

Consume and invest, there is no reason to be afraid

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For the businesspeople of Varese, the presentation of the **Einaudi Report on the Global Economy and Italy**, organised by **UBI-Banca Popolare di Bergamo** (represented on this occasion by the Vice Chairman, **Antonio Bulgheroni**) is now an event they cannot miss. The full audience at **Ville Ponti** last Thursday evening is proof of the great need to have certain answers, in order to face a climate of general uncertainty. For the first time, however, what was heard was **essentially a change in the words used** by the experts from the **Einaudi Research Centre**, which no longer focused solely on the economic data. After illustrating the new world order, the question of the **Ukraine**, the financial earthquakes, the rather slow recovery of the **United States** and the trend of the **Chinese GDP**, **Giuseppe Russo**, one of the authors of the report, spoke about the fall in domestic demand and the lack of faith of Italian consumers and investors. "Families aren't spending because they're afraid," Russo explained, "and the same is true for investors. But **this fear is unjustified, because today, the risks are much lower than they were a few years ago.**"

Among those responsible for creating this **climate of distrust**, are the newspapers, who are guilty of not giving "positive" news. This reasoning, which was confirmed also by authoritative journalists, including **Luca De Biase, who writes for *Il Sole 24 Ore***, is based on the fact that newspapers only publish the interesting news, not the important news.

It is certainly interesting to know what **Mario Bolotelli** has been up to off the pitch, but it is not important for the lives of the Italians. Whereas, in order to regain trust, it would be important to know that our **primary surplus** (that is, when the total earnings of the public machine are greater than the total expenditure, after subtracting the interest on the public debt) is equal to that of **Germany**, and that no one in Europe has performed better than us in this regard. It would be important to know that, since the **Monti Reform**, the **Italian pension system has been one of the few sustainable systems in Europe**, on a par with the German system, and that the average pension paid out in the last year was €1300, compared to an average of €1800 before the reform.

Thus, **creating a climate of trust** is essential if we are to go back to consuming and investing. "Over these years, the part of public expenditure most sacrificed has been that of investments, which have been stationary now for years," Russo said. "Maintaining consumption is not enough, we need to go back to building infrastructure, which represents the country's wealth, and lasts over time. And if we start to grow, we can also start to carry out renovations."

At the end, the journalist, **Gianfranco Fabi**, who chaired the debate, asked the economist from the Einaudi Research and Documentation Centre to comment on the **Jobs Act**. "I look on it very favourably," Russo concluded, "because having an employment market that is a little more fluid and less rigid may be a positive factor for growth. Of course, there is always a margin for improvement."

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