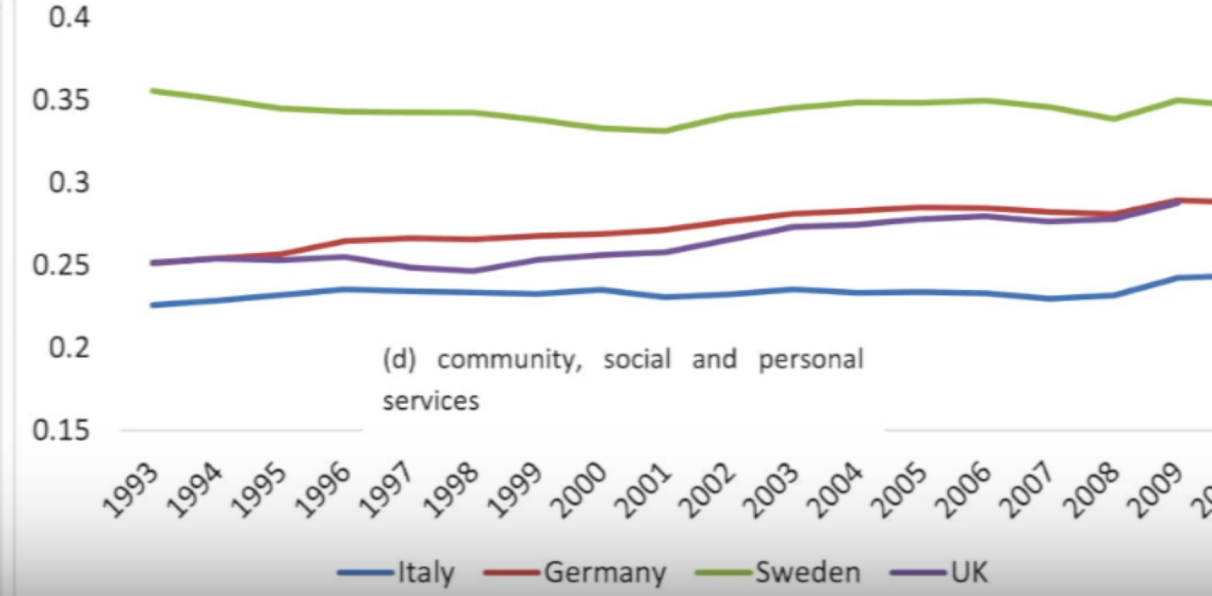
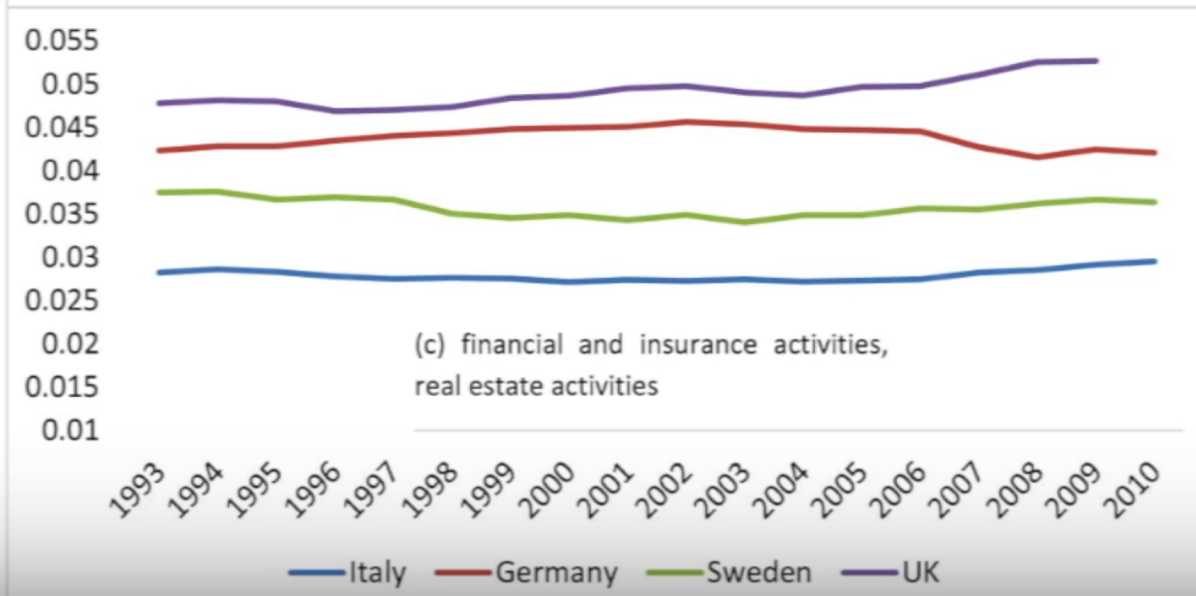
