

**Czech University of Life Sciences Prague**  
**Faculty of Economics and Management**  
**Department of Economics**



**Bachelor Thesis**  
**Economic Comparison of Italy and France**

**Mohylna Ilona**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Ilona Mohylna

Business Administration

Thesis title

**Economic Comparison of Italy and France**

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### Objectives of thesis

The objective of this thesis is to make the economic comparison of France and Italy to identify which of them has the most developed economy. The thesis contains quantitative and qualitative description of French and Italian economies. The theoretical part of the thesis gives a brief description of these states in terms of geography, history and economic structure. Then the core macroeconomic indicators, which may be used for the comparison, are identified, explained, and characterized. In the practical part of the thesis the economies of France and Italy are compared based on the dynamics and structure of these core macroeconomic indicators for 2008-2016 period.

### Methodology

The methodology is based on the analysis of key macroeconomic indicators of France and Italy. These indicators are obtained from the databases of international organizations. Including World Bank, OECD and WTO. Both countries are compared using these quantities. Then, SWOT-analysis is chosen as a main tool to provide a qualitative comparison of two economies.

**The proposed extent of the thesis**

40 – 60 pages

**Keywords**

Italy, France, Comparison, Analysis, SWOT, Macroeconomic indicators

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**Recommended information sources**

Dino Pinelli, Roberta Torre, Lucianajulia Pace, Laura Cassio and Alfonso Arpaia "The Recent Reform of the Labour Market in Italy: A Review", 2017. ISSN: 2443-8022 ISBN: 978-92-79-64935-6  
N. Gregory Mankiw „Macroeconomics“ (7th edition) by Worth Publishers, 2009. ISBN-13: 978-1-4292-1887-0 ISBN-10: 1-4292-1887-8  
Paolo Malanima & Vera Zamagni (2010) "150 years of the Italian economy", 1861–2010, Journal of Modern Italian Studies ISSN: 1469-9583  
Roberto Di Quirico "Italy and the Global Economic Crisis", University of Cagliari, 2010. ISSN: 1759-3077  
"The World Factbook 2014-15 (52 edition)" Washington, D.C.: Central Intelligence Agency, 2015. ISBN-10: 1598047795 ISBN-13: 978-1598047790

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## **Declaration**

I declare that I have worked on my bachelor thesis titled "Economic Comparison of Italy and France" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15<sup>th</sup> March, 2019

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Mohylna Ilona

## **Acknowledgement**

Firstly, I would like to thank my thesis supervisor Ing. Tomáš Maier, Ph.D. for his experience, consultation and help. Without his skills, this work would not have achieved such success.

In addition, I want to thank all my family and friends for their love, energy, advice, support and help. That energy has been my motivation to do so well. I would like to dedicate this work to them.

# **Economic Comparison of Italy and France**

## **Summary**

Bachelor thesis focuses on economic comparison of two different countries with different economic situations: Italy and France. The main objective of this thesis is making a qualitative and quantitative comparison of French and Italian economies.

Bachelor thesis consists of two parts: theoretical and practical. In the theoretical part, a brief description of France and Italy is made. Then the most frequently used macroeconomic indicators are characterized along with their explanation and calculation methods. In the practical part, France and Italy are compared using the dynamics of their macroeconomic indicators. As the main result, the SWOT-analysis of two countries is made, and the qualitative and quantitative comparison of French and Italy is provided.

**Keywords:** Italy, France, Comparison, Analysis, SWOT, Macroeconomic Indicators

# **Ekonomické porovnání Itálie a Francie**

## **Souhrn**

Bakalářská práce je zameřena na porovnání dvou různých zemí s odlišnou ekonomickou situací: Itálie a Francie. Hlavním cílem této práce je provedení kvalitativního a kvantitativního srovnání ekonomických situací těchto dvou zemí.

Bakalářská práce se skládá ze dvou částí: teoretické a praktické. V teoretické části jsou popsány jednotlivé státy - Francie a Itálie. Dále jsou charakterizovány makroekonomické ukazatele spolu s metodami a jejich vypočty. V praktické části se Itálie a Francie porovnává pomocí zkoumání jejich makroekonomických ukazatelů. Primárním výsledkem práce je provedení SWOT analýzy a kvalitativního a kvantitativního porovnání dvou zemí.

**Klíčová slova:** Itálie, Francie, Srovnání, Analýza, SWOT, Makroekonomické Indikatory

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## **2 Introduction**

Over the centuries, the economic and financial superiority of Western states in the international economy has been true. Since capitalism was accomplished and formed in Western Europe, it is clear that the initial finances were earned, and then distributed according to the whole society in the form of investments, obtaining assets and placing production items.

The level of the economic situation in the state affects the standard of living of the population throughout the world. For this reason, this issue should be more profound. This thesis controls the development of the economy of the Italian Republic and the French Republic.

The relevance of the topic is determined by the fact that in the twenty-first century France and Italy are the most developed countries occupying leading positions in the European Union and consistently entering the world top ten. France ranks fifth in the world in terms of economic development and export volume, and Italy ranks eighth in the world in terms of economic development and export volume, respectively, the standard of living in these countries is one of the highest on the planet.

## **3 Objectives and Methodology**

### **3.1 Objectives**

The objective of this thesis is to make the economic comparison of France and Italy to identify which of them has the most developed economy. Specifically, two countries are compared by such economic indicators as GDP, inflation, unemployment, international trade, fiscal policy outcomes and others. To reach this objective the work proceeds in the following steps. First, the theoretical part of the thesis gives a brief description of France and Italy in terms of geography, history and economic structure. The countries are characterized from the dimensions of administrative division, geographic location, main industries and brief contemporary history. On the second step the core macroeconomic indicators, which may be used for the comparison, are identified, explained, and characterized. In the practical part of the thesis, the economies of France and Italy are compared based on the dynamics and structure of these core macroeconomic indicators for 2008-2017 period.

### **3.2 Methodology**

The methodology is based on the analysis of key macroeconomic indicators of France and Italy. First, the list of key macroeconomic variables is identified. Following Mankiw (2009) they include real GDP, inflation, unemployment, trade balance, budget deficit and government debt. Second, these indicators for the period 2008-2017 are obtained from the databases of international organizations, including World Bank, OECD and WTO. The main source of data is OECD database. In those cases when some additional variables are needed, the database of Worldbank and WTO were used. These databases provide users with the extensive statistics on country economy and allow to make multidimensional comparisons, which is very useful for the present thesis.

Third, based on the data the comparison tables and graphs are constructed, which help to identify main similarities and differences between the economies of France and Italy.

Fourth, to give a qualitative comparison of French and Italian economies, the method of SWOT-analysis is used. Traditionally SWOT analysis is used to describe the market position for the given company. Some authors apply this technique to analyze the economies of countries as a whole (for example, Duarte, Ettkin, Helms & Anderson (2006); Nair & Prasad (2004); Irshad (2016)). **SWOT-analysis** evaluates internal and external factors which influence the development of the country. This method helps to assess the strengths and weaknesses of a state, to find new opportunities and to identify possible threats.

SWOT-analysis of the country divides the factors of influence into four categories, which help to assess the country from all sides:

**S** – Strengths;

**W** – Weaknesses;

**O** – Opportunities;

**T** – Threats.

## **4 Theoretical background for creating economic comparison**

### **4.1 Economic indicators**

As a rule, economic development is a process of change over a long period of time. The nature and dynamics of the economic development of the country are the subject of close attention of economists and politicians. Much of the country's life and prospects depend on what processes and structural changes are taking place in the economy.

The diversity of historical and geographical conditions, the combination of material and financial resources available to different countries, do not allow us to estimate the level of their economic development by any one indicator. For this there is a whole system of indicators.

The set of indicators of economic development of various countries allows us to assess the level of economic development of a particular state not from just one point of view, but comprehensively. To do this, usually several key indicators and criteria are used, in particular:

- Real and nominal GDP, GNP, GNI and growth
- Sectoral decomposition of GDP
- National income and per capita income
- Structure of exports and imports of the country

It should be emphasized that the level of a country's economic development and its participation in the world economy is a historical concept. Each stage of development of the national economy and the entire world economy as a whole makes certain adjustments to the composition of the main indicators.

In my thesis, the following macroeconomic elements were used for economic comparison of Italy and France:

- GDP/ GDP per capita
- GDP growth
- GDP sectoral structure
- Inflation
- Employment/ Unemployment rates

- Trade Balance (structure of exports and imports of the country)
- Public debt and budget deficit

Now I want to describe in more detail each of the selected macroeconomic indicators.

**GDP**, or **gross domestic product**, is a significant, monetary economic value that demonstrates the total value of goods and services produced. The market price for goods is determined in calculations for the year. Experts calculate the cost of services from various sectors of the economy, operating within a particular state. The macroeconomic indicator does not depend on the nationality of the employed production factors.

With the help of GDP, economists manage to objectively evaluate all production aimed at investing or immediate consumption. When calculating this indicator, you can find out:

- National income of the country;
- The success of economic activity;
- Degree of activity of economic operators;
- Potential trends in macroeconomic processes.

In my thesis, I will use real GDP because it removes the impact of price changes (inflation / deflation) and allows measuring the so-called "real GDP growth", i.e. in fact, the same thing as the increase or decrease in the physical volumes of goods and services over the period.

*Methods of calculating GDP:*

- *Calculation of income.* Here is the amount of income received by business entities. These subjects include wages, material incentives, rents and other payments received by property owners, business income, interest income and depreciation.
- *Calculation of expenses.* Here is the sum of expenditures of all macroeconomic entities that are the final consumers of manufactured goods and services. In particular, consumer and investment expenditures, government spending, transfer payments, interest payments on government bonds, etc., are summed up here.

- *Calculation of value added.* This indicator includes the sum of added value products. It does not include tax payments. The added value is calculated as the difference between the receipts and the material costs of each business entity and then summed. The sum of the added price to the product should be equal theoretically to its final.

**Inflation** is a rise of prices for goods and services. It emerges when consumer demand rises relative to current supply. In times of economic growth, the rate of inflation is relatively low, and vice versa, during periods of crisis, the rate of inflation can lead to a loss of confidence in the national currency.

**Unemployment** is a socio-economic phenomenon, when part of the economically active population cannot use its labor force. The unemployment rate is calculated as the ratio of the number of unemployed to the total economically active population and is expressed as a percentage.

