

The Industrialization of Depressed Areas in Italy: Data and Commentary

L'industrialisation dans les régions sous-développées d'Italie : les données et les commentaires

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Résumé de l'article

Dans les régions méridionales de l'Italie, existe depuis dix ans environ une intense industrialisation qui a pour but l'assainissement de ces régions économiquement déprimées dès le début de l'État italien, il y a un siècle. Cet assainissement est extrêmement important aussi parce qu'il devrait mettre l'Italie à même d'opérer efficacement dans la sphère du « Marché Commun Européen ». Pour évaluer les causes de cette dépression méridionale il est nécessaire de remonter à ses origines historiques et surtout à l'unification du Pays qui fut effectuée presque exclusivement pour des considérations politiques et sans tenir un compte proportionné du procédé de fusion d'économies régionales très différentes — (structure et conditions de développement). Le résultat a été que les régions méridionales ont initié, il y a un siècle, un procédé d'appauvrissement constant qu'on tente maintenant d'arrêter par une politique d'industrialisation accouplée à la réforme agraire.

Les données qu'on a enregistrées jusqu'à présent pour ce qui concerne les effets économiques de cette politique sont positives pour quelques aspects statistiques (placements, revenu pro-capite, production, échanges) mais elles ne sont pas encore suffisantes à présenter une situation d'occupation et de revenu effectif qui place la population méridionale à un niveau comparable avec celui de la population septentrionale de l'Italie. Cette situation encore critique se manifeste avec une grande évidence sur le plan des rapports syndicaux et de travail. En effet le « marché du travail » méridional ne fournit pas une main-d'oeuvre qualifiée et spécialisée pour les activités industrielles du lieu et cette main-d'oeuvre doit généralement être importée du Nord; il en dérive à l'intérieur des entreprises des situations de contraste et de disparité qui ont leurs manifestations extérieures dans l'insuffisante homogénéité et dans la différence du comportement syndical des travailleurs. Il est évident que ces problèmes sont ceux qui, en définitive, peuvent décider du succès ou de l'insuccès de tout le procédé d'industrialisation auquel sont intéressées non seulement des entreprises italiennes et européennes mais aussi des entreprises étrangères surtout américaines.

Par conséquent, l'attention pour ces problèmes si étroitement unis aux transformations économiques en cours, est demandée aussi et surtout aux opérateurs financiers et industriels qui s'avantagent des aides du crédit et du fisc pour entreprendre des initiatives ayant une signification non seulement économique mais humaine et politique dans la société méridionale italienne.

The Industrialization of Depressed Areas in Italy: Data and Commentary

G.B. Bozzola

The Author casts some light upon the factors influencing the industrialization of Southern Italy, the economic and political problems raised by the phenomenon, and their consequences.

Southern of Italy within the European Economy

The initiation of the industrialization of Southern Italy is still too recent to permit the formulation of any judgment of a definitive and conclusive nature. It can be said rather that the real and proper industrialization process has just begun and is accompanied not only by technical and economic problems, but also by political ones.

It must not be forgotten that Italy is a member of the European Common Market and the only member country which has to face up to an under-developed area within its national frontiers and an area which occupies one third of its national territory. In this area therefore is measured Italy's capacity to be a really modern country and also its possibilities to take from the Common Market all the advantages which are presented to the national economies which are highly competitive.

In order to evaluate the engagement which Italy has assumed in being a member of the E.C.M., it is necessary to bear in mind the following factors: — that Italy, in comparison with all other participating countries, has the highest number of unemployed, with the highest gaged in transport and communications and employed in industry, whilst it is on the same level regarding those engaged in commerce and other occupations. For sources of energy and the consumption of

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energy, it is at the bottom of the graduated list, in fourth place regarding the comparison between imports and exports (balance of payments) and the national income, in last position for percapita income for population employed and last among the other countries in the ratio between public spending and national income.

Alongside this fundamental pre-occupation, there is the problem of the choice of the most suitable economic policies, the alternative between private enterprise and State initiative, the necessity to maintain for a certain period of time different measures of economic activities for the North and the South. This deals with a choice on which both public opinion and economists in Italy are extremely sensitive. If consideration is taken of the fact that the various Governments which have come and gone in the last five years were greatly influenced in the administration of public matters by private financing, it has to be recognised that the steps taken by them for curing the Southern economy and for the vast action of public initiative in these areas¹ were acts of great courage and far-reaching results, the significance of which may go past unrecognised or show itself in its proper light with the passage of time.

Independently of the ideological and political assumptions which guide the growth of industrialization, it must be acknowledged that in the South, the springing up of an industrial enterprise, despite the origin of the finance, the interests which determined its being, and the final destination of the profits, is not a private affair but a public one. Then, this is why, around the industry, all the problems, needs, and opinions of an entire community came to centralise themselves. The enterprise constitutes the new event in a situation which has been stagnant for centuries and as such generates aspects which reach far beyond the normal logic of industrial development: also this pseudo logic must be accepted (at least for all the time which will be necessary in order to reach a high degree of industrial diffusion in the

(1) This geographical area of the country is comprised of the following regions: — Abruzzi and Molise, Campania, Puglia, Basilicata, Calabria, Sicilia and Sardegna. Several zones of other regions are included in the « Mezzogiorno » (Southern area) as far as the intervention of the « Cassa per il Mezzogiorno » (Southern Fund) and the incentive offered to industrialization are concerned. It is better however to bear in mind that it is not altogether exact to speak of Depressed areas (Distressed areas) with reference only to the South. Also in central Italy and in the North (especially in the mountain areas) there are to be found economically depressed areas not unlike those to be found in the South: but this type of depression is camouflaged by the relative vicinity of the large industrial centres, and in any case by the notably advanced urban centres.

