

INSTITUTE OF EUROPEAN STUDIES AND INTERNATIONAL RELATIONS
FACULTY OF SOCIAL AND ECONOMIC SCIENCES
COMENIUS UNIVERSITY



DEVELOPMENT POLICIES IN SOUTHERN ITALY BETWEEN GOVERNMENT AND GOVERNANCE

Paola De Vivo, Antonio, Russo, Enrico Sacco¹

Jean Monnet Chair Working Papers in Political Sociology

issue no. 1/2021

(for the Jean Monnet Project EUPOLSOC)



Co-funded by the
Erasmus+ Programme
of the European Union

The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

The research was co-funded by the Erasmus+ Programme of the European Union, project number 611572-EPP-1-201 9-1-SK-EPPJ MO-CHAIR

This work has been conducted within the project 'Between East and West, Value Integration or Divergence? Slovak Society in the International Comparative Surveys', which was supported by the Slovak Research and Development Agency (APVV-14-0527).

¹ This paper was developed in the context of the Italian National Research Project - PRIN 2017 'Regional Policies, Institutions and Cohesion in the South of Italy' (project code 20174BE543; website www.prin2017-mezzogiorno.unirc.it), financed by the Italian Ministry of Education University and Scientific Research from 2020 to 2023. The reflection carried out is attributable to all the authors.

Institute of European Studies and International Relations

Faculty of Social and Economic Sciences

Comenius University

Bratislava

2021

Jean Monnet Chair Working Papers in Political Sociology

Editorial Board:

Steven Saxonberg

Ol'ga Gyarfášová

Anton Gazarek

FOR ACADEMIC USE

ISSN 2644-6596

Copyright notice: © Paola De Vivo, Antonio, Russo, Enrico Sacco, March 2021

All rights reserved. No reproduction, copy or transmission of this publication or parts thereof may be made without written consent of the author(s).

1. Introduction

Although the Italian government and the European Union have adopted development policies to contrast the economic and social divide between the North and the South of Italy, both failed to reach the converge not only at national level, but also with the most advanced European Union regions². What are the causes that have hindered the implementation of national and regional policies? In this paper, it will be argued that changes in the regulation models – centralization versus decentralization – of the development policies for the Southern regions leads to a redefinition of the center-periphery relations. Nevertheless, the shift from government to territorial governance hasn't had relevant effects on economic development, since policy outcomes have been conditioned by the persistence of social and institutional constraints. From the second post-war period to the present, two different policy approaches have been adopted to support endogenous development in the South of Italy: *a*) the *Extraordinary Intervention* (between 1950 and 1992), based on a *top-down* regulation model, highly centralized (especially in the first two decades of implementation); *b*) the European cohesion policy (since 1996), which – through the funds provided by the European Union – has tried to stimulate the activation of local development, through a decentralized policy approach, based on *multilevel governance* and involvement of local stakeholders (Mayntz 1999). The assumption, at the basis of this work, is that in an economically peripheral context such as the South of Italy, the development policies could be hampered by endogenous institutional factors, such as a weak *social regulation* capability (Fantozzi 1993; Eisenstadt 1974).

The Extraordinary Intervention was expression of a typical top-down development model, linked to a Keynesian growth strategy, based on a strong role of the central government in the promotion of an industrial and infrastructural apparatus. The main limits of this approach are related, first, to the difficulty of defining – from the centre – development strategies suitable for the periphery and, second, the exclusion from the decision-making activity of stakeholders operating at local level. In this policy-approach, the centre-periphery relationship was unbalanced in favour of the centre.

Differently, the governance approach is oriented to promote collaborative solutions involving several policy makers and stakeholders in the decision-making process (Koontz *et al.* 2004). In these policy-networks, actors involved share information, analyse information, develop together choices and strategies.

² After almost 70 years of development policies, the economic gap between the North and the South of Italy, according to major indicators (per capita GDP, productivity, employment rate), has not abated. In 2019 – before the pandemic crisis – in the Southern Regions the per capita GDP was half that of the Centre-North; unemployment was close to 20%, double that of the rest of the country (Source: Istat data, 2020). The infrastructural endowment and the quality of essential public services was unsatisfactory. These regions remain among the least developed and have the lowest GDP growth rates among the EU's NUTS2 regions.

Based on these two different approaches (top-down and bottom-up), development policies in the South of Italy – as discussed in the following analysis – both have generated unexpected consequences, without to be able to reduce the development gap inside Italy and in the European Union. In conclusion, it will be showed that the development of South of Italy doesn't depend only on the design and the strategy of the policies, but these last ones are also influenced by factors such as institutional quality at the local level, which includes both the political and economic dimensions, as well as formal and informal social rules.

2. Extraordinary Intervention: policy structure and regulation model

Moving from this research questions, in following sections will be analysed the impact generated by these two different policies approaches on the North-South divide. This paragraph is focused on *Extraordinary Intervention*, the first relevant policy oriented to reduce the wide economical gap between North and South of Italy. The Extraordinary Intervention started in the 1951, following a top-down approach aimed to stimulate, exogenously, the modernization of the southern socio-economic structure, through the propulsive action deployed by the central government. This policy strategy had a huge impact in socio-institutional framework in the South of Italy.