**Trade Balance** is a part of the balance of payments that characterizes a country's trade relations with other states. Its components are the export and import of goods. The trade balance is the difference between the amount of exports and the amount of imports of goods in the country. The trade balance characterizes, first of all, the competitiveness of the country's goods abroad. The predominance of exports over imports (trade surplus) suggests that foreign exchange inflows to the country and the exchange rate of the national currency rises. Conversely, the predominance of imports over exports (negative balance or trade balance deficit) means low competitiveness of the country's goods abroad.

The **public debt** is the sum of unliquidated obligations of the state to foreign states, international organizations and other subjects of international law.

The **budget deficit** is the amount of excess of budget expenditures over its revenues in each budget year.

A budget deficit can result from:

- The need to make large public investments in economic development
- Emergency conditions (war, major natural disasters, etc.).
- The crisis in the economy, its collapse, the inefficiency of financial and credit relations, etc. - the most dangerous and alarming form of the budget deficit, when it is a reflection



of the crisis in the economy, its collapse, and the inability of the government to control the financial situation in the country.

## 4.2 Organizations

The **World Bank** is a multilateral lending institution consisting of several closely interconnected financial institutions whose common goal is to improve the living standards of developing countries through financial assistance from developed countries. World Bank consists of five organizations: International Bank for Reconstruction and Development (IBRD), The International Development Association (IDA), The International Finance Corporation (IFA), The Multilateral Investment Guarantee Agency (MIGA) and The International Centre for Settlement of Investment Disputes (ICSID).<sup>1</sup> The main mission of the World Bank is to put an end to extreme poverty within one generation and increase overall prosperity. To realize this mission, it is necessary to achieve two "ambitious goals":

- End extreme poverty by decreasing the percentage of people living.
- Push forward shared prosperity by fostering the income growth for every country.

The International Bank for Reconstruction and Development established in 1944, and soon called the World Bank.

**The World Trade Organization (WTO)** is an international organization set up to liberalize international trade and regulate trade and political relations among member states. The WTO is the legal successor to the General Agreement on Tariffs and Trade (GATT), which was in force since 1947.<sup>2</sup>

The *basic principles* and *rules* of the WTO are:<sup>3</sup>

- Mutual provision of the most-favored-nation treatment (MFN) regime in trade;

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<sup>1</sup> About the World Bank (URL: <http://www.worldbank.org/en/about>) (20.05.2018)

<sup>2</sup> WTO|What is WTO? ( URL: [https://www.wto.org/english/thewto\\_e/whatis\\_e/whatis\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm)) (20.05.2018)

<sup>3</sup> WTO|What is WTO? ( URL: [https://www.wto.org/english/thewto\\_e/whatis\\_e/whatis\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm)) (20.05.2018)

- Mutual provision of the national regime (HP) with goods and services of foreign origin;
- Regulation of trade mainly by tariff methods;
- Refusal to use quantitative and other restrictions;
- Transparency of trade policy;
- Settlement of trade disputes through consultations and negotiations.

**OECD** is an international organization engaged in scientific research of processes occurring in the world economy as a whole, as well as in its individual regions and countries, conducting consultations, participating in international financial and economic projects, and actively cooperating with the IMF, WB, WTO and other organizations. The mission of the Organization for Economic Cooperation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world.<sup>4</sup>

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<sup>4</sup> About the OECD – OECD (URL: <https://www.oecd.org/about/>) (20.05.2018)

### **4.3 Italy. Short overview.**

**Italy** is a country in the south of Europe, occupies the Apennine peninsula, the Padan plain, the southern slopes of the Alps, the islands of Sicily, Sardinia. The area is 301 thousand km<sup>2</sup>; the population is 59 million people. The capital is Rome. In the north, it borders Switzerland and Austria, in the east - with Slovenia, in the northwest - with France.

Washed by the Ligurian and Tyrrhenian seas in the west, in the east by the Adriatic, in the south by the Ionian and Mediterranean seas. Italy also owns Elba, Sicily, Sardinia and a number of smaller islands.

Italy became a nation-state in 1861. Italy is a charter member of the European Economic Community (EEC), NATO and its following successors the EU and the EC. Slow economic growth, high youth and female unemployment, crime, economic inequality between southern Italy and the wealthier north, and corruption are the constant problems.

Italy is conditionally divided into 2 parts: north and south.

North Italy is located in the north of Italy. Borders with France, Switzerland, Austria, Slovenia. The Ligurian and Adriatic seas wash it. The industrial centers of Northern Italy are Milan, Turin, Genoa, Florence and Venice. The north of Italy is a highly developed region of the country. This is explained by the old industrial development of the region, proximity to the leading industrial powers of Europe, the abundance of land and sea highways.

South Italy is located in the south of the Apennine peninsula, Italy. The Tyrrhenian, Ionian, Adriatic and Mediterranean seas wash it. The industrial centers are Naples, Palermo, Taranto and Catania. The south of Italy is a depressed region of the country. This can be explained by the fact that it is somewhat remote from the developed states of Europe, because of the peripheral situation. There was a weak industrial development throughout history. Most of the population is engaged in agriculture. The density of land roads is higher, compared with the North.

Italy is one of the largest economic powers. GDP per capita is almost on par with Britain and France. Takes the 9<sup>th</sup> largest economy in the world and the 3<sup>rd</sup> in the euro area.

Being a highly developed industrial-agrarian country, Italy, at the same time became the largest area of international tourism (over 50 million people a year).

In addition, the leading industries are mechanical engineering, metallurgy, chemical and petrochemical, light and food.

Italy is one of the largest manufacturers and suppliers to the world market of cars, mopeds, bicycles, tractors. In addition, high-level production of household and office equipment, radio electronic products, industrial equipment. The production of plastics and chemical fibers, car tires, as well as ready-made clothing and leather footwear is developing in the country in parallel with large-scale cement production. In Italy are mined pyrite, ore, mercury, natural gas, asbestos, potassium salt and dolomites.

Italy is one of the Fashion Hubs of the world. Milan is a city in Italy, the capital of Lombardy has a population of 1.3 million people and the second most populous city of Italy after Rome. Milan is considered the leading alpha-global city. It is attractive because for a long time it has been named one of the world capitals of fashion and design, and the center of fashion and style in Italy and Europe. In Milan, international events of the world of fashion and design in general take place on a regular basis. Italian fashion brands that produce not only clothing, but also footwear, bags, accessories and perfumes, record a steady increase in sales not only in growing markets, but also in all markets without exception.

The food industry is developing here along with the improvement of new production technologies. Italy traditionally produces macaroni and cheese of high quality and excellent taste, olive oil, wine, tomato and fruit preserves. Thanks to a reliable Mediterranean climate and winemaking traditions, Italy competes with France - as the largest wine producer in the world and, in general, surpasses France as the world's largest exporter.

The production of light industry products is also large-scale and generates considerable revenue.

Italy is a highly developed industrial state. Most of the country is mountains. The natural resources of Italy are not as rich as this country. Many resources are imported, which provides industry and production. Despite the limited resources, the country is engaged in the regeneration and restoration of natural resources.

Creativity and competitiveness in any field are the main factor that allows Italians to fashion all over the world, not only in the field of design, but also in the production of products.

Highly productive agriculture mainly specializes in crop production. Italy - one of the largest in the world and the leading producer in Europe of citrus, tomatoes, grapes (more than 90% of which is processed into wine), olives. Floriculture and poultry farming are also developing.

Italy exports a high proportion of agricultural products. For example, In 2016, Italy exported 9770 tons (Total). The main markets are France, Germany and the United States. Their share of total exports was 33%, 26% and 8% respectively.

One of the leading sectors of the Italian economy and accounting for 10-11% of GDP is Tourism. Approximately 5.6% of the world's tourism market falls to Italy. Thus, the country ranks third in the European Union after France and Spain in this indicator. This industry is continuously developing, providing favorable conditions for the prosperity of restaurant chains, creation of amusement parks, intensive reconstruction and maintenance of architectural monuments and especially contributing to the development of the construction sector of the economy and real estate in Italy.

Italy has one of the largest markets in the European Union, with standing infrastructure and labor. It is one of the main producing countries, and has a strategic position at the crossroads between Europe, North Africa and the Middle East. However, the unstable political environment, corruption and authorized crime, the relatively high price of labor, slow administrative processes, high procedural and tax losses, all this is one of the reasons that do not allow investing in the country.

Italy has low R&D intensity, low business R&D investment, R&D expenditure inequality. In 2016, R & D expenditures as a share of Italian GDP amounted to 1.32% or 23 172 million euro. R & D expenditures in Italy's GDP increased from 1% in 1997 to 1.32% in 2016, an increase of 1.44% per year on average. The highest intensity of research and development was recorded in Sweden (3.33%), Austria (3.16%), Denmark (3.06%) and Germany (3.02%) in 2016. However, if you compare Italy with these countries, Italy is in the middle of the intensity chart, but it has a rather low percentage.

Italy's main partners are the countries of Europe (Germany, United Kingdom), as well as the United States, which not only support mutual trade ties, but also contribute to investing in the development of the partner country's economy.

#### **4.3.1 The brief history of the Italian economy**

##### ***The Italian Economy in the Nineteenth Century***

Italy was economically at the front of the medieval world. However, despite this, in the era of the industrial revolution, Italy was far behind France, Germany and Britain. Italy was not united in a single kingdom until 1861. It was divided into secondary kingdoms. The Habsburg Empire controlled most of the kingdoms. It was the Kingdom of Sardinia. It included Genoa and Piedmont, and the island of Sardinia. In 1859, the island of Sardinia, with the help of France, defeated the Austrians and united Italy in 1861. Count Camillo Benso di Cavour was the political leader of the Kingdom of Sardinia.<sup>5</sup>

Italy in the first half of the XIX century remained a fragmented country, which was under the strongest Austrian influence. When the July Revolution of 1830 began in France, the young Camillo Cavour hoped that a patriotic explosion in Italy would follow. However, his hopes for a broad movement were not justified. "Dangerous" way of thinking Cavour became meanwhile known to the government, which preferred to "send" him to Fort Bar, to observe the stone works. A few months after the formation of the Kingdom of Italy, Count Cavour died. Without his leadership, Italy experienced a decline in its progress towards industrialization. Italy began industrialization only in 1890.