South), otherwise it would be impossible to understand the chain reactions which these new events generate in the most emotional, most unstable and socially backward part of the Italian population.

Some historical data on events which, in the space of almost a century, have brought such a serious problem to maturity, can be useful and interesting to get a better understanding of the deep causes of this problem.

Historical Causes of the Depression

Exactly a century ago, when Italy became politically united, the State was born and different economic systems died (corresponding to the numerous States which ruled over parts of the present Italian territory), and at the same time a dynamic economic system appeared which fatally produced if not two systems, at least two tendencies and situations diverse from each other: in the North, a type of industrialized economy, which with the aid of its favourable position in respect of the large European markets, had the power within itself to go ahead and profit from all the productivity which it was able to realise. In the South, on the other hand, existed a typical example of the depressed economy in which the socio-economic level of the population by and large was below the level of that of central North, and such as to be unable to accrue sufficient capital with which to break out of the depressive circle.

This diagnosis is not shared in scientific and cultural circles (over and above political) in Italy. Many maintain that at the moment of political unity a century ago, the level of economic development in the South (sustained by a widespread and efficient industrial equipment) was higher than that in the Northern areas and that the uniting of the two systems would have brought on a fight for supremacy which would have been speedily resolved with the defeat of the Southern economy, and bringing with it progressive improvement of the Southern economy all to the advantage of that of the North.

This theory contains some truths and many inexactitudes. It is true, for example, that Naples at the time of the union with its 400,000 inhabitants was the most important city in Italy, and that the silk and cotton industries (constituted however with Swiss and German capital and initiative) as well as the mechanical industries (controlled however by the State) of the Southern Kingdom certainly did not find themselves

at a lower level of efficiency and prosperity than those industries in Genova, Livorno, Torino or Milano; and it is also true (even though somewhat uncertain) on the basis of the 1961 census, that the population actively and effectively employed in Industry and Transport was in effect greater in the South (approx. 30%) than in the North (28%), but of this percentage at least $\frac{2}{3}$ both in the South and the North comprised artisans who are the normal foundation of an agricultural economy. And in view of the fact that the Northern agricultural economy was much more developed undoubtedly than that of the South, it is evident that the industrialization of the North should have gone ahead more rapidly than that of the South.

Over and above this, the first real disadvantage brought about by the union for the South was of a political nature and not economical. Naples ceased to be the seat of Government, and both the monetary and financial groups on which industry depends began the exodus towards the new capital which was politically influenced if not dominated by the men of the North. Northern enterprises, by means of their contact with the Government of the United Italy, and with the financial groups of the new capital, had ample opportunity to further develop and put themselves into enterprises of vast proportion and of both a solid and influential character. Southern enterprises, on the other hand, in being cut off from such type of relations could not reach beyond the dimensions of personal and family enterprise limits, with the result that they were left relatively undefended in the major market crises.

Another fundamental cause of a political-economic nature causing loss of headway to the Southern economy after the union was the application of the Unified Customs Protection Regulation. It has been calculated that the change over signified an average loss of 80% of the protection previously enjoyed by the South which was much more rigorous than that of the North.² For example, shortly after the union and because of the new and different customs protection regime, one of the most active sectors of the Southern economy found itself in a

(2) See the data contained in the volume: *Ricerche sullo sviluppo economico dell'Europa meridionale*, Svimez, Rome, 1956, page 77. «Svimez» and to which reference is often made in the present commentary are the initials for the «Associazione per lo sviluppo dell'industria nel Mezzogiorno» and which has been contributing for approximately 15 years through study and public activities, with large documentation and with the collaboration of both public and private organizations, in promoting interest and intervention in the industrial section of the Southern problems.

crisis. This was the Salerno cotton industry who found its products gradually being forced out of the Italian Market against the competition of foreign goods. It was only after approximately 20 years, between 1880 and 1890 that a return to market protection reduced the competition of foreign goods, but on this occasion to the advantage of the Northern producers who had in the interval given initiation to a rapid and fortunate expansion of their equipment and market.

Many more examples of the same nature could be quoted. In a nutshell, when historians list the misfortunes which have struck the South of Italy, they never omit to bring up that almost independently of the comings and goings of events, everything happened in the first ten years after 1860 and invariably to the disadvantage of the South: the liberal policy adopted after this date paralysed and started off the decline of the Southern economy. The return from liberal free commerce to industrial protectionism strengthened the Northern producers, and at the same time delivered a hard blow to Southern agriculture: the call of the North started off the migration of the population and deprived the South of its best skilled workers: the concentration of public funds in the central North for developments in communications and Public utilities soon raised the level of social progress, and thus provoking a regression, even in purely relative terms of the Southern regions which were not on their part assisted by public works development schemes. Foreign capital under such circumstances was attracted much more easily to the North.