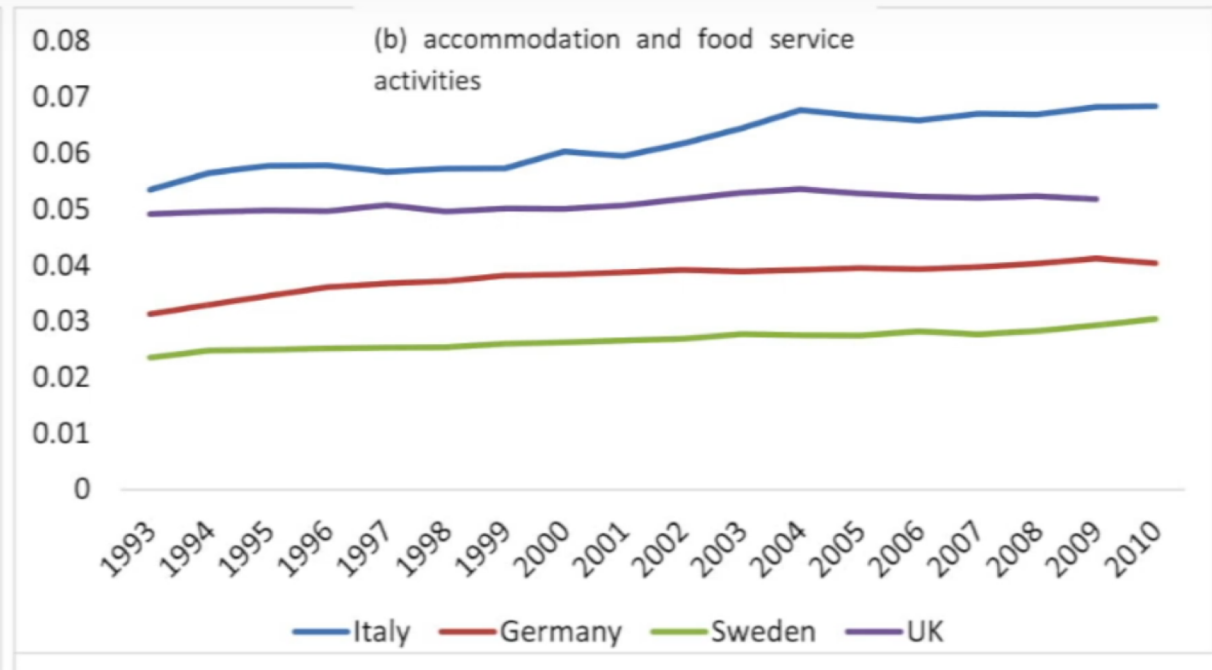
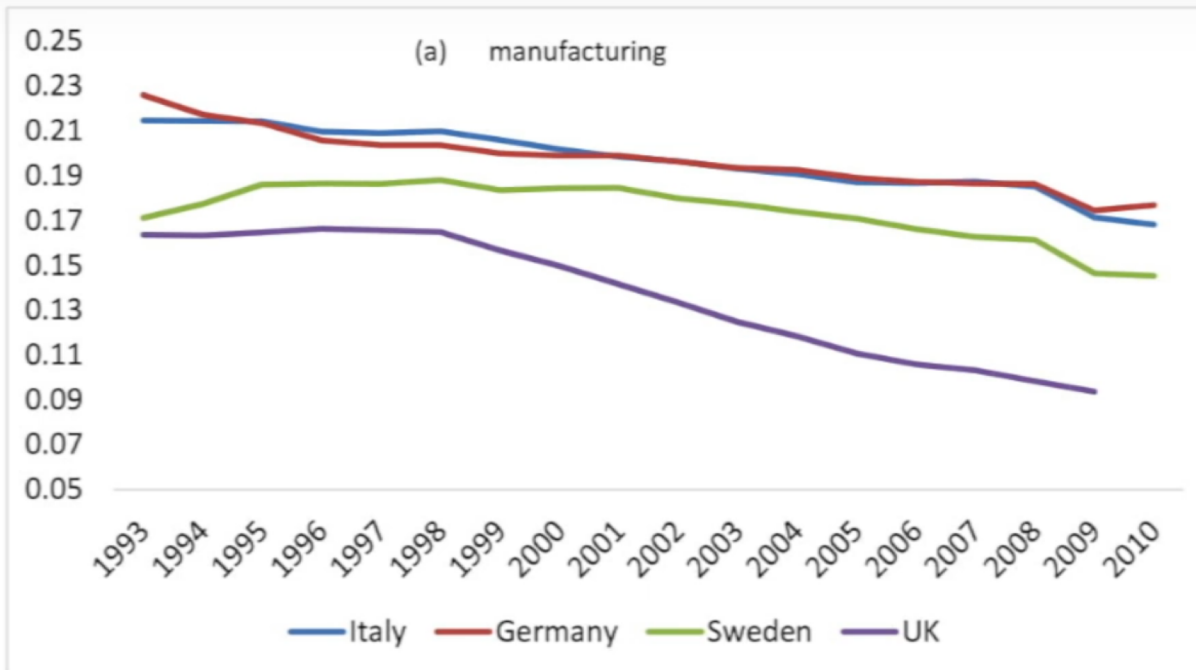
(fig b)

