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The Mezzogiorno Policy in Italy:
A Retrospective Analysis
and Evaluation

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1. Foreword

Regional development policy in Italy began in the post-war period, in 1950, with a law which was relatively revolutionary for the time. This established a Special Fund for public expenditure in favour of the country's backward regions (the South well-known as the "Mezzogiorno"), and a special institution or agency (known as the "Cassa per il Mezzogiorno") /1.

The main innovation of this Fund and this expenditure was its literally "extraordinary" operation: that is to say, its operation outside what is known in Italian as the "ordinary" administration of the State. In other words it was, in effect, a para-statal body.

The operations of the Cassa were supposed to last only for ten years. But in practice, with some modification, which some commentators consider crucial, and others less essential, they have continued to the present day.

This report undertakes a rapid sketch of the main features of regional development policy in postwar Italy, divided into main phases or periods. It ends with a commentary on its results, and a general overall judgement.

2. The period of "infrastructural intervention" (1950-1957)

The first period, from 1950 to 1957, was characterized by Cassa policies for the establishment of infrastructural conditions to support, essentially, the agricultural activities.

This period was preceded and accompanied by an intense discussion about the comparative advantages and disadvantages of a policy oriented to create an environment favourable for spontaneous industrialization (a "pre-industrialization policy") or, alternatively, a policy oriented to the direct stimulation of an installation of new industrial activities, (an "industrialization policy"). /2 Given the political and ideological conditions of the epoch, the first clearly prevailed. The Cassa per il Mezzogiorno limited itself, in this period to finance and perform (with the cooperation of other public concessionary agencies), only in the sectors of :

- agriculture (soil protection and valorization, land reclamation, land improvements loan, for capital or for interest),
- aqueducts and sewage systems,
- transport, roads and communications,
- tourism and hotel credit,

The numerical proportions of these interventions, in this first period, are expressed in Tables 1 and 2.

Even in this period, however, some general stimulations to the industrial investment were possible through:

- contribution on interest charges for "incentive" financing in favour of all Italian industry, and for that with a limited "regional" efficiency (in practice only one fourth of such interest concessions has gone to the Mezzogiorno);
- fiscal incentives (e.g., partial exemption from IGE, a kind of purchase tax; ten-year exemption on income tax; reductions of tax on electricity supply; exemption of customs tariffs on imports of raw materials and equipment).

Both these measures, in practice, have had a minimal or nil result. The only effect has been a certain growth of the agricultural product. The value added (at constant prices) of Mezzogiorno agriculture increased, in this period, at an average rate of 2.2 percent relative to 2.9 for the whole of Italy (See Table 12).

But if we look at the growth of gross product, national and industrial, their rates are inferior in the Mezzogiorno with respect to the rest of Italy (37 % and 31.5 % respectively in the Mezzogiorno which in 1951 was 68.1 percent of the nation's average, in the 1957 decreased to 65.1 percent (See Table 13).

So, although in this period the Mezzogiorno economy achieved fair results, the gap with the other regions of Italy increased.

There clearly was a need for a change in the strategy of development for the Mezzogiorno, giving priority to industry. 3

3. The period of "industrial intervention" (1957-1965)

At 1957, the criteria of the "extraordinary" intervention for the Mezzogiorno were radically changed, giving priority to direct intervention in favour of industrialization.

A new law, and new institutions, were established to fulfil new criteria. /4

a. The institution of "industrial development areas"

First with the aim of coordinating interventions at local level, special territorial agencies, called "Consorti", were established to manage industrial zoning. The Consorti were formed by local authorities as instruments for an industrial policy based on the idea of "development poles". /5 To tell the truth, at the beginning we were inspired by the idea of selecting rigorously some areas on which to concentrate all the industrialization efforts (on the example of the "Industrial Estate Corporations" of the British experience). The selection would be undertaken with reference to a general urban and territorial setting of the whole Mezzogiorno as a system.

But, political factors and a special perception of the nature of State intervention in the economy preferred to leave the task of establishing the Consorti and their territorial boundaries to the spontaneous initiative of local authorities, subject to some defined requirements. The result has been that almost all the Mezzogiorno has been covered by industrial areas, so that the operational and promotional effect of industrial zoning has been neutralized.

Anyhow, such Consorti should have provided, under the financial support of the Cassa (in the beginning the money contribution of the Cassa provided at maximum 50 percent of infrastructural expenditures), for the construction of those works and the supply of services necessary to the industrial development of the area concerned. We said that, under the pressure of the local authorities, an immoderate number of Consorti were established: against, in the beginning, a very limited number, 8 or 10, there are now 51.

Because the financial share of the local authorities, and other agencies, stayed very small, the Consorti became increasingly dependent financially on the Cassa. In 1962, a new law increased the possibility of Cassa intervention for infrastructural expenditures up to 85 %. Moreover, while, previously, contributions could be paid only after the completion of the work, the law of 1962 made it possible to pay funds during the construction of the work.

In any case, since in practice the sole source of financing the ConSORZI was the Cassa, the increase of the number of "poles" reduced enormously the availability of resources for each pole and thus the policy as a whole. From data published in the budget of the Cassa in 1973, it emerged that the infrastructures approved in the areas covered by the ConSORZI represented only 11 percent of the whole stock of infrastructure financed by the Cassa: it demonstrates that the intervention of the Cassa in favour of industrial zoning has been marginal in relation to total intervention in this field.

b. Special intervention by public enterprises

A second characteristic of the Mezzogiorno policy in this period was the important intervention of public enterprises (i.e. of enterprises with State shareholding, which is well known, play an important role in the Italian industrial system). The new law, in practice, provided that the public enterprises should allocate 60 percent of their "new" investment, and the 40 percent, at least, of their total investment (including therefore renewal and allowances) to the Mezzogiorno region. Public enterprise investment in the Mezzogiorno increased rapidly and already by 1961 they represented 37.2 percent of the total investment of public enterprises in Italy. This percentage increased further in the following period and has kept an average level of 45 percent.

c. Financial incentives

A third new point of the law of 1957, concerned the introduction of a massive amount for financial incentives in favour of the new industrial location in the Mezzogiorno. The law provided for grants to enterprises' locating plants in the Mezzogiorno up to 25 percent of expenditure for building work and up for 10 percent for machinery and equipment (20 percent if the latter were to be "made" in the Mezzogiorno). Priority in allocation was related to size (preferences for small firms) to location (preference for location in the industrial zones) and to productive sectors (the top authority in the management of the law, the Committee of Ministers for the Mezzogiorno, would indicate the priority sectors). Moreover, funds were increased for finance at subsidized interest rates. These rates could have been as low as 3 percent. The difference between the subsidized rate and the market rate that the special credit institutes would pay for the capital borrowed was, of course, paid by the Cassa.

These innovations concerning financial incentives determined the fact that a big share of the resources of the Cassa was allocated in such direction. The distribution provided by a new law of 1959 reduced strongly the weight of agriculture with respect to industry. The effect of the law reverberated during the sixties, increasing the share of industry (about 60 percent of the entire amount) (See Table 1), but not so

much in the direction of Mezzogiorno (only one third of the industry amount) (See Table 3). In effect, the interest subsidies began to be distributed to all Italian industry, with a reduced effect in regional development.

In the sixties, as a result of the law of 1957, the grants for new industries in the Mezzogiorno began to have a real importance, and grew rapidly in the following periods.