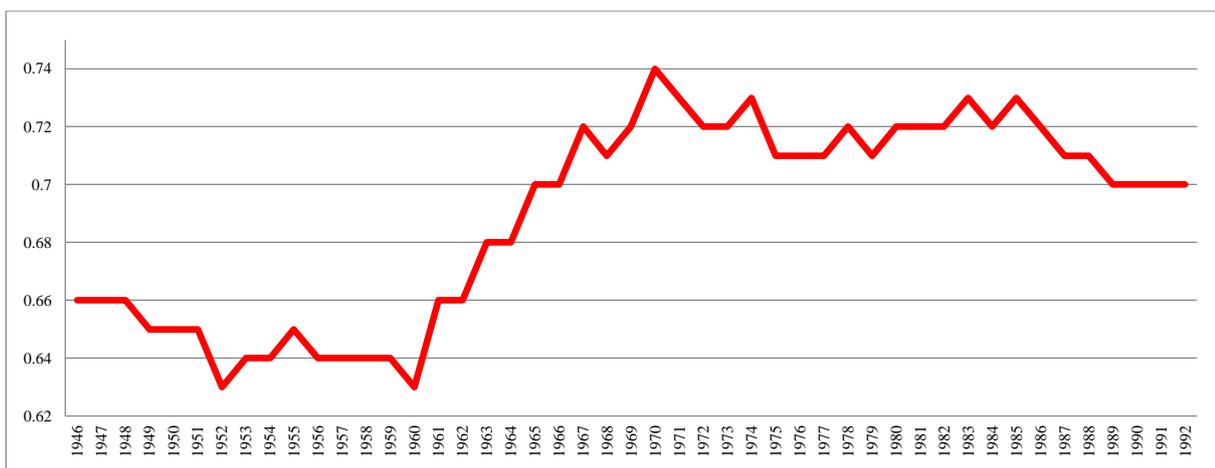
The Extraordinary Intervention was based implementation of large-scale strategic projects, both in the infrastructural and industrial field. A centralized, technocratic and *top-down* approach represented the three distinctive features of the Extraordinary Intervention in its first two decades' implementation (Barca 1997; La Spina 2003; Martinelli 2020). As will be subsequently dealt with, this feature will be lost over time, with politics progressively infiltrating.

Parallely, the *Land Reform* decided by the central government at the beginning of the 1950s, the southern agrarian elite was rapidly swept away, together with the clientelistic networks it had built. The decline of land clientelism, however, did not cause this particularistic form of intermediation to be overcome definitively. It actually entailed a simple turnover of actors responsible for mediating in the centre-periphery relationships, with the contextual rise of a new social bloc bound both to parties and to new functions assumed by the State in the economy (Graziano 1980; Gribaudo 1980). However, given the high centralisation of the Extraordinary Intervention and the independence of the Fund for the South from politics, at this stage this new bloc of mediators did not have any influence on policy choices.

Still in a full spirit of fordist capitalism, a widespread idea was that the State should take on the active role of being a promoter of development, based on the vertically integrated large enterprise, favouring its embeddedness also in an environment hostile to entrepreneurship and structurally unsuitable to

support its spontaneous growth. At this stage, per capita investments in the industry field in the South of Italy exceeded those in the Centre-North, activating a *catching-up* dynamic: for the first time since Italy's unification the gap between the Centre-North and the South was narrowed (Fig. 1). «The inclusion of Southern Italy at the centre of an overall country growth strategy was one of the conditions leading to an “active” industrialization policy, triggering a strong process of convergence, essentially due to a profound and virtuous modernisation of the southern industrial system³» (Cappellani *et al.* 2012, p. 248). Between the Fifties and 1973 the annual growth rate of per capita GDP in Southern Italy grew at an average rate of 5.8%, compared with 4.3% in central and northern Italy (Barbagallo 2011, p. 327). This was achieved through a model of regulation which was still centralised and technocratic, and which was impermeable to the constraints and influence of politics and clientelist mediation networks operating in Southern Italy.

Fig. 1. Annual per capita GDP variation in Southern Italy (Centre-North = 100).



Source: own elaboration based on data by Daniele and Malanima 2011, p. 139.

Since the mid-1970s, the effectiveness of the Extraordinary Intervention began to decline rapidly, and the North-South divide started to widen again (Fig. 1). Gradually, «the ability of the policy to direct interventions towards the achievement of specific objectives of structural adjustments was weakened, specifically at a time when the production system was losing much of its propulsive capacity demonstrated in the 1970s and till the first oil shock» (Cappellani *et al.* 2012, p. 248). The reduction in the growth trend of the southern regions (Fig. 1b) can be partly due to the slowdown in growth and to frequent cyclical contractions which, since the *Yom Kippur War*, have characterised the recent economic history of industrialised countries, putting an end to the post-war super growth. At the same time, the Extraordinary Intervention lost its original of independence and technocratic lineaments, as

³ This literal quote, and the following ones, are translated by the authors.

politics progressively infiltrated with negative effects on investment choices. Such changes proclaimed «the shift from markedly technocratic management to more political management of the issue of industrialisation and of Southern Italy, bringing to the fore men [...] tied to government parties» (Barca 1997, p. 604).

Resources were progressively dispersed in several low-quality projects, in absence of a specific policy strategy to which to connect investments, more and more exposed to electoral dynamics susceptible to the search for the consensus of the scarcely legitimate political class – both national and local. In add to that, the mediation efforts carried out by the southern clientelistic bloc, which succeeded in «taking control of public life, entering active administration and political life» (Graziani 1979, p. 65) considerably grew stronger. Its manipulative action thus ended up projecting and infiltrating the Fund for the South which, having lost its initial independence, entered an unevolutionary spiral, marked by indiscriminate dispersion of investments and social benefits (Martinelli 2020).

So, the decentralization of decision-making processes and the emergence of distributive drifts drastically diminished the efficiency of the Extraordinary Intervention. During 1980's was decided a profound re-definition of the policy strategy incorporated within the Intervention, with the aim of supporting bottom-up and self-centred development, through polycentric scheduling of interventions. By triggering a progressive decentralisation of decision-making processes to a regional level, the new bottom-up approach entailed a considerable fragmentation of investments, in absence of any coherent project vision with which they could be linked.