##### ***Post-World War II Italy***

In the post-war period, a new economic cycle began in the world capitalist economy. His movement was greatly influenced by the war with its enormous material destruction. The economy of Italy was in complete disarray: the enterprises stopped, communications between the city and

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<sup>5</sup> Economic History Of Italy (URL: <http://www.applet-magic.com/italy.htm>) (20.05.2018)

the village were violated, inflation was rampant and speculation flourished the number of unemployed exceeded 2 million people.

The need to restore this destruction, to renew the worn-out and obsolete war capital created a huge demand for capital equipment and determined the duration of the post-war cycle.

The restoration of the economy was also hampered by such enormous difficulties as the historically developed gap between the North and the South. This situation helped to strengthen the dominant position of the semi-feudal circles interested in the exploitation of land estates with the help of outdated methods. Half of the cultivated land was occupied by enterprises that owned land based on contracts. The land was leased on such terms (a colony, a share, a share crop), which were acceptable only for the completely ruined population.

The gap in the levels of industrial development existed between regions, and between individual branches. At the end of 1945, industrial production dropped to ¼ Position, and industry did not give up hope that it would be able to help in overcoming difficulties and provide recovery in other industries. The need for the restoration of material production became extremely acute, but the prewar level was reached only in 1949.

The governments of anti-fascist unity - F. Parry (1945), A. De Gasperi (1945-47), which also included Communists and Socialists, carried out a number of measures aimed at restoring the economy. A sliding salary scale was introduced. The rights of trade unions are extended. A number of enterprises operated "management councils" that emerged during the war and acted as workers' control bodies (later the bourgeoisie gradually managed to restrict their activities and then eliminate them). The new governments of De Gasperi (1947-53) also enjoyed US support.

#### **4.4 France. Short overview.**

**France** is one of the largest capitalist powers. Takes the 7<sup>th</sup> largest economy in the world and the 2<sup>nd</sup> in the euro zone. It is located in the western part of the European continent. The territory of France - 552 thousand km<sup>2</sup>, and the population - about 46 million people. From the south the

warm waters of the Mediterranean Sea, in which France belongs to Corsica Island, wash the country.

In the early 21<sup>st</sup> century, five French overseas entities - French Guiana, Martinique, Mayotte, Guadeloupe, and Reunion - became French regions and made part of France proper.

In the 21<sup>st</sup> century, France entered as a highly developed country, a nuclear and space power.

As for GDP per capita, France is one of the top ten countries in the world, and according to the total volume of the economy, it takes a leading and main place in the European Union.

A feature of France's economic policy is a significant share of the public sector, especially in strategically important areas, such as the oil and gas industry and transport. A high share of foreign capital is also a distinguishing feature of the country's economic development. Over 20% of workers work at such enterprises. The share of foreign capital in computer science and other branches of advanced technology is more than 50%.

In 2016, France, overtaking Belgium, became the leader in terms of taxes in the EU. The French give 57.3% of the annual salary in the form of tax deductions.

Industrial production provides about 13% of GDP, as well as 26% of investment, 52% of exports. Significant reserves of France's minerals, such as iron and uranium ores, bauxites, potassium salts, create a base for mining and heavy industry.

France occupies a leading place in terms of the level of development of non-ferrous metallurgy in world ratings; steelmaking is in third place in Western Europe.

In 2015, France received a net electricity generation of 555 billion kilowatt-hours, which makes it the eighth on the list of "Top 10 power generation countries". The primary source of energy in France is nuclear power. More than 75% of the total electricity production comes from nuclear power plants. Because of this, nuclear power in France is called a "success story", which provides efficient, carbon dioxide-free, low-cost, and environmentally friendly electricity production. In 2012, France was the largest exporter of electricity.

Despite the fact that the basis of agriculture is private land ownership, this sector of the economy is the most sponsored state. France is the largest European producer of wheat, beef, butter and



cheese (more than 400 varieties). In terms of milk production, France ranks 1<sup>st</sup> in Europe, meat production - 2<sup>nd</sup>. The country takes the first place in the world in collecting oysters. Traditionally, wines and cognacs occupy a high share in exports. Because products produced in France are traditionally valued and considered high quality, farmers are the main opponents of the introduction of genetically modified products in Europe.

The branch of agriculture characterized by high technical equipment and productivity. In terms of output, France ranks first in Western Europe and third in the world after the United States and Canada.

A highly developed transport network provides communication between the regions of the country. Since 1981, a network of high-speed highways connects most of the cities; the same branch laid in a tunnel under the English Channel. In addition, France has the most developed network of railways in Europe.

#### **4.4.1 The brief history of the French economy**

##### **The French Economy in the Nineteenth Century**

Despite a significant industrial upsurge, France lagged behind other large capitalist states, both in terms of production levels and in terms of its concentration.

One of the factors hindering the development of French industry was the poverty of coal resources. In 1913, more than a third of the coal consumed this year had to be imported from abroad. The shortage of coal, especially coking coal, intensified the expansionist sentiments of the leaders of the French metallurgy, who were eager to seize the rich German coalfields.

However, the main reason for the comparative backwardness of the French industry was the structural features of the French economy, an important role played by usurious capital. By the mid-1900s, about 40 billion francs of French capital was invested in foreign loans and enterprises, and by the beginning of the war, this figure was already about 47-48 billion. Political influence belonged not so much to industrialists as to banks and the exchange.

In terms of the size of the export of capital, France took the second place in the world after England. France owned a huge colonial empire, inferior in size only to English.

In France, after the collapse of the Commune, the system was finally consolidated strongly centralized.

The Supreme Legislative Institutions of France under the constitution were the Chamber of Deputies formed on the basis of direct elections, and the Senate, based on a two-level choice, elected from local elected institutions - general councils.

A powerful group of financiers held the key positions of the French economy - banks, industrial associations, transport, communication with the colonies, trade - in their hands.

Due to the comparative "stagnation" of the French economy, a large part of the population was made up of the so-called middle strata - the small entrepreneurs of the city and the countryside.

The slowdown in the pace of the country's economic development was reflected in the position of the working class. The working legislation was extremely backward. The 11-hour workday law, first introduced for women and children, was extended to men in 1900, but the government's promise to move several years later to a 10-hour day was not implemented. Only in 1906, the mandatory weekly rest was finally established. France lagged behind a number of Western European countries also in the field of social security.

### ***Post-World War II France***

After the end of World War II, the economy of France was in a difficult situation. The damage from military operations and bombing was supplemented by the consequences of the occupation. Almost 70% decreased industrial production, 2-fold decreased production of agricultural products, the trade and military fleet was virtually eliminated, more than 100 thousand commercial and industrial enterprises went bankrupt, and the transport system was completely destroyed.

About France in the post-war period, the role of the state in economic life has significantly increased. Economic recovery in 1945-1947 of France began on the basis of nationalization of

such industries as electric power, coal mining, gas and aviation industry, shipping and air transport, as well as a number of banks, savings banks and insurance companies. About 20% of the country's production capacity was nationalized.

Marshall's plan played a significant role in the post-war reconstruction of France. France received assistance from the US not only in kind, but also in cash. Over the period from 1948 to 1958, US total assistance amounted to 12 billion dollars. The main consumers of loans were automobile companies, metallurgical and chemical trusts. Most of these funds were used to import the latest equipment. The implementation of the Marshall Plan and the measures taken by the government of the country made it possible to modernize the country's production potential, accelerate the pace of industrial production, and by the summer of 1947 reach the pre-war level.

The need to develop the national economy has led to a significant reduction in the export of capital abroad. By the early 60's. The size of the exported capital was almost 6 times less than the investment of French capital into national industry, transport and trade. Ex-port of capital began to be carried out mainly by private entrepreneurs.

The integration processes that began in Western Europe provided the great influence on the economic situation of the country. The first step in the implementation of integration trends was the creation in 1951 of six countries (Germany, Italy, France, Holland, Belgium and Luxembourg) of the European coal and steel association, within which customs duties were gradually abolished. In March 1957, France signed an agreement on the establishment of the European Economic Community (EEC). The inclusion of France in the integration processes and expansion of its participation in international economic relations contributed to the further development of the country's economy.

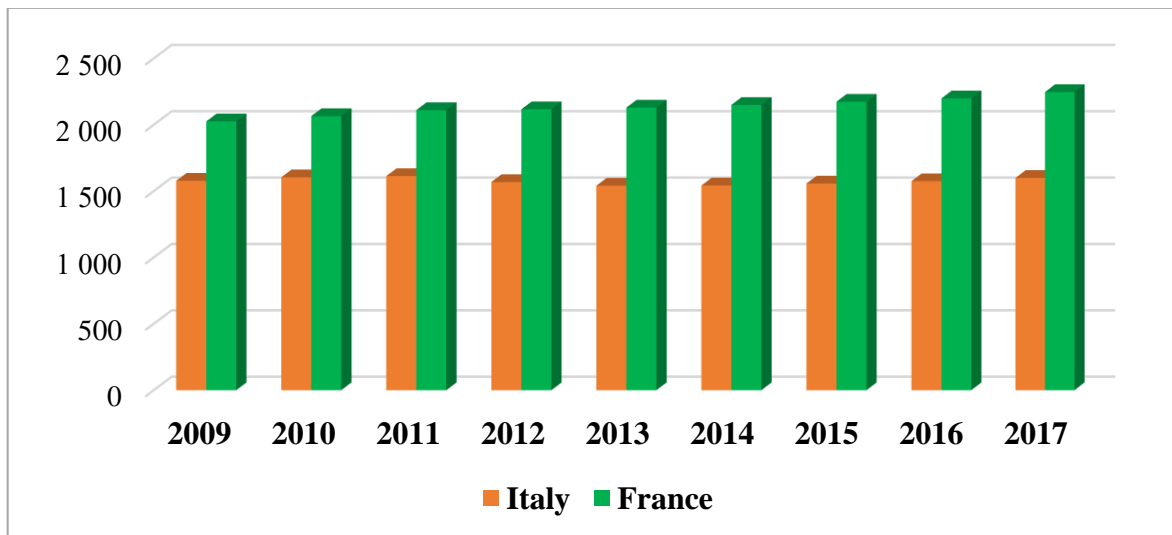
## 5 Key macroeconomic indicators and macroeconomic sustainability

### 5.1 Domestic product

At the beginning I would like to show the trend of real GDP for both countries.

