

ITALY AT THE TURN OF THE CENTURY

An Economic Assessment

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Introduction

This short essay is divided into three parts. In the first I attempt to track the long term performance of the Italian economy in what could be described, up to a decade ago as a Trilateral context and today as a global context. The analysis is based mainly upon differential macroeconomic data, with OECD performance treated as Italy's benchmark, supported by anecdotal business evidence. In the second, I briefly explore the nature and reasons of Italy's economic slowdown during the Nineties and in the third I discuss recent developments suggesting an imminent upturn and the emergence of a possible new Italian growth model.

Italian Growth in an International Setting: A 50-Year Overview

The half century separating us from World War II offers a good historical vantage point for the examination of a country's economic performance; for all its limitations, real per capita GNP growth can be considered as the single most relevant indicator of absolute and relative quantitative economic change. The following is an attempt to chart, on this Italy's performance relative to average OECD countries' performance.

Some caveats are necessary about comparative historical statistics¹, but the trend of is sufficiently clear. This is first examined in Chart 1 which compares per capita income growth in Italy and in OECD countries as a whole over the period 1950-2000² by setting 1950=100. Even bearing in mind the lack of precision of long term statistics, it is abundantly clear that Italy has outperformed its benchmark: with 3.5 per cent as against 2.9 per cent, Italy shows an average real yearly growth rate approximately one fifth higher than the OECD average.

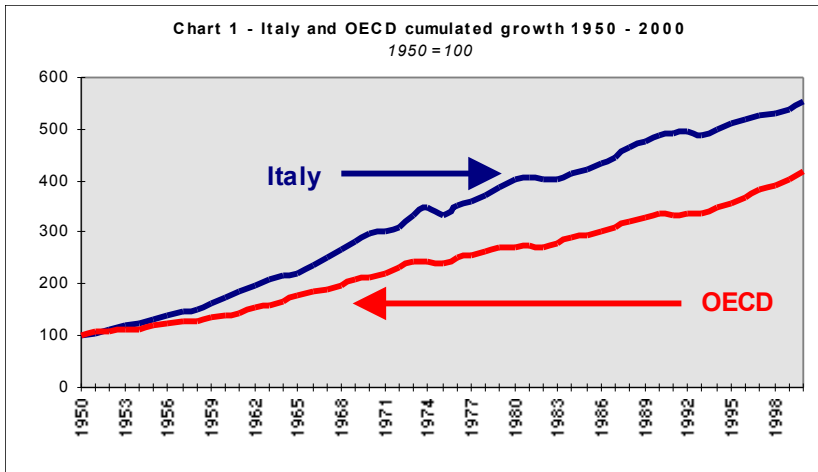


Chart 2 examines this difference in performance in cumulated percent terms. It rises very sharply during the fifties, reaching 25 per cent 1962, dips slightly in 1963-64, when Italy suffered its first business cycle setback, but then continues rising at roughly the same speed up to 1970. Currency turbulence and the oil crisis bring to an end this sharp rise: Italy reduces relative speed and its path becomes more uncertain, but it still grows more quickly than OECD average up to 1982 when relative differential reaches a maximum of 32.4 per cent. After this there is a lull, followed by a sharply lower than average growth rate in the Nineties, so that in year 2000 the differential has fallen to 24.8 per cent. This is the same level that reached in 1972. It can therefore be argued that *the recent growth slowdown has wiped out the relative advance of 28 years or about one quarter of the relative advance since the war.*