As a cumulative result of all these varying factors, in the next ten years which followed, there was a continuous drainage of capital and savings from the South towards the North, whilst every favourable or unfavourable economic event which happened to Italy as a whole was reflected respectively with minor advantage or major disadvantage on the South.³

This situation did not go unnoticed as far back as the beginning of the present century. Politicians and economists followed each other in drawing attention to such a dangerous state of affairs, and as far back as then referred to it as « The Southern problem ». This was so much so that writers who wrote about the subject became to be known

(3) See: Molinari, A. — *Origine e portata del dislivello tra il Nord et il Sud d'Italia* (Origin and Size of the Difference in Level Between the North and South of Italy) in « *Bollettino d'Informazioni Svimez* », November 1956.

as « Southern supporters » and their contribution weighed heavily in determining the initiation of a « Policy for the South » after 1900.⁴

The results given by the policy in the first half of the present century, however, are to be considered as being completely negative despite the thousands of legislations issued in favour of the South. The lack of a programmed policy of interventions, and of continuity in the flow of the interventions, together with the lack of rational concentration of means for the restoring of the Southern economy has produced a substantial diversification in the two zones of the country; so much so, that in 1938 in comparing said situation on the basis of per-capita income, the difference in level between the North and the South was a little less than 50% (exactly 44,7% taking the North as 100).

This displacement was later worsened by the effects of the second world war⁵, when it reached its maximum in 1950 in exceeding 60%, due to the effect of the rapid rehabilitation and reconstruction of Northern industries, and the pick up of Italian commerce in the products of these industries Selling on International markets. 1950 then can be considered as being the culminating point of the Southern depression and the maximum difference in economic level between the « two Italies ». From this situation should be begun the examination of political interventions to re-equilibrate the two different situations and render to the country a homogeneous economic policy as far as possible.

From Agricultural reform to Industrialization: primary data

The determining factor or instrument which the Italian Government has put into act a political economy starting from 1950, is the « Cassa per le opere straordinarie di pubblico interesse nell' Italia Meridionale »

(4) The ranks of the « meridionalisti » are really outstanding: and amongst the first of whom are: Franchetti, Sonnino, Fortunato, De Viti de Marco, Colajanni, Nitti, Salvemini. For a general list see: *Antologia della questione meridionale*; by B. Caizzi, Edited by Comunità, Milano, 1955.

(5) It is estimated that during the course of the last war 28% of the industrial capacity of the South was destroyed, whilst destruction in the North amounted to 18%. Particularly, damage sustained to the production of electrical power caused a paralyzing effect in the South to the already reduced industrial activities of the immediate post war period.

(Fund for Interventions of Public Interest in Southern Italy) commonly known as « Cassa per il Mezzogiorno » (Southern Fund).⁶

The institution of this fund was an act of political courage, inasmuch as the « Cassa » was created as a completely new organism embodying an extraordinary character. Being a spending body independent of the usual public controls, its policies had to be coordinated with public intervention programs guarantee a long run programme that would yield the greatest benefits from such joint public-private efforts.

This new body therefore was brought to integrate and work alongside the Ministries more directly interested in Public spending in the Southern regions and also with the local Administrative authorities. In this manner, its interventions should be « additional » but characterised by a great administrative elasticity, and therefore a great rapidity in spending. The « Cassa » at the moment of its institution was assigned 1280 milliards of Lire to spend in the period 1950-1962 (that is to say an amount equal to about 1% of the national income). With a Law issued in 1957 (Law n. 634 of 29/7/57) the resources to the « Cassa » (fund) were brought up to 2040 milliards of lire and its expiry date extended to 15 years: terminating therefore in 1965.

The most important element of this new provision does not consist in the increase in funds but in the amplification of the original plan. In fact, this provided for the concentration of almost $\frac{3}{4}$ of the total spending in agricultural development. The balance was to be employed in public works of general interest such as water pipe-lines, road networks and the railways. With the decree of 1957 alongside the budget for the increase in fixed social capital (roads, railways, aqueducts, reclamation schemes, mountain and forestry programmes, school buildings, etc.) there are to be found substantial budgets for industrialization, whilst funds destined to private enterprise in agricultural reform have been increased. Always according to the 1957 decree, 245 milliards have been assigned to the industrialization of the South, of which 130 for the medium and small enterprise, 90 for contributions on the interests, and 25 in favour of the creation of industrial areas.

As Prof. Gabriele Pescatore, president of the « Cassa per il Mezzogiorno » recently affirmed: « the effort requested from public initiative

(6) The term « Cassa » (Fund) will be used hereinafter to indicate this body.

in the sphere of these interventions is truly great: the 130 milliards destined to the concession of contributions can determine investments in fixed plants in the region of 1100 milliard lire, whilst other investments, around 300 milliards, can be facilitated through contributions on the interests and through the competition of the « Cassa » for the creation of industrial zones. Therefore the incentives planned can permit in the six years between 1959 and 1965 that private enterprise can sustain an effort of approximately 1400 milliards altogether, with an average investment of 200 milliards per year... In substance, if public enterprise responds in proportion to the effort made by the State, it may well be possible to reach and perhaps exceed 300 milliards per year in fixed industrial investments comprising those destined for the increase of electric power supply: this is a sum sufficient to determine the long wished for commencement of an adequate progress of industrialization in the South ».⁷

The importance of this new approach to investments of the « Cassa » starting from the « Second Period » following on the above mentioned decree of 1957 can be better understood in remembering an elementary factor. According to the initial project, the curing of the Southern depression should have taken place by means of two well distinct operational actions: — Agricultural reform and land reclamation on one side, and industrialization on the other. But whilst industrialization was planned as being the fruit of almost entirely all private enterprise in an atmosphere where agricultural reform and land reclamation would have created favourable conditions for the installation of industries, it was very soon understood and seen that a policy like that laid down in 1950, and that is to say a policy of pre-industrialization, can only justify itself in an initial opening phase of the real and proper policy of industrialization; if this aim is not followed or reached, then capital spending increases without bearing the fruit of creating a corresponding productive capital; and at the same time the area of public spending enlarges in respect to that of private economic activity, without the subsequent cost and the change brings about a lasting movement of economic progress.⁸

(7) From a public conference held at the Catholic University of Milan in the Spring of 1959 the text of this conference and of others held by G. Petrilli, P. Campilli, G. Mirabella, V.A. Di Cagno and F. Vito are published in: *L'Italia nel Mercato Comune, con particolare riguardo alle aree del Mezzogiorno* (under the auspices of the above mentioned University).

