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**COVID ECONOMY: HOW INSTITUTIONS
AND ENTREPRENEURS HAVE RESPONDED
TO THE COVID-19 CRISIS AND POSSIBLE
FUTURE SCENARIOS, FROM AN
INTERNATIONAL TO A LOCAL
PERSPECTIVE**

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SUMMARY OF CONTENTS IN ITALIAN

La pandemia di Covid-19 è una sfida enorme per la nostra società. Ha coinvolto molti aspetti della nostra vita: dal punto di vista sanitario (il più devastante naturalmente, l'Italia ha perso una persona su 500 abitanti, la più grande tragedia dopo la Seconda Guerra Mondiale) passando per quello ambientale, per concludere con la crisi economica. In questo lavoro verrà presentata una panoramica delle misure adottate per contrastare gli effetti che la pandemia ha avuto sulla vita economica dell'Italia, passando da un punto di vista macroeconomico ad uno più specifico, microeconomico.

Se l'Europa (e l'Italia in particolare) si stava ancora riprendendo dalla crisi del 2008 in termini di PIL e tassi di disoccupazione, un'altra crisi non era certo la cosa migliore che potesse accadere.

Durante lo scoppio della pandemia, quindi febbraio 2021, l'Italia stava attraversando una fase di instabilità politica come tante altre volte nel suo passato. Il governo in carica era il secondo presieduto da Giuseppe Conte e il Movimento 5 Stelle, dopo il primo con Matteo Salvini e la Lega, con il Partito Democratico e Italia Viva, il partito guidato da Matteo Renzi. Di conseguenza, si analizzerà come queste tre figure siano state le più cruciali, soprattutto nella fase iniziale della pandemia: hanno avuto visioni molto diverse su come superare quei momenti difficili e hanno tenuto approcci molto distanti tra loro che hanno influenzato, ognuno con la propria impronta, la strada intrapresa dall'Italia per uscire dalla

crisi. Qualcuno puntava sul contenimento della pandemia, sottolineava di più l'aspetto sanitario e porgeva di più l'attenzione al sistema sanitario nazionale, altri erano più attenti agli interessi economici e proponevano un approccio più orientato all'industria. Altre due figure importanti sono state Mario Draghi, ex presidente della Banca Centrale Europea e attuale Primo Ministro italiano, e Roberto Speranza, Ministro della Salute sia col governo Draghi che col governo Conte. Inoltre, verrà analizzato come alcuni interessanti paesi stranieri hanno affrontato la pandemia, quali misure hanno scelto e come queste differiscono da quelle adottate dall'Italia, con i relativi pro e contro.

Sarà poi la volta dell'analisi microeconomica. In questa parte verrà spiegato come gli imprenditori italiani hanno reagito all'epidemia di Covid-19, le difficoltà che hanno dovuto superare e come si stanno comportando attualmente. L'imprenditoria italiana ha caratteristiche peculiari che la rendono unica in Europa e probabilmente nel mondo. L'Italia è, oggi come ieri, caratterizzata da piccole e medie imprese. L'industria produttiva italiana è composta da un gran numero di reti di piccole e medie imprese che interagiscono tra loro. È chiaro come questo rappresenti uno scenario totalmente diverso rispetto agli USA, ad esempio, in cui molte multinazionali e grandi aziende rappresentano la struttura portante dell'economia. Una grande azienda ha molte più risorse di una impresa più piccola e le sfide che deve superare in una situazione pandemica sono totalmente diverse. Questa analisi sarà realizzata grazie ad alcuni testi di riferimento fondamentali per

il settore. La relazione metterà in evidenza la peculiarità del tessuto economico e imprenditoriale italiano, probabilmente unico nel mondo occidentale. Analizzerà le diverse caratteristiche che compongono l'imprenditoria italiana, evidenziando e mettendo in relazione queste caratteristiche con la pandemia di covid-19 e le problematiche ad essa associate. Come ha reagito l'imprenditore italiano al covid? Quali caratteristiche dell'imprenditoria italiana sono state utili? Quali caratteristiche dell'imprenditoria italiana sono state un ostacolo?

Verrà analizzato come esempio il caso Giorgio Fabiani, un'azienda che opera nella regione Marche (costa adriatica italiana).

Per ragioni analitiche, la tematizzazione segue una triplice periodizzazione dell'impatto della pandemia: febbraio-maggio 2020; giugno-novembre 2020; dicembre 2020-luglio 2021.

Dal punto di vista metodologico, il lavoro adotterà gli strumenti concettuali della prospettiva macro e microeconomica, così come di quelli della sociologia dell'imprenditorialità.

INTRODUCTION

The Covid-19 pandemic is a huge challenge for our society. It has involved many aspects of our lives: from a health point of view (the most devastating one of course, Italy has lost one person out of 500 inhabitants, the biggest tragedy after the Second World War) going through the environmental one, concluding with the economic crisis. In this work it will be presented an overview of the measures adopted to counteract the effects the pandemic had on the economic life of Italy, going from a macroeconomic point of view to a more specific, micro-economical one.

If Europe (and Italy in particular) was still recovering from the 2008 crisis in terms of GDP and unemployment rates, another crisis was certainly not the best thing that could have happened.

During the outbreak of the pandemic, thus February 2021, Italy was going through political instability as many other times in its past. The government in power was the second chaired by Giuseppe Conte that, after the first one with Matteo Salvini and the League, was leading the 5-Stars Movement into a second partnership with the Democratic Party and Italia Viva, the party led by Matteo Renzi. Accordingly, it will be analyzed how these three figures were the most crucial ones, mostly in the starting phase of the pandemic: they had very different views on how to

overcome those difficult times and they had very distant approaches that influenced, each with his own mark, the way Italy took to get out of the crisis. Someone was keen on the health aspects and on the pandemic restraint, others were more careful about economic interests and proposed a more industry-oriented approach. Other two important figures were Mario Draghi, former European Central Bank president and current Italian Prime Minister; and Roberto Speranza, the health minister for both Draghi and Conte. Moreover, it will be scanned how some interesting foreign countries approached the pandemic, which measures they chose and how these differ from the ones Italy adopted, with the relative pros and cons.

Furthermore, it will be the turn of the micro-economical analysis. In this part, it will be explained how Italian entrepreneurs have reacted to the Covid-19 outbreak, the difficulties they had to overcome and how they are currently doing. Italian entrepreneurship has peculiar features that made it unique in Europe and probably in the world. Italy is, as of today like in the past, characterized by small and medium enterprises. The Italian production industry is composed by a big number of networks made of small and medium firms that interact with each other. It is clear how this represents a totally different scenario compared to the USA for example, in which many multinational and big companies represent the core structure of the economy. A large company has many more resources than a small one and the challenges they must overcome in a pandemic situation are

totally different. This analysis will be carried out thanks to some fundamental reference texts for the sector. The report will emphasize the peculiarity of the Italian economic and entrepreneurial fabric, which is probably unique in the Western world. It will analyze the different characteristics that make up Italian entrepreneurship, highlighting and relating these features to the covid-19 pandemic and the problems associated with it. How has the Italian entrepreneur reacted to covid? Which features of Italian entrepreneurship have been helpful? Which features of Italian entrepreneurship have been a hindrance?

It will be analyzed as an example the Giorgio Fabiani case, a firm operating in the Marche region (Italian Adriatic coast).

For analytical reasons, the theming follows a threefold periodization of pandemic impact: February-May 2020; June-November 2020; December 2020-July 2021.

Methodologically, the paper will adopt the conceptual tools of the macro- and micro-economic perspective, as well as those of the sociology of entrepreneurship.

1. MACROECONOMIC PERSPECTIVE: THE ITALIAN CASE

Preliminary, I would like to specify that there are materials, models, and forecasts up to wave number three in this work as far as Italy is concerned. Since the pandemic is constantly evolving and changing, I do not know what the future of this disease will be like no one else in the world at this time. Therefore, the period to which I will refer is approximately from February 2020 to July 2021.

1.1. First phase of the pandemic (February-May 2020)

The Chinese authorities referred to the World Health Organization about a mysterious disease on 31st December 2019. At the beginning of 2020, the finding of this illness became global. The epicenter of most cases was Wuhan, a Chinese city of 11 million inhabitants in the Hubei region. Still, it was underestimated by most of the Italian public exponents even if the disease has been causing severe acute respiratory complications.

The virus was first confirmed to be present in Italy on 31st January 2020, brought by two Chinese tourists in Rome. A week after, an Italian man returned from Wuhan and tested positive for the virus. He was the third person in Italy positive to the virus. February was the month of the spread in all the Italian regions with

the most severe clusters in Lombardy (probably following the Champions League game, Atalanta-Valencia, played in Milan with fans in the stadium).

During this period, there will be some pandemic-related behavior by some politicians that will be discussed for months to come. Some will try to play down the pandemic at an early stage when the danger of the virus was not yet well known, especially in the area of right-wing parties such as Matteo Salvini's League or Giorgia Meloni's Fratelli d'Italia. Others, such as the Democratic Party, will aim at a form of resistance in an anti-racist key, actively responding to the fears of the Chinese community, which is increasingly excluded and marginalized as the days go by.

The situation quickly escalates. On 22 February, the Italian government imposed a quarantine on 50,000 citizens in 11 cities in northern Italy. With increasingly stringent measures, the situation reached 11 March, the day on which Prime Minister Giuseppe Conte instituted a very strict form of lockdown, excluding only essential activities and appointing the extraordinary commissioner for the emergency, Domenico Arcuri.

The first consequences on the Italian market are easy to see. As we will see more specifically in the next chapter, smart working is starting to be implemented, and companies are beginning to have their employees work from home (the first being Enel and Luxottica). On the consumer side, a definite and predictable slowdown can be observed.

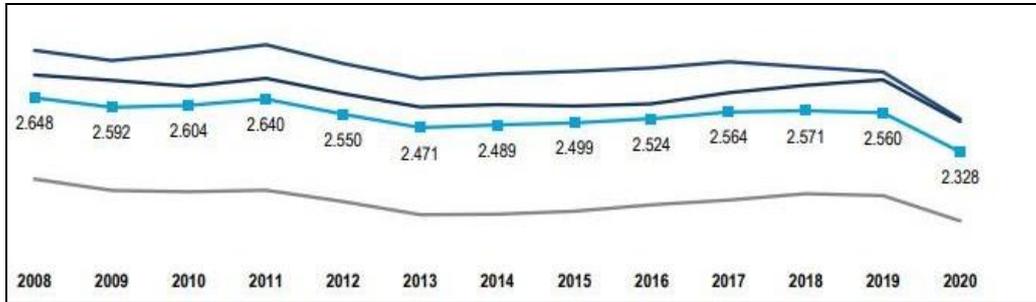


Figure 1.1 – From top to bottom, north, centre and south of Italy consumers expenditure in 2020; ISTAT; 2021.

The burden on households has been devastating. In fact, in 2020, households residing in Italy spent €2,328 per month in current values, down 9.1% from €2,560 in 2019. This is a value that follows the path of the GDP as we will see later. Moreover, it has been the steepest decline since 1997, bringing the average spending figure back exactly to the 2000 level. Throughout the year, consumer spending followed a trend conditioned by the restrictions imposed by the measures introduced to combat the pandemic: the overall decline was 9.1%. More specifically, it was 4.7% in the first quarter, 17.4% in the second, 4.5% in the third and 9.5% in the fourth.

During the first wave, of course, all sectors were more or less severely affected. The sectors that managed to stay open and thus contain the losses were the basic necessities sectors, above all the food and pharmaceutical sectors. There was clearly a surge in demand for hygienic material, soap, and masks in the pharmaceutical industry.

At this stage, in addition to the obvious consternation on the human side for the loss of human life, particularly in Lombardy and the province of Bergamo, the controversy surrounding the so-called web giants is beginning to mount. While, on the one hand, these companies such as Amazon, for example, have been a fundamental support for both industry and consumers, particularly in the initial phase of the pandemic with most sectors blocked, on the other hand, there is the question of tax avoidance that has always involved them. These companies often operate in countries that they regularly abandon when it comes to paying taxes. This was (and still is) one of the main reasons for discussion in Italy.

A large part of public opinion, from politicians to the general public, is increasingly questioning the role of these giants that have increased their revenues and turnover disproportionately during the pandemic but manage to pay less and less tax by exploiting international legislation.

It is not just a question of relocating abroad, as in the case of Whirpool in Naples, a thorny issue for both the former Minister for Economic Development Carlo Calenda and the former Minister of Labour and current Minister of Foreign Affairs Luigi Di Maio. Whirpool recently confirmed the dismissal of all its workers, who protested by blocking the A1 Milan-Naples highway. In the case of Amazon, the service is provided in Italy and there is no need for relocation. Bezos' company cleverly exploits the loopholes in international legislation to pay taxes in a more fiscally attractive country and increase profits.

According to the website *Americans for Tax Fairness*, American billionaires like Bezos were able to celebrate not on the human side but on the economic side. Wealth grew by \$532 billion, and between March 2020 and March 2021, the average increase in wealth of the 15 richest Americans was 65%. At the top remains Amazon's Bezos, with a wealth of \$180 billion, up by 67 billion in the last 12 months. Bezos has benefited from the rise in Amazon's share price due to booming revenues as a result of a sharp increase in online commerce encouraged by the closure of businesses due to the health emergency.

Clearly, this acrimony towards these giants is even more emphasized in a production context such as the Italian one. As we shall see in the next chapter, Italian entrepreneurship is characterized by a large number of small and medium-sized enterprises. The Italian entrepreneur is often at the head of small companies and often feels a strong aversion to multinationals, which are seen as having stolen his work, which no longer make him earn as much as before and which then when it comes to paying what is owed to the state, pull back.

