



# **A country on a knife-edge: Italy and its territorial differences**

Francesca Gelli / Alexander Grasse

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# 1 Introduction

“And I am polarised between North and South (...).  
Ascribing to the North the world of should be, of work,  
of civil commitment, moral fatigue and collectivism;  
and to the Centre, to the South, the world of being, the joy of living,  
the lack of responsibility, of nature”  
(Ottiero Ottieri, 1963)

Italy is presented in political and economic analyses as a country still divided into North and South. Today, territorial disparities constitute a serious matter, with ugly consequences for the entire country, prejudicing the way Italy is seen in the European Union. The national image is harnessed in descriptions which emphasise traits of persisting socio-economic dualism.

Several reforms brought about by the spirit of modernisation over the last 20 years have been designed to facilitate the Italian economic and political system to adapt to global competition and market pressures, to strengthen the State’s capacity in programming, budgeting and monitoring and to elaborate new governmental strategies (Barca, 2006). Phases of institutional stasis have been overcome by social dynamism, external events and changes at the international scale bringing innovation to the connection between institutions and public policies (Di Palma, 2000).

Yet, statistics show a widening of the competitive gap in many sectors between Italy and the main European economies. In particular, with respect to the Lisbon objectives set out by the European Council in March 2000, the distance appears much more accentuated in the Southern regions, in spite of huge Cohesion Regional Policy investments (that is, additional financial contributions assigned for specific target areas for the provision of collective services).

The abnormal debt situation, which emerged as a critical factor in the Nineties, profoundly restricts today’s government decisions<sup>1</sup>, despite the gradual balancing policy of public accounts which started in 1992, year of the downfall of the lira (the Italian national currency at the time) that aimed at reducing deficit in the light of a “Stable governing culture” (Vassallo,

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1 The stock of national public debt was approximately 114.8% of the national GDP in 2009 and is foreseen to further increase to 118%. The current figures are the same as those in the early Nineties, when Italy was on the brink of bankruptcy in 1992 the Amato government intervened with a reparative manoeuvre through the extraordinary budget of 90 billion lira. According to the European Commission’s forecasts, the fiscal pressure in 2010 (as a percentage of GDP) will be 45.5% in Italy.

2000). The debt is a legacy of the First Republic (1948-1993) and thirty years of expansion of state administration and welfare policies. The increase in public intervention<sup>2</sup> produced the proliferation of delegated commissaries, State investment agencies and peripheral bodies with a spending capacity, derogating regimes of administration in a situation of general nebulous inter-institutional accountability and the depreciatory effects of inflation.

“The political decision is to increase the tax burden on the market sector of the economy, but not to restore an equilibrium in public finances. On the contrary, it foresees widening the sphere of Public Administration influence, that is, of the political-bureaucratic apparatus which liases between the State and the Market. More purchasing, more public salaries, more pensions, more subsidies, greater financial revenues (State government bonds): in short, more parasitism. This mechanism has allowed Italians to live above their means, but in the end a price must be paid: the first time through devaluation of the lira and a serious recession, and the second time through a progressive halt in growth over the last decade” (Ricolfi, 2010, p. 82).<sup>3</sup>

The debate is therefore animated by the observation of a change in and widening of State capacity, and also by the doubts regarding the very premises and ways of reformism. The effectiveness of public action – its logic, instruments and solutions – has been indicted.

In this framework, the South of Italy, which has been a target area of State action with a high concentration of public investments for decades, has become a paradigmatic case of the failure of state with regard to the degree of responsiveness and accountability<sup>4</sup> of the actors and institutions involved in public action.

Besides being “late in developing” – the whole area of the South is to be considered behind the times and not depressed (Capecelatro and Carlo, 1973)<sup>5</sup>

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2 It is estimated that since 2003 (data elaborated from the Italian National Institute of Statistics and the Ministry of Economy and Finance) there has been a further gradual increase in the volume of public intervention “defined as the sum of all of the effective current income and outgoings of the public administration, given a GDP of 100 for the market sector. Public intervention, inasmuch as it includes both the capacity of the state to drain resources from the producers and the redistribution and reallocation of income, is a measure of the discretionary power of politics” (Ricolfi, 2010, pp. 82-83).

3 All Italian quotes in this paper were translated by the authors.

4 Terms with which we mean: the capacity of the State to satisfy social needs and demands; the transparency of decisional processes and policy making; responsibility with respect to the outcomes.

5 The insufficient level of production and consumption can only be marginally imputed to redevelopment processes which have pushed productive activities once located there out of the market (Becchi, 1993).

– the regions of the South seemed “difficult” in that they were resilient to public programmes of intervention, though significant dissimilarities in policy implementation and outcomes must be taken into account.

It has been observed that the transfer of resources from the central government triggered chains of dependencies and parasitism causing a tangible distortion of entrepreneurship (Gribaudo, 1991; Gangemi, 1988).

Still, this picture could be awkward to scholars of Italy, who are aware of the risk that statistical analysis together with the adoption of a functional approach to policy instruments can induce a misleading, overly brutal simplification of the context’s features. Policy instruments are not axiologically neutral and can be regarded as social institutions, as they mobilise knowledge systems, ideas and ways of doing in relation to their implementation contexts (Le Galès and Lascoumes, 2005).

Therefore, another hypothesis is that policy instruments and tools which were adopted in the reforming season of the 1990s served not only to maximize performance according to efficiency parameters, but also to lay down the foundations of choices. However, at times they triggered conflicts between well-defined culture and systems of knowledge with alternating victories and defeats resulting in discontinuous, if not consequential changes.

From this perspective, the South of Italy has been the place of national “experiments”, as in the case of development projects directed from above and carried out locally.

## **2 Descriptions of the territorial gap as a frame for action**

Though the problem is serious, reduction in territorial disparities has not necessarily been, nor is, a priority on the political agenda and in the national government’s strategic plans. For some time now, the practice of allocating resources to single policy sectors (health, education, etc.), rather than strategic investment plans, has prevailed as a standard procedure.

The debate surrounding the introduction of fiscal federalism, renewed through law 42, 2009 (awaiting delegated decrees foreseen) has brought to the national attention the political objective and the social implications of a different distribution of public resources, with the result that some points of conflict have finally come to the surface, among which the so-called “incongruence of status”, i.e. the high levels of productivity of the Northern regions and their political relatively small weight (Bonomi, 2007, p. 75). This has been a recurring argument in the political discourse of the Northern

League political party, which succeeded in representing social protests against the state and ride the wave of delegitimisation of State powers which the perception at local level of the “incongruence of status” has brought about, threatening a sort of fiscal revolt regarding the “unfairness” of national fiscal policy.

A recent study (Ambrosanio, Bordignon, Cerniglia, 2008 and 2010) corroborated the reasons for the territorial redistributive conflict, which is related to fiscal flows across regions, stating that financial flows from the rich regions in the North to the poor regions in the South are substantial<sup>6</sup>.

“Through the public budget, a representative resident of the richest region, Lombardia, transfers about 30% of the total taxes and contributions she/he pays to the other regions, while the representative resident of the poorest region, Calabria, receives 55% in excess of what she/he pays” (Ambrosanio, Bordignon, Cerniglia, 2008, p. 1).

Add to this that for the 2007-2013 programming period, the Regions in the South of Italy have received other conspicuous resources from the European Regional Development Funds (ERDF) to support strategic plans for investments in infrastructure, human capital and economic innovation (around 47.3 billion euro)<sup>7</sup> however, with the understanding that this was to be the last time Southern Italy was to receive considerable funds from the ERDF, as future redistributive policies would be in favour of the New Member States.

In the past few decades, in the areas involved in extraordinary intervention through the “*Cassa del Mezzogiorno*” and the direct investments of state-owned firms, European Funds did not attract the interest of public and private actors. An explanation is that European Funds were subjected to the application of “transparency criteria which little suited the widespread practice of clientelism and uncontrolled spending (...) to the point that poor capacity in spending funds caused them to be cut back” (Di Quirico, 2006, p. 94).

European funds were seen as a profitable opportunity in the following years when the modernisation process started, putting an end to the development pattern of the “paternalistic state”, a model of development based on the role

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6 Although the authors themselves observe that, with regard to the distribution of social security state expenditure, most of the regions in the South of Italy receive an amount of public spending below average, because of the high concentration of elderly people in some regions in the North.

7 The 53.8 billion FAS funds (assigned to underdeveloped areas by Financial Law 2007) are added to the package. There are delays in the effective transfer of these resources, problems of various kinds, with great conflict between central government and Southern regions.



of state public spending in sustaining social demand and on the conviction that the state must exercise its “control” of the economy.

The new challenge is related to the connection with the EU, to the capability of local communities and the appreciation of their ability to make plans for their future, to the modernisation of the public administration and of the bureaucratic apparatus through the development of medium-long term programming and budgeting and transparent negotiation procedures with private interests.

The stakes for the regions of the South are therefore very high but, once again, it should not be taken for granted that either politics or public opinion are aware of the importance of what is at stake, and whether they care, a climate of general mistrust prevails. Lastly, the recent global economic crisis has complicated the situation, increasing territorial and social disparities, exacerbating the factors of instability.

Still, the affirmation of the existence of a territorial gap between the North and the South of Italy necessitates various interpretations which depend on which territorial systems are considered for comparison and evaluation, as neither the North nor the South are monolithic structures. If the general tendency has been towards a somewhat univocal treatment of the issue, this is in part due to the persistence of portrayals that are constructions which are “external and distant” to the problem, often as a result of the poor capacity of self-representation on the part of local and regional communities.

The vision of the North as a uniform macro-area has gained credit, in an inconsiderate manner, in relation to a sort of “conflicting effect” which emerged in scientific post-unitary analysis of the Italian economic system, representing the Italian situation as a typical case of “economic as well as social dualism” (Pichierra and Pacetti, 2008), with reference to the different welfare condition and forms of community organisation.

The image of Northern Italy as the developed part of the country, a productive, rich and cohesive area, has been strengthened by the contrasting description of Southern Italy as underdeveloped and impoverished giving rise to a “Southern issue”. Descriptions made by the “*meridionalisti*”, who looked at Northern Italy as the territorial area and the socio-economic system that chiefly benefited from national unification and integration, has given a central contribution, in time, to the gradual but stubborn consolidation of this image (Bigatti and Meriggi, 2007). If the backwardness of the South has been associated with a political-institutional trauma represented by being joined to the areas of the North, as a consequence, “the Southern question has been perceived by some people, more than by the steering, political and economic

national elites, as a testing ground for the construction of a unitary nation state. Here lie the roots of classic “*meridionalismo*” (...), which has, in fact been one of the most fertile themes of Italian political culture” (Becchi, 1993, p. 76).

In left-wing interpretations of the Southern question – referring to analyses by Gramsci (1975) and di Sereni (1968) – the emphasis shifts onto the role the old dominant Southern elites had in the unification of the country (Becchi, 1993, p. 77). The debate was about the backwardness of agriculture which has not undergone modernisation, the lack of industrialisation and the poor provision of infrastructure and the low entrepreneurial capacity as factors of underdevelopment and disparity.

