The Status of Italy
By Sandesh Adhikary and Andrew Watson

Debt Problem:

Italy's debt problem has always been, and still is, an internal debt problem and not so much as an external one. Consequentially, the dynamics of its debt problems are different from those of the other GIPS (Greece-Italy/Ireland-Portugal-Spain) economies. Since Italy's debts are mostly internal, it does not pose a great risk of defaulting on foreign creditors and thus poses less of a system risk through defaulting. But since Italy has the highest sovereign debts in Europe (after Greece), its inability to finance its debts may pose numerous risks in the European banking sector. The debt crisis in Italy was more of a contagion effect rather than one caused by Italy's inabilities itself. Thus counterparty risks and liquidity problems have been Italy's major problems in dealing with the debt crisis, rather than actual danger of complete default.

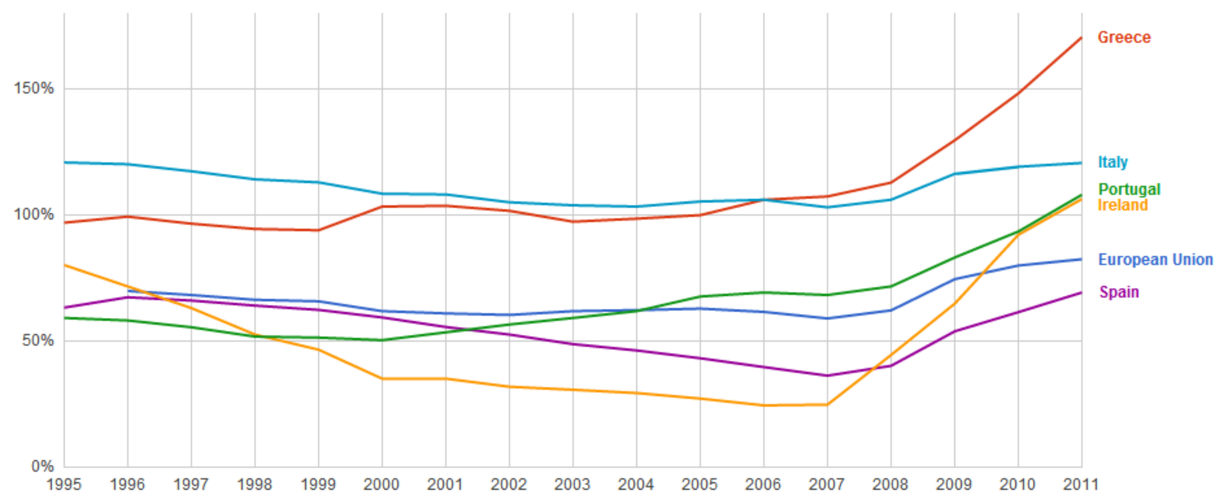


Figure: Debt-to-GDP Percentage of GIPS countries[1]

As the above graph illustrates, Italy's debt-to-GDP ratio is currently the highest among the GIPS countries after Greece. But when the debt itself is closely evaluated, the distinctions in the type of debts can be seen. The table below provides specific "Gross external debt position" data, according to which, Italy has about the same external debt position as Germany, which is quite lower than most GIPS countries

[1]From Google Public Data:
http://www.google.com/publicdata/explore?ds=ds22a34krhq5p_&ctype=l&strail=false&bcs=d&nselm=h&met_y=gd_mio_eur&scale_y=lin&ind_y=false&rdim=country_group&idim=country:el:ie:pt:es:it&idim=country_group:non-eu&ifdim=country_group&ind=false

Country	General Government Gross Debt (GGGD) (b)	General Government Balance (b)	Gross external debt Position	Net External debt position (- for net creditor) (c)	General Government net external debt
	(% of GDP)	(% of GDP)	(% of GDP)	(% of GDP)	(% of GGGD)
Portugal	77.2	-9.3	232.7	88.6	74.9
Ireland (a)	64.5	-11.7	979.4	75.1	70.6
Greece	113.4	-12.7	168.2	82.5	78.9
Spain	55.2	-11.4	168.1	80.6	47.3
Italy	115.1	-5.3	117.5	37.3	42.9
Germany	72.5	-3.2	148.2	-21.7	48.5

Country	Net International Investment Position (IIP)	Gross external liabilities (IIP)	Monetary Financial Institutions (MFI) net external debt	Monetary Authority lending to banking system (October 2009)	Monetary Authority, MFIs, other sectors net external debt (d)
	(% of GDP)	(% of GDP)	(% of GDP)	(% of GDP)	(% of GDP)
Portugal	-111.7	281.3	50.1	6.5	30.8
Ireland (a)	-73.1	407.0	21.5	52.4	29.6
Greece	-82.2	188.4	-15.6	16.5	-7.0
Spain	-93.5	214.1	42.5	8.1	54.5
Italy	-19.0	149.9	21.5	1.7	-12.1
Germany	37.3	175.1	-17.1	7.6	-56.8

Sources: National Updates to the Stability and Growth Programme 2009/2010-2013, National Central Banks and CSO-Ireland. Net external debt: author's calculations based on IIP data. Monetary Authority lending to banking system: Bank of Portugal.