(8) See: Saraceno, P., *Iniziativa privata e azione pubblica nei piani di sviluppo economico* — Giuffrè, Roma 1959.

This phenomenon was already beginning to manifest itself in large proportions in the Southern economic policy, with the danger of making the large public works projects of little or no productive value, and which would not have changed very substantially the Southern economy, and would have created heavy expenditure by the Public authorities, even over the planned limits, without the minimum recompense. On the other hand, the more recent orientation in the « Cassa » spending demonstrates that this danger is at least partially pushed aside. In fact from the evolutions created in the various budgets, the diverse relative importance can be seen and attributed to the infra-structural sector in respect to that of the private enterprise incentives.

The resources destined to the first of these two sectors, whilst increasing in absolute terms, show a decreasing percentage on the total of the availabilities. Between the first repartition, operated between the end of 1950 and the beginning of 1951, and the last operated in 1959, the total resources destined to said sectors, increased by approximately 75%, whilst the resources dedicated to the incentive program have increased four times over. And all this, despite the importance assumed from 1957 onwards of industrial type of financing which now absorbs approximately 12% of the total availabilities. To give it in more detail: — the percentage of resources dedicated to agriculture drops from 77 to 55%; those destined to hydraulic plants from 11-15%. But more important is the fact that, starting from 1957, the conception of strictly credit financing has begun to be abandoned in favor of sinking capital investment, qualified territorially and sector wise, a policy of more ample financial assistance to the industrialization progress and in particular of locally rationalisation of the progress by means of creating « aree di sviluppo industriale » (Industrial development areas).⁹

(9) The foregoing data and much of the indications which follow are taken from « Relazione al Parlamento » by the « Comitato dei Ministri per il Mezzogiorno » presented in 1960. Over and above this source, the following are of primary documentary importance, and have been largely consulted in the preparation of the present commentary: — « Relazioni di Bilancio » issued annually by the « Cassa per il Mezzogiorno ». Another publication particularly creditable and qualified is the monograph: — *Policy for the Development of Southern Italy — Results and Prospects* published in January 1959 by « The Review of the Economic Conditions in Italy » edited by the « Banco di Roma ». This monograph contains an appendix indicating the facilities foreseen for new economic initiatives in the South.

Just as important is the fact that with the beginning of 1957 a « piano generale » (overall plan) was evolved of interventions addressed towards the industrialization of the South. The concept of « piano » (plan) already contained in the instituting Law of the « Cassa del Mezzogiorno », which assigned to a Ministerial committee responsible for public spending in the sectors of the « Cassa » the duty of supplying general information on the division and end use of the spendings, has obviously another significance if it is applied to spendings tending to constitute the « capitale sociale » (social capital) (those in fact which are called « infrastrutture ») or if applied to a policy of direct industrialization. In the first case State intervention is exclusive; in the second case arises the problem between State intervention and private enterprise, and the calculation of economic convenience becomes more difficult and complex.

The results obtained in ten years

Before going into a detailed analysis of this problem in all its various aspects, it is advisable to consider global data on the results obtained in the ten years period 1950-1960 regarding the betterment obtained in the economic situation of Southern Italy. The regional income expressed in current Lire has passed from 1947,6 milliards of Lire in 1951 to 3266,6 milliards in 1959 increasing in this period, therefore by 67%, and the average tax increased by 6,6% per year. Considering that the population living in this area has increased by 7,6% in the same period, it follows that the pro-capita income has increased by over 55%. From an annual tax of 5,6%, the net product of the private sector has passed from 1576,1 milliards in 1951 to 2483,6 milliards in 1959, with an increase of 57,6%. That of the public administration has risen from 250 to 562 milliards, with an increase 124%. It is significant that the agricultural incidence in the making up of the Southern income has passed from 45,6% to 36,3% in 1959. In fact this is the piece of data which is most convincing of the increasing importance of industrial activity and « terzinarie » in the economy of the South, that is to say the passage over from a backwards economy to an expanding economy. Apart from all this, if these data are assumed for the basis of a structural analysis, the Southern economy is still very different from that of the North where 61% of the income is derived from industry and only 12% from agriculture.