The law of 1957 also introduced further fiscal incentives. The most relevant was exemption from income tax of 50 percent of profits reinvested in the Mezzogiorno.

d. Obligatory public purchasing

A further innovation, with the law of 1957, was the obligation for all state agencies and administrations to reserve at least one fifth of their purchases of goods and services for enterprises operating in the Mezzogiorno. This "incentive" was introduced to compensate for the weakness of the enterprises of the Mezzogiorno not only in the field of production but also in that of marketing.

This incentive was the only one intended to reserve market shares to Mezzogiorno industry. But despite the good experience of reserve market share for domestic industry in other developing countries, in the Mezzogiorno this provision has not been very effective. In large measure, this was not respected because the criteria for its implementation were neither clear nor "workable". Such criteria have been "reviewed" several times, but their application has been very limited.

e. The coordination problem in public intervention

Another innovation provided by the law of 1957, concerned improvement and strengthening of the coordination of intervention: in fact the intervention of the Cassa in several cases produced a dispersion of initiatives and energies, and because of the lack of coordination in the other "ordinary" administration of the state, the Cassa intervention became more "substitutive" than "additional", than the policy aim prescribed.

To guarantee the "extraordinary" character of Cassa intervention the new law stated precisely that the percentage of the public works on behalf of the public administration should not be inferior to the share of Mezzogiorno population in total Italian population.

Furthermore, a special Committee of Ministers for the Mezzogiorno was assigned to coordinate all interventions, ordinary and extraordinary, and to introduce each year to the Parliament a report on such coordination activity. This Committee subsequently was changed with the task of preparing a (five-year) Plan of coordination of public intervention for the Mezzogiorno, in which should have been indicated both expenditures and criteria for distribution of fiscal and financial incentives.

It is worth recalling that in 1957, in connection with a change of Government and with a new Minister for the Mezzogiorno, people tried to make use of the obligation to elaborate a coordination plan for public intervention and expenditure, to elaborate also a general plan for development for the Mezzogiorno, including the role of the private sector, in a framework of planned development of the entire national community. ⁶ This attempt was not successful because of a government crisis. In fact, previously, another attempt to plan the general growth of the country was made with the informal introduction by the Government of a "Scheme" of projections of main macro-variables of the Italian economy for the ten year 1955-1964. But neither the macroeconomic exercise of the "Scheme" (better known as "Vanoni plan" from the name of the Minister that introduced it), nor the coordination program studied by the Committee of Ministers for the Mezzogiorno in 1958, was able to introduce a process of national planning in Italy. This was officially introduced only in 1965. ⁷

f. Technical promotion

In connection with the coordination of public intervention (ordinary and extraordinary) and also with the "territorial" coordination to be assured in principle from the Consonzi (industrial zoning) in this period 1957-1965, the Government and the Cassa promoted an activity intended to create environmental conditions and facilities for the development of industrial initiatives conditions and facilities, which were neither strictly economic nor financial.

⁶ At the level of some regions of the Mezzogiorno (Sardinia, Calabria, Sicily, Campania), had the elaboration of several "global" plans in the fifties. Such plans have been considered in the "coordination" of the interventions of public expenditures in the Mezzogiorno, but they received a limited role because of their reciprocal "inconsistency", and because of the lack of a national and interregional planning framework.

(See notes)

Two new institutions were created; IASM and FORMEZZ :

- the first was to provide marketing research and assistance, technical consulting and training, to potential investors and also to the managers of the ConSORZI or industrial zoning, to locate new enterprises in the Mezzogiorno;
- the second was to develop an education and training activity in the Mezzogiorno, to promote managerial skills and follow and assist the process of location of new industries and new activities with related professional training initiatives. (The incentives system provided from the legislation of this period, did not offer any special opportunity in favour of potential foreign investors and capital. However, a sizeable portion of research, promotion and assistance by IASM was intended to find and assist foreign investors. The results have been very limited indeed.

4. The "national planning period" (1965-71)

In 1965 the political and administrative context of the "extraordinary" intervention in the Mezzogiorno changed substantially because of the inauguration of a process of national economic planning, to which Cassa activities were supposed to be formally related. /8

a. A "new" coordination of public expenditures

With a new law in 1965 some important modifications were introduced in the coordination of ordinary and extraordinary expenditures in the role of the Cassa, in the relations between the national plan and the "Mezzogiorno plan", and lastly, in new fiscal and financial incentives.

On the first point, it has already been shown that great difficulties have been encountered in the coordination of the expenditures of the Cassa with that of the ordinary administration, with the result that its expenditures were more "substitutive" than additional. To cope with this problem the new law of 1965 provided that the Committee of Ministers for the Mezzogiorno should operate inside the guidelines of the CIPE (the Committee of Ministers for Economic Planning). The first Committee was charged to elaborate, on the basis of the national plan, a five year plan of coordination of intervention for the Mezzogiorno. The difference between the procedure provided by this law with respect to the 1957 law, was that while in the past the programmes of each Ministry or Agency were elaborated before introduction to the Committee for the Mezzogiorno for coordination and approval, and in this way the coordination happened ex-post, following the new law such programmes were to be elaborated in the framework of a plan coordinating the different interventions, which would have permitted a coordination ex-ante.

This procedure was undoubtedly more efficient than the previous one, and is probable that as a result, in this period 1965-71, the percentage of public works in the Mezzogiorno relative to the rest of Italy reached 42.9 percent.

Even the percentage of investment, direct or stimulated, realized by the public administration in the same period for the Mezzogiorno relative to the rest of Italy, increased from 37.2 to 39.8 percent. This increase of public expenditure in the Mezzogiorno, and particularly the increase in "extraordinary" intervention was partly due to the fact that the new law stated more precisely and specifically that the Cassa should intervene in areas of rapid growth (industrial zones, and zones of agricultural and tourist development), whilst the ordinary administration should operate in all the Mezzogiorno.

In such a way the Cassa, differently from the past, could concentrate its action and efforts in a few areas, emphasizing its role as a development agency. The new law in fact enlarged the powers of intervention of the Cassa in the areas of industrial development. For example, the law provided the substitution of the Cassa for the Consonzi if the latter were not demonstrating a sufficient operational capacity. At the same time the new law increased the financial assistance of the Conzorzi to cope with their heavy financial problems.

b. New discretion in incentives policy

In the area of fiscal and financial incentives the new law of 1965 introduced several changes.

First of all, it confirmed that projects located in development areas should receive higher incentives than elsewhere.

But the main change in the law was the larger discretionary power of the administration in the allocation and in size of incentives. In fact, every application for financing should be examined individually to control its conformity with the guidelines of the coordination plan. On the basis of this "conformity" it would be granted the contribution, its size and amount, and the rate of interest, following three criteria: location, productive sector and size of activity. The criterion of the investment per employee used in the previous period was omitted.

The sectors that CIPE indicated as meriting better and higher incentives were: chemicals, metal products and food industry. Small and medium sized firms were to be given preference. However, for the lack of proper overall reference framework, discretionary intervention was distorted, with preference clearly given to big businesses.

In fiscal incentives, the new law introduced a ten year exemption from corporation tax for all enterprises located in the Mezzogiorno. In 1969, the rate of profit exemption on investment in the Mezzogiorno was increased from 50 to 70 percent.