Table on external debt position of GIPS countries[2]

Even though Italy has maintained very high debt levels for many years, it has always been efficient at handling these debts; mainly because Italy's major creditors are its own citizens rather than foreign citizens. First of all, Italy having to pay back its debts – with creditors demanding their deposits in the Bank of Italy, would have a much less crippling effect than in the case of the other GIPS countries. This is because, while paying back these debts the other GIPS countries would be transferring financial capital outside the country, which when occurring during a time of recession would certainly be quite detrimental. For Italy, such a bank run would not have as negative impact since the country's financial capital would still be inside Italy – it would not be paying other countries, but mostly itself. Secondly, the dynamics of dealing with the debt crisis also differs when Italy's debts are mainly internal. Italy's major concern is to reduce the contagion effects of the sovereign debt crisis in other euro-zone countries from creating liquidity problems for Italy. Its goals have been centered towards improving confidence in Italian securities and reducing counter-party risks within the European interbank loan system. Even though it does not necessarily face the risks the other GIPS countries face with external debts, it has still experienced large scale liquidity problems due to the unstable economic conditions in the eurozone. Even though Italy, by itself, may not have had trouble with its enormous debt, the other countries showing signs have increased counter-party risks in the interbank loaning system, which has made it difficult for Italy to easily find short term funds to finance its loans.

The political instability in Italy played a very detrimental role in worsening the debt crisis by decreasing international confidence in Italy. Berlusconi's rising unpopularity, so much so as to induce smirks from Merkel and Sarkozy when asked about his competency, and especially his public disputes with the then finance minister Giulio Tremonti[3], painted an image of unstable Italian politics. This fact was made publicly evident when Moody's and Standard and Poor's downgraded Italy's government debt rating from A+/A-1+ to A/ A-1.[4]

The market for Italian public debt experienced a harsh blow mid-2011. The yield differentials between Italy and other countries of Europe – especially Germany – made it difficult for Italy to obtain required funds to maintain liquidity for reducing debt and maintaining liquidity. With increasing liquidity problems outside as well as within Italy itself, Italy's debt problems continued to grow throughout 2011. The yields on Italian Government Securities had increased from 5%to 7% from September to November.

---

[2] Data from: http://voxeu.org/article/gips-external-debt-problem

[3] "Silvio Berlusconi v. Giulio Tremonti: a clash that spooked the markets", NYTimes, 14 July 2011, by Emma Rowley

[4] "S&P downgrades Italy Credit Rating", by Richard Mine (www.ft.com)

Furthermore, as shown in the figure below, the yield spread between Italian and German Government securities reached 550 basis points for the 10-year maturity.

