

University of Nottingham  
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**TARANTO AND ITS  
CATHEDRAL IN THE DESERT.  
PAST, PRESENT AND UNKNOWN FUTURE  
OF A ONE-INDUSTRY CITY IN A  
DEPRESSED AREA OF SOUTHERN ITALY**

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Date submitted: 21<sup>st</sup> September 2007

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## **ACKNOWLEDGMENTS**

I would like to thank Dr Joyce Liddle for her assistance and supervision. My interest for local regeneration and regional development arose during her passionate lectures on these topics.

I would also like to thank Mr Massimo Di Cesare from the CGIL of Taranto, for his time and all the data and information he provided to me over these months. That material has been extremely important in particular for the writing of the historical section. For this I am really grateful.

The author is also grateful to Francesca Salvi, from the University of Oxford, for her precious comments and suggestions on earlier drafts of this dissertation. Her support has been crucial for the final version of my work.

## ABSTRACT

The regional development policies implemented by the *Cassa per il Mezzogiorno* in the South of Italy, transformed the rural area of Taranto, a province of Puglia, in a steel empire. There, during the 1960s, the public enterprise Italsider was set up. The presence of this big industrial complex shaped and deeply affected the further economic and social progress of this province. Today the occupational rate mostly depends on the fluctuating international demand for iron and steel (that already underwent a drastic downturn during the 1970s and 1980s). The presence of such a big complex strongly affects the growth of small local firms and the development of other industrial sectors. The pollution caused by the heavy industry makes the environmental situation particularly worrying and dangerous for all the people living close to the industrial area. In spite of that, little has been done to boost and straighten an alternative economy. Past regional policies hindered the formation of a local entrepreneurship; also, the lack of social capital and therefore of citizen's involvement and partnership between local actors prevent the change. This study highlights the importance of social dynamics as engine for economic development: a reorganisation of public administration, a modern and uncorrupted political class, the enhancement of social capital, under the supervision of state and European Union, could foster a healthy and long-term economic growth.

## ABBREVIATIONS

CGIL	<i>Italian General Confederation of Labour</i>
CISL	<i>Italian Confederation of Workers' Trade Unions</i>
ENI	<i>National Hydrocarburates Corporation</i>
IRI	<i>Industrial Reconstruction Institute</i>
ISTAT	<i>Central Statistics Institute</i>
CNEL	<i>National Council for Economic Affairs and Labour</i>
UIL	<i>Italian Workers Union</i>

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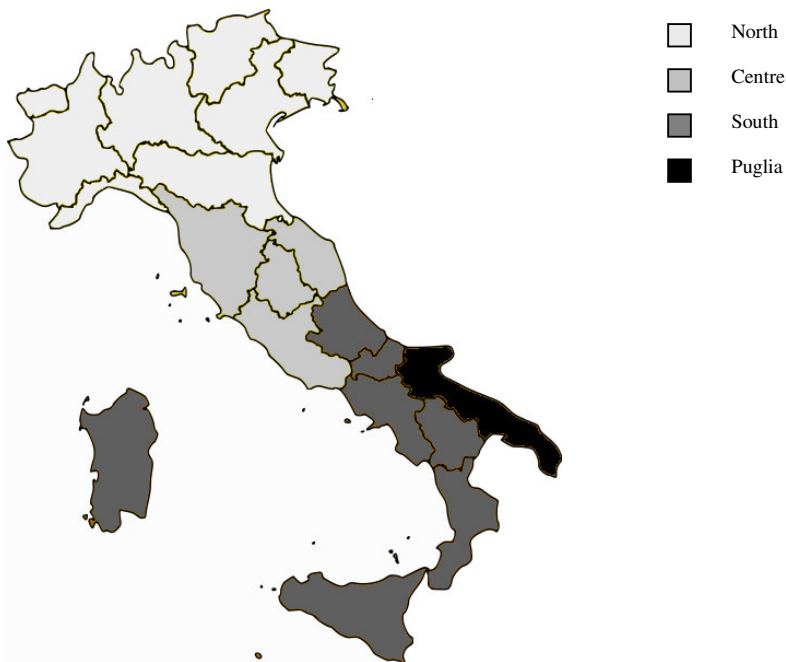
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# 1. INTRODUCTION

## 1.1 Summary and objectives

Southern Italy, often referred to as *Mezzogiorno*, (meaning “midday” in Italian) comprises the Italian regions of Basilicata, Campania, Calabria, Puglia, Abruzzo, Molise, plus the two islands of Sicilia and Sardegna, as showed in the figure below.

*Figure 1*  
*Italy's regions*



*Source: adapted from Wikipedia, 2003: [http://en.wikipedia.org/wiki/Southern\\_Italy](http://en.wikipedia.org/wiki/Southern_Italy)*

The *Mezzogiorno* has historically been an economically underdeveloped area, and today continues to be the least prosperous area of Italy, when compared to Northern and Central Italy. In 2001, the total population living in the South was nearly 21 millions (while the total national population was about 57 millions). However it only produced 24% of its GDP (ISTAT, 2006), whilst including 37% of Italy's population and occupying 40% of its surface.

The backwardness of the Mezzogiorno was already evident at the time of the unification of the Italian states, occurred in 1861. In fact, from that moment, the *Southern Question*, intended as the body of discussions concerning radical economic and political differences between North and South, became object of research and study for many scholars.

The situation underwent little change until the end of the Second World War, when the state undertook the first important measures to tackle the disparities. In 1950, the *Cassa per il Mezzogiorno* (an interdepartmental body for the development of the South) was set up and a series of regional development policies aiming at reducing the economic and social gap were implemented.

At the beginning, the *Cassa* concentrated its actions on financing the construction of basic infrastructures in rural areas. Some of the investments brought rural villages in the South into the modern world for the first time; infrastructures (roads, aqueducts, railways) and agriculture were bettered, education and health systems were improved. In a second phase, by the end of the 1950s, in order both to encourage locations for industries away from the North, and to create the conditions for an economic growth in the South, the *Cassa* shifted its efforts to promote industrialisation. This was pursued through a complex system of incentives and investments by state-owned enterprises. It was especially the heavy industry that benefited from the state intervention, to the detriment of small and medium-sized enterprises, which obtained completely insufficient investments. This disproportion has deterred the spread of an industrial and entrepreneurial capacity, clearly in contrast with the spirit of the *Cassa* itself (Camarda, 1994; Trigilia, 1992). Public and subsidised private investments in industrial plants led up to the creation of massive state-controlled enterprises mainly devoted to the heavy industry (as steel mills and petrochemicals), which gained the epithet of ‘cathedrals in the desert’.

The lack of a clear industrial plan and of a far-seeing perspective, led to a haphazard industrialisation concentrated in few growth poles that should have attracted external investments and boosted local entrepreneurship.

As a matter of fact, regional policies fell short of expectations, compared with the enormous amount of public expenditure that was allocated for the development of the South. Unemployment slightly diminished, the quality of infrastructure remained



lower than in the North and the entrepreneurial skills stayed almost absent. The industrialisation process imposed by the state brought about the “development without autonomy” described by Trigilia in his well known contribution (Trigilia, 1992). This is a weak development, continuously tied to state investment, to a clientelistic system of resources allocation and top-down decision-making processes.