As you can see on the Figure 1, during the period from 2008 to 2017, the GDP of both countries remains almost unchanged. France shows a slight increase, while in Italy the growth is weaker. Italy's GDP for all eight years is approximately 75% of France's GDP.

**Figure 1:** Real GDP of Italy and France, 2008 – 2017, in billions EUR

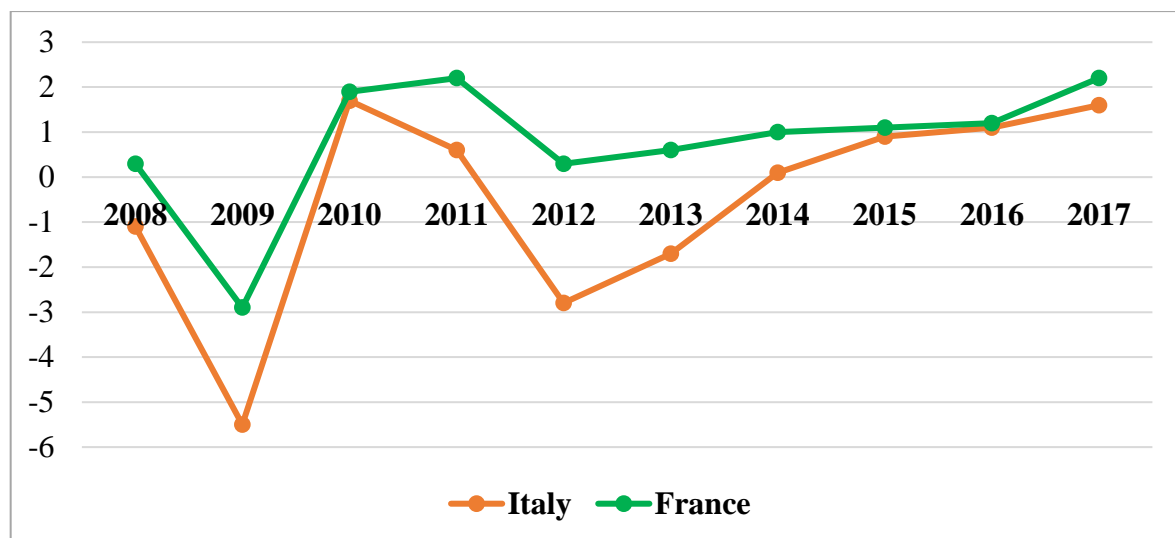


**Source:** OECD

Considering the graphs of GDP growth (Figure 2), we can note that their shape is almost similar, but France always outperforms Italy. In 2012-2013 Italian GDP growth was negative in contrast with low positive values for France. By 2017 the growth rate of Italian GDP is positive, but still lower than that of France. A high tax burden and low tax compliance continue to hold back

economic growth. Despite extended tax incentives to promote employment and investment, Italy's tax burden on labor and capital remains among the highest in the EU. Efforts to shift it to property and consumption are still limited.<sup>6</sup>

**Figure 2:** Economic growth rates (%) for Italy and France for years 2008-2016



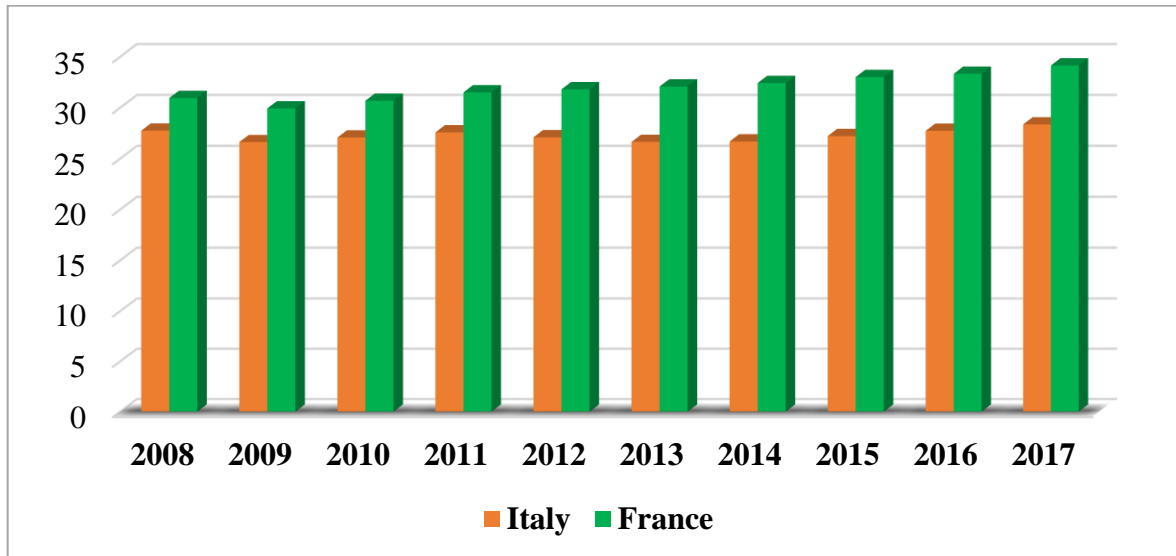
*Source: OECD*

In the long run, growth is expected to remain weak as France's potential growth slowed after the 2008 financial crisis. The rigidity of the labor market and products, the slow redistribution of resources and the introduction of technology limit the overall growth of productivity of production factors. Productivity growth has also been hampered by the regulatory burden faced by French firms and size thresholds.

In terms of GDP per capita, the difference is not so significant. Here, per capita GDP in Italy is approximately 90% of France's per capita GDP. That is, in terms of this indicator, rather than real GDP, they are more comparable.

<sup>6</sup> European Commission - Country Report Italy 2018 (URL: <https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-italy-en.pdf>) (p.2) (01.03.2019)

**Figure 3:** GDP per capita (billions EUR) for Italy and France for years 2008-2017



*Source: World Bank data*

Now we turn into the depths. Let us consider in more detail from what is the GDP of Italy and France. (Figure 4)

The most important contribution to the GDP of these countries is made by five sectors, such as:

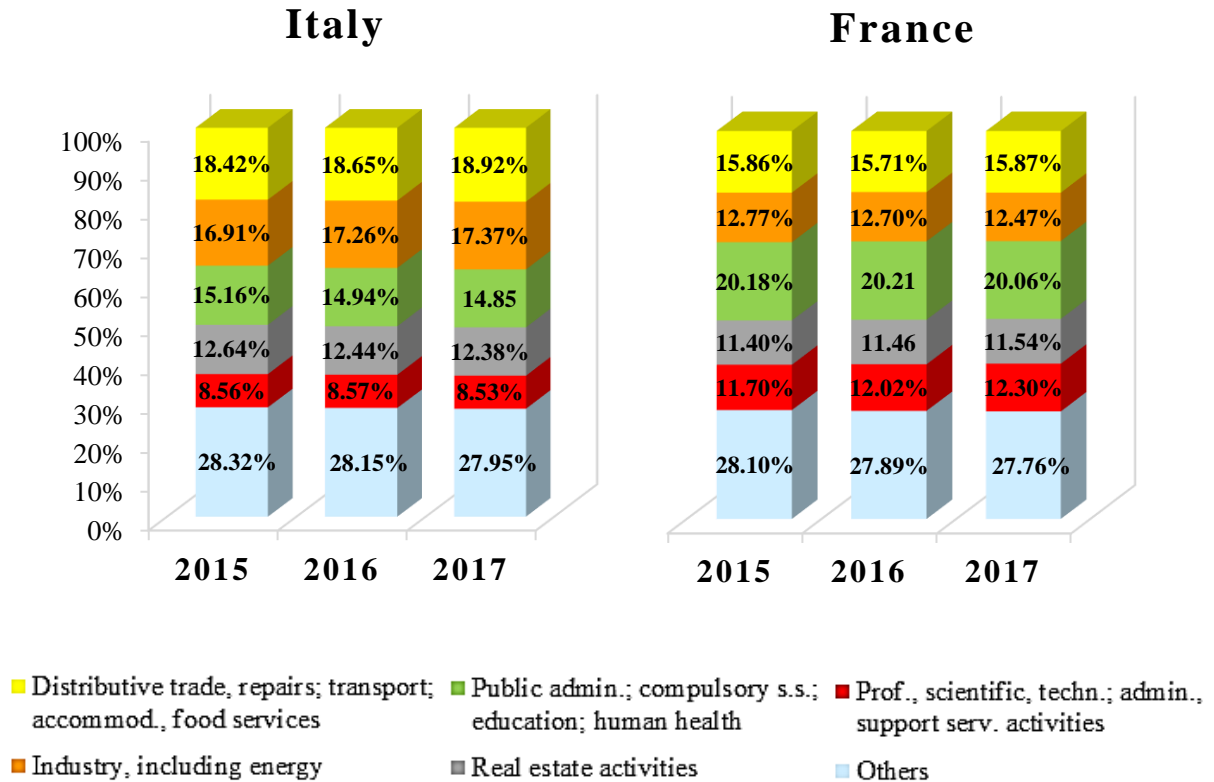
- The first one is Distributive trade, repairs; Transportation and storage; Accommodation and food services

It ranks first, on average about 19% of Italy's GDP, and second place, 16% of France's GDP. Distributive trade, repairs includes the wholesale and retail sale of various types of goods and the provision of services related to the sale of these goods.

Transportation and storage includes the provision of passenger or freight traffic, by water, air, transport, rail and others connected with them activities, such as storage, terminals and parking.

Accommodation and food services includes, the supply of short-term accommodation for tourists and guests, and the provision of food and drink, with is appropriate for immediate intake.

**Figure 4:** Italy and France GDP, Output approach structure by industries (% from total GDP) in years 2008 - 2017 in millions EUR



**Source:** OECD

- The second one is Industry, including energy

In Italy, industry ranks second, it's about 7/10 of GDP. In the industry structure of Italy, the leading role belongs to engineering, with branches of scientific and technological progress. The second place belongs to the chemical industry, with a low specific weight of the mining and chemical industry. Geographical position determines the tradition of shipbuilding for this country. Agricultural machinery is also developing, mainly tractor construction.