## declino della quota salari



What is happening?  
Why?

# 4 modelli di transizione: quote sull'impiego totale, 1993-2010



# Industrial growth and the rest of the economy

- Nowadays, Industrial VA represents less than 20% of the value added and the employment,
- but it is the main source of innovation and competitiveness (it means more than 70% of the expenses for the research and development of the private sector) and has a decisive role in the balance of the payments (it gives a contribution of 80% to the exports).
- With a lot of services it represents a driving force to the tertiary sector, Industrial exports include the value added produced by the service sector for 40 per cent of its own global value.

# A second explanation of stagnation: Income and wealth concentration

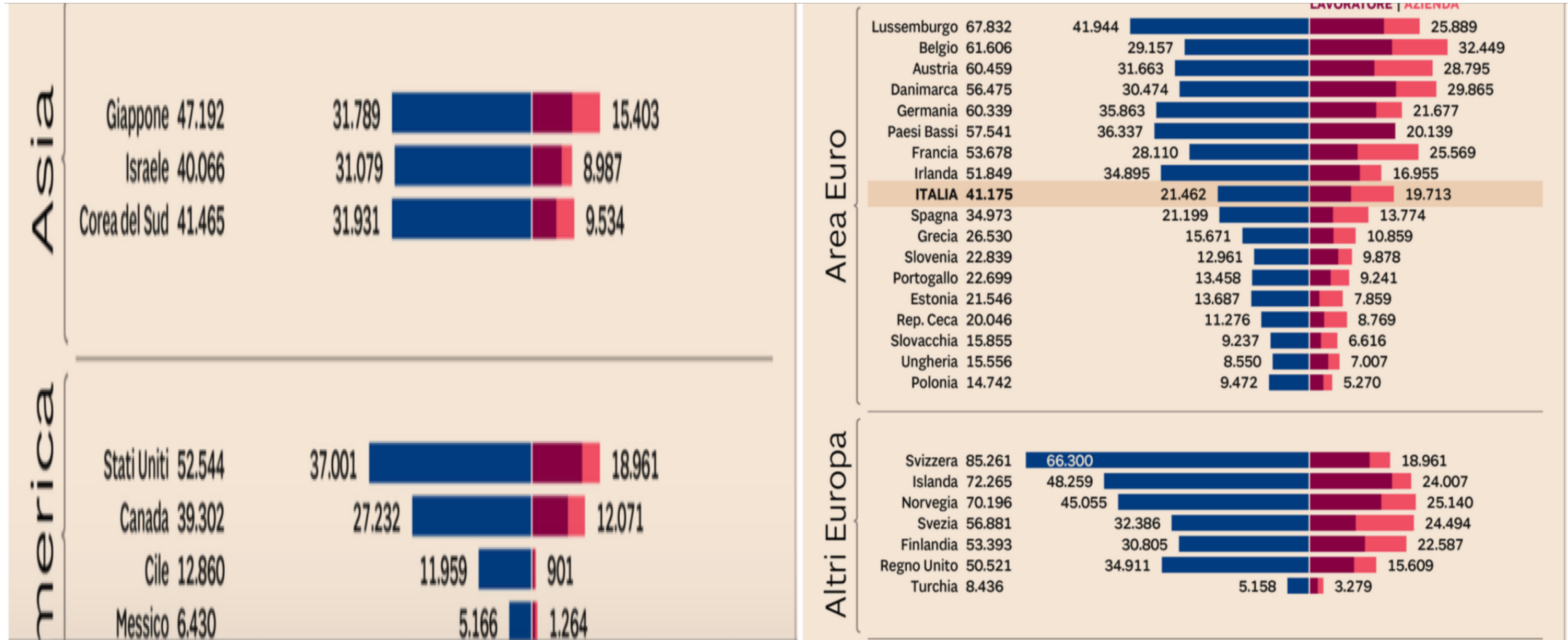
Financial markets and the like



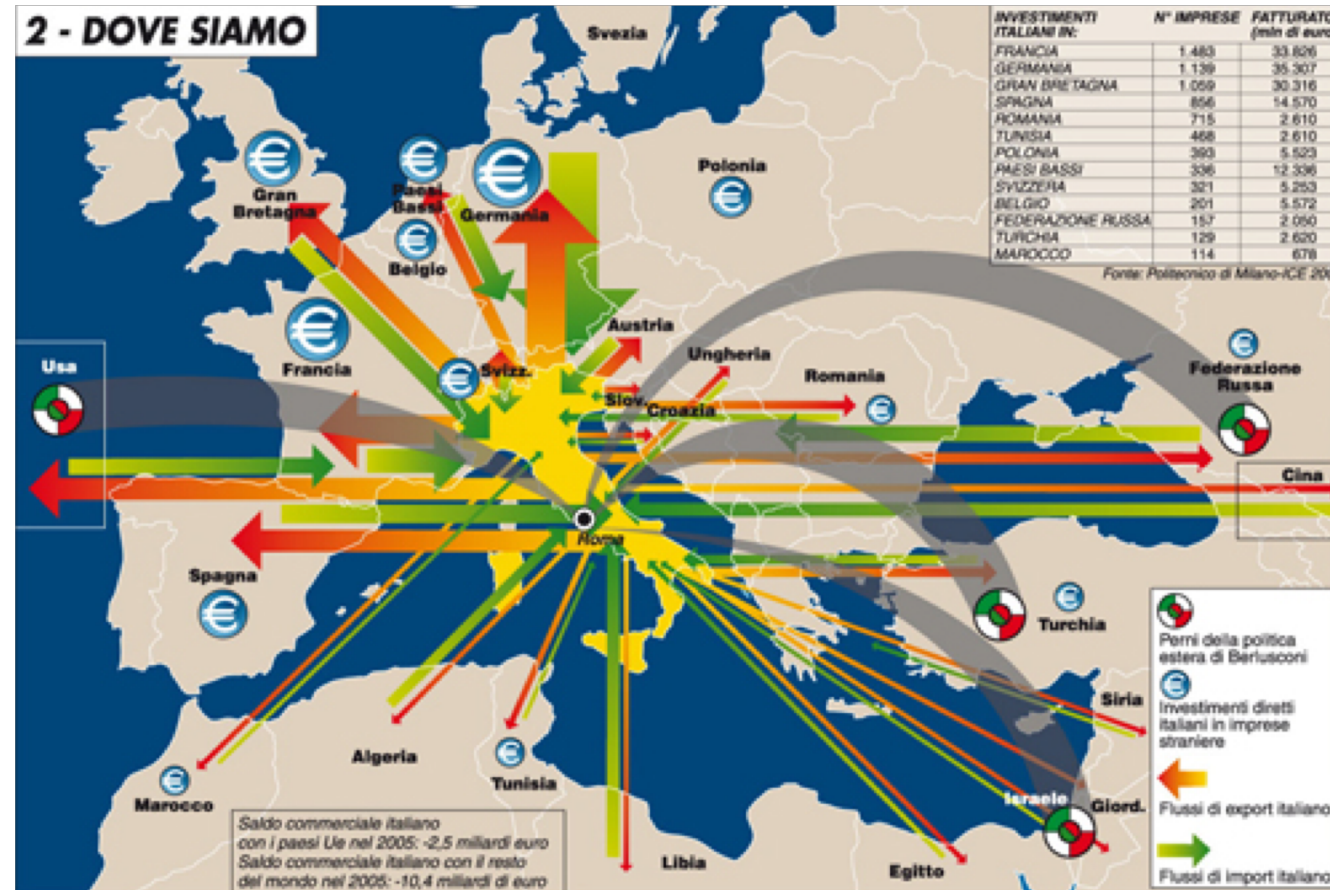
# Alternative explanation of the shrinking of the manufacturing basis