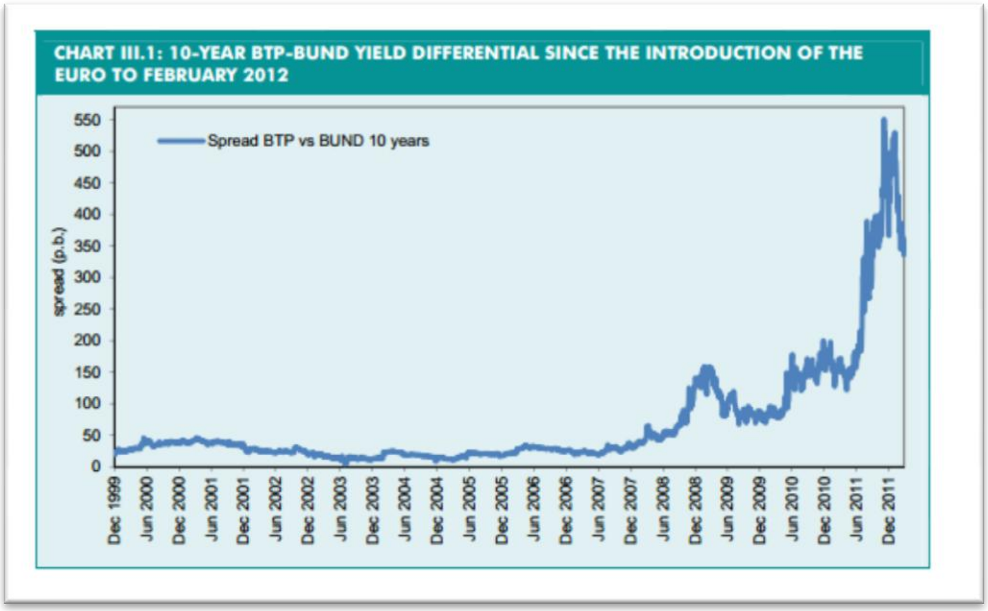


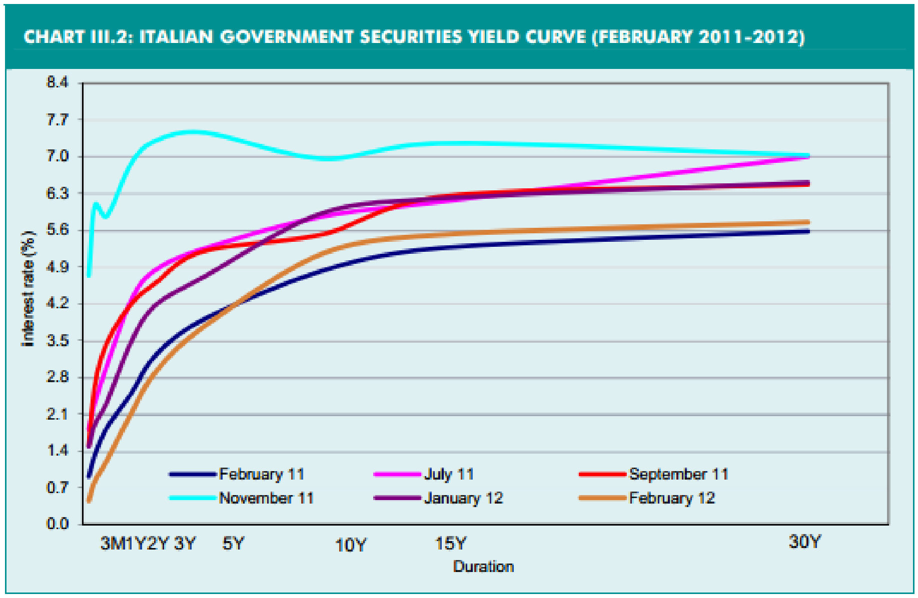
Figure: Yield spread between Italian and German 10-year maturity securities[5]

This yield spread provides an indication of the level of confidence placed on Italian securities in comparison to those of the generally stable German economy. As the data reflects, Italian securities were seen as a much riskier investments than German securities – making it difficult for Italy to generate funds in order to finance its debts.

Due to committed efforts from the new Italian government as well as from ECB (including the establishment of the European Financial Stability Facility in order to provide financial support to distressed countries) certainly strengthened Italian efforts at curbing its debt crisis. Furthermore, Italy has been attempting to pressure the EU to provide support to distressed countries not necessarily because it needs a bailout itself – but because a safer financial environment ensures lower counterparty risks and greater liquidity for Italy.

The beginning of the New Year strengthened hopes of Italy's recovery from its debt crisis. The yield on one-year securities went from 5.5 per cent to 1 percent. Furthermore, the yield on 10-year securities fell from 7.2% to 4.9%. As the graph below suggests, the yield curves have experienced drastic drops after January 2012.

[5] 2012:Economic and Financial Document



[6] Figure: Italian Government Securities Yield Curve

All of this indicated the success of Italian government efforts as well as support from the ECB in improving credibility of Italian securities – which indicates the increased confidence in the Italian economy. Italy's debt-to-GDP ratio has historically been high and has persistently been greater than 100% since 1992. The debt-to-GDP ratio continued to rise from 2010-2011 but at a rate lower than earlier predicted[7]. Successful implementation of austerity measures *("Save Italy")* alongside growth measures *("Grow Italy")* has invigorated public confidence in Italian securities as a safer investment. Estimates suggest that the debt-to-GDP ratio will continue to rise until the end of 2012, after which point it will start to experience a decrease. The government's predictions of the debt-to-GDP ratio are represented below:

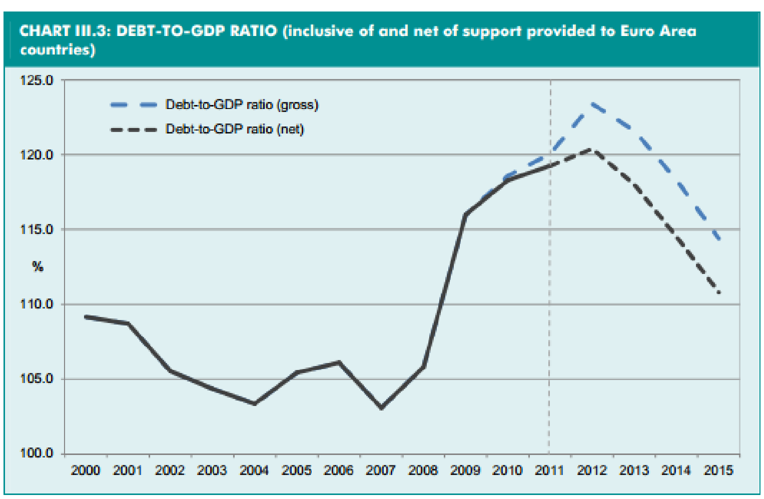


Figure: Trend of debt-to-GDP ratio for Italy – actual and predicted[8]

[6] Ibid.
[7] ibid
[8] ibid

Austerity Measures and their impacts on the Economy:

Especially after the instatement of the technocratic government of Prime Minister Mario Monti in November of 2011, Italy has been quite successful in employing effective austerity measures in response to the debt crisis. These "*Save Italy*" measures, implemented as an emergency decree enacted even before being presented to the Parliament, were introduced as "*a message of grave concern but also of great hope*"[9] – which astutely summarizes the impact these policies have had on the Italian economy. Despite these measures, Italy's GDP is still showing negative growth despite of the austerity measures, which, on the other hand, would most definitely have been more severe in their absence.

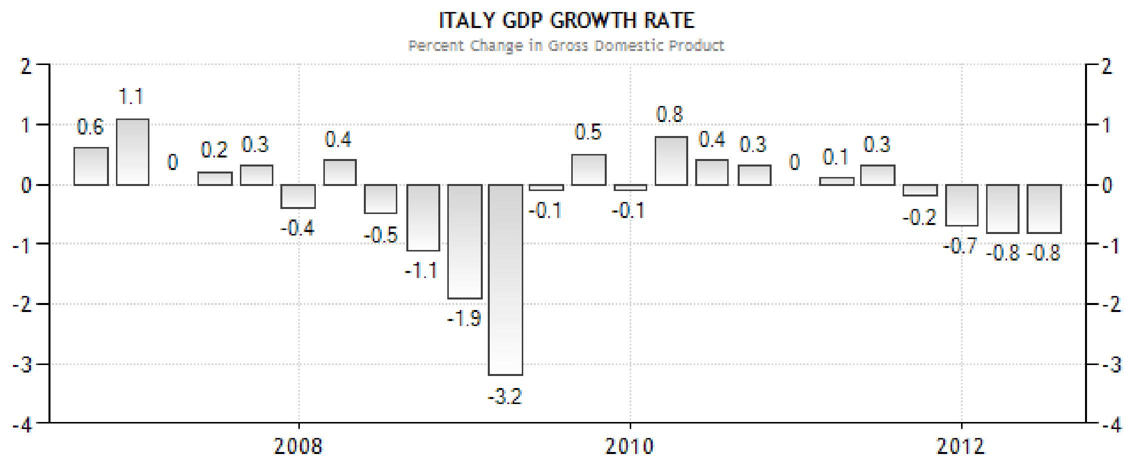


Figure: Trend in GDP growth rate of Italy[10]

The Italian economy has had a growth rate below the Euro Area average for more than 10 years[11]. Thus, with the unfolding of the sovereign debt crisis, Italy was faced with the challenge to control the impacts of the debt-crisis while not decelerating the already slow rate of economic growth. In response to this situation, the Italian government has shown its commitment to try to foster both austerity policies for debt recovery as well as policies to foster economic growth. Prime Minister Monti's "*Save Italy*" measures have been placed in conjunction with "*Grow Italy*" measures. Prominent parts of the austerity measures include tax increases, stricter pension policies, and regulations to reduce tax evasion. The government's policies to stimulate economic growth in times of crisis fall in line with earlier efforts of market liberalization put forward by Berlusconi as well. One distinct and crucial feature of the "Grow Italy" policy includes reform of labor regulation which aims at increasing competition and efficiency in factor markets.