This is then emphasised by the behaviour of certain members of the political scene. If in this first phase, the instruments of compensation and reintegration that the politicians promise are more or less supported by all political forces, we will see that in the following phases, many members of the government, the opposition and the business and entrepreneurial world (Confindustria) will lash out against the excessive amount of bonuses and subsidies wanted primarily by Giuseppe

Conte, Luigi Di Maio and the entire 5 Star Movement. One of Di Maio's defensive responses will be precisely an attack on the web giants, claiming that he wants to cover the expenditure due to the cashback instrument or the so-called citizenship income by taking precisely from big companies like Amazon.

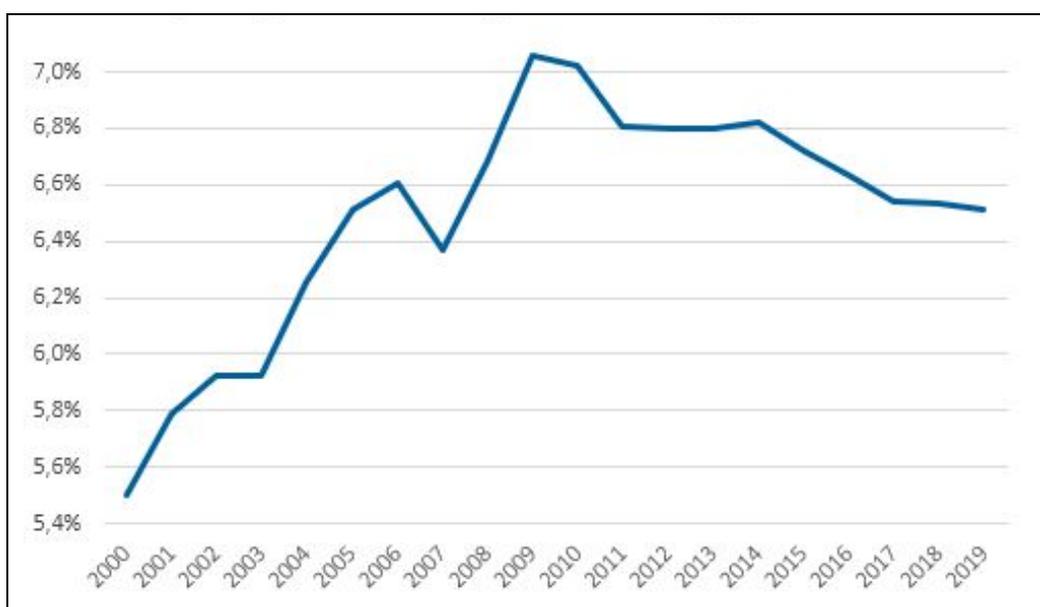


Figure 1.2 - Public Italian expenditure for the national health system in GDP values; Osservatorio Conti Pubblici Italiani; 2021.

This period from March 2020 to May 2020 was a tragic one from the point of view of the national health system. One issue at the centre of the debate has been healthcare spending in Italy. Many have accused governments since 2000, especially the Monti and Renzi governments, of reducing public health spending in favour of other budget expenditures and private health care.

This initial period of struggle against the pandemic saw a fair amount of national and cross-sectional unity across Italian civil society.

1.2. Second phase of the pandemic (June-November 2020)

The beginning of summer 2020 sees a gradual phasing out of pandemic containment measures: lockdowns are being relaxed, but the obligation to distance oneself and wear a mask, even outdoors, remains. The government began to put in place strong stimuli to support the economy, also with the help of the European Union.

One of the symbolic measures presented at this stage is cashback. Initially, this measure was conceived to support consumption and electronic payments and to combat tax evasion, rewarding citizens by allowing them to recoup part of what they spend up to a total of 2000 euros.

Subsequently, more than 13 million Italians downloaded the Io app, used for cashback. According to data from the Court of Auditors, there were 119,832,324 credit and debit card transactions of less than €5 (16.3% of the total), while 21.4% of payments were between €25 and €50, suggesting that these were not supermarket purchases (a sector where evasion is virtually non-existent). Nevertheless, the Draghi government decided to suspend this measure in July 2021, supported by not entirely positive data. The measure is spent when, against

an expenditure of 4.75 billion euros, the evasion recovered is 200 million: the numbers were too small to extend this costly measure in times of crisis. The current Prime Minister Mario Draghi has also referred to this measure as a regressive one that favours the wealthiest sections of the population.

The Conte government has injected a total of EUR 100 billion into the Italian economy for the first six months (until the August decree) with the support and containment measures of the pandemic. At this stage, the government, mainly in the persons of Giuseppe Conte and the Minister of the Economy Roberto Gualtieri, is also beginning to think about the first approach to the Recovery Fund to be presented to the European Union in October. This will be one of the causes (the delay and the errors in the Recovery Fund) that will be at the basis of Matteo Renzi's break that will lead to the birth of the Draghi government in 2021.

During the summer of 2020, measures to support the South, Italy's most economically challenged area, are also considered. The basic idea is that of an industrial plan that will lead to the reindustrialization of the South, balancing the infrastructure deficit with the North.

The focal point is a 10% decontribution of labour costs for companies operating in the South, pushing employment and combating the very high level of youth unemployment (at 33% according to OECD data of May 2021, the second-highest value after Spain). The decontribution was envisaged for regions that in 2018 had

a gross domestic product per capita of less than 75% of the EU27 average or between 75% and 90%, and an employment rate below the national average.

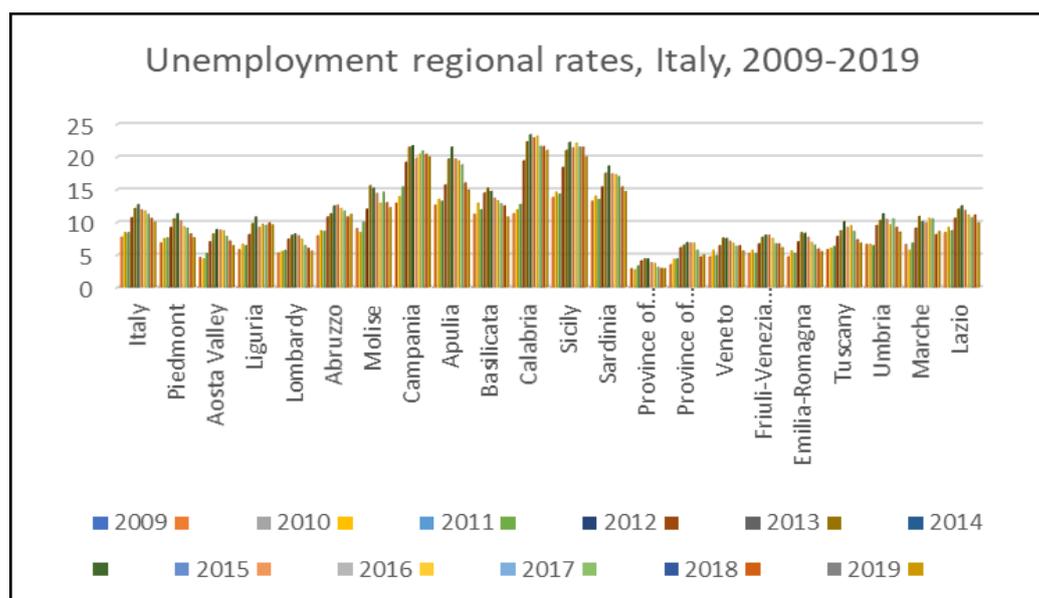


Figure 1.3 Italian unemployment regional rates from 2009 to 2019; OECD; 2021.

This measure started on 1 October 2020, although not without some remonstrance from the industrial and entrepreneurial world (Confindustria) and some representatives of the right-wing parties, who accused the government once again of only providing for vote-catching gratuities for the citizens of the South.

This phase, straddling late summer and autumn 2020, is also tiring for a large part of Italian citizens. During the summer, there was a lot of propaganda pushed by the Italian right, which claimed that Covid was dead. In their public political demonstrations, the largest of which took place on 2 June in Rome, many people

showed impatience with the two and a half months of lockdown. There is a mistaken belief among a large part of the public that Covid is defeated. Some people, especially virologists, began unheeded to warn in August about the danger of new waves in the autumn.

The new wave does indeed arrive. Despite the optimistic prediction of some virologists to start the lockdown at Christmas, the restrictive measures will start much earlier. Already by the end of October, most commercial activities will be banned again, and a colour system will be adopted, aiming at a more local containment of the virus. The initial intention before the second wave is not to systematically shut down the whole of Italy in unison but to envisage restrictive measures on a local scale, thus avoiding a simultaneous total shutdown of the entire country's system. However, these intentions will be swept away by the vigour of the virus. In fact, in a short time, even for the second wave, the whole of Italy will return to a phase of very intense lockdown (the so-called red zone). During the autumn, there will be some cases of regions with particularly favourable data (e.g. Sardinia), but any area of the country that tries to reopen will inevitably find itself in the red zone within 15 days.

The case of Sardinia is emblematic: being an island and therefore having much less chance of contagion with the rest of the country, it will arrive in March to have the well-known white zone from the government, to the great satisfaction of President Solinas (League). Within 15 days, however, even this attempt to return

to an almost normal situation will be a resounding failure, and Sardinia will have to return to the red zone under the grip of the virus and the consequent increase in cases.

A few numbers are needed to put this crisis into perspective for the Italian landscape. Beyond the numbers of the economic crisis in the various production sectors, we need only look at demographic and health data. According to ISTAT data, 2020 saw the highest number of deaths since the Second World War: 746.146, more than 100.000 more than the average for the previous five years (+15,6%), with the largest increase among people over 80, thus confirming the well-known issue of the virus being much more lethal for the over 80.

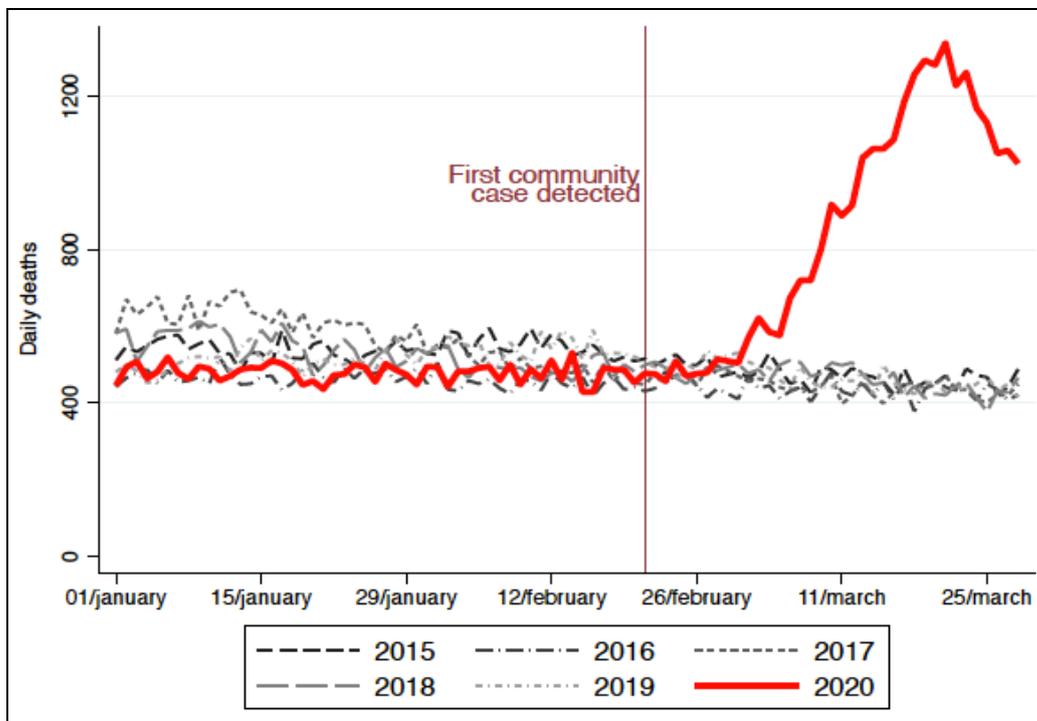


Figure 1.4 Italy daily deaths compared from 2015 to 2020; voxeu.org, ISTAT; 2021.

But why has the virus hit Italy so hard? How did it behave in other countries of the world, and in particular in European countries? Are there any specific reasons for such markedly high numbers in Italy compared to Europe? To start with, it is interesting to compare, on the basis of Eurostat data (2020), the excess mortality in 2020 with that in 2016-2019.

Only in Spain (+18.2%), Slovenia and Poland (+17.9%) was there an excess mortality greater than in Italy (+15.7%), while elsewhere it was much lower: France +10.2%, Sweden +7.9%, Germany +5.4%, Finland +3.8%, Denmark +3.1%. These are countries where the percentage of over-80s is lower but also where protection policies have been more effective, although Sweden deserves a separate mention.

Sweden is in a particularly unstable political phase. The resigning (and later re-appointed) Social Democrat Prime Minister Stefan Löfven has been in the eye of the storm of Swedish public opinion mainly for two reasons: the liberalisation of rental prices for newly built houses and the management of Covid.

Regarding the former, one could say that it is a long-standing issue for the left all over Europe. Liberalisations, once the banner of the right of all latitudes, are now imputed (and contested) to the left branches of parliament in many western countries. Take Italy, for example, where these controversies stem from reductions in spending on the national health system and public education to

tangled specific cases such as the Autostrade case. It is inevitable that this criticism will become even harsher and more severe against a social-democratic, i.e. left-wing, prime minister who was also head of the Swedish metalworkers' union. To see a measure like the liberalisation of rents in a country with such high rents as Sweden, from a left-wing Prime Minister, at a time of difficulty like this, was a drain on consensus.