***De-localization and Outsourcing to other countries***

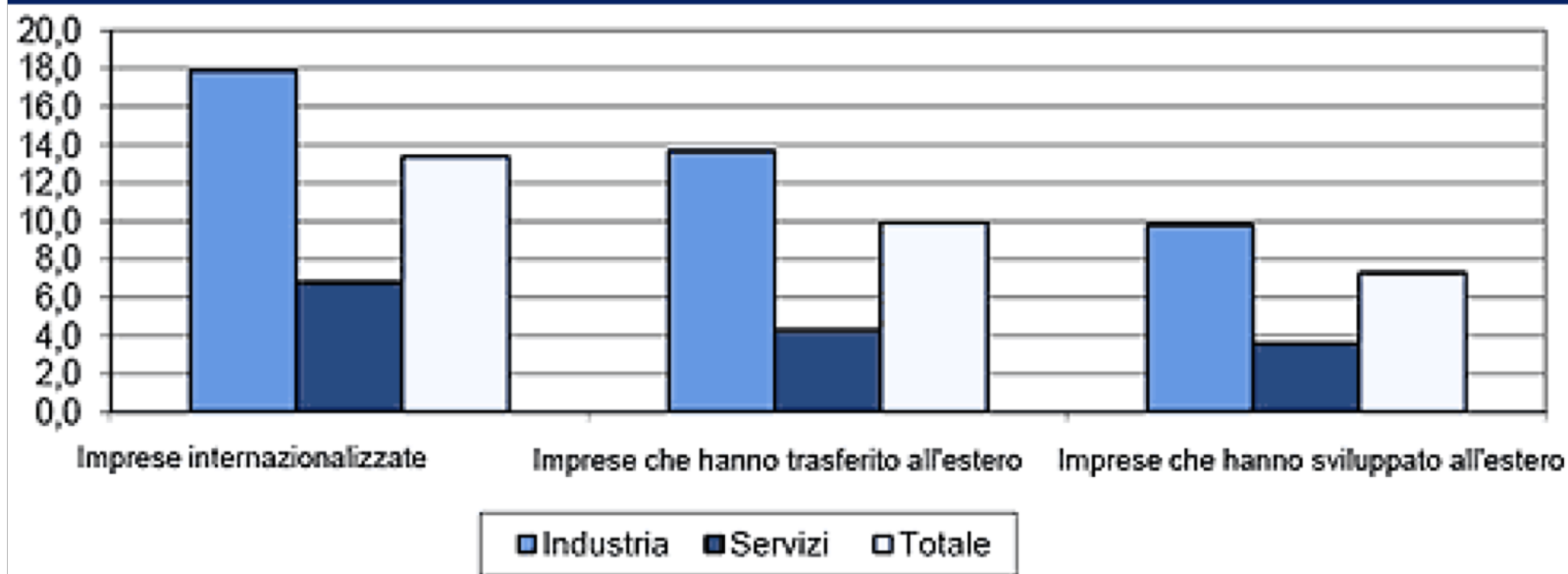
# One reason: wages and taxation



# Where to



**Imprese internazionalizzate con almeno 50 addetti per modalità di internazionalizzazione e macro-settore. Anni 2001-2006**  
*(in percentuale del totale imprese con almeno 50 addetti)*

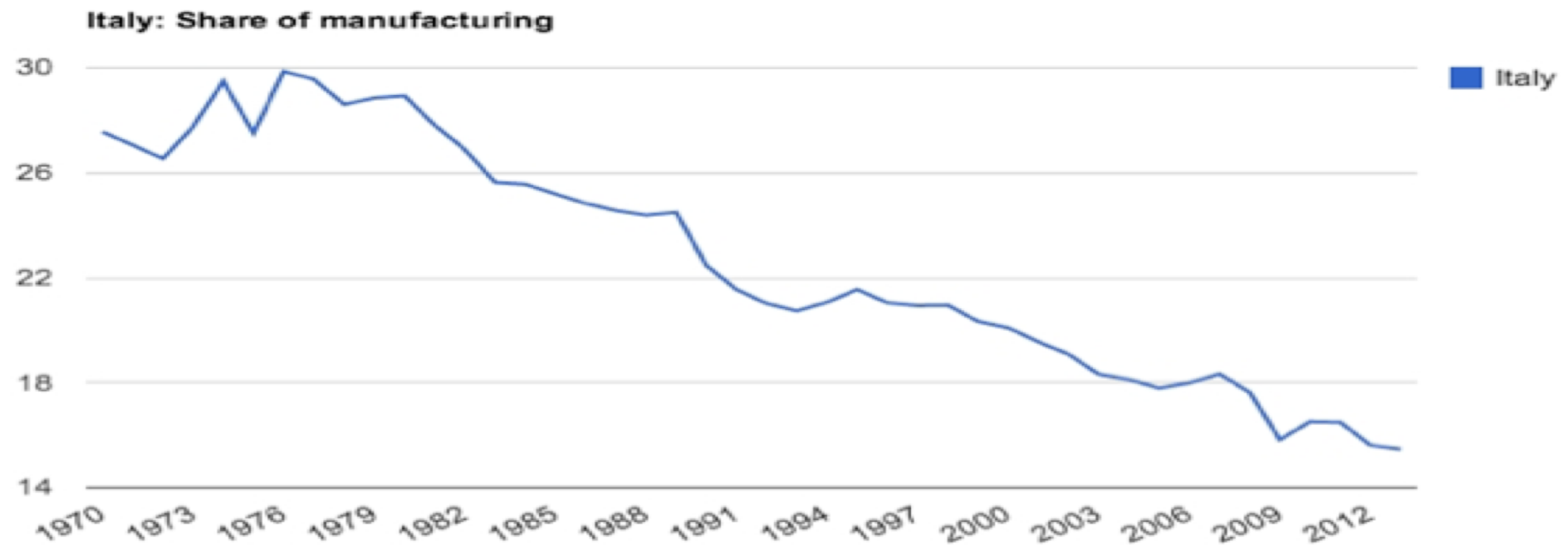


Landing onto a *new growth model* ?

*(Recent)* de-industrialization?

Or  
Stagnation?

## Italy: loosing pieces of the industrial structure along its history



Source: TheGlobalEconomy.com, The World Bank

## *Crisis cum deindustrialization:*

in the meantime, in the South....a *second* deindustrialization

- In (2008-2013), Southern Italy industrial VA reduced of 29,9%, with a further reduction in the service sector of 7,9%.
- Incomes have fallen by 15% and investments by more than 50%.
- During the crisis, the South lost about 583.000 jobs; (in the first 3 months of 2013 and the first month of 2014) the 80% of unemployed in Italy belonged to the South. T
- Between 2008 and 2013 Southern investments of the industrial sector fell by 53,4%, against a Centre-North fall of 24,6%.