The main objective of this dissertation is to describe and analyze in depths the social, economic and environmental conditions of Taranto, one of the provinces of Puglia, the ‘heel’ of Italy. In this depressed area, essentially based on agriculture until the 1960s, the central government set, in 1962, a colossal steel-producer company, Italsider, in order to contrast the deep economic crisis caused by the Second World War. The construction of the steelworks, still today one of the biggest in Europe, heavily affected the economic development, the social progress and the environmental condition of the area. From the construction of the steel mill, economic well-being has always been bounded to public investments and international steel and iron demand. As a consequence, due to the constant contraction of the market over the last decades and to the lack of a previous local industrial tradition, the province is today in a situation of chronic emergency. The crisis of the area of Taranto, which started in the industrial sector, is spreading widely throughout the economy and affecting the living conditions of the inhabitants. The occupational rate totally depends on the fluctuating international demand for iron and steel (that already underwent a drastic downturn during the 1970s and 1980s); the presence of such a big complex strongly affects the growth of small and medium local firms and the development of other industrial sectors. Also, the pollution caused by the heavy industry (Ilva, together with other firms as ENI’s oil refinery or the shipyards *Arsenale*) makes the environmental situation particularly worrying and dangerous for all the people living close to the industrial area.

Today, public institutions and citizens are more aware of the risks of the one-industry culture of which Taranto is an emblematic symbol. Nevertheless, fostering economic progress in directions that do not concern iron and heavy industry seems to be very difficult. Therefore, the second aim of the present work, strictly linked to the first, is to explore the reasons for which it is so hard to find an alternative economic development. As we shall see, social dynamics play, surprisingly or not, a leading role

in keeping the situation as it is, while, on the other side of the coin, they are the key-factors for boosting a more stable and autonomous development.

It is now clearer than ever that alternative pathways for more sustainable development need to be explored. Therefore, considering the importance of social change for an unwavering economic development, the third aim of this dissertation is to draw together some reflections on the political, administrative and social change needed in order to realise a healthy and locally-driven reorganisation and renewal of Taranto's economy.

## **1.2 Research methodology**

The aim of this dissertation is to study intensively the situation of Taranto with a particular stress upon its industrialisation process and its cultural features and historical background as key factors of the actual economic and environmental situation. A deeper understanding of these key aspects will be the base to outline proposals and suggestions for the future development of the area. Therefore, since the object of study presents extremely specific features, this essay has not the purpose of generalising the findings to other cases.

Hence, the present work can be considered as a case study research, because “the case is the focus of interest in its own right” (Bryman, 2004, p.50) and because, due to the tight interconnections among history, institutions, economy and culture, the case study design covers well the need to take into account large amount of local details deriving from different fields of research. Furthermore, not being bonded to a particular type of data collection method and analysis, the case study research can provide a more holistic and comprehensive interpretation of the phenomenon.

Also, this is a secondary research, because it will be based on the meta-analysis of pre-existing data, both qualitative and quantitative. In fact, it will involve the presentation of statistics provided by the Italian central and local governments regarding, for example, economic growth and mortality rates, as well as critical review of the historic literature on the area, necessary to interpret the results of the data. Complementarily, the statistics reported will be a necessary condition to support the theoretical hypothesis.

### 1.3 Structure of the work

This study is designed to provide a general contribution to the study of this case from the public policy's perspective. Bringing together the contributions of different disciplines, as political history, economic analysis, public policy interventions and results of medical research, this study will outline a more comprehensive vision of the problem. Moreover, it will identify the critical issues that play against an effective and long-lasting resolution of the problem and, finally, it will try to propose some suitable regeneration pathways, based on the literature of public policy and regional regeneration.

The structure of the dissertation will be as follows.

The first chapter will provide a brief historical introduction concerning the modern history of the South of Italy, that constitutes a necessary background to understand the gravity and the complexity of the chronic economic backwardness of Southern Italy. A particular emphasis will be given to the regional development policies after the Second World War and to the creation of the *Cassa per il Mezzogiorno*, the national body responsible for the growth of the *Mezzogiorno*. Actions and measures undertaken by this institution determined the quality of the economic development in the South of Italy. A brief discussion about benefits and failures of forty years of public intervention is the topic of the last section.

The second chapter will be concerned with the recent economical history of Taranto and its province, from the end of the Second World War until the recent days. A comprehensive framework concerning economic, social and environmental situation will be drawn. The last part of this chapter will look at the obstacles that, in spite of decades of state intervention and of such a chronic crisis, still prevent the possibility for a more stable and endogenous economic progress.

In the light of the facts described in the previous sections, the aim of the last chapter is to draw together some considerations on Taranto's possibilities to implement a healthy and locally-driven reorganisation and renewal of its economy.

The last section, hence, will look at some important aspects of the political, administrative and social life which should be improved in order to boost a long-lasting economic development.

## 2. THE PROBLEM OF SOUTHERN ITALY AND ITS ORIGINS

### 2.1 Introduction to the historical section

Although the main objective of this work is not to explain the reasons why the Italian South is, still today, in a situation of chronic economic backwardness compared to the North, a brief analysis of the modern history of the South will be useful to understand the gravity and the complexity of the problem. As we shall see, in fact, none of the national policies for the development of the South reached the expected results: in 1996 the unemployment rate was still 21.1%, while it was 7.4 in the North-West, 5.9% in the North-East and 10.3% in the Centre (ISTAT, 1996).

*Table 1*  
*Italian regional unemployment rates in the 1996*

Regions	Unemployment rate	Unemployment rate (≥ 25 years old)	Unemployment rate (< 25 years old)
North-west	7.4	4.9	22.4
Valle d' Aosta	5.6	4.3	14.3
Piemonte	8.4	5.6	25.8
Liguria	11.7	8.0	41.1
Lombardia	6.2	4.1	18.7
North-east	5.9	4.2	15.4
Trentino A.Adige	4.2	3.3	8.8
Friuli Venezia Giulia	7.6	5.1	23.9
Veneto	5.6	4.1	13.5
Emilia Romagna	6.0	4.3	17.2
Centre	10.3	7.1	34.0
Toscana	8.5	6.0	25.1
Umbria	9.7	6.9	32.4
Marche	6.5	4.9	17.3
Lazio	12.7	8.5	47.4
Mezzogiorno	21.1	15.2	55.3
Abruzzo	9.4	7.1	28.3
Molise	16.7	12.5	50.0
Campania	25.2	18.3	64.7
Puglia	16.8	11.2	45.9
Basilicata	17.8	13.9	46.2
Calabria	23.5	17.9	60.6
Sicilia	22.6	16.3	59.0
Sardegna	21.3	15.6	51.5
Italia	12.0	8.5	33.8

*Source: ISTAT, 1996. Elaborated from Musella, 1996, p. 15*

The table above shows the unemployment rate of Italian regions. The first column reports the overall percentage, while the second and third report the rate according to

the age. It is worthwhile to notice that the southern youth unemployment rate is really high: 55.3% against the 33.8% of Italy.

Forty years of state intervention and public expenditure to enhance the economy of the region did not reduce the gap between the rich and industrialised North and the poor and more agricultural South. Due to such dualistic structure of the country's economy, it is still the case today to talk about at least two different Italies, as the Southern writer Giustino Fortunato defined the peninsula in the 1920s (Rossi Doria, 1948). On the one side there is the highly developed North, characterised by modern and big industries, good infrastructures and an income per head similar to that of other western countries. On the other side there is the *under*-developed South, with its more traditional system, based on agriculture and family-run firms. Here, the shadow economy is still an integral part of the local economy and income per head is well below the level attained by the North (Musella, 1996).

