



Problems of the Periphery - The Case of the Mezzogiorno

Italy is situated in southern Europe with its northern area part of Europe's **core** of high level economic development– the so-called “Hot Banana”. (Fig.1) This area curves from the south Midlands of Britain, through several countries and finishes on the Northern Italian Plain, the powerhouse of Italy. The south of Italy is however a peninsula, jutting out into the Mediterranean Sea and distant from the heart of Europe and the main areas of manufacturing and service industries (part of Europe's periphery). This has given rise over the years to the idea of there being two Italys with marked regional disparity.

The southern area is often referred to as the Mezzogiorno – the Land of the Middy Sun and consists of 6 regions on the peninsula and the two island regions of Sicily and Sardinia (Fig.2)

Fig 1. Peripheral areas and 'Hot Banana' core

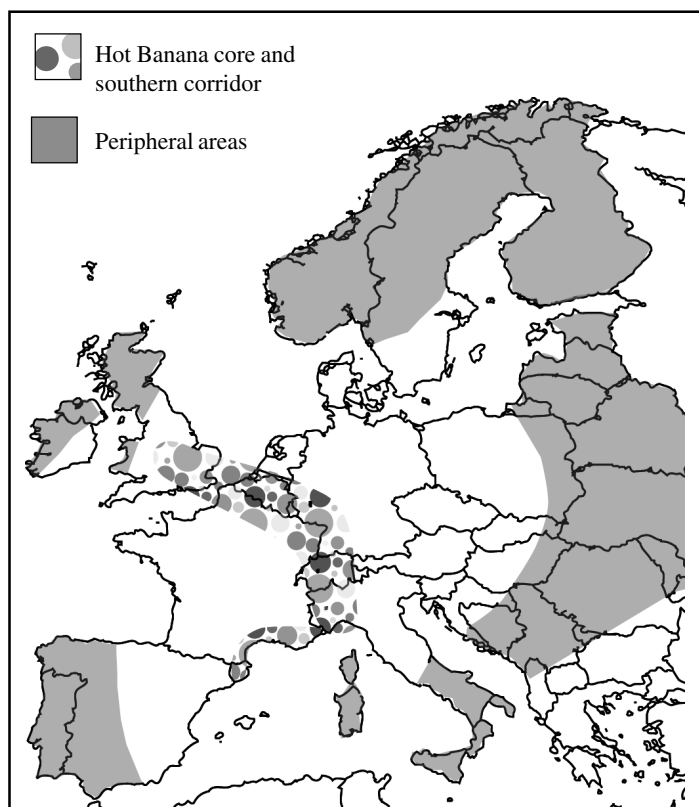
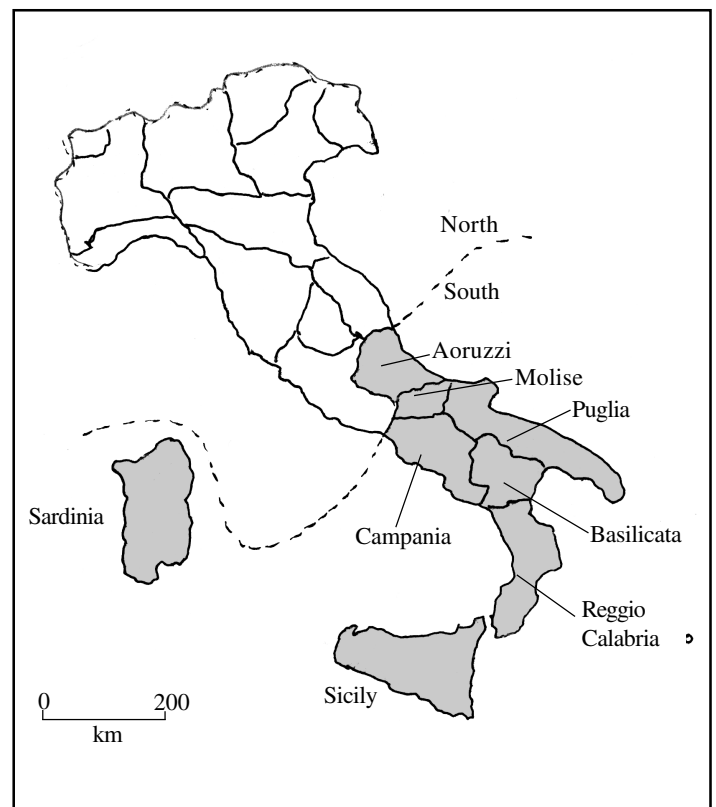