One of the most significant austerity measures employed by the government includes its taxation reforms. The government has not only increased tax rates, both direct and indirect, but has also imposed regulations to reduce the level of tax evasion. In an attempt to align with the European Union limit of budget deficit being 3% of the GDP, Italy's new taxation policies aimed at raising the ratio of tax revenue to economic output to 45.1% in 2012 from 42.5% in 2011[12]. Following trends in economies like

9

10 "Italy's Leader Unveils Radical Austerity Measures",*NYtimes.com* December 4, 2012, by Rachel Donadio

11 2012:Economic and Financial Document

12 "Italy Tax Increases Backfire as Monti Tightens Belts",*Bloomberg.com* June 12,2012, Andrew Frye

Ireland and Portugal, Italy increased VAT by 1% to 21% in 2011 and proposes to raise it again by 2% to 23%[13]. Moreover, a new municipal tax on real estate has also been introduced which taxes the house of residence at a 0.4% rate. The new policy has even instated an additional annual tax of 0.4% on funds declared during previous tax amnesties. But the increased taxation policies may not be achieving the output the government had expected. The Italian economy has contracted by 0.8% in the first quarter of 2012, which was preceded by a drop of 0.7% in the last quarter of 2011. In a troubling forecast, the European Commission estimates GDP to fall by 1.4% in 2012. Even the total tax revenue collected seems to have decreased by 0.1% to 413.3 billion Euros. Furthermore, direct tax receipts also fell by 0.9% to 218.7 billion. One reason behind this apparent failure of increase in taxes is the high degree of tax evasion occurring in Italy. It has been estimated that tax evasion amounts to about 18%[14] of the national GDP. In response to this problem, the government has also introduced numerous anti-tax-evasion policies. Furthermore, the increased taxation, along with many other austerity measures, has created great public outcry.

A particularly controversial part of the austerity package has been its focus on making pension policies stricter. The major changes in the pension policy include

"the complete freeze in 2012 and 2013 on the indexing of pensions that are more than three times above the minimum provision, a comprehensive revision of the pension system with new rules for early retirement, and an increase in the rate of pension contribution for self-employed workers…"[15]

Furthermore, the pension reform also stipulates that "*as of 2012, the age requirement for old age retirement increases from 65-66 for women in the public sector and for all men*"[16]. The basic rationales behind the pension reforms are that they not only reduce government expenditure. According to the Economic and Financial Document 2012, these pension reforms will generate create positive effects for public finance of €73 billion through 2014 and almost €22 billion through 2020[17]. This overhaul of the pension plans has been met with fierce opposition within the country. The Labor Ministry estimated that the new pension policies currently may cause about 65,000 Italians to be left without support between when they leave work and when their pension kick in as the higher age delays their payout.[18]

A significant part of Monti's growth based reform included labor market reforms that aimed at increased competitiveness and reducing numerous benefits enjoyed by labor unions. According to Monti, the labor market:

"…is a dual market in which workers with contracts without a termination date enjoy high levels of job security, while others with different types of contracts have modest prospects of improvement, little training and barely any job security."

Such a dual market is more biased against young newcomers, who find it difficult to enter the market. Italy has the second lowest employment rate in the Euro zone, and more specifically, the highest jobless

---

[13] Ibid (All data in this paragraph are from the same source)
[14] " Towards Global Tax Co-operation", 9th May 2012, OECD
[15] 2012:Economic and Financial Document
[16] ibid
[17] ibid
[18] "Italians Rally in Rome Against Monti's Pension-Revamp Gap", Bloomberg.com, April 13, 2012, Flavia Rotondi and Lorenzo Totaro

rates among the under-25s.[19] The reforms are designed to allow easier entry of young people into the market, increase taxes to discourage short-term contracts and allow employers to lay off workers for economic reasons. These reforms have been faced with much criticism, especially from labor unions. Recognizing the unpopularity of this policy even before it was implemented; Prime Minister Monti declared that the government would go ahead with the reforms regardless of approval from labor unions.[20]

Thus, the austerity package implemented in Italy in response to the debt crisis has been organized quite efficiently, but is forcing the people to make huge financial sacrifices – which have been criticized and protested against on the streets of Italy. Moreover, the government has certainly been able to effectively administer "Save Italy" policies, though to much disdain of the citizens, but has been having trouble generating results from its "Grow Italy" policies.

[19] "Monti Gets Approval For Labor Reform", www.ft.com, June 27, 2012, Guy Dinmore

[20] " Monti's labour-law tangle", The Economist, March 24, 2012

Politics:

Italy is currently ruled by Prime Minister Mario Monti and his technocratic government that was sworn in on November 16th, 2011 by President Giorgio Napolitano after the resignation of the long serving prime minister Silvio Berlusconi. Mario Monti, an economist and senator for life, has been charged with the reformation of Italy's staggering economy and worrisome debt position by imposing a series of austerity measures, labor reforms, and other policies aiming at restructuring Italy's sluggish economy. Though the effect of the reforms is difficult to judge at this point, it does appear that in the short time Monti has been in office he has managed to get Italy on track for a balanced budget by 2014. Unfortunately, Monti has recently (September 2012) announced that he will not be running for reelection come April, which leaves a power vacuum that may be filled by former prime minister Silvio Berlusconi's infamous People of Freedom Party, or the leftist Democratic Party. Berlusconi's corrupt and ineffective administration in the past makes the prospect of his party's future leadership a worrisome one in relation to the rehabilitation of Italy's economy.