Industrial production is the leading sector of the French economy. It accounts for 3/10 of national GDP and half of all products exported by the state. Due to the fact that the country could

not boast of large deposits of traditional resources, after the end of the Second World War, the government began to pay much attention to the development of nuclear energy. Every year the country produces up to three thousand tons of uranium ore. At the same time, part of it is imported from African countries. The level of development of ferrous metallurgy and aluminum smelting in the country is also quite high.

- The third one is Public administration and defense; compulsory social security; Education; Human health

This sector is the main part in GDP of France, approximately 1/5 of GDP. Consequently, from this it can be said that the state in France plays a large role in the economy, in terms of GDP. In Italy, the sector is 16%, slightly less than in France.

- Real estate activities

Real estate activities account for one-twelfth of Italy and France's GDP. This includes actions as landlords, agents and / or brokers in one or more of the following actions: selling or buying real estate, renting real estate, providing other real estate services, such as real estate valuation or working as real estate agents.<sup>7</sup>

- Professional, scientific and technical activities; Administrative and support service activities

Of course, compared to all other sectors, Professional, Scientific, Technical, and Administrative and Support Service, Services, occupies not the highest place, approximately 9% in Italy and 11% in France, but also very significant for these countries.

## 5.2 Inflation

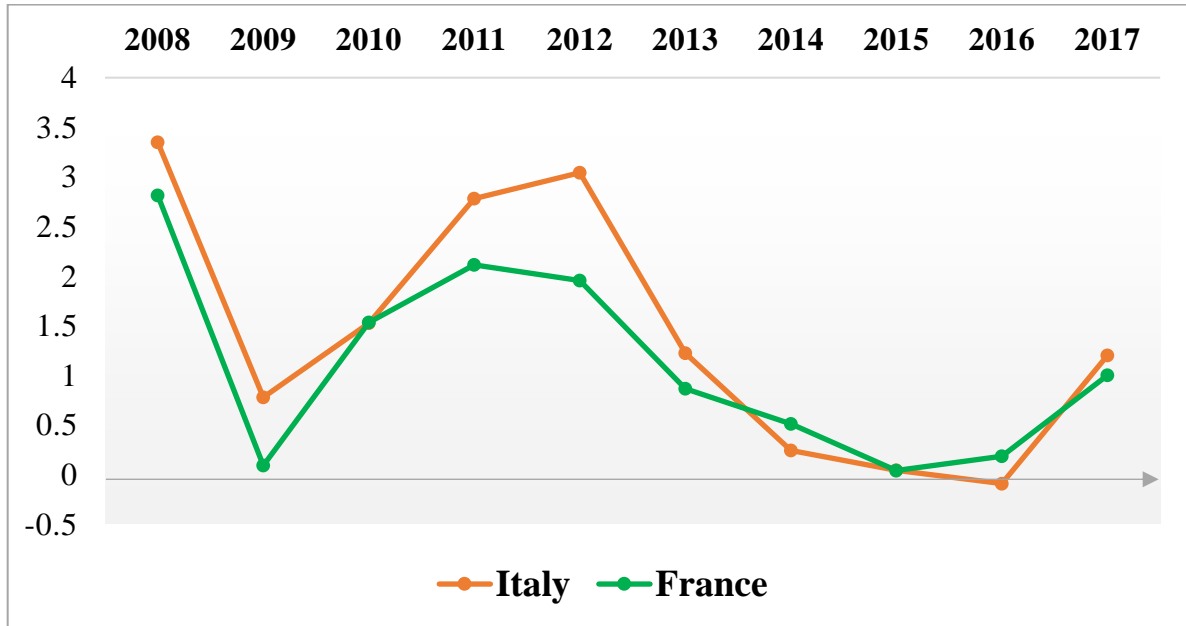
On the Figure 5 you can see Inflation rate. On average inflation in Italy is somewhat higher, especially from 2010 to 2012. This happened just after the global economic crisis.

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<sup>7</sup>International Standard Industrial Classification of All Economic Activities Revision 4 (URL: <https://www.bundesbank.de/resource/blob/612626/067f5294c6df434ea4528bdb62551f9b/mL/isic-rev-4-data.pdf>) (p. 238) (01.03.2019)



**Figure 5:** Inflation rate (CPI) total, Annual growth rate (%) in Italy and France in years 2008-2017



*Source: OECD, World Bank data*

In 2008, the common abbreviation PIGS was introduced to designate four countries: Italy, Portugal, Greece and Spain. These were the 4 weakest countries in the eurozone, which started having big problems with economic growth, public debt, as well as budget deficit. In other countries, economic indicators began to recover in the following years, but in Italy we see this did not succeed.

Increasingly, experts say that the cause of problems in an inefficient tax system, which simply does not allow the economy to recover. The Italian tax system is based on payroll taxes paid by both companies and employees. Mandatory deductions amount to 33% of salary compared with 13% in the United States.

Low inflation from 2013 to 2017 makes it difficult to increase competitiveness in the future, while structural reforms can help support demand in the short term. Low inflation in the euro

area reduces the ability of Italy and France to adjust prices to restore competitiveness, especially given their high government debt to GDP ratio and low potential growth.

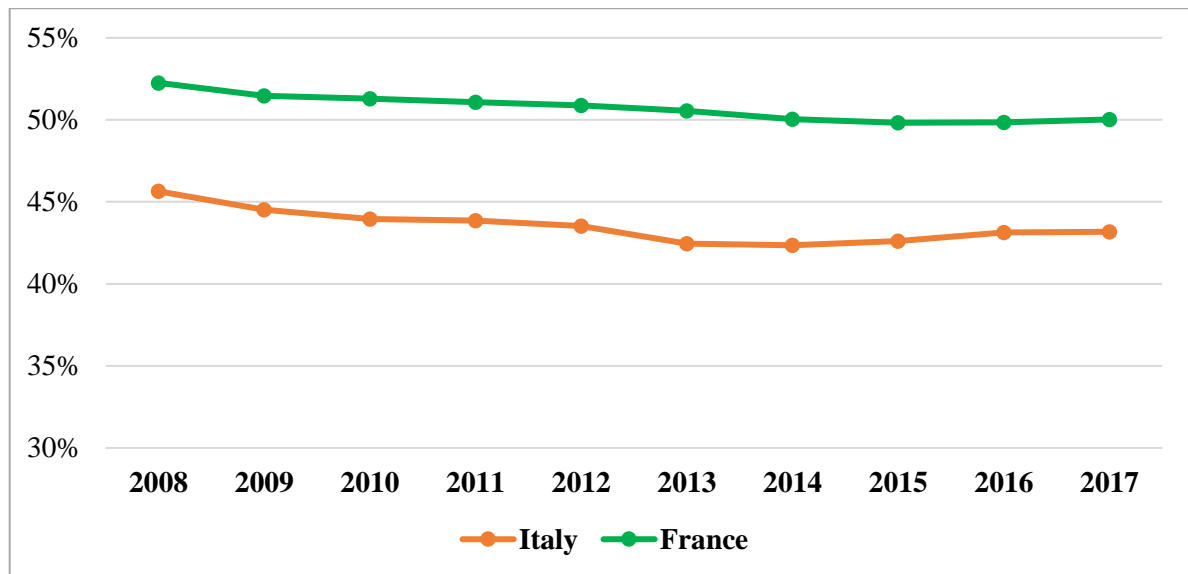
### 5.3 Employment, Unemployment and Labor force

#### 5.3.1 Employment

The percentage of the working population on the Figure 6 in France is slightly higher than in Italy. The dynamics of both countries is negative, declining by about 2.5% within eight years. The economic crisis in 2008 - 2014 also affected this. The percentage of the working population falls on the background of even though weak, but GDP growth, which is also somewhat contradictory.

In order for the production in the country to grow, it is necessary that more people work, but they work less. Nevertheless, automation and robotization well frees up some of the job places, so companies do not need a large number of working people.

**Figure 6:** Employment to population ratio, 15+, total (%) in years 2008 – 2017

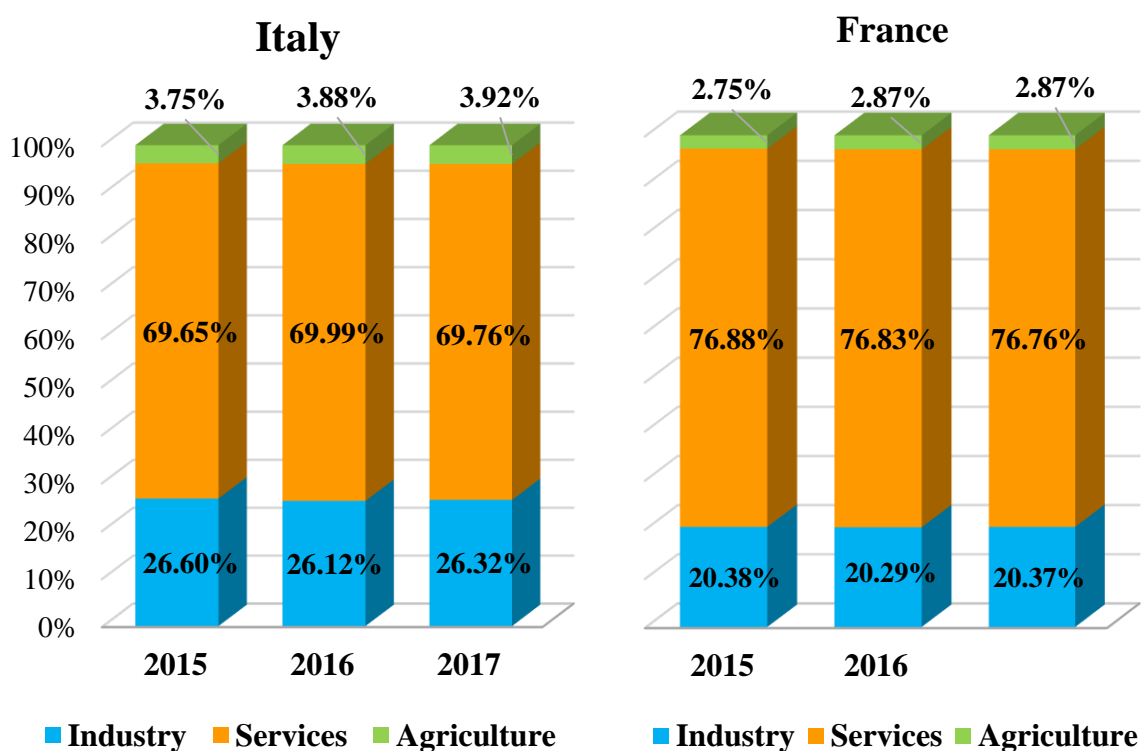


*Source: World Bank data*

If we consider employment by sector, (as on the Figure 7), then the largest number of working population works in Services, 1/7 of the total; the smallest part of the population is involved in agriculture. And Industry in both countries takes 1/5 of the working population (in France a little less, in Italy a little more).