Fig 2. Regions of Italy



Reform Post World War II in the 1950's

After World War II it was realised how far behind the Mezzogiorno was compared to the rest of Italy. The region was heavily dependent on agriculture and incomes were much lower than in the North. Urban areas such as Naples were suffering a decline in their industries and serious social problems were arising. During the first half of the 20th century there were high levels of migration from the impoverished agricultural South to the North of the country and beyond to try and escape the grinding poverty. In 1950 the Italian government set up the **Cassa per il Mezzogiorno** with the aim of reducing the development gap between the North and the South. By 1965 60% of all investment by the Italian government was made in the South. Land reform was high on the agenda of this government department and the break up of the ancient estates (latifundi) was undertaken so that land was more fairly allocated and also so that farming could become more efficient.

New farms and farmhouses were created, irrigation increased and the malarial coastal marshes were drained for intensive agriculture. The most important road development was the construction of the Autostrada del Sol which at last gave the Mezzogiorno a fast link to the North. Heavy industry was set up in three main areas – Bari- Brindisi-Taranto- forming a triangle. It was hoped that by developing these industries they would act as **growth poles** for the whole area.

They came to be known as the “Cathedrals in the Desert” as they did not really stimulate much new industry at all. The main aspects of the impact of the Cassa 1950 – 1987 can be seen in the sketches Fig. 3a and 3b.