TABLE I
 PRODUCTION POTENTIAL IN THE CENTRAL NORTH AND IN THE SOUTH OF ITALY

| Activity | Unit | 1950 | 1952 | 1954 | 1956 | 1958 | Percentage increase of 1958 over 1950 |
|---|-----------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Sugar production | .000 quintali | 4,396 149 | 6,471 208 | 6,562 453 | 10,046 814 | 6,771 783 | 54,0 425,5 |
| Cement production | .000 tonnellate | 4,545 4,050 950 | 6,679 5,222 1,601 | 7,015 6,306 2,606 | 10,860 7,827 3,450 | 7,554 8,860 3,869 | 66,2 118,8 307,3 |
| Housing units constructed (in living rooms) | number | 5,000 379,580 72,355 | 6,823 620,305 129,072 | 8,912 948,861 225,182 | 11,277 1,222,287 305,761 | 12,729 1,499,601 353,152 | 154,6 295,1 388,1 |
| Capital of Share Holding Companies | .000.000 lire | 451,935 970,833 84,152 | 749,377 1,399,622 97,538 | 1,174,043 2,032,582 202,040 | 1,528,048 2,929,647 320,886 | 1,852,753 3,670,280 419,077 | 310,0 278,1 398,0 |
| Electric Power Consumption For Industrial Uses | .000.000kWh | 1,054,985 13,030,5 1,500,0 | 1,497,160 16,769,0 1,926,3 | 2,234,622 18,957,5 2,334,0 | 3,250,533 22,014,4 2,568,4 | 4,089,357 24,307,9 2,862,1 | 287,6 86,5 90,8 |
| Goods carried by Railways | .000 tonnellate | 14,530,5 33,528 11,319 | 18,695,3 38,736 13,397 | 21,291,5 39,681 13,929 | 24,582,8 41,456 14,040 | 27,170,0 37,052 11,631 | 87,0 10,5 2,8 |
| Motor cars in circulation | number | 44,847 282,746 59,275 | 52,133 415,213 94,978 | 53,610 596,923 147,376 | 55,616 832,057 218,947 | 48,683 1,121,008 300,289 | 8,5 296,5 406,6 |
| | | 342,021 | 510,976 | 744,299 | 1,051,004 | 1,421,297 | 315,6 |

The still overwhelming superiority of the productive potential of the central North in comparison to that of the South is shown in Table 1, in which, in absolute figures, are compared the industrial activities figures of the «two Italies» taken from recent statistics. This explains why the income of the Southern Italians, despite the considerable recent increase, is still not sufficient to put it if not on level conditions with that of the North at least bring it up relatively to the income of the Northern Italian.

The most recent studies on the distribution of income however tend to show that in the South, over and above the persistence of the situation of being far from the aim of coming up to the level of the North, a very high proportion of personal incomes has been verified with very dubious results as far as the formation of savings is concerned and the subsequent commencement of capitalization process.

Even with these defects, it seems to be that during the last ten years the rhythm of relative betterment in the South has been higher than in the North, and that is that the Southern economy has gone ahead with greater rapidity than that of the North. However it should not be forgotten that the pro-capita income in the South still remains at 46,6% in respect of that of the North, whilst about 10 years ago the proportion was 47,7%.

This last piece of data has served as a basis for various Italian political bodies, along with their related press, to affirm that in the ten years from 1950-1960 the Southern Economy in comparing the relative progress has suffered a substantial regress, and that it has become still further away from the objective of levelling out with the North. One or two analysts who have gone deeper into this phenomenon have put forward the theory — which was also put forward very strongly years ago with scientific and not polemical intentions — of the inevitability of transferring all the realised multified results deriving from the «Cassa per il Mezzogiorno» to the Central North economy.

The real important thing is this, that in this period real foundations are laid for a real economic life to grow in the South, having an increasing income, and with the inner capacity to start off a process of capitalization. Some significance in this regard can be given to the fact of the greatly increased number of banks which have opened up in the Southern regions during the last years, even if the ratio of new

banks and the amount of deposits registered in the North is greater than that of the South. The phenomenon however explains itself both in the lesser wealth of the South and the lack of inclination of the small and medium depositors to trust their savings to a bank.

The statistics on pro-capita income, even if being significative, are only very partial in giving factors with which to judge the evolution of a situation so involved as that of the South of Italy. The same provisions on the general development of the Italian economy for the ten year period 1954-1964 contained in the well known « Piano Vanoni » (The Vanoni Plan) named after the Minister who formulated the provisions and supplied the economic policy to be followed) were more than explicit on this point: it must be borne in mind that the great disparity of Industrial location in Italy and favouring the North contains the source of need for the people in the South. As a consequence, whilst the multiple benefits of investments made in the North occur in the North alone, a great part of the multiple benefits deriving from investments in the South take place outside of the region. It follows therefore that on the one side there will be a concentration in the North of all the benefits deriving from investments in all the country and, on the other side, a permanency of the actual situation in the South, until it is established in the South and industrial network capable of adequately supplying investment profits and the consumption required by the programmes and the multiple benefits of same.

That part of the « Piano Vanoni » has been cited as it better helps to understand the more far sighted provisions which indicate how it is possible to reach a level of parity between the incomes of the inhabitants of the North and the South of Italy only within the space of 40 or 50 years. This datum is motivated purely by the fact that the present case does not deal with the problem of industrializing a region — as in the case of economically backward Asiatic countries — but of a national problem of territorial expansion of existing industry: an industry with its own proper vitality and the competitive capacity of which has been well demonstrated in the « boom » of the last two years.

It is sure that, taking into consideration the most recent date for which the figures are definitive, that is to say 1958, the situation seen through the four basis of the economic development — the income, the investments, the savings deposited in the bank, the capital of shareholding Companies — does always present gapes of big dimensions between the North and the South, as shows the table II which does fix

approximately the situation as it results in the middle of the foreseen times for the activity of the « Cassa » and for the dynamic development and expansion which should have taken place.