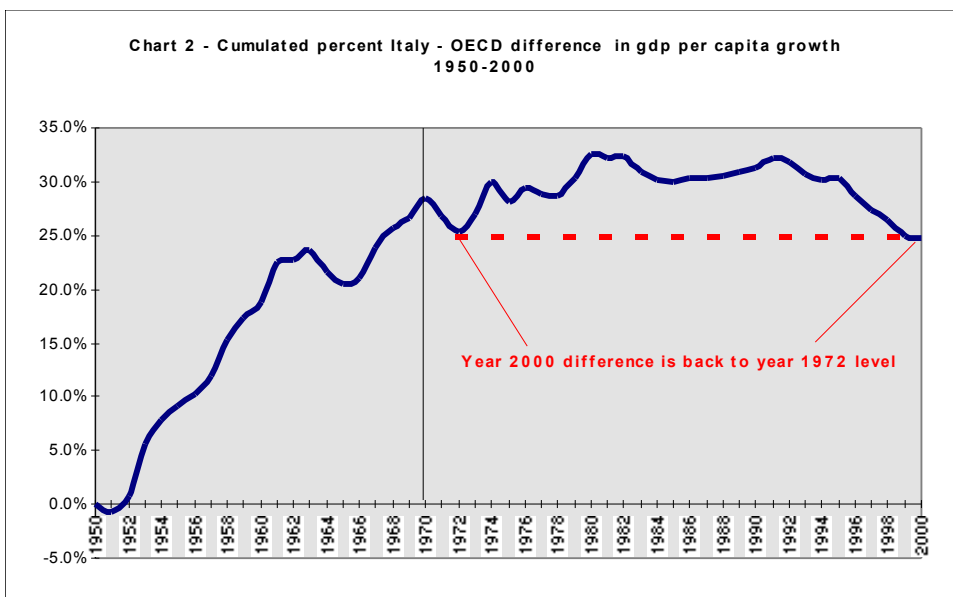
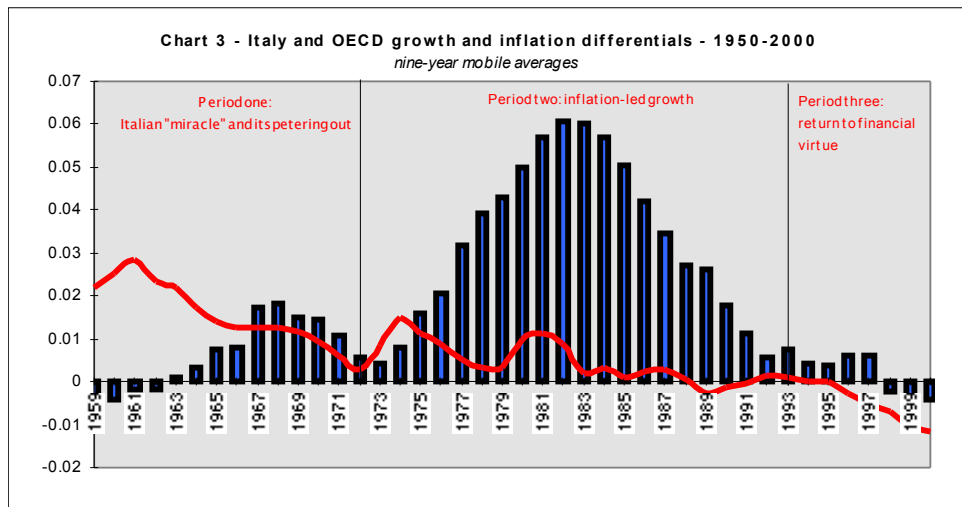


Chart 3 studies the differential in both per capita income growth rates and inflation rates³ over the same period. It uses a 9 year mobile average to filter out business cycle fluctuations and therefore the chart starts from year 1959 and data for that year are an average for 1951-59. This provides a structural, as well as relative, picture of Italian developments over the half century period.

On the strength of these data, Italy's performance can be divided into four different periods. *Period one* stretches back to the immediate post-war years and shows strong Italian overperformance, the so-called "economic miracle". Higher than average growth coexists with lower than average inflation during the fifties while a first mild inflationary episode is brought under control during the sixties. This is consistent both with the explanation that the great Italian expansion, rather like the Asian miracle studied by Krugman⁴ was fuelled mainly by more efficient use of cheap labour. The emergence of labour and social unrest at the end of the expansionary period is also consistent with Kalecki cycle models.

The petering out of the Italian miracle coincided with the turbulence due to the unpegging of the dollar from gold and therefore the beginnings of the flexible exchange rate era as well as with the first oil shock. Italy was hit harder than most OECD countries by the oil shock because of its large dependence on imported oil but was also able to rebound. This was achieved largely through recurrent devaluation and resulting competitive exports. These features characterise *period two* which extends from the early Seventies to the early Nineties.

