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A Sectoral Analysis of Italy’s Development, 1861-2011

by Stephen Broadberry, Claire Giordano and Francesco Zollino

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Stephen Broadberry*, Claire Giordano† and Francesco Zollino‡

Abstract

Italy's economic growth over its 150 years of unified history did not occur at a steady pace nor was it balanced across sectors. Relying on an entirely new input (labour and capital) database by us built and presented in the Appendix, together with new Banca d'Italia estimates of GDP by sector, this paper evaluates the different labour productivity growth trends within the Italian economy's sectors, as well as the contribution of structural change to productivity growth. Italy's performance is then set in an international context: a comparison of sectoral labour productivity growth rates and levels within a selected sample of countries (UK, US, Germany, Japan, India) allows us to better time, quantify and gauge the causes of Italy's catching-up process and subsequent more recent slowdown. Finally, the paper analyses the proximate sources of Italy's growth, relative to the other countries, in a standard growth accounting framework, in an attempt also to disentangle the contribution of both total factor productivity growth and capital deepening to the country's labour productivity dynamics.

JEL classifications: N10, N30, O47, O57

Keywords: Labour productivity, sectoral disaggregation, international comparison, growth accounting

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* London School of Economics. Email address: S.N.Broadberry@lse.ac.uk.
† Banca d'Italia, Structural Economic Analysis Department. Email address: claire.giordano@bancaditalia.it.
‡ Banca d'Italia, Economic Outlook and Monetary Policy Department. Email address: francesco.zollino@bancaditalia.it