The greater "discretionary power" in the distribution of incentives introduced by the law of 1965 has been a matter of intense and wide reaching debate in Italy ever since their introduction. As already stressed, the discretionary powers were intended to improve the use of incentives for specific targets, in a systematic planning perspective. But the lack of adequate structures, the heavy weight of the "patronage" system, and the failure to identify quantified territorial and sectoral objectives in an organic and detailed plan for industrial development, undermined the potential benefits of the discretionary method. On the contrary, what emerged was the negative aspects of discretion, i.e. the lack of the objective and impartial criteria which are guaranteed by more automatic decision mechanisms. /9

c. "Planning Agreements" (contrattazione programmatica)

In fact a specific and discretionary use of incentives would have been justified only if it had implemented an effective and systematic process of negotiation with those firms interested in investing and operating in the Mezzogiorno. An attempt on these lines was in fact started and institutionalized in Italy by the Ministry of the Budget and Economic Planning during this period, and known as contrattazione programmatica ("Planning Agreements").

An official paper in 1968 (Relazione previsionale e programmatica) admitted that the system of incentives previously in operation had not been able to assure the intended aim of a set economically and technologically interrelated initiatives in a specific area. It argued that a new kind of agreement between government and the big businesses necessary to achieve this result. These agreements were basically founded on an exchange of information between government (about the infrastructure it could provide) and enterprise (on the new initiatives that a firm or group of firms intended to establish in the area). In principle, by means of this exchange of information, it would be possible to realize a better match between the infrastructure which firms needed, on the one hand, and interrelated investment projects, on the other. It was intended that medium and small scale enterprises would be wedded into the Planning Agreements with big businesses. The agreements therefore were intended to solve the problem of coordinating corporate planning needs with the overall planning objectives of the government.

One of the instruments that the government intended to use to persuade enterprises to coordinate their programmes and realize interrelated investment in the industrial zones was a more flexible use of incentives.

The enterprises that accepted this procedure and agreed on this kind of coordination would be privileged in the allocation and size of incentives.

But, although the instrument of contrattazione programmatica had its own logic, in practice it proved unable to organize interrelations with small and medium enterprises. /10 And because of the absence on the government side of a clear, precise and consistent framework of references about targets, the government itself was not in a position to resist the entrepreneurial initiatives of big businesses to control and stipulate its sectoral and locational direction, or avoid its degeneration into the "patronage" system.

Anyhow, in the period 1969-1971 there was a big increase of investment in the Mezzogiorno, both in absolute terms and in comparison with national investment. /11 But the main role in this increase was played by public enterprises (their investment increased four times in three years). In 1970 and 1971 more than half of the total investment of public enterprises was located in the Mezzogiorno. But this fact was not related in principle - to the contrattazione programmatica, because the activities of the public sector of industry are supposed to be coordinated by the government itself (through a special Ministry of State Shareholdings).

d. The "employment effect"

The effort to institutionalize incentives policy for economic planning through greater discretion, typical of this period, produced, as we said, a perverse concentration of intervention on a few big investments, with a high capital coefficient, and low employment effects. This fact gave rise in Italy to a chorus of criticism and protest. /12 In the absence of any clear strategic design about the type of investment needed in the perspective of a feasible industrial development. This helped to draw attention to the misuse of major public resources: location in the Mezzogiorno of big petrol-chemical centres, which probably would be gone there anyway, and big steel plant, which "induced" more demand and activity in the North than in the Mezzogiorno, without "activating" any new small or medium initiatives en aval in the process (See Table 7).

/11 On the contrary, in the previous phase of this period 1965-68- industrial investments in the Mezzogiorno fell appreciably in absolute and also relative terms. And this happened despite the fact that about 33 percent of the funds allocated in the years 1966-69 to the Cassa by the 1965 law, was reserved for industry, mainly for incentives. In effect, in this period Italy registered very weak economic activity, and the propensity to invest in the Mezzogiorno was quite low. In the same phase also the investment of the public industrial sector registered a decrease relative to the previous period (See Table 12).

The employment effect was - as we said - minimal and in a certain way even "perverse", because such big investments, with their outfit of infrastructures, caused a large precarious employment in construction (frequently disrupting the local labor market), uncompensated by stable employment in productive new investment.

At this point, at the end of the sixties, people in Italy, began to discuss the means of reducing the cost of labor in the Mezzogiorno, and of stimulating labour-intensive industrial investment. A law of 1968 went - if only partially - towards this need, reducing by 20 percent the social security contributions paid by the Mezzogiorno's enterprises. But this provision has been considered quite inadequate, mainly by managers, who asserted that its benefit did not compensate even the major part of the cost of labour in the Mezzogiorno following the establishment of area standards for minimum wages in the country obtained by the unions in the 1968.

e. The "crystallization" of the North-South gap

As a whole, in the period examined, 1965-71, despite the fact that the policy for the Mezzogiorno was undoubtedly more massive than in the past, especially that oriented to direct industrialization, the results hardly improved with respect to previous periods.

The most relevant effect was the growth of industrial investment and of total fixed capital in the Mezzogiorno, whose percentage with respect to the rest of Italy increased from 22.6 (previous period) to 29.2 (in 1966-71) for fixed capital, and 21.6 to 28.2 industrial investment.

Also, as already indicated, for the previous period the market increase in investment was not matched by an equivalent increase in general economic activity. 13

The growth rate of gross industrial product fell with respect to the previous periods, even if - for the first time - it surpassed the national rate (6.4 percent in the Mezzogiorno relative to 6.3 percent for Italy as a whole). Gross product stayed virtually the same as in the previous period (at 5.0 percent, just below the national average of 5.2 percent). It is undoubtedly significant that, for the first time, the rate of growth of the Mezzogiorno did not diverge from the national

13 See Table 4. The Table 5 shows how in the entire decade 1961-1971 only 1/7 th. of employment growth was localized in the Mezzogiorno and how small and medium enterprises suffered an absolute decrease. Table 6 shows the enormous increase of average investment per employee (even if at current prices) for the fifties to the sixties.

growth rate. Thus development policy for the South in this period, even if unable to promote a sufficiently dynamic industrial structure in the region, at least ensured that the gap between North and South did not increase. (See Table 13).

This result could be considered positive overall if account is taken of the fact that it was achieved in a period - 1965-71 - in which economic activity in Italy as a whole was especially weak. Without specific "extra ordinary" intervention of the kind described, the situation in the Mezzogiorno would certainly have deteriorated. Nevertheless, development policy in this period had a mainly "defensive" character. It held, but did not reduce, the gap between the two main regions of the country.

5. The period of "national planning crisis" (1971-1976)

In the next period, efforts were made to determine a more effective policy for employment in the South. This was expressed in a new law in 1971, with two main provisions:

- intervention in favour of smaller scale enterprises,
- introduction of so-called "special projects".

Also, once more, the new law reorganised coordination procedures for intervention.

a. Investment "authorization"

In the latter respect, the 1971 law abolished the Committee of Ministers for the South, and transferred their coordination and planning responsibilities to the Interministerial Committee for Economic Planning (CIPE). This was generally seen as a concern to ensure the closer integration of regional development for the South with national development planning.

CIPE was given the power to "authorize" (or inversely to refuse) the location of plant involving investment of more than 7 billion lire~~s~~ anywhere in the country. This concentration of power in CIPE, with the new power of location controls, was clearly intended to ensure the more effective promotion of regional development.