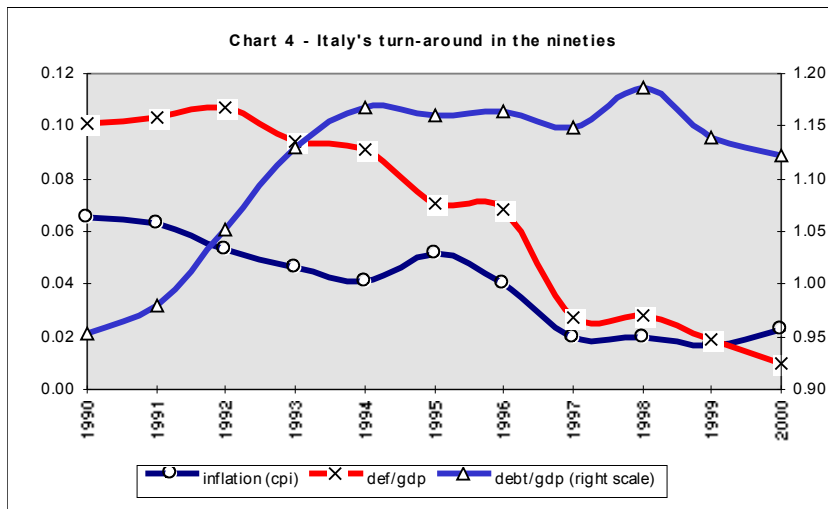
In this time span, Italy's per capita income growth remained higher than OECD countries' average of but this period also showed very high inflation. Competitive devaluations led to inflationary pressures and more competitive devaluations. Budgetary policy, lenient and deficit oriented, drew upon ample private savings to finance increasing budget deficits. What might be described as political recklessness was made worse by demographic developments: politicians had not expected either life expectancy to lengthen extraordinarily, above OECD average or the birth rate to plunge. The bases of the pension system were eroded and this is the main cause of the deterioration of Italy's public accounts. As Chart 3 clearly shows, to support a flagging growth performance, Italy greatly increased its inflation differential.



Retribution came with the great European currency crisis of Autumn 1992 during which the lira lost over one third of its value against other European currencies and was forced to leave the EMS. This exogenous shock prompted an utter change of policies and was one of the elements in the major overhaul in Italian politics which destroyed most traditional parties. Here starts *period three*, with the drive to introduce reforms, the much soberer mood in government finance, the pension reforms, the privatisation drive, a generalised feeling of anxiety about Italy being left out of European Monetary Union, with its weak currency force to fend for itself in hostile financial markets.

The result was one of the most spectacular turnarounds in economic history, described by Chart 4: government deficit which had been running at about 10 per cent of GDP up to 1992, had fallen by nearly four fifths in 1997. Italy was greatly helped by the sharp world-wide decrease in interest rates which caused a spectacular reduction in government interest payments.

Co-operation between organised labour, government and employers prevented a wage explosion. thus eliminating a major inflationary pressure; exchange rate stability eliminated another traditional source of inflation. Both interest expenditure and inflation reductions were particularly sharp in 1996-97 and utterly improved Italy's economic scene. The debt/gdp ratio. which had been exploding in the early nineties was first held in check and started to decline steadily from its peak of 118.7 per cent in 1997 to 112 per cent in the year 2000; privatisation of public banks, electricity concerns, insurance companies also played an important role. A word of caution is however needed: the debt, has been held in check rather than destroyed and Italy is still very vulnerable to a possible surge in interest rates.

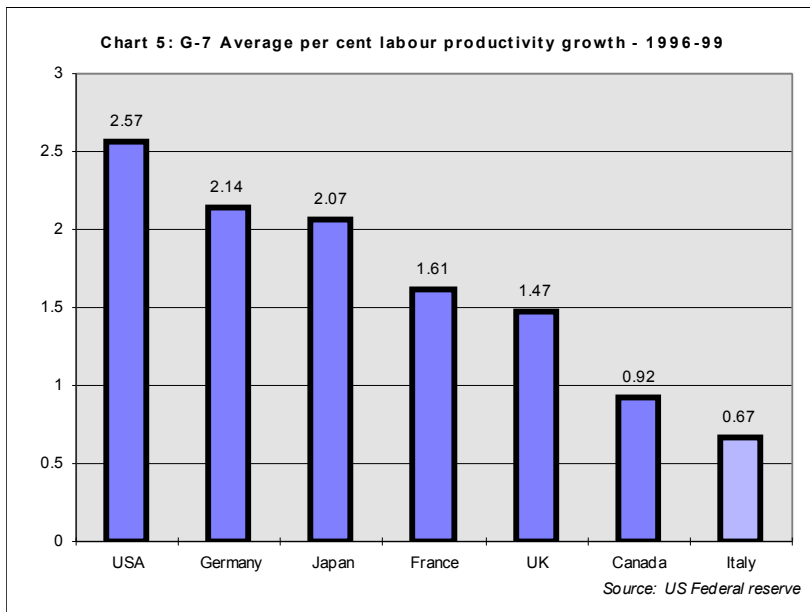


Turning from macroeconomics to business, there is ample anecdotal evidence to confirm this story of rise and relative decline: the high point of Italian business can be squarely placed in 1984-85. In those years, Olivetti tried to buy the Belgian concern SGB, Pirelli its German counterpart Continental, Banca Commerciale was set to acquire the Bank of New York and Mr. Gardini, having extended his activities to France wanted to take control of Berisford, a large British sugar manufacturer while Assicurazioni Generali bought into the French group Axa with a view to control it..