Thus, the Intervention was increasingly distorted by dynamics of political-clientelistic exchange with noxious effects on efficiency and efficacy in using the invested resources. Brokerage, carried out by parties' clientelism, was spreading out parallel to the increase in de-centralisation of dynamics of policy regulation. Centre/periphery relations were thus declined in an increasingly more clientelistic key, losing sight on the productive objective (Graziani 1987, p. 215). Such a framework structured a sort of *Sisyphus syndrome*, generating unexpected effects and «the demand of greater and more efficient State aids in order to move the stone of development forward, closing, however, one's eyes to the powerful forces which, from inside Southern Italy itself, tend to use public resources in ways that ultimately hinder this development» (Trigilia 2001, p. XIII). Consequently, the «constraint, major perhaps, on Southern Italy's auto-centred growth nowadays comes from within precisely: it rests on the excessive weight of political power relations in the society» (Trigilia 1988, p. 183).

In the 1992, Law n. 488 decreed the definitive closure of the Extraordinary Intervention. This was, however, the point of arrival of the slow decline of this South-oriented policy, which had already begun in the mid-1970s: «from the oil crisis [...] onwards the Italian economic and political spirit has profoundly changed. National managerial classes' priorities change; the policies for Southern Italy

continue, but with far poorer political and cultural attention, technical quality as well as concrete results» (Prota and Viesti 2012, p. 8).

The analysis carried out in the paragraph outlined the parable of the Extraordinary Intervention in the South: after an initial phase of significant effectiveness, which enabled convergence with the central-northern regions, the Intervention subsequently entered a spiral of increasing ineffectiveness, which led to its closure in 1992. With the reduction in the effectiveness of the Intervention, the North-South gap began to grow again. What led to this result? What causes contributed to this outcome? The following paragraph is geared towards answering these questions.

3. Weak institutionalisation of the southern political system and the effects on the Extraordinary Intervention

From the analysis carried out so far on the Extraordinary Intervention seems emerge a regularity in the relationship between policy regulation and the impact on the South development (Fig. 1): as the level of centralisation and policy-makers' autonomy increases, the gap between Central-Northern Italy and the South (in terms of GDP per-capita) regularly tended towards reduction; on the other hand, as the level of decentralisation of policy-making increased, the gap showed regular growth trends. It is clear that the complex problem of Southern Italy's development cannot be simplified and reduced to one single dimension, that of policy regulation. On the other hand, it is also true that the policy regulation and the characteristics of the *policy network* (actors involved, strategies and purposes pursued by them, etc.) have a central role in the effectiveness of any public policy.

Tab. 1. Regulation of Extraordinary Intervention and Southern Italy's economic performance.

Phase	Model of regulation	Effects on development	Involvement level of the southern managerial class
Pre-industrialisation (1951-1961)	Top-down, centralised technocrat and	Convergence activation	Very low
Industrialisation (1962-1974)	Progressive reduction of the Fund's independence	Convergence	Growing
Stasis and closure (1975-1992)	Polycentric	Convergence setbacks	High

Source: own elaboration.

Why did the Extraordinary Intervention perform systematically worse as the degree of decentralisation and openness of the decision-making process was increasing? The cause should be probably traced back to a weak level of institutionalisation of the southern political system, a condition which has favoured the spread of clientelism as main lever for gaining consensus and caused widely distorting effects on the regulation of public policies. This paragraph aims to reconstruct such structural dynamics, with the relative impact on the policy regulation and the centre/periphery relationships.

As Shmuel Eisenstadt argues (1974, p. 58), «some of the structural characteristics of modernisation processes in any society depend on the features of that society when its modernisation begins». In Southern Italy, the presence of deep-rooted clientelistic networks has given a particularistic connotation to modernisation, by conditioning its subsequent evolution and the full deployment of the universalistic and acquisitive features of modernity. Thus, since the aftermath of the Second World War, in the southern political system traditional clientelistic networks have been instrumentally used by major parties to gain electoral consensus (Eisenstadt and Roniger 1984). At the same time, the flows of public expenditure from the centre to the periphery have taken on the dual role of primary instrument to gain consensus (Eisenstadt and Roniger 1984, pp. 64-70), and of main resource to support the local economy, by structuring pervasive dependency dynamics.

Because of the southern society's being highly-dependent on resources intermediated within clientelistic networks in the South, no large-scale *social mobilisation* dynamics has emerged, capable of deconstructing «major clusters of old social, economic and psychological commitments», as written by Karl Deutsch (1961, p. 494), bringing out new forms of socialisation. Social mobilisation and institutionalisation represent the two basic foundations of political modernisation. *Institutionalisation* is defined by Samuel Huntington (1968, p. 12) as «the process by which organizations and procedures acquire value and stability». In order for any political system to be both *efficient* in meeting external demands, and *stable* it must effectively combine *institutionalisation* and *participation*. In Southern Italy, high political participation *preceded* the full institutionalisation of the political sphere, leading to structural weakness of the local political community. Moreover, in political systems with low levels of institutionalisation and high participation, social forces act *directly* on the political sphere (Huntington 1968), without the intermediation of parties in the role of preference aggregators, creating structural conditions for the proliferation of clientelism and systemic corruption. As Huntington himself points out (1968, p. 59), «corruption is, of course, one measure of the absence of effective political institutionalization. Public officials lack autonomy and coherence, and subordinate their institutional roles to exogenous demands».

In the presence of low institutionalisation levels of the political system, politicians use their role to satisfy particularistic demands and to consolidate their consensus, thus increasing the structural dependence of large segments of the peripheral social structure on resources intermediated by the political class. This dynamic also leads to the *commodification of public resources* (offices, votes, or decisions) in order to obtain private advantages (Huntington 1968, p. 70). The expansion of public intervention itself multiplies the opportunities for corruption, as much as the political system is not sufficiently autonomous, stable and adaptable, that is – as in the meaning suggested by Huntington – institutionalised. Only when they are fully institutionalised do political structures gain autonomy and independence which are essential to become impervious to particularistic pressures and corruption. In a backward society, that is a society with no longer traditional traits but not fully modern yet, the principal opportunities for enrichment and social climb are still controlled by the political sphere: «More money can be made in a shorter time with the aid of political influence than by any other means. The use of political office as a way to wealth implies a subordination of political values and institutions to economic ones. The principal purpose of politics becomes not the achievement of public goals but the promotion of individual interests» (Huntington 1968, p. 67).