TABLE II

CHARACTERISTIC ECONOMIC FACTS — YEAR 1958

(pro-capite figures)

| | North | South | Italy | .000 lire per inhabitant | | | |
|------------------------------------|--------|--------|--------|--------------------------|-----|-----|-----|
| | — | — | — | 0 | 100 | 200 | 300 |
| Income | 361000 | 167000 | 288000 | ----- | | | |
| Investments | 87713 | 44321 | 69516 | --- | | | |
| Deposits in the Bank | 210154 | 56840 | 152475 | ---- | | | |
| Capital of share holding Companies | 117044 | 22158 | 81347 | -- | | | |

(Source: Servizio Statistica et Studi Economici Soc. FIAT, Torino)

In considering these economic and financial aspects, it is best to bear in mind that they present only one side of the face of the Southern Italian problem, the other face is constituted by agricultural reform and land reclamation, and which as already stated, in itself present a social and economic problem of its own of great importance. In any case however the reform is already arrived at a phase of exhaustion, with the dividing up of large extensive uncultivated areas and the assigning of the land to the peasants who become in this manner small proprietors and direct cultivators.¹⁰ Land reclamation schemes and Urban development (roads, aqueducts, communications) continue with steady rhythm, but it is evident that they do not produce a dynamic economy giving multiple results, unless they become an aid to bringing in industrial activity into the zones which are most influenced by these transformations, and which is quite logical to expect, and which should happen with a well laid out policy destined to « Areas of industrial development ».

(10) In fact it is well known that fascist legislation prior to the second world war had imposed considerable immobility on the rural population, with the aim of keeping it tied to agricultural work and to maintain the phenomena of urbanism within rigorous limits. This policy was certainly negative in many aspects but as well as negative results, it also has brought about the uncontrolled migration of workers in search of any type of work towards the large industrial centers of the North. The cases of Milano and Torino in this respect are both significant and worrying.

Occupation, Production and Revenue: a determining factor

The unit of measure of the depression in Southern Italy has been mainly given (from the initial data listed) by the statistics on personal individual income, which depends directly on the type and level of occupation, and indirectly on the productivity of the work. These social indices of the economic situation in the South have been taken up, valuated and followed through with great frequency and amplification in Italy over the last ten years, that there is no lack of up to date data on this subject.

Consideration should be rather given to several of the characteristic aspects of the dynamism brought to the South with the advancement of the industrialization progress. A fundamental consideration should be taken into consideration above all else: after the second world war internal migration in Italy has taken on exceedingly large dimensions, and constitute one of the most outstanding of the social demographic phenomena. Obviously the greatest flow has taken place from the South towards the North. In the two year period alone of 1955-56 and of which detailed figures are available, over 200.000 people migrated from the South and from the Islands towards the Central North. In the same period over 150.000 people emigrated definitely abroad (to overseas countries) from the Southern regions and the Islands. In 1958 alone over 120.000 people transferred from the South to the Central North of Italy.

The evidence given by these data should require no comment, if only there was not another important factor to be considered. In the above mentioned two year period 1955-1956 there were 76.000 people who transferred from the Central North to the South: in the same period a phenomenon of primary importance has evolved, and that is the internal mobility of the inhabitants of the Southern regions. Anyway in the same two year period, internal transferring of the population in Southern Italy effected as much as 387,000 inhabitants. In the continental area of the South (that is to say the regions of Campania, Abruzzo, Molise, Puglia, Basilicata, and Calabria) 66% of the migratory population moved within the confines of the same province and 87% did not go out of the confines of the region. Also in the interior of the island (Sicilia and Sardegna) the internal mobility has been pronounced having effected (1955-56) over 227.000 people, the major part of whom have moved into the interior of the islands.

Two definite factors have been the cause of this phenomenon: — The agricultural reform and the land reclamation schemes, which have promoted a better spreading out of the peasant population, and on a larger scale, the industrial activity initiation which has brought large groups of the population into the production centres whether urban or extra urban in character.

A limitation in the intensity of absorption of manpower in the new industries is furnished in the fact — already previously mentioned — that the new industries which prevail in Southern Italy are of a chemical nature, and which because of their technological structure can only ensure a very modest absorption of manpower as opposed to the mechanical engineering factories, metal works, and textile industries which prevail in the North, with a high coefficient of manpower employed. Even with these limitations, it cannot be denied that both the agricultural reform and the industrialization have finally brought about a rupture in the immobility, even if demographical, of the Southern depression.

It is still too early to evaluate in immediate economic terms, the positive results of this rupture, even though strong controversies have arisen regarding the fact that notwithstanding the high financial and technical interventions in the South, a high percentage of the Southerners must still migrate to the North to find employment.¹¹ It remains a fact that the statistics on manpower employment show that from 1954-1959 there has been an increase of 16% in the South with an average annual tax of 3,1%; but this tax is inferior to that of the net industrial and agricultural product and which situation leads into the belief that in these years the increases in production are the fruits of an increased productive technology, and not from an increase in occupation. In fact the amount of unemployment registered in these years has increased: only from 1957 a flexion has been recorded, at a higher level than that of 1955.

This phenomenon — which has been used and still is used to advantage in the interpretations of Political parties of the left, as a demonstration of the Governments incapacity to cure the economic depression

(11) Many interesting comments have been given on this situation with reference to the « Piano Vanoni » laid out in the volume by Fuà G.: *Reddito nazionale e politica economica* edited by Edizioni Scientifiche Einaudi, Torino, 1957 (Chapter 13: « Sul Piano Vanoni »).

in the South — cannot be explained without bearing in mind a singular determining factor: with the industrialization of the South, the virtual unemployment and chronic underemployment immediately materializes into effective unemployment.