In those years, different responses to the Southern question came in the form of the agricultural reform, the institution of the *Cassa del Mezzogiorno* for the design and implementation of large-scale public works as well as the location of industry of prevalent public demand which did not promote local economy. The criticism was that of a transfer of public resources which were not development-inclined (that is, inclined towards the growth of productivity and quality of the resources: Giannola, 1989) and the creation of a State subsidised economy which does not solve the problems of high unemployment rates, particularly for women, and of training aimed at creating specialised local skills.

“The politics of public works is a politics of waste because it does not investigate the sustainability of the work to be constructed (...) the funds for professional training become squandered sometimes without providing any service. No-one takes care of the modernisation of local activities (which are not promoted by external entrepreneurs) of improving schooling, (...). Firms which come from elsewhere to locate their factories, obtaining lavish incentives, seek to place themselves strategically so to exploit the large pool of people available for employment (...) with poor results regarding the transformation/growth in the economy of the areas involved” (Becchi, 1993, p. 86).

Gradually, a new paradigm took the place of the classic dualistic model, i.e., the interpretative scheme of North-South relations, which distinguishes between an underdeveloped economy in the South, characterised by the persistence of backwards agriculture, and a more developed economy in the North, based on the manufacturing industry.

In new analyses the South was described as an economic system largely protected from external competition (in all sectors of production, from public services to agriculture) with areas of inefficiency and waste, while the North, was characterised by an economy exposed to competition, which, as such, is uncomfortable with the “burden of being in first place” in a context of national

unification, as the South was reputed as not functional either as a market nor as a producer.

Basic responses to the underdevelopment were: an increase in the irregular job market, with the formation of a significant black market sector of the economy; mass emigration between the 1950's and the 1970's, a trend which is still present, though with different intensity and characteristics.

Yet, in opposition to the North-South conceptual and socio-economic polarisation, new empirical analysis has put forward a shifting hypothesis, that is, the discovery of more than two territorial systems making up Italy (Bagnasco, 1977) where the northern and, to some extent, the central regions are formed by territorial subsystems, i.e., macro-areas with specific peculiarities.

More in detail, however, the elaboration of homogeneous territorial representations has historically replaced the rise of territorial differences, according to various beliefs and ideals.

Since the beginning of the twentieth century, the urban and industrialized North has become synonymous with modernity and successful economic development, and was proposed as a pattern to be imitated. However, this myth was misleading, as it concealed the many inner contradictions in the prevailing pattern of growth and the very heterogeneity of local situations.

The vision of industrial Italy, which at first conquered the collective imagination, was the so called "North-West industrial triangle" which, in the early 1900s, indicated an area extending between Turin, Milan and Genoa, which had all the features and qualities of modernity, even on a symbolic level, concentrating productive energies and a high number of workers. This reality was powerfully portrayed by Futurism (Bigatti and Meriggi, 2007).

During the First World War, those areas produced weapons that were later employed in trenches in the North-East, depressed areas of the Country.

The Fascist regime, despite its political project aiming at building a unitary national state – which explains the need to underestimate existing territorial disparities – identified with the force of the industrialised North and the "Triangle".

At the end of the Second World War, the North was again proposed as an economic and cultural model nationwide, draining most of the aid for reconstruction and maintained mainly by the migrant labour from the South.

“The laboratory of a vision for the future, which combined the centrality of manufacturing and industry with the aim of political modernisation embedded in social and democratic values. (...) Moving to a large city in the North – better to say, in the North-West: but, at the time, in the early 1950s, it didn’t sound like it does today – was equivalent to choosing between farming and manufacturing, tradition and modernity. A choice which united, with different awareness and motivation, the well-off intellectual and the girl from the Veneto, who moved from her town to Milan, to work as a ‘maid’, leaving her past behind” (Bigatti and Meriggi, 2007, pp. 24-25).

At first, cross-regional migration flows took place along the North-East/North-West line and then followed along the South-North line.

North-West regions experienced turbulent urbanisation processes, as many new cities grew rapidly with the concentration of population and industrial settlements.

Yet, the economic geography of the North is nowadays completely redesigned as a consequence of the crisis impacting, in the long run, the manufacturing sector while the North-East, long marginal to development processes, has emerged as a new economic and productive territorial area, characterised by a different organisation and way of life (Rullani, 2006).

An accelerated and widespread development since the 1980’s, characterised by the spreading of small and medium enterprises, as well as new commercial and residential areas, turned around the social-economic conditions of this area, which is today one of the richest and most dynamic in Italy.

The “North-West” (which comprises the Regions: Aosta Valley, Piedmont, Liguria and Lombardy) and the “North-East” (which comprises, according to different geographic aggregates, the Regions: Veneto, Friuli-Venezia Giulia, Trentino-Southern Tyrol and Emilia-Romagna) constitute two different patterns of economic development (see Figure 1). Today, the first, characterised by a fabric of large firms supported by a system of large banks giving credit, where the state has a share, represents alone around 40% of the national GDP and employment supply; the second, characterised by a fabric of small autochthonous enterprises, productive industrial districts and a system of local credit, is very territorialized and connected with rural contexts, small and medium sized cities, characteristics which can also be found in the Marche Region and in other areas of Central Italy.

Figure 1: The Italian Regions



Source: Grasse, Labitzke 2010, p. 168.

These are only a few examples – the elaboration of territorial aggregation on the basis of political subcultures and local productive systems has given rise to various more or less plausible, or successful geographies which point out how the North and, to some extent, the Centre have been subjected to analysis which has recognized the existence of different territorial subsystems, while the South has been represented, prevalently, as a whole homogeneous area.

Nowadays, analysis which marked a boundary between a “North-West” part and a “North-East” part of Italy, has been shaken because of significant changes in development trajectories.

A certain level of convergence between North-West and North-East systems can be observed in relation to some important transformations affecting the capitalist organisation of the economy in the Northern areas (from the breaking-up, in the Western area, of large firms which have been

the driving force of economic development and producers of collective goods, to the spreading of small and medium enterprises and productive districts in the Eastern areas, in a more general redesigning of the credit system, and the fusion of banks according to new financial alliances (Pichierri and Pacetti, 2008).

On one hand, a new economic actor appeared on the scene in the 1990s, that is, the medium sized, frequently family-owned, enterprise, with 200-250 workers, based locally but also connected to highly specialized and innovation-oriented networks, resulting in better performance as regards output, financial stability, as opposed to the small and large enterprises (Coltorti, 2007).

On the other hand, the territorial landscape was the “extended city” (Bonomi, 2004), a continuum of urbanisation, where large metropolitan areas formed a single vast area with small and medium sized towns (which in some cases were actors of specific territorial development strategies), not necessarily in the context of clear political vision or strategic plans. Functional autonomies such as public facilities and universities constitute poles of attractiveness and local development.

From this perspective emerges the new attempt to interpret the North as a homogeneous territorial area or, in other words, a “system of territorial systems” maintaining a certain degree of autonomy but interdependent and interrelated to the web of firms, banks, research centres, municipalities and public administrations, where the flows of people and goods redesign vast territories of circulation.

Similar points of analysis were introduced into the scientific debate with the “White Book on the North-West” (2007), which resulted from the work of the Italian Committee for Social Sciences directed by Angelo Pichierri and Giuseppe Berta (Berta, Pichierri 2007), together with the initiative, which followed, entitled “the North Project”, launched by Pichierri in 2008 as an Ires-Piedmont research programme. They showed important transformations in social demands concerning the offer of public goods for local populations and firms, and governance, in terms of territorial capacities to represent themselves, outwards, as collective actors.

The “Southern Question” has changed, too: analysis of socio-economic dynamics emphasises, besides the North-South disparities, the emergence of considerable differences between and within regional areas. New interpretations of the “Southern Question” put forward ideas which partly discredited stereotypes and were partly detrimental to its image, affirming that Southern Italy:

“(…) is not an underdeveloped area; it is pursuing its own way of development, despite the perversity of crime and corruption phenomena which are pervasive in many contexts, while politics play a large role in the local system” (Donolo, 2008, p. 1).

At the forefront, a general distrust in state intervention and in the political system has heavily affected public opinion, also influencing Leftist parties, as they were involved in government affairs and were in charge of many decisions at the regional level. A notable fact was the case of the waste-emergency in the Campania Region, a problem which in years to come could seriously affect other Regions in the South where there is a similar situation, of “special administration” (commissioner regime), saturated landfills, a very low percentage of separate waste collection and no adequate alternative to the managing and disposing of waste.

Other analysis point out that factors of crisis and inadequacy affect the entire Country, rich areas in North-East and North-West included, stressing even more dramatically the South, where long-term problems amount to inappropriate modes of public intervention (Barca, 2006).

However, they also put emphasis on the change operated with the new reforming season at the end of the 1980s, the elaboration of a new regional development policy since the end of the 1990s. Previous investments had not produced a change in strategic sectors like employment, education, welfare policies, research and innovation, or in the quality of collective services. For instance in the South:

“the lack of infrastructure is not a quantitative problem, i.e., it is not a problem of not enough: infrastructure can even be in excess, but it is badly planned and designed as well as badly kept” (Donolo, 2002, p. 29).

A paradox emerges, which is specific to modern Italy, of an important institutional change without concrete effects as regards the problems to be solved (Barca, 2006). Besides, development projects implemented in Southern regions in many cases have demonstrated low attention to environmental and social sustainability, with an increment in disparities, poverty, and unconstrained exploitation of natural resources.

The territorial environment has been, far and wide, mistreated by the imposition of exogenous, top-down logic of development (Donolo, 2002). The environmental crisis generated in Northern regions by the prevailing model of development, based on the exploitation of natural resources and a high consumption of land, has led to a wide public political debate, and policy decisions; instead, problematic factors in Southern regions were

underestimated, thus manifesting that politics and society were worryingly behind the times. There are some exceptions, such as interesting innovation in specific sectors of production, or in areas of institutional activity; still, they are not sufficient to determine a change in public action or in social practices, as their success often involves being apart from the local context, building relationships and cooperating with territorial systems which are distant.

As regards the sustainability of growth strategies, Italy is behind many European countries. Carlo Donolo (2008) remarks that scholars, and in particular students of territorial policies, are not sufficiently committed to sustainability aspects of economic development projects, focussing mainly on conditions of enterprises' successful enrichment, with low awareness of territorial effects, and short term evaluations. According to Donolo, a paradigmatic case is the approach to cultural heritage and environmental protection in tourism policies aiming at improving the attractiveness of places. This strategy gives advantages to limited economic categories, with some results in terms of local growth and wealth, but with problematic impacts on the city and daily life – a phenomenon which takes place from the Trentino to the Tuscan region, to the South coasts. These forms of local economy are interrelated to the so called "*partito delle rendite*" ("party of revenues"), an expression which has been introduced to indicate the existence of powerful real-estate lobbies – you will find them anywhere in Italy – grouping different stakeholders (beyond the traditional building firms) who all share an interest in incrementing land value, and have relationships of mutual interdependence with local political groups (Donolo, 2008).