Fig 3a Typical landscape of the Mezzogiorno pre 1950

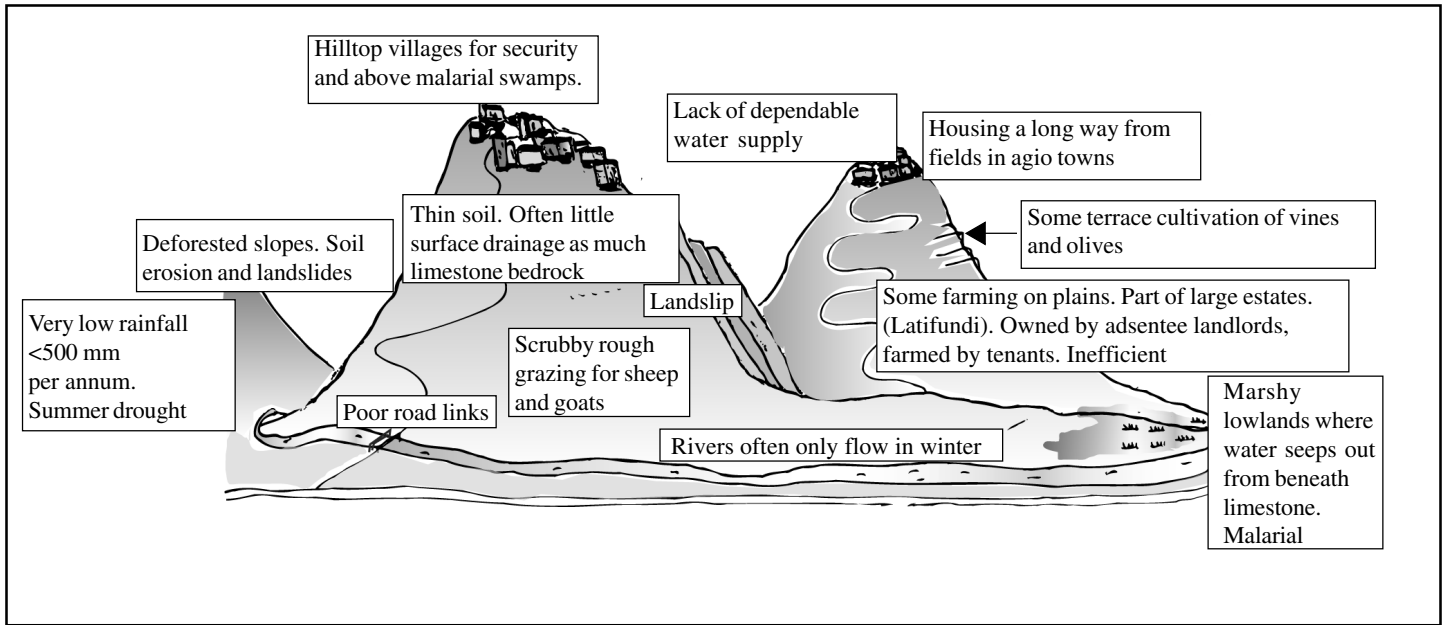
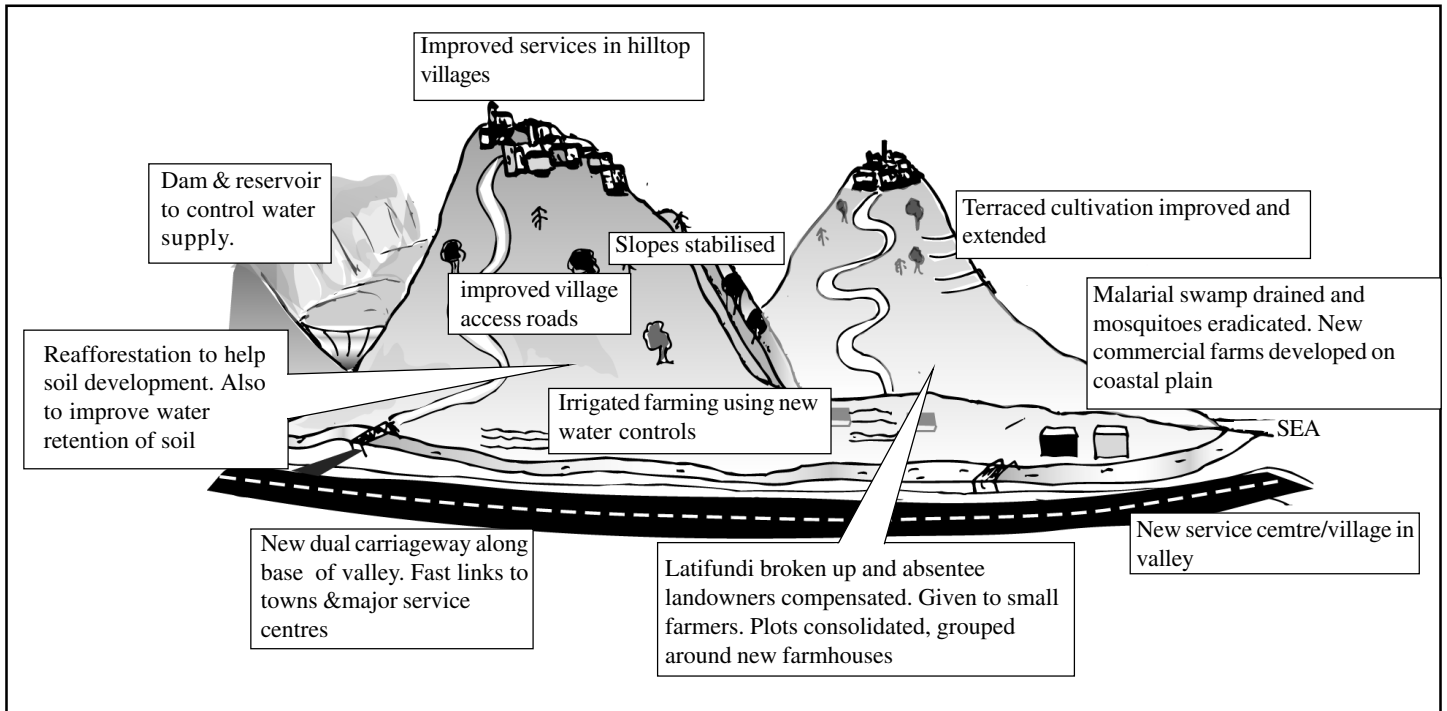


Fig 3b Landscape changes after the impact of the Cassa per il Mezzogiorno



After the Cassa in the 1980's

By the end of the 1980's it was realised that, although in absolute terms, poverty had been reduced, when compared with the Northern and Central regions, the Mezzogiorno still had lower incomes and a lower standard of living. The industries that had been transferred did not generate the jobs they had hoped. The steel industry was being developed in the region at a time of world over-capacity and there was a great deal of duplication in other industries such as chemicals. The competition between state funded and privately owned chemical companies resulted in the state firms undercutting the private ones and causing them to fail which was not the intention!

Once national wage levels were set in late 70s and early 80s it meant there were no advantages for firms to move south where other costs such as transport would be much higher.

Large amounts of public money were still invested in the South but it was shown to be increasingly inefficient. The only jobs that were created were to be found in public services and in the construction of public projects. The South became dependent on handouts and there was no stimulus for people to set up new businesses.

By the end of the 1980s it was realised that years of the Cassa and continued public funding had resulted in very limited success.