Therefore, a poorly institutionalised political sphere cannot contain the instrumental and particularistic use of public resources by politics itself. Not only that: in a social-economic structure that depends on transfers from the centre, mediated by politics via *policy networks* populated by politicians being vote hunting and by voters hunting for resources and benefits, one can hardly obtain *outputs* really able to pursue general interest. It is thus clear that it is difficult to combine this contextual situation with policy interventions that are effective and regulated in a decentralised manner. Conversely, power devolution would risk reinforcing southern ruling classes further. It is evident that «the conservatives of the past cannot be the builders of the future» (Baran 1952, p. 79). As pointed out by Augusto Graziani (1989, p. 42), it is necessary to face the Southern Question with full awareness of an inescapable fact: «ruling classes in the South draw their own power from the southern economic structure being dependent, and therefore they cannot have any direct interest in its fundamental traits being turned upside down».

Given the exogenous characteristics of the southern socio-political structure, it is plausible to conclude that the Extraordinary Intervention appeared more efficient in high-centralisation phases precisely because it was isolated from particularistic-clientelistic action unfolded by the local ruling classes' (Tab. 1). The initial centralised and technocratic model of regulation of investment by the Fund for the South – which was established at that time as an autonomous agency independent from political interference and from its constant search for electoral consensus (La Spina 2003, pp. 233-234) – prevented relative distributive drifts, and encouraged resources to be concentrated on goals,

strategic sectors and territorial areas, functional to activating convergence and dynamics narrowing the North-South divide. When independence has progressively decreased, with political parties gradually infiltrating into the Fund and the start of a more polycentric regulation models of decisional processes, the efficacy of the Extraordinary Intervention collaterally decreased (Tab.1). These exogenous southern Italian socio-institutional characteristics continue to strongly influence also the functioning and performances of new territorial policies, given their *place-based* and strongly *context-dependent* nature. Not only have forms of policy regulation changed over time, but so have the actors involved in policy networks and the protagonists of the centre-periphery relationships. So, with the territorial-based approach, development policies implemented in the South of Italy acquire new operational features: from top-down, they become bottom-up, open to participation of several stakeholders and policy-makers.

4. After the Extraordinary Intervention: the Negotiated Programming

After the Extraordinary Intervention, it is only in the second half of the 1990s that a renewed phase of public commitment is generated, which culminates in the Negotiated Programming (Law no. 662 of 1996). A new season of policies is thus opening; in this case policies are centred around some of the principles conveyed by the wide range of theories of local development.

What are the main differences between the previous policy of Extraordinary Intervention and the new coming approach based on territorial governance? To answer to the question, firstly, it is necessary to highlight the paradigmatic change subtending the new logics of intervention.

Between the 1970s and 1980s, even in theoretical terms, development policies will be radically rethought. The growing involvement of socio-economic actors in public decision-making processes promoted the transaction from the *nation-State model* to the *network-State model* (Bobbio 1996). With the increase in the policy inclusiveness (Dahl 1980), the State itself is increasingly configured as a network composed of individuals rather than institutions (Nordlinger 1981). Consequently, «the concept of governance refers to autonomous inter-organizational networks characterized by independence, exchange of resources and significant autonomy from the State» (Rhodes 1997, p. 15). The governance approach, therefore, promotes a flexible model of public policies regulation, achieved through a profound downsizing of the role of the State. The central government, ended the function of alone decision-maker, has acquired the function of *primus inter pares* in mixed public/private decision-making networks (Kooiman 1993). «Political practices that include consultation, negotiation and/or deliberation between governments, civil society associations and individual citizens» (Akkerman *et al.* 2004, p. 83) – such as governance – structure an interactive model of policy making (*ibid.*). This new model of regulation, obviously, increases the difficulties

related to regulate the public policies: the complexity of contemporary public policies consists in the plurality, and heterogeneity, of the points of view represented within a policy making process (Dente 2012).

In the Italian case, the new approach was adopted nationally with Law n. 662 of 1996, the Negotiated Programming, but with specific regard to the southern regions. This policy emphasize more the role of the territory and its socio-economic peculiarities, giving greater responsibility to the ruling classes operating at the subnational level.

Compared to the past, the change of perspective was radical. This is essentially the first time that public intervention in Italy has placed the growth of intangible resources functional to territorial development paths among its aims. An attempt is made to overcome the logic of individual incentives, and the advantage of considering the importance of the link between local development, learning and growth of specialised knowledge is stressed; this link can only be adequately developed through the creation of networks between local, public and private actors (Barbera 2001).