Returning to the structure of GDP, we see that industry in both countries is about 1/8 of GDP, and employment there constitutes larger share of about 1/5. We can conclude, that in these countries industry has relatively higher labor intensity, that is a bigger number of people is needed to produce industrial goods compared to services.

**Figure 7:** Structure of the employment of Italy and France. Employment rate by sectors (%) for years 2015-2017



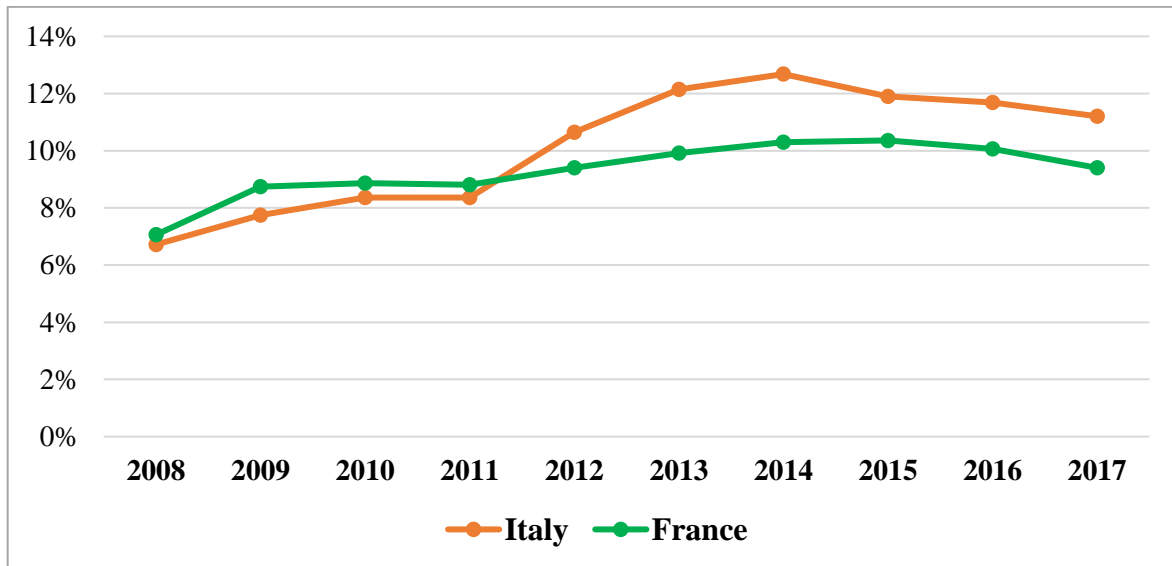
*Source: World Bank data*

### 5.3.2 Unemployment

As for unemployment (figure 8), the unemployment rate in both countries is growing. In France it grows a little slower, and in Italy at a more rapid pace, especially in the period from 2011 to 2014, where growth begins to increase very sharply. Because of global economic crisis, the situation in Italy was very bad.

Despite the measures taken, the economy continued to decline until 2014. Unemployment and long-term unemployment increased substantially, while total factor productivity continued to decline and the participation rate remained among the lowest in the EU. As a result, Italy's gap in potential growth vis-à-vis the rest of the euro area widened. The public debt ratio increased to over 130 % of GDP in 2014 from around 100 % in 2007.<sup>8</sup>

**Figure 8:** Unemployment rate, total (% of total labor force) for years 2008-2017



*Source: World Bank Data*

<sup>8</sup> European Commission - Country Report Italy 2018 (URL: <https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-italy-en.pdf>) (p. 1) (10.03.19)

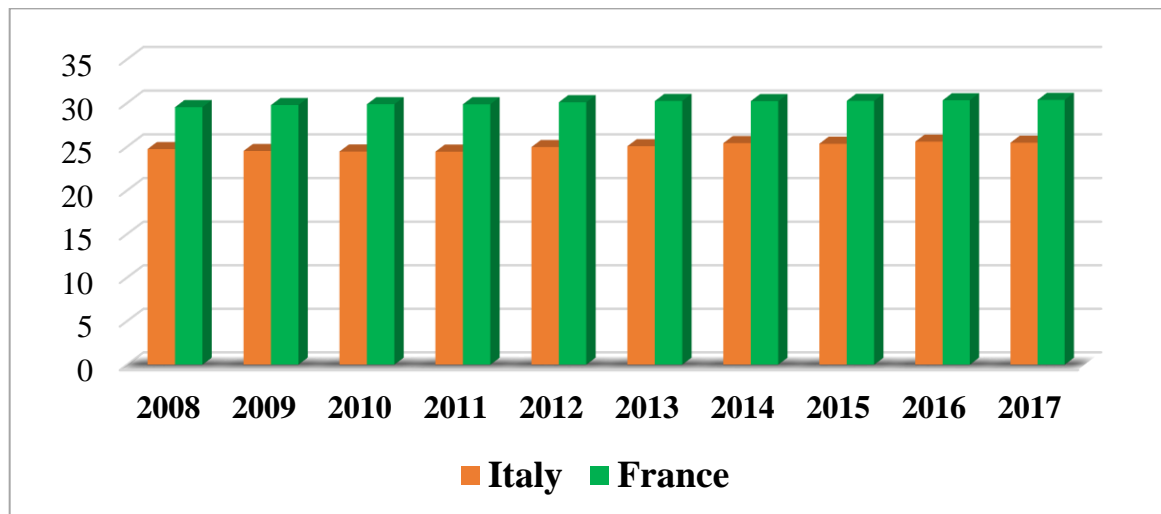
Moreover, while in France the unemployment rate continues to increase in the last two years, in Italy in the same period, it began to decline slightly.

### 5.3.3 Labor force

During the period from 2008 to 2017, the level of labor force does not practically change, is stable throughout this time. In Italy, it is a quarter less than in France.

Despite the slow recovery of the Italian economy, the situation in the labor market is getting better since middle of 2014. After the steep increase in the labor force recorded in 2012 following the pension reform, labor market participation has increased, albeit at a moderated pace. Employment, both in headcount and hours worked, has started to increase since mid-2014, even though the economy was still contracting. The pace of the recovery has strengthened over the course of 2015, supported also by a three-year social contribution exemption for new permanent hires made in 2015. As the economic recovery gathers pace and social contribution exemption remains in place, albeit only partially (40 %), employment is projected to grow further.<sup>9</sup>

**Figure 9:** Labor force (total) millions EUR in Italy and France in 2008 and 2017



*Source: World Bank data*

<sup>9</sup> European Commission - Country Report Italy 2016 (URL: [https://ec.europa.eu/info/sites/info/files/cr\\_it-aly\\_2016\\_en.pdf](https://ec.europa.eu/info/sites/info/files/cr_it-aly_2016_en.pdf)) (p. 6) (10.03.19)

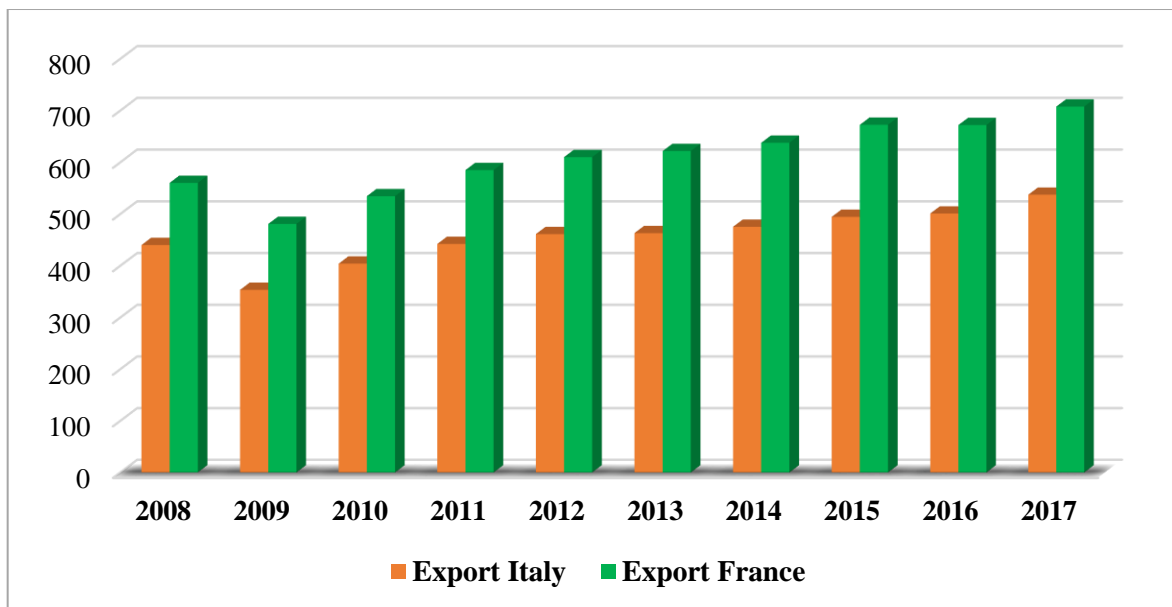
## 5.4 International trade

### 5.4.1 Export

In terms of foreign trade, exports in these countries are growing. France's export growth rate is slightly higher than Italy's. It can be noted that in the period from 2010 to 2014 in Italy, on exports did not affect anything, and it continues to grow.

Improving French exports is a sign of euro depreciation, not an improvement in structure. The number of exports in France has begun to increase sharply since 2014. The share of improvement in export is taken by the transport equipment sector. The amount of payments from transport equipment, energy, the improvement of which is mainly connected with lower oil prices, is higher than the overall improvement in France's trade deficit since 2011.