With regard to covid management, Sweden has behaved in a completely unique way in the European context. Swedish restraint measures were very different from those in the rest of Europe. While many decided for a tight lockdown, Sweden adopted the strategy of tackling the virus head-on. No lockdown but tight tracking. This will bring sharp criticism of Löfven, including from the royal house of Sweden. In December 2020, for the first time in the 21st century, the king spoke in a serious tone, almost as if Sweden, which had been at peace for over 200 years, had suddenly gone to war. Since the beginning of the pandemic in Europe, Sweden, one of the most modern and organised countries in the world, has refused all lockdowns and left public places open and public transport free of masks, relying on its citizens' sense of responsibility. The result was harsh: at the time the king was speaking there were more than 7800 dead out of 10 million inhabitants, twice as many as in Germany at that time with 80 million. The main culprits were the epidemiologist Ander Tegnell, the architect of this strategy, and

Löfven, who supported it. This would end up with the result of 14,000 deaths in one and a half years against a population of 10 million.

In the misfortune for the many victims, it must be said that Sweden was also favoured by its own data on population density. When talking about a contagious virus, it is clear that in a country with a lower population density, contagion is more difficult than in places with higher values.

For comparison, Italy has a density of 196.17 inhabitants per square kilometre. Sweden has only 23.1 inhabitants per square kilometre. Milan, Italy's most densely populated city has 7,693 inhabitants per square kilometre compared to 335.94 inhabitants per square kilometre in Sweden's capital Stockholm. It is clear how this may have helped, even in the disastrous Swedish scenario, in a situation of a contagious virus pandemic such as Covid. It is probably more useful to make a comparison with Norway, a country similar to Sweden, but which has adopted much stricter restrictive measures, similar to those in the rest of Europe. From what is also shown in the graph, the difference is clear, with a much better situation in Norway.

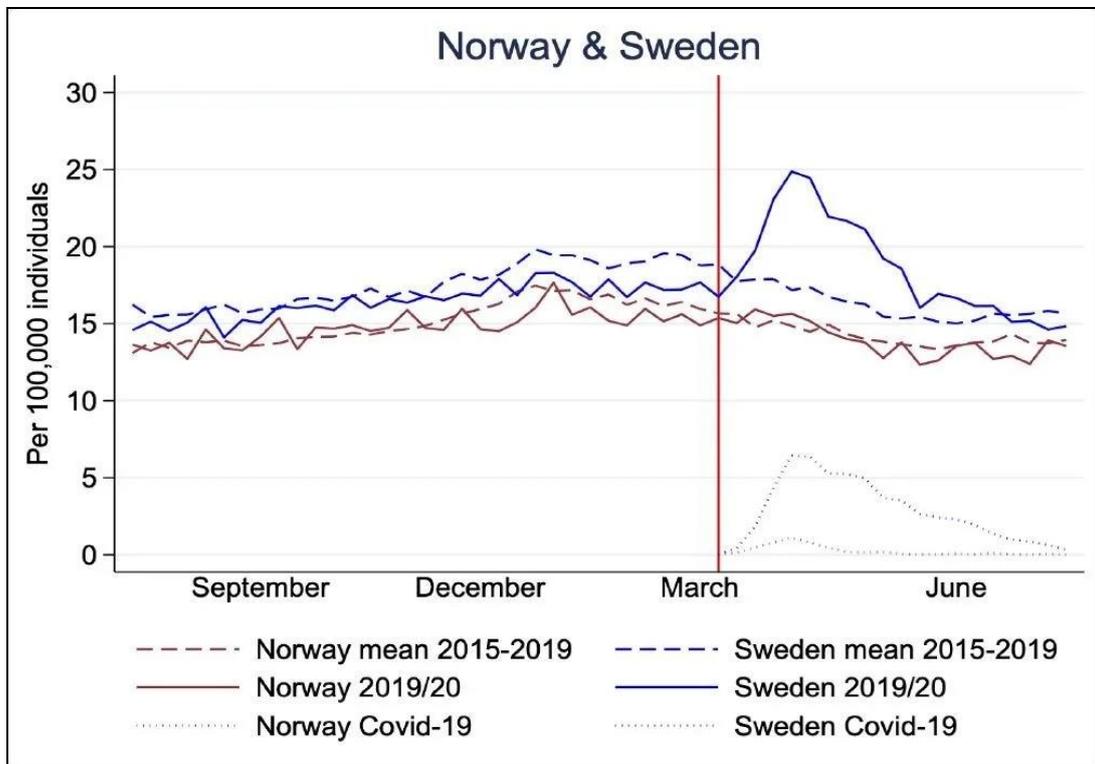


Figure 1.5 Comparison in mortality between Norway and Sweden; medRxiv; 2021.

One might think of a particularly favourable scenario for Sweden from an economic point of view: many lives were lost, but the economy was saved. This was not the case. On the other hand in fact, according to Eurostat data (2020), the GDP lost around 4% in 2020 and the European Commission has forecast an increase of only 3.6% in the Swedish GDP in 2022, the fifth lowest in Europe.

An interesting case is also certainly that of Cuba. What is peculiar is that such a small and embargoed country can have performed much better than many other much larger and more advanced countries. Even at the height of the pandemic,

Cuba managed to keep deaths relatively low. Six million doses of the various Cuban public vaccines were administered. Soberana and Abdala achieved the efficiency levels required by the WHO (85-95% and 92%). Thus, Cuba, despite being a small country under embargo, managed to obtain two public vaccines against the Covid pandemic. It was from here, and from Prime Minister Rada's Albania, that small but significant aid arrived for Italy at its most difficult time. It could be said that the help Italy needed came more promptly from countries like Cuba and Albania than from the rest of Europe, at least in the initially most acute phase of the pandemic. The issue of vaccines and related patents will be explored in more detail in the next chapter using some reference texts. But why is this process of European integration and collaboration so difficult?

The case of vaccines was emblematic. First and foremost, the Austrian Chancellor Kurz and the Hungarian Prime Minister Orban bitterly attacked the European Union for the delays in vaccines and chose to go their own way for national vaccination, without waiting for the European Union to comply with its previously planned continental plan. Kurz announced in March 2021 that Austria and Denmark would no longer rely on the European Union but on Israel for subsequent vaccinations. Kurz also spoke on behalf of another country since, after the United Kingdom's exit from the European Union, the Austrian Prime Minister seems increasingly intent on assuming the role of leader and spokesman within the European Parliament of the so-called frugal countries, the countries that

usually accuse southern Europe of too much waste, inconsiderate and inefficient public spending, curiously re-proposing the same pattern in force for over 80 years in Italy between the north and south of the country. The origin of this discontent lies above all in the European Commission's initial decision to opt for centralised purchasing for vaccination, thus not leaving each country to purchase vaccines for itself. This principle had the curious aim of favouring smaller countries such as Austria, which, in the event of a lack of European coordination and left alone on the market, could risk being left without vaccines. Kurz's attitude, therefore, seemed doubly inopportune: on the one hand, he did not respect the other countries of the European Union, treating them as incompetent when in fact they were only trying to assert a principle that was useful first and foremost for his own country; on the other hand, he let a utilitarian and individualist logic prevail, perhaps even remotely justifiable in a critical situation like this, but which goes in the opposite direction with regard to the process of European integration that has been hoped for too many years now. The European Union has been accused of moving too late, even looking at examples from neighbouring countries such as Israel, but the peculiarity of the European case must be specified.

Initially (summer 2020), countries had started negotiations on the vaccine individually, but then the European Commission gained control of it. Even just the negotiation phase was exhausting and there was an immediate split. Many

rejoiced because Europe finally seemed to be moving in unison, while others blamed certain countries for colluding with pharmaceutical companies to raise the price of vaccines. By September, Europe was asking for 750 million for the negotiations, but many countries began to resist, blocking the funds. It is therefore easy to imagine how complicated the scenario was for the European Commission, in the person of Sandra Gallina, in carrying out these negotiations. The main mistake at this stage of the European Union has been to focus too much on the Astrazeneca vaccine, delaying too long the agreements with the Pfizer vaccine. The only exception was Hungary, which as early as March started purchasing the Chinese vaccine Sinopharm, which had already been injected into Prime Minister Orban at the beginning of March, although the Hungarian doctors' union had not yet confirmed the vaccine's subsequent efficacy the previous month.

This phase will end with a government crisis, which we will discuss in the next section and which will lead to Mario Draghi taking over at Palazzo Chigi. Italians are back to dealing with the virus and a political crisis seemed like the last thing that could have happened.

1.3. Third phase of the pandemic (December 2020-July 2021)

The third phase of the pandemic can be timed to coincide with the winter between late 2020 and early 2021. In this phase, there were two political changes: first, Mario Draghi took over as head of the Italian government from Giuseppe Conte; second, Joe Biden succeeded Donald Trump as President of the United States of America. While the second change took place after regular elections, the first occurred (as many other times in Italian history) following a government crisis. The government crisis was triggered by Italia Viva, Matteo Renzi's party of 16 senators and 2 ministers, Elena Bonetti at the Ministry of the Family and Teresa Bellanova at the Ministry of Agriculture, who were withdrawn from the government. Renzi's withdrawal was justified by a difference of views with the government, and in particular with Giuseppe Conte and the 5-Star Movement, over the management of the pandemic and the drafting of the so-called recovery plan for the restart after the pandemic.

Italy, under the leadership of Mario Draghi at the beginning of February 2021, has been expressly bound by the European Union to carry out certain reforms as a condition for obtaining funds from Brussels. There are 51 objectives and targets on the achievement of which Brussels' disbursement of the first tranche of repayments at the end of 2021 will be conditional. Another fundamental number is 526: these are the objectives and milestones that Italy will have to meet between

now and 30 June 2026 to obtain all the six-monthly instalments of the plan.

The first instalment is approximately EUR 24 billion that the Italian government will be able to request by 31 December 2021 and the total is 10 six-monthly instalments (until June 2026). There are 124.5 billion for new projects while the other 70 billion are substitutes for national funds. In fact, the total is about 191.5 billion for the national recovery and resilience plan, the only European country to have applied for all the loans and grants available. Reporting will have to be done for the total of 256 items that will comprise the total investment.

The Italian plan envisages investments of EUR 191.5 billion, financed through the Recovery and Resilience Facility, the key instrument of the NGEU. The Plan provides for a further 30.6 billion euros in national resources, which flow into a special complementary fund financed through the budget transfer approved by the Council of Ministers on 15 April and authorized by Parliament, by an absolute majority, at its session on 22 April. The total investment planned for the interventions contained in the Plan comes to 222.1 billion euros, to which must be added 13 billion euros from the React EU. Overall, 27% of the resources are dedicated to digitalization, 40% to investments to combat climate change and more than 10% to social cohesion.

The Plan allocates 82 billion euros to the South out of the 206 billion euros that can be allocated according to the territorial criterion, corresponding to a 40% share.

The Plan is divided into six missions: the first mission, 'Digitalization, Innovation, Competitiveness, Culture', allocates a total of 49.1 billion euros of which 40.7 billion euros from the Recovery and Resilience Facility and 8.5 billion euros from the Supplementary Fund.

The second mission, "Green Revolution and Ecological Transition", allocates a total of 68.6 billion, of which 59.4 billion from the Recovery and Resilience Facility and 9.1 billion from the Supplementary Fund.

The third mission, "Infrastructure for Sustainable Mobility", allocates a total of 31.4 billion - of which 25.4 billion from the Recovery and Resilience Facility and 6.06 billion from the Supplementary Fund.

The fourth mission, 'Education and Research', allocates a total of 31.9 billion, of which 30.9 billion from the Recovery and Resilience Facility and 1 billion from the Supplementary Fund.

The fifth mission, 'Inclusion and Cohesion', allocates a total of 22.5 billion euros of which 19.8 billion euros from the Recovery and Resilience Facility and 2.7 billion euros from the Supplementary Fund.

The sixth mission, 'Health', allocates a total of 18.5 billion, of which 15.6 billion from the Recovery and Resilience Facility and 2.9 billion from the Fund.

The Plan provides for a broad program of reforms, deemed necessary to facilitate its implementation and contribute to the modernization of the country and the attraction of investments.

The Plan contains a detailed estimate of the impact of the measures it contains: in particular, the Government forecasts that in 2026 GDP will be 3.6 percentage points higher than in the baseline scenario, while in the last three years of the Plan's time horizon (2024-2026) employment will be 3.2 percentage points higher. The Plan's governance envisages the direct responsibility of ministries and local administrations, which are responsible for investments of over 87 billion, while the task of monitoring and controlling the implementation of the Plan falls to the Ministry of the Economy and Finance, which acts as the sole point of contact between the Government and the European Commission.

On 30 April 2021 Italy's PNRR was officially transmitted by the Government to the European Commission (and, immediately afterwards, to Parliament: for more details on this text, see the dossier of the Study Services of the Chamber and Senate). On 13 July 2021, Italy's PNRR was definitively approved.

As far as the economic side is concerned, one of the most important issues is justice reform too. The overtaking of the Bonafede reform (on the statute of limitations) was the issue addressed by the Cartabia reform, which provides for the so-called impropriety that makes legal proceedings considered excessively long die. Thus, one of Italy's greatest historical scourges is being combated through the suppression of many trials that would otherwise have taken a biblical time. In the end, the ethical-moral question remains, so crucial for the primordial 5 Star Movement that it will in fact be very reticent in voting for this measure, if

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One major issue that has been accentuated by the pandemic are the economic differences within our society.