In the wake of the territorialist season, the empowerment of the local ruling classes is accompanied by the exponential growth of those involved in development programs, feeding a qualitative transformation of the networks in which information, agreements and expertise circulate. The development plans, proposed by local actors and funded by the centre, must go through challenging concertation phases between all those involved, and they push towards research and consolidation of trust and cooperative relationships. With peripheral administrations engaged in the search for efficient public intermediation, the governance has been lengthening and widening, with the active participation of new local and supranational interests. It was a question of encouraging development programmes based on forms of public-private *partnership*, in order to enhance the mechanisms for coordinating local economies and to facilitate dialogue and integration between enterprises, social parties and public institutions at territorial level. The idea was that the mutual exchange, cooperation and sharing of knowledge, skills and values produced by concertation could lead actors to break down deep-rooted particularistic and clientelistic agreements between the centre and the periphery (Pescosolido 2019; Trigilia 2014). For the benefit of innovative practices more oriented towards collective well-being. A policy orientation that wanted to keep together economic development, political and administrative decentralisation and social innovation according to a structured plan. The center-periphery relationship finds a different balance with respect to traditional forms of centralization. The State continues to finance development projects but is now asking local administrations and networks of territorial actors to assume decision-making responsibility regarding the objectives of growth and social integration. A change of perspective which brought endogenous factors back to the centre of international debate on regional socio-economic disparities (Crouch *et.al.*

2004; Hooghe and Marks 2001). Within these new negotiating development policies, in addition to the financial resources to be invested the State offers regulatory frameworks and general guidelines in order to control and accompany the best project ideas coming from the periphery. Social innovation would be the result of administrative modernisation and of new action practices which local actors would learn to put into practice, through mechanisms such as concertation, intervention programming and evaluation. Essentially, a relevant part of incentives and controls accompanying the actual realisation of negotiation policies aimed at modifying the peculiar tangle that had been established between economy and politics during the Extraordinary Intervention (De Vivo 2006).

Old local mediators' interests –embedded in the administration, in the parties and in the traditionally economic power – will definitely not be bypassed and neutralised in their thorough control and attract of public funds, but they will make a net loss of influence. Thanks to the Negotiated Programming tools local concertation tables allowed broader participation to a whole of actors who until then had been excluded from the creation of development policies. Though with poor veto power, in relation to important political and economic interest groups, small and medium-sized entrepreneurs, regional and provincial union representatives, universities, citizens' associations see increasing potential margins of participation in the government of territorial development. This is because the almost monolithic power bloc, with few parties acting as regulators of local flows and requests, is deconstructing, and the fragmentation of the representation system and a phase of personalisation of politics are being witnessed. Mayors, directly elected, and presidents of regions who lead administrations growing stronger, also through territorial programmes boosted by negotiating instruments, enliven a political season that promotes bottom-up participation and civic mobilisation. The approach insisting on the socio-institutional dimension of potential development paths will show shortly after the first signs of weakening. The difficulties of building social capital in backward contexts were immediately clear (Trigilia 2016). The distance between the objectives of the new policies and the results produced is significant. On the other hand, Southern Italy is not a *clean slate* where certain development-oriented actions can be freely weaved, but rather it is an area where the cultural and social weight of a long political and economic phase, which has legitimized a highly-centralized model of development, is evident.

The construction of local networks in many cases continues to leverage short-term interests, and many national funds are *captured* and spent without producing different paths of territorial development. The deficient cooperative culture of local actors, the opportunism of political and business power groups and a too permissive State evaluation of local development projects will cause a progressive de-legitimization of the national territorialist season.

5. The restructuring of relationships between the centre and the periphery: the role of Cohesion Policy

During the first decade of the 2000s, the Italian negotiating policies found a coherent institutional combination with the ratio of the European cohesion policy. Both the national intervention model in favour of depressed areas and the supranational convergence policy aimed at greater responsibility of local governments, and at the recovery of concertation practices functional to the development needs expressed by territories. Besides, the Italian negotiation policies and the strategy promoted by the European Commission reached an important point of agreement and complementarity in considering the integration of interventions in development plans as central. In an attempt to overcome the old sectorial logics of action, highly idiosyncratic in relation to the complexity of the problems to be solved.

European cohesion policy will contribute to further redefine the model of regulation of development policies, legitimizing a regional territorialist approach. Already in the 2000-2006 cycle, the regions assumed a central role in the changed governance of development policies. The decision-making power of the presidents of the regions increases and that of the new administrative bodies responsible for managing the Structural Funds, some tension arises between centralizing and decentralizing dimensions and between dependence and the search for autonomy, which reveals a complex structure of institutional relations.

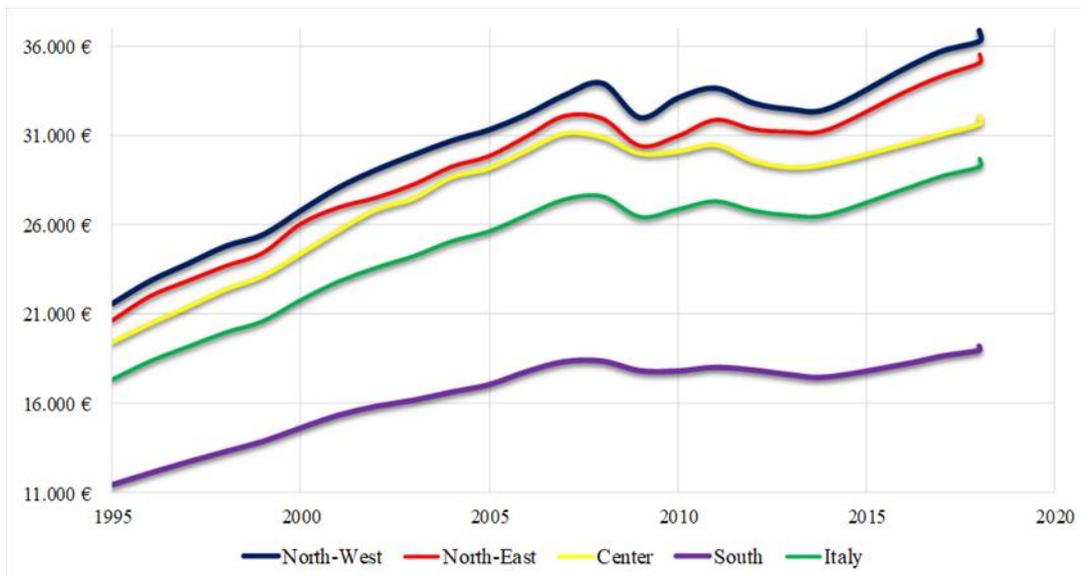
At the same time, the role of the State takes a different shape, as it is confined in a regulatory regime which highly depends on both budgetary rules imposed by the EU and by spending choices made by regional governments. At this point the configuration of the relations between the center and the periphery in Italy begins to depend on an external supranational actor. The main restrictions for national governments derive from the European single market, which establishes the considerable reduction of any form of State aid now considered as detrimental to competition.