Silvio Berlusconi, who was the longest serving Italian Prime Minister since Mussolini, is often regarded as an ineffective and corrupt leader. In his two terms of office since 2001 Berlusconi has reigned over an economy that has been growing at a tepid pace compared to its European neighbors. Berlusconi's governance is tinged with scandal, corruption, and disregard for economic reform, "*Over the years, he has been tried more than a dozen times for fraud, false accounting or bribery... Perhaps because of the distraction of his legal tangles, he has failed in almost nine years as prime minister to remedy or even really to acknowledge Italy's grave economic weaknesses*"[21]. Although Italian fiscal policy during the housing crisis was tight so that Italy avoided the housing bubble that brought down the Irish and Spanish banks, Berlusconi failed to address the underlying economic issues that Italy faces such as uncompetitive corrupt contract markets and inefficient labor laws. Under Berlusconi, Italy suffered from stagnant growth and falling productivity matched with high unemployment. This, coupled with a corrupt system has eroded away competitiveness and kept wages at inefficiently high levels. Along with a severe debt crisis (120% debt to GDP in 2011 when Berlusconi left office)[22] has left many to judge Berlusconi's reign over Italy as one of failure.

When finally Berlusconi was forced to resign in November 2011 after a scandal involving allegations of sexual contact with a minor, the president formed a new, technocratic government lead by the Finance Minister, Mario Monti. Monti's task has been difficult, balancing austerity with structural reforms and an increasingly dissatisfied public. Given the obstacles in his way however, his government has had moderate success in turning Italy's economy around. Monti has sought to raise taxes and lower government spending, including broad pension reform, in order to improve Italy's debt position, "*Spending cuts, tax rises and pension reforms--plus a high-profile campaign against tax evasion--have put the public finances back on track to balance the budget next year and, with luck, to start paying down the colossal debt thereafter*"[23] this has also improved Italy's international position, especially in the context of possible ECB bailouts on the Italian debt market to help lower interest rates. Given the size of Italy's debt, and the relatively large domestic holdings of that debt, approximately 53%, an intervention into the bond market could help lower interest rates and raise investor confidence in the economy.

---

[21] "The Man Who screwed an entire county" *The Economist* 11 June 2011

[22] International Monetary Fund, World Economic Outlook- Google Public Data Explorer, 2012

[23] "Mario, put on your toga; Charlemagne." *The Economist* [US] 10 Mar. 2012

Monti has also addressed the structural labor issues that Berlusconi failed to improve. Under previous regulation, Italian businesses had difficulty firing workers for economic reasons without facing tedious legal challenges,

> *"Today firms with more than 15 workers cannot get rid of employees even in a downturn without risking legal proceedings that can last years. If a judge then decides the company has acted unfairly, it can be forced to rehire the worker and pay him his lost earnings. Employers say this is a colossal deterrent to hiring when times are good, and helps to explain why a third of Italy's youths are jobless."*[24]

Monti has addressed these issues by hard lining through regulation that would allow businesses to better compete in the labor market,

> "*After a caustic battle with Italy's powerful unions, Mr. Monti in the spring pushed through measures meant to help the economy by creating incentives for businesses to hire — in part by also making it easier to shrink work forces in times of economic distress.*"[25]

The intended result is a wave of hiring that would stimulate growth; there are doubts however about the immediate effectiveness of this plan. Although better labor regulation may help stem the problem of high youth unemployment, Italy politically still suffers from high levels of corruption and tedious bureaucracy that discourages foreign investment. Despite the reforms Italy is still projected to go into recession in the next year with the government *"... predicting a 2.4 per cent fall this year and a further drop of 0.2 per cent in 2013. Officials and economists say this could be still too optimistic, with some expecting a drop this year closer to 3.0 per cent and a contraction of up to 2 per cent next year.*"[26]

The question then becomes the status of Italian politics come next year with both parliamentary and presidential elections. Mario Monti has already been strongly skeptical about his desire to run for re-election in April, "*Mr Monti has repeatedly said no to suggestions that he run for executive office next spring. On September 27th he finessed his reply, saying he hoped the election would produce a clear result in favour of one side. But, if not, "I will be there"."*[27]. Monti is the most favorable candidate, and his re-election would bolster confidence from investors both foreign and domestic, but it is unknown whether or not he will be holding the reins come next year. The major concern is that in Monti's absence Berlusconi's People of Freedom Party (PdL) will gain back its power and start to reverse the gains that Italy has made so far. This prospect however seems increasingly unlikely as Berlusconi has stated that he will not seek re-election and his party is currently suffering from severe backlash from corruption and other scandals.