None of these attempts succeeded, because of a combination of insufficient strength of Italian capital markets, unable to provide Italian companies with the necessary finance, and insufficient political clout, so that companies under attack could find - in a "pre-globalised" world in which outside intervention in markets was the rule - a sympathetic government bolstering their defences. This period proved a turning point: for over a decade, Italian business took a more subdued attitude, although expansion abroad continued on a smaller scale.

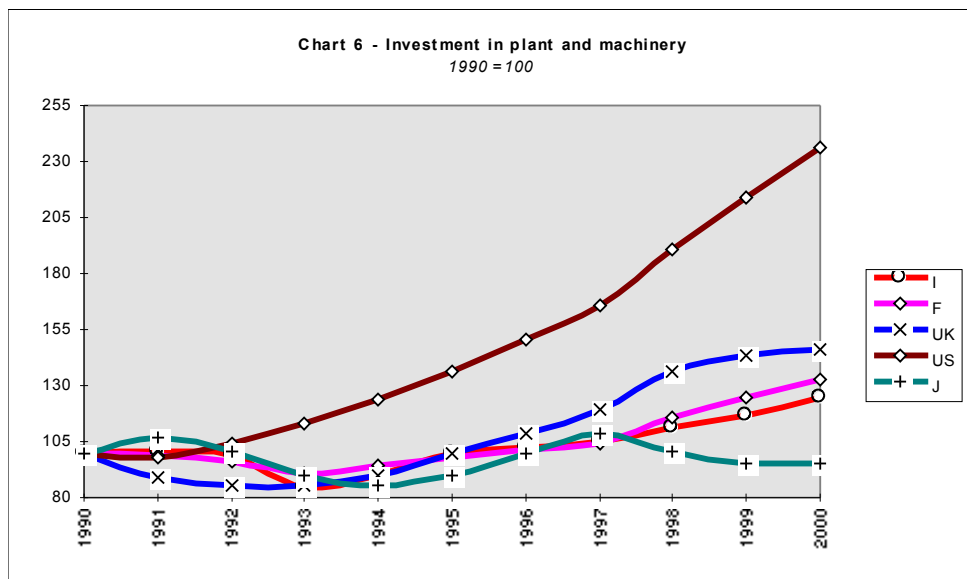
The yawning productivity gap

The downside of Italian financial improvement had been a general weakening of economic activity. With very rigid labour markets, low growth has meant only a moderate rise in unemployment, accompanied however by a low increase in productivity and the loss of international competitiveness. A recent Fed study places Italy squarely at the bottom among the G7 terms of productivity growth as Chart 5 shows.



There are three main reasons for this poor performance.

- *A drop in both government and private investment*, in particular in the mid-nineties, due to a variety of causes: the adverse business cycle after the lira crisis, the need to reduce the budget deficit coupled with the strong unpopularity of current expenditure reductions, which concentrated cuts on government investment, the widespread judicial anti-corruption investigations which led to a paralysis of local and central government decisions concerning building permits. Chart 6 contrasts the strong US investment growth, with the oscillating Japanese performance, the slow European advance. In Europe, Italy is located below the UK and France. In an era of swift technological advance, this comparative lack of investment exacted its toll in terms of competitiveness and productivity.



- *The onset of a general atmosphere of uncertainty* and the realisation that pension reform would result in curtailment of expected future income; on top of that, the fall in interest rates caused a marked reduction of income from widely held government bonds. All this induced Italians to adopt a more cautious attitude and brought to an end the era of ebullient consumer demand. In 1998, Italian consumer expenditure grew, in real terms, by 2.3 per cent, against France's 3.4 per cent, the UK's 4 per cent and the US 4.7 per cent, but better than Germany's 2 per cent. In 1999, consumer expenditure growth dropped to 1.7 per cent. Only Japan, among the G7, had a lower rate.
- *An erosion of Italian industry's competitiveness* after Italy's rejoining of the EMS and the ensuing end of "easy devaluations". This was accentuated by the Asian crisis which increased the competitiveness of Asian countries' exports. Since 1995, Italy has gained over 20 per cent against the United States and about 15 per cent against the UK and 10 per cent against Canada because of exchange rate developments, but has lost about 20 per cent against Germany, 15 per cent against France and 10 per cent against Spain⁵ largely because of lower productivity growth and rigidities in pay structures.