The affirmation of such a governance model also generates a tension concerning both the legitimisation of political choices and decisions and the way in which financial resources to be managed are distributed. This renegotiates the rules of exchange and appropriation of public resources and the contents of political representation, with an overall redesign of the Italian society and of the interests of its social groups.

However, the amount of resources that the European Union grants to the regions depends on a high bargaining capacity of the local political class and a modern administration capable of spending within the time limits decided by the Commission. This takes place within a framework of stiff

competition with other EU regions, especially those in the East which have come to the fore in Europe with similar growth and social cohesion issues. A form of competitive regionalism (Martinelli 2020) which has oriented speeches, regulatory frameworks and the creation of calls for tenders to obtain various forms of funding. The southern regions managed to obtain a substantial amount of resources and Italy was one of the countries that benefited most from the cohesion policy. But the low impact of the different programming cycles on the structural gap was evident. In the South, the Structural Funds frequently finance ordinary activities and play a compensatory role in relation to the scarcity of national development funds. The low socio-economic impact opens an intense phase of public discussion in the country. And regional development plans are criticized for their strategic ineffectiveness. Consequently, optimism and expectations about the programming cycles of the Structural Funds begin to diminish.

Fig. 2. Level of GDP per capita (1995-2018).



Source: elaboration on ISTAT 2020 data.

It is not possible to explain here the numerous causes that contributed to these negative results, so we will only consider the administrative variable and the governance model adopted.

The officials and managers who manage the complex bureaucracy of cohesion policy often do not have the necessary expertise. European planning requires multiple skills and an in-depth knowledge of the problems and potentials of territorial development, in order to identify a few strategic objectives in the medium and long term. Based on the original allocations of human and financial resources, the quality of the political and bureaucratic class, the ability to undertake and incorporate modernization processes into their organizational structure, the activities resulting from the implementation of supranational policies were perceived as an opportunity, as a limitation, or as a further formal

procedure, for administrative action (De Vivo and Avolio 2014). The Italian case falls within these last two options.

The bureaucratic and sectorial approach, which still dominates important administration segments, has created several dysfunctions in resource management. In not a few cases «projects are selected not on the grounds of their quality, but on their suitability to be completed, so that the results in terms of investment impact are not satisfying» (Citarella and Filocamo 2017, p. 127-128). Choosing high-quality projects requires competent administrations to have wide knowledge, potentially able to implement integrated and complex development strategies. When this requirement is not satisfied, one possible choice is that of following European spending criteria in a purely formal and ritual key. For example, it may occur that the objective set by the action has been reached, but that it lacks relevance with regard to new jobs, the creation of new companies, the formation of new industry and services components connected to a major industry. In sum, the actual risk is that programming is free from the real needs of the regions which are recipient of funding (Citarella and Filocamo 2017). Instead, as regards knowledge and professionalism within regional administrations, it is undeniable that over the last three multi-annual cycles (2000-2020), *networks* of actors more functional to the procedural complexity of Structural Funds have arisen (Crescenzi *et.al.* 2019). In this circumstance, too, however, as far as the Italian case is concerned, it was *policy learning* dynamics only limited to a few public offices, those more directly exposed to the europeanization of development policies (Profeti, Fargion 2016).

Tab. 2. Regulation of the European Cohesion Policy in Italy (2000-2020 cycles).

Phase	Model of regulation	Effects on development	Involvement of the southern ruling class
2000-2006 cycle	<i>Multi-level Governance</i> National coordination (DPS), administrative decentralisation and regional actors' higher responsibility	<i>Low convergence</i> Reorganisation of regional administrations	<i>Medium-high</i> Requests for local development are heard and collected Wide regional partnerships are built
2007-2013 cycle	<i>Multi-level Governance</i> Spending lags of southern regions. Progressive national re-centralisation after the crisis of 2008.	<i>Growth of North-South gaps</i> Passive adjustment to policy Europeanisation	<i>Medium</i> Consolidation of regional networks (political, economic and administrative) with respect to local interests, growth of isomorphism in establishing ROPs
2014-2020 cycle	<i>Multi-level Governance</i> Progressive national re-centralisation (Agency for territorial cohesion) Higher spending powers of sub-regional governments	<i>Growth of North-South gaps</i> Consolidation of regional technical structures Significant decrease in national co-funding	<i>Low</i> Public-private corporation networks and low intermediation of social interests

Source: own elaboration.

As anticipated, the ineffectiveness and negative outcomes of cohesion policy in Italy can also be explained by considering the aporias and contradictions of multilevel governance. If the difficulties of the regional public administrations represent a predictable outcome, the lack of responsibility of the national ruling class during the cohesion policy, on the other hand, returns an unexpected consequence. Especially in the last decade, the problem of development in the South has in a certain sense been externalized. This is evident if we consider the weak national coordination of cohesion policy and the absence of a management capable of identifying few and important development objectives. The weakness of national coordination has implied the construction of regional programs without a development vision for the entire southern macro-area.

On the periphery of the national system, things have certainly not gone better. Local actors, who have entered as protagonists in the new Italian territorialist season, have had difficulty in appropriating and decoding distribution and evaluation mechanisms decided on a supranational level. Municipalities, provinces, social parties and spontaneous aggregations of interests have encountered growing difficulties in representing and mediating between social interests. Once the long contracts phase for the creation of priority framework has been overcome, the concrete management of operational programmes and of the pertinent financing lines, involved a limited number of managers and regional officials; whereas political and governmental decisions as regards the financial weight to be attributed to many measures and sub-measures follow fragmented and not very transparent procedures. The European multilevel governance model is translated in a particular way in the Italian regions.