However, while the law of 1971 raised expectations in terms of both of the definition of planning objectives and a clarification of planning procedures, these new hopes were never realized. Although the law was approved, it was never implemented in practice. The reasons for this failure are far-reaching, and merit a paper in themselves.

At the end of sixties, after a certain period of disillusion and bewilderment following the limits of the First Five-Year Plan (1966-70), there was a brief euphoric period of renewed interest in national planning in the early seventies. In 1971 much effort was committed to the preparation of a Second Five-Year Plan, for the period 1971-75. Within this perspective, the planning departments produced, in 1969, a preliminary document of new options and a new frame of reference for longer term economic policy into the 1980's, known as Progetto 80. This included, for the first time, guidelines for the territorial or regional development of the whole country, with both urban and environmental terms of reference. The perspectives for the Mezzogiorno also were integrated into national perspectives, with a specification of structural and infrastructural intervention.

But, almost immediately, the period of "planning euphoria" was followed by a political paralysis in the planning field. The next of the Second Five-Year Plan, which was supposed to relate to the 1971-75 period, was shifted back to 1973-77. Then, even with this delay, it did not gain government approval, and was relegated to the status of a purely informal study document.

The international economic crisis, inflation, and the end of the previous Centre-Left coalition in 1974, which undermined the relative political stability of the previous decade, all contributed to the reversal of national planning in this period.

Besides, in this period new institutional "Regions" were introduced in Italy. These were regional authorities for which provision had been made in the new Constitution of the country in 1947, but not previously implemented in general in the country as a whole. Although other factors were involved in the defeat of national-regional planning at the time, this new impulse towards political regionalism distracted attention from the need for effective regional economic planning, despite the fact that the law of 1971 explicitly provided for a special Committee of the Presidents of the Regions with a consulting role on the decision taken by CIPE.

b. Efforts in favour of small and medium enterprises

As already indicated, the new law of 1971 had been concerned to establish a policy favouring the development of small and medium enterprises.

Incentives to big businesses (with grants over 5 billion lire) were reduced, in the sense that aid was limited to between 7 and 12 percent, whereas previously it had ranged up to 20 percent). Overall financial assistance was maintained at between 30 and 50 percent of total investment. By contrast, for small and medium sized enterprises (with fixed investment between 1.5 and 5 billion) grants were maintained between 25 and 20 percent

of investment, and overall financial assistance between 35 and 50 percent.

The introduction of these differences in aid policy were designed to overcome the situation by which big businesses had previously set up nominally separate small and medium sized ventures in order to benefit from the higher assistance for smaller scale firms. In interest rate policy, small and medium sized enterprises henceforth were supposed to gain terms which were a third less than those obtaining for other enterprises. However, despite these provisions designed to strengthen the small firm sector, only 300 billion were allocated to the sector in the years 1971-74.

Another feature of the 1971 law was the institution of a new public financial corporation (FIME). This was intended to take either a majority or minority share in the risk capital of enterprise with the aim of contributing directly or indirectly to the restructuring of companies, especially smaller and medium sized firms. But, in fact FIME only began operations in the middle of 1975 so that, so far, there have been no adequate tests of the effectiveness of its intervention.

In addition, it was decided to raise the exemptions on social security contributions paid by firms in the South from 20 to 30 percent.

The amount of aid contributions and credits to be granted under the prevailing legislation was supposed to be determined by the Interministerial Committee for Economic Planning on the basis of "promotional sector plans" and the "planning agreements". However, neither the sectoral plans nor the planning agreements were a reality in Italy at the time. Only one sectoral plan was elaborated - for chemicals - and much more as a result of compromise between the different corporate plans of a few big businesses than as a rational and consistent deduction from general perspectives of industrial development for the country. The "planning agreements" system was effectively deformed and sterilized because of the lack of sector plans.

c. The nullification of planning agreements

In practice, contrattazione programmatica did give rise to the construction of plant, but only later. In fact, the phases of planning agreements could be described (See Table 7) :

- the first (1968-1969) was the "beginning" period in which important investments in basic and derived chemicals and mechanical engineering (both the Alfa-Sud and FIAT programmes) were undertaken;

- the second (1970-1971) was that of investment "packages", decided regionally in response to particular social problems and pressures (Battipaglia and Reggio Calabria). In both these cases, basic and derived chemicals and steel predominated, absorbing 96 percent of investment decisions;

- the third (1972-73) was a "break" phase, in which only very modest decisions were taken, almost all in basic chemicals;

- the fourth (since 1974) was a period in which the major volume of agreements concluded was again in the chemical and steel sectors.

As shown in the framework of contrattazione programmatica in Table 8, basic chemicals absorbed 57 percent of disponsable funds and 33 percent of forecast employment; together with steel, they absorbed 87 percent of the available funds and 57 percent of employment.

In other words, an investment total of 8 thousand billion lire was committed with an employment forecast of only some 100.000 jobs of 79 million. 14

However, the capital-labour ratio increased each time that individual projects went through the procedure known as "conformity advice", on the basis of modifications of plans by the company themselves. Acceptance of such modifications had been included in the powers of the Minister for the Mezzogiorno who was authorized successively to give advice on revision of the projected investment without reference to the interministerial Committee for Economic Planning. In many cases projects were revised twice, and in some cases even five times.

In such a way the planning agreements system, devised to promote and manage the creation of multisectoral "blocs" of investment, was reduced to the status of an instrument for financing a few chemical and steel companies in a few very specific projects (such as ethylene) whose environmental and regional productivity was very limited.

d. The "special projects" of the Cassa

The 1971 legislation was intended to assure that "infrastructure" also conformed to the criteria of blocs or interrelated sets of multisectoral and sometimes multiregional intervention.

The objective of the "special Projects" was essentially to set up sections combining productive activities and environmental transformation in such a way to supply a larger and more specialized series of equipment and social services.

14 Table 9 gives data on the capital per job in the 14 industrial zones in which 72 % of CIPE decisions were concentrated.

In practice these procedures, rather than implementing a "process of planning", were also reduced to a form of local or territorial "rationalization" of interventions; they were in other terms used as a "surrogate" of an inexistent national and regional planning.

From the procedural point of view, the "special projects" (following the norms provided by the new law), should have been formulated by the Ministry for the Mezzogiorno or by the Regions and approved by the CIPE. After this, the implementation of such projects was to have been committed to the Cassa, that could also utilize the apparatus of the State holding enterprises. 15

The idea, in the new law, was to overcome the lack of integration in CASSA interventions; the CASSA activities were to be concentrated on a few big projects involving an important amount of resources and having a central interest for the economy of Mezzogiorno as a whole.

But in practice, so far, the result has been a rather haphazard set of projects, what's more without quick implementation.

Table 10 summarizes the distribution of expenditures of the Cassa in the period 1971-75, by four main items: it can be seen that only after 1974 did expenditure for "special projects" began to figure sizeable in total expenditures, and still was at modest levels, despite the intention of 1971 law. Moreover, Table 11 shows that in the middle of 1976 the effective grants for "special projects" were only 21 percent of total nominal commitments.