If several attempts have been unsuccessfully made by the government, this begs the question: why does the South not keep up the pace with the rest of the country? To answer this dilemma, many and several historians and economists have engaged in studying the chronic disparity. Further to their insights, the next section of this chapter will provide a brief investigation of the problem. The aim is to tackle the possible origins of the backwardness of the South as well as to analyse the development policies implemented after the Second World War in the attempt to narrow the gap between the *two Italies*.

## **2.2 The origins of the Southern Question**

The unification of the different states of the Italian peninsula occurred in 1861. As a consequence, kingdoms that did not even speak the same language and had very dissimilar economic situations were merged into one. The North of the peninsula was already economically advanced compared to the backward South. The majority of the companies was set in the North, being the few firms in the South foreign-owned or state enterprises. As a consequence the entrepreneur class was almost absent in the South. The main source of income for the Southerners was agriculture; still, this sector was not extensively productive, because of the harsh climate and the essentially stony, steep and poorly watered land. Furthermore, the most of the fields was owned

by few *feudal* landlords that lacked of any entrepreneurial capacity. In other words, the level of investment made to improve the profitability of their own estates was very close to null (Lutz, 1962).

At the time of the unification the South was under a severe and generalised underdevelopment. The ways of transport were minimal: railways were almost non-existent and the most efficient roads had been built under the Romans, centuries before (Saraceno, 1961). The entire area could not even be considered as a single region, but rather as a series of villages and communities with their own markets, prices and products (Rodano, 1954). The rate of illiteracy was also very high compared with that in the North: in 1870, 89% of the population was not able to read and write, against the 67% in the North (Allen & MacLennan, 1970, p. 30). Besides, the South was geographically and economically far from the rest of the country: the quality of life and the income per head were really low, while the commercial trade with the North and with other European countries was essentially constituted by importation of consumer goods. In the same period the North imported raw materials that were worked in the local industries to be then exported as finished goods and sold in local and foreign markets.

After the unification the new central administration decided to use a substantial part of the public expenditure to improve the system of communication and infrastructure in the South. Further to that, a large railway-building was initiated, together with the construction of new roads, aqueducts and sewers. Thanks to this envisioned programme, the agricultural sector expanded and increased in terms of profitability. The improved transportation system raised the export of fruit and wine to foreign countries. However, the new well-being did not last long as, in 1887, the state introduced protective measures *to help* the internal consumption of Italian grain. As other states (such as France and Germany) started to apply the same measures to their own production, the situation of the South worsened again (Allen & MacLennan, 1970).

By the end of the XIX century, the Mezzogiorno presented a situation fairly unchanged from how it was at the time of unification, whereas the North had developed an economic structure in line with those of other European countries.

The disequilibrium showed its results during the first half of the XX century, as the Italian economy started to take-off. At that time, income per head in Italy rose by 70% while industrial output increased by 300%. The growth of agricultural output, however, decelerated, increasing by only 26%, against the 36% of the previous forty years. The Southern agriculture was not even able to equal this already low rate of growth. In the industry, the South saw a decline in employment of about 10% between 1901 and 1936 as against an increase of around 50% in the North (Allen & MacLennan, 1970, p. 40).

The incapacity of the Southern economy to keep up with the Northern growth caused a further widening of the gap, intensified, according to Allen & MacLennan (1970), by other factors. At the outset, the First World War had led up to a considerable improvement of communications in the North. This was due to the need to send goods and troupes to the front. After the war, such enhanced infrastructure in the North contributed to widen the gap with the South, where infrastructure were basically the same of before the war. Secondly, the setting up of the IRI (Institute for the Industrial Reconstruction), the national body created by Mussolini to support the industrial sector heavily damaged by the First World War. Being the majority of the firms in the North, it follows that the national policy of industrial reconstruction was directed to help that area of the country. Thirdly, two particular policies of the fascist administration broadened the disequilibrium. First, the attempt to secure self-sufficiency in grain, in 1929, damaged the South because “12% more of the land was turned over to grain, with a subsequent inroads into pasture and woodland and further aggravation of the problem of erosion” (Allen & MacLennan, 1970, p. 41). The second deleterious policy concerned the control of the internal and external migration: Southerners could not emigrate any longer, they had to survive exploiting an already overworked land, causing a further intrusion on forests and pastures.

To remedy to the structural deficiency of the *Mezzogiorno*, a series of national policies were implemented after the Second World War. The aim was to bring the poorer part of the country to the same level of the richer one. Once again the expected results were only partially achieved and the actual picture of the *Mezzogiorno*, of which Taranto is part, is still grey and blurred. In that area of Italy, due to the forced development imposed from the outside, ultramodern big industries live together with

pre-modern and small artisan firms. This is the world of the *metalmezzadro* (Romeo, 1989), a figure in the middle between a metal-mechanic worker and a farmer: a hybrid category that lives following the value system of a pre-industrial society, but, at the same time, experiences all the contradictions and pressures of the industrialised world.

The policies implemented after the Second World war were tailored on the North of the country and brought little benefits to the South. Such measures are, together with other factors, the cause of what the Italian *Mezzogiorno* looks like today. For this reason we will now turn to consider more in depths those decades.

### **2.3 Southern regional policy after the Second World War: the creation of the *Cassa per il Mezzogiorno***

As anticipated, between the unification (1861) and the Second World War little had changed for the Italian South. On the contrary, the gap seemed to be widened, due to the complete inadequacy of the state interventions and to the deep damages caused by the war in the South, soon made an American base. As a consequence, towns like Taranto, Catania and Naples were seriously damaged by the bombs thrown by the Nazi-Fascist enemy targeting the American bases.

The acknowledgment that the Southern Question needed to be seriously addressed, led Rome's Government to set up the *Cassa per il Mezzogiorno*, an executive body under the control of an inter-ministerial Committee for the South with parliamentary responsibility for the *Cassa's* activities. Broadly speaking, the main task of the *Cassa* was to develop special policies to aid the social and economic progress of the region. There was recognition that the effects of earlier efforts had not been satisfactory. They had been generally uncoordinated, badly planned and poorly administered. To implement successful policies there was the need for a supra-ministerial body. Besides, the South began to be deemed as a possible new market, especially in a moment in which the commerce with foreign countries was interrupted because of the war. Moreover, the central government feared the possibility of a civil revolution for the extremely poor conditions in which the region was left from the state. In fact the Communist Party, rejected at the elections, would have surely led peasants,



unemployed and intellectuals to fight against the new government (Allen & Maclellan, 1970).

The *Cassa* started its operations in 1951. Its period of action can be divided in three phases: the pre-industrialisation period (1950-1957); the industrialisation period (1957-1965); the prorogation of the *Cassa's* mandate (1965-1980).

In the first period, the largest part of the budget (1000 billions of lire, the old Italian currency, equal to £600 million) was devoted to agriculture and infrastructure. The policy of *assistenzialismo* (the paternalistic behaviour of the state towards the South), started at that moment. Land reforms and land improvements were carried out everywhere, even where the economic return would have been marginal: all the Southerners had to be aware that the state was helping them and, anyway, the main target was to increase, even slightly, employment and income per head (Lutz, 1962).

A considerable amount of money went into infrastructure (aqueducts, sewers, roads, etc.): it was in fact necessary to bring them up to the same level of the North, hoping to attract spontaneous industrial investments *in loco* and hence increase the commercial trade.

However, insignificant amount of credit went into industrial development. The Committee believed in fact that it was first of all necessary to improve the agricultural sector, considered one of yet unexplored possibilities. Industry would have spontaneously take off, once that agriculture and infrastructure had been fully developed. The hope was that in a propitious environment an entrepreneurial class would have born.