**Tab. 5 - Investments in the fields. Annual rates of change.  
Percentage variation. Reference year 2005 (= 100)**

<b>Sectors</b>	<b>2013</b>	<b>2001- 2007</b>	<b>2008- 2013</b>	<b>2001- 2013</b>
<b>Souther Italy</b>				
<b>Agriculture</b>	- 5,0	- 3,6	- 44,6	- 46,7
<b>Industry</b>	- 3,8	- 5,6	- 49,4	- 52,2
<i><b>Without building</b></i>	- 2,6	- 5,9	- 53,4	- 56,1
<b>Building</b>	- 7,5	- 3,7	- 26,7	- 29,4
<b>Services</b>	- 5,5	20,2	- 26,5	- 11,7
<b>TOTAL</b>	- 5,2	11,3	- 33,0	- 25,5
<b>Centre-North</b>				
<b>Agriculture</b>	- 3,8	8,6	- 14,5	- 7,1
<b>Industry</b>	- 5,5	9,8	- 26,6	- 19,3
<i><b>Without building</b></i>	- 6,1	8,3	- 24,6	- 18,3
<b>Building</b>	- 0,9	19,8	- 38,4	- 26,3
<b>Services</b>	- 4,2	17,8	- 24,1	- 10,6
<b>TOTAL</b>	- 4,6	15,0	- 24,5	- 13,1

Source: Elaboration on Istat and SVIMEZ

in Southern Italy GDP was reduced by 13,3% (2008-13)  
 (i.e. 64% of the Italian average )  
 against the 8,4% *North-East reduction*, and the North-West 6,3%,

**Tab. 4 - Gross Domestic Product  
 (annual and cumulative changes in%).**

<b>Division</b>	<b>2012</b>	<b>2013</b>	<b>2008-2013</b>	<b>2001-2013</b>
<b>Southern Italy</b>	<b>-3,2</b>	<b>-3,5</b>	<b>-13,3</b>	<b>-7,2</b>
<b>Centre-North</b>	<b>-2,1</b>	<b>-1,4</b>	<b>-7</b>	<b>2,0</b>
<i>North-West</i>	-2,3	-1,2	-6,3	1,4
<i>North-Est</i>	-2,2	-2,1	-8,4	0,3
<i>Centre</i>	-1,9	-0,8	-6,5	5,0
<b>Italy</b>	<b>-2,4</b>	<b>-1,9</b>	<b>-8,5</b>	<b>-0,2</b>