ISTAT (2021) writes, talking about the year 2020, that the extraordinary measures for the Covid-19 pandemic have played an important role for some of the categories most affected by the crisis, reducing the risk of poverty for the unemployed by about 6.9 percentage points, by 3.5 points for the inactive and by 2.6 points for the self-employed. The distribution by geographical area shows that the impact of extraordinary measures was more significant in the Northwest (-4.8 percentage points) than in the other areas of the country. In the South, the risk of poverty remains considerably high, reports ISTAT, even though the extraordinary intervention for Covid-19 reduced the risk of poverty in the South by 2.1

percentage points and by one point in the Islands (in this sense, it is also worth mentioning a measure such as the citizenship income, the effects of which will be further examined in the following parts, having been a pivotal measure both from the economic point of view and on the Italian political scene).

The income distribution in Italy remained more or less constant in the pre-covid period, from 2004 to 2018. However, these data should not make us think that the situation is rosier than it actually is. In fact, just as wages have remained constant since 2000, inequalities have remained similar over time. The pandemic, moreover, has inserted itself into this scenario, exacerbating the situation and widening the differences between the various social classes. It is clear that the scenario is not that of a North African or Middle Eastern country, but this is certainly one of the main challenges facing Italy and the western world in general: our society is becoming increasingly extreme in categories that see the rich getting richer and richer and the poor getting poorer and poorer.

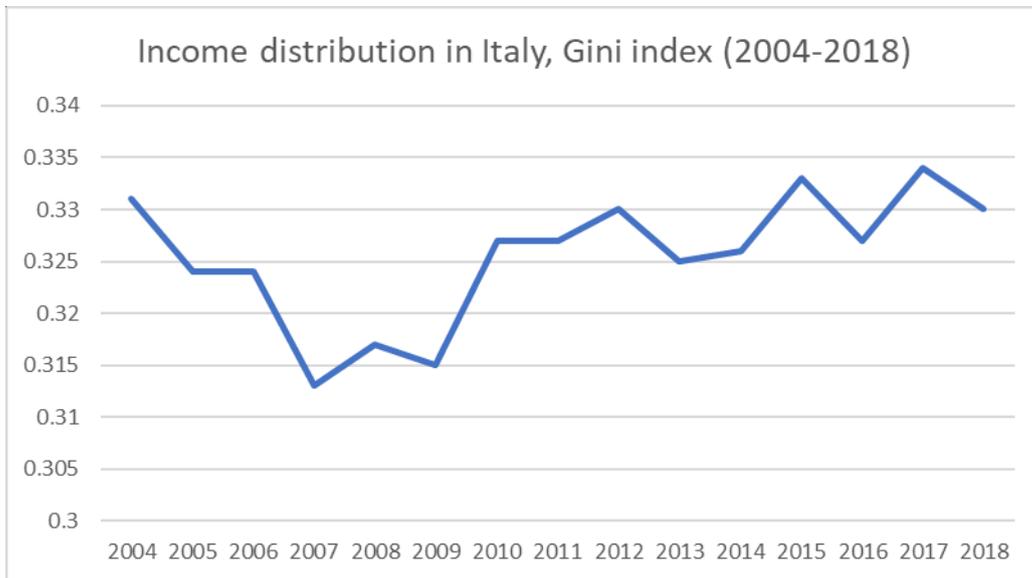


Figure 1.6. Income distribution in Italy, Gini Index (2004-2018); OECD; 2021.

Even the new US President Joe Biden has spoken of the so-called trickle-down economy, stigmatising it and dismissing it as a chapter of the past. Biden, however, claiming the capitalist origins of the United States, has promised, taking his cue from the pandemic, to usher in a new social era in which differences are reduced.

The choice of the American voters was not a radical one, however, as they did not choose Bernard Sanders, perhaps the candidate most vociferously in favour of reforming the welfare state and the American welfare state in particular. Nevertheless, the election of Biden and the reconquest above all of the working-class vote in the Great Lakes region (Wisconsin and Illinois above all) shows that the American electorate too is now sensitive to these issues.

To conclude, this graph (1.6) from the University of Groningen and the University of California shows the development of the structural growth variable and indicates how much capital and labour produce, or rather, how much they are put in a position to produce in a given country.



Figure 1.7 Total Factor Productivity at Constant National prices for Italy (from 1955 to present); University of Groningen, University of California; 2021.

Many in the Italian public believe that the causes date back to the 1970s. In fact, the graph shows constant growth, but this ended in the years of the oil shock and the end of the fixed exchange rate regime. Italy proved incapable of adapting to this changing international scenario and thus wasted the driving force behind the Italian miracle of the previous years. The 1970s saw the start of the long season of inflation, devaluation, and public spending, in an attempt to mask the

backwardness of the Italian system on the international scene. At the turn of the 1990s and 2000s, Italy, like all other countries, benefited from the birth of the euro, taking advantage of more affordable interest rates and the single market. However, this did not succeed in sustaining the country's growth (or rather decline), which has been inexorably continuing for over 30 years. That is why now, with Prime Minister Draghi, many are hoping that a new phase of reforms will be initiated that can finally put Italy back on track with the other world powers. Many people hope that Prime Minister Draghi will be able to start that long-awaited season of reforms that the country has been waiting for since time immemorial.

2.MICROECONOMIC PERSPECTIVE: THE ITALIAN ENTREPRENEURSHIP CASE

This stage changes our perspective. Our analysis shifts from a macroeconomic to a microeconomic level. We will see how the Italian social fabric, especially the Italian entrepreneurial class, has been able to resist the pandemic. Which features were useful, which ones less so, using reference texts and official data. Once again, we will use a chronological breakdown up to July 2021.

2.1. First phase of the pandemic (February-May 2020)

This phase is definitely the total block phase. The Italian economy closes down and only the core activities (food, pharmaceuticals and other essential sectors) remain open. Initially, most operators accepted the restrictions without any particular protest, understanding the seriousness of the situation.

The pandemic has obviously hit Italian companies and entrepreneurs the hardest.

One of the most negative aspects relates to business start-ups, which fell dramatically in the first part of the pandemic compared to 2019.

Italy's GDP was down 8.9% year-on-year, which is certainly worrying but not overly dramatic compared to what was thought at an earlier stage. In April 2020,

the International Monetary Fund predicted a 9.1% fall in the economy and wrote that further falls were quite likely.

Of the companies affected, as reported by the website lavoce.info, there are many that have reduced their demand for work, pushing the use of redundancy funds to levels higher than those of the great recession, and those that have suffered from a deep liquidity crisis, which was estimated to affect between 17 and 33 per cent of private companies (a figure later corrected to 50 per cent according to an ISTAT survey). For them, it was necessary to flank policies to facilitate access to credit and direct subsidies with robust policies to support capitalization, so that they could 're-emerge' with the economic recovery.

The companies that have been saved from the crisis are those that continued their activities during the lockdown because their products were among those defined as 'essential' by the Prime Ministerial Decree of 22 March, and those that were able to become essential because they reconverted production under the 'cura Italia' decree law (for example, into masks or respirators).

Interesting, as previously written, is the data on the birth of new businesses.

If we proceed to add up the data shown in the graph below, taken from the lavoce.info website, in the first part of 2020 the birth of new companies in Italy contracted by almost 20,000 units.

This is an alarming figure when you consider that it is mainly new and young companies that drive economic growth. Between 2006 and 2018, the average

number of salaried jobs created by new firms each year amounted to 3 per cent of total employment, largely supporting the growth rate of the employed (on average, 1 per cent per year). Younger firms generally contribute to innovation by bringing new products or processes to market, make more intensive use of intangible capital and, thanks to the competition generated by their entry into the market, displace underperforming firms, leading to productivity growth. Innovation, which, as we will see later, is one of the sore points of Italian entrepreneurship, increasingly barricaded in the rigid context of the small family business, when in fact the global scenario that is taking shape in 2021 would require flexibility, adaptability and innovation.

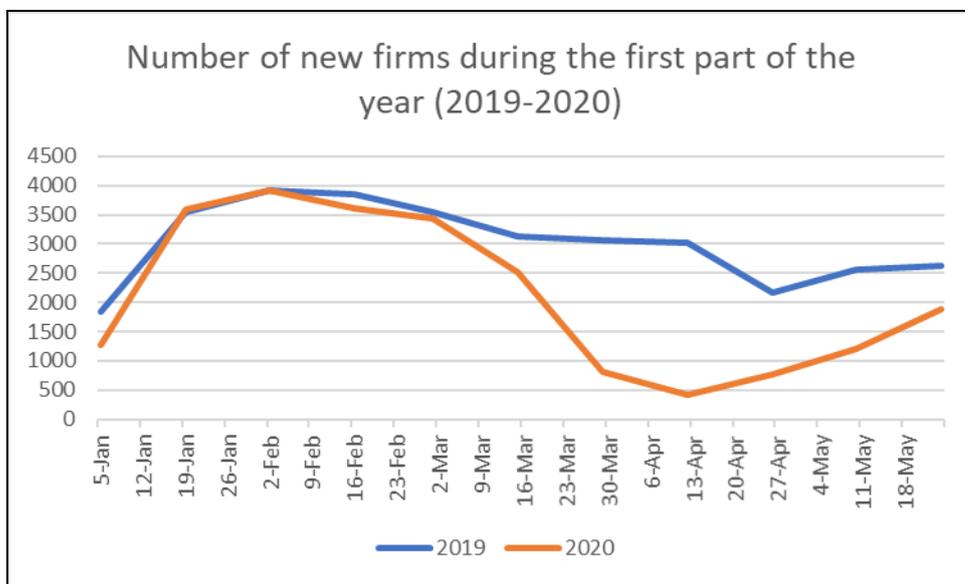


Figure 2.1 New firms in Italy during the first part of the year, 2019-2020; *lavoce.info*; 2021.

This is a fact that should not be a cause for concern in the short term, but should be a cause for alarm as regards the future. New enterprises, enterprises from the youngest part of the population, as well as being the ones most likely to innovate, are also the ones that will have to pay contributions in the years to come and will have to guarantee adequate levels of employment. In the years to come, Italy will find itself short of 20,000 companies filling these positions.

On the other hand, with regard to the divestment of enterprises, in this first phase a rather relative decrease is still observed, since the effects and any increase in the cessation of enterprises can only be observed from later times.

To talk about the labour market in this first phase of the pandemic, it is useful to take the example of a region like Veneto. Veneto is in its own way representative of Italian entrepreneurship. It is part of the so-called third Italy, in the North-East, which acts as a locomotive for the country and gathers in itself the typical traits of the Italian entrepreneurial class: a strong presence of small and medium-sized enterprises, a widespread presence of districts, very strong links with the territory. It was also one of the first regions to be affected by a pandemic outbreak.

In this phase, the demand for work worsened drastically (fatally an inevitable consequence of the total closure that characterized the first pandemic period) and redundancies were blocked by government decree.

We will look at graphs and data, taken from the lavoce.info website, which show the balance between hiring and firing considering open-ended contracts,

apprenticeship contracts and fixed-term contracts. Obviously, only companies in the private sector are involved and the period from 1 February to 5 April is taken into account.

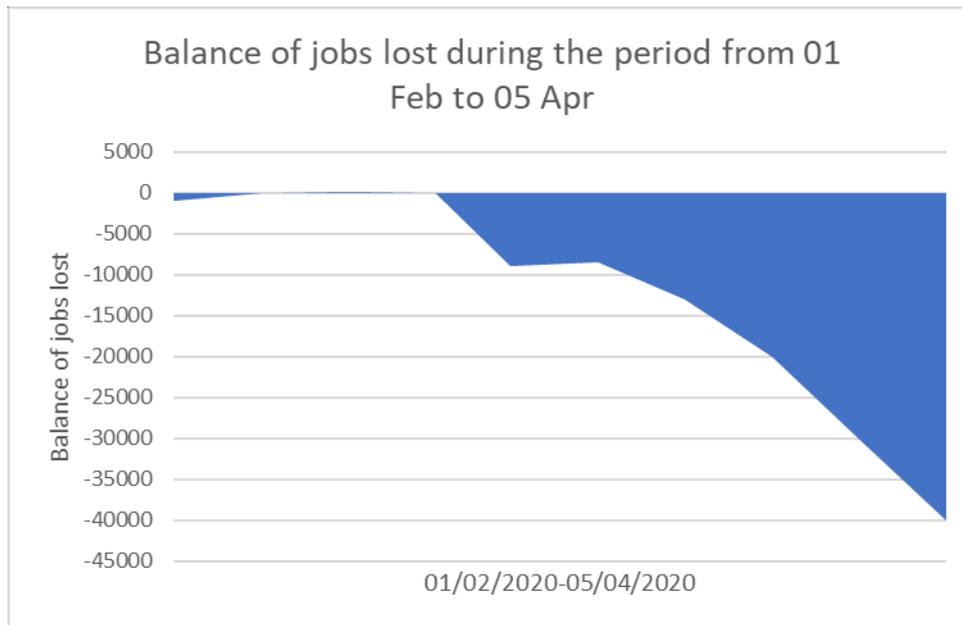


Figure 2.2 Balance of jobs lost during the first period of the pandemic in Veneto; *lavoce.info*; 2021.

However, there are a couple of data points in this graph. First of all, we can see that the curve begins to drop from the end of February, when the local lockdowns began, and then falls sharply from the first half of March with the start of the generalized nationwide lockdown. It may seem strange to see such a sharp drop even with the freeze on redundancies provided for in the "Cura Italia" decree, but

this is explained by a sharp drop in recruitment and a set aside of temporary jobs.

This leads to the suspension of fixed-term contracts that are not renewed.

The contraction in hiring indicates that those affected in this first phase are those who, under normal conditions, would have entered or re-entered the labour market (such as young people looking for their first job or temporary employees).