Many explanations help to clear up this phenomenon. As in every economically depressed area, the South has recorded in very large measures — and still is registering — the presence of large masses of workers only part-time employed in discontinued occupations, or dedicated to non-professional activities (general help, daily labourers for carrying work or repairs) or in small commercial activities, even contraband. A large part of this mass of partially occupied workers is made of agricultural labourers who are engaged for brief periods of emergency work on a daily basis. Therefore, when the installation of a new industrial unit in a given area creates the possibility of continued employment and steady pay (with all the advantages even of not a financial nature embodied in industrial employment) this mass of unemployed and under employed and who in previous censuses resulted as being formally employed are registered at the labour exchanges, and therefore result as being no longer formally unemployed.

If due consideration is not given to this important phenomena it is impossible to give an explanation to the persistent increase in unemployment in the South despite the industrialization. It is really the industrializations which provokes this phenomenon, and which on the other hand is not a purely statistical phenomenon. In fact it is undeniable that the conditions in which the newly employed in industry find themselves create a clash with those who have been excluded and whose degree of poverty is accentuated in comparison with the newly industrially employed.

Naturally this explanation whilst being important and reliable does not exhaust the argument on this phenomenon. There is another factor to be considered: the scarcity of qualified workers available in the South makes it convenient, for new industrial initiatives, a high degree of intensity of capital: which can only constitute a contradiction with the fact, that in a depressed economy such as the South, the numerical abundance of manpower and the scarcity of capital would require technical solutions altogether contrary, based on the lowest possible degree of capital intensity.¹² This explains why against the power of

(12) The problem of productivity, the intensity of capital and the level of retributions of enterprises operating in an underdeveloped economy has been very acutely analysed by Prof. P. Saraceno in chapter 3 of the publication mentioned in note 8.

many new industrial enterprises in the South that there is relatively small increase in the pro-capita income even though such increase can be considered as being appreciable: it is spread over a mass of newly employed and very far from being in the real dimensions of an industrial economy. Evidently and taking as a basis an industrialization progress started off by the transplanting of the larger Northern industrial groups and the installation of large State industries, then the tendency for the distribution of incomes must be of a concentrated nature and even more so when bearing in mind that up to date private enterprise which has sprung up alongside the large industries has not been of very great proportions.

The range of data which it would be necessary to consider in order to measure in some manner the economic progress made by the South, depending on the diverse distribution of employment over the last years, is certainly much more vast. But it was not proposed here to make an economic analysis of the Southern situation, but to bring to notice that the possibilities for the population of these regions to fully and intensively reap the benefits offered by the new industrial activities and the tertiary activities combined to same, is a possibility limited by the non industrial physiognomy of a large part of the population. Consideration will now be made of this latter factor — and which is certainly not the least important in the significant aspects of the actual evolution of the South: the contrast between the physiognomy of the « human factor » in these regions and the possibilities offered by industrialization will be considered.

Southern demographic and sociological statistics indicate that the structure of the active population is still that typical of a backward economy, with a heavy preponderance towards agriculture (and also the agriculture is conducted with backward systems) and with a very low average degree of education having a prevalence for the humanities rather than technical study in the higher grade schools.

The illiterates even to day comprise approximately 25% of the active population in the South: and in respect of same only 1,7% of the population have had University education and of this percentage only one quarter undertook technical subjects. Both the general census of 1951 and the later periodic findings of the Central Bureau of Statistics and other bodies have permitted in establishing documentary proof of this cultural inferiority and professional inferiority in the South and

which evidently cannot be cured in a short time, so much so as to justify considerable pessimism.

Trade Union organization and labour relations

Our survey of the effects of the industrialization of the South would not be complete without looking at the radical changes which have taken place and have given a new slant to labour relations and trade union organization.

We have already seen that, as a result of the policy of industrialization, the business enterprise has come to represent a new « fact of life » in the southern regions of Italy. And we have also seen that it has become a vital centre of activity producing new ideas, opinions and mental habits and expressing new individual and collective aspirations. It is natural that these aspirations should find their outlet in political and trade union forms of organization.

The change from a rural to an industrial way of life has not, however, been accompanied by a correspondingly rapid adaptation to new circumstances of the southerner's political and trade union outlook. We find, in fact, a number of paradoxes in the political behaviour of communities in the newly or more recently industrialized areas: they tend, on the whole, to vote for the right wing parties (fascists or monarchists) or the communists rather than for the democratic parties.

At the trade union level the behaviour of the new industrial workers is equally disconcerting. Although we do find some cases where the workers join the communist or the fascist unions *en masse*, the vast majority display a profound indifference towards the trade union form of organization and an even more profound intolerance towards its discipline.

These phenomena cannot be explained merely by the natural immaturity to be expected from social groups who have only recently been absorbed into industry; nor is it enough to point to the well-known disorderly and extremely impulsive nature of the southerner. On the other hand, a detailed and definitive investigation of the attitudes of southern communities to industrialization has yet to be made. One or two observations on the present state of labour relations in the indus-

trial enterprises of the South may, however, be useful. These are obviously generalizations and as such may not convey a completely accurate impression of individual cases; for the most part, however, the impression they give is a reliable one.