Yet, territorial transformations in the North, Centre and South of Italy show, on one hand, a national and regional situation which is highly differentiated and rapidly changing, to some extent ambiguous and ambivalent too; on the other hand, the formation of territorial aggregates with mobile boundaries, which are very distant from traditional geographical divisions.

The following pages (section 3) will be dedicated to inquiring about the meaning and the ways of territorial representation of Italy based on the North-South divide, putting stereotyping attitudes and stubbornly rooted frames to the test, in search of evidence and at the same time exploring alternative narrations and new, emerging rhetoric.

Social and political visions which are powerful but tend to give simplified representation of territorial contexts, or to diffuse homogenising interpretations – this is the case, for instance, of the cataloguing of the South of Italy as a depressed and underdeveloped area – may have significant consequences



on government decisions and on the effectiveness of development policies, limiting instruments and methods of intervention.

Moreover, these powerful descriptions functioning as “frames for action” may encourage or inhibit socio-institutional learning processes (Schön and Rein, 1994), with the risk that both potentialities which could be valued, and elements of subversion of consolidated trends (with different outcomes, of innovation or crisis) would be marginalised or eliminated from analytical frameworks.

### **3 Indicators of the disparities between areas of the Country and between regions**

In order to measure the greatest disparities between the North and South, reference indicators used relate to macroeconomic aspects, employment, social welfare and education according to European Lisbon strategy policy objectives. These highlight evident territorial structural imbalances, a deficient and unsatisfactory supply in and quality of services important to the population’s welfare and economic development. We will observe: the 2001-2007 trends in which the cycle of Structural Funds 2000-2006 are included (preceding the current 2007-2013 programme), which was characterised by investment targeting the acquisition of more systematic knowledge of the regional contexts, with the definition of a monitoring system of around 150 indicators; when available, the data is in historical series since 1995. The time interval provides further information on the progress made in reducing the gap as well as the incidence and persistence of problematic factors, with the identification of particularly critical areas. The data presented have been taken from ISTAT sources and from the measurements carried out by the Unit for the Evaluation of Public Investments and the General Direction of Studies and Statistics (DPS, MSE). The restitution in aggregated form of the data takes into consideration the following geographic divisions in which the 20 Italian regions are grouped: North (North-West: Piedmont, Aosta Valley, Lombardy, Liguria; North-East: Trentino-Southern Tyrol, Veneto, Friuli-Venezia Giulia, Emilia-Romagna); Centre (Tuscany, Umbria, Marche, Lazio); South (Abruzzo, Molise, Campania, Apulia, Basilicata, Calabria; Islands of Sicily and Sardinia) (see Figure 2).

Figure 2: The Italian Macro-Regions



Source: Grasse, Gelli 2011.

A premise must be made. The end of the global economic crisis is still far away and its negative effects on the Italian economy are evident through the deceleration of GDP and increase in unemployment. Evaluations of Italian economic trends are rapidly changing, whilst statistics are destined to vary considerably. Comparing the data given by ISTAT, Unioncamere (Chamber of Commerce), Ministry of Labour and INPS (Italian National Social Security Institute) for the last three months of 2008 and the corresponding period in 2009 the loss of employment is of circa 380,000 jobs (this includes managers, office workers, technicians and workmen), with a strong impact on both the industrial sector (in particular, manufacturing) and to a lesser degree on services. 19,400 jobs have been lost in the South, 161,000 in the North and 25,000 in the Centre. This negative trend has been somewhat contrasted by

the increase in the same period of work for foreign workers (job loss amongst working Italians was 527,000 jobs, mitigated by the increase in 147,000 jobs for immigrants). The increase in “*cassa integrazione*”, i.e., the number of people drawing unemployment benefits, (with respect to 2008) is exorbitant. The crisis has heavily hit precarious workers (recent estimates are for four million precarious workers) and the small firms (2008 data show a widespread situation of considerable debt on the part of small firms). From an analysis of the work situation by Region (carried out by Cgia Mestre, September 2009 data) it emerges that the Regions of Lombardy, Emilia-Romagna, Umbria and Veneto have undergone the greatest increase in unemployment, while Apulia, Lazio, Molise and Calabria record a greater hold or even a reduction. This is not an indication of a strengthening of the economy in the South as a study by the Bank of Italy has recorded an increase in the number of “discouraged people”, that is, people of working age who are not looking for work; Italy has a rate of activity which is historically very low with respect to the European average. The inactive people are above all Southerners, young people and women. There is also an increase in black labour: the opportunities for work in the submerged economy act as social buffers, as much as the “*cassa integrazione*” in the North.

In the statistical description of the divide between North-South and between regions through macroeconomic indicators (see Table 1), the *Gross Domestic Product pro-capita* is considerably lower in the South than in the Centre-North (in 2006 the average values are respectively 14,414 euro compared to 25,026). The data for the 2001-2006 period show that there are no significant variations in the levels of GDP which indicate a convergence in regional growth: the difference exists without perceptible reductions. In spite of the negative trends regarding the Centre-North economy which has a GDP with lower growth than other European countries, the South grows comparatively more, but still not enough to reach the stage and size of development expected.

Relative poverty is as variably distributed over the country, with a pronounced concentration in the South, where 65% of poor families are found and with levels of intensity and gravity of poverty much greater than that found in the Centre-North<sup>8</sup>.

The *incidence of poverty* in the South is four times greater among larger families (in terms of number of children who are minors and elderly people to care for), but also affects single older people.

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8 The threshold of poverty for a family of two people is represented by the average monthly expenditure per person, which was 986,35 euro in 2007. Families composed of two people with an average monthly expenditure equal to or less than that value are classified as “relatively poor”.

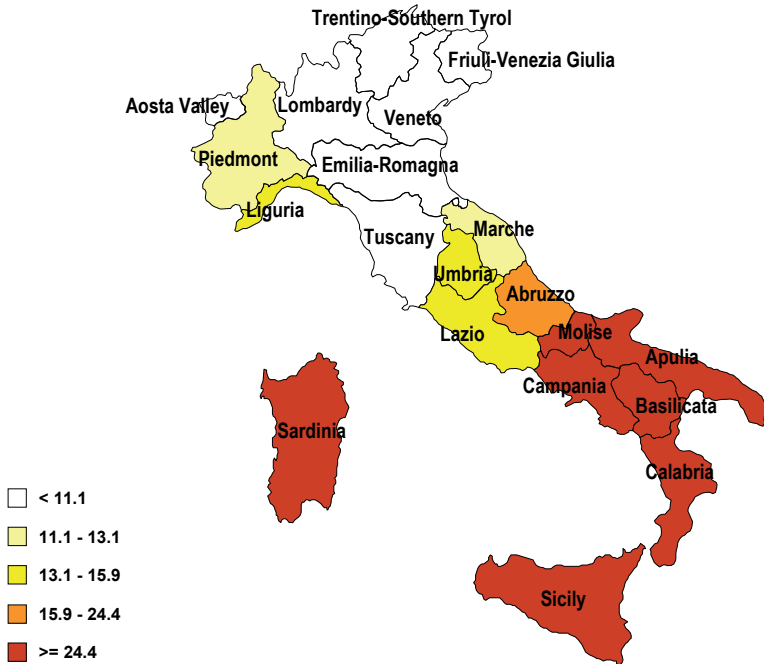
Table 1: Population, Gross Domestic Product and Poverty in Italian Regions

Regions	Population	Population by age (%)		Per-capita GDP (€) (2006)	Incidence of relative poverty (%) (2006)
		0-14	> 65		
<i>North-West</i>					
Piedmont	4.3301.72	12.4	22.4	23.284	6.6
Aosta Valley	122.868	13.2	20.2	27.560	6.5
Lombardy	9.393.092	13.6	19.4	27.429	4.8
Liguria	1.592.309	11.1	26.5	21.245	9.5
<i>North-East</i>					
Veneto	4.699.950	13.9	19.2	24.994	3.3
Friuli-Venezia Giulia	1.204.718	12.0	22.6	24.040	6.6
Trentino-Southern Tyrol	974.613	16.1	17.7	26.345	5.2
Emilia-Romagna	4.151.369	12.5	22.7	26.344	6.2
<i>Centre</i>					
Tuscany	3.598.269	12.1	23.2	23.307	4.0
Umbria	858.938	12.5	23.3	20.224	7.3
Marche	1.518.780	13.1	22.6	21.675	6.3
Lazio	5.269.972	13.9	19.1	25.131	7.9
<i>South</i>					
Abruzzo	1.299.272	13.4	21.3	17.616	13.3
Molise	321.953	13.4	22.0	15.942	13.6
Campania	5.788.986	17.5	15.3	13.727	21.3
Apulia	4.068.167	15.7	17.3	13.979	20.2
Basilicata	596.546	14.5	19.9	15.247	26.3
Calabria	2.009.268	15.3	18.3	13.797	22.9
Sicily	5.013.081	16.2	18.0	14.091	27.6
Sardinia	1.650.052	12.9	17.6	16.488	22.9
ITALY	58.462.375	14.1	19.7	21.307	11.1

Source: ISTAT, Regional economic accounts.

Poverty is much greater among people with a low level of education and is very high among the unemployed, as well as significantly high among permanent employees and workmen (and lower for the self employed and professionals). In addition, the picture is even more alarming if families which are at risk of poverty are considered. However, between 1997 and 2007 poverty in the South has reduced, although not by enough considering the serious nature of the problem (see Figure 3).

Figure 3: Population at risk of poverty after social transfers in % of total population (2008)



Source: European Commission 2010, p. 106.

*The capacity to attract foreign investments*<sup>9</sup> shows notable disparities, it is 2.4% in the South and 355.4% in the Centre-North, which has registered an exponential growth of this value since 2001 up to today. The same applies to *the degree of economic independence*<sup>10</sup>, which, in 2006 was 22.4% in the South and -4.4% in the Centre-North (see Table 2). Looking at the performance of the individual regions, it can be seen, however, that the Lombardy region is the Centre-North's generator with respect to the capacity to attract foreign investments and the degree of economic independence as its performance is considerably better than all the other regions in the Centre-North.

9 Direct gross foreign investments in Italy out of net direct investments in EU-15.

10 Net importations as a percentage of GDP.

It is interesting to note that in 2006, the Regions which invested more in the development of *innovative capacity*<sup>11</sup> (see Table 2), in a country with spending on research which is much lower than the European average, are Piedmont and Lazio, followed by Liguria, Lombardia, Emilia-Romagna and Campania at the same level, Tuscany and Abruzzo<sup>12</sup> among the regions with ordinary statute; Friuli-Venezia Giulia and Sicily among the regions with special statutes<sup>13</sup>. The Veneto Region has the same rate of spending as Apulia and Basilicata. Out of all Italian regions, Aosta Valley has the lowest expenditure. Aggregated data for geographical area show a notable difference in investments between North-West, North-East, Centre, and a smaller difference from the South.

Regarding the *capacity to export*<sup>14</sup> (see Table 2), the difference between the Centre-North and the South emerge, but above all one can see the driving force of the North-East as the Regions Friuli-Venezia Giulia, Veneto and Emilia-Romagna are those which have the highest values, followed by Lombardy and Piedmont. Basilicata in the South has with the highest values followed by Sardinia.