During the 1950s it became clear that, in order to develop industry in the Mezzogiorno, more adequate policies would need to be realised. Subsequently, the law 634 of 1957 enacted the allocation of major funds to the expansion of the industrial sector. According to Turco, it was already too late: by 1957, the North had completely recovered from the war and the industry was further developed. There was absolutely no reason for the entrepreneurs to leave the profitable markets of the North and set up new firms in the far South (Turco, 1966). The gap continued to widen.

The measures taken during the industrialisation period were of three different types: compensation, stimulation and simulation. Firstly, given that entrepreneurs were

likely to incur in losses and difficulties, should they move to the South, the first action accounted for a range of financial and fiscal incentives. The second one referred to the introduction of a number of state-owned enterprises in the *Mezzogiorno*, in order to boost private investments. The last action pertained to the creation of industrial poles. The reason of concentrating industrial activities was to simulate the industrial situation of the North, hence accelerating the development process. The costs due, for instance, to the supplies or to logistics would substantially decrease, should a single, large area be destined to a specific kind of industry. Also, as a multiplier effect, other industries and facilities will move into the same area, in order to provide useful services and products for the main employers. A suitable industrial fabric will evolve more easily, fostering further and synergic development (Lutz, 1962).

As we shall soon see, all the three actions were implemented in the province of Taranto. Of a particular interest to this dissertation are the second and the third actions. Public enterprises played a fundamental role for the progress of the region of Puglia and in particular of the Province of Taranto. During the years of the industrialisation policy, Taranto was identified to be a possible growth pole, where to set up one of the biggest state company, the iron-maker *Italsider*.

Public intervention and investment has always held a central role for the economy of the South and of Taranto. The action of IRI has been key in determining the recent history and present picture of the province. Therefore, IRI and its intervention will be the topic of the next paragraph.

#### **2.4 The creation of the IRI (*Istituto per la Ricostruzione Industriale*)**

In the XX century, a large part of the Italian economy was under the control of public or semi-public companies. Some of those are still public, as, for instance, the State Railways (*Ferrovie dello Stato*), the Post Office or the ANAS (the Highways Authority). I am considering here were two state holding companies in particular, the *Ente Nazionale Idrocarburi* (ENI, the National Hydrocarburates Corporation) and the *Istituto per la Ricostruzione Industriale* (IRI, the Industrial Reconstruction Institute). The first one was established in 1953 to co-ordinate the activity of the already existing companies in the hydrocarburates sector; the second was created under the Fascist period (in 1933), as a temporary body with the function of subsidizing the industries

damaged by the First World War. Very soon it was converted in a permanent body with the role of state shareholder.

In the case of Taranto IRI's interventions have been crucial. IRI's were in fact heavily concentrated in five sectors, corresponding to five subsidiary financial companies: Stet (telephones), Finmare (shipping), Finmeccanica (engineering), Finelettrica (electricity) and Finsider (steel).

**Table 2**  
**IRI's holdings at the end of 1959**

Sector	Milliard lire
Banking	28
Electricity	77.9
Telephones	99.1
Radio-Television	6.3
Shipping	35.2
Airways	18.4
Steel	91.2
Minerals, mineral processing and chemicals	28.9
Superhighway	40.1
Miscellaneous	12.7
Engineering	587.3
Items in course of liquidation	17.9
Other assets	43.1
<b>Total</b>	<b>648.3</b>

*Source: IRI, Esercizio 1959; taken from Lutz, 1962, p. 281*

Officially, the subsidized companies were run according to the same principles followed by a private management – profitability and efficiency. *De facto*, another criterion influenced the management, that is public interest. In other words, the employment level had to remain more or less the same. This meant that several units controlled by the IRI were maintained in life in order not to dismiss workers. An emblematic case was that of the shipyards, in which, all the war-material plants were converted in heavy engineering although the offer of products as tractors or railway-stock largely exceeded the demand. This policy was common in many countries after the war, with the difference that Italy continued to depend on public funds much longer due to a severe rate of general unemployment (Lutz, 1962).

One of the biggest shipyards (in Italian *Arsenale*) of Italy was set up in Taranto and was, after the war, in serious financial difficulties. In 1959 IRI took over the *Arsenale* and kept it running and productive because of the understandable fear of dismissing a

large number of people. The economy of Taranto was seriously damaged by the war; should the *Arsenale* had to be written off, another way of development would have needed to be found (Di Cesare, 2007).

Less than three years later the construction of the steel complex began. IRI's investment for the new plant was about 200 billions lire (£12 millions) for an initial production of a million tons a year. As Lutz (1962) pointed out in her interesting study of the Italian economic development, public opinion was doubtful about the new plant already at the moment of the construction:

*Doubts lingered in some people's minds as to whether the choice of this Southern location for IRI's fourth integrated steel plant was based on solid economic prospects (such as the growth of demand in domestic markets near by, or in new foreign markets which the plant might conveniently serve). And there was evidently fear that the project might create new difficulties for Italy's steel industry in a critical phase of its development, when it was finally emerging from its long-standing position of comparative disadvantage vis-à-vis other producing countries (Lutz, 1962, p. 282).*

As we shall see in the next chapter, the concerns highlighted in 1962 will all become true.

## **2.5 Forty years of state intervention: which benefits and which failures?**

Trigilia (1992) defines the economic progress of the *Mezzogiorno* a “development without autonomy”. The state has always fed the Southerners, which leads to think that without subsidies the South would have probably been much poorer. In fact, starting with the unification and above all after the Second World War, a series of policies were implemented and many actions were taken to foster an economic development. Some of them were useful and truly done for the development, as for example the construction of infrastructure. Some others were the result of superficial believes and short-term visions, as it has been suggested here with regards to the protectionist measures for the grain. However, a high number of industries were continuously financially helped, both in the fear that the Communist party could instigate a popular revolt against the Christian - democratic government and for the true need to retain as much as possible of the existing labour force, in an area where the rate of unemployment was already very high. The policy of *assistenzialismo*

brought about a forced and top-down driven progress that kept the South alive without healing it from its chronic deficiencies. The *assistenzialismo* of the *Cassa per il Mezzogiorno* prevented the birth of an indigenous entrepreneurial class: why should the individual undertake any kind of private initiative if someone else will look after him anyway? The fate of the Southerner has always been in the hands of someone else: when this is not God, it is the State (Banfield, 1958).

Between 1950 and 1969, the *Cassa* spent about 4,000 billions lire (£240 millions). However, in 1969, the South was still poorer than the North. The gross product relied for about 25% on agriculture against the 11% in the North, while industry accounted for only 35% of the Southern GDP against 50% of the North. In spite of the efforts of IRI and ENI, in 1965 the *Mezzogiorno* produced only the 10% of the Italian industrial output.

Still, it would not be correct to assert that billions (of lire) of public expenditure did not yield any output. In 1969, the South had better infrastructure, private consumption had more than doubled, infant mortality had been halved, illiteracy was lower by 40%, income per head had risen by 4.2% per annum; while agricultural output grew by 257%, industrial output increased by 215%. Although these numbers seem to represent an optimistic picture, it has to be taken into account that the progress of the North in the same period was also quite impressive. In fact, if the incomes per head of the two Italies were to be compared, the progress made by the South turns out to be quite disappointing. The difference between the indexes was only slightly less in 1967 than it was in 1951: Southern income was around 53% of northern income per head in 1967 as against 50% of fifteen years before (Allen & MacLennan, 1970, p. 76).

