Italy's development of knowledge-based economy hindered by structural problems

by Silvia Marchetti
Xinhua News Agency

ROME, March 29 (Xinhua) -- Structural problems including insufficient investments and a lack of qualified labor are holding back Italy's development of knowledge-based economy that focuses on service industry and innovation, experts said.

"The passage from a mass industry to a highly competitive economy centered on knowledge is mandatory in today's globalized world," Maria Luisa Mancusi, professor of applied economics at Milan's Bocconi University, told Xinhua in a recent interview.

However, the shift to a knowledge-based economy is still incomplete due to structural problems of insufficient funds and trained personnel.

"Italy is lagging behind other industrialized countries in education investments, which amount to barely 10 percent of gross domestic product (GDP)," said Giorgio Tassinari, an economist at Bologna's University.

Employment in research and development sector accounts for less than 1 percent of the entire workforce, according to data from the national statistics office Istat. This means Italy's public institutions, firms and universities as a whole have only 200,000 research-focused jobs.

Another obstacle toward a knowledge-based economy is brain drain.

"Thousands of our best researchers flee the country ... and this is terrible because talents create new knowledge," Mancusi said.

In the process of shifting to a highly competitive and innovative economy, Italy also faces difficulties in transforming its industrial models of specialization since science and research-based sectors still claim a comparatively small share in employment and exports.

Tassinari noted Italy's exports and imports structure have remained unchanged in recent years. Despite a 20-percent drop in exports in the last three years, consumer goods, including fashion design products, still compose the bulk of exports.

"We are not talking of high-tech but medium-low products in terms of technological content," Mancusi said.

According to Tassinari, Italy's industrial system has always been positioned in medium-level technology sectors including automobile, machinery, electronics and textile, which have been upgraded through new innovative processes.

However, the shift of economic development pattern is still going on, as the service industry is becoming more important and consumers are spending more on multimedia, mobile telephone, entertainment, culture, education and tourism.

"There has been a significant transfer of revenues and workers from the traditional productive sectors to services, especially in the field of communication technology," Mancusi said.

She called for greater efforts to promote Italy's tourism industry and cultural heritage, adding "these are our most competitive assets and we need to treasure them with increased investments."