At the aggregated level good performance can be seen for the Southern Regions for their *capacity to export products at high or growing productivity*<sup>15</sup> (see Table 2). In particular, Basilicata Region stands out with the highest value<sup>16</sup>, followed by Lazio, Abruzzo and Campania. Sardinia and Aosta Valley have lower values.

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11 Innovative capacity means the costs sustained for research and development activities within Public Administration, University, Public and Private companies as a percentage of GDP.

12 The destruction of the University buildings in the City of Aquila as a result of the earthquake in April 2009 and the severe damage will have a predictable impact on the economy and on investments, with consequent variations in the indices.

13 Trentino-Southern Tyrol has an expenditure of 0.8% of GDP but there is a difference between the Autonomous Province of Trento (1.2%) and Bolzano (0.4%).

14 The value of the exportation of goods as a percentage of GDP.

15 Quota percentage of the value of the exportation of products with high increase in global demand (sectors which produce: chemical products and synthetic and artificial fibres, electric machines and equipment, transports means, IT, professional and entrepreneurial products, products of other public, social and personal services) in relation to total exportation.

16 It should be noted that a large FIAT factory is located in Melfi (Potenza, Basilicata). Other FIAT plants are in Pomigliano (Napoli, Campania), Termini Imerese (Palermo, Sicily), Cassino-Piedimonte S. Germano (Frosinone, Lazio). The only factory in the North is the historical Mirafiori plant (Torino, Piedmont).

Table 2: The Economic Performance of Italian Macro-Regions

<b>Geographic Repartition</b>	<b>Capacity to attract foreign investments</b> % of EU 15 direct investments (2006)	<b>Degree of economic independence net importations as</b> % of GDP (2006)	<b>Capacity to export</b> % of GDP (2007)	<b>Capacity to export products at high or growing productivity</b> % of GDP (2007)
<b>North</b>	317.6	-4.9	31.1	28.8
North-West	287.2	-7.2	29.5	33.7
North-East	30.4	-1.6	33.3	22.7
<b>Centre</b>	37.8	-3.2	16.9	31.2
<b>Centre-North</b>	355.4	-4.4	27.1	29.4
<b>South (Mezzogiorno)</b>	2.4	22.4	11.4	34.6
South	2.1	20.8	11.0	43.6
Islands	0.3	25.8	12.1	17.7
<b>Italy</b>	374.6	1.9	23.8	29.5

Source: ISTAT; UIC; OECD.

To this end, Barca's analysis (2006) shows how, thanks to the growth of exports which doubled between 1999 and 2005 and the growth of tourism and of private investments up to 2001, the South has a growth in productivity which is greater than that in the Centre-North. Growth is positive, driven by competitiveness and not induced by public expenditure in the form of financial assistance to families, which tended to occur in preceding decades.

The North-South divide becomes more pronounced, highlighted by the concentration of critical issues in some regions and areas of the country (see Table 3) for work (unemployment and rate of employment, submerged market) and education (dropping out of school, etc.).

Table 3: Unemployment in Italian Macro-Regions

Geographic Repartition	Rate of unemployment (2007)	Rate of female unemployment (2007)	Rate of youth unemployment (2007)	Incidence of Long term unemployment (2007)
<b>North</b>	3.5	4.7	12.1	34.8
North-West	3.8	4.9	13.9	36.8
North-East	3.1	4.5	9.6	31.4
<b>Centre</b>	5.3	7.2	17.9	45.4
<b>Centre-North</b>	4.0	5.4	13.7	38.9
<b>South (Mezzogiorno)</b>	11.0	14.9	32.3	54.8
South	10.5	14.2	30.6	53.4
Islands	12.1	16.4	36.0	57.4
<b>Italy</b>	6.1	7.9	20.3	47.4

Source: ISTAT.

The *unemployment rate* is actually tripled in the South as it reaches 11% compared to 3.5% in the North and 4% in the Centre-North<sup>17</sup>. Nevertheless, in the 2001-2006 period this figure showed a general positive downward trend in all parts of the country. The *difference between female and male unemployment rates* remains high, both in the Centre-North and in the South; however, the different percentages attest the diverse relevance and impact of the phenomenon: in 2007 the male unemployment rate was 3% in the Centre-North and 8.9% in the South; female unemployment was 5.4% in the Centre-North and 14.9% in the South. The *youth unemployment rate* is much more serious (32.3% in the South and 13.7% in the Centre-North in 2007) although a consistent reduction in the gap in the 2001-2007 period was seen. In fact, in the South, youth unemployment goes down by circa 8%, with a notable improvement, above all for women; in the Centre-North a slight increase in unemployment can be seen for both women (greater than 4%) and men. A particularly incisive indicator of the gap is the *long term unemployment rate*, which reached percentages of 54.8% in the South (although with a downward trend, since 2001), of 38.9% in the Centre-North (with a slight increase since 2001) in 2007. In general, the regions mainly affected by unemployment are Sicily, Campania, Apulia and Calabria. Sicily also has the highest rates of female, youth and long-term unemployment.

17 With the economic crisis the unemployment rate in 2009 rose to 5.5% in the North-West, 4.6% in the North-East, 6.5% in the Centre and 11.7% in the South.



The *employment rate* (see Table 4), records an increase in the South up to 2002 with relatively significant values, with following signs of downturn. The increase in employment in the Centre-North is more substantial, with a consequent increase in the disparities. The difference in the pro-capita income in the South, is due for two thirds to the lower rate of employment as compared to the rest of the country. A large disparity emerges in the South considering the *rate of male and female employment*. The regions with the lowest employment rates for women are Campania (27.9%) and Sicily (29%). In general, the participation of the population in the job market over the last 15 years has grown in the Centre-North, while the South has static values; the most marked difference regards the rate of total activity of the female population (which was 55.8% in the Centre-North and 36.6% in the South in 2007).

Table 4: Employment Rates in Italian Macro-Regions

<b>Geographic Repartition</b>	<b>Rate of Employment (2007)</b>	<b>Rate of female employment (2007)</b>	<b>Participation of the population in the labour market (2007)</b>	<b>Total rate of activity of the female population (2007)</b>
<b>North</b>	66.7	56.8	69.1	59.7
North-West	66.0	56.4	68.6	59.3
North-East	67.6	57.5	69.8	60.2
<b>Centre</b>	62.3	51.8	64.2	55.8
<b>Centre-North</b>	65.4	55.3	68.1	58.5
<b>South (Mezzogiorno)</b>	46.5	31.1	52.5	36.3
South	46.5	30.9	52.0	36.0
Islands	46.7	31.6	53.2	37.8
<b>Italy</b>	58.7	46.6	62.5	50.7

Source: ISTAT.

Another critical area which very clearly shows the profound difference between the North and the South is the quantitative and qualitative inadequacy of public collective services in the fields of teaching and research, material and immaterial infrastructure, social and environmental fields. Structural shortcomings which can be seen in the South should be considered in a more general picture as with respect to the international benchmark as well as in

the perceptions of both citizens and firms the decline in collective services is observed to different degrees over the whole country.

A look at *public services* which contribute to local welfare, such as healthcare, early years services and elderly home care services set up by local authorities highlight some significant disparities (see Table 5)<sup>18</sup>. In addition to emphasising disparities between areas of the country, in 2005, the average percentage in the North was double that of the South. This data thus shows the existence of macroscopic differences in the efficiency of public intervention between regions. For example, Piedmont has a lower percentage to that of various regions in the South, such as Campania, Basilicata and Sicily which are, however, under the national average. Aosta Valley reaches total coverage of needs while Tuscany and Emilia-Romagna have achieved very high territorial coverage as have Liguria and Alto-Adige. The same data denounces a situation of practically inexistent or extremely deficient services in Molise and Calabria. Employing the weighted indicator users of early years services<sup>19</sup>, which considers the percentage of children able to effectively use the services (see Table 5), the North South difference triples (and is nearly fivefold considering the regions of the South, excluding the islands of Sicily and Sardinia). The best performance is seen in the regions of Aosta Valley, Emilia-Romagna, and Tuscany while in the South, the alarming data regarding Campania makes it stand out with the worst performance, highlighting a significant mismatch between the effective use of the service and its' diffusion.

Looking through the data available from 2001 to 2007 on the number of elderly people assisted through the Integrated Home Assistance service<sup>20</sup>, it appears that the average number of elderly people assisted at the national level is just 3.2% (although this has been constantly increasing since 2001), with however, an evident disparity between North and South. The trends are confirmed by the data on the impact of the costs of this service on total regional health spending. In the same period, investments have been very low in these regions and there is a notable difference in investments between the North and the South.

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18 This refers to the percentage of local authorities which have set up early years services (kindergartens, family based early years care, integrated and innovative services) in relation to the total number in the region. Data on the distribution of early years services are available for each region only for 2004 and 2005.

19 This regards the percentage of children between the ages of 0 to 3 years who have used the early years services, of which 70% in kindergartens, in relation to the total number of 0 to 3 year olds.

20 The indicator measures the number of elderly people who have integrated home assistance services with respect to the whole elderly population.

Table 5: Disparities in Child Care and Care of the Elderly

Geographic Repartition	Distribution of early years services (%) (2005)	Weighted rate of use of early years services (%) (2005)	Rate of use of elderly home care services (%) (2007)	Incidence of cost of home care services on total health expenditure (%) (2006)
<b>North</b>	51.2	15.3	4.1	1.2
North-West	47.0	14.1	3.0	0.9
North-East	59.9	17.0	5.8	1.6
<b>Centre</b>	49.8	14.3	3.3	1.6
<b>Centre-North</b>	51.0	15.0	3.9	1.3
<b>South (Mezzogiorno)</b>	25.1	4.5	1.8	0.7
South	25.9	3.3	2.2	0.5
Islands	25.4	6.9	1.1	1.3
<b>Italy</b>	42.8	11.1	3.2	1.1

Source: Ministry of Health; ISTAT.

Universities and hospitals deserve specific attention when considered not only as service structures but also as local institutions for urban and regional development as they bring about migration of different parts of the population, with various territorial effects and consequences on family budgets (see Table 6). With respect to the *attractiveness of universities*<sup>21</sup>, the 2006 data shows different trends for each region with a clear competitive edge for the Universities in the Centre and North compared to those in the South. Regarding the *attractiveness of hospital services*<sup>22</sup>, from the 2005 data the South presents a percentage of hospital related emigration which is nearly double compared to the North (9.7% compared to 4.9%), although year by year this shows a slight improvement. Basilicata, Molise and Calabria are most involved in the migratory phenomenon, which is four-fold with respect to the average in the

21 The attractiveness index measures the net migratory total which is defined as the difference between the students enrolled in the sites in the region and the students enrolled in University who are also residents of the region. Foreign students in Italian universities, Italians who are residents abroad and distance learning students are not included in this net migration.

22 The index for the attractiveness of hospitals is calculated as a percentage which takes into account hospital related emigration in other regions for ordinary acute recoveries out of the total number of hospitalised people who are residents of the region.

North, in spite of a gradual improvement in recent years. It should be noted that Calabria, Molise and Campania are the regions which have a super-deficit regarding healthcare, to the point that they have earned the name of “the scoundrel regions” and today they risk being governed by a Commissariat<sup>23</sup>. Veneto and Lombardy are the regions least involved in the phenomenon, with a stable trend over time.

Regarding the environment, an important indicator which highlights disparity is the percentage of *urban waste recycling*. The 2007 data show an average percentage in the North of 42.4%, in the Centre of 20.8% and in the South of 11.6%. The percentage of waste disposed of in landfills is extremely high in the South (79.5%) with respect to the North (31.2%).

Among the main critical issues is *education*, in particular the high percentage of young people who drop out of their studies prematurely (young people between 18 and 24 which have the middle school diploma at most), which mainly affects the male population. It shows a North South disparity of 7-8% in spite of a downturn in the phenomenon between 2004 and 2007 in nearly all regions. The best performance is recorded in the Central Regions which have the lowest level of school drop out.

The Italian case is also paradigmatic for scholars of *democratic quality* as wide areas of the South show dramatic signs of subversion. Among the indicators which are considered (see Table 6) there are various aspects related to crime (common, organised) and the conditions of legality, social capital and electoral participation (Raniolo, 2009).

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23 The 2005 budget foresaw a procedure for the identification and implementation over a three year period of measures for economic-financial rebalance. In 2007, seven regions had signed up: Lazio, Campania, Abruzzo, Molise, Sicily, Liguria and Sardinia. Calabria later joined. The state of the health service in these regions is described as having too many hospitals, many of which are too small, with antiquated medical equipment, threadbare territorial services (such as clinics, residential homes for the elderly and daycare centres) and, in the words of Minister Sacconi with “verbal communication” of their accounts. In other words, budgeting and administrative disorder reigns.

Table 6: Regional Differences in Higher Education, Healthcare, Social Services and Cohesion

Regions	Attractiveness of University Index (2006)	Attractiveness of hospital services index (2005)	Capacity to develop social services (2007)	Legality and social cohesion (2006)
<i>North-West</i>				
Piedmont	-10.2	5.7	13.6	22.5
Aosta Valley	-174.5	14.4	13.0	17.4
Lombardy	7.3	3.8	15.3	20.2
Liguria	-9.6	8.5	10.6	19.3
<i>North-East</i>				
Veneto	-7.8	3.3	17.6	14.3
Friuli-Venezia Giulia	4.4	5.6	13.3	11.9
Trentino-Southern Tyrol	-14.3	9.4	24.9	11.3
Emilia-Romagna	33.4	5.0	16.3	20.3
<i>Centre</i>				
Tuscany	16.7	4.5	16.6	18.0
Umbria	22.6	11.5	9.5	14.1
Marche	3.5	8.2	11.1	13.5
Lazio	19.6	4.6	8.3	18.1
<i>South</i>				
Abruzzo	41.2	10.5	8.1	16.7
Molise	-33.7	18.7	8.6	12.4
Campania	-20.8	9.9	6.9	40.1
Apulia	36.4	7.9	7.6	15.9
Basilicata	-203.0	22.2	10.4	11.4
Calabria	-52.9	16.2	6.8	15.0
Sicily	-11.5	7.5	5.4	19.8
Sardinia	-24.9	4.7	11.4	15.8
ITALY	-	6.7	11.8	20.1

Source: ISTAT; Miur-Cnvsu; Ministry of Internal Affairs.

It is not so much common crime which indicates a specific Southern phenomenon (the index of petty crime in the cities<sup>24</sup> is highest in Lazio; followed by Lombardy, Piedmont, Campania, Sicily, Emilia-Romagna, or

24 Total crimes linked to petty crimes in the city out of the total number of crimes in the Provincial capital cities. The index is calculated by considering the following crimes, pickpocketing, bag snatching, stealing from cars, stealing cars as the numerator, and the denominator is the total number of crimes in the provincial capital cities.

rather, where there are big cities such as Rome, Milan, Turin, Naples and Palermo) nor organised crime (which has similar values in the North and in the South, with a concentration in certain regions). It is, rather, the conditions of *legality and social cohesion*<sup>25</sup> (see Table 6) which record critical levels in certain regions (such as Campania, which has an incidence which is double the national average, as well as for the index of violent crime). The data considered significant include: the number of local authorities governed by Commissariat and dissolved as a result of mafia infiltration, the number of corruption cases (after the decrease in the 1990s, are now on the increase) and the cases of extortion. The percentage of regular employment (in 2005) is extremely low in the South with respect to the Centre-North and the number of irregular jobs with respect to total jobs are triple in the South<sup>26</sup>.

Regarding *aspects of political participation*, participation in elections is lower in the South than in the North for national, European and regional elections and for referendums, while participation in local elections is similar or even reversed. As Raniolo summarises

“(…) the degree of mobilisation of Southern voters is inversely proportional to the level of politics of the elections being held. The closer that the election is to the voters, the more the issues directly affect them, the greater the possibility to activate a direct relationship with the candidates and the higher the probability that they are active in the elections” (Raniolo, 2009).

The level of social capital, measured with some regional indicators (such as, the *capacity to develop social services* and the weight of cooperatives; see Table 6)<sup>27</sup> shows a further disparity between North and South. The North-East stands out as the area with the greatest concentration of voluntary action, with the lead in Trentino-Southern Tyrol, Veneto, Tuscany and Emilia-Romagna. Of the regions in the South, the best performance is in Basilicata, which has shown a doubling in voluntary activity over the last decade and Sardinia, with Sicily and Calabria trailing far behind. Performance related to the weight of

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25 Violent crimes, (massacres, homicides, injury and violence, kidnapping and assassinations) per 10,000 inhabitants.

26 The following activities are included in the classification: illegal work carried out on a long term basis; occasional work, carried out by people who declare they are not working because they are students, housewives or pensioners; of other kinds, not declared to the tax authorities; carried out by resident foreign workers without work permits.

27 Measured respectively, considering people who are 14 years old or older who have carried out voluntary work out of the total population which is 14 or older, and the percentage of employees in cooperatives out of the total number of employees.

cooperatives is better, with Basilicata in front of all Italian regions, followed by Sardinia.

#### **4 Does a shared database exist?**

The national accounts represent Italy  
and describe its territorial imbalances (...)  
they show many things, but hide many more,  
exactly that which is most important”  
(Ricolfi, 2010, p. 22).

A recent study conducted by Luca Ricolfi (2010) points out how, in Italy we are not actually in possession of important information which helps understand the nature and consistency of both regional disparities between areas of the country and public expenditure flows, in spite of adopting regional fiscal federalism as a solution which provides responsible administration and equitable redistribution of public resources. The official statistics have several limitations, among which, surprisingly, is the absence of operative concepts and the lack of adequate measurements for the assessment of tax evasion in each area, or the quantification of public administration waste, what a Region produces and what it receives as the analysis shows, no shared database exists. This fact complicates both discussions on the disparities between the North and the South of Italy, and the identification of the inefficiencies still present in the Centre-North, or to the same extent, the positive dynamics of some regional situations in the South, which risk being underfunded with undesirable social consequences.

The proposal put forward by Ricolfi, who takes up the distinction between producers and non-producers dear to Adam Smith<sup>28</sup>, aims at representing territorial disparities on the basis of what a territory produces (primary income) and what it receives (derived income), the relationship between what it spends and what it produces in order to examine the issue of “territorial justice”, which expresses the power to achieve equal opportunities, solidarity, and social and political responsibility.

As an alternative to official national accounting, the definition of a scheme of “liberal” national accounting, introduces four key concepts: 1) the concept of so-called *net parasitism*, which allows the measurement of the degree

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28 In the middle of the Seventies in England, the problems with the economy brought about careful reflection on the negative effect of the “non market” public sector on the growth of the Country, according to the definition given by the economists Bacon and Eltis (1976).

of dependence of a territory on current public expenditure; 2) the concept of *controlled income* which allows the assessment of the costliness of the tax system; 3) the concept of *waste*, which allows the assessment of the dissipation of public resources, and therefore the actual output of the Public Administration; 4) the concept of *local purchasing power*, which allows the comparison of actual consumption in areas characterized by different price levels (Ricolfi, 2010, p. 15).

Using these key concepts as references, regional differences are analysed in terms of capacity to produce income, degree of “parasitism” (resuming a debate which was intense between the late Sixties and Seventies in both the international arena and in Italy, about the risks which the abnormal growth of public expenditure could pose, and about the mixing of political classes and economic investment) and the propensity to evade tax and social security contributions. The standard of living is also taken into account as a key factor in understanding the gap.

Ricolfi explains that one problem in the official national accounts is that both the income derived through the market (primary income), through the sale of goods and services, and the income derived through political means (derived income), through taxation of the first and flows of part of the revenue to other subjects, are dealt with in the same way. The GDP is the sum of both of these incomes and as a result, the standard national accounts schemes cannot “describe and quantify two crucial and interrelated phenomena: parasitism and public intervention” (Ricolfi, 2010, p. 29)<sup>29</sup>. If the taxation of primary incomes maintains and feeds the public sector (by paying, for example, salaries of public servants, which as a whole form a derived income), it is therefore essential to know the differences between areas of the country (e.g., between the Regions), with respect to primary incomes produced and to the weight of Public Administration (i.e. salaries of civil servants) and, thus, understand the logic behind and characteristics of the local redistribution of common resources derived from taxation. These differences can determine territorial imbalances,

“such as when an economic and social system suffocates because its rate of parasitism has gone up too high. When a country is living beyond its means, because its disposable income exceeds the income it produces. When an area appears to produce income, but actually uses the income generated by other areas”(Ricolfi, 2010, p. 30).

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<sup>29</sup> The rate of “parasitism” of a country and of one of its parts is simply the relationship between current public spending and the product of the market sector (Ricolfi, 2010, p. 30).



On the one hand, knowing the extent of tax and social security contributions evasion is useful to assessing the real tax burden on the regular economy<sup>30</sup>. On the other hand, if one were to assume that among the objectives of federalism is the restoration of balance in local finances (including recovering the revenue evaded in each area), the need to bring the highest rates of tax evasion to the level of those of the best performing areas should be considered.

Next, the “controlled income” (i.e., what is due to the citizen once taxes are fully paid) should be known. It is invisible in the Official accounts (the total income produced in a territory is divided into income paid in taxes and deductions). Conversely, the scheme of liberal accounting takes it into consideration as it aims to measure the income evaded.

“It may seem incredible, but despite its extraordinary and valuable informative power, tax evasion is not in any way part of the national accounts (...). The lack of these figures is particularly serious when one considers that the data on the Gross Domestic Product (GDP) reported quarterly by ISTAT in compliance with strict Eurostat guidelines, includes both the emerged economy (GDP-e) and the submerged economy (GDP-s). In other words, the GDP is the sum of two numbers ( $GDP = GDP-e + GDP-s$ ) but ISTAT does not provide the individual components” (Ricolfi, 2010, pp. 31-32).