A big hurdle for an optimal implementation of the policies was the lack of coordination of the actions taken by the *Cassa*. The fact that it was an interministerial body did not assure efficiency and collaboration between the ministries. The different departments did not work in a long-term perspective and the Southern Question was only one among other problems they had to deal with. Most importantly, all the initiatives lacked a clear industrial plan, a general and broader vision of the effects and results they could have produced (Gambero *et al.*, 2004). As Camarda (1994) suggests, this confused and top-down process of industrialisation produced more

decay of the urban and natural environment, and more waste of resources than a rise of economic benefits.

## **2.6 Conclusion**

The Southern Question has always been a problem for Italy, from the moment of its unification. It cannot be denied that the state has always tried to intervene to enhance the economic situation of the South, but not all the regional development policies were successful. Some of them even worsened the disequilibrium between the *Mezzogiorno* and the rest of the country. Investigating the reasons for this chronic disparity is not an easy task; geographical reasons, as the poverty of the land and the scarcity of rain entwine with historical facts as centuries of foreign dominations and the deleterious fascist economic policies.

Decades of bad-planned state interventions transformed the *Mezzogiorno* in a semi-developed region, whose economy is based on few massive industrial complexes (usually labelled as ‘cathedrals in the desert’) and little else.

In the next chapter we are going to focus on the recent economic history of Taranto, a province in Puglia, where state intervention and, in particular, IRI’s action, shaped and deeply affected the further economic and social progress. In Taranto, a rural and poor area, the biggest steel mill of Italy was placed, drastically transforming the image of the city and the habits of its citizens.

As we shall see, the bond with the heavy industry has made the area totally dependant on the fluctuating international demand for iron and steel. This puts Taranto in a very unsafe economic position, because if the market contracts, as it happened in the past, the crisis would be catastrophic. In spite of that, little has been done to boost and straighten an alternative economy.

The last part of the next chapter will be concerned with a brief investigation of the possible factors that hinder the birth of a stable and autonomous development.

### 3. TARANTO: THE TOWN, THE IRON AND THE CITIZENS

#### 3.1 Recent economic history: the second industrialisation and the one-industry culture

The economic crisis following the Second World War heavily hit Taranto. As shown in the previous chapter, IRI did not manage to convert and diversify the production of the war industry in civil industry: between 1951 and 1953 the *Arsenale*, Taranto's navy yard, cut 6,000 workplaces, especially dismissing workers that had joined the Communist and the Socialist party (being Italy under the USA influence and protection, those political parties were not well accepted by public institutions). At the same time, other smaller companies that had been on the market only for the war's orders, were written off (Vico, 2007). In fact there was not conversion process that could employ the same number of people as during the war. The crisis, in particular for the shipyards that brought and shaped the first phase of industrialisation for Taranto, was irreversible. The situation was worsened by the almost total absence of an entrepreneurial class: there was no possibility that the private intervention would change the economic picture of the province. Once again a public remedy needed to be found.

In the same period, IRI was planning the construction of the IV national steel centre (the other were set up in Bagnoli, Piombino and Cornigliano), thanks to the strong expansion of international demand for iron and steel. As asserted in the *Piano Sinigaglia*, the national plan for the reorganisation of the Finsider's steel sector, it was necessary to build specialised and technologically advanced centres, in order to make the most of the economy of scale, achievable only thanks to mass production and concentration of plants in the same space. The propelling effect would have brought about a knock-on effect on the whole local economy and attract private investments (Di Cesare, 2007).

The local government, together with the local trade union CGIL (*Italian General Confederation of Labour*) strongly claimed to the Cassa for the settlement of the new industrial complex in Taranto. The city represented a suitable location for many reasons. At the outset, as highlighted in the second chapter, one of the measures taken

by the *Cassa per il Mezzogiorno* was the simulation, i.e. the creation of industrial growth poles where to concentrate similar kinds of manufacturing activities. Taranto offers a number of benefits, namely its proximity to the sea, the presence of a mercantile port and a large availability of lands next to them. Geographically speaking, this offered a suitable setting for the steel complex. Furthermore, the Law 634 of the 1957 extended the quotes of public investments reserved to the *Mezzogiorno*, imposing to the public enterprises to set up at least the 60% of the new plants in the South.

On the one side, hence, there was the government decision to build a new steelworks because that section of the market was particularly in expansion during the 1950s, playing an important role in the Italian economic miracle. On the other side, in Taranto, between 1949 and 1960, more than 10,000 workers lost their job due to the closure of shipyards and mechanic plants. Understandably, the steel was deemed to be a suitable solution to solve the economic crisis of Taranto, giving a job to the 26,347 unemployed people living in the province (Morea, 2007).

The construction works began on the 9<sup>th</sup> of July of 1960, thanks to a national investment of 367 billions lire. In the following five years more than 15,000 men were employed by the construction companies commissioned to build the plants: it was a very good (though temporary) alternative to the emigration to the North or to foreign countries. It is worthwhile to notice that only the unskilled labour force was hired *in loco*, while the management, engineers and qualified workers all came from the North. At that moment the South did not offer the human capital able to run such a big company, since the most of the active population was working in the agricultural sector. Furthermore, it was a common practice when the *Cassa* and IRI were in action, to keep the decisional power outside the borders of the *Mezzogiorno*.

In October 1961 Italsider came into work, employing 6,000 workers. Four years later the continuous cycle of production began, producing 3 million tons of steel and occupying a surface of about 6 millions square metres. Gradually, several smaller public and private industries were set up, to provide services to the iron-maker. Due to their size and the role they played in the local economy (and pollution) it is important to name, among the others, *Cementir*, producing cement, and *Agip Raffineria* for the



refining of crude oil. Both were public enterprises, the first belonging to the Finsider (an IRI's company), the second belonging to ENI.

During the 1960s the national and international demand for steel kept expanding and this led up IRI to double the production: 1,326 billions lire were invested to bring the production up to 10 millions of tons per year, occupying an area that was more than twice the size of Taranto. Between 1970 and 1973 the people employed by Italsider were around 20,000, while other 18,000 men worked for the construction of the new plants. In the early 1980s the whole industrial complex (Italsider together with the other firms operating in its function) employed around 40,000 people (Di Cesare, 2007). Taranto became the site of the biggest Italian manufacturing after the automotive industry FIAT Mirafiori, in Torino. It was considered as the southern symbol of industrial miracle.

As shown in the table below, the creation and the expansion of the steelworks completely changed the face of Taranto and its province: from a rural area as it was up to the 1961, to an industrial growth pole, where the majority of the population was employed in the industry and the tertiary sector.

**Table 3**  
**Number of employed per sector of industry in Taranto, decade 1971-1981**

	Year 1971		Year 1981	
Active population	60,381	100%	67,217	100%
Employed in agriculture	2,967	4.9%	2237	3.3%
Employed in industry	28,588	47.3%	23,673	35.2%
Employed in tertiary sector	28,826	47.8%	41,307	61.5%

*Source: Ispettorato Provinciale della Provincia di Taranto, 1993; elaborated from Vico, 2007, p.377*

It is interesting to notice that when in 1971 the rate of employed in the industry was 47.3%, it was only 18% in the rest of Puglia. It is easy to imagine how much Taranto's economy and image changed in that period, compared with the other's provinces: it started to look like the industrialised cities of the North, where people had more money to spend in luxury goods, the entertainment industry was more developed (TV, cinemas, night clubs) and the rhythms of life followed the ones imposed by the working time in the factories. At the same time, a pre-industrial and

agricultural culture still shaped the value system of the local society: the workers coming from the countryside would work their field after coming back from the steelworks, giving birth to this hybrid figure that Romeo called *metalmezzadro* (Romeo, 1989).