In other words, the old, anomalous growth model had been shattered and no easy substitute was at hand. The Nineties can therefore appropriately be described as a period of transition, a transition for which Italy has paid a heavy price. In 1990-1999, Italy's overall growth was 7 per cent points less than the rest of European Union. If that missing 7 per cent had been achieved, Italy's employed would be approximately 1m higher and the unemployment rate would be reduced by one third.

The ability to bolster productivity and competitiveness appears central to future Italian developments. It is therefore important to analyse the causes of the present weakness. There are at least three.

- *An unfortunate product mix.* An analysis by sector does not yield too unfavourable results for Italy; the car industry manages to hold its own, textiles and fashion have reacted well to world challenges, engineering has maintained and even increased areas of world excellence. Italy, however was a clear laggard in new economy sectors up to the mid-Nineties, although a spurt of activity in the past two years is rapidly closing this gap. This country is still by and large manufacturing the same kind of products as fifteen years ago, its production base has indeed been impoverished since it abandoned, or significantly reduced its presence in a number of important high technology sectors, ranging from the drug industry to chemicals, from glass manufacturing to oil exploration technology. My own tentative analysis is that at least one third of the productivity differential depends upon the product mix.
- *Labour market rigidity;* although major changes have taken place in recent years, with the introduction of part time and temporary work, firing procedures are extremely difficult. An analysis of the labour cost structure shows that for every lira employers pay to their workers they have either to pay or to set aside more than one lira in taxation, social security contributions and deferred payments. The need to finance an over-generous pension system constitutes a heavy tax burden. Another rigidity concerns the professions, whose rules of entry tend to enforce a closed shop and lack of competition. For a long time, rigidities were by-passed by recourse to irregular employment, a practice that has a much less negative connotation in Italy than elsewhere and was for a long time tacitly tolerated even by the unions. Sensitivity to irregular employment is now increasing and its reduction is a shared goal.
- *Financial market and other structural backwardness.* Although financial markets have embarked on a vigorous process of change, helped by the introduction of the euro, financial costs for small and medium size firms are still higher than the European average. The credit granting procedures are still to a large extent dependent on real collateral guarantees. Other structural backwardness include: cumbersome, and therefore costly, administrative procedures, school systems inefficiency, transport bottlenecks and R & D expenditure. A recent study by OECD puts Italy, with less than one percent of turnover, squarely at the bottom of R&D expenditure by companies, although the public sector, fares rather better, the European average is about double the Italian data⁶.

The overall picture suggests that during the nineties Italy may have suffered a small systemic failure, or rather that in a globalised world its traditional structural weakness no longer can be compensated by traditional remedies. Its admirable ability to react to outside challenges and to adapt swiftly to technological change has been reduced. My interpretation, as explained below,

is that this will be remembered as a necessary adjustment after the era of high inflation and not necessarily as a downward structural change.

Towards a New Italian Growth Model?

If Italy's slide, described above, were to continue, in the long run it would pose serious problems to the stability of Europe and the world economy. Robust, if as yet inconclusive, signs however suggest that the trend is about to be reversed and that Italy might be embarking on a new growth path; once again, like in the Fifties, this new growth looks rather like an original adaptation, based on local culture, of global technological and economic developments.

During the Fifties and Sixties, Italy was recognised as a "dual economy". This has given rise to a stylised representation of Italy as the only high income country with a sharp income divide between its regions, notably North and South; with companies split vertically between a few very large giants and a multitude of very small concerns with hardly room for the middle and upper-middle dimension; the vertical split combined with a horizontal one between state (or local government) controlled and privately owned firms, the latter with typical family control structures. This traditional picture is now changing rapidly towards what could tentatively be called a *new Italian growth model*. I will here list the five clues that lead me to this moderately optimistic conclusion:

- i. *The growth gap appears to be closing.* In 1990-1998, Italy's growth totalled a mere 58 per cent of the average of other EU partners; in 1999, this figure limbered up to 75 per cent and in 2000 the country is expected to grow at a pace of about 85 per cent of that of the rest of the Union. By 2001, average EU growth should be regained. This gives weight to the interpretation that in the course of the nineties the country "purified" itself of ingrained inflationary germs and set itself firmly on a virtuous path.
- ii. *The financial and business world is rapidly reorganising and acquiring new world visibility.* Once described a "petrified forest" for its immobility, the Italian banking world has gone through a massive overhaul in the past five years, with large M&A operations and privatisation processes. Italian savers have switched from government bonds to shares and investment funds in an unprecedented way. Reforms in corporate governance have paved the way to industrial take-overs; Olivetti's successful hostile take-over bid for Telecom Italia is a landmark case in the sense that it has shown that entrenched financial power is no longer invulnerable. Scores of companies have reinforced the meagre ranks of middle sized companies and are making their appearance on the stock exchange.

The combined effect of reorganisation in the financial and business sectors has brought about the changes shown in table 1: by 1995, Italy's presence in the big league of world business had fallen to a very low level, with a mere

13 companies in the first one thousand in terms of market capitalisation, the same as Taiwan, less than Hong Kong, the Netherlands, Switzerland, only one more than Spain, whose economic size is about half that of Italy. In market value, these 13 companies accounted for one per cent of the total market value of the 1000 largest according to *Business Week*. Since Italy's GDP is about 3.5 per cent of the total world economy, the country was clearly underrepresented.

**Table 1 - Italian companies
in the world's largest 1000 by market value**

<i>year</i>	<i>number</i>	<i>market value (US\$ million)</i>	<i>% of world total</i>
2000	31	587,933	2.5%
1999	23	380,469	1.9%
1998	22	362,459	2.1%
1997	14	198,198	1.3%
1996	15	162,151	1.4%
1995	13	98,742	1.0%

Source: Business Week

In year 2000, the number of companies and the share of total market value have more than doubled. This has partly been the result partly of sleepy monopolies being transformed, by total or partial privatisation, into aggressive market players quoted on the stock exchange, partly of the introduction of new business techniques in existing companies and partly of the firming of the lira's exchange rate after its rejoining of EMS and the joining of the EMU.

- iii. *Economic reform has been wide ranging, if cautious and incomplete.* In 1997-2000, Italy rewrote its corporate governance rules, liberalised retail trade, including the highly charged issue of opening hours, extended the application of temporary work contracts, slightly improved its previous pension reform and began procedures to liberalise the professions. In the meantime, as already mentioned above, former monopolies or otherwise state-controlled companies in electricity, water, oil, gas, defence and other sectors were totally or partially brought to the market, and received an enthusiastic response from millions of families who abandoned government bonds in favour of the new shares. The school system, the army, the police, universities and hospital management were also reformed to varying degrees.

All this has come about in a typical Italian way, in characteristic fits and starts, among a lot political bickering and some times political drama. Below this turbulent surface, Italian reforms do proceed, if slowly, gradualism being one of the country's greatest cultural traits. Small retailers

use political clout to slow the enforcement of reform at local level but can no longer effectively block new initiatives in this once tightly controlled sector; teachers and doctors may force changes in the original provisions of school and hospital reform but schools and hospitals will no longer be the same again. Rather than producing instant change, reform activity can be seen as opening up new possibilities in what I have previously described as a yet inconclusive but promising process.

- iv. *A new global positioning of companies and industrial sectors.* Global Italian presence is largely centred upon three sectors: the oil industry, with its expansion plans in the Caucasus and other former Soviet Union areas; telecoms, with their ambitious project to cable and network the whole Mediterranean area and their presence in Latin America; the car industry, now with American partners, engaged in what is perhaps the most advanced project in world cars; the presence of large Italian firms at world level is also relevant in trucks, tractors, cable, tyres. Nearly all these strategies have been either started or revamped in the last few years. Mention must also be made of the country's attempt to break out of its relative transport isolation with the construction of a major, if as yet problem-ridden airport near Milan, of the largest Mediterranean container port at Gioia Tauro in Southern Italy, and with the launching of an ambitious new high speed railway plan.

Italian presence in the European and world economy is not however limited to large firms. Italian industrial districts - in which small firms operating in the same sector spring up in specific geographic area and cross-fertilise each other in a way described more than a hundred year ago by British economist Alfred Marshall - one of the major growth engines of the Sixties and Seventies, are trying to reinvent themselves in a global setting. New districts are appearing like the so-called Chiantishire in Tuscany or the "food valley" of Southern Piedmont, both offering a mixture of tourism, culture and food to global customers; other, mainly in textiles and shoes, are prospering in Central and Southern Italy; a number are projecting themselves overseas, creating replicas of themselves in other countries where they transfer simpler industrial phases. Thousands of small or medium sized Italian firms have set up small factories in Slovenia, Croatia, Tunisia, Albania, Hungary.

