

Economic Struggling of Italy During Global Economic Crisis of 2008: Analysis of Italian Economy in 2000s

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ABSTRACT

In the 2000-2015 years, Italy is experiencing excessive macroeconomic imbalances which are low growth rate, high public debt and weak external competitiveness. High public debt puts a heavy burden on the economy, in particular in the context of chronically weak growth and subdued inflation. Between 1999 and 2007, Italy's annual real GDP growth significantly lower than the euro-area average. The crisis exacerbated Italy's growth gap. Italy's output loss during the crisis – driven by a strong decline in investment – has exceeded that of most of its euro-area peers. Between 2007 and 2014, Italy's real GDP contracted compared to a bigger fall of for the euro area as a whole. Before global crisis the inflation rate continues in subdued rates. After global crisis which Italy heavily affected so the inflation rates had greatly increased. But today in continues in subdued again. Italy's general government debt-to-GDP ratio has increased continuously after 2000's especially after crisis. This study focuses the economic condition of Italy between the years 2000-2015. During the study, Italian macroeconomic variables in these years will be analysed and compared with other countries in the euro region. After this, we will focus on the basic emerging problems caused by these macroeconomic variables. And finally, the paper will focus on finding policy and methods on resolving the emerging problems in Italy and remarks will be done on recent economic situation of Italy. The study concludes with a discussion that although Italy is the highest public debt and the lowest growth rate among the countries in the euro zone since 2000, in this situation we focused the answer this question; "how the 2008 global financial crisis has affected Italy as compared to other countries in Eurozone". When we looked at the economic growth rate graphs of Italy shows that, with the 2008 global financial economic crisis, the economic growth rate of economic variables of Italy sharply decreases and the problem is in a higher level as compared to other countries in the Eurozone. Therefore economic sectors like financial and banking is much affected because of global financial crisis in Italy.