The wellbeing of the province could be inferred by comparing the income per head between 1956 and 1971: in the former year the rate was only the 64% of the national average (against the 57% of Puglia), while it was 99.5% of the national one only 15 years later (Puglia 70.2%). (Di Cesare, 2007).

Demographically speaking, the growth's rate of the town was also quite impressive: from 169,941 inhabitants in 1951, to 227,342 in 1971, to 244,101 of 1981 (a percentage increase of 43,6% in total). As a consequence of the demographic boom, Taranto started to expand, until reaching the neighbouring villages and towns (Massafra, S. Giorgio Jonico and Leporano). In the absence of a public urban plan, the expansion of the province occurred randomly, destroying ancient buildings and parts of *macchia mediterranea* (the typical vegetation of the Mediterranean countries) to build unpleasant and cheap dwellings for the steelworkers.

New publicly funded quarters were built, as Tamburi and Paolo VI, as close as possible to the steelworks, in order to facilitate the access to the job place for thousands of people. In these areas families did not have any facilities, only – and still nowadays - places where to rest between the turns of work, usually called dorms (in Italian *quartieri dormitorio*). They soon became ghettos, ugly and marginalised places, with high rates of crime, thefts and illegal drug trade among the others.

Besides, during the 1970s, public and private transport was empowered to bring workers from the province to the steel complex, but also to transport students to the new technician schools created to supply skilled workforce for the local industry. Important public works were realised in that period, as the final part of the highway, connecting Taranto with the North, or the construction of the bridge Ponte Punta Penna, built to lighten the traffic congestion toward the centre and the industrial area.

Also, many after-work activities were promoted and patronised by the Italsider, as tennis, football and theatre. The province was totally dependant on the big employer,

not only for the job, but also for the education and the leisure time. Not only Italsider was *in* Taranto, it *was* Taranto.

### 3.2 From the crisis of the 1970s to the privatisation and the birth of Ilva

The economic wellbeing of the province did not last very long. The oil crisis of the 1973s caused a raise in the production costs, while the entry into the steel market of new producers (as America and Japan) reduced the market quota previously served by the Italian steelworks, already narrowed due to the international reduction of steel demand. The European Coal and Steel Community, that dealt with the Community's production of steel, imposed to Italy, as to other producers as the United Kingdom, a reduction of the production. Financial support was distributed to sustain dismissed workers, their professional re-qualification and the diversification of regional economies.

Gradually, plants were closed and the process towards privatisation (also imposed by the European Community) began. In 1989 14,916 people were employed in Taranto's steelworks: more than 11,000 people lost their job. Despite the Community's financial helps, the initiatives undertaken by the local trade unions and the government, the economic situation was worrying: the settlement of the *Cathedral in the desert* had prevented expansion in other industrial sectors. Besides, the traditional lack of entrepreneurial mentality did not foster private initiative. As shown in the table below, the partial closure of the plants dramatically increased the unemployment rate, that became 31.6% in 1992, while the national average was 11.8%. The number of the workers employed in the industrial sector decreased by 40%.

**Table 4**  
**Unemployment rate in Taranto between 1981 and 1992**

	1981	1983	1986	1989	1992
Active population	178,577	176,675	175,789	176,422	175,924
Unemployment rate (%)	13.6	21.9	27.6	38.0	31.6

*Source: Ispettorato Provinciale della Provincia di Tarant; elaborated from Vico, 2007, p.389*

What is also impressive is the rate of unemployment of people aged less than 25 years old: it reached 63% in the 1992 (58% for men and 71.3% for women) (ISTAT, 1993).

In order to temporarily solve the problem, at the end of the 1980s, IRI absorbed other small private companies of the steel sector, to avoid their bankrupt and further displacements. This policy dramatically increased the public expenditure and only postponed the final decision to privatise Italsider. Between 1994 and the 1995, the steelworks was sold to the Riva Group, a holding that now dominates the metallurgic sector in all Europe (Affinito *et al.*, 2000).

### **3.3 The actual picture: high rate of unemployment and environmental concerns**

Nowadays, Taranto and its province present a very dull scenario: according to the data provided by ISTAT, in 2003 the unemployment rate in Taranto and its province was 16.3%, against the 13.8% in the rest of the region and a national average of 8.7%. What is particularly worrying is that young people, between 25 and 29 years old have serious difficulties in finding a job: 47.1% of women are unemployed, against the 31.3% of men, for an average rate of 38.3% (ISTAT, 2004).

The crisis of Taranto and its surroundings, which started with the industrial sector, is spreading widely throughout the economy and affecting the life conditions of the inhabitants. The town now is both a typical case of industrial decadence and an atypical case, because there were no local industrial traditions before Ilva was set (Camarda, 1994).

Even if the forced industrialisation of this district may be considered a dramatic mistake of the central government, there is a lack of national and regional policies aiming to improve the economic development in the long run. Moreover, the local authorities seem to be unable to tackle the *iron giant*, that keeps breaking environmental and workers' safety laws (Tursi, 2004).

A study carried out by the Department of Internal Medicine and Public Health of the University of Bari (Puglia, Italy), shows that heavy environmental pollution resulting in widespread exposure to polycyclic aromatic hydrocarbons (PAHs) released from the metallurgic factory, has dramatically increased the number of lung cancer's ills in the area (Assennato *et al.*, 2005). The number of deceased for neoplasia has been, in fact, more than doubled from 1971 to 1996 and, according to the *Dipartimento di Prevenzione of Taranto* (the local Health Risk Prevention Department), 1,200 deceases per annum have been registered between 1998 and 2001, leading up Taranto

to become one of the areas in Italy where the death for pulmonary neoplasy is far beyond the national average. Furthermore, the steel factory releases in the atmosphere a quantitative of dioxin (a toxic and highly carcinogenic organic chemical) equal to the 8.8% of the European total amount (Marescotti, 2005). What is even worse, is that while in the rest of Italy the level of dioxin in the air has decreased, passing from 222.5/grams per annum, in 2002 to 103 grams per annum in 2005, in Taranto it has dramatically increased: in 2005 Taranto produced the 90.3% of the total national emissions (Peacelink, 2007). See the table below for a chronological comparison of emission of dioxin in Italy and in Taranto.

**Table 5**  
**Data on the emission of dioxin in Italy and Taranto**

	Grams per annum produced by Ilva	Grams per annum produced by Italy	Ratio Italy/Ilva
2002	71.4	222.5	32.09%
2003	73.4	106.9	68.66%
2004	76.2	92.1	82.74%
2005	93.0	103.0	90.29%

*Source: Peacelink, 2007, p.5*

To sum up, the actual picture shows us an area with an unemployment rate even higher than the already high regional one, with an alarming environmental situation and a chronic lack of entrepreneurial initiative. As a consequence the development of the local economy is prevented from boosting.

According to Trigilia (1992), not only the regional development policies for the South did not realise the objective of a full top-driven development based on the coordination of efforts between state and big industries, but finally they turned out to hinder the bottom-driven possibility of development. In other words, the state intervention has stopped and made passive the local socio-cultural context, preventing an autonomous economic growth.