The most likely winner then if Monti does not run for re-election is a representative from the leftist Democratic Party (PD). Though it is difficult to speculate on the effects of the new leadership, the primary concern would be how the leftist government responds to the policies enacted under Monti's rule. In the time Monti has been Prime Minister he has made great austerity steps in order to both lower Italian debt and boost investor confidence. Currently the public supports Monti's austerity measures although they are causing pain in the present. If the austerity however does not provide tangible results

---

[24] "Monti's labour-law tangle" *The Economist* 24 March 2012

[25] "Italy Wrestles with Rewriting its Stifling Labor Laws" *The New York Times* 10 August 2012

[26] "Monti May be the Man for All Seasons" *The Financial Times* 23 October 2012.

[27] "Who will be Italy's next prime minister? Italian politics." *The Economist [US]* 13 Oct. 2012

throughout the next year it is likely that a new government may bow to public pressure to repeal austerity reforms, and slow down the pace of the restructuring of the Italian economy.

Finally, there remains the issue of how the new leadership will work with other EU countries, specifically Germany. Monti so far has proven to be a clever and favorable diplomat in relation to his relationship with the German Chancellor Angela Merkel. Though Monti understands the desire for general austerity among the debt ridden countries, he also sees the necessity for growth and effective bailout funds from the ECB. In a summit meeting in Rome last June Monti fiercely negotiated with Merkel about the need for more direct intervention from the ECB,

> "*Italy and Spain, as [Monti] eventually made clear to Ms. Merkel, would block all agreements - including a growth pact that they fully supported - until European leaders agreed to allow Europe's new bailout funds to directly recapitalize ailing banks, rather than going through the governments*"[28]

Though he seems to be providing ultimatums, Merkel both respects and admires his economic guise and leadership. Through this line of argument Monti has helped bring Italy back onto the diplomatic scene as the leadership of the southern Euro zone countries. His diplomatic skill and keen economic insight make him a powerful voice amongst the Euro zone leadership, and a trusted of ally of Merkel, allowing him to maximize on Italy's economic and political interests without the discouragement or hindrance of Germany or the ECB. The arrival of new leadership may weaken Italy's international stance, diminishing Italy's ability act in both the interest of its economy and the Euro zone as a whole.

[28] "Italy's Prime Minister Nudges German Chancellor Toward Growth" The New York Times 29 June 2012

References

Alderman, Liz. "Italy Wrestles With Reqriting its Stifling Labor Laws." 10 August 2012. The New York Times. 24 October 2012
http://www.nytimes.com/2012/08/11/business/global/italian-business-potential-thwarted-as-crisis-persists.html?pagewanted=all&_r=1&

Dinmore, Guy. "Monti Gets Approval for Labour Reforms." 27 June 2012. The Financial Times. 25 October 2012
http://www.ft.com/intl/cms/s/8d2cf956-c070-11e1-9372-00144feabdc0,Authorised=false.html?_i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2F0%2F8d2cf956-c070-11e1-9372-00144feabdc0.html&_i_referer=#axzz2APJeLFwT

"The Financial Times." 23 October 2012. Monti may be the man for all seasons. 24 October 2012
http://www.ft.com/intl/cms/s/0/b176d1de-1cfe-11e2-a17f-00144feabdc0.html#axzz2ACKslEGT

Donadio, Rachel and Nicholas Kulish. "Italy's Prime Minister Nudges German Chancellor Toward Growth." 29 June 2012. The New York Times. 24 October 2012 http://www.nytimes.com/2012/06/30/world/europe/italys-prime-minister-monti-nudges-germanys-merkel-toward-growth.html?pagewanted=all&_r=0

Donadio, Rachel. "Italy's LEader Unveils Radical Austerity Measures." 4 December 2011. The New York Times. 25 October 2012
http://www.nytimes.com/2011/12/05/world/europe/mario-monti-of-italy-calls-cabinet-to-consider-austerity-measures.html?_r=2

"For ever espresso; The economy." The Economist [US] 11 June 2011: 6(US). Popular Magazines. Web. 24 Oct. 2012.
http://go.galegroup.com/ps/i.do?id=GALE%7CA258479445&v=2.1&u=s8888903&it=r&p=PPPM&sw=w