**Figure 10:** Export of goods and services (billions EUR) for years 2008-2017



**Source:** World Bank Data

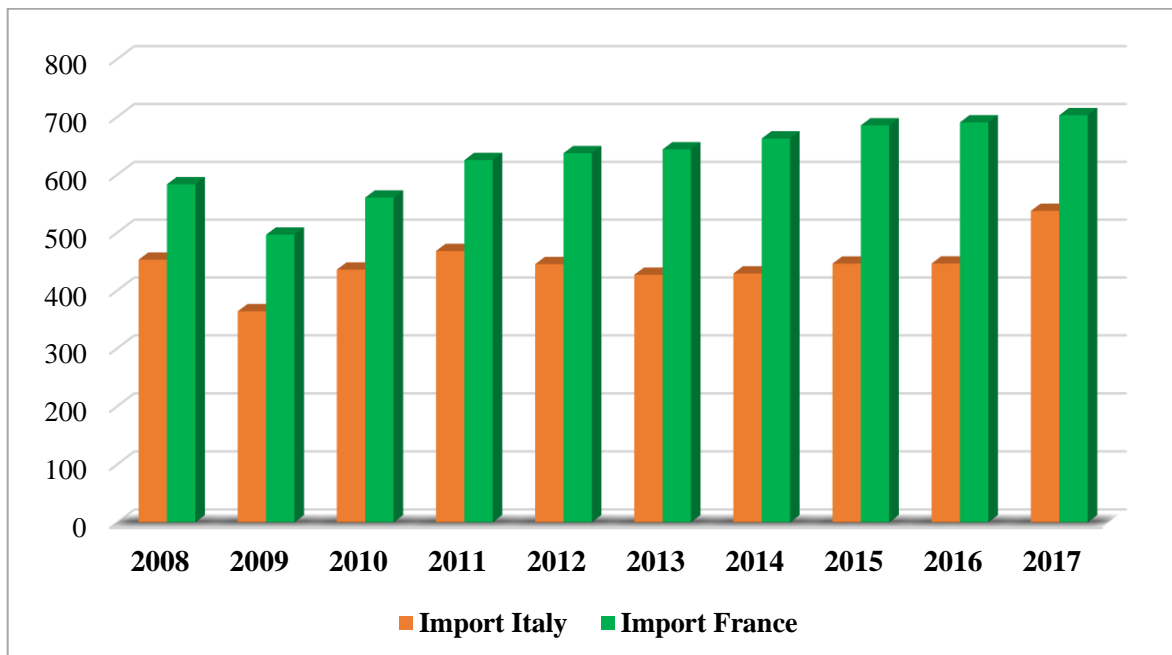
The specialization of Italian export in the period from 2010 to 2014 was marginally favorable. From a geographical point of view, recent years have been characterized by a deterioration in

export performance compared with trading partners in the euro area, but an improvement compared with countries outside the euro area, also due to the depreciation of the euro.

### 5.4.2 Import

With regard to indicators of imports (figure 11) of these countries, in Italy from 2012 to 2014 the number of imports decreased, which led to a positive trade balance. But by 2017, Italy has once again begun to increase imports. This happened due to the global economic crisis. While in France, the level of imports continues to grow during all period.

**Figure 11:** Import of goods and services (billions EUR) for years 2008-2017



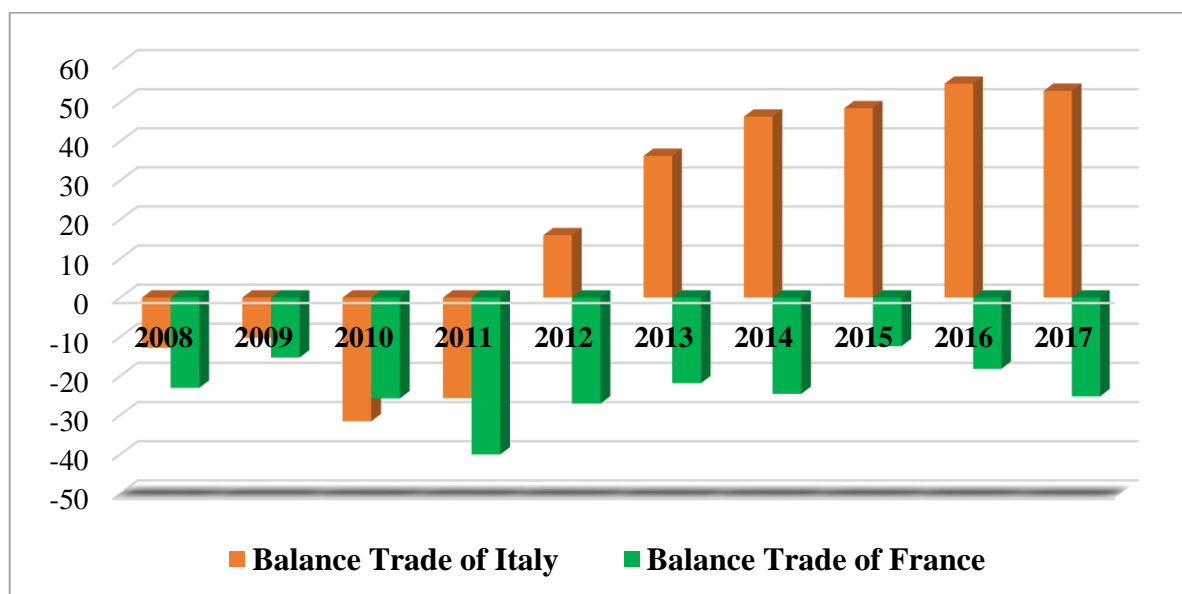
**Source:** World Bank Data

### 5.4.3 Trade Balance

The upward trend in the current account balance of Italy remains, due to an increase in both exports and imports. But, In Italy, due to the fact, that their imports declined and grew at a

slower pace in 2011, their trade balance was positive. This was due to the crisis that began in 2008 and continues nowadays. Since 2010, when Italy's current account deficit amounted to 3.5% of GDP, in 2014, the trade balance improved to 2% of GDP. In 2015-2017, the Account Balance also continued to show a surplus.

**Figure 12:** Balance Trade in Italy and France (billions EUR) for years 2008-2017



**Source:** World Bank Data

The relative contribution of the development of exports and imports to the growth rate of the trade balance has changed over time. For example, a reduction in imports played a significant role in 2012–2013. And vice versa, in 2014–2015, imports began to grow again, despite the sharp decline in the cost of energy imports.

Consequently, one of the main differences between these two countries is that France is a net importer, and Italy has become a net exporter since 2011.

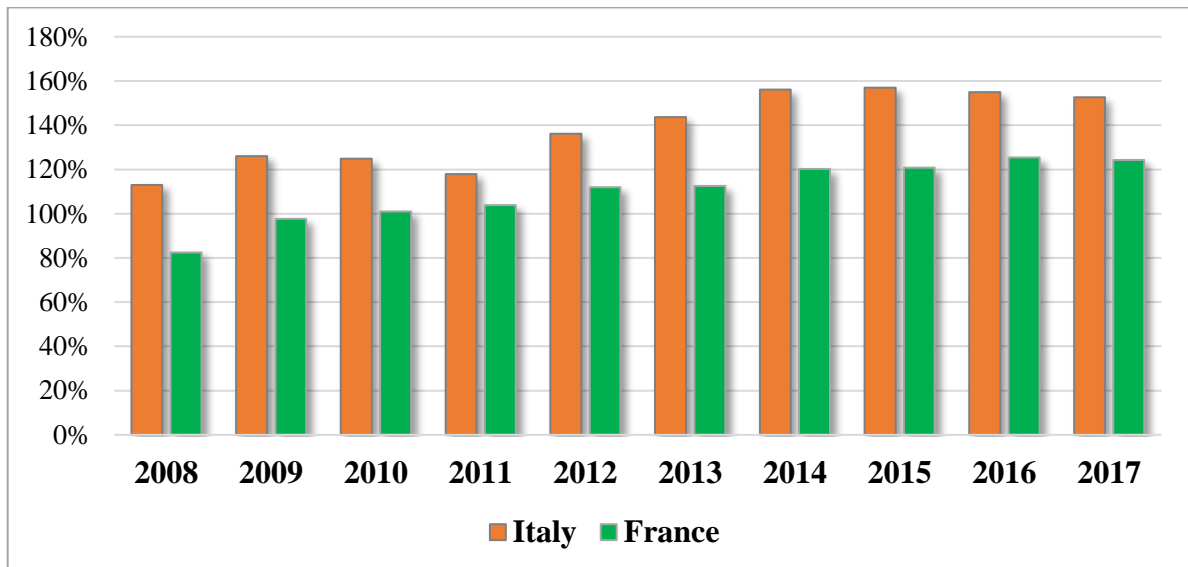


## 5.5 Government debt and Budget deficit

### 5.5.1 Government debt

As for the government debt, in the Eurozone there is a certain allowed amount of public debt, it's 60% of GDP, which countries should not exceed. If we look at this diagram (figure 13), we see that both countries do not correspond this criterion and exceed twice the national debt (Italy is slightly more than France). And the most important thing is that no one has cut it for 8 years, neither Italy nor France, have made changes in their public debts and they continue to grow.

**Figure 13:** Government debt in Italy and France (% of GDP) for years 2008-2017



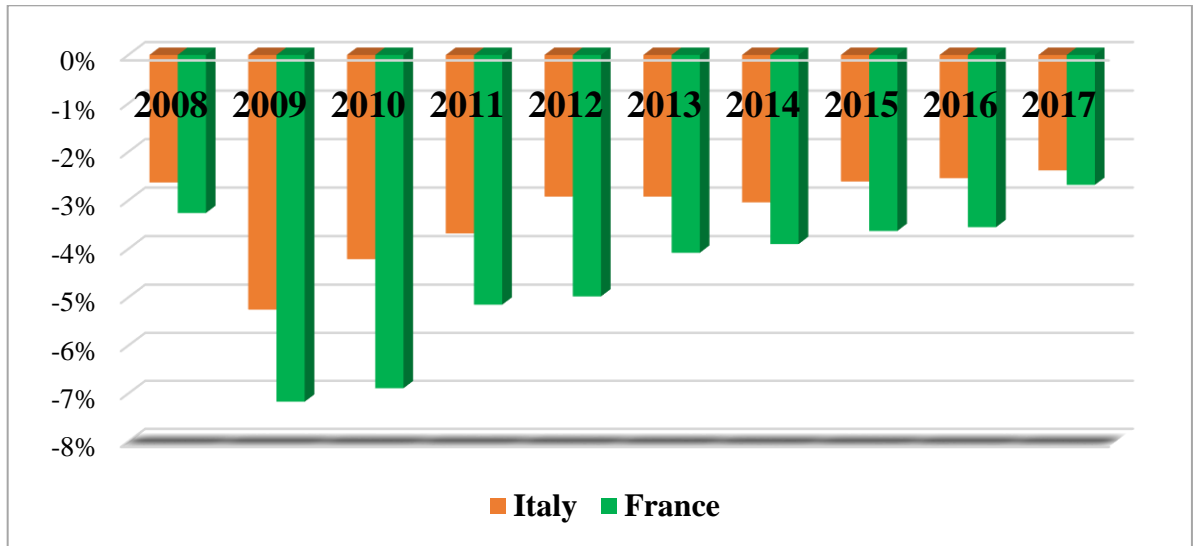
**Source:** OECD

Italy's high public debt remains very sensitive to the economy. During the crisis from 2008 - 2014, the debt ratio increased approximately by about 6-7% of GDP. Thus, the public debt in 2014 amounted to 156.1%, compared with the years before the crisis, about 100%. The reason for this increase was the zero average annual growth of nominal GDP and the gap between the high interest rates paid on debts. In 2015, Italy's national debt reached its highest level.