In the past eighteen months these small firms have rushed to get access to the Internet and districts are beginning to establish their own portals. This has given rise to a flourishing new economy sector selling services, software and links to small and medium sized-business. Italian presence is also very lively in mobile phones: with its exceptional spread among the population, the Italian mobile phone companies now rank among the largest in the world and are expanding overseas. Other new developments to watch include tourism (heavy new investment, sometimes sparked by the Jubilee, in museums, theme parks, restoration work but also in golf courses, tourist

harbours, etc) and agriculture (Italian wine makers are extending their activities world wide). Yacht and luxury ship construction, restaurant chains, textiles, musical instruments, certain areas of heavy engineering and, of course, fashion are among activities that have expanded internationally in the past few months.

Table 2 - Italy's position as an exporting country (1997)
(in brackets % of Italian imports on country's total)

1st	2nd	3rd
Albania (45.0)	Tunisia (19.6)	Switzerland (10.5)
Ethiopia (26.8)	Croatia (19.0)	Russia (10.1)*
Libya (20.3)	Slovenia (16.6)	Cyprus (8.2)
Malta (20.2)	Romania (15.5)	Germany (7.6)
Greece (18.14)	Bosnia (12.7) *	Egypt (7.1)
Lebanon (13.2)	Syria (10.35)	Jordan (6.7)
	Poland (9.9)	Iran (6.3)
	France (9.7)	
	Spain (9.4)	
	Macedonia (9.4) *	
	Austria (8.38)	
	Algeria (7.8)	
	Bulgaria (6.8) *	
	Argentina (5,7)	

Eastern European transition countries

Mediterranean and Middle East

Non Mediterranean Europe

Other

* imports from industrial countries only

Source - IMF - Direction of Trade Statistics

It is difficult to chart this reality because it is still in a very early stage. There is however no mistaking the new dynamism. This is leading to the formation of an "Italian area" that is rapidly, if confusingly, taking shape. Table 2 gives an idea, using 1997 data, of Italian expansion overseas by analysing Italian export penetration.

While being second exporter to France and Austria and third exporter to Germany and Switzerland, a sign of the strength of traditional European links (these four countries account jointly for more than one third of total exports) Italian export presence is particularly strong in three types of countries: a) Eastern European transition countries, including Russia, where Italy is the third largest exporter from the industrialised world; b)

Mediterranean and Middle Eastern countries; c) other countries, such as Argentina and Ethiopia, with whom, for various reasons, Italy has special or historical links.

The formation of this “Italian area” could prove of great importance. Other times in the past Italy had considered it as its mission to provide a sort of link between highly developed countries to the North and less developed countries to the South. This was largely achieved by selling high priced fashionable manufactured goods to the North and low priced industrial goods to the South. The present directions of trade and business activity could represent another variation on this theme.

v. *The reorganisation of Italian territory.* The repositioning of Italian business activity and the reforms discussed above goes hand in hand with a reorganisation of Italian territory. It is not the purpose of this economic assessment to analyse the political implications of such a reorganisation; it is important to note that, as pointed out by Piero Bassetti in 1999⁷, the Northern Plain, otherwise known as the Po Valley, has been reshaped by the transformation of economic activity of the past twenty years. The power of attraction of Milan has greatly increased as a financial, cultural, high tech and industrial centre, almost entirely financed by local savings; measured by modern geographic methods, rather than by administrative boundaries, the Milan urban area extends far and wide and has a population of about 5 million people and vies for first place among the richest areas of Europe and the world.

The idea of moulding the Northern Plain whose regions have hardly ever been united before Italian unification and are separated by profound cultural differences, into one large entity makes economic sense only in a globalised economy. Quite apart from political reforms that have granted a moderate degree of autonomous decision, the economy is pressing ahead with banking and financial concentrations and with the redesign of business. A rule of thumb estimate has it that there are in the Northern Plain about 6,000 largely family-owned industrial companies who, given the appropriate financial means, could steer a successful course in the world economy. The future of Milan as a business centre lies in developing the right expertise to assess and suitably finance these companies.

This external projection of Italy leaves ample room for the centre of the country, and in particular for Rome, to remodel national services and activities, ranging from politics to the military, from the judiciary to the school system. Apart from some promising industrial developments, the future of this central area lies in reinventing bureaucracy in an electronic age. This process has started with the simplification of many procedures and with extensive electronic reorganisation of the tax apparatus. Only in this way has it been possible to considerably increase the tax pressure in order to

meet the Maastricht targets in a country that is well known for its reluctance to pay tax.

Finally, the Mezzogiorno, Italy's problem area. The withdrawal of a large amount of state aid benefits, administered by a local political class has had a stimulating effect on the local economy. In most Southern districts new companies are springing up and the latest available growth rate figures show the South doing better than any other part of the country. There is certainly a long road ahead (in terms of GDP per head the South is about thirty years behind the North) and some of the figures might be due to the emergence of the "hidden" economy; organised crime has taken several beatings and appears in retreat but in some areas its presence is still strong; the quality of infrastructure is often poor.

In the growth model that Italy appears to be shaping for itself, the Mezzogiorno would have the role the Northern industrial districts played so well in the Sixties and Seventies, i.e. a reservoir of animal entrepreneurial spirits that, in some cases, have begun to sprout. In a globalised world, Mezzogiorno firms would establish contacts and export technologies to the Southern shores of the Mediterranean, as well as developing this land's enormous tourist potential.

Some caveats and final remarks

The developments that have been outlined here are far from certain. Trends can be nipped in the bud and hopes can be dashed. It happened at least twice in the past half century, first with the oil crisis of 1973-75 which hit a country that had bet heavily upon cheap oil and basic chemicals, second with the Asian crisis of 1997-99 which practically obliterated new and promising export markets for Italian goods in the Far East and made Italian industry suffer at the hands of cut-price Far Eastern competitors.

The new Italian growth model is heavily dependent upon a peaceful growth and development atmosphere prevailing in Europe, in the Mediterranean and in the global economy at large; and rather vulnerable to the possible alteration of this general situation. It is also dependent upon the preservation of an independent Italian financial centre: in the market economy era, the existence of a market is one of the most important aspects of national identity. Also for reasons of national identity, a number of Italian banks and large companies must maintain or reach European and world status.

Even if all these preconditions are observed, the road ahead for Italy will not be easy. Apart from political problems, the country has to deal with adverse demography. Thanks more to the Mediterranean diet than to their public health structures, Italians enjoy one of the longest life expectancies at birth; Italy also features one of the world's lowest birth rates. This makes the Italian dependency ratio, i.e. the ratio between the number of retired people and

people of working age one of the worst in the world, with current population set to shrink considerably on present trends in the absence of immigration.

All this brings two problems to the fore: how to deal with the old and how to deal with immigrants. The pension system is not untenable but, in its present form, is set constitute a drag on resources, resulting in approximately 0.5 - 1.5 yearly reduction in potential growth; this handicap has to be lessened or removed, but politicians, both from left and right, who tried to do this during the Nineties invariably lost power. Italy's new social compact must be first of all not a traditional labour-capital agreement but a generational compact. As for immigration, it represents a cultural as well as an economic challenge, involving, among other things, a revision of pay structures that now invariably condemn a large number of immigrants to marginal or irregular roles.

With all these serious problems, the future of Italy rests far from assured but at the same time could prove stimulating and exciting. There is a perennial precariousness that represents both Italy's charm and Italy's bane . After all this is the country of the Leaning Tower of Pisa, one of its best known monuments which could well be taken as its symbol. Its fall has been invariably predicted, yet the Tower has been standing for the past eight hundred and twenty six years. During the early Nineties its tilt increased and many thought its final hour had come. Sophisticated engineering has remedied that and it now looks in tolerably good shape.

¹ Data sources from 1973 onwards, unless otherwise stated: OECD Historical Statistics, OECD Economic Outlook. For 1950-73, Liesner, T., Economic Statistics 1900-1983, The Economist Publications, London 1985, ISTAT, Sommario di Statistiche Storiche 1926-1985, Rome 1986.

² 1999 data are estimates, 2000 data are forecasts.

³ Measured through the consumer prices index.

⁴ Paul Krugman, The Myth of Asian Miracle, in *Foreign Affairs*, November-December 1994, pp. 62-78.

⁵ These calculation are based on calculations by Fiat's economic bureau.

⁶ See *Il Sole 24 Ore*, 23rd October 2000, page 4. The full OECD Report can be obtained on www.oecd.org/media/parutions/pb00-19it.pdf.

⁷ Piero Bassetti, *Milanesi senza Milano*, Mursia editore, Milano, 1999.