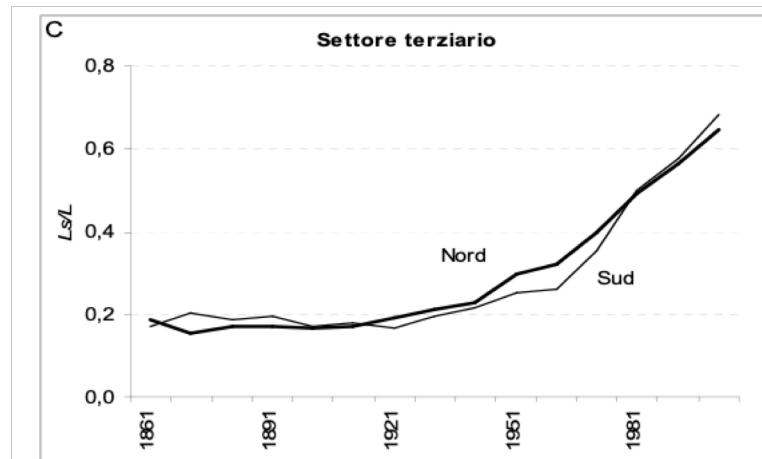
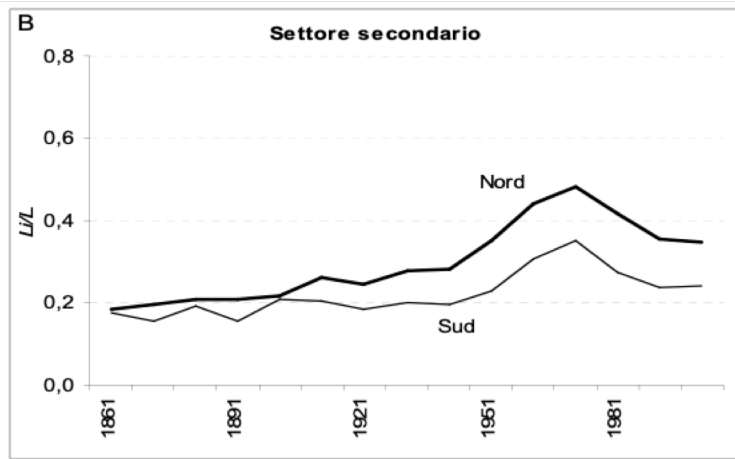
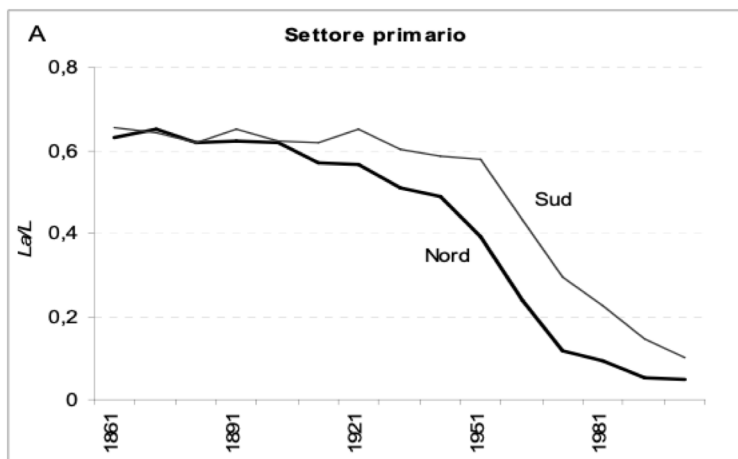
Source: Svimez Report 2014 on the economy of South Italy.

# *Marginalization* of the economy of Southern Italy

# Italy, two economies



Forza lavoro per settore rispetto al totale 1861-2001.



# Deindustrialization and dualism: a dangerous cocktail

In the last ten years (above all as a consequence of the economic crisis  
in 2008)

the gap between Southern Italy's industry and the rest of the country  
has become deeper, *worsening the existent de-industrialization process*

# Dualism

- «Current economic literature dealing with problems of growth has only been concerned, until recently, either with advanced economies – well ahead in the process of capitalistic development, with high incomes and productivity – or with underdeveloped economies, where growth has not yet begun or is just beginning. Accordingly, the models purporting to explain the working of the dynamic process are so built as to conform to one of these two patterns. There are other economies which cannot be reduced to either of the two types mentioned above. Such economies have undergone a process of non homogeneous growth, in the course of which a relevant part of the system has lagged far behind the other.
- As a result **two sectors have come to coexist**:
- an **advanced sector**, where the degree of industrialization is high, factors of growth are in operation, productivity and wages increase, and per capita incomes are high, or at least well above a certain minimum;
- and a **backward sector**, where income per capita is well below that minimum, productivity is low and stagnant, techniques of production are very primitive, and where unemployment and underemployment are persistent features. «

# Dualism as a *paradox*

- «In that a sector remains backward even though the economy as a whole is growing and the overall rates of capital accumulation and of income growth continue at a high level: growth taking place in a part of the economic system does not benefit the remainder; and the excess labour force in one sector is not absorbed by capital accumulation in the other.
- Hence the problem arises of finding *the causes of this distortion in the growth process* through an analysis of the factors governing the distribution of the increments of income between the two sectors.»

Italy is the best known and most typical (?) example of an economy affected by dualism.»



Hence,

What lessons may come from Italy, which would be useful to Brazil?  
Dualism and its consequences?



BRASILIA AUGUST 26, 2019