The Mezzogiorno today

New agencies were created to try and develop the region by encouraging private investment but also to continue to prop up ailing industry but in 1999 Svilluppo Italia was created from 7 of these to have one main operator in the region

Aims of Svilluppo Italia	Reasons Why Industry Does Not Want to Locate in the South
<ul style="list-style-type: none"> Promote entrepreneurship and self employment. Training the labour force for technological innovation. Develop integrated business systems. Central administration of advisory services. e.g financial. To attract foreign investment 	<ul style="list-style-type: none"> Problems of unreliable electricity and water supply. The problem of organised crime. (Mafia) Some serious social disruption in central city areas. Lack of efficient transport infrastructure.

- Since the 1990s Italy has been moving towards a more open market with clearer rules and there has been some reform of public administration where many jobs were duplicated.
- Membership of the Euro zone has meant more convergence with Europe as a whole and with some impact in the South.
- It has now been realised that large, state – run enterprises were rigid and inefficient and were unable to adapt to the changing markets.
- The dependence of the South on the North for large transfers of money was sapping the capacity of the South to innovate and develop.
- Italian industry has always been typified by flexible, small firms which are frequently labour intensive and the skill is to enable these to grow
- During the 1990s many of the large state industries involved in steel, chemicals, electricity production and telecom were privatised to make them more efficient and competitive.
- Another problem which has to be faced is the influence of the underground (black) economy which does not show up in statistics as no taxes are paid or records kept. It is thought that at least 25% of the economy in the South is carried out in this underground economy. Even today the South is more dependent on agriculture than Italy as a whole with 9.4% being employed in the sector – nationally 5.4%.
- The Mezzogiorno today has access to a range of structural funds from the European Union. Nearly all areas are eligible for **Objective 1 funding**. These funds aim to reduce the disparity between regions in the EU. The Mezzogiorno is lagging behind in development as its GDP is less than 75% of the EU average. The aim of the next input of Objective 1 funding in the Mezzogiorno (2000-2006) is to improve its GDP by 1.7%. There is a lot of help for small to medium enterprises (SMEs) and, in fact, in the South they have a survival rate of 82% which is high. Firms have been clustered hoping in an effort to emulate the success of firms like Natuzzi which began life as a small furniture company in the Basilicata region. It expanded during the 90s and now sells to 125 markets on 5 continents. It sells through its franchised Divani Divani stores. The success of this flagship enterprise has led to several clusters of furniture makers in Basilicata which have been aided by Objective 1 funding.

Grants are available to help groups of firms to carry out joint marketing and there is help and advice for such elements as international labelling, advertising and attendance at international product fairs.

Fig.4 shows a range of data comparisons between the South and the Northern and Central areas of Italy. This data shows that development and the quality of life is still markedly different for the two regions.

Fig 4. Disparities between North and South

Ageing Population		Youth Unemployment Rates 2001 (% Aged between 15-24)			
North/Central	South	North/Central	South		
0-14	12.8	12.8	16.7		
15-64	67.7	67.7	66.8		
65+	20.3	20.3	16.5		
Risk of Poverty (%) 2002		Infant Mortality 2000. Number per 1000 births. EU Average 5.			
North/Central	6.65	North/Central	4.2		
South	23.6	South	5.3		
Unemployment Rates (%) 2001		Employment by Sector % As At October 2003			
North/Central	8.8		Agriculture	Industry	Services
South	23.5	North	3.6	37	60
Basilicata	43	Central	3.7	28	68
Sicily	52	South	9	25	66
Monthly Consumption in Euros		PC Use – 2001 (%)		Tourism Accommodation Units	
North/Central	2317	N/C	33	North	89984
South	1776	S	22	Central	15945
				South	9291

Case study of some current projects**The Tari Project near Naples**

Naples is a traditional centre for jewellery manufacture. In the late 80s it was realised that the shops in the historic centre of the city were too cramped for manufacturing. EU funding was provided which meant that land could be purchased outside the city and workshops, a training suite and exhibition space were created. The centre was used by a consortium of gold and silver smiths, jewellers and gem cutters. The historic city centre shops have been maintained for prestige but all manufacture moved to the outskirts. The site has good road, air and rail links and is now a state of the art jewellery centre where the number of jobs has increased over 200%.

High Tech Industry Catania Sicily

Objective 1 funds and other incentives from the regional government of Sicily has meant the development of an important High Tech cluster around the port of Catania, known as Etna Valley (as opposed to Silicon Valley in California!) The reasons for the development here are:

- University with strong science and technology departments.
- A leading high tech company – ST Microelectronics
- Objective 1 funding.
- Well -educated young workforce. High unemployment has meant young people have stayed onto study further.
- Up to 75% help with Research and Development
- Up to 80% help with training.

