

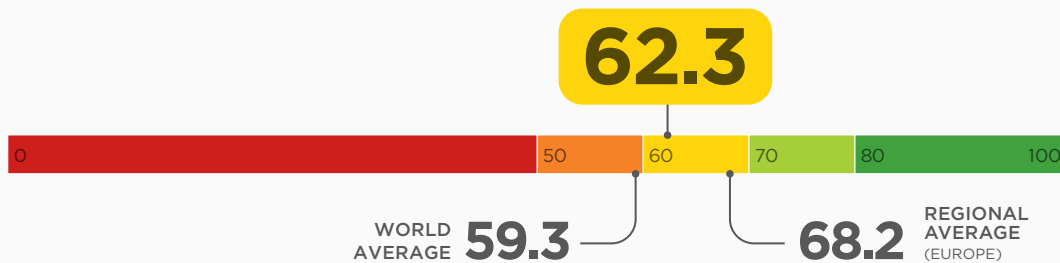
WORLD RANK: <b>69</b>	REGIONAL RANK: <b>36</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

# ITALY

Italy's economic freedom score is 62.3, making its economy the 69th freest in the 2023 *Index*. Its score is 3.1 points lower than last year. Italy is ranked 36th out of 44 countries in the Europe region, and its overall score is above the world average.

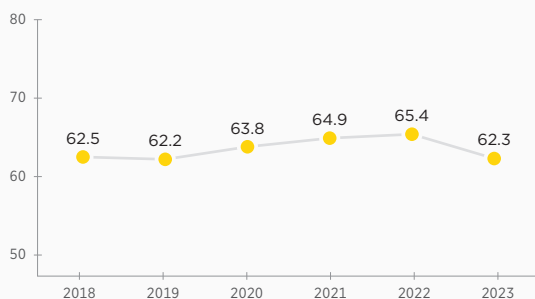
Despite repeated attempts at reform, moves toward greater economic freedom, including short-term fixes, have been uneven and relatively ineffective. Persistent corruption severely undercuts confidence and trust in the government. Increases in the debt burden, aggravated by structural weaknesses, are undermining long-term competitiveness. The informal sector accounts for a considerable amount of economic activity.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.1

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
59.1 million

**GDP (PPP):**  
\$2.7 trillion  
6.6% growth in 2021  
5-year compound annual growth 0.1%  
\$46,161 per capita

**UNEMPLOYMENT:**  
9.2%

**INFLATION (CPI):**  
1.9%

**FDI INFLOW:**  
\$8.5 billion

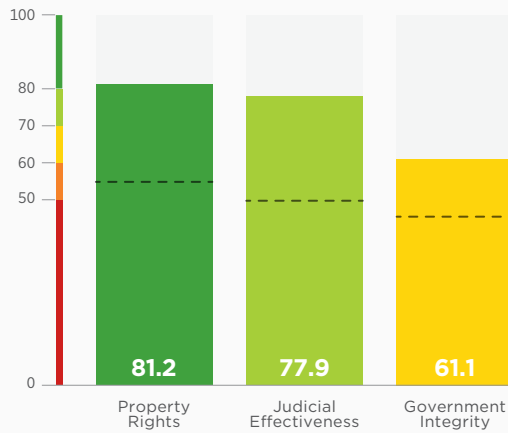
**PUBLIC DEBT:**  
150.9% of GDP

*2021 data unless otherwise noted. Data compiled as of September 2022*

**BACKGROUND:** Italy is a charter member of NATO and the European Union. The unity government of former EU banker Mario Draghi collapsed in July 2022, and Brothers of Italy's Giorgia Meloni won the September elections and was sworn in as Italy's first female prime minister on October 22. The populist 5 Star Movement split in June over disagreements about support for Ukraine. Key challenges include migration, the higher cost of living, and rising energy costs. Private companies dominate the highly developed industrial North; unemployment is higher in the less-developed, highly subsidized agricultural South. Tourism accounts for 13 percent of GDP.

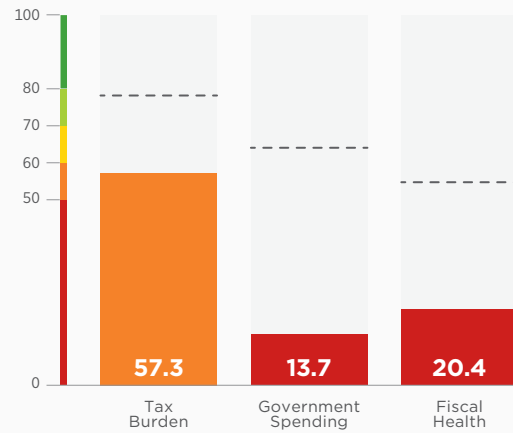
## 12 ECONOMIC FREEDOMS | ITALY

### RULE OF LAW



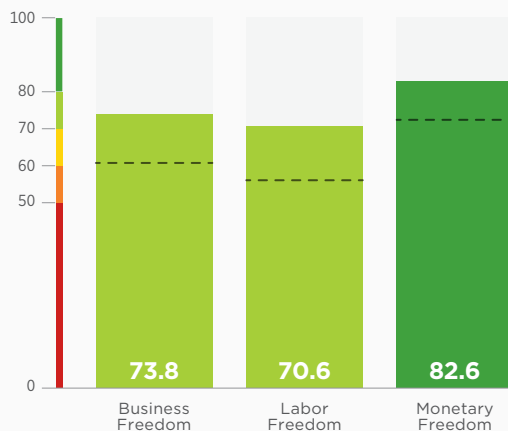
The overall rule of law is well respected in Italy. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

### GOVERNMENT SIZE



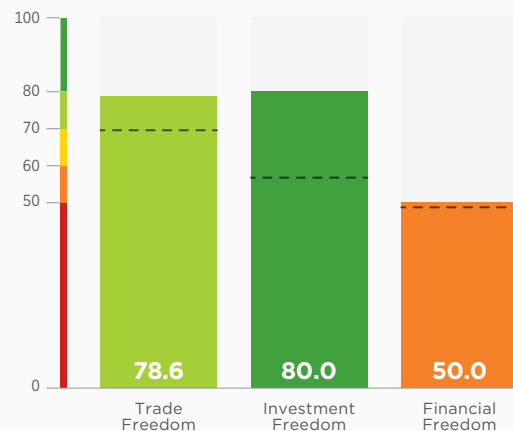
The top individual and corporate tax rates are, respectively, 43 percent and 24 percent. The tax burden equals 42.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 53.6 percent and -6.1 percent of GDP. Public debt equals 150.9 percent of GDP.

### REGULATORY EFFICIENCY



Organization of new production remains cumbersome. Regulatory complexity causes delays and increases the cost of entrepreneurial activity. Labor market rigidities discourage dynamic job growth, and the informal labor market accounts for a large proportion of employment. The most recent available inflation rate is 1.9 percent.

### OPEN MARKETS



The trade-weighted average tariff rate (common among EU members) is 3.2 percent, and more than 600 EU-mandated nontariff measures are in force. Foreign investment is not generally screened, and the economy is largely open. The financial sector is stable, but nonperforming loans remain a problem.