Frye, Andrew and Patrick Donahue. "Merkel, Monti Clash in Crisis Talks as Draghi Prepares ECB Plan." 29 August 2012. Bloomberg. 24 October 2012
http://www.bloomberg.com/news/2012-08-29/merkel-monti-clash-on-esm-bank-license-in-euro-crisis-talks.html

Frye, Andrew. "Italy Tax Increases Backfire as Monti Tightens Belts." 12 June 2012. Bloomberg. 25 October 2012
http://www.bloomberg.com/news/2012-06-12/italy-tax-increases-backfire-as-monti-tightens-belts.html

G.I. "Free Exchange Economics: Understanding the Euro Crisis, It's not about Berlusconi." 11 November 2011. The Economist. 24 October 2012 http://www.economist.com/blogs/freeexchange/2011/11/understanding-euro-crisis?zid=307&ah=5e80419d1bc9821ebe173f4f0f060a07

International Monetary Fund, World Economic Outlook- Google Public Data Explorer. 8 October 2012. 24 October 2012
http://www.google.com/publicdata/explore?ds=k3s92bru78li6_&ctype=l&strail=false&bcs=d&nselm=h&met_y=ggxwdg_ngdp&scale_y=lin&ind_y=false&rdim=world&idim=country:IT&ifdim=world&ind=false

"Mario, put on your toga; Charlemagne." The Economist [US] 10 Mar. 2012: 66(US). Popular Magazines. Web. 24 Oct. 2012.
http://go.galegroup.com/ps/i.do?id=GALE%7CA282440890&v=2.1&u=s8888903&it=r&p=PPPM&sw=w

Milne, Richard. "S&P downgrades Italy's credit rating." 20 September 2011. The Financial Times. 25 October 2012
http://www.ft.com/intl/cms/s/f48542f0-e346-11e0-8f47-00144feabdc0,Authorised=false.html?_i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2F0%2Ff48542f0-e346-11e0-8f47-00144feabdc0.html&_i_referer=#axzz2APJeLFwT

Monti, Mario. 2012 Economic and Financial Document. Rome: Ministry of Finance, 2012
http://ec.europa.eu/europe2020/pdf/nd/sp2012_italy_en.pdf

"Monti's Battle for Survival. Italian Politics." 30th June 2012. The Economist. 24 October 2012
http://www.economist.com/node/21557777?zid=307&ah=5e80419d1bc9821ebe173f4f0f060a07

"Monti's Labour-Law Tangle. Italy's reforms." 24 March 2012. The Economist. 24 October 2012
http://www.economist.com/node/21551046

OECD. Country statistical profile: Italy. 2012 June 18. 24 October 2012
http://www.oecd-ilibrary.org/economics/country-statistical-profile-italy_20752288-table-ita

Towards Global Tax Co-operation, Report to the 2000 Ministerial Council Meeting and Recommendations by the Committee on Fiscal Affairs. Paris: OECD, 2000.
http://www.oecd.org/tax/harmfultaxpractices/2090192.pdf

Rowley, Emma. "Silvio Berlusconi v. Giulio Tremonti: a clash that spooked the markets." 14 July 2011. The Telegraph. 25 October 2012
http://www.telegraph.co.uk/finance/economics/8637058/Silvio-Berlusconi-v.-Giulio-Tremonti-a-clash-that-spooked-the-markets.html

"The cavaliere and the cavallo; Berlusconi's legacy." The Economist [US] 11 June 2011: 16(US). Popular Magazines. Web. 24 Oct. 2012.
http://go.galegroup.com/ps/i.do?id=GALE%7CA258479450&v=2.1&u=s8888903&it=r&p=PPPM&sw=w

"The last thing Italy needs. Italian Politics." 21 June 2012. The Economist. 24 October 2012
http://www.economist.com/node/21559371?zid=307&ah=5e80419d1bc9821ebe173f4f0f060a07

"The man who screwed an entire country." The Economist [US] 11 June 2011: 16(US). Popular Magazines. Web. 24 Oct. 2012.
http://go.galegroup.com/ps/i.do?id=GALE%7CA258479434&v=2.1&u=s8888903&it=r&p=PPPM&sw=w

"The Party's Over. Politics in Italy." 3 March 2012. The Economist. 24 October 2012
http://www.economist.com/node/21548982?zid=307&ah=5e80419d1bc9821ebe173f4f0f060a07

"Who will be Italy's next prime minister? Italian politics." The Economist [US] 13 Oct. 2012: 66(US). Popular Magazines. Web. 24 Oct. 2012.
http://go.galegroup.com/ps/i.do?id=GALE%7CA305064453&v=2.1&u=s8888903&it=r&p=PPPM&sw=w