Trigilia argues that the failure of the Cassa's action is due to the erroneous assumption for which the presence of a big company could have transformed a backward and rural society, both from an economic and cultural point of view. In the reality, the economy temporary improved only because of an external support, but the mentality

of the people did not change: the idea of an economic development remained bound to dependence from state funding and big industry. This is the reason why the socio-economic decay is usually worse as the state intervention has been greater.

Furthermore, another factor has hindered the possibility of an autonomous economic development: the maladministration of the *res publica* in the South. Due to the traditional lack of ideological identification of the southerners in the political parties, public consensus has always been precarious and weak. Therefore, in order to gain votes, politicians were used to offer the implementation of particular policies to “lock-in” the votes of several interest groups. After the election, any public good that was difficult to divide in order to satisfy so many demands, generated non decision-making and was often neglected.

This explains the chronic deficiency of services and infrastructure, such as schools or social services, or even the non-use of public money, in spite of the fact that the public expense per head in the South is not inferior to that in the North. If the provision of a public service could not satisfy the requests of all the interest groups and therefore of all the political parties running local administrations, it was better not to do anything at all. A good politician is therefore deemed to be the one that succeeds in obtaining from the central government a greater amount of funds and to divide them immediately among the interest groups. The ability to manage and use the resources in an effective way which brings about general development for everybody has always been a meaningless concept, because it is not visible in the immediate future. This has dramatically increased the personal power of the politicians and their ability to co-opt interest groups in the society through a clientelist system in which personal relationships are more important than laws and institutions. From this perspective, personal initiative and private entrepreneurial ability is often penalised if the individual does not have political protection (Trigilia, 1992).

### **3.4 Reasons for the non decision-making process**

Despite of the worrying picture, *de facto* not only a radical state intervention but also an incremental, step by step change seems to be unfeasible.

In addition to the maladministration and the clientelistic system that dominates the political and economic scenario, there are many other reasons for this non-decision making process.

Firstly, it is necessary to take into account that, nowadays, *Taranto's cathedral* employs more than 12,000 individuals. This increases the power of Ilva and its influence upon national and local government. Despite the management of the steel plant having been accused several times of criminal misbehaviour in condoning inadequacy of industrial hygiene procedures by the General Prosecutor in Taranto, and even if the local authorities have announced many times the imminent closure of the most polluting parts of the plant, nothing has changed. Furthermore, to put down the public discontent, Ilva became the main sponsor of cultural and sport initiatives in 2004, when 600,000 euros were donated to the town and, through the city council, given to the local football team, *Taranto Sport* (Tursi, 2004).

As highlighted before, Ilva still shapes not only the economic but also the cultural and social life of the town. The interests of Ilva *are* the interests of Taranto: the iron-maker is the most powerful interest group and it does not have to compete with anyone else to influence political decisions. Schwartzmantel (1994), following the pluralistic theory elaborated by Dahl (1961), sees in the interaction of different actors the base of modern society, in which the diversity of interest is considered an essential and positive aspect of democracy and where everybody has indirect power through the vote. From this perspective, the state is conceived as a “political mechanism responsive to the balance of societal demands” (McLennan, 1989, p.18) or, in a more optimistic view, as one group among many others (Dahl, 1961).

We may infer therefore that in Taranto there is no local democracy, but rather an oligarchy, where very few groups have a direct and major influence over the government and where citizens do not wield a real power over the political arena because their votes are easily sold to “the best purchaser”. In this scenario, regional and local governments, rather than balancing the demands of several groups, often let the interests of Ilva prevail upon all the others.

Of course, the reason for that does not only concern the weakness of the southern democracy, remaining also the economic issue for consideration. More than 12,000 families depend on the steelworks and if the government decides to enforce the

environmental laws for Ilva's case, it is likely that some plants have to close or the production reduced, in order to cut the emission of dioxin in the air. This would worsen the economic situation of the province, due to the lack of any alternative development at the moment. If this important decision has to be taken, other suitable ways of economic growth need to be encouraged.

Moreover, the non-decision making process takes place also because of the lack of a counterbalancing interest group, able to contrast the activity of the steelwork. In Taranto non for profit associations are particularly worried about the environmental disaster that is occurring. They try to influence the decision-makers, as well as the local trade unions that several times have reproached the unresponsive behaviour of the government and stated the need of an alternative development based on the local competitive advantages. However, without the public consent and participation, all their activities are vane. In the South of Italy, in fact, the policy process has always been top-driven. The concept of *res publica* should belong to everybody and hence, should be managed by the whole society. Unfortunately this seems not to be a value for the majority of the population, that continues to find personal fulfillment in other social institutions, such as the family (Cafiero, 1996). The lack of public spirit is an historical characteristic of the democracy in the South of the country (Bocca, 1991).

This traditional behaviour has been well described by Banfield, in his book *The moral basis of a backward society* (1958). According to the author, Southerners act according to the principles of the *amoral familism*, i.e. they decide to engage themselves with an issue only if this can bring them a personal and immediate advantage. In the words of the writer:

*“In a society of amoral familists, no one will further the interest of the group or community except as it is to his private advantage to do so. In other words, the hope of material gain in the short-run will be the only motive for concern with public affairs.*

*The principle is of course consistent with the entire absence of civic improvement associations, organized charities, and leading citizens who take initiative in public service.[...] In a society of amoral familists only officials will concern themselves with public affairs, for only they are paid to do so. For a private citizen to take a serious interest in a public problem will be regarded as abnormal and even improper” (Banfield, 1958, pp. 85-87).*



Almost fifty years have passed since this book was written. Many things have at least slightly improved, associations concerned with environmental problems are an important reality and the hope to have not only a job but a better quality of life is becoming important above all for young people, usually more educated and aware of their possibilities than their fathers. Still, generally speaking, the theory stated by Banfield still draws a real picture of the southerner's way of thinking and acting. Many citizens, mainly among the less educated classes of the society (that commonly are employed by Ilva) still do not find any interest in public problems, and the most pressing concern apart from family and friends, is having a job *now*. All the other worries regarding pollution or long term development strategies are almost meaningless for thousands of people, for which a secure job in the factory is often the only monthly revenue for the family. In fact, the amoral familism is not only typical of the South of Italy, but of the all the underdeveloped areas, with a negative combination of scarce resources and bad administration.

The weak relationship between public institutions, civic society and private and voluntary sector drives us to another reason why every attempt fails in implementing an effective policy: the lack of partnership among these different actors. The ability to co-operate for a common good is in fact deemed to be an essential feature of the local governance. Based on altruism, loyalty and trust, partnership can bring several benefits to the policy process, such as more effective interventions to deal with complex problem involving several interests (as it is happening in Taranto) and an improvement in the local democratic life through an enhanced engagement with citizens (Diamond *et al.*, 2007). In our case study partnership could be an effective tool to counterbalance the political weight of Ilva in the decision-making process, but for all the reasons described above collaboration between citizens, associations and local entrepreneurs is not achievable in Taranto. The ability to co-operate for a common good is a quality that depends on the history and political and social settings of a population.

### **3.5 Conclusion**

This chapter has been concerned with the recent economic history of Taranto. The occurring of the second industrialisation, which began with the settlement of Italsider,

has strongly influenced the actual economic situation of the province. In this rural and deprived area of the South of Italy, the *Cassa per il Mezzogiorno*, supported by national laws and by the need to boost economic development in an area of the country really poor and heavily affected by the Second World War, set up the biggest iron-maker of Italy: the public enterprise Italsider. Thousands of people left agriculture at once to be employed in the industrial complex that became the only source of economic development for the entire province. From that moment Taranto became a one-industry city, totally dependant on Italsider. Italsider, in turns, not only provided jobs, but also shaped the entire social life of the town. Schools, infrastructure, after-work centres were built and gravitated around it. At the same time, economic development in other sectors was strongly inhibited, because of the incredible size of the factory employing thousands of people.

