

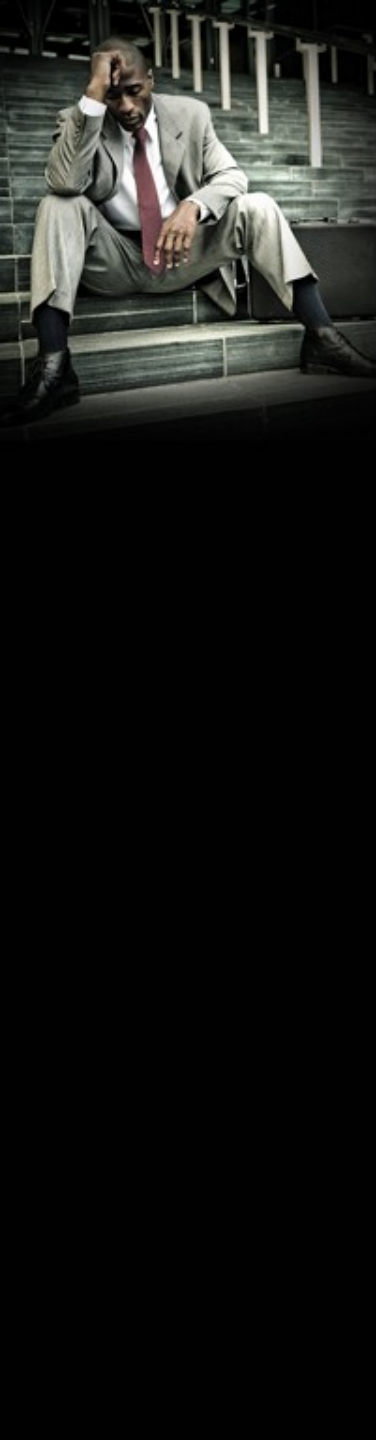
Economic Decline, the Euro and Euroscepticism in Italy

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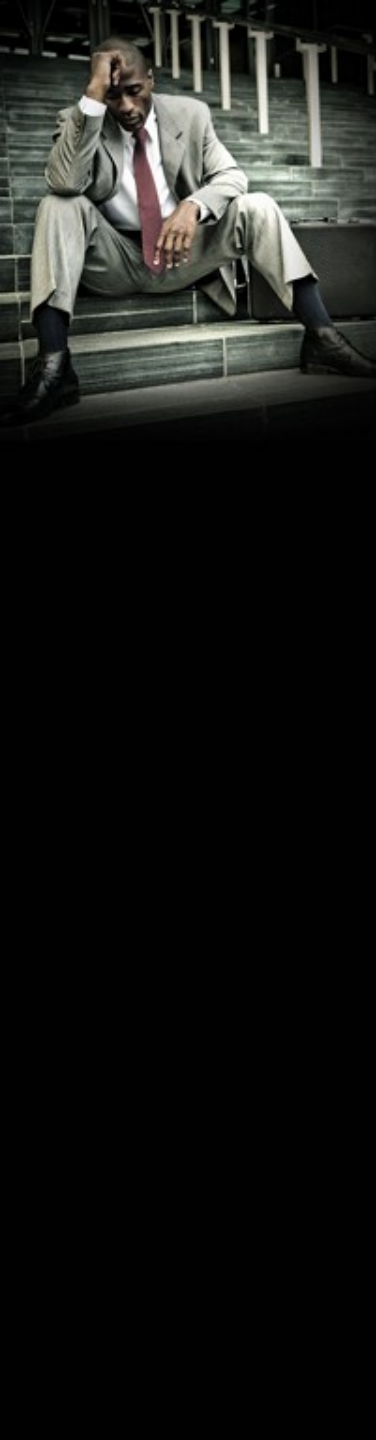
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What is Economic Decline?

- Definition: A prolonged process of worsening economic performance in a country
- Key characteristics:
 - Persistent slowdown in economic growth
 - Loss of international competitiveness
 - Decrease in relative economic well-being



Main Indicators of Economic Decline

- GDP per capita (growth and relative level)
- Labor productivity
- Total Factor Productivity (TFP)
- Share of global export market
- Innovation and R&D investments

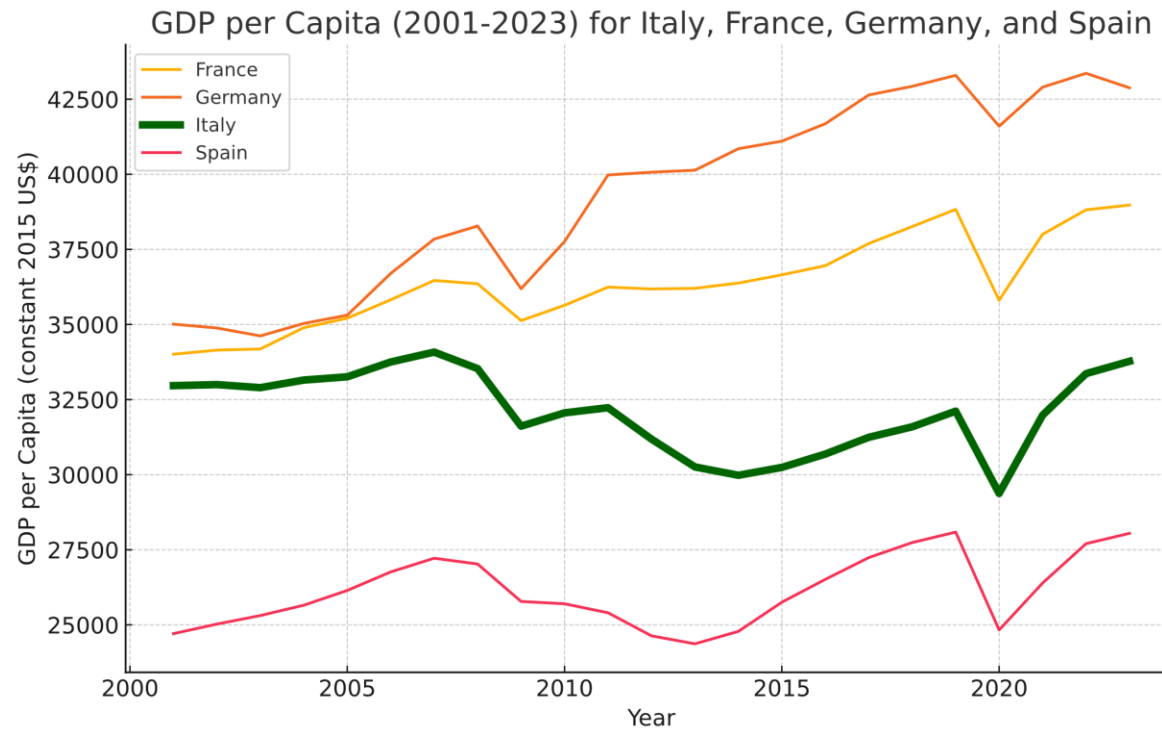


GDP per capita

- Definition: Total value of goods and services produced in a country in a year, divided by the number of inhabitants
- Growth: Percentage increase in GDP per capita from one year to the next
- Relative level: Comparison of a country's GDP per capita with that of other countries or an average (e.g., EU)
- Importance: General measure of a country's economic well-being



GDP per capita



Source: World Bank, <https://databank.worldbank.org/source/world-development-indicators#>

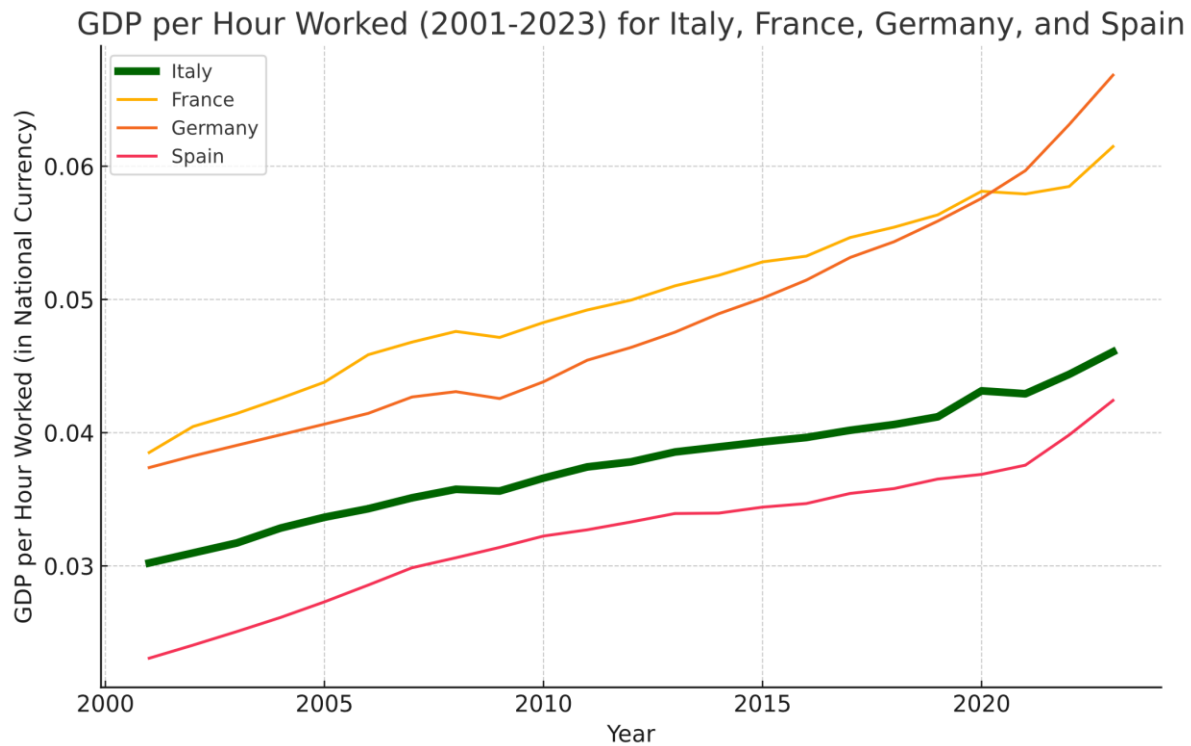


Labor Productivity

- Definition: Quantity of output (goods or services) produced per unit of labor
- Calculation: GDP divided by the total number of hours worked in a country
- Importance: Indicates the efficiency with which labor is used in the economy
- Example: If productivity increases, more is produced with the same number of hours worked



Labor Productivity



Source: AMECO, https://economy-finance.ec.europa.eu/economic-research-and-databases/economic-databases/ameco-database_en

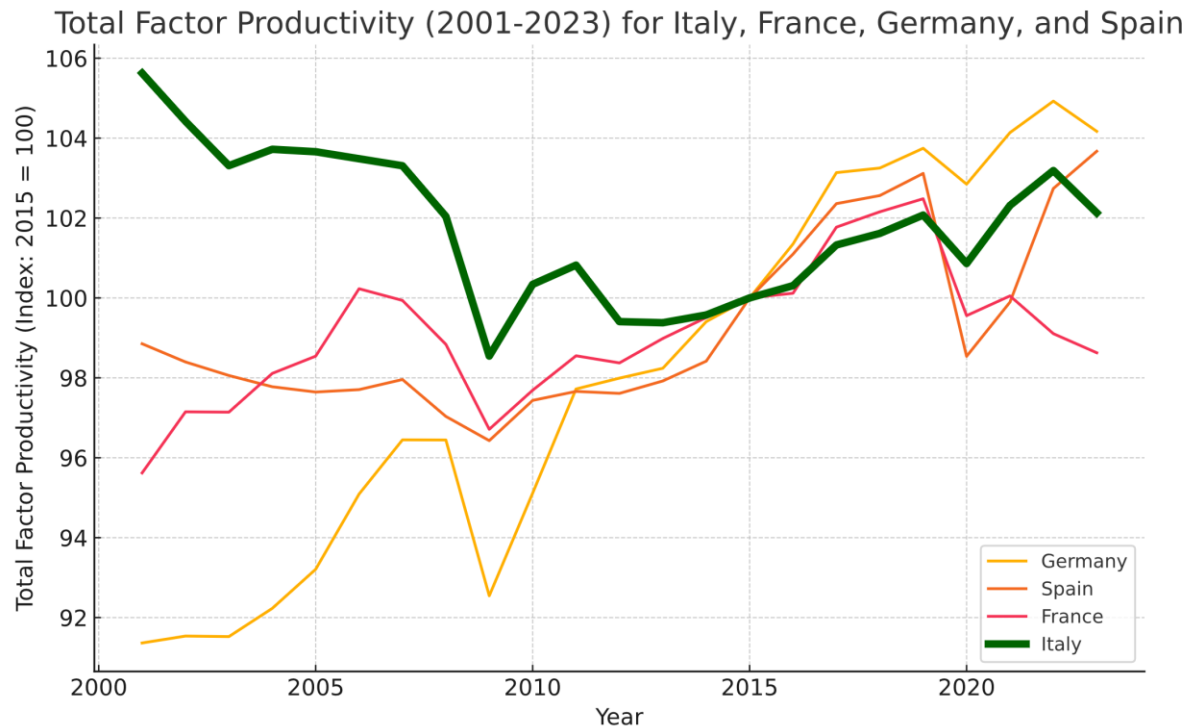


Total Factor Productivity (TFP)

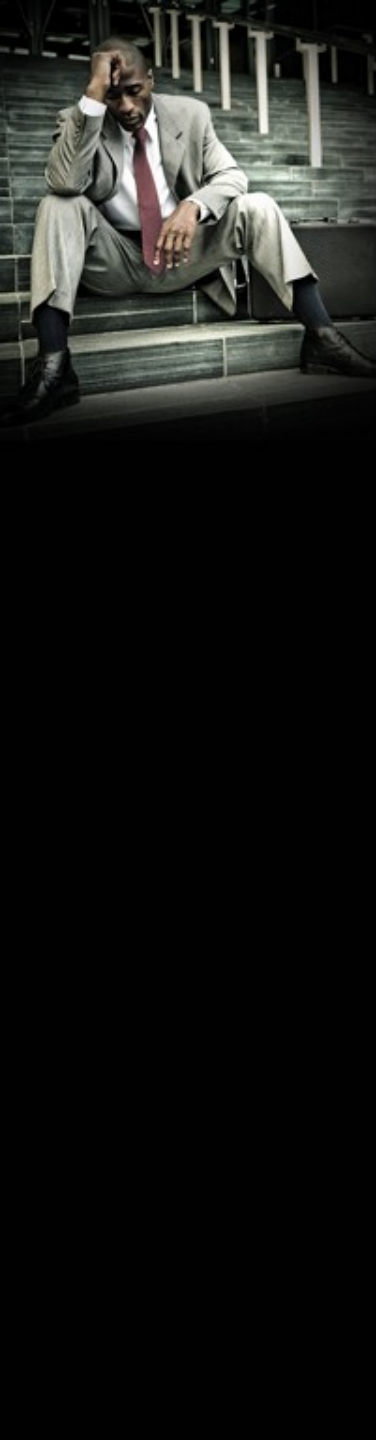
- **Definition:** Measure of the overall efficiency with which an economy uses all its productive factors
- **Concept:** Part of economic growth not explained by the increase in inputs (labor and capital)
- **Importance:** Reflects technological progress and innovation in an economy
- **Example:** Improvements in production processes that allow more to be produced with the same inputs



Total Factor Productivity



Source: AMECO, https://economy-finance.ec.europa.eu/economic-research-and-databases/economic-databases/ameco-database_en



Share of Global Export Market

- Definition: Percentage of world exports coming from a given country
- Calculation: $(\text{Country's exports} / \text{Total world exports}) \times 100$
- Importance: Indicates a country's international competitiveness
- Example: If the share decreases, it means other countries are exporting relatively more



Share of Global Export Market



Source: ISTAT, <https://www.istat.it/storage/ASI/2023/capitoli/C15.pdf>

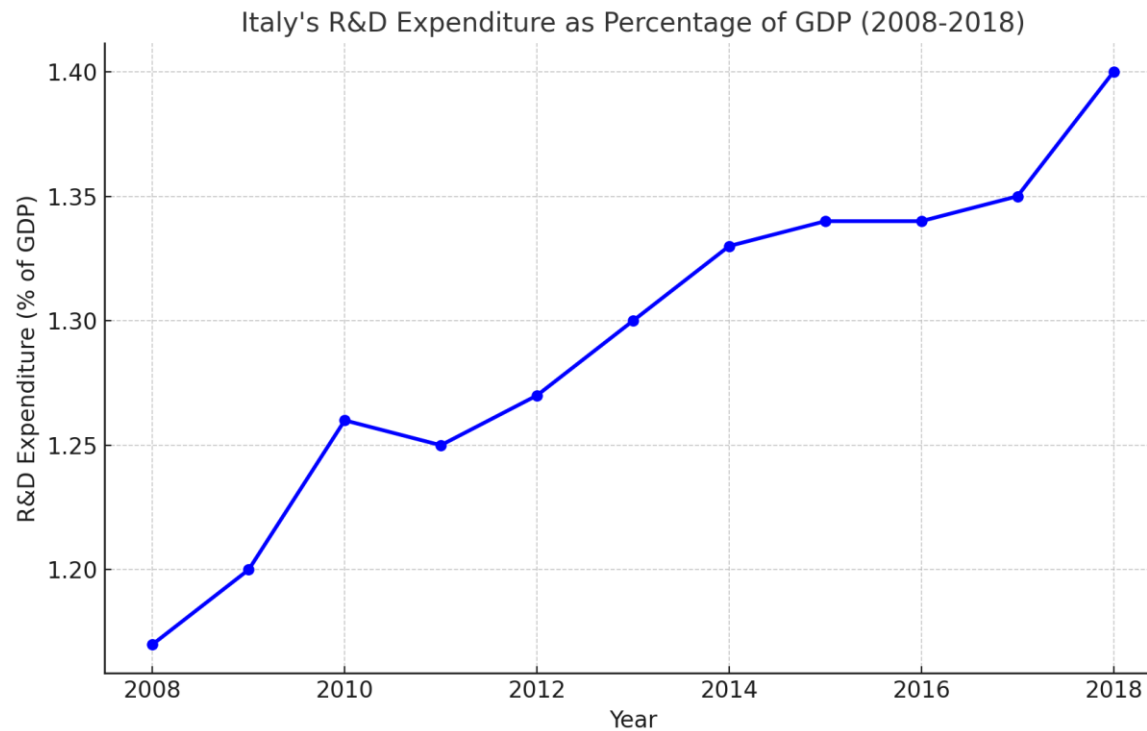


Innovation and R&D Investments

- Innovation: Introduction of new products, processes, or methods into the economy
- R&D: Research and development activities to create new knowledge and technologies
- R&D investments: Financial resources allocated to research and development activities
- Importance: Crucial for long-term economic growth and international competitiveness
- Measurement: Often expressed as a percentage of GDP invested in R&D



Innovation and R&D Investments



Source: ISTAT, <https://www.istat.it/it/files/2021/05/La-spesa-in-ricerca-e-sviluppo.pdf>



Summary of Italian Economic Decline

- Key points:
 - Since 1990: GDP per capita growth lower than EU15 average
 - 2000-2010: Negative TFP growth
 - 2010: Only EU country with GDP per capita lower than in 2000
- Implications for competitiveness and economic well-being



Introduction to Euroscepticism

- Definition: Criticism of or opposition to the European Union and European integration
- Key aspects:
 - Ranges from soft (reformist) to hard (rejectionist) Euroscepticism
 - Can be based on economic, political, or cultural concerns
 - Often linked to national sovereignty issues
- In Italy:
 - Traditionally pro-European country
 - Euroscepticism emerged mainly in the 1990s and grew after the 2008 crisis



From Permissive Consensus to Constraining Dissensus

PERMISSIVE CONSENSUS:

Definition: Passive acceptance of European integration by citizens, primarily driven by political elites.

Key Features:

- Low public attention to EU matters.
- Increasing levels of support for integration during the 1970s and 1980s.
- European policies perceived as technical and distant.

Transformative Factors:

- Maastricht Treaty (1992): Introduction of "high politics" topics (e.g., single currency, sovereignty, EU citizenship).
- Greater EU impact on citizens' daily lives.

Initial Consequences:

- Growing public dissent towards integration.
- End of permissive consensus: more public involvement, but with critical attitudes.



Constraining Dissensus and the Rise of Euroscepticism

CONSTRAINING DISSENSUS:

Definition: Increased division and polarization of public opinions on European integration.

Key Features:

- More dispersed opinions and flatter distributions.
- Higher public engagement, but less overall consensus.
- Politicization of European integration.

Political Implications:

- Opportunities for Eurosceptic parties to exploit dissent.
- Pressure on political elites to revise their approach to integration.
- Emergence of potential internal political cleavages.

Long-term Outcomes:

- Decline in average support, coupled with greater fragmentation of public opinion.
- Need for strategies addressing citizens' growing concerns.



The Role of the Euro in Fueling Dissensus

- 1. The Euro as a Symbol of Political Integration:**
 - The euro represented a key step toward deeper political union, not just economic integration.
 - Perceived as a loss of national sovereignty, fueling dissent in various member states.
- 2. Perceived Economic Impacts:**
 - Associated with negative economic changes such as price increases and reduced purchasing power.
 - Strengthened critical narratives and fueled Euroscepticism.
- 3. Polarization of Public Opinions:**
 - The euro divided public opinion between those who saw it as progress and those who saw it as a threat.
 - Contributed to a more dispersed opinion distribution, a hallmark of constraining dissensus.
- 4. Political Consequences:**
 - Politicization of the euro provided fertile ground for Eurosceptic parties and populist movements.
 - The euro became a symbol for broader criticism of the European project, deepening the divide between pro-integration elites and critical citizens.



The Role of the Euro in Fueling Dissensus (2)

Conclusion: The introduction of the euro was not merely a technical decision but a systemic event that heightened discussions on national identity, sovereignty, and economic governance, playing a crucial role in the shift from "permissive consensus" to "constraining dissensus."