The impact that the cohesion policy has had in Italy has derived from the establishment and activation of political and economic networks where material and intangible resources have transited, through formal and informal exchanges between actors in different convergence points of the governance of development policies. The supranational reorganisation of the latter ones has created some space for collective actors, administrations, enterprises and social formations more equipped to bear information and expertise costs of the long networks of the cohesion policy. Rather than finding a balance between public and private interests, large partnerships often ratify unilateral decisions of competent national and regional administrations (Piattoni and Polverari 2016). Small groups of experts and consultants become crucial hubs between the political regional class and the European offices. Along the entire institutional chain, exchanges of information, relational resources, allocation and selection of financial resources take place towards selected groups. These practices do not always rely on European transparency and *accountability* rules. The technical barrier and the enhancement of professional profiles, however, not always stem informal behaviours and corruption.

In summary, the multilevel governance model has led to a fragmentation of territorial growth projects and ideas and to a proliferation of poorly coordinated and cooperative actors and levels of

government. Added to this is the historic problem of an administration that has not modernized itself, still tied to a bureaucratic model of action. Finally, the informal mediators of interests have returned, this time with a different technical and political profile than in the past but with the same objective of capturing resources for particularistic objectives.

6. Conclusions

The paper has analysed outputs generated by the development policies implemented in last decades in the South of Italy, starting from the Extraordinary Intervention (since 1950, until 1992) to the European cohesion policy (since 1996). The first one was a high-centralized development policy. Differently, the European cohesion policy is based on multilevel governance, and follows a bottom-up approach oriented to stimulate local stakeholders' participation. The analysis, exposed in previous paragraphs, has described these two different policy experiences, the related effects on local development and on convergence between North and South of Italy and among European regions. The paper has tried to answer to a fundamental question: what factors have negatively affected the implementation of these policies, generating unexpected effects?

Moving from this question, the overview on the case of Southern Italy can be placed amongst the studies on the variety of development models existing within the European Union, and it has been carried out by taking into account historical legacy, the role played by actors on a multi-level dimension. At this regard, the paper has underlined the relevant role played by the socio-institutional factors that conditioned – endogenously – the effectiveness of the development policies, generating unexpected effects.

The discussion have highlighted the persistence of large development gaps between North and South. The analysis concerning the Extraordinary Intervention underlined that the only phase in which the gap between North and South was effectively reduced (in 1950's and 1960's, until early 1970's) policy regulation had an *exogenous, technocratic character*, with a high degree of *centralization* and *autonomy* from political interference. This regulation model has preserved the decision-making processes from the influence not only of electoral pressures and distributive drifts, but also from the action of local clientelist networks. Gradually, the technocratic and highly centralized approach – characteristic of the first phase of the Extraordinary Intervention – has declined, and the regulation of the Intervention has been progressively infiltrated by politics, both local and central, with negative effects on economic convergence (Fig. 1). The predominant role, played by the southern ruling class from 1970's, ended up circumscribing the effectiveness of the Intervention and its capability to

activate processes of convergence. The accumulation of inefficiencies, and the widening of the North-South divide, led to the definitive closure of the Intervention in the early 1990's.

In the 1996 started the season of the territorial policies, incorporating a new approach based on participation and on active involvement of socio-economic actors in the decision-making process. Also this new approach has not had relevant effect on convergence (Fig. 2). At this regard, three dynamics can be identified which contributed, in their interaction, to generate this outcome. First, a limited capacity of the peripheral administration to use the complex procedures underlying the european cohesion policy. Second, the prevalence of State central government over local ones. Third, the low responsibility of local administrations, facilitated by the lack of clear control and verification procedures by the higher levels of government. Finally, the absence of clear strategic objectives and priorities, and of a not clear planning vision, has also favoured the dispersion of resources in a huge quantity of projects with little capacity to promote development. The institutional sphere remained relatively resistant to the innovations introduced by the policies regulation models discussed. In the absence of a clear political development strategy, policies tend to present a highly disorganized profile in choices, without obstacles for the opportunism of stakeholders involved in decision-making processes. The inevitable outcome is the fragmentation and dispersion of resources.

Currently, the North-South gap has returned to levels not distant from that of the second post-war period (Fig. 1). Today, with the pandemic crisis in progress, the South needs to implement very fast a new strategic vision, able to promote endogenous development process before that the gap not only with the North, but also with the other regions *Convergence Objective* of the European Union grows irreversibly.