Taranto developed to be the richest town of the South, but its well-being did not last long. During the 1970s, due to the oil crisis and the lower international demand for iron and steel, many plants were forced to close with dramatic implications for the workers. The unemployment rate reached 38% in 1989, precipitating the town into a tremendous economic downturn.

Today Italsider, privatised in 1995 and re-called Ilva, is still a fundamental economic reality for Taranto employing more than 12,000 people (Di Cesare, 2007). If another crisis occurs, the province would be economically destroyed, since there is no other industrial sector that would absorb all the employees.

Paradoxically, even though public administration and citizens are aware of the weak economic position of the province, very little has been done, even for contrasting the heavy pollution caused by the plants. Of course the closure of some of the plants would be necessary: this would reduce the emissions of dioxin in the air and would boost private initiative. Such a drastic policy, however, is not feasible at the moment. First, suitable alternatives for economic development need to be explored, in order to avoid an economic collapse. This is a very contradictory situation: closing the plants would enhance private initiative because it would break the exclusive bond between local economy and Ilva, but without the plants the town would not survive, because it is too much dependent on the one-industry culture.

In the light of the previous discussion, the aim of next chapter is to draw together some considerations concerning the principles that should be at the basis of a regeneration program with the aim to build a more sustainable and autonomous local growth.

## 4. TARANTO AND LOCAL REGENERATION: PATHWAYS FOR A MORE SUSTAINABLE ECONOMIC AND SOCIAL DEVELOPMENT

### 4.1 Introduction

The previous chapter highlighted how the actions and measures undertaken by the *Cassa per il Mezzogiorno* influenced the specific economic situation of the province of Taranto. As an effect of the government decision to set up a state enterprise there, Taranto became an industrial growth pole, and is today heavily dependant on one big company: the iron-maker Ilva. As previously pointed out, this puts the area in a very unsafe situation. Firstly, the occupational rate totally depends on the fluctuating international demand for iron and steel (that already underwent a drastic downturn during the 1970s and 1980s); secondly, the presence of such a big complex (one of the biggest in Europe) strongly affects the growth of small and medium local firms and the development of other industrial sectors. Thirdly, the pollution caused by the heavy industry (Ilva, together with other firms as ENI's oil refinery or the shipyards *Arsenale*) makes the environmental situation particularly worrying and dangerous for all the people living close to the industrial area.

For all these reasons, it is now clearer than ever that alternative pathways to sustainable development need to be explored. Therefore, the aim of this last chapter is to draw together some considerations on Taranto's possibilities to implement a healthy and locally-driven reorganisation and renewal of its economy.

The following paragraphs, hence, will look at some important aspects of the political, administrative and social life which should be improved in order to boost a long-lasting economic development. The economic backwardness of the South was in fact caused by geographical and historical reasons, as shown in the first chapter, but social and cultural habits are the main responsible of its perpetuation. Once the social change will start (as it is already happening in part), there will be more probabilities to enhance a long term economic well-being. Finally, the last paragraph will concern some of the possible economic sectors that could be enhanced in the province.

#### **4.2 A new management for the Public Administration: accountability, transparency and citizens' involvement**

The reorganisation of the local public administration is the *conditio sine qua non* to re-launch the development of the town. As highlighted in the previous chapter the power of local politicians and administrators in the economic decision-making process has often encouraged the creation of a clientelistic system which supported friends and relatives of influent politicians, rather than the genuine entrepreneurial initiative of anonymous citizens. In Taranto the illegality of public procedures has been so rooted in the normal administration that in November 2006 the local council run by mayor Rossana Di Bello was incriminated of corruption and the municipality was declared bankrupt. In 2004, the deficit was more than 83 millions euro. In 2005 it increased by 60% to about 138 millions. The debts not included in the balance sheet were in the region of 150 millions. The latent liabilities are almost 160 million. Overall the deficit is almost 450 millions euro. The coffers are empty and public services (as public transport, refuse collection and disposal) have started to be cut (Di Pietro, 2006). This has been the most clamorous case of maladministration in the history of Italy. An important city that goes bankrupt is a symptom of the collapse of the public administration, but also of the inefficiency of control bodies and political parties.

In 2007, a new local government was elected in Taranto, but this is not enough to tackle so common illegal practises. The system must be reorganised in a way that would limit the discretionary power of the officers. To start with, the new administration must give an account of its actions to the citizens and involve them more directly in order to avoid similar criminal behaviour in the future.

It could be effective to introduce in the public administration some of the principles of the New Public Management (hereafter NPM), defined as a new way to run the public system that more and more takes on the features of the private sector and that has been adopted by several countries including several local administration in the North of Italy (formally, the reorganisation of the public service was enforced by the laws 59 of the 1997, and 127 of the 1997 in Italian known as Bassanini laws, but little and piecemeal implemented). The new model of public service is more flexible and market-based, no more founded on the bureaucracy system that simply follows the

instructions coming from the politicians, but run by professional managers, personally responsible for the policies they implement, both towards the government and towards the citizens. These, in turn, can assess the behaviour of the providers and are the target and the protagonists of the policy being delivered. In other words NPM rests on removing differences between public and private sectors and on shifting focus away from procedures and rules towards outcomes and results (Kettl, 2005).

NPM, term coined in 1991 by Hood, relies on some fundamental principles that, in the case of Taranto, could really transform and ameliorate the social mission and the daily work of the local administration. According to Hood, the individuals at the top should be free to manage public resources, but, at the same time, more responsible for their work and accountable towards the state and the citizens-consumers. One could think that a major freedom to operate, would re-introduce a clientelistic system of resource allocation and the discretionary power that, instead, must be fought. In order to avoid it, objectives, targets and costs should be defined in advance, because “accountability requires clear statement of goals; efficiency requires 'hard look' at objectives” (Hood, 1991, p.4). Furthermore, more resources would be re-allocated to the projects producing better results: more emphasis is given to the outcomes, less importance to the procedures. Transparency must be the new principle driving the reorganisation of the local public institutions: the criteria of selection of the personnel must be clear, regional laws, regulation and policies must be consultable by everybody, the name and contact of the person in charge for any activity must be always easy to find.

As highlighted in the previous chapter, southerner citizens are not used to concern themselves with public affairs, there is in fact a very low identification in ideologies and in political parties. Professional officers and politicians are the only ones entitled to deal with public problems and the population is not even used to check on officials. Furthermore, there is common diffidence and distrust toward them: regardless of the party they belong to, public administrators are considered to be self-serving and often corrupted (Banfield, 1958). As a result, in the southern democratic life there is very low citizens' involvement and participation in the public decision-making: people feel powerless and believe that their complaints and suggestions would go unheard.

Technologic means could be really useful for improving transparency and citizens' participation in the political arena. At a regional level, the shift from the old public administration to the NPM is already taking place and a clear sign of that comes from the reorganisation of the regional portal. [Www.regione.puglia.it](http://www.regione.puglia.it) now allows for a high level of interaction, it is programmed to be very user-friendly, it shows all the news concerning regional government activities, and it provides personal pathways of navigation according to the category the user belongs to (institutions, citizens, company, young people etc.). Moreover all the contents are highly understandable and easