

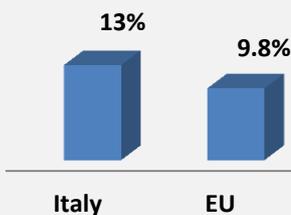
## Recent history

The Italian Republic was established in 1946, after the collapse of Benito Mussolini's Fascist government during World War II. Throughout the Cold War, Italian politics was dominated by the Christian Democratic Party on the right and the Socialist and Communist Parties on the left. There were frequent changes of government and Prime Minister, although the parties involved changed little.

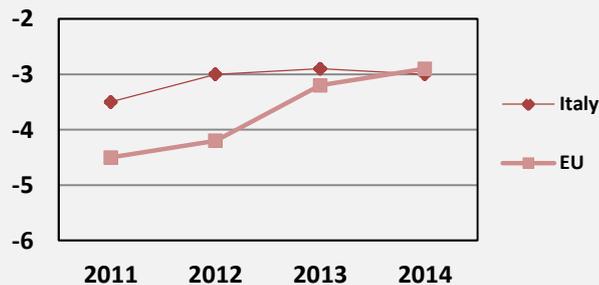
This situation was transformed in the early 1990s following a major political corruption scandal which involved many leading politicians and led to the collapse of the main political parties of the post-war period – the Christian Democrats and the Socialists. Under a new electoral system, referred to as the Second Republic, new parties emerged and the Italian political landscape was transformed. One new political force was a **coalition** of centre-left parties which governed from 1996-2001 under Prime Ministers Romano Prodi, Massimo D'Alema and Giuliano Amato. A centre-left government in 2007, led by Mr Prodi, lost a Senate vote on account of its foreign policy.

The most significant change under the new electoral system was the emergence of a new centre-right coalition led by Silvio Berlusconi and his Forza Italia Party. This held power from 1994-96 and again from 2001-06. Silvio Berlusconi returned to power for the third time in 2008, but amid the soaring national debt crisis and following his inability to secure a majority result on the budget, he resigned in November 2011. Mario Monti then led a caretaker government until December 2012. Elections in February 2013 were inconclusive, with no parties securing a majority. Enrico Letta, of the centre-left Democratic Party, was named Prime Minister in April and formed a coalition government with the People of Freedom Party. Following tensions between Letta and current Prime Minister Matteo Renzi, Democratic Party members voted in favour of Renzi's call for a new government in February 2014.

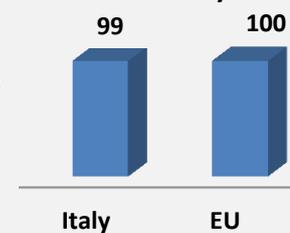
**Unemployment rate (2015)**



**Public budget deficit/surplus**



**GDP per capita in PPS (2013)**



## Current government

Italy is a parliamentary republic. Executive power rests with the Prime Minister and the Cabinet. They present proposals to the Parliament and issue decrees. The Head of State is the President, currently Sergio Mattarella, who has a mainly ceremonial role, and is seen as representing political unity. The President is elected by an electoral college for terms of seven years. The Italian Parliament has two chambers – the House of Deputies, which has 630 members, and the Senate, with 315 members. They are elected through a system of proportional representation, although six senators are given life appointments. Italian voters also elect 72 MEPs. Local government in Italy is divided between 20 regions, sub-divided into 100 provinces. There are five regions which have greater autonomy to reflect their special cultural identity – Aosta, Friuli Venezia Giulia, Trentino-South Tyrol, Sardinia and Sicily.

## Italy: key facts



❖ Capital	Rome
❖ Population	61 million (2014)
❖ % of total EU population	12%
❖ Official language	Italian
❖ Year of EU accession	1958 (founding member)
❖ Currency	Euro since 1999
❖ Schengen Area member	Yes, since 1997
❖ Seats in European Parliament	73

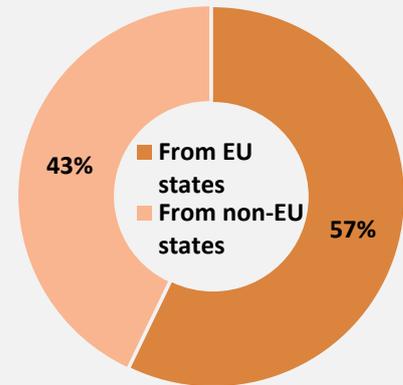
## Italy and the EU

Italy has a significant position within the EU. The 1957 founding treaty was signed in Rome and Italians have traditionally been strongly supportive of European integration. It has been argued by some people that Italian support for the EU reflects dissatisfaction with the instability of domestic Italian politics. Italy has been at the forefront of all major steps towards EU integration, including the single market, the Schengen convention and the Euro.

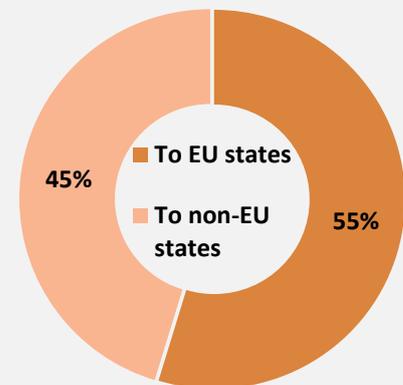
However, Italy has occasionally drawn mistrust from its fellow member states. In 2003, for example, Italy caused dismay amongst some member states when it decided to support the US-led invasion of Iraq, which was opposed by France and Germany. This placed strain upon relations between member states.

Furthermore, in the build up to the launch of the Euro, there were serious concerns in some quarters that Italy would not be able to meet the convergence criteria set out in the Maastricht Treaty (1992) because of high government debt. Some argued that Italy, along with its Mediterranean neighbours Spain and Portugal, should be left out of the Eurozone because their economies were not strong enough. More recently, there has been debate within Italy itself over whether the country should stay in the Eurozone because of economic problems including slow growth and a lack of competitiveness. These problems became more prominent following the economic downturn, which began in 2008. For other countries that use the Euro, this is a cause for serious concern because it could result in the collapse of the entire Euro project.

## Italian imports (2014)



## Italian exports (2014)



## Facts and figures

- ❖ Italy is Europe's fifth largest economy, with production mainly based in wealthy northern Italy
- ❖ Southern Italy is far less developed, with unemployment as high as 20% in some areas. In 2012, youth unemployment reached 53% in the southern city of Naples

*"The most important structural reform for Italy is credibility."*

Matteo Renzi, Prime Minister of Italy, 2015

### Technical Terms

- ❖ **Coalition:** a formal agreement between political parties to share power in government
- ❖ **PPS:** GDP per head is expressed in Purchasing Power Standards (PPS) to eliminate the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries

### Links

- ❖ <http://www.governo.it/>
- ❖ <http://ec.europa.eu/eurostat>
- ❖ <https://www.cia.gov/library/publications/the-world-factbook/fields/2145.html>
- ❖ [http://europa.eu/about-eu/countries/index\\_en.htm](http://europa.eu/about-eu/countries/index_en.htm)