Furthermore, in the period under analysis (1971-76) it was widely observed that the formulation itself of the "special projects", in the absence of a practice and articulate economic and territorial development plan became a "quasi-repetition" of the old organic set of works, (complessi organici di opere) mentioned by the first law of the Cassa, to which the "special projects" were supposed to represent almost an antithesis. In effect we did succeed - neither in a good deal of projects nor in several debates - in defining conceptually and methodologically, with satisfactory clearness and precision, what the "special projects" should be. 16 And this fact is not without sufficient reason in effect, they cannot be defined by themselves, following their own nature or attributes. Their meaningful definition must be in their functional relation to the global and general programmes which generate them. Without these programmes or plans they cannot exist in any rational sense. Moreover, without global programming or planning, individual "special projects" in any authentic sense are not possible. Any project, formulated in whatever way, will be spurious if not consistent with the wider planning context.

Indeed, any particular project, responding to basic demands in the system in an ad hoc manner, i.e. without a clear identity and role, is an usurpation and mystification of planning. In fact, while it may nominally be called project planning, it is simply a new name for the same unplanned use of resources.

6. The present period (1976-80)

There was a widespread and strongly felt reaction in Italy to the policies and experiences of "extra-ordinary" or special intervention in the periods which we have examined. This raised in question the principal of special intervention itself. /17

a. The dissolving of "special" intervention

Many opinions have been expressed in recent years in favour of elimination of special intervention for the Mezzogiorno and in favour of a "return" to the practice of ordinary public expenditure. One factor has certainly been the institutional reform realized with the constitution of Regioni and the transfer to them of many responsibilities and powers traditionally exercised by the State, and central government. The Regions played a more and more important and defined role in the management of territorial and environmental development, it seemed quite logical to give them also the role committed to the Cassa in "special" intervention.

The political particularly lively debate on this point, jointly with a general transitional situation in Italian politics suggested a new compromise solution, hybrid and mixed in character but also dynamic and new, which was expressed in a new law in 1976.

This law, first of all, has renewed the special intervention- and in such a way the existence itself of the Cassa - only for other 5 years (to the end of 1980). The five years renewal has been conceived as a "transition" toward a total transfer to the Regions of the functions of Cassa, in a new operational framework of a relationship between State and Regions themselves. In this transitional period, the role of the Cassa should be to "prepare" new duties, to act increasingly as a technical rather than financial body. The future of Cassa after 1980 is not defined, but it is probable that it may be transformed into a technical development institute to assist both the central State and the Regions in their policies.

b. The tentative renewal of national and regional planning

In such a framework, the new law of 1976 provides that a further project and work financing by the Cassa must be seen as decided within the framework of regional development plans, elaborated and adopted by the regions. It is a return by trial and error to a renewal of national planning, this time through the need for an eventual coordination of regional plans. /18

The probability of success in such a renewal of planning is very limited indeed. The management of the funds that the new law puts at disposition of the Cassa again, should be regulated - according the law itself - by a multi - year plan. This is very rough and unready, dominated by the corrosion exerted on the real value of funds by the inflation now raging in Italy and abroad and by the consequent precariousness of programmes. /19

The "special projects" also have suffered from several "reshufflings", caused by revision of criteria, provided by the new law, and also by changes in the actual availability of financial resources, corroded by changes in costs and prices.

The new law, notwithstanding, saw the "special projects" as the essential field of action for the new "course" of the Cassa. (This excludes the "completion" of works in course, which inflation in the one hand and some policies of the Cassa itself in the other hand tend to swell exaggeratedly). The management of financial incentives, moreover, has been committed to the ordinary administration.

The Cassa, in other terms should be transformed - according to both the spirit and clearly also the letter of the new law - into a technical body for management of the "special" projects.

c. New tools for industrial promotion

Something new also is under way - although of limited proportion into incidence- in the area of industrial promotion.

/18 Until now, in mid-1977, more than a year after approval of the new law, no region of the Mezzogiorno has elaborated and adopted its own regional plan, to be coordinated eventually with that of other regions. This undermines the whole framework of the new law, in this new point. It also should be remembered that the BEC also asked that every project involving the European Regional Fund should be prepared by government and regions, in the frame of a regional and interregional plan.

/19 It has been estimated that the major burden came from the "prices revision" in the works already approved in the five years 1971-75,

As we have already remarked, in the previous period, on the wave of the revision of the criteria for financial intervention in favor of small and medium enterprises, had been made an attempt to promote - through a special financial corporation (the FIME) - shareholding in the risk capital of new industrial initiatives in the Mezzogiorno on behalf of Cassa and other big national banks.

This corporation, whose constitution was provided by the 1971 law, began to operate effectively only in 1976. In this recent period it has started (with the subsidiary action of the older promotional institutions like IASM and FORMEZ) to assure the presence of a promotional system whose forms cover a large area of operations and facilities: from sharing to capital to assistance to invest, from management assistance to managerial training. It is an enlarging field moving toward assistance to marketing, promotion of trading companies, research consortia, financial and technical assistance to exports and other financial instruments such as factoring, the financing of orders, etc.

The FIME itself - according to the new law - has constituted a new corporation specifically designed to operate in the field of "leasing" of entire plants.

It seems that the special benefits which this new instrument can offer to the entrepreneur will give a certain impulse in favour of new initiatives by small and medium enterprises.

7. An overall evaluation of Mezzogiorno Policy

The set of measures which, in different periods and different sectors has characterized the "extraordinary" policy for the Mezzogiorno (here rapidly illustrated) are difficult to subject to an overall historical evaluation.

Granted the starting point of Mezzogiorno, we must acknowledge that some development has been realized and that the policies had a certain success.

Without doubt the Mezzogiorno has changed from an economy essentially based on agriculture and with an industrial apparatus oriented mainly to the local market toward an economy which agriculture accounts for only a minor proportion of production. Agricultural product decreased as a share of total product from the 29.9 percent in 1951 to the 18.3 percent in 1972, while industrial product on the contrary increased from 18.3 to 29.3 %. This transformation is the result of a very intense growth of income in the period, even if not sufficient to diminish the gap between the more developed regions of the country (the compound rate of growth has been about 4 percent). In any case, in absolute terms the results obtained are significant: per-capita income in Mezzogiorno in 1972 was two and a half times more than in 1951 (See Table 12).

The economy of Mezzogiorno has gone through significantly different periods. In the period of the "Italian miracle" (1959-64) in which regional policy was very weak, a sustained growth was registered in the area even if inferior by one percent to national growth. This fact in our opinion arose from the capacity of the Italian economic expansion to achieve induced effects even in the poorer regions. Moreover private transfers (such as "migrants remittances") plus the public transfers contributed to enlarging the local market and promoting some activities. In this period, furthermore, were realized real changes in agriculture and agricultural output, increased more rapidly than in other regions of the country.

Agricultural development, induced activities from the developed regions, increased public expenditure and private transfers explain how despite the absence of a proper regional policy- the Mezzogiorno in this first period shows a sustained rate of growth of income and especially, investment.

In the second period, the pattern changed radically, with the effort to push industrialization directly, regional policy succeeded in increasing enormously the rate of investment in the Mezzogiorno with respect to the rest of Italy. But the result in terms of products were not so significant. The relation investment/output ratio in the industrial sector in Italy was 21 percent in 1951, 22 in 1961 decreasing slowly during the sixties to the level of 18 percent in 1973. The ratios in the same years registered in the Mezzogiorno were 19,26, growing to 45. In a general situation of the country of hard growth, the Mezzogiorno rates of growth are slightly higher in the Mezzogiorno than in Italy. But they were not sufficient to reduce the gap, the historical gap, between north and south, neither in income per capita nor in industrial output per worker.