Instead, the concept of waste is related to the capacity of the areas, all expenses being equal, to use public resources useful for the provision of services of general interest and public goods. Very different performances can be seen, despite initial conditions (GDP, fiscal revenue, price, etc.) which make areas similar and comparable to each other, i.e., problems of underproduction and inefficiency which create disparities between areas (and between the citizens who live there) can be found.

“It may seem strange, but in this case the national accounts are silent. In its schemes, the income produced by inefficient region B is identical to that produced by inefficient region A, for the simple reason that the output of the public sector is estimated by equaling it to the costs incurred rather than to the amount and quality of services provided. This makes it impossible to discover if B citizens are worse off than A citizens and also impossible to expect B institutions to reorganize their spending “ (Ricolfi, 2010, p. 36).

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30 The unobserved economy (that which is not regular but is thence measured) includes: illegal activities; the informal economy, the submerged economy, that is, activities not declared in order to evade tax and contributions and avoid bureaucratic costs, more concentrated in the market sector. The GDP calculated by ISTAT includes all but the activities which produce and supply illegal goods. The evaluated % of the submerged economy is controversial and that foreseen by ISTAT (15-16%) seems too low, considering other sources (e.g., research by MEF on IRAP, a regional ‘net product tax’, and IVA, the value-added tax).

The author's proposal to specify the desired quality of a particular service which could be used as a standard comes from empirical survey of "best practices" observed in a given context of production and supply. The performances of the same service in other contexts are assessed in comparison with this desirable situation, thus providing feedback on efficiency, waste or underproduction, drawing up a ranking of the efficiency levels of the areas considered. This information could lead to the reorganization of the service, according to objectives aimed at a reduction of costs or increase of outputs.

The idea proposed focuses on issues of performance measurement and on the definition of criteria to be adopted on a national scale, but does not say much on how to deal with the design and reorganization of services, thus overlooking the central role of implementation in the effectiveness of policies.

Coming to the issue of the North-South gap, the sectors of public expenditure identified as high-impact, according to the amount of resources dedicated and the exposure to waste or inefficiency, are: health, education, university, justice, bureaucracy and security. Taken together, there is a significant difference between the average rate of waste in the North (below 15%, with the exception of Liguria, which has a higher rate, and the Lombardy region which is much lower), with peaks of 50% in the South and particularly in Sicily, Calabria, Basilicata and Sardinia. The South does not therefore appear underfunded in terms of per capita expenditure, but citizens are offered less in terms of output compared to the average national data and in particular compared to citizens in regions of the North of Italy (Ricolfi, 2010, p. 77).

In 2006, six of the Centre-North regions (Lombardy, Veneto, Emilia-Romagna, Piedmont, Tuscany, Marche) have a rate of parasitism lower than the national average (23.6%) while the six regions with the highest rates of spending are all in the South (Sicily, Calabria, Sardinia, Molise, Basilicata, Campania)<sup>31</sup>. This way of reading regional surplus and deficit data, allows one to note the budget surplus in the North and the imbalance between regions such as Lombardy, which gives away almost 25 billion euro a year (2006), or the Veneto, and Emilia-Romagna, compared to regions such as Sicily, with a deficit of almost 14 billion euro, or Calabria, Campania and others in the South.

These measurements are carried out in a field which is far from "neutral" as it is crammed with different assessment methods and diverse interpretations of indicators and calculation criteria based on both technical arguments and different political perspectives.

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31 Lombardy has a rate of net parasitism which is less than 15%, Sicily has one of nearly 45%.

If we do not take into consideration what a region produces, but rather, the number of inhabitants and, therefore, public spending per capita, the situation is reversed and the citizens of the South are seen to have fewer resources than those of the North. The framework can vary significantly based on how we establish the terms of comparison. For example, if public spending “also includes items considered mandatory, such as defense and social security (...), pensions for demographic reasons (more elderly people) and economic reasons (higher rate of employment) are higher in the North”. The same applies if we consider, “rather than just Public Administration, the so-called enlarged public sector, which also includes public or public controlled firms, such as ENI [National Hydrocarbons Agency], ENEL [National Electrical Energy Fund], Postal Services, Railways, public service companies (...), firms that are most common in the North” (Ricolfi, 2010, pp. 90-91).

In the scheme of liberal national accounts, the proposal of the author is to distinguish spending flows between discretionary items (purchases, wages, benefits) and non-discretionary items (defense, pensions, interest). Thus the clear gap between the North and the South with some important details can be seen, revealing how some regions are under-funded not only in the North or the Centre of Italy but also in the South. Considering discretionary spending as a whole, half of the credit of the North is for Lazio. Furthermore, in the North four regions are debtors (the three regions with special status plus Liguria), whereas, Apulia, Campania and Abruzzo appear to be creditors.

Another important distinction that should be highlighted in the national accounts concerns the amount of public spending on welfare (social assistance, health, education, etc.). Compared to the European country average, Italy seems to have welfare (% GDP) which is not in balance with expenditure on pensions, with an inadequate supply of early years services, services for the elderly, education, etc., but on the whole, spending on these social issues is not much higher than that of Germany, the United Kingdom, the Netherlands, Spain, and is slightly lower than that of Sweden and France (based on Eurostat, 2006). If, however, we estimate the rate of waste in the services provided by the minimal State (the basic functions of the State, such as security, justice, administration and defense), taking into consideration how much of that is used to give more subsidies, assistance and support to families, we uncover an “improper and disguised Welfare state“, which, calculated for all the European countries, turns the statistics and the comparisons between countries upside down. Italy, being particularly oppressed, would in fact sustain a higher real social spending (% GDP):

“the result is surprising: Italy jumps to first place in the ranking, level with Sweden, the country with the world’s largest social spending. This is a paradox if you think about the modest quality of services that this expenditure serves to provide” (Ricolfi, 2010, p. 102).

Finally, with regards to the rate of tax evasion, which is also linked to the existence of a submerged economic sector, which is very significant in the South, the most “poorly performing” Regions are seen to be Calabria, followed closely by Sicily, then Campania, Apulia, Sardinia, Molise, Basilicata and Liguria. The results in terms of tax evasion estimates are impressive (see data reported by Ricolfi, Table 5.5., p. 111).

## **5 The new regional development policy**

In 2005 a coalition of State administrations, Regions, economic and social partners was established to set out the Guidelines for the new 2007-2013 national programme. EU Structural Funds are a big stake for the South and even more for the four regions (Calabria, Apulia, Campania, Sicily) which remain underdeveloped according to the European Union definition.

The strategic choice characterizing new regional policy is to focus on providing collective services, thus establishing specific territorial “Service Objectives”; areas of policymaking which are of significant national interest for which financial resource allocation obligations were established in the 2007-2013 National Strategic Framework; the regions of southern Italy are required to achieve certain minimum standards of service.

The objectives of the new regional policy are security, legality, environmental quality (improvement of water management, recycling), production of energy through alternative and renewable sources, better accessibility to services, education, innovation and research (see Table 7). The style adopted is participatory and foresees dialogue, it places regional planning at its core (Regions must develop their own Regional Strategic Plan) within the framework for national action (National Strategic Framework 2007-2013).

The approach foresees reward and sanction mechanisms, enhanced evaluation and monitoring systems and an integrated and network approach to conceiving territorial actions is promoted. In general, cohesion as competitiveness and multi-level governance – the cultural and conceptual position supported within the European context – is what is supported and implemented in national and regional programming.

The characteristics of the new regional development policy are described in the Document “A Hundred Ideas For Development” (DPS, 1998) and is based on a careful diagnosis of the existing situation and the evaluation of the results of policy pursued between 2000 and 2006. It is led by Fabrizio Barca, head of the Department for Development Policies in the Ministry of the Economy.

As far as the South of Italy is concerned, in the analysis carried out by the Ministry, the factors of inadequacy and crisis appear to be linked to the problems of: competition, especially in the service sector; capital market and banking system; collective services; education, with skills problems affecting the young population in the following areas: mathematics, languages, literacy (the difference between Italy and the OECD average is high). These are critical areas for the country as a whole, but in the South of Italy the severity and extent of the problems is higher and should be treated with due care and force, without falling into the old ways of using extraordinary intervention, i.e., relying on the use of instruments which are different in their conception to those used elsewhere in the country.

“By mobilizing financial and human resources and regardless of a weak ordinary State, the emergency policy allowed the South to maintain a growth rate nearly equal to the high one in the Centre-North until the late Fifties. Between the Sixties and the Eighties, this policy was responsible for the misuse of public resources, a great disincentive to taking risks and to ‘compete’ especially among the young generation and was responsible for a debasement of the image of the South and Centre-North of Italy, both abroad and in the South itself” (Barca, 2006, p. 41).

At the time of extraordinary intervention, development policy in the South resulted in a centralisation in the state of powers and knowledge on how to solve social and local problems by technical staff and experts, with little visibility and publicity. It consisted in the intervention of local authorities and permanent negotiation between parties and large private interests (D’Antone, 1997; Cafiero, 2000).

The role of the central government in the re-defined policy of intervention for the South becomes that of enhancing knowledge on policy problems and outcomes, of increasing the capacity for monitoring, controlling, evaluating policies and, especially, putting quality and quantity standards in strategic sectors of development and welfare, in order to reduce the existing gap in the supply of collective services, not only in terms of economic welfare, but also of inequality of income, and in order to revive an ethic of sustainability in all policies. Consensus comes from the framework of European regulation, which in turn influences state governments towards the achievement of some

essential objectives. Regions will be responsible for the achievement of standards and objectives. In this sense, no matter how significant the impulse and the pressure from the central authorities on the Regions of the South, in its role as DPS coordinator, there is no form of direct control from Ministries on the Regions of the South through the centralized management of resources (which happened in the 1990s). Room for autonomy of action, administration and planning has thus been recovered and new power has been given to consultation and discussion between Regions and with the central state. This is what the regions of Central and North Italy had experienced since the beginning of EU funding programming, being able to avail of their discretion in choices and strategic vision (Di Quirico, 2006).

Data has shown that the employment of women is a serious issue. In order to increase it, the aim is that of improving the care and assistance services for the elderly and children (since the shortcomings of public assistance typically fall on women). Among the targets to be achieved by 2013, service and performance standards are set out in relation to the percentage of local authorities which have to provide facilities for children, with an established minimum number of children who have to use them, as well as elderly beneficiaries of home assistance (see Table 7). This is not only a technical issue linked to contextual factors, but also a cognitive one as it deals with increasing citizens confidence in the capacity of public institutions to give support and intervene. Public surveys have shown this confidence to be much weakened, to the point that even when opportunities exist, the trend is for citizens to isolate themselves and to tackle problems alone or with the support of the family. Individual perceptions and social portrayals of the surrounding environment create beliefs which are difficult to alter in a climate of fundamental distrust of change and a self-limitation of opportunities (Sen, 1985, 1999). In order to counter this trend and to make measures effective, all selected policy objectives require public debate and public awareness of the issues at stake.

Table 7: Regional Policy Objectives up to 2013

Services	Indicators	Government Offices	Local administrations in addition to Regional authorities	2013 Target
<b>Education</b>	Young people who abandon their studies	Ministry of Education	Provincial authorities  Schools	Reduce from 26% to 10 %
	Students with inadequate reading skills			Reduce from 35% to 20%
	Students with inadequate mathematics skills			Reduce from 47% to 21%
<b>Children and the elderly</b>	Percentage of towns with services for children	Ministry of Welfare	Municipalities	Increase from 21% to 35%
	Children who use the services	Family Policy Department	Municipalities Local Health Services	Increase from 4% to 12%
	Elderly people who receive home care	Ministry of Health		Increase from 2% to 4%
<b>Urban waste collection</b>	Total urban waste collected	Ministry of the Environment	Local waste collection companies  Municipalities	Reduce total waste per person from 395 to 230kg
	Percentage of urban waste which is recycled			Increase from 9% to 40%
	Percentage of compost			Increase from 3% to 20%
<b>Water Supply</b>	Percentage of water distributed	Ministry of the Environment	Local water management companies	Increase from 63% to 75%
	Population provided with drinking water			Increase from 56% to 64%

Regarding the deficits found in education, the commitment is to increase the skills of young school age people, to reduce the percentage of students with poor skills in reading and mathematics, and to combat drop-out (see Table 7). It is interesting to see how the students' perception of their skills and abilities is much higher in the South than the North, given the surveys that highlight the less adequate education<sup>32</sup>.

Another strategic objective linked to reducing disparities regards an increase in recycling, of compost production, the distribution of drinking water and improvement of the aqueduct network (which are well-known in the South to lose a large part of the water they carry).

However, as far as waste policy and water management are concerned, there are huge contradictions since the practice of extraordinary intervention in the form of a Commissariat for the administration of agencies have resulted in being the public intervention tools used in most of the Southern regions, highlighting a fundamental inadequacy in the political culture of government<sup>33</sup>.

In conclusion, structural funds have played a role in the process of redefining the relationship between centre and periphery, they have affected the relationships between local economic systems and Regions, and, they have internally influenced the reorganization of the regional administrative machine and the increasing maturity of programming skills, even in the South.

Furthermore, policy which is being implemented within the new EU 2007-2013 programming has significant implications for the turning point that Italy is at with the recent reform introducing fiscal federalism (law 42, 2009). The definition of standards as shared goals which all regions must commit to meet within the defined time limits and according to the agreed standards, brings the immediate benefit of creating a convergence framework not only of intent but also of measures and targets. This sets the foundations for the implementation of fiscal federalism, which has as one of its assumptions (and problems) the standardization of the cost and supply of basic services. With respect to this, if there is no strong and tested homogeneous common ground

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32 There has also been a delegitimation of the OECD's findings, on the part of the teachers and school managers working in schools in the South, by carrying out other tests which have had more positive results. These very results, however, have been contested concerning the correctness of the methodology and the objectivity of the findings.

33 The Campania case becomes emblematic of a widespread condition in the South of Italy. The practice of "being governed by Commissariat" has created the dynamics of dependency on central government, excess powers and difficult inter-institutional accountability (in particular, when the Commissariat is also a key figure in regional and local government) with the creation of a lever of public and private mediators, which take away intelligence from development and distorts norms and public action.



on areas of public policy and essential services to the population, it is difficult to even discuss (just think of the management of healthcare expenditure, since most Southern regions have hospitals and services that put far more pressure on government finances but offer far less than in the North). Monitoring implementation according to established targets should trigger the study of the specificity of local implementation contexts, bringing the potential advantage of better understanding the feasibility of certain targets, tools and solutions. In addition to highlighting the complexity of a process of standard setting (which elects a successful development model or best practices, without dealing with the transferability of the model and of the practices), the implementation of the new regional policy within the framework of the 2007-2013 programme should provide valuable information and highlight the limitations of an efficiency based perspective which seeks to impose standards on Southern regions without taking into consideration or knowing the differences and peculiarities of the implementation context.

## **6 The problem of the political class: the cases of Apulia and Veneto (Conclusions)**

We conclude by briefly presenting two stories of regional government (Apulia, Veneto), which focus on the profound review of the logic and models of economic development and show sensitivity to endogenous and supranational (first and foremost, the EU) factors of influence.

The case of Apulia gives us the opportunity to examine some clichés of North and South disparities and to reflect on the ability of politics to understand local needs and to elaborate strategic visions for development.

The case of the Veneto, a region which has been economically successful over the last two decades, shows how important territorial differences emerge even within regions, exposing visions aiming at depicting homogeneous images of regional situations.

In 2005 Nichi Vendola was elected Governor of the Apulia Region. He was the representative of the then Communist Refoundation Party, a minority party in the centre-left alignment. Against all forecasts developed in the political apparatus at both local and national level, and in spite of predictions of sure election defeat made by political analysts (including the authoritative one by Giovanni Sartori published in an editorial in the *Corriere della Sera*), Vendola won, with a support that came “bottom up” and across all political alignments

and social class, in a unique mobilisation of Apulian civil society. He first won the primary elections open to citizen participation, defeating a candidate supported by a center-left majority (the *Margherita* and Left Democrats), then at regional elections he defeated the centre-right candidate, the former President Raffaele Fitto, who seemingly could count on many supporters in the region and was undisputed in the center-right alignment.

The event is better understood in connection with a series of episodes of popular participation linked with radical demands for change which had shaken places in Apulia and in the surrounding areas months and years before the elections, given considerable coverage in the media. In that time, the undesirable effects of public policies were questioned, in particular the decisions and lack of decisions which have a direct impact on people's daily life, generating discomfort and insecurity, eroding the availability of public goods and of individual and collective well-being.

These were serious problems related to service supply, social justice, jobs, personal safety and environmental protection. A united cohesive community fights in an organised way against ecological monstrosities, against choices superficially made by the government on where to locate activities which pose a threat to health, against "desk born" policies of cuts resulting from projects for the rationalization of health services, against killing factory shifts<sup>34</sup>. There were no signs of the Northern League Political party protests in Apulia, no mass participation in associations such as that which can be found in the North-East, but the population took to the streets, demonstrated, occupied stations and factories, sites for disposal of nuclear waste, areas that are agro-industrial centres, etc., supported by mayors and representatives of the trade sectors, and were often met with national solidarity. Active citizens asked to participate, unheard at Government levels (Vendola, instead, has always been a careful listener; he himself having been a demonstrator, defender of the workers, of the environment, of the weakest; he has been under police escort for twenty years as a result of publically denouncing members the Mafia), which stated a desire to break with the past. The movement was also one of ideas against any stereotypical images of Southern Italy which was seen as a homogeneous area and therefore a "target" for intervention according to a standardised belief which considers the North of Italy and Northern Europe as a development model to imitate, recommending State assistance, dependence on Rome and on investments by the Northern capital. The movement promoted Apulia as a border region and its meridian openness as its potential

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34 To examine the issue more in-depth see Gelli, 2006.

opening the perspective towards the Mediterranean, which symbolically refers to an idea of co-operation and co-existence between different cultures, which is an opportunity for Italy and for the whole of Europe. The rise of social and political attention to the link between the South and the Mediterranean is part of a strategy that reworks the geopolitics of the West within the EU enlargement process identifying an autonomous and endogenous way to regional development.

The initiative undertaken by Vendola as soon as he was elected President of the Region to promote a committee of the Southern Regions in order to define a uniform policy of international co-operation, open to the Mediterranean, must therefore be looked at in this light. As far as Structural Funds 2007-2013 are concerned, Vendola heralded a new season characterized by participation and maximum involvement of Apulian citizens right from the phase of programming investment choices and drawing up of the Regional Strategic Plan.

To this end, he also played the card of organisational autonomy that Regions can avail of for different reasons, not only regarding the capacity and speed to adjust to reforms but also organisational innovation (Baldi, 2006). The “Regional Department for Bureaucratic Transparency and Active Citizenship”<sup>35</sup>, which was set up to give institutional continuity and practical answers to the participatory movement and to requests from active citizens, involved the population through various technologies and tools (forms of e-democracy; meetings with University students, social promotion associations, local authorities etc., throughout the whole Region) successfully collecting ideas and proposals for projects to be implemented within the framework of the 2007-2013 programme. The public debate on the models and development objectives to support, became the core of Structural Funds policy, of the definition of the regional agenda and of strategic priorities. Such initiatives were extended to other areas of regional programming – from the law for the protection of the coasts to the one on sports, the transparency of public administration, the new health Plan, programmes for redevelopment of the suburbs, youth policies and landscape planning. The participatory approach to the construction and evaluation of regional policies became the characteristic trait of the new regional policy with the aim of

“accepting and transferring, well within the heavy geometries of politics and government, the sense of the unprecedented demand for democratic participation that has made Apulia a laboratory and a reference point in the national debate” (Vendola, 2005).

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35 This is the first regional department dedicated to citizen’s participation.

Apulia became a laboratory of participatory policy-making and institutional innovation – minutely studied by experts and discussed by politicians involved in the administration of other Regions – with some successful results (especially the experiences related to youth policy).

From this perspective, Apulia is a paradigmatic case of regionalisation in Italy and of the redefinition of relations between centre and periphery (Grasse and Gelli 2011); the creation of new arenas for co-operation, participation and a greater proximity to citizens create a form of democratic governance at regional level that seems capable of increasing the degree of the policies' legitimacy (Grasse and Labitzke, 2010; Grasse, 2005).

From the economic point of view, the Region has made significant investments in energy production from renewable sources (in particular, wind energy), in research and industrial innovation in some productive sectors, thus also attracting international attention<sup>36</sup>.

However, contextual factors and forms of resistance of various kinds, internal to the regional bureaucratic apparatus (personal, technical, political) and rooted in local factions, in the behaviour of economic and social actors, in the local political class and in local cultures, then slow down the pressure for change. Vendola seemed to lack in realism when underestimating the reactions caused by breaking organisational, administrative and decision-making routine; he then had to face Council reshuffling, handle embarrassing cases of corruption, illegal scandals, justify the poor performance in some areas of the Regional Administration and deal with the crisis of some areas of public policy (health planning remains a thorn in the side and implementation of the structural funds itself is a long hard road). The contextual background, referred to as “typical conditions of the South”, thus seemed to resurface as unavoidable constraints which acutely influence any project of renewal. Apulia seemed to hang in an unstable balance when approaching the 2010 regional elections; a deep uncertainty surrounded the judgment of regional

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36 Apulia is currently a large producer of renewable energy, having passed from third to first position in Italy in installed power in the last six months of 2009 also thanks to a regional law (n. 31/2008) which allowed the simplification of the norms (in order to install small plants which are less than a megawatt, it is sufficient to present a Declaration of Activity start up to the local authorities, bypassing the regional offices; the reply is guaranteed in 30 days). Permit management has been handed over to the local authorities. However, contradictions are ever present in this new drive for development. Local and national firms are attracted by the availability of uncultivated agricultural land (in the area of Foggia, in the Bari Murge, in the Salento) for the installation of plants. This aspect raises significant problems in terms of protection of the landscape, on the one hand, and the land use creating profits, on the other, with the risk of repeating speculative mechanisms which have already been experienced before in the construction cycle.

work, while a fall in the credibility of the leadership of the outgoing Governor was recorded with considerable national media coverage. For most people, Vendola's experience was destined to come to an end and to have lost the challenge of renewal in Apulia.

The opportunity for a change and new life in regional policy came in connection to the conflict in the Democratic Party (PD) during the months before the regional elections over the choice of alliances and the identification of the most competitive candidate to put forward in the race for the Presidency. The leaders of the Party believed that to win in Apulia the center-left would have to capture segments of the moderate voters and ally itself with the Union of Cristian and Centre Democrats (UDC) Party, which would exclude the nomination of Vendola (unwelcome to Pier Ferdinando Casini – the UDC Party leader), thus opening a hard struggle within the regional Democratic Party (PD), which initially suggested that Michele Emiliano, the Mayor of Bari, was the potential winning candidate (according to the regional law he was considered ineligible as still Mayor-in-Office; controversy arose about the need to quickly change the terms of the law on the incompatibility of political positions). Vendola and his supporters attacked Party logic regarding the imposition of nominations from above, i.e. from Central government without input from the citizens of Apulia: they called for primary elections, as the means to identify the centre-left candidate considering it essential to give the voters the possibility to express themselves in this regard and to evaluate the work of the outgoing Governor, to decide whether to reconfirm him or not.

Voices were raised for weeks, a struggle arose and became a national issue, the Apulian affair was followed on the pages of the national newspapers. Vendola quickly recovered both image and credibility, the streets were filled with his supporters, people were passionate about the challenge of their representative fighting against Party secretariats, the latter being perceived as distant to the territory and guilty of wanting to take away the Apulian citizens' right to choose on the basis of abstract political calculations. Young people, in particular, were mobilised in large numbers: the successful experience of youth policies became a driving force for political participation, with original organizational formulas.

The last sensational mistake was the decision to entrust Francesco Boccia (who, in 2005, was Vendola's opponent in and loser of the primary election) with the task of reconsolidating the centre-left in Apulia, proposing himself as a candidate in the primary election. The same fracture as the one in 2005 seemed to happen again.

Vendola won the primary election and also won in the final elections, also as a result of the fragmentation that occurred in those months between the political forces of the centre-right alignment, which ran for the elections divided having failed to find an agreement on their candidate.

Apulia became (once again) a national case, in a sense a key to understanding national policy and the conflict between managing groups and civil society: the design of political plans (alliances, strategies, selection of profiles) emerges as being drawn up without regard for social dynamics. They are abstract logic guiding political choices and are self-referential, to which local society responded with proof of democratic maturity.

A parallel but significantly different story is that of Veneto – a rich region in the North-East of Italy – which took place in the years of the DocUP implementation (2000-2006)<sup>37</sup> and of the drafting of the Regional Strategy Document within the framework of Structural Funds Programming (2007-2013)<sup>38</sup>.

Once again the sustainability of regional economic development was under discussion. The development model, widely supported for a long time, was highly intensive in land use, with the consequent increase over the medium- to long-term of environmental and social costs. As a result, the development model, its system of representations and symbolic images, was in crisis. This did not only concern problems regarding the local economy; the small firms rooted in the area which must deal with internationalisation and globalisation, with difficulty in generational turnover, technological delay, poor investment in innovation; industrial districts dealing with new levels of competitiveness of the system; inadequate infrastructure system, etc. In fact, whilst achieving an average increase in income in the Veneto Region, there was an increasingly widespread perception of a lowering of the quality of life, of work and of the environment, which had undermined social spaces and the beauty of the landscape and had depleted natural resources. The region was characterized by an array of factories and small firms which are often not concentrated in industrial and artisan districts (which are however plentiful, in accordance

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37 The DocUP in the Objective 2 regions (the Italian regions of the Centre-North) is the structural funds programme instrument which contains the strategies of institutional investment agreed with the economic and social actors, the measures and the actions foreseen for areas of public administration, the potential integrated projects, means of implementation and monitoring and the financial subdivision.

38 The financial stakes to be had from the structural funds is barely significant for the Veneto Region in comparison with Apulia, in that the resources available are a small percentage of the overall regional budget.

with the tendency of each small town to ensure an appropriate expansion in this sense) but pervasive in built-up areas.

The loss of consensus was clearly perceived by local administrators, economic actors and by those in the field of social issues. The discussion on the effects of economic growth and the sustainability of development processes became an important point on the regional policy agenda. The debate was fierce in 2005, at the conclusion of the regional administration cycle started in 2000 (Giancarlo Galan, already on his second consecutive mandate, was the outgoing President) and in the election campaign immediately following (where Galan was once again victorious).

The search for innovation strategies and for an overall increase in the quality of production, attributing value to human resources and to the environment were the basis for a public discourse on sustainability. The Region became the promoter of this through explicit programmes incorporating “the goal of sustainable development” in its political and programme agendas.

In other words, there was political continuity but also a new strong movement of ideas which influenced political guidance<sup>39</sup>. The Regional Strategy Document 2007-2013 clearly shows this breakthrough, in line with the Lisbon objectives, by channelling available funds into selected investments in innovation and the knowledge economy. This started with the firms, reinforcing the system of relations between universities, local authorities, firms and industrial sectors as well as the protection and enhancement of environmental resources. Interestingly, the EC 2007-2013 programme abandons the previously employed zoning through Objective areas, which was based on parameters and criteria of standardised statistical measurements. The mechanisms that led to a distinction between “disadvantaged areas”, with associated stigmatization, and “competitive areas” were therefore dropped.

The DocUP 2000-2006, conceived in the framework of the previous community programme, had focused on the reduction of disparities between parts of the Veneto, identifying some areas (such as the Polesine and the Bellunese area: indicating they were equivalent to the ‘South of Italy’ in the ‘Veneto’), as not showing the characteristics of the dominant development and production model described above and thus as “lagging behind” and in need of improvement (with support to the growth of small businesses, to the traditional industrial districts etc.). Because of their marginal situation

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39 Differently to Apulia, the Veneto Region did not undertake a participatory process which involves citizens. The debate took place in meetings in which the institution representatives, and trade union representatives, administrators, technicians and experts of development policy participated, with interest from the local media.

in relation to central areas of growth, partly escaping from the problematic effects of growth itself, these areas were assessed differently in the framework of the subsequent programme, which has its real stakes in the sustainability of development policies. Thus areas which are peripheral to large development processes become “good examples” in which to experiment sustainability policies and they have an advantage over the others. From one perspective, these areas had, in fact, anticipated the change, shaping themselves as places where new ideas could penetrate and alternative practices could develop, countering the productive, residential, agricultural and tourism monoculture which characterize the “Veneto and North-East development model” which had always been highly successful.

However, a crisis in the political class can also be seen in the Veneto, particularly in the Left regarding the understanding of local development cultures and representing the needs of the areas. Just to give an example, the so-called “vicious circle of ICI” (the municipal tax on properties)<sup>40</sup> is to be seen in the political choices of many local authorities. In particular, Mayors of the centre-left alignment, which in other places and contexts warmly supported the change in direction towards a culture of environmental and social sustainability in the processes of growth, surprisingly in practice showed a conflict about values, appearing reluctant to believe that there were alternative ways of management and development of the territory, defending and looking for such opportunities for growth, particularly in the “less developed” territories of the Veneto.

In general, the capacity to directly engage with the territories and local populations seemed to be lacking. This problem arose with particular intensity at regional scale, not only during regional elections, but also in participative movements, in the management of bottom up demands for change with respect to political choices which were not given legitimacy by the people.

Faced with this difficulty in the centre-left, among the forces of the centre-right it is the Northern League Party which is the political body which proves to be the most coherent, open to listening to needs and in contact with the places of social and economic change. The Northern League endorsed (and partly stole from the centre-left) the discourse on federalism interpreted as

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<sup>40</sup> The reference is to the willingness of local authorities to grant residential or industrial extensions, to create new development areas which, on the one hand, may have a negative impact on the urban area and subtract land for agriculture, on the other hand, they provide revenue for local authorities, through the ICI tax. This is money to be allocated, in times of scarce resources and cuts in public expenditure, to provide services for the population and to satisfy the increasingly diversified demand for public goods.



the need for fiscal federalism as a more equitable and effective distribution of public resources, thus raising awareness on the problems of inefficient public expenditure. It has grown through local authority administration, gaining legitimacy through some examples of good management. Finally, it has worked tirelessly on two levels: recreating a sense of community at the local level by anchoring to daily life, and that of representation at the national level, in order to progressively construct a political body able to support the territories of the North and, in particular, to represent the situation in the North-East, an area that has long been underestimated in terms of its political contribution. This is a duty that it accomplishes according to a vision that is not always and not necessarily local in nature but with a view to the government of the entire country. The cross-cutting appeal of the Northern League, its ability to reach multiple audiences, penetrating into ever growing parts of society, presented itself in Veneto as an indisputable fact at the last regional elections, which also marked a significant failure of the centre-left (in addition to a weakening in the other political forces of the centre-right, that of Berlusconi's People's Party (PdL)). In the Veneto, people are waiting to witness the first real test of "regional government" by the Northern League.

The dynamics that the Veneto Region or rather, the North-East is experiencing are also considered from other observers and political backgrounds. Here particular attention is paid to the difficulties of the political class in parallel to the success story of the Northern League. The reference is to a book published close to the last election campaign, written by Gianni De Michelis and Minister Maurizio Sacconi, who debate with each other through a dialogue edited by Luca Romano. The cultures of the managing classes are seen in the North-East of Italy as two separate or poorly cohabiting trends. The "cosmopolitan" trend is respected because it is acquainted with the world outside the community and has entrepreneurial and economic interests on the international scene, communicating with the processes of globalization. It inevitably generates a breach with the community spirit and with local events, running the risk of isolation and/or self-referentiality, of loss of direct engagement with places and social demands. The other trend is more "local" and is recognised by the people, because it understands everyday problems and situations, but with the risk of being closed within itself and of not understanding the global changes that have an impact on the territories and require new strategic visions in order to maintain competitiveness and cohesion.

The authors hope for a policy capable of building bridges between these two opposing trends in order to avoid paralysing conflicts and to retrieve

the “social reason” that politics has lost. Specifically, the imagined political actor is not a “party that makes the locomotive move and at the same time removes the brakes from the slower wagons”. What is disconcerting in this analysis is the representation of the South and the minimisation of the recent achievements of the Meridian way of thinking, the lack of understanding of different demands and development trends emerging in the South, as we saw in the case of Apulia. Let us leave it to the words of the authors, who are eloquent in warmly supporting a new North-centric vision of the development of the country:

*“Sacconi.* Italy sees its traditional economic role as an important supplier of manufactured goods for strong economies such as the USA and Germany questioned. I understand that your idea is that only by constructing a new space can we be both protagonists in Europe and capable of development”.

*“De Michelis.* Certainly. In this framework the South of Italy represents a great opportunity both for its geo-political location and for the geo-economic functions that could be given to it. The South is the largest pool of unexploited resources which, when combined with this positioning, can contribute to responding to the same needs for a better role for the North of the country and thus for Italy as a whole (...)” (De Michelis and Sacconi, 2010, p. 53).

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