This has resulted in ST Microelectronics employing over 4000 people and more than 200 other firms have moved into the area as part of the multiplier effect. Further investment is planned.

The Growth of Tourism

In 2002 Italy was the 4th most visited country in the world. Most of the visits were to the northern half of the country, yet the South has much to offer. It has spectacular beaches and scenery and thousands of archaeological sites. Tourism is seen as a key factor in the revitalisation of the area. As a first step the government has privatised the tourist board to make it more efficient. Objective 1 funding has been used to create more motorway and rail links and the aim is for year-round tourism. At present the Mezzogiorno gets 15% of the national visitor total and nearly all in the summer. Now more conferences and cultural holidays are being highlighted.

Other Ways Objective 1 Funding is being Used in Tourism

- Foreign companies, like Holiday Inn and Pierre et Vacances, who already have a presence in the South are being encouraged to expand.
- Palermo, Sicily 30km degraded waterfront being restored and redesigned to attract tourists.
- Castellamare di Stabia – new yacht harbour complex with 1400 berths.
- 3300metre suspension bridge to link Sicily to mainland. Will encourage tourism.
- Sardinia the old 19th century steam trains have been restored as well as 600km track. Improves infrastructure and major tourist attraction.
- Naples – city centre pedestrianised and port area redeveloped. More museums/galleries opened and more police in centre. Tourist numbers are up by 40% as they feel safer in the city.

Agriculture

Although still important in terms of employment, the farming population is rapidly ageing. Mechanisation has meant fewer jobs in farming and younger people have migrated away to find other employment. Grants are now available to try and attract younger farmers to the upland areas of the South. The grants are for those under 40 and all women who wish to farm. They have to agree to farm in a sustainable way (including contour ploughing, afforestation etc.) and for a minimum of 5 years.

Grants are also available to encourage change to organic farming as the market is growing for these crops. More than a quarter of the EU's organic farming is in Italy and 33% of organic products are exported. The organic farms tend to be small and there is help to enable them to group together for marketing, packaging and transporting their product. They form an example of niche agriculture

Conclusion**Will the Gap Disappear?**

The development gap is still there between the two halves of the country although the quality of life has improved. In the late 1990s and early 21st century there are some signs of success.

- There is the successful furniture cluster in Basilicata and high tech clusters such as that in Catania.
- The power of the Mafia has been challenged and more of the funding is getting through to the targeted area.
- Democracy is increasing with more directly elected mayors who want to carry out the will of the people.
- There is more local accountability as much of the aid is now raised by local taxation.
- More interest is developing in public/private partnerships linked to the aid and advice offered by the EU.

However there are two issues to consider:

1. Improved infrastructure means not only easier access by the Mezzogiorno to Northern markets but the wealthier and more efficient Northern areas can more easily supply the South. Also it can encourage out migration. Better communication may lower the natural protection that the Mezzogiorno has had in the past due to its isolation.
2. In May 2004, the EU is to enlarge by 10 countries. This will include some which are poorer than the regions that make up the Mezzogiorno. The latter may lose its Objective 1 status when competing with new members with much lower standard of living.

Review Section

1. Study Fig 4 to analyse the degree of disparity shown and explain the significance of each set of statistics
2. **Exam Question:** With reference to a named area outline the problems caused by regional disparity (10 marks)

Guidelines

Refer to the idea of core and periphery. Brief mention of the fact that Southern Italy lags behind development because of this.

Impacts : out migration of the most able leaving an ageing population behind, growth of the underground economy to avoid paying taxes etc., lack of investment in agriculture leading to environmental problems such as deforestation and soil erosion, lack of infrastructure such as water supply and roads, strength of organised crime due to lack of healthy economy, dependency culture due to handouts from the Italian government, lack of entrepreneurship because of no financial help for small businesses.

Further Study

Website – Figures about the Italian regions are available now in English on <http://www.istat.it/English/>

Once on this page you need to click on Italy in Figures.

Acknowledgements; This Factsheet was researched and written by Sally Garrington. She is a senior examiner and lectures at New College Telford . Curriculum Press, Bank House, 105 King Street, Wellington, Shropshire, TF1 1NU. Geopress Factsheets may be copied free of charge by teaching staff or students, provided that their school is a registered subscriber. No part of these Factsheets may be reproduced, stored in a retrieval system, or transmitted, in any other form or by any other means, without the prior permission of the publisher: ISSN 1351-5136