In the first place we should note that one of the main incentives for northern industrialists to set up plants in the South has been not just the fact that labour is cheaper there, but the fact that it gives less trouble and is therefore less difficult to deal with from the union point of view.

This was the state of affairs at least up to a short time ago and new undertakings could be sure that their labour forces had not much idea of their rights and would show little stomach for fighting for them through their unions.

In the second place, the general lack of skilled and specialized workers on the southern labour market has compelled the new undertakings to recruit their key personnel in the North, attracting them by the offer of high wages and privileged working conditions. Unskilled labour, on the other hand, has been recruited on the spot and has thus been placed in a position of inferiority with respect to an imported labour *élite*. This has prevented and is still preventing the building up of a feeling of trade union solidarity amongst all the workers in a plant.

The third point to consider is this: there are many cases in which trade union affairs and labour relations generally from the management point of view are directed from the companies' head offices in the North.

This often has the result of thwarting the efforts of local trade unions, plant committees and workers' representatives to establish and maintain direct contact with the representatives of the Company, and so the workers become discouraged from joining an union and from taking part in organized movements to obtain better wages and working conditions.

Finally we have to consider the great difficulties which still exist in spreading the message of trade-unionism: distances are great and

communications poor; all trade unions, without exception, suffer from a lack of leadership; and the southerners are by nature reluctant to accept the personal restrictions and collective discipline imposed by the trade union system. The information we have about the extent to which southern workers have joined trade unions is fragmentary and not very reliable, but it is certain that those who join trade unions — of all political colours — represent a modest proportion of the total labour force — probably less than half of that in the North where trade-unionism is admittedly weak. In the new industrial enterprises of the South we find masses of leaderless workers who can, — however, — as shown by recent serious disturbances — very quickly be swayed by extremists, usually communists, to adopt violent and subversive attitudes which cause concern to the national leaders of the trade unions themselves.

This is a very worrying situation. It is not enough to create, by industrialization, a smooth-running economic and productive system in the South if this process, excellent in itself, cannot succeed in generating and sustaining the social structure of a modern civilization. As things are at present this structure is very far from emerging and the backwardness of southern politics and trade unionism contrasts glaringly with the obvious technical and economic progress which recent years have brought about in this area.

There are thus a number of unsolved problems connected with the industrialization of southern Italy and on their solution depends the final success of this great drive to raise up and restore to economic health a region of vital importance not only to Italy but to the whole of Europe. The considerable interest which foreign companies — particularly those from across the Atlantic — are taking in southern Italy as a fruitful area for new investment and new industrial plants (an interest which the attractive credit and tax facilities offered by the central and regional governments have done more than anything else to encourage) is well founded, but these unsolved problems cannot be ignored. Whoever employs capital, technical know-how and economic enterprise in the south of Italy is in fact taking on his shoulders part of the responsibility for helping to solve rather than aggravate these problems. In the final analysis, it is these problems which will shape the political and economic course of Italy in the next decade and will determine the success or failure of the industrial and commercial enterprises which are sprouting so vigorously in this area.

L'INDUSTRIALISATION DANS LES RÉGIONS SOUS-DEVELOPPÉES D'ITALIE: LES DONNÉES ET LES COMMENTAIRES

Dans les régions méridionales de l'Italie, existe depuis dix ans environ une intense industrialisation qui a pour but l'assainissement de ces régions économiquement déprimées dès le début de l'Etat italien, il y a un siècle. Cet assainissement est extrêmement important aussi parce qu'il devrait mettre l'Italie à même d'opérer efficacement dans la sphère du « Marché Commun Européen ». Pour évaluer les causes de cette dépression méridionale il est nécessaire de remonter à ses origines historiques et surtout à l'unification du Pays qui fut effectuée presque exclusivement pour des considérations politiques et sans tenir un compte proportionné du procédé de fusion d'économies régionales très différentes — (structure et conditions de développement). Le résultat a été que les régions méridionales ont initié, il y a un siècle, un procédé d'appauvrissement constant qu'on tente maintenant d'arrêter par une politique d'industrialisation accouplée à la réforme agraire.

Les données qu'on a enregistrées jusqu'à présent pour ce qui concerne les effets économiques de cette politique sont positives pour quelques aspects statistiques (placements, revenu pro-capite, production, échanges) mais elles ne sont pas encore suffisantes à présenter une situation d'occupation et de revenu effectif qui place la population méridionale à un niveau comparable avec celui de la population septentrionale de l'Italie. Cette situation encore critique se manifeste avec une grande évidence sur le plan des rapports syndicaux et de travail. En effet le « marché du travail » méridional ne fournit pas une main-d'oeuvre qualifiée et spécialisée pour les activités industrielles du lieu et cette main-d'oeuvre doit généralement être importée du Nord; il en dérive à l'intérieur des entreprises des situations de contraste et de disparité qui ont leurs manifestations extérieures dans l'insuffisante homogénéité et dans la différence du comportement syndical des travailleurs. Il est évident que ces problèmes sont ceux qui, en définitive, peuvent décider du succès ou de l'insuccès de tout le procédé d'industrialisation auquel sont intéressées non seulement des entreprises italiennes et européennes mais aussi des entreprises étrangères surtout américaines.

Par conséquent, l'attention pour ces problèmes si étroitement unis aux transformations économiques en cours, est demandée aussi et surtout aux opérateurs financiers et industriels qui s'avantagent des aides du crédit et du fisc pour entreprendre des initiatives ayant une signification non seulement économique mais humaine et politique dans la société méridionale italienne.