Italy 'has been in decline since the 1980s'

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Jon Henley is travelling through Portugal, Spain, Italy and Greece to hear the human stories behind the European  
debt crisis. In Naples he finds out why the Italian economy – the fifth largest in the 70s – has slowed down   
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[**Jon Henley**](https://www.theguardian.com/profile/jonhenley)*in Naples*

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On a bright Sunday morning terrace on the Piazza San Domenico – smartly turned-out Neapolitan families strolling animatedly past on their way home from mass, a clown entertaining the children on the Via Benedetto Croce – Gia Caglioti isn't mincing her words.

"To be frank," she said, "we've been a country in decline since the 1980s – had we but seen it. Actually, there are plenty of people, including in government, who still won't see it. All we can do now is try to manage that decline a bit better."

Growing up in the 1970s, Caglioti, now 49 and a social historian at the university here, was a product of Italy's economic miracle – the glory years when, powered by exports from its flourishing, mainly family-owned businesses, the country vied with Britain for the title of the world's fifth biggest economy.

But the past few decades have been ones of stagnation. For a time last year, only the economies of Haiti and Zimbabwe had posted growth lower than Italy's over the previous 10 years. "We do shoes, handbags, clothes," said Caglioti. "We're not like Germany, which does innovation, high tech, precision engineering. So we've been hit far harder by the rise of China."

And all those ageing small and medium-sized businesses are now themselves part of the problem, unwilling or unable to move Italy on to a more post-industrial economy. That's not the only obstacle to change, said Salvatore Giordano, 38, who works for a mobile phone operator: "Italy is run by groups looking after their own interests. Nobody acts for the common good."

Lawyers, unions, organised crime, a sprawling, multi-layered bureaucracy – all conspire to torpor. Caglioti's bugbear is education: a feeling has grown up, she said, "particularly here in the south – I see it in my students – that it really doesn't matter what, for how long, or how well you study, what counts in life is who you know. Italy does not build business and professional elites in the same way as France, Germany, the UK."

It's also a gerontocracy, she said, "run by the old, for the old. The prime minister is 76, the president is 87, the new head of the Bank of Italy will probably be a guy in his 70s, everyone in authority is old. I'm 49, and at the university I'm still considered 'promising'. So it's very, very hard for young people. I have former PhD students working in call centres."

Few have any confidence in the mainstream parties to sort it out. "They smile, they offer the world, and it never happens," said Giordano. "It's all demagoguery." For Caglioti, Sylvio Berlusconi's promise "was not just words, but himself – the self-made man, speaking the language of the people. He deceived. But even if he wanted to change things, he couldn't: in Italy, politics is coalitions of too many parties, with too many agendas."

It's not all gloom. The government's belated €54bn austerity drive hasn't satisfied the ratings agencies but its impact may well be limited for many; it's more about hiking taxes than slashing public spending. The family remains strong. You can live cheaply here; €4-€5 to eat your fill in some restaurants. There's still a *dolce vita*of sorts.

But, says Caglioti, "There's increasing anger. An awareness that Italy's place in the world is changing, has changed, and that the people who run us can do nothing about it." One statistic, she said, doesn't lie: "We're not making babies like we used to. We're afraid they won't have the quality of life we had. That shows you what we think about the future."