Is the Italian Mezzogiorno in Line with Other Objective 1 Regions in Europe?

5.1 The Mezzogiorno in comparative perspective

The Italian Mezzogiorno, consisting historically of eight regions,\(^1\) has contained Objective 1 regions since the beginning of the Community’s cohesion policy in 1989. Even before that year, the Italian South as a whole (rather than the regions as distinct institutions) was the recipient of an extensive national development policy that began in the immediate post-war period. In 1950 Italy inaugurated its ambitious drive to develop the South by creating with law 646 the *Cassa per opere straordinarie di pubblico interesse nell’Italia meridionale* (Casmez) or “Fund for extraordinary projects of public interest in southern Italy”. As was the case with the EU’s cohesion policy, the primary goal of the Italian national policy was to reduce the gap that differentiated socio-economic levels in terms of wealth, levels of consumption, and employment opportunities present in southern Italy from those that existed in the rest of the country. Reflecting the existing thinking on regional policies at the time that conceived regional development as an instrument to stimulate the growth of specific economic sectors – e.g., manufacturing industry, agricultural production, etc.–, the Casmez was given the responsibility of administrating a national development policy for key economic sectors of the South. The policy was not targeted toward specific regions. Instead, it was sectorially oriented – i.e., it focussed on specific economic sectors as a means of spurring the overall socio-economic development of the southern areas. Thus, the Casmez experiment began with investments in land reclamation, reforestation, and water supply projects to basically help modernize southern agricultural production.

In 1959 industrialization was added as a goal for the operation of the Casmez through the designation of the first industrial growth poles. The poles were conceived as important foci for public investment and development based on vertically organized, capital intensive facilities operating in the manufacturing of steel (Bagnoli in Naples and Taranto), petrochemicals.

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\(^1\) R. Leonardi, *Cohesion Policy in the European Union* © Robert Leonardi 2005
(Brindisi and Gela), oil refining (Gela and Milazzo) and automobile manufacturing (Termini Imerese and Termoli). Six years later tourism was inserted as an important economic sector. In 1965 the Casmez also initiated social programmes to aid particularly impoverished areas in terms of income maintenance schemes. This was the first time that an explicitly territorial component was inserted into the intervention, but it was more for purposes of providing specific handouts to specific areas rather than to launch territorially based development plans focused on a differentiation of regional needs.

Twenty-one years later the Casmez had run its course. Its initial financial allocation had been exhausted, and it was now time to rethink the whole Casmez experience. However rather than closing down the Casmez completely, in 1986 a new agency was created: the Agency for the South (Agensud) through law 64. With the 1986 legislation the national government reaffirmed its strong commitment to the South, but surprisingly it continued to ignore the existence of the regional governments that after 1972 and 1976 had been granted powers by national legislation in the areas of territorial planning and economic development. Nevertheless, the Agensud was given a ten-year financial allocation and demonstrated very little willingness to consult with regional governments in setting development priorities and financing projects in specific regions. The Agensud never fulfilled its full mandate. In 1992 the Amato government unexpectedly terminated the Agensud without the creation of an alternative mechanism for administrating national regional development policy. As a consequence, all further interventions were redirected through EU cohesion programmes and ad hoc national regional policy measures.

What is striking about the four-year period between 1989 and 1992 is that the South was the recipient of two development policies: the first and largest was the national one and the second was the European policy. The national regional development policy was supposed to pump into the South the equivalent of approximately 4.3 billion ECU a year while the Structural Funds provided 2.9 billion ECU a year contribution. Such a large financial outlay became unbearable for the national budget once the 1992 Maastricht Treaty was signed. Something had to be cut, and what went on the block was the independent national development policy.

The termination of the Agensud had a crippling effect on the southern regional economies. All of a sudden, the South found itself devoid of the national funds that had for over forty years financed public investment. The eight southern regions were called upon to assume a role that previously had not been theirs – i.e., the responsibility for conceiving and administrating regional development policies. That shift in funding source and increased institutional responsibilities was accompanied by the “Clean Hands” judicial investigation of public contacts. For a number of years it was impossible to continue financing public works projects or stipulate new