All the efforts in investment succeeded only in maintaining the gap, whilst the previous period did not succeed in this modest objective. But it is clear that the important absorption of national resources allocated for investment in the Mezzogiorno would not succeed even in maintaining the gap if the rate of growth in the north had been similar to the previous period. /20

The sound criticism widely expressed in public opinion on intervention policy in the Mezzogiorno is that it favoured essentially - in industrialization phase - the formation of a few big initiatives in "basic" industry - chemicals and steel - supporting the speculative business of a few big oligopolistic or monopolistic groups (including "public" enterprises).

These initiatives have been called cattedrali nel deserto (cathedrals in the desert), because of their regional "activation", either in terms of employment or in terms of locally induced supply of goods and services. /21

According to this criticism, we have passed from a period in the fifties dominated by the corporate interests (local, political "patronage") of the southern agrarian classes, to a period in the sixties dominated by the corporate interests of some northern monopolistic industrial groups, especially in the field of chemicals and steel.

In the first period, economic power oriented the major part of resources in public intervention toward investment and subsidies - direct or indirect, financial or infrastructural - useful to the rent of profit of agrarian ownership, without programming an effective restructuring of the productive agriculture. The increase of productivity in agriculture, registered in this period, happened through rural exodus (for a long time supported by industrial demand for labor in the northern regions) and through the abandonment of agricultural and natural resources (with important social costs). With a programmed restructuring it would have been possible to "recycle" these resources in a general process of development.

In the second period, economic power diverted most resources in public intervention towards investment and subsidies - direct or indirect, financial or infrastructural - useful only to the profit or rent of a few monopolistic groups (some "public" like IRI and ENI) which have "wasted" resources without any "regional effect", and have only activate "sub-industrialization" in the northern regions, with para-political and bureaucratic-parasitic effects, local and national. /22

However "schematic" it may be, this interpretative model makes sense. Its judgement is severe, but it touches a real condition of the entire process. The weak point of the whole analysis may be in hypothesing an "alternative" process in an unspecified labour-intensive industrialization, which was wrongly assumed to be easily practicable even without the perverse influence or domination of invested interests, agrarian and monopolistic, prevailing respectively in the two periods.

In reality, we must recognize that several methods and instruments for rationalizing the entire process of intervention in the Mezzogiorno have been initiated and tried over 25 years. Mainly in the years of the "national planning" - i.e. starting in the 1965 - ways and means have been researched to coordinate "certain" goals for intervention itself. Employment and maximization of the employment effect has been the "leit-motiv" of many procedures and decisions in intervention.

It is curious to note that - despite the impressive quantity of "planning documents" - national plans, plans and reports of the Minister for the Mezzogiorno, programmes of the Cassa, etc. - with a critical reading one notices the absence of a quantified "system of deductions and specific objectives, rationally determined, with operational indications, targets of investment and expenditure relative to previous evaluations, locations consistent with the effectiveness expected and worked out in terms of employment or induced activities, timed programmes in relation to the availability of technical means, etc. /23

On the contrary in these documents, the set of measures is discussed and decided only on the basis of presumption of effects indirectly or "spontaneously" determined according to the theoretical premises of specific economic policies.

In reality that "planning" which somebody once called "disarmed", rather "in hiding", since it was quite insufficient in its own terms to orientate either operations or decisions.

In such a methodological context, even without the influence of vested interest, public intervention anyway would have "disbanded". And it is quite logical that, in absence of rational management the most powerful people are worn out.

Even before planning in Italy "got off the ground" criticism was launched against its "abstract" character, and attempts made to refute its comprehensive and systematic approach, asserting that it would not be possible to develop the means to manage it effectively. Through a mystified and false pragmatism, they, therefore, decided to abandon global planning and to withdraw into isolated, individual "projects".

In such a way both contrattazione programmatica and "special projects" (both of the Cassa and of State enterprise) were in practice disarmed of their most important weaponry. That is to say, of their specific and defined terms of reference and objectives. Clearly this was prejudicial to planning itself. In this way the flank was opened to a degeneration of planning through the use of "discretionary" methods with no terms of reference, which were in themselves both casual and suspect.

In such a way the "free play of the market" has been substituted by a kind of "free play of projects". In practice this broke down the global and systematic logic of planning, with its methods of consistent analysis, to the benefit of a confused process of so-called "planning by projects", in thus exhumed local and spontaneous initiatives which, as usual, degenerated easily into the domination of corporate interests.

This mistake, in our opinion, was crucial in those political and cultural forces which were sincerely enough engaged in an attempt to change the model of managing regional policy, and which previously argued that it was impossible to achieve regional development without neutralization of corporate interests in agriculture and industry. We believe that the main responsibility for the failure of many instruments of intervention in the Mezzogiorno must be ascribed to this error. The error was substantially the failure to develop sufficiently articulate plans, within which the contrattazione programmatica and "special projects" could be framed and generated, with an up-dating and improvement of specific "plans".

- For example, the national plan (today inexistent, but even when there was one) was never disaggregated systematically into regional and sectoral plans. Thus it deprived all projects and bargaining of effective guidelines.

To sum up, it is our firm opinion that, to ascribe the generally agreed failure of policies for development of the Mezzogiorno to political and social factors alone means a neglect of wider planning issues and thereby an unmerited absolution of responsibility for many of those concerned with the political and technical aspects of the planning experience. It hides a more complex interrelationship of roles and factors which cannot be explained away by reference to political and social factors alone.

NOTES

- 1 In 1977, the "Mezzogiorno", the area of competence of Cassa involved twenty million inhabitants (37 % of Italian population) and thirty million hectares of surface area (28 % of national territory). The establishment of the Cassa closed a secular debate in Italy, called the "Mezzogiorno Question" (Question meridionale), on which there is an enormous literature. There is a problem of selection even on the most recent aspects of that debate. For a general survey of literature on the Mezzogiorno Question see the works of Pietranera (1954) and Petino (1958). Amongst the most recent "classics" on the history of that question see : Dorso (1945), Romano (1945), Barbagallo (1948), Molinari (1948), Rodano (1954) and Vochting (1955). See also the proceedings of the 2nd National Congress of Political and Social Sciences on "Vecchi e nuovi termini della question meridionale" (Autori Vari, 1956) and Caizzi's readings "Antologia della Questione meridionale" (Caizzi, 1955).
- 2 There is also an enormous literature on this point; e.g. a book published by SVIMEZ (an Association created after the second World War just to favour the Mezzogiorno industrialization) in 1948 (Autori vari, 1948). On this topic see also the arguments between Vochting (1952), Di Nardi (1952) and Ventriglia (1952). See again "Vochting (1958 and 1959) and other contributions; the most meaningful one: SVIMEZ (1951), Orsel (1953), Tramonte (1954), Olivetti (1955), Chenery (1955), Sturzo (1955), Saraceno (1955), Trentin (1958). A synthesis of a part of the discussion preceding and succeeding the 1950 law establishing the Cassa, is in a recent work of a research group of University of Naples (Lenza and others, 1977).
- 3 Much documentation has been produced on the experience of first phase of activity of the Cassa. See the critical works of Di Nardi (1952, 1954, and mainly, 1960), who was chief of the research bureau of the Cassa. For the Communist Party's position at that time, see Alicata (1950) and Amendola (1952).
- 4 This moment has been widely called a "second time" in Mezzogiorno policy. See Campilli (1957), at the time Minister for the Mezzogiorno, and other debates : Istituto di Studi Parlamentari (1956) "Mondo economico" (Anonymous, 1958), "Bancaria" (An. 1956). See also Ventriglia (1958), and on the Communists' position about the new course, Napolitano (1956). A clear resume of this topic is an article by A. Graziani (1956), about the "svolta dell' industrializzazione".

- ∟5 At that time a wellknown discussion began at national and international level. See the debates on the theoretic and practical effectiveness of the "polarization theory" in some contributions of Paelinck (1965), Hansen (1967) and Benard (1970), and also the surveys of Kuklinsky (1966) and Alayev (1967). See also all matter reviewed in a other contribution of Kuklinsky (1972). For a criticism of the hopes of indirect effects of polarization see also Holland (1976), ch. VII specially. A concrete example, relating Italy, for organization of a "pole" in the Mezzogiorno, is the study of ITALCONSULT (1965) committed by the EEC Commission.
- ∟6 This attempt has been discussed by the Minister himself in an article (Pastore, 1958); see also a comment in "Mondo economico" (AN.1959).
- ∟7 (following note ∟7 in the text)
For rapid information of the state of planning in Italy at the time, see the official paper of the Italian delegation at a seminar or regional planning held by OEBC (an. 1961).
- ∟8 In fact, in the beginning of the sixties, the persistence of structural disequilibria in the Italian economy (including North-South dualism) and the end of "Italian miracle", convinced that Mezzogiorno problem would not be solved without a comprehensive planning of national development and more firm control of investments and public expenditure. There have been big hopes in "planning policy" (politicadi piano), as testified by several analysis at that time on the experience of the fifties, a very deceptive experience.

Symposia of interesting contributions in this area are: Parisi and Zappa, editors (1964), and "Comunita" on "Mezzogiorno toward the sixties" (Autori Vari, 1961).

Some foreign scholars who lived through the Italian experience took part in the theoretical aspects of this debate like Vera Lutz, with many other contributions (1958, 1960, 1961 and 1962), Bokauss (1961), Chenery (1962), Rosenstein-Rodan (1961 and 1963), Streecten (1964).

To them were added naturally many Italian scholars :
e.g. Marrama (1958) and Sylos Labini (1963 and 1965).

The "planning policy" was inaugurated with the preparation of the First Five-Year Plan of economic and social development (see Official Documents n.10) for the 1966-70; but was anticipated also in an official way by a "note" of the Minister of Budget in 1962 (called "Note La Malfa") and by the proceedings of a Commission created by the same Minister that worked in 1963 and produced a majority report (published by the Ministry, 1963; see Official Documents n.8) and minority report (published later by the authors Fua and Sylos Labini, 1963).

- 9 The debate on incentives was undertaken in the context of a wide discussion of theory and practice internationally. A more recent echoes of this discussion can be found in Graziani and others (1973), Del Monte (1977), Holland (1973); in Great Britain see: Brown (1972), Moore and Rhodes (1973); for foreign investments see Thoxmann (1973) and Lamont (1973).
- 10 On the experience of contrattazione programmatica one can see the self-criticism of the former Secretary of Planning, G. Ruffolo (1973), and the criticism of Petriccione (1976).
- 11 (in the text)
- 12 Commentators on an Italian experience widely agreed on this point. See Petriccione (1970 a and 1970 b, 1971, 1972 a, 1975 and 1976); see also Graziani (1972) D'Antonio (1976) Reichlin (1976), Cacace (1975), Tamburrino (1973) and many others. See also the symposium of various authors published by Angeli (Autori Vari 1966).
- 13 and 14 (in the text).
- 15 Much has been written on "special projects" : see a set of contributions published in "Economia Pubblica" (Autori vari, 1973). Some articles of the President of Cassa, Pescatore (1971 and 1974) Petriccione (1972 b and 1976) and a survey by Zappella (1977). See also Annesi (1973).
- 16 See the contribution, in the symposium already quoted, of Leon (1973), and Rao (1973).
- 17 See the contributions, already quoted, of Tamburrino (1973), Reichlin (1976), D'Antonio (1976), Petriccione (1976), Cacace (1975). See also La Torre (1973).
- 18 and 19 (in the text).
- 20 For further considerations of economic evolution of the Mezzogiorno relative to trends in Italian economy as a whole see: Graziani (1972), D'Antonio (1973), Del Monte (1977), Cacace (1975).
- 21 Examples on the "local" effectiveness of highly capital intensive big business investments are in : Peggio and others (1960) and Hytten and Marchioni (1970).
- 22 On this point there are two research studies undertaken by the "Centro di studi e piani economici" (a research institute specialized in the promotion of methods and practice of comprehensive national and regional planning); these researches, commissioned by the Cassa, have been

published by the Cassa itself (Cassa per il Mezzogiorno, 1974, and Ferrara (1977)). However, such researches have not prompted the political authorities to improve the quality of the process of economic and industrial planning.

- 23 An attempted general planning approach of this kind has been made during the preparatory studies of the Second Five-Year Plan (1971-1975), later abandoned by the Italian government (See Official Documents n. 13 and 15). The set of researches related to this attempt, has been called "Progetto Quadro" (Project Framework). General information on this Project can be found in English in Archibugi (1974 a and 1974 b; and 1976 a). The overall logic and methodology of the Project is in a volume in press (Archibugi 1978) on the "Accounting Plan of the Nation". The logic and methodology of a special research of this Project concerning industrial planning is in a paper submitted to a OECD - World Bank Seminar in 1976 (Archibugi 1976 b).

Table 1 - Interventions committed to the Cassa by different Law of financing, 1950-59

Sectors of interventions	10 year plan (law 10.8.1950, n.646)	12 year plan (integration from the law) 25.7.1952 n.949	15 year plan (law 29.7.1957 n.634)	15 year plan (integration with a law of national loan 24.7.1959, n.622)
Absolute values (billions of lire)				
1. Agriculture	770.0	887.0	1,138.0	1,150.0
2. Transports and communications	90.0	190.0	259.0	259.0
3. Aqueducts and Sewages	115.0	177.5	312.0	312.0
4. Industry	-	-	245.0	245.0
5. Craftsmanship	-	-	5.0	5.0
6. Tourism and Hotel Credit	25.0	25.0	44.5	56.5
7. Fishing	-	-	5.0	5.0
8. Schools and Professional training	-	-	38.0	43.0
9. Social Institutions	-	-	2.0	2.0
T o t a l	1,000.0	1,280.0	2,048.5	2,077.5
Percentages				
1. Agriculture	77.0	69.3	55.6	55.4
2. Transports and communications	9.0	14.8	12.6	12.5
3. Aqueducts and Sewages	11.5	13.9	15.2	15.0
4. Industry	-	-	12.2	11.2
5. Craftsmanship	-	-	0.2	0.2
6. Tourism and Hotel Credit	2.5	2.0	2.2	2.7
7. Fishing	-	-	0.2	0.2
8. Schools and Professional Training	-	-	1.9	2.1
9. Social Institutions	-	-	0.1	0.1
T o t a l	100.0	100.0	100.0	100.0

Source : Cassa per il Mezzogiorno

Table 2 - Sector allocations for the CASA financial resources by law (1950-1959)(billions of lire)

