

Italy 2020: challenges to find new paths of growth

An interview with Marco Magnani, Senior Research Fellow of Harvard University.

What is “Italy 2020” about?

It is an analysis of some of the challenges Italy needs to face in the medium term to find new paths of growth or, if you want to put it differently, to stop the current decline.

What are some of these challenges?

The focus is on six challenges, that are also opportunities:

- 1) Stimulate social mobility driven by merit. This has to begin in schools.
- 2) Revitalize the local dimension of development, by rediscovering Italy’s territorial excellences, industrial districts and know-how clusters.
- 3) Unleash entrepreneurial creativity, to obtain both private and social returns, generating externalities that can foster growth.
- 4) Invest in research and innovation, particularly beneficial to SMEs, the backbone of the Italian economy.
- 5) Leverage on the potential of art, environment and culture - which could be regarded as the Italian oil or ‘shale gas’ – to create new jobs and new professions, plus stimulating the introduction of new technologies.
- 6) Find growth opportunities in cultural integration and interplay. Italy needs to learn to take advantage of the benefits offered by cultural diversity and by the new intercultural society while minimizing the costs associated with it.

How can Italy increase social mobility and where should it start from?

It requires eliminating current structural obstacles in different parts of Italian society, starting from the school system where the lack of social mobility is deeply rooted. A young person’s education path must be less influenced by family status and more a function of individual talent and passion. Also, private return on education needs to be higher and social return, with its positive externalities, needs to be fully taken into account when considering public investment in education as a means to increase social mobility.

What are the key steps to rediscover local development in Italy?

There are four common features that are crucial components of local growth-enhancing policies: cities, human capital, civic capital and local institutions. While Italy needs to improve the latter, it has the opportunity to rediscover its traditional strengths in the first three elements. Specifically, rediscover the tradition of its cities and its ‘civic capital’ which denotes a set of values including public trust, reciprocal cooperation, and sense of community. However, local economies need to be oriented and managed by capable and transparent local institutions.

How can Italy unleash ‘entrepreneurial creativity’?

Education and professional training are important to economic development, however entrepreneurial education is more important as it generates higher returns on investment. Unleashing entrepreneurial creativity involves creating new enterprises but also revitalizing traditional sectors through innovation, specifically in technology, management of organisations, and corporate governance. Italy has two competitive advantages: the creativity and entrepreneurial spirit of its people and the great flexibility of SMEs and family-owned companies.

What can be done to increase research and innovation in Italy?

In Italy investment in research is often cut back when the economy faces a crisis. On the contrary it is precisely when a crisis occurs that research and innovation can become unique tools to increase competitiveness, generate growth and create new, high quality jobs. A lot can be done to facilitate the creation of clusters that attract research, increase coordination among research centers, spread the culture of translating ideas into products and protecting innovation with patents.

Marco Magnani and Jean-Claude Trichet.



In what way can art, environment and culture generate economic growth?

Cultural and creative industries can be important economic engines not only because they are closely linked to tourism and to local productions, but also because they heavily rely on human capital. Culture and creative industries are also a source of 'soft power'. They improve the image of the country and its ability to be influential, generating positive externalities for more traditional sectors of the economy.

How can cultural integration be a growth opportunity?

The relationship between cultural interplay and economic outcomes is actually unclear. Whether or not diversity is *per se* a catalyst of growth, it is a fact that immigrants significantly contribute to the Italian economy (nearly 10% of GDP, 180,000 entrepreneurs). Also, some economic short-term disadvantages triggered by cultural diversity tend to be offset by long-term benefits, that usually arise when diversity is integrated.

What is the goal of the research work, a summary of which is published in Italian by UTET with the title "Sette anni di vacche sobrie"?

The goal is to trigger a debate in Italy on some of these issues at both political and business levels and possibly contribute to the debate with some new ideas.



Marco Magnani and Mario Draghi.

Marco Magnani
Sette anni di vacche sobrie
Come sarà l'Italia del 2020?
Sfide e opportunità di crescita
per sopravvivere alla crisi
(Utet 2014, 208 pagine, € 14)



Fino al 2020 non saranno anni di vacche grasse, forse in nessun angolo dell'Occidente. Per l'Italia potrebbero essere ancora anni di vacche magre, come quelli finora trascorsi dalla bolla dei mutui subprime. Possiamo evitarlo? Possiamo finalmente invertire la tendenza e iniziare un nuovo ciclo di crescita? Sì, possiamo farlo, assicura Marco Magnani. Ma non succederà per caso o per fortuna. L'Italia di fine decennio sarà in gran parte il risultato delle decisioni di oggi, delle sfide che saremo capaci di affrontare: far ripartire la mobilità sociale e restituire la fiducia nel futuro ai giovani, promuovendo il merito fin dai primi cicli scolastici; rilanciare lo sviluppo locale, attraverso le eccellenze territoriali produttive e della conoscenza; valorizzare la cultura dell'innovazione e la creatività imprenditoriale; investire finalmente in ricerca, anche creando le condizioni per attrarre in Italia quella 'delocalizzata' delle multinazionali; coltivare il 'giacimento petrolifero' rappresentato da arte, ambiente e cultura. Non basta valorizzare e riqualificare il turismo, dobbiamo creare 'nuovi mestieri' e sperimentare nuove tecnologie, favorire l'integrazione culturale e valorizzare la diversità, per cogliere le opportunità che si offrono a un paese divenuto multi-etnico e l'importanza del Pil generato dagli immigrati (molti dei quali sono oggi piccoli imprenditori). Il catalogo delle sfide e delle opportunità è vasto: percorrendolo, si scoprono i nuovi sentieri di crescita.

L'Italia si vede meglio da lontano. Magnani lo dimostra con questo libro tempestivo e necessario, maturato all'università di Harvard, negli Stati Uniti. Scritto dalla 'giusta distanza', con la prospettiva di un osservatore esterno ma attento e coinvolto. Il risultato è un'agenda di proposte concrete fondate sulla riscoperta, il potenziamento e il rilancio di ciò che l'Italia già possiede: il patrimonio culturale, del quale l'imprenditorialità, l'eccellenza dei ricercatori e le idee innovative sono parte essenziale e spesso ignota. Un contributo importante e vitale al risveglio del Paese, per spronare cittadini e istituzioni a ritrovare fiducia e voglia di progettare il futuro. Con lucidità ed equilibrio, così che le vacche possano diventare, se non grasse, almeno sobrie.



Marco Magnani is responsible for the research project 'Italy 2030' at the Kennedy School of Government at Harvard University, where he is a Senior Research Fellow in Political Economy. He graduated in Economics at La Sapienza University in Rome and at the Collegio dei Cavalieri del lavoro, as well as earning an MBA from Columbia University. He has worked in Investment Banking at JP Morgan in New York and at Mediobanca in Milan. Since 2010 he has been the Young Global Leader for the World Economic Forum in Davos. He is also a member of important international think tanks: Aspen Institute, Chatham House, The Economic Club of New York, Institute for Global Business and the Global Agenda Council on Financing & Capital. He is President of Intercultura, the Italian partner of AFS - American Field Service.