References

- Akkerman T., Hajer M., Grin J. (2004), "The Interactive State: Democratization from Above?", *Political Studies*, 52: 82-95.
- Baran P. A. (1952), "On the Political Economy of Backwardness", *The Manchester School of Economy and Social Science*, 1: 66-84.
- Barbagallo F. (2011), Il Mezzogiorno e l'Italia (1861-2011), *Studi Storici*, 2: 337-356.
- Barbagallo F. (2013), *La questione italiana. Il Nord e il Sud dal 1860 a oggi*, Laterza, Roma-Bari.
- Barbera F. (2001), "Le politiche della fiducia. Incentivi e risorse sociali nei patti territoriali", *Stato e mercato*, 3: 413-449.
- Barca F. (1997), *Storia del capitalismo italiano dal dopoguerra ad oggi*, Donzelli, Roma.
- Barca F. (2009), *An Agenda for a Reformed Cohesion Policy. A Place-Based Approach to Meeting European Challenges and Expectations*, Independent Report, April.
- Bobbio L. (1996), *La democrazia non abita a Gordio*, Franco Angeli, Milano.
- Cappellani L., Padovani R., Servidio G. (2012), Questione meridionale e Questione industriale: il ruolo della politica industriale, in Giannola A., Lopes A., Sarno D. (eds.), *Il problema dello sviluppo economico e del suo finanziamento in aree deboli*, Roma, Carocci, pp. 247-300.
- Chiarello F., Greco L. (2010), "Territorio e regolazione tra locale e globale: il caso delle politiche di sviluppo italiane", *Sociologia del lavoro*, 118: 40-53.
- Crescenzi R., Fratesi U., Monastiriotis V. (2019), "Back to the member states? Cohesion Policy and the national challenges to the European Union", *Regional Studies*, 1: 5-9.
- Crouch C., Le Galès P., Trigilia C., Voelzkow H. (2004), *Changing Governance of Local Economies: Responses of European Local Production Systems*, Oxford University Press, Oxford.
- Daniele V., Malanima P. (2011), *Il divario Nord-Sud in Italia 1861-2011*, Soveria Mannelli, Rubbettino.
- Dente B. (2012), *Le decisioni di policy. Come si prendono, come si studiano*, il Mulino, Bologna.
- De Vivo P. (2006), *Ricominciare: il Mezzogiorno, le politiche, lo sviluppo*, Franco Angeli, Milano.
- De Vivo P., Avolio C. (2014), "La dirigenza della Regione Campania e i fondi strutturali europei", *Amministrare*, 1: 17-48.
- Deutsch K. (1961), "Social Mobilization and Political Development", *American Political Science Review*, 3: 493-514.
- Eisenstadt S. N. (1974), *Mutamento sociale e tradizione nei processi innovativi*, Liguori editore, Napoli.
- Eisenstadt S.N., Roniger L. (1984), *Patrons, clients and friends. Interpersonal relations and the structure of trust in society*, Cambridge University Press, Cambridge.

- Fantozzi P. (1993), *Politica, clientela e regolazione sociale*, Rubbettino, Soveria Mannelli.
- Giannola A. (2015), *Sud d'Italia. Una risorsa per la ripresa*, Salerno Editrice, Roma.
- Graziani A. (1978), "The Mezzogiorno in the Italian Economy", *Cambridge Journal of Economics*, 2, 4: 355-372.
- Graziani A., Pugliese E. (1979), *Investimenti e disoccupazione nel Mezzogiorno*, il Mulino, Bologna.
- Graziani A. (1987), "Mezzogiorno oggi", *Meridiana*, 1: 205-218.
- Graziani A. (1989), *Il Mezzogiorno e l'economia italiana*, in Giannola A. (eds.), *L'economia e il Mezzogiorno. Sviluppo, imprese e territorio*, Franco Angeli, Milano, pp. 15-47.
- Graziano L. (1974), *Clientelismo e mutamento politico*, Franco Angeli, Milano.
- Graziano L. (1980), *Clientelismo e sistema politico*, Franco Angeli, Milano.
- Gribaudo G. (1980), *Mediatori. Antropologia del potere democristiano nel Mezzogiorno*, Rosenberg & Sellier, Torino.
- Hirschman A.O. (1968), *The Strategy of Economic Development*, Yale University Press, New Haven, CT.
- Hooghe L., Marks G. (2001), *Multi-Level Governance and European Integration*, Rowman & Littlefield, Lanham.
- Huntington S. P. (1968), *Political Order in Changing Societies*, Yale University Press, New Haven.
- Keating M. (1998), *The New Regionalism in Western Europe: Territorial Restructuring and Political Change*, European University Institute, working paper n. 39.
- Kooiman J. (1993), *Modern Governance: New Government – Society Interaction*, Sage, London.
- La Spina A. (2003), *La politica per il Mezzogiorno*, il Mulino, Bologna.
- Martinelli F. (2020), "Lost in Translation? Regional Policy from National Strategy to EU Competitive Framework", *Rivista economica del Mezzogiorno*, 1-2: 85-123.
- Mayntz R. (1999), "La teoria della governance: sfide e prospettive", *Rivista Italiana di Scienza Politica*, 1: 3-21.
- Nordlinger E.A. (1981), *On the Autonomy of the Democratic State*, Harvard University Press, Cambridge (MA).
- Pescosolido G. (2019), "Italy's Southern Question: long-standing thorny issues and current problems", *Journal of Modern Italian Studies*, 3: 441-455.
- Piattoni S., Polverari L. (eds.) (2016), *Handbook on Cohesion Policy in the EU*, Edward Elgar, Cheltenham.
- Profeti S. Fargion V. (2016), *The Social Dimension of Cohesion Policy*, in Piattoni S., Polverari L. (eds.), *Handbook on Cohesion Policy in the EU*, Edward Elgar, Cheltenham, pp. 475-490.

- Prota F., Viesti G. (2012), *Senza Cassa. Le politiche per lo sviluppo del Mezzogiorno dopo l'intervento straordinario*, il Mulino, Bologna.
- Rhodes R. A. W. (1997), *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open University Press, Philadelphia (PA).
- Rosenstein-Rodan P.N. (1943), "Industrialization of Eastern and South Eastern Europe", *Economic Journal*, 53: 202-211.
- Tarrow S. (1979), *Tra centro e periferia*, il Mulino, Bologna.
- Trigilia C. (1988), "Le condizioni «non economiche» dello sviluppo: problemi di ricerca sul Mezzogiorno d'oggi", *Meridiana*, 2: 167-187.
- Trigilia C. (2001), *Sviluppo senza autonomia. Gli effetti perversi delle politiche di sviluppo per il Mezzogiorno*, il Mulino, Bologna.
- Trigilia C. (2014), "North and south in the current crisis", *Journal of Modern Italian Studies*, 4: 404-411.
- Trigilia C. (2016), "Why the Italian Mezzogiorno did not Achieve a Sustainable Growth: Social Capital and Political Constraints", *Cambio. Rivista Sulle Trasformazioni Sociali*, 2: 137-148.