### 5.5.2 Budget deficit

As for the budget deficit, in the Eurozone there is a certain maximum budget deficit, 3% of GDP. Regarding our data and our chart, we see that in the period from 2009 to 2014, Italy and France exceeded the allowed budget deficit rate.

**Figure 14:** Budget deficit (General government deficit) for years 2008-2017



**Source:** OECD

In France, the deficit is higher than in Italy, but by 2017, both countries began to successfully reduce it. Since the beginning of the crisis, France has reduced its deficit more slowly than the rest of the euro area which results in diverging debt developments. The public debt to GDP ratio continues increasing while it declines in the euro area. Moreover, the economic environment, characterized by a decline in potential growth and low inflation, complicates the reduction in public debt.<sup>10</sup>

<sup>10</sup> European Commission - Country Report France 2016 (URL: [https://ec.europa.eu/info/sites/info/files/cr\\_france\\_2016\\_en.pdf](https://ec.europa.eu/info/sites/info/files/cr_france_2016_en.pdf)) (10.03.2019)

## 6 SWOT analysis of economies

Using SWOT analysis I want to compare these economies, find their potential internal factors, such as Strengths and Weaknesses, and potential external factors, such as Opportunities and Threats. And conclude with their differences and similarities.

**Table 1:** SWOT analysis of Italy

<b>SWOT analysis of ITALY</b>	
Potential <b>INTERNAL</b> factors	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<p>9<sup>th</sup> largest economy in the world and the 3<sup>rd</sup> in the euro area.</p> <p>10<sup>th</sup> largest industrial economy in the world</p> <p>An important member of G-8 (Group of Eight), NATO, EU (European Union), OECD (The Organization for Economic Co-operation and Development) and the Eurozone</p> <p>A tourist attraction. The growth of cultural and historical tourism.</p> <p>Exports of high share of agricultural products</p> <p>World leader in creative industries (design, fashion, engineering, architecture)</p>	<p>Very limited or few natural resources, because most of the country is covered with mountains</p> <p>Land is unsuited for farming and hence imports of animal husbandry products are huge</p> <p>Employment (difficulties in finding employment)</p> <p>Low Foreign investment, because of the unstable political environment, corruption and authorized crime, slow administrative processes, high procedural and tax losses</p> <p>Budget deficits and high public debts, very negative net external position</p>

<p>One of the Fashion Hubs of the world</p> <p>Leading exporter in apparel trade</p> <p>Good transport accessibility (plane, train, bus, taxi)</p>	<p>GDP decline due to global economic crisis</p> <p>Poor innovation performance. Italy is a “moderate innovators”.</p> <p>Low R&amp;D intensity, low business R&amp;D investment, R&amp;D expenditure inequality</p> <p>Economic division between the northern and southern Italy</p> <p>Very huge amount of immigrants from different countries</p>
<p>Potential <b>EXTERNAL</b> factors</p>	
<p><b>OPPORTUNITIES</b></p>	<p><b>THREATS</b></p>
<p>International collaboration. Better relations with India, U.S. and China.</p> <p>International tourism (Italy is the 5th in the world in terms of the number of foreign tourists and supports the second largest income in the world from tourism)</p> <p>Imports of energy for processing and manufacturing</p> <p>Growing investment in global fashion clothing industry</p>	<p>A large number of strong competitors: the countries of Europe.</p> <p>High volatility of world financial markets</p> <p>High level of unemployment and poverty, especially in 2014, because of global economic crisis</p> <p>The threat to the existence of objects of cultural heritage due to the rapid growth of construction at tourist infrastructure facilities</p>

**Source:** own work

**Table 2:** SWOT analysis for France

<b>SWOT analysis of FRANCE</b>	
Potential <b>INTERNAL</b> factors	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<p>7<sup>th</sup> largest economy in the world and the 2<sup>nd</sup> in the euro zone.</p> <p>9<sup>th</sup> largest industrial economy of the world</p> <p>An important member of G-8 (Group of Eight), NATO, EU (European Union), OECD (The Organization for Economic Co-operation and Development)</p> <p>Very big amount of natural resources</p> <p>Land is suited for farming, because of location</p> <p>A tourist attraction. The growth of cultural and historical tourism</p> <p>Social security, low percentage of poor people</p> <p>Global Agriculture Leader due to location</p> <p>Development of nuclear energy (it is a major source of energy in France)</p> <p>The largest exporter of electricity in the EU</p> <p>The most developed network of railways in Europe</p>	<p>Average economic growth</p> <p>Budget deficit</p> <p>Huge debts from social services</p> <p>High pension fund debts (needs urgent reform)</p> <p>A small number of exporting companies</p> <p>Decreased competitiveness and market share</p> <p>Employment (difficulties in finding employment)</p> <p>Low level of investment in science</p>

Potential <b>EXTERNAL</b> factors	
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<p>Developed infrastructure for the attraction of foreign investors</p> <p>International tourism (France is the most visited country in the world and supports the third largest income in the world from tourism)</p>	<p>Very high taxes</p> <p>Unemployment</p> <p>Excess migration</p>

**Source:** own work

## 6.1 Conclusion by SWOT analysis

After the SWOT analysis, relying on the data given above for the economies of Italy and France, we can conclude that Tables 3 and 4 show a slight difference between the Italian and French economies. Each country has its internal factors (strengths and weaknesses) and external (opportunities and treats). Countries show many positive and negative aspects that are in balance with the possibilities. Both of them are significant economies and occupy important places in the European Union and the World. Italy and France are both attractive for tourists and use this to increase their GDP and income. But anyway from aforementioned factors, France is a more stable and more developed country, to the external risks of financial volatility in comparison with Italy.

## 7 Conclusion

The comparison of Italy and France shows that the latter country has stronger and safer economy. Specifically, France outperforms Italy in terms of higher GDP and employment, lower inflation rate and public debt. Both countries have almost similar structure of output with slight differences. For France public sector dominates in output, while in Italy the biggest sector is distributive trade, repairs, transport, accommodation and food services. The main reason why dynamics of some economic indicators are different is the high level of public debt in Italy compared to France. Because of this Italy faced higher levels of inflation and unemployment together with negative GDP growth rates in period 2010-2013. In the attempts to overcome this problem, Italy showed positive levels of trade balance since 2012, which is also one of the major differences between two countries.

SWOT analysis of Italy and France shows that the countries have some similarities, including their relative economic power to other countries in the world, high level of political and economic connections with the developed countries. Italy and France are both attractive for tourists and may exploit this advantage to increase their GDP. Also, they have historically strong agricultural sector, but France has bigger area suitable for growing crops and farming. On the other hand, France is independent of energy imports, while Italy highly depends on the external resources. R&D sector in France is also more developed than in Italy which leads French industry to the bigger share of R&D intensive production and makes this country more competitive.

Overall, we can conclude, that French economy is more stable and developed, it is less vulnerable to the external risks of financial volatility. This makes France more attractive for the foreign investments and provide higher level of GDP growth. Nevertheless, Italy can catch up with France, if it reduce high level of public debt and overcome the problems with unemployment.

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## 9 Supplements

**Picture 1:** Map of Italy



*Source: Italy Map – Infoplease (<https://www.infoplease.com/atlas/italy>)*

**Table 3:** Short information about Italy

<b>Capital</b>	Rome
<b>Population</b>	59,936,671
<b>Area</b>	301,338 km <sup>2</sup>
<b>Administrative division</b>	<u>20 regions</u> : Abruzzo, Apulia, Veneto, Liguria, Lombardy, Sardinia, Sicily, Tuscany, Basilicata, Valle d'Aosta, Calabria, Campania, Lazio, Marche, Molise, Piedmont, Trentino, Alto Adige, Umbria, Friuli-Venezia Giulia, Emilia-Romagna.

<b>Government</b>	Unitary parliamentary constitutional republic
<b>President</b>	Sergio Mattarella
<b>Main cities</b>	Rome, Milan, Naples, Turin, Venice, Florence, Palermo

*Source: Italy – Simple English Wikipedia (URL: <https://simple.wikipedia.org/wiki/Italy>)*

**Picture 2:** Map of France



*Source: France Map – Infoplease (<https://www.infoplease.com/atlas/france>)*

**Table 4:** Short information about France

<b>Capital</b>	Paris
<b>Population</b>	66 860 000
<b>Area</b>	640 679 km <sup>2</sup>

<b>Administrative division</b>	<u>22 regions</u> : Aquitaine, Bretagne, Burgundy, Ile-de-France, Corsica, Languedoc-Roussillon, Limousine, Lorraine, Loire, Midi-Pyrenees, Normandy Upper and Lower, Nord-Pas-de-Calais, Auvergne, Picardy, Charente, Provence-Alpes-Côte d'Azur, Rhône-Alpes, Franche-Comte, Central France, Champagne-Ardenne, Alsace.
<b>Government</b>	Unitary semi-presidential constitutional republic
<b>President</b>	Emmanuel Macron
<b>Main cities</b>	Paris, Marseille, Lyon, Toulouse, Nice, Nantes, Strasbourg

**Source:** France – Simple English Wikipedia (URL: <https://simple.wikipedia.org/wiki/France>)