

ECONOMIC LITERACY IN ITALY: SITUATION, EXPERIENCES AND POLICIES

PART I:

**ECONOMIC AND FINANCIAL LITERACY IN ITALY: THE STATE
OF THE ART**

PART II:

**ECONOMIC EDUCATION IN ACTION: THE CASE OF THE
FESTIVAL DELL'ECONOMIA (TRENTO)**

PART I

GENERAL PROPOSITION:

THE **CONCEPT OF “ECONOMIC LITERACY”** (E.L.) REFERRED TO A SPECIFIC COUNTRY IS COMPLEX, MULTIFACED AND SUBJECT TO MANY INTERPRETATIONS

IT IS **IDYOSINCRATIC**: ITS MEANING DEPENDS ON THE CULTURE AND INSTITUTIONS OF THE COUNTRY TO WHICH IT REFERS, AND ON THE PERIOD CONSIDERED

ANY INDEX OR MEASURE OF E. L. IS THEREFORE SOMEHOW PARTIAL AND REPRESENTS A SIMPLIFICATION

THIS MEANS THAT WE MUST BE VERY CAUTIOUS WHEN WE TRY TO GIVE A QUANTITATIVE REPRESENTATION OF E.L. AND WHEN WE DRAW POLICY IMPLICATIONS.

THE OECD PISA FINANCIAL LITERACY ASSESMENT (2012)

“FINANCIAL LITERACY” IS ONE ASPECT OF E. L.: IT HAS IDENTIFICATION PROBLEMS SIMILAR TO E.L., BUT CAN BE DEFINED AND MEASURED MORE EASILY.

THE **OECD-PISA ASSESMENT** DEFINES FIN.LIT. AS “...KNOWLEDGE AND UNDERSTANDING OF FINANCIAL CONCEPTS AND RISKS, AND THE SKILLS, MOTIVATION AND CONFIDENCE TO APPLY SUCH KNOWLEDGE AND UNDERSTANDING IN ORDER TO MAKE EFFECTIVE DECISIONS ACROSS A RANGE OF FINANCIAL CONTEXT, TO IMPROVE THE FINANCIAL WELL-BEING OF INDIVIDUALS AND SOCIETY, AND TO ENABLE PARTICIPATION IN ECONOMIC LIFE”.

THE OECD APPROACH IS MAINLY OPERATIONAL, AND F.L. IS IN GENERAL CONNECTED WITH MATHEMATICAL AND PROBLEM SOLVING CAPABILITIES.

CONSIDERING THE ACCURACY OF THE DEFINITION AND THE INTERNATIONAL SCOPE OF THE SURVEY, THE PISA ASSESMENT IS A GOOD STARTING POINT FOR MORE GENERAL CONSIDERATIONS.

ITALY AND THE OECD PISA FINANCIAL LITERACY ASSESMENT

ITALY'S PERFORMANCE IN PISA IS VERY LOW: IT SCORES 466 (16-17 th out of 18). THE OECD AVERAGE IS 500 (Belgium 541, Estonia 529, Poland 510, USA 492, France 486, Russian Federation 486, Spain 484, Israel 476). EAST EUROPE COUNTRIES PERFORM PRETTY WELL (the implementation of the market economy WOULD REQUIRE INVESTMENTS IN YOUNG PEOPLE'S EDUCATION) n education effort interesting the young people)

ITALY RANKS LOWER THAN EXPECTED, AS FAR AS STUDENT'S SKILLS IN MATHEMATICS AND READING ARE CONCERNED . THIS MEANS THAT THERE IS A SPECIFIC WEAKNESS IN F.L.

THE VARIANCE OF THE RESULTS IS HIGH: SOME REGIONS IN NORTHERN-ITALY PERFORM AROUND THE OECD AVERAGE, BUT MOST REGIONS IN THE SOUTH PERFORM BADLY. HOWEVER THE VARIANCE IS HIGH IN MOST COUNTRIES.

EVALUATIONS

THE PISA SAMPLE OF ITALIAN STUDENTS GREW UP IN A DECADE – 2000-2010 –WHEN MAJOR ECONOMIC PROBLEMS (SUCH AS THE INTRODUCTION OF €, PUBLIC DEBT, TAXATION, UNEMPLOYMENT, FINANCIAL CRISIS) FEATURED AS HOT ISSUES BOTH IN THE MEDIA AND AT HOME.

THERE IS LITTLE EVIDENCE OF ANY INFLUENCE OF THESE CONCERNS AND DEBATES IN THE PISA PERFORMANCE, AT LEAST IN MOST REGIONS. . THIS RAISES DOUBTS ON THE IRELEVANCE OF THESE TWO CHANNELS OF FINANCIAL INFORMATION TO THE EDUCATION OF YOUNG GIRLS AND BOYS IN PARTICULAR.

IN THE ITALIAN PRIMARY AND SECONDARY SCHOOLS FINANCIAL EDUCATION IS MISSING. WHICH EXPLAINS WHY THE ITALIAN EDUCATIONAL SYSTEM DIDN'T HAVE ANY IMPACT ON F.E.

IN RECENT YEARS (ACTUALLY TOO RECENT to COME TO

BEAR UPON the 2012 student sample) A LARGE NUMBER OF PRIVATE INSTITUTIONS(Bank of Italy, the Association of the Italian banks, financial institutions, single foundations) HAVE SET UP SHORT COURSES (OR individual LECTURES) ON SPECIFIC ASPECTS OF FINANCE AND BANKING IN A FEW SCHOOLS). the focus of THIS ACTIVITY , however, IS TOO narrow, specific OR casual to allow for , SUBSTANTIAL , NATIONWIDE EFFECTS. AT THE MOMENT WE NEED GENERAL GUIDE LINES AND A SYSTEMATIC POLICY SET BY THE CENTRAL GOVERNMENT.

BUT...DON'T DESPAIR

LET'S NOW CONSIDER THE ACTUAL BEHAVIOUR OF ITALIAN HOUSEHOLDS TOWARDS SAVINGS AND WEALTH (ANY FORM OF ASSET). THE RESULTS ARE QUITE SURPRISING.

HERE ARE SOME DATA (Source: Bank of Italy):

1) the Italian propensity to save has been the highest (always higher than 16%) in Europe (against U.K. 3%) between 1995 and 2004, than it declined because of the slowdown of the growth. However in 2010, in the midst of the financial crisis 37% of household saved and only 8% got into debt (and they were concentrated in the lowest quartile of the GDP distribution)

2) in 2010 Italian household, after U.K and U.S.A., had the highest ratio "financial assets/GDP" (3,4) - which grew up very fast between 1980 and 2010 - (against France 3; Germany 2.7) and after France had the highest ratio "real assets/GDP " (5.56 France, 5.51 Italy), followed by U.K. (5.02), Germany (3.4), Usa(2.08). In Italy (2008) 87% of the household owned at least one house

3) in 2011 the allocation of the financial assets of the Italian household was: 31% currency and deposit; 20% securities; 26.6% shares, 18.9% insurance technical reserves; 3% other. One could say a very smart allocation!

4) in 2011 the level of indebtedness (net liabilities/GDP) of Italian household was quite low (0.6) as compared with U.K. (greater than 1) and Usa and Canada (just below 1)

DESPITE THE PISA BAD SCORES IN F.L., THE ITALIAN HOUSEHOLDS PERFORMED VERY WELL IN THE ACTUAL ALLOCATION OF THEIR INCOME (SAVING RATIO) AND ASSET MANAGEMENT.

ACTUALLY THE ITALIAN ECONOMIC CRYISIS DOES NOT SEEM TO RESULT FROM THE EFFECT THE FAMILIES' BAD ECONOMIC BEHAVIOUR. IT FOLLOWS INSTEAD FROM LOW STANDARD PUBLIC POLICIES (AND POLICY MAKERS) AND FROM THE THE WEAKNESS OF THE BIG CORPORATIONS.

THESE RESULTS DON'T MEAN THAT THE PISA INDICATIONS ARE USELESS: THEY ARE STILL A MEANINGFUL TARGET THAT MIGHT HELP TO IMPROVE THE E.L. AMONG PEOPLE IN A WORLD WHICH IS INCREASINGLY INFLUENCED BY FINANCE.

THEY INSTEAD SUGGEST THAT THE ACTUAL BEHAVIOUR OF HOUSEHOLDS HAS BEEN STRONGLY INFLUENCED BY CULTURAL, ANTHROPOLOGICAL AND INSTITUTIONAL VARIABLES. A GOOD F.L. IN YOUNG STUDENTS IS USEFUL, BUT IT ISN'T NECESSARY (SEE THE ITALIAN CASE) OR SUFFICIENT (SEE THE U.S.A. CASE) TO GENERATE A SOUND FINANCIAL BEHAVIOUR (CONSIDER CAUSES AND EFFECTS OF THE 2008 FINANCIAL CRYISIS)

PART II

THE FESTIVAL DELL'ECONOMIA IN TRENTO: A SUCCESSFUL EXPERIENCE IN POPULAR ECONOMIC EDUCATION.

1) CULTURAL FESTIVALS ARE QUITE POPULAR AND SUCCESSFUL IN ITALY: SCIENCE AND MATHEMATICS (GENOVA), LITERATURE (MANTOVA), LAW (PIACENZA), PHILOSOPHY (MODENA), BRAIN SCIENCES (SARZANA). THE MOST WELL KNOWN IS GENOVA, FOLLOWED BY TRENTO.

REASONS FOR THE SUCCESS: TOPICS (sexy for young and cultivated audience), SOCIAL EVENTS, ORGANIZATION (see Trento), LOCATION (in general small cities), SEASON (late spring-summer)

2) GENERAL INFORMATION ABOUT THE TRENTO FESTIVAL

* Trento is a nice small town located at the border with Austria,

in a rich , INDEPENDENT region, at the center of a well known TOURIST area. THE EDUCATIONAL system IS GOOD and THE UNIVERSITY IS qualified. in THE PISA assesSment on F.L. the region UNSUPRISINGLY scored 499, well above the Italian average. The local economy is quite innovative; the local government is well organized and open to national and international initiatives.

* The Festival started in 2006. IT IS promoted and supported by private operators and local government, with the cooperation of the university.

* It ALWAYS takes place between the 30th of May and the 2th of June, a suitable timing both for schools and FOR THE local and national VISITORS.

* The whole city is involved in the Festival: for four days Trento is the Festival. Every day about 10/15 “events” (conferences, debates, films, etc.) take place. The city becomes a huge conference room and a library OF ECONOMICS

* The focus of the Festival is the economy, not economics. The Festival aims at MAKING large , MAINLY YOUNG AUDIENCES -FAMILIAR WITH the HOTTEST ECOMIC ISSUES .BY GETTING IN TOUCH WITH experts, managers, bankers, and policy makers OF national and/or international standing. Given the RELEVANCE OF colloquia AND round tables, the Festival is also a place of open debate between policy makers and social science experts, Italians and foreigners. The topics of the Festival are always quite wide and open to social and political sciences.

3) A FEW DATA ABOUT THE TRENTO FESTIVAL

* Topics of the last 9 years: wealth and poverty; human and social capital; market and democracy; identity and global crysis; information, choices and development; the limit of economic liberty; life cycles and relationship between generations; sovereignty in conflict; leaders, growth and public interest.

* In 2014 the total number of “events” has been 41, the number

of speakers 55 (Italians 38, foreigners 17). Between 2006 and 2014 the total number of Nobel prizes present to the Festivals has been 14.

* This is the composition of the public (2012): male 40%, female 53% ; age 41% (15-34), 30% (35-54); educational level high school diploma 30%, laurea 55%; employment 52% employed, 24 % students; geographic origin 50% Trento and province, 31 % Italy.

* The numbers of the audience: physical presence in loco about 10000 (at least one day, 2014) ; visitors of the website of the Festival during the Festival (2014): 7.260.000.

4) THE PARTECIPATION OF AEEEE-ITALIA TO THE FESTIVAL

In 2013 AEEEE-Italia in cooperation with the Festival launched a program called EconoMia. THIS IS a competition among Italian students of the high schools (4th and 5th year) for a scholarship financing the partecipazione to the Festival.

In 2014 hundreds of students took part to the competition based on a test and a written TEST focused on the topic chosen by the Festival in 2014. Twenty students, coming from many Italian regions, won the award and took part to the Festival.