Clearly, in this phase of such a strong contraction of both entrepreneurial initiative and employment, one of the key roles is played by subsidies and anti-poverty instruments. In this sense, one of the best-known instruments is certainly the citizenship income.

This provides a subsidy to those who meet the requirements of approximately 800 euros (maximum), lasting one and a half years (extendable once for a potential maximum of three years), which must be accompanied by the beneficiary's factual search for work thanks to the support of the famous navigators.

According to Luigi Marattin, chief economic officer of Matteo Renzi's party Italia Viva, the citizenship income had 3 objectives: to eradicate poverty, increase social justice, and help the unemployed find a job. He then goes on to make a merciless analysis. What is the state of implementation of these objectives to date?

Has poverty been defeated? Istat (2021) shows that the most that the citizenship income managed to do, from 2018 to 2019 (thus pre-Covid), was to reduce the incidence of absolute household poverty by 0.6%. But already in 2020 this incidence had re-exceeded (by 0.7%) the 2018 level.

Sure, in 2020 Covid hit hard. But since 1 April, the citizenship income and the emergency income have cost Italian taxpayers 13 billion. Given the resources spent, and the results obtained pre and post Covid, are we sure that these instruments have been designed in the best way?

Has social justice increased? Fernando di Nicola (Inps research department) in La Voce of 2 July 2021 estimates, with a micro-simulation model, that 30 per cent of the citizenship income beneficiaries (38 per cent of the total, about 3 billion) were received illegitimately.

That is, due to evasion and fraud, it did not end up to the poorest to increase inclusion and social justice, but to the smartest to increase their pockets.

Did it help create jobs? Only 3.8% of those who are eligible and eligible for work have found permanent jobs. Of those who are eligible for work (which is not all the total beneficiaries), only 3.8% got a permanent job. Given the way the system works, it was not thanks to the navigators, but in spite of the navigators, the famous figures who were supposed to act as an intermediary between the beneficiaries and the companies, but which at the moment it is not known how or to what extent they affected the selection and recruitment processes of the same, since no report has yet been produced which clearly establishes their usefulness and can objectively demonstrate their effectiveness. Moreover, less than 30 per cent of citizenship income recipients found a contract, 70 per cent of which was for less than six months.

Recent news (summer 2021) is the proposal by the Italia Viva leader Matteo Renzi for a referendum to repeal the citizenship income. The proposal received a favourable opinion and support from the right-wing leaders in the Italian Parliament Matteo Salvini and Giorgia Meloni, as of the whole Italian right-wing area in general. The idea would be to establish an instrument more similar to the emergency income introduced by the Renzi government, strengthening it. In this way, in Renzi's view, there would be a saving for the state coffers and a useful tool against poverty.

However, if the size of Italian companies and the family ownership of many of them are an obstacle to recovery and to the development of companies over the years, these characteristics have been a good remedy to withstand the initial negative shock of the crisis. As *lavoce.info* reports, the scenario of the early part of the crisis in Italy suggests that one resilience factor lies in the identity of shareholders: during the spread of the pandemic, family-controlled firms achieved significantly better shareholder performance than those with other ownership structures.

Their performance is even better when the family is present in both shareholding and leadership. These data emerge from an analysis of 350 companies listed in Italy between January and the end of April 2020 (*lavoce.info*; 2020). Daily share prices and a methodology that removes differences in performance attributable to

size and sector were used for each of them, so the performance of even large family businesses is reported.

Many family and non-family firms in the sample made substantial losses. However, on average, family firms show an 8 percentage point higher stock performance than non-family firms. These results do not appear to be influenced by concomitant factors, such as debt level and pre-Covid profitability, which have been used by other scholars to explain stock market performance during the virus outbreak.

Family owners tend to care about the fate of their companies because of a strong social-emotional attachment to the business and a tendency to preserve the family's reputation. The stable nature of the relationships between owner families and employees or other stakeholders has probably allowed them to benefit from an organizational climate more suited to dealing with a crisis and from privileged access to external resources. These elements help to reassure the market that the company will work optimally to recover from the crisis and will have adequate means to do so. And the greatest resilience of family firms during the current pandemic seems to lie in the active involvement of the family in the leadership of the firm.

We can see the Italian entrepreneur, especially that of the third Italy and the last century, as an entrepreneur similar to Weber. A Calvinist, thrifty, strong saver who makes his own the motto of save and earn. An entrepreneur who thinks about

the future day by day, without giving himself time horizons that are too far away and who never wants to overdo it. Undoubtedly, the community and, in a certain sense, Italy's strong Christian roots have played a role in all this. Suffice it to say that for the whole of the post-World War II 20th century, the leading party in Italy was the Christian Democrats (until 1994).

It is no coincidence that the Italian economy in the last century was characterized by a large number of small companies with little focus on innovation and research. Work is mainly conceived as manual labour, what does not produce anything material is superfluous. Schumpeter's innovative entrepreneur is certainly a mirage and probably still is.

2.2. Second phase of the pandemic (June-November 2020)

This will be the phase of the first reopening, the first decisive loosening of restrictive measures and a first attempt to return to normal life. Unfortunately, it will be a temporary phase, with a new closure awaiting Italy between the end of October and the beginning of November.

This is also the phase in which controversies become more bitter on many grounds that will later be fatal for the second government led by Giuseppe Conte. One among all, will be the National Recovery Plan in the mind of Roberto Gualtieri, the then Minister of Economy and Giuseppe Conte, the then Prime Minister. The Plan would later be judged insufficient by Italia Viva and Matteo Renzi, who would decide to bring down the government after Christmas.

During this phase of the pandemic (roughly summer 2020), a rather bitter debate arose in Italy. One part of the more liberal world proposed an economic interpretation of the covid infection as well. Basically, it is argued that the externalities created by the pandemic on the production system could be internalized by putting a price on the risk of contracting the infection through the granting of so-called 'infection rights'. The basic idea is well-known: governments (the top-down economy) would have insufficient information, so the system

would gain in efficiency by reducing the problem (here health) to an economic variable that can be contracted on the market.

As with the 'pollution rights' that have long been bought and sold to internalize the externality represented by the polluting by-products of production activities, so we would be faced with the same model with respect to the risk of workers contracting the virus. The theory in question is in fact a rather scholastic application of an established principle in current economic literature. The principle is rooted in Coase's theorem, which basically says that an ideally rational economic system can always internalize externalities that are created by putting a price on them.

An externality is described as a pre-intentional economic effect that poses a problem for economic computation because we are faced with a variable that produces value (positive or negative) without this value being able to be anticipated by economic agents. Externalities from an economic point of view are seen as a problem of lack of economic rationality.

Coase's theorem says that under certain ideal conditions such as lack of transaction costs (and also perfect knowledge of market variables by the agents) it would never be necessary to appeal to a third higher authority (a public judge) to settle problems related to externalities (you do not have to appeal to the judge to find out who has to compensate whom in case someone gets infected). A simple contractual agreement between the actors involved could 'monetize' (and thus

rationalize) the risks for them, creating the conditions for efficient contractual arrangements. This clearly creates a paradox from a social-ethical point of view. From a strictly micro-economic point of view, this could also result in a good compromise. If, however, we separate the utilitarian vision from the more ethical and moral one, we realize that we are putting a price on a right. The right to a worker's health should not be a bargaining chip on the market, nor should it have a price. This economic orthodoxy aims at including and considering as a subject of negotiation something that should not be.

In this case we speak of Pigouvian taxes, i.e. taxation of an economic activity that produces negative externalities for the community, for example through pollution of the environment, in order to discourage and reduce the use of this activity. In the opposite case of production that creates positive externalities, the same argument suggests a subsidy in favour of production. The two approaches also imply a different orientation of regulation upstream. The principle underlying the imposition of a tax is that those affected by pollution have the right to live without pollution; conversely, a subsidy to polluting industries to limit production and thus pollution implies that they have the right to pollute. The fact that both instruments, tax and subsidy, achieve the same result does not imply that the legal principles underlying the choice of instrument are equivalent. An equivalent parallelism could also be recognized in Ronald Coase's approach to the problem, for which it is not important who is given the right to pollute or not to be polluted

in order to arrive at a bargain between the parties that would allow for an optimal emission of pollutants (i.e. Coase's theorem).

This type of fiscal intervention is named after the economist A.C. Pigou, who proposed it in 1920 (*The economics of welfare*) in order to make the private interests of industrialists coincide with those of society as a whole. Pigou himself gave some examples: the construction of a factory generates pollution, noise and traffic, or the sale of alcohol can encourage accidents and other disturbances with a consequent collective cost in health and law enforcement. In the United States, the Pigou Club, founded by N.G. Mankiw, has been active since 2006. It brings together economists and public figures in favour of policies to tax petrol and diesel in order to reduce gas emissions and road congestion and to encourage more energy-efficient travel solutions.

As suggested by Hayek, we can think of the market as an information processing machine. It produces market prices, which steer the economy in the direction generally considered desirable. The most fascinating aspect of this gigantic information-processing machine is that it is not a machine at all: nobody designed it and nobody controls it. When its mechanism runs smoothly, we are fascinated by how the market works. Sometimes, however, the magic fails. The happy concordance between individual and collective interests also described by Smith is a property of the model of perfect competition, which may be a useful analytical tool in many cases, but is not always realized in the real economy, and

is therefore not a suitable reference for economic policy. Underlying this is the belief that the market guarantees an efficient outcome when prices incorporate all relevant effects of individuals' choices, and that only when this does not happen is corrective action needed. However, at the end, these solutions have not been taken into account by the Italian government.

Even if these solutions were not taken into consideration by the Italian government, the debate has remained central throughout this period and in some ways still is: where does Italian entrepreneurship stand? How is it behaving from a social point of view?

One of the other areas of conflict in this sense has certainly been citizenship income. Many entrepreneurs, especially in the tourism sector, which has been one of the hardest hit by the crisis, have complained about the scarce availability of labour due to the citizenship income. It is not uncommon in Italian public opinion to hear entrepreneurs say that they cannot find workers even when offered 1500 euros per month, because people would rather stay at home and enjoy the subsidy. Now it is undeniable that this instrument has some distortions that need to be corrected, as described above, but is this always true?

We are now talking about a case that has stirred up a lot of debate in Italy: the GraficaVeneta case.

As reported by fattoquotidiano.it¹, the managing director and director of the technical area of Grafica Veneta were among the 11 people arrested in an operation that uncovered an organization of Pakistanis who exploited fellow countrymen. According to the Public Prosecutor's Office of Padua, the two managers of the leading book printing and binding company were aware of the illegal situation and the violent methods used by the organization to subjugate and intimidate the workers. Suffice it to say that it all started when a Pakistani citizen was found tied with his hands behind his back and with clear signs of beatings along his body. Obviously, this should not be generalized, and certainly the Italian business sector is not only represented by these elements, but it is clear that also this side of the coin should be analyzed. The Pakistani workers were employed by a company presided over by two of their fellow countrymen with Italian citizenship and were hired for short periods, with regular employment contracts (part-time and full-time), the hours were up to 12 hours a day without breaks, holidays or any protection among those provided by Italian legislation.

In addition, a complex 'extortion system' had been set up with the aim of recovering a large part of the wages paid and the 13th month's salary through withdrawals from ATMs made personally by the two owners or by persons they trusted using debit cards in the workers' names. As if that were not enough, the

¹ *Sfruttamento di lavoratori stranieri, ai domiciliari due top manager di Grafica Veneta; fattoquotidiano.it; 26th July 2021.*

workers were forced to pay the rent for a bed in a house where more than 20 people were crammed together, made available by the organization, which used trusted compatriots to manage everything.

When the workers realized that they were being abused, they tried to contact a trade union, but got nothing in return except verbal and physical reprisals from the exploiters.

It was revealed that even part of the management of GraficaVeneta was fully aware of the exploitation of the foreign workers, both in terms of the incessant work shifts and the on-sight surveillance to which they were subjected.

GraficaVeneta for its part rejects the accusations and says it was unaware of these practices being carried out on its employees.

However, the matter and the investigation are still in the preliminary stage. We do not wish to take the place of a judge in a case that is still far from being concluded from a legal point of view. The aim here is to analyze the exploitation of workers (which undoubtedly took place), which is unworthy of a country that considers itself not so much advanced as civilized in 2021.

So, if on the one hand subsidy and bonus instruments seem to be badly designed and ineffective, on the other hand it seems that in some cases the normal rules of the working world in a civilized country no longer apply. Who pays for this? Undoubtedly all those entrepreneurs who do not exploit their employees, who find themselves having to face accusations against the category that are not fair to

them; and all those employees, clerks and workers, who do not use subsidies and bonuses (and perhaps undeclared work) to live but who get up every day and work for themselves and their families. On these last two macro-categories also falls the burden of the monstrous taxation that afflicts Italy. Instead of punishing those who make mistakes, Italy has for too long preferred to let go and overburden those productive classes who instead work honestly and pay taxes. One might wonder how much longer this can go on, because in some ways it seems that we have really reached the point of no return.

These are incredible distortions that happen in a period in which the management of human resources is increasingly fundamental, although not especially for business results. Companies often mistakenly believe that better working conditions for their employees translate into worse results for the company when the exact opposite is now clear.

As reported by Entrepreneurship and organizational innovation by Carolina Machado (2020), the respect for each person's individuality and their personal specificities is creating new practices of human management which promote: conciliation with family life; flexibility; new models of communication grounded in complex and sophisticated platforms to communicate; the delegation of responsibilities and the involvement of employees in decision making; specific training, career management, mentoring and giving feedback to employees.

Adopting these practices is not a trend, rather, it stems from a necessity of the

current times. The traditional models of human resource management no longer respond as well in what comes to organizational efficacy and the new models oriented towards commitment and involvement have been presenting better and more visible results.

With the pandemic, these aspects have changed enormously. Just think, for example, of the work-life balance: with the massive introduction of smart-working, many employees have rediscovered a different relationship with their private sphere and the number of people who would prefer to return to work from home even once the pandemic is over is not minimal. On the supply side, some companies have recently proposed contracts with salary reductions but that allow you to work in smart working on an ongoing basis.

In May 2021, the case of patents on vaccines broke out after an initial statement by the US President and Vice President Kamala Harris.

The US administration was in favour of suspending patents on vaccines. Why was this issue so important? A patent is a legal protection that allows someone who invests in something to be able to use it exclusively, at least for a period of time. This protection is made necessary by the fact that manufacturers who invest in research and innovation want to see the results of their research protected from plagiarism by competitors who might exploit the effects of the research without bearing the costs. This obviously also applies to pharmaceutical companies, but given the emergency situation, many have called for the abolition of these patents,

at least for this time, on vaccines. Above all, the most left-wing section of public opinion is calling for it, talking about the importance of putting people's lives before the profit of companies, but it is not only politicians and intellectuals who are calling for it, even the governments of individual states are doing so, such as India.

The Indian situation is paradoxical: India is one of the largest producers of vaccines in the world, but the factories are not Indian. They are the factories of foreign multinationals, which paradoxically produce most of the vaccines in India and then ship them elsewhere, leaving India to fend for itself in the disaster of its own vaccination campaign and fight against the virus.

Instinctively it would seem the most sensible move at the moment to suspend patents, with Europe immediately falling into line with the US.

First of all, however, it must be remembered that it has to be decided unanimously by all 164 member states of the World Trade Organization, which requires negotiations and most probably a compromise.

The companies on their side explain that the investments have been going on for years and have been very expensive.

One of the voices out of tune as far as the West is concerned has been that of Angela Merkel. The German Chancellor, distancing herself from facile enthusiasm and lucidly analyzing the issue, raised the very problem of taking

away the profits of pharmaceutical companies that are so important for their research and development activities.

Anyone who is at all familiar with Angela Merkel's political history knows that this is not a case of aprioristic support for the demands of multinationals, defending capital against the good of the community, but a practical problem that could have unpleasant side effects in the future.

We are dealing here with an issue that is often central to microeconomics, namely the opposition between public and private. While the public good is clearly pursued by choosing a route, it is equally true that the main incentive for companies to invest, namely profit, would then be lost. We can pretend to live in an idealized world in which companies pursue the public good on a non-profit basis, but the reality is quite different. If we take away the results of years of research from such important companies, are we sure that there would be no repercussions on future investments in research and innovation?

As we have previously seen, the concentration of capital and the power of large multinationals is now a key point in the national and world debate on the economy. As written in *Encyclopedia of creativity: invention, innovation and entrepreneurship* by Elias Carayannis (2013), in this early twenty-first century, not only capitalism has not disappeared, but its power on the global society is reinforced. Big multinational firms, dominate the world economy, while myriads of small firms are born, grow, and die on a regular basis, thus composing a kind of

stock from which capitalism finds its means of development. Therefore, the domination of big firms is not incompatible with the maintenance of large numbers of small firms. The strong economic growth that came after WWII had provided Western Europe and the United States with safe and stable markets. After the trauma of the 1929 crisis, which had paved the way for war and dictatorship, all-out state intervention had become necessary (support of supply and demand).

If ethics was the first reason invoked by the tenants of a social responsibility of enterprises, the literatures on corporate social responsibility and on the objectives of the firm put forward two main reasons for developing responsible behaviors. The first one is related to the constraints that the external pressure from stakeholders such as employees, shareholders, customers, suppliers, the State, and the civil society puts on the firm. The second one is the opportunity for the firm adopting a responsible behavior to improve its economic results.

It is clear that this picture is at odds with what was seen before for the age-old issue of patents on vaccines. Follow an ethical behavior and make a good impression with stakeholders, citizens and institutions in the first place or pursue the profit on multi-year investments even in times of pandemic?

As stated in *The handbook of small business and entrepreneurship* (2017), social entrepreneurship is gaining acceptance in theory and practice as a means of helping to address market and government Entrepreneurial Social Responsibility

failures as well as promote social development. The entrepreneur is not anymore and could not be anymore someone that cares only about his or her own profit. Increasing demand for public expenditure from the other hand has took governments to the point of finding new creative ways to deliver public services, from healthcare to the education system. These two aspects can combine in our society in two ways: from one hand the entrepreneurship can take care of that social role that customers and stakeholders seem to care more and more every day. From the other side, the governments can have valid options to provide those service that can no longer be only on the national welfare shoulders.

Let's think for example at the debate reported earlier, between Sanders and Biden, in which the scholarship reform and the national health system reform were crucial for the Democratic Party elections. And we are talking about the United States, not exactly the smallest or the most communist country in the world. Nevertheless, even there, now seems to be time for a radical change. It is not a coincidence that the proposal to liberalize the vaccines patents started there.

As stated in *Essentials of Entrepreneurship and small business management*, (1998) entrepreneurs often must balance the needs and demands of a company's stakeholders, knowing that whatever the final decision is, not all groups will be satisfied. Ethical leaders approach their organizational responsibilities with added dimensions of thought and action. They link ethical behaviors to organizational outcomes and incorporate social responsibility into daily decisions. They establish

ethical behavior and concern for the environment as an integral part of organizational training and eventually as part of company culture. It is crucial to involve every part of the company for the social battles that the company considers fundamental. Let's think for example about the National Basketball Association in the United States, where the campaign "NBACares" goes on since long time ago and where it includes also many other aspects of the NBA world, such as players volunteering, not only simple money donations.

Social responsibility involves how an organization responds to the needs of the many elements in society, including shareholders, lenders, employees, consumers, governmental agencies, and the environment. Because business is allowed to operate in society, it has an obligation to behave in ways that benefit all of society. In a globalized world, a company needs to pay attention to the customers and stakeholders needs and ideas, as a bad response of the public can provoke a storm that could be fatal for the brand.

2.3. Third phase of the pandemic (December 2020-July 2021)

At this stage, Italian entrepreneurship, headed by Confindustria, is playing a central role in the Draghi government's takeover of the Conte II government. The previous Recovery Plan was seen as unsuited to the needs of the Italian entrepreneurial class.

At this stage, one of the most interesting issues in the microeconomic sphere is certainly the Amazon - trade union question. As we also saw in the previous chapter, the relationship between employee and company is being put to the test by an increasingly competitive scenario. Many companies think that a good relationship with employees and good working conditions cannot be reconciled with a good company result. This may be one of the reasons why a turning point will be reached in April 2021 at one of the most important companies in the world, Amazon.

In April 2021, in fact, a referendum was arranged for the establishment of a trade union, the 'Retail, wholesale and department store union', in an Amazon warehouse in Bessemer, Alabama, in the USA. In order to understand how crucial this was for various aspects of American society, one thinks of the fact that even

the two best-known Dems in America, Sanders and President Biden, had taken up the pro-union battle.

But the outcome was unfavourable to the Dems. In fact, with 1798 votes against, the workers decided not to join the union, which received 738 votes in response. This was a great victory for Amazon, and one might even say for multinationals in general (of which Amazon often plays the role of queen): often accused of not respecting its workers, of proposing conditions and long hours to its employees, Jeff Bezos' company was able to take this revenge on the public scene. The workers have chosen to stand with the company, sending up in smoke (at least for the moment) months and months of smear campaigns against it. The victory was also fundamental in another sense: it was legitimate to expect, with the victory of the yes vote, a domino effect that would have brought cascading repercussions on the entire logistics sector. With the yes vote, many other Amazon plants would have called for a referendum on the introduction of a trade union, a spectre that has been banished for the time being. Amazon can therefore, on the one hand, take its revenge after months of a smear campaign and, on the other, avert a very serious danger.

The results, however, as was to be expected, did not come without controversy. The union's promoters clearly spoke of fraud and illegal pressure from the company on the ballot, referring to an atmosphere of confusion, coercion and fear of reprisals. After that, an appeal was announced, which Amazon says it is sure to

win. On the one hand it recalls how overwhelming the victory was, thus reiterating the large final gap, on the other hand it speaks of an equally aggressive campaign by the union promoters that did not have the desired effects. Amazon claims a victory that was not decided by a single vote but that seems to have marked a big gap between pro-Amazon and pro-union employees.

This decision seems to go against the current scenario, but only apparently. One might think of multinationals as giants that think only and exclusively about profit, but according to this vote, even taking into account the aggressive referendum campaign on both sides, the path of a good relationship between employee and company is still possible in 2021, even in multinationals. Big business is not necessarily and should no longer be synonymous with coercion and exploitation, but a new way of sustainable work that respects the worker is possible and desirable. On the other hand, companies have to take into account the demands of workers and be the bearers of an increasingly sustainable way of working.

We will focus now at this stage on an analysis of Italian society, how the Covid may have changed things and what the future may hold for Italy.

To start, we can say that the “war” between Italy and innovation is a multi-faceted one. While Italian companies, especially small and medium-sized ones, invest little on average in research, Italy's retention of human capital does not seem to bear the desired fruit. Italian graduates often end up abroad and when they stay,

they seem to live in Italy disillusioned and without hope, convinced that their own country does not listen to them.

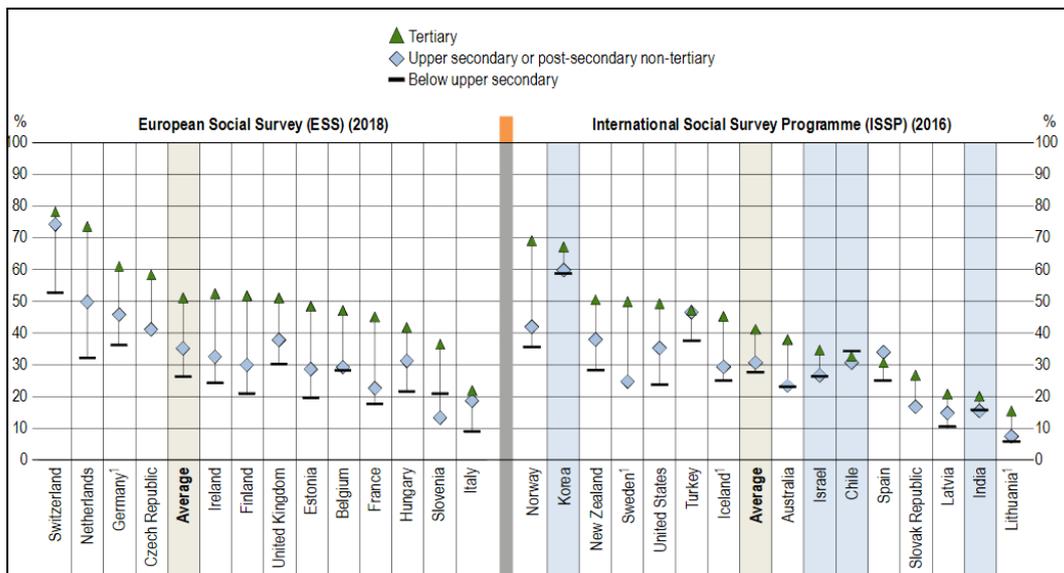


Figure 2.3. Percentage of adults who feel they have a say in what the government does, by educational attainment, 2016-2018; European and International Social Survey Programme; 2019.

The unheard skills show that in Italy, only one graduate in five thinks they have a say in political decisions. In Switzerland, for example, the ratio is reversed.

The European Social Survey Programme (2019) states that Italians also report a low level of political efficacy overall: only 22% of tertiary-educated adults think that their political system allows some or a great deal of say in what the government does, while for adults with below upper secondary education the share is 9%.

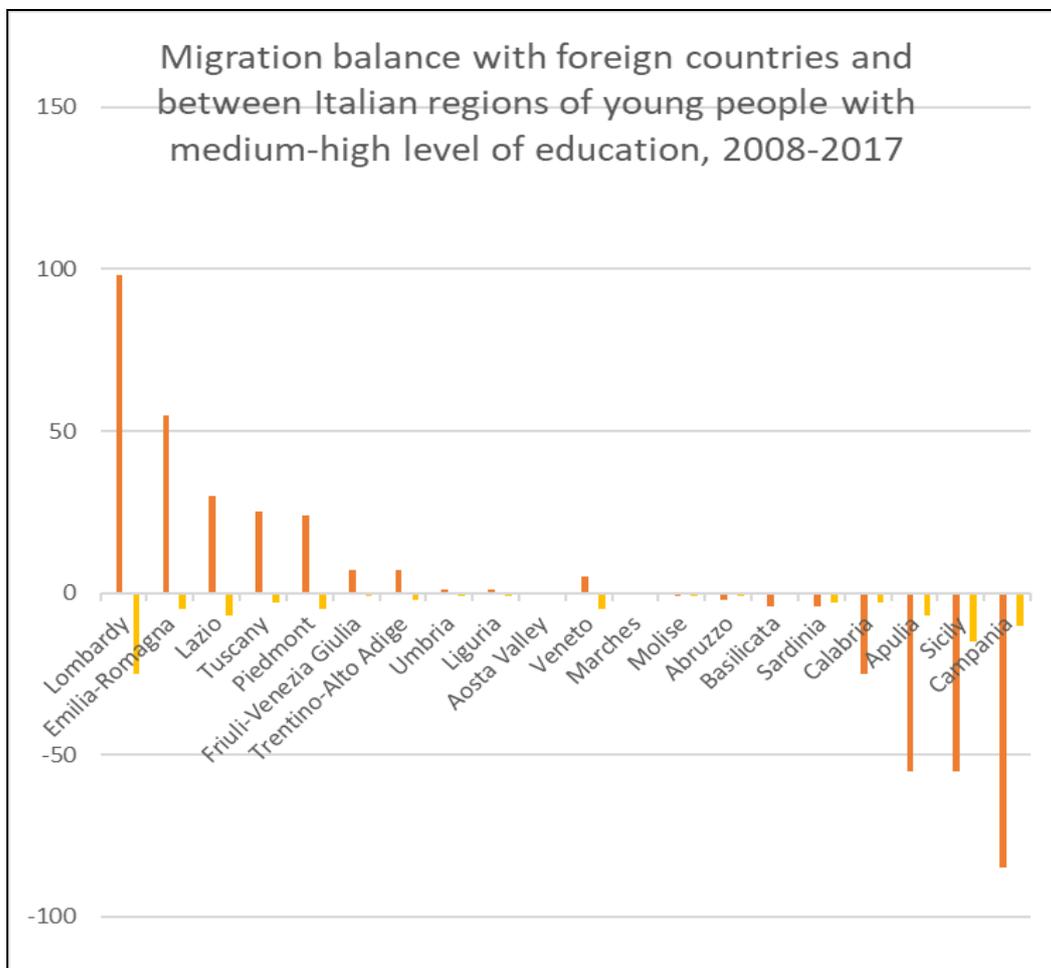


Figure 2.4. Migration balance with foreign countries and between Italian regions of young people with medium-high level of education, 2008-2017; ISTAT; 2021.

As we have previously seen, Lombardy compensates for the almost 24,000 fewer citizens with a flow that is more than three times greater in entries from other regions (mainly the southern regions). The latter have to deal with both extra-national migration and migration within the national borders. Many young people from the South choose to move to the North to seek their fortune, further

increasing the generational burden of migration outside Italy. Campania alone has lost almost 100,000 people in 10 years. It is clear how this scenario inevitably affects the people who remain in the South, who see their jobs burdened not only by the current difficult situation but also by a situation that is becoming increasingly worse. Who is going to pay this huge amount of taxes to help an elderly population that does not work anymore and that does not attract workers and entrepreneurs, with over the 50% of youth unemployment rate (Campania region, similar data in every other southern Italian region)?

In the last 10 years 208.000 young people aged between 20 and 34 have left Italy and it does not look like they are going to come back anytime soon.

Italian society is rapidly changing. One of these aspects is undoubtedly wealth and how wealth is perceived. In a catastrophic, pandemic situation such as the one we find ourselves in, differences can become more acute and these can lead to social envy and the atomization of the social fabric of a community, which is increasingly made up of separate individuals rather than a united community. These graphs are inspired by the Frankfurter Allgemeine Zeitung², which in turn took up and expanded on a study by the British magazine Economic Affairs. At least 1000 people participated in the polls in each country. In Germany, the Allensbach Institute carried out the survey, in the other countries the company Ipsos. Preliminarily we can say that men in general care about and seek wealth

² *Nur jeder vierte Deutsche will reich sein; Frankfurter Allgemeine Zeitung; 14th June 2021*

more than women. According to this, 40% of men in Italy say that it is personally important or even very important to them to be rich. Wealth is defined in the study as someone who owns more than one million euros in addition to his house. Among women, the proportion of materialists is significantly lower; among them, it is important being rich for 34%. Italy has the highest figure for both categories. This difference between the sexes is evident in all the countries surveyed. Even in Germany, the United States, Sweden, Spain, France and Great Britain, there are more men who aspire to high earnings than women.

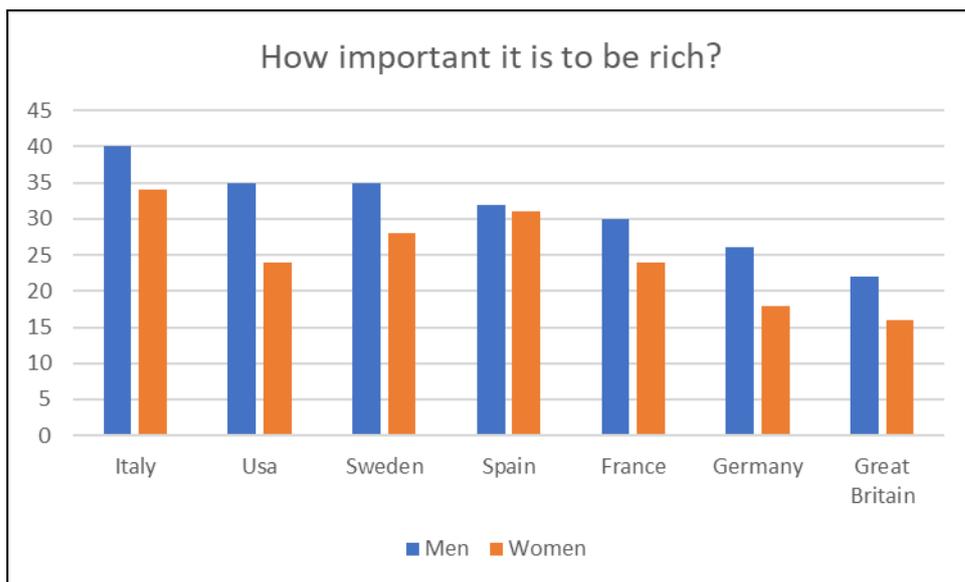


Figure 2.5. Survey by Ipsos, Frankfurter Allgemeine Zeitung; 2021.

However, there is a clear difference not only between the sexes, but also between the age groups. It is much more important for respondents under 30 to become rich than for those over 60. In Italy, about one in two people in the youngest group

(47%) want to become rich, while in the oldest group it is one in three (35%). Again, Italy leads the ranking in terms of the number of utilitarians. This scenario is the same in all countries, except in Spain where the need is minimally higher among the elderly.

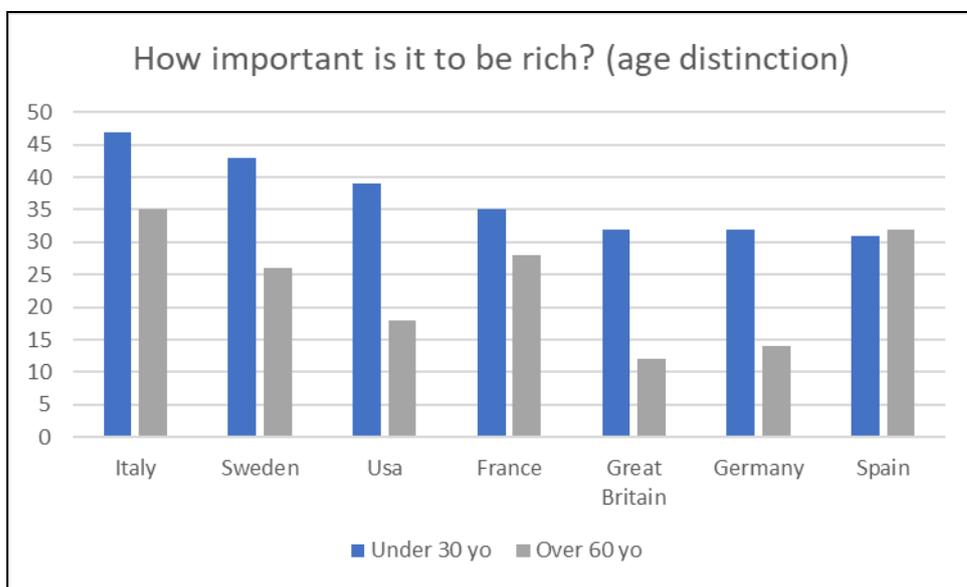


Figure 2.6. Survey by Ipsos, Frankfurter Allgemeine Zeitung; 2021.

Only 1% of all Italians consider the rich to be honest. This remains as a consolidated habit of Italian society: to consider the rich always and in any case as someone who did not deserve their fortune, as someone who either inherited it or stole it.

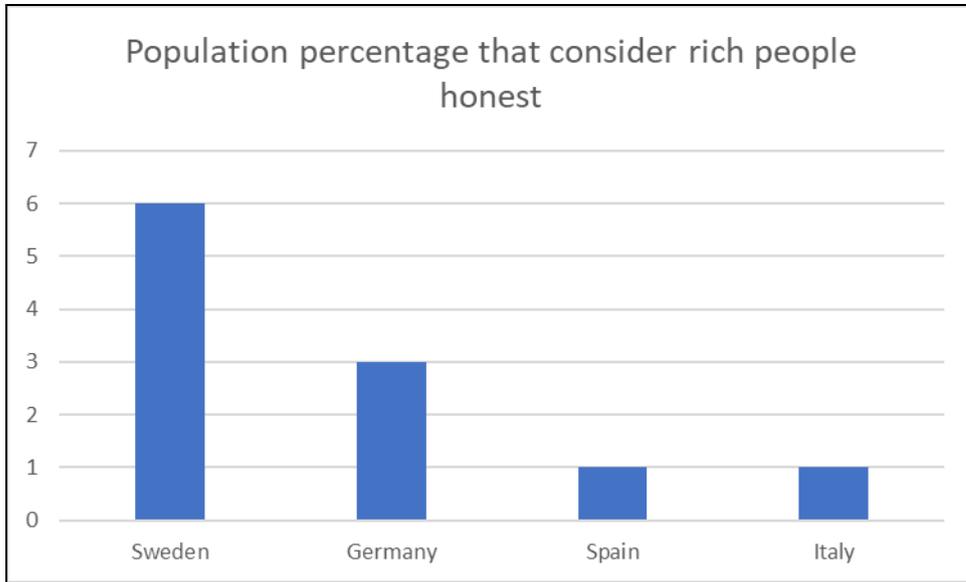


Figure 2.7. Survey by Ipsos, Frankfurter Allgemeine Zeitung; 2021.

Certainly, such a clear division between young and old could also be explained as a purely anagraphic fact. While a young man in his twenties may cherish his dreams, a man in his sixties, if he has not become rich by that age, will find it very difficult to do so in later years of his life.

In general, the study shows that many respondents attribute bad qualities to rich people. For example, only 3% of Germans believe that rich people are "honest". In Sweden it is 6%, in Spain only one in a hundred as in Italy, which also leads the ranking. On the contrary, 33% of Italians think that the rich are 'greedy'. In Germany it is 49%, in Sweden 32%.

However, the answers to the question about what qualities rich people have, are much more positive if the respondent personally knows a rich person. For

example, not 3, but 42% of Germans consider a rich person to be 'honest'. The survey results confirm an important finding of the prejudice research: people who know members of minorities personally (whether rich, black, homosexual or Muslim) often judge them much more positively than those who only know minorities from the media.

On average, however, social envy is clearly evident in Germany and France. 51% in Germany argue that 'the rich should pay not just high, but very high taxes', only 32% are in favour of 'not excessively high taxes'.

One in three Germans even agree with statements such as that taxes should be raised sharply for millionaires even if they personally would not benefit from it. In France, the number of those counted as 'envious' in the study is one percentage point higher, while in the US (20%) and the UK (18%) it is significantly lower. So the Germans are a nation of envious people? Only the French do worse, thus drawing a scenario in which the envy of the average Italian is not caused by resentment but rather by admiration.

There are two main reasons for the poor image of the rich.

A very important one is the belief in the so-called zero-sum theory. In game theory, a zero-sum game describes a situation in which one participant's gain or loss is perfectly balanced by another participant's loss or gain in an equal and opposite sum. If you subtract the total sum of the participants' gains from the total sum of their losses, you get zero. In this idea, social classes fight over an existing

fortune: if a rich person gets an extra euro, this is simultaneously taken out of the pocket of a poor person.

The opposite of this is the assumption that a society as a whole can move forward with individual citizens travelling at different speeds. In economics, China is usually cited as an example of how the pie can also get bigger in general. Among the population, however, the belief in a zero-sum game is widespread. The statement 'The more the rich have, the less is left for the poor' is shared by 51% of Italians and Spaniards, 49% of French and 48% of Germans. In Great Britain (36%) and the United States (34%) the values are significantly lower.

We can say that we have observed phenomena of this kind, i.e. a general push towards unbridled utilitarianism in Italian society, with other texts as well. In *Entrepreneurship, polycentrism and elites*, Carboni and Orazi (2019) address this issue by talking about Italian local communities. The Italian economy, which as has already been mentioned several times, is made up of small enterprises that often operate in production districts. These districts were also synonymous with community and bearers of common feelings and values such as familism. The community revolved around work and work revolved around the community.

In Italian society, especially in the so-called third Italy, there was a sense of duty and work that went beyond the individual and pervaded society as a whole. Everyone felt part of a superior whole that operated simultaneously because, one might say, it knew no other way of living life. It happened very often that in these

districts very high percentages of the population worked in the same sector, creating a common feeling of belonging that went beyond the individual product or company.

The theories of local development show how each region follows its own path, but also shows how characteristics peculiar to one area can be found in another. In Italy, in the so-called third Italy, areas with a high density of entrepreneurs came into being: we are talking about the North-East and the centre of Italy, areas with characteristics opposite to those of the North-West and the South.

We will see later the various historical developments that led to these scenarios and how the general picture has changed in recent years; for the moment we are interested in looking at the more strictly sociological side.

Today, this model is being put to the test by ever-increasing global challenges and a social context in which family and community seem to have lost the pivotal role they once played.

The social role that the entrepreneur once played and the admiration he garnered from his fellow citizens were largely due to his work. Now, however, there has been a shift towards a more consumerist view of society, in which social wellbeing and position in the community seem to be reaffirmed or even determined by the entrepreneur's material possessions.

In short, as the data and graphs above have confirmed, today it seems to matter more what someone has to show rather than what they actually produce. This

leads the younger generations to idealize these figures and to adopt the cult of wealth from a young age, creating a dangerous short circuit that is destroying the Italian social fabric that was so solid in the past, particularly in the areas of 'third Italy'.

In particular, continuing in this vein that intertwines the values of Italian society, the entrepreneurial class and economic stakeholders in general, it is interesting to cite a study contained in *The wiley handbook of entrepreneurship* by Gorkan Ahmetoglu (2017). In this work, a study by Hofstede that used cultural dimensions to measure cultural values is cited. Hofstede's model originally included four dimensions: power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance.

Power distance refers to the scale of acceptance or refusal of members of a given country to accept differences in the distribution of power and money within a country (we have seen it to be very high in Italy, a lower power distance is recorded in the USA for example). We can also categorize the two sets as a set of individualist nations on the one hand (those where the power distance is smaller) such as the USA or Canada, or collectivist nations where there are still strong ties between citizens (where the power distance is larger) such as France for example. The third cultural value dimension identified by Hofstede is that of masculine versus feminine values. Masculine societies place value on performance, money, and personal ambition, whereas feminine societies are less oriented toward

oneself and appreciate more helping others, the quality of life, and preservation of the environment. Examples of more masculine cultures include Italy, Mexico, and Japan. More feminine cultures include Denmark, Thailand, and the Netherlands. Finally, uncertainty avoidance refers to the extent to which societies tolerate uncertainty and security. Countries high on uncertainty avoidance include France, Belgium, and Greece. Countries low on this dimension include Singapore, the United States, and Canada. to the extent to which societies tolerate uncertainty and security. Countries high on uncertainty avoidance include France, Belgium, and Greece. Countries low on this dimension include Singapore, the United States, and Canada.

In Europe we talk about nations with less gender difference when we talk about the north in general. Suffice it to say that Finland has the youngest 38-year-old social-democratic leader in Europe, Sanna Marin, as Prime Minister.

Italian society currently seems increasingly divided, individualistic and distant from other European and world partners. If we add to all this a less than positive economic situation, aggravated by the pandemic, the situation does not seem to be one of the best, either in the present or, even more so, in the future.

However, the situation seems likely to improve, especially in the short term, with the vaccination campaign. It will be essential for the country's rapid recovery that the majority of the population is vaccinated as quickly as possible. In this way, more reopenings will be possible, which will also boost economic recovery. A

decrease in the spread of the virus with a consequent better containment of the pandemic would also lead to an improvement in the economic and social field. An example of this is the case of Sweden, discussed in the previous chapter. Leaving few restrictions in place and claiming it was necessary for the economy, the Swedish government then had to backtrack.

Finally, it could be said that the less the virus spreads in the near future, the better the economic scenario will be for Italy and the rest of the world.

3. THE GIORGIO FABIANI CASE

In this chapter it will be analyzed the Giorgio Fabiani. This company is one of the oldest and best known in the province of Fermo, in the Marche region of Italy. The company is taken as a symbol of Italian entrepreneurship, even more so that of small and medium-sized enterprises. I had the opportunity to talk to one of their most important managers, Roberta Mecozzi, who told me how the company has experienced this first year and a half of the pandemic, what the major difficulties have been, what the less critical situations are and what glimmers of hope there are for the future.

In this regard, Roberta Mecozzi was interviewed as a privileged witness of the company. The interview aimed at analyzing the situation of an important company in the area and how it has dealt with the Covid crisis. The company was taken as a model for this study because it symbolizes all the characteristics of the small and medium-sized Italian company (small number of shareholders; close relationship between shareholders and employees; strong territorial identity from an economic and social point of view).

3.1. First phase of the pandemic (February-May 2020)

As previously written, Roberta Mecozzi is one of the most important managers within Giorgio Fabiani. She holds the position of administrative manager and has been working within the company for 26 years.

This part is therefore based on the data and opinions of a person who knows every single corner of the company perfectly and who is also perfectly inserted in the more general context of Italian entrepreneurship, especially in the small and medium enterprise and especially in the footwear sector.

The company had a turnover of 8,300,000 euros before covid, which subsequently contracted to 5,300,000 euros. The company structure is typical of small and medium-sized enterprises in this area and in this sector (Fermo area; footwear sector): a single corporate member relying on several department heads.

The company is not exactly a small one: it has 68 employees divided into various departments. The division is as follows:

- Offices: 11 people including 3 people from the sales department.
- Patternmaking: 3 people
- Cutting: 9 people
- Hemming and sample preparation: 6 people
- Preparation for handle: 4 persons
- Shipping warehouse: 1 person

-Assembly and finishing: 34 persons

The pre-coveted hours are considered standard hours as for any other company: from 8 a.m. to 7 p.m. the offices run at varying times, the crankery from 7 a.m. to 4 p.m. with a half-hour lunch break and two 15-minute breaks. The cutting department operates from 6 a.m. to 2 p.m. or 2 p.m. to 10 p.m. There are therefore no night shifts.

Mecozzi emphasises that the company has followed the instructions of the Conte government to the letter from the very first moment, respecting all the precautions indicated by the various decrees with the utmost care, using protection, masks, disinfectants, sanitizers and relative safety distances.

A peculiarity in this first phase can be found in the non-use of smart-working. The company has never relied on smart working, not even during the first phase of the pandemic. As far as the situation with customers and suppliers is concerned, Mecozzi emphasises that the situation was managed by asking for maximum cooperation from both sides and obtaining it. She says:

“The situation has been managed with the utmost cooperation with customers and suppliers. We can say that with everyone's support we managed quite well, but with many fears and uncertainties about the future too.”

3.2. Second phase of the pandemic (June-November 2020)

Having reopened on 24 April 2020, Mecozzi points out that the first recovery was rather slow. There were many doubts surrounding the reopening, but she emphasises that the company never lost the necessary lucidity.

Even at this stage, the company did not use smart-working. The company structure remained the same, both in terms of the composition of the company organigram and from the point of view of the employees. In fact, redundancies were blocked by the government's redundancy freeze and no new hires were made.

Mecozzi later pointed out that the only useful measures taken by the government at this stage were the covid redundancy fund and the postponement of the instalments on the various loans and the related moratorium. She clearly states:

"The measures of the Conte government that were most useful were definitely the covid redundancy fund and the postponement of the instalments of the various loans."

However, she also emphasises that the company has not received a single euro from the government in this phase.

3.3. Third phase of the pandemic (December 2020 – July 2021)

In this third phase, the opening topic is undoubtedly the freeze on redundancies. The question is whether cancelling the freeze on redundancies would perhaps have led to greater flexibility, less rigidity and therefore a little more breathing space for the company in this complicated phase.

Mecozzi replies that yes, in this phase probably some redundancies would have slightly eased the situation. However, since there was the covid redundancy fund, there was no particular worsening on the labour and economic side as regards the cost of employees.

In the passage from Conte to Draghi, it is pointed out that some help has indeed arrived. The aid would be that of the decree, which arrived at this stage but had already been planned by the Conte government. The aid received is not specifically quantified, but the definition of "crumbs" is given.

Even at this stage there were no changes either in terms of company employees or timetables.

In addition to the support decree, it is pointed out that the company received nothing. They complain about the lack of aid in this year and a half, other than the covid redundancy fund for employees or the 'crumbs' of the support decree.

In conclusion, the idea is reaffirmed that this was a crisis, a deep, hard one, such as had never been faced in the company's long history.

Recovery is seen as a mirage at the moment. Obviously, it is not easy, since the virus is blocking the whole world, the situation is unpredictable and there is general confusion with constantly changing rules. She declares:

“Giorgio Fabiani is in talks with some famous brands and we are looking to expand these contacts. There seems to be a general optimism about the near future and we are confident, if this is the case, to return in 2022 to the turnover and volumes of 2019. We do not dare to make any further predictions.”

One of the first solutions that Mecozzi proposes to improve the lives of businesses and help recovery is to combat relocation. She clearly says:

“Speaking of the footwear sector, it would be necessary to avoid delocalization. In our sector it would be ideal to demand that a product with a made in Italy brand, has been produced in all production phases in our country. Invest in the restart and especially on the training of the tertiary sector that is being lost as the cutting of uppers but, above all, on the phase of hemming that will soon become unobtainable. Facilitating hiring with reductions (as happens in the south), rebalancing the various taxes that are too onerous, especially as contributions on employment and making sure to entice the younger generation to "open" new

activities in the textile sector. At present, there are neither generational changes nor encouragement to open new structures.”

In the footwear sector, and particularly in the Fermo area, it would be ideal to seriously combat copied 'Made in Italy', focusing on a re-launch of the entire production chain with a completely Italian process from start to finish, in her opinion.

Another idea proposed is to invest in the recovery and above all in the training of part of the service sector that is gradually disappearing, such as the cutting of uppers. Another important part of the production chain that is disappearing and needs to be relaunched is the hemming stage, which Mecozzi believes will soon become impossible to find in the area.

One of the most appreciated measures, as previously stated, was the tax relief for companies in the South, which he hopes will be replicated in all other parts of Italy. He also emphasises the enormous tax burden on employees that companies have to bear, which should be radically reduced and then redistributed those resources to tax relief for companies and incentives for opening new businesses, especially for young people and especially in the textile sector. It calls for less welfarism and more labour flexibility.

Loneliness is also mentioned as the most difficult aspect related to covid. The company feels that it has been left alone to wait and then get nothing in return. To

be in difficulty but to remain centred in one's own trust, that of employees, customers, suppliers and banks. Protect the company and all employees while also thinking of their families and holding on to all job opportunities. Look for new contacts, propose yourself, try out.

This is how that feeling of attachment to the company and the territory so dear to Third Italy returns, a feeling that may have waned a little but which in some contexts still remains strong and present. She clearly declares:

“The only positive aspect has been the sense of togetherness between us, between owner and employees, between customers and suppliers, between us. The sharing, the moral support between us. Supporting each other day after day.”

Mecozzi points therefore to this as the only positive aspect of the last year and a half: the unity between staff, between owner and employees, between customers and suppliers, between the company and the bank, which also played its part in helping.

We can say that the company embodies in every way that spirit very dear to third Italy of belonging, of attachment and of helping each other in difficulties, which is very useful in situations like the one we are experiencing. The fact that one of the most senior executives of a company of almost 70 people has indicated this as the

main positive aspect is significant of how this feeling still pervades some areas of Italy today.

From a purely management point of view, it was analysed that this is a rather rigid company. The employees have not been made redundant due to the freeze on redundancies, but no new employees have been recruited and the working hours and shifts have remained the same. In addition, smart-working, which for many companies was pure oxygen, was not even taken into consideration and was not applied even in the initial and most acute phases of the pandemic. What remains, therefore, is a company that may still be rather rigid towards the new flexible forms of work of 2021 but which has very deep roots in the territory in which it grew up and which is trying to cling to the strongest and oldest values in order to emerge from the crisis.

CONCLUSION

This work has given a clear picture of what the first year and a half of the pandemic in Italy was like.

The analysis started from a macroeconomic level in which, in addition to the Italian case, international cases were analysed that were considered worthy of consideration and in-depth study. In retrospect, one might conclude that the Italian case, especially considering the dramatic situation at the outbreak of the pandemic, was not as disastrous as it might have been.

The beginning of the pandemic was a phase in which the only beneficiaries were Bezos with his Amazon and all the e-commerce giants. The ensuing debate on whether these giants should be taxed fairly or not has brought to the surface a class conflict that seemed almost dormant in recent years. The taxation of the super-rich and the redistribution of wealth have once again become the focus of political debate both in Europe and in all other parts of the world, just think of the American elections and the primaries of the American Democratic Party in particular.

It is clear how central this issue will be in 2021. The ever-increasing inequalities, exacerbated by the pandemic, call for strong intervention by institutions that can no longer ignore that part of the population that is calling for social justice and a fairer world for all.

On the other hand, at least as far as Italy is concerned, businesses must operate in a disastrous scenario in which one of the highest tax pressures in Europe clashes with the systemic and lasting inefficiency of the public administration.

This endemic Italian situation should lead us to rethink the idea of a more socially equitable Italy in which business and citizens come together.

A fairer and more just redistribution, perhaps even with a patrimony on super-wealth, should be accompanied by a reduction in the tax burden on the middle class and on workers, who are the first to have to suffer an insane tax burden on employed labour.

A first step forward should be a serious fight against tax evasion, which compromises the future of this country both from an economic and sociological point of view.

In short, it should help to revive that part of the country that is willing to get things done, but is too often economically and morally strangled.

There is no point in hiding the fact that the situation in Italy is currently disastrous. An entrepreneurial class that is often not up to the tasks required by the globalised world of 2021. It is unfortunate to say that a large part of this class only sees profit as the ultimate goal of the company, even at the cost of going against fiscal rules. Is this really a sustainable business model in 2021? This scenario ends up destroying the healthy part of the country that would like to see a fairer and

more equitable Italy, and which instead is leaving Italy, creating a short circuit that is killing this country.

The Frankfurter Allgemeine Zeitung's article also showed this: Italian society is increasingly divided and hardened, forming an increasingly individualistic society in which the feelings of collective unity and sense of community that made this country great have been lost.

In this context, the only or one of the few solutions proposed by politicians is an increase in public spending with subsidies and early retirements.

Instead, in my opinion, the idea behind this country should be reviewed from the ground up, starting with education, health and work. We are heading towards a scenario in which, in 20 years' time, pension expenditure in Italy will reach unprecedented highs and spending on education will be 3.1% of GDP (from MilanoFinanza.it).

A change of course is inevitable if we want to stay afloat.

At the moment in Italy we are clinging, especially in the third Italy, as we have seen in the case of Giorgio Fabiani, to those values that once made the small and medium-sized Italian company great in the world.

Unfortunately, this no longer seems to be enough.

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