Intervention typology	10 year plan (Law 10.8.1950) n.646		12 year plan (integration from the law)25.7.1952 n.634		15 year plan (Law 29.7.1957, n.634)		15 year plan (integration with a law of national loan 24.7.1959, n.622)	
	absolute value	%	Absolute value	%	Absolute value	%	Absolute value	%
	<u>Infrastructure</u>							
Roads	90.0	9.0	115.0	9.0	166.0	8.1	166.0	8.0
Railways and Ferry	-	-	75.0	5.9	93.0	4.5	93.0	4.5
Aqueducts and Sewages	115.0	11.5	177.5	13.8	213.0	15.2	312.0	15.0
Land Reclamation	380.0	38.0	478.0	37.3	650.0	31.7	662.0	31.9
Land Reform	280.0	28.0	280.0	21.9	280.0	13.7	280.0	13.5
Touristic works	25.0	2.5	25.0	2.0	40.0	2.0	51.0	2.4
T o t a l	890.0	89.0	1,150.5	89.9	1,541.0	75.2	1,564.0	75.3
<u>Incentives to Private Industry</u>								
Subsidies for agricultural improvements	110.0	11.0	129.5	10.1	188.0	9.2	188.0	9.4
Improvement credit	-	-	-	-	20.0	1.0	20.0	1.0
Industry	-	-	-	-	245.0	12.0	245.0	11.8
Fishing	-	-	-	-	5.0	0.2	5.0	0.2
Craftmanship	-	-	-	-	5.0	0.2	5.0	0.2
Hotel Credit	-	-	-	-	4.5	0.2	5.5	0.3
T o t a l	110.0	11.0	129.5	10.1	467.5	22.8	468.5	22.5
<u>Other interventions :</u>								
School	-	-	-	-	14.4	0.7	14.5	0.7
Professional training	-	-	-	-	23.5	1.2	28.5	1.4
Social Institutions	-	-	-	-	2.0	0.1	2.0	0.1
T o t a l	-	-	-	-	40.0	2.0	45.0	2.2

Source : Cassa per il Mezzogiorno

Table 3 - Interest subsidies and grants in Italy and Mezzogiorno
 Various years - (billions of lire)

	Y E A R S					
	1950-59	1960-69	1970-71	1972	1973	1974
<u>Interest subsidies</u>	<u>3.6</u>	<u>94.8</u>	<u>295.9</u>	<u>363.7</u>	<u>446.1</u>	<u>545.0</u>
of which						
industry, commerce and crafts	0.8	59.6	208.4	245.1	317.6	361.1
of which						
Mezzogiorno	0.2	19.9	96.4	110.8	147.6	158.0
<u>Capital contributions</u> (to Mezzogiorno)	<u>0.1</u>	<u>22.4</u>	<u>56.9</u>	<u>77.2</u>	<u>151.6</u>	<u>201.2</u>
 <u>T o t a l</u>	 <u>3.7</u>	 <u>117.2</u>	 <u>352.8</u>	 <u>440.9</u>	 <u>597.7</u>	 <u>746.2</u>

Source : Relazione Banca d'Italia, 1974 (elaborated by A. Del Monte, op. cit., p.40).

Table 4 - Industry financing in the Mezzogiorno by size (billions of lire)

Size	till 1960		1961-70		1971-73	
till 0,5	255	39.9	788	13.4	526	7.1
from 0,5 to 1.500	99	15.4	596	10.2	511	6.9
from 1,5 to 5	144	22.4	1.316	22.5	639	8.6
beyond 5	143	22.3	3.166	53.9	5.755	77.4
T o t a l	642	100.0	5.866	100.0	7.431	100.0
Year average	64.2		586.6		2.477	

Source : Cassa per il Mezzogiorno, various budgets

Table 5 - Industrial Employment in Mezzogiorno and Italy by enterprise sizes.
1961-71

Size	1961	1971	Variation	Rate (percent)
<u>Mezzogiorno</u>				
till 100 occupied	475,839	465,822	- 10,017	- 2.1
all industries	615,357	715,255	+ 99,898	+16.2
<u>Other Regions</u>				
till 100 occupied	2,082,555	2,415,357	+332,802	+15.98
all industries	3,880,206	4,571,428	+691,222	+17.81

Source : ISTAT, Industry Census.

Table 6 - Investments per job in the Mezzogiorno
Various periods

Sectors	1950-53	1954-57	1958-61	1962-65	1966-69
Metallurgic	4.3	2.8	4.5	9.2	40.7
Chemicals	3.6	9.6	19.4	32.2	51.6
All industries	1.6	3.6	6.1	9.3	15.9

Source : See Petriccione, op. cit., p. 29

Table 7 - Investments by "contrattazione programmatica".
 (CIPE deliberations of conformity advices)
 by year and sectors ¹ (billions of lire)

Class	1968	1969	1970	1971	1972	1973	1974
Big chemical groups ²	207.6	687.5	1275.5	970	155.7	181.9	1254.9
Other chemicals	35.0	3.5	75.8	30	4.1	6.1	11.7
Metallurgic	85.6	-	-	1511	-	-	752.6
Mechanical	276.0	268.2	-	68	-	20.0	134.0
Others	-	-	-	-	22.7	20.1	12.1
Total	604.2	959.2	1351.3	2579	182.5	275.1	2165.3

Source :.Petriccione, op. cit., p.77

¹ the chemicals are grouped in two categories :

- big chemical groups : concerning the "integrated" productive process, in which the capital/job coefficient is higher
- others chemicals : it includes "secondary chemicals" and retired (pharmaceutical,color,etc.), that is characterized by a lower intensity of capital, and refineries non-related to the petro-chemical activities.

² ENI-ANIC, Montedison, SIR-Rumianca, Sarp, Liquichimica.

Table 8 - Investments and employment by "Centrattazione Programmatica"
(CIPE Deliberations or Conformity Advices) 1968 + 74

	Investments (billions of lire)	Employment
Sir	1344.4	7017
Rumianca	373.0	1925
Sarp	285.4	2865
Eni-	1384.1	10804
Montedison	774.0	9245
Liquichimica	337.1	904
Total Big chemical groups	4488.0	32760
Other Chemicals	237.7	7680
Metallurgic	2349.2	25020
Mechanical	766.2	35995
Others	54.9	846
	<u>7836.0</u>	<u>99306</u>

Table 9 - Investments and capital for job in the "Centrattazione
programmatica" (by 14 industrial zones) 1968-74

Industrial zones	Total Investments (billions of lire)	Capital/job ratio (millions of lire)
Assemini-Sarroch	693	248
Reggie Calabria	215	216
Brindisi	305	218
Manfredonia	101	168
Priolo-Augusta	697	158
Porto Torres	640	131
Licata	434	117
Ottana	591	113
Gela	155	103
Gioia Tauro	750	94
Taranto	1191	92
Campebello di Mazara	320	80
S. Eufemia	232	77
Pisticci	245	70
Total	6529	

Table 10 - Expenditures of Cassa, by type 1971 - 75 (billions of lire)

Type of expenditure	1971	1972	1973	1974	1975
Infrastructures and other interventions	310	361	370	537	768
Special projects	17	22	31	118	255
Sink contributions to industry	36	80	155	200	320
Interest subsidies to industry	61	91	136	130	206
Total	424	554	692	985	1549

Source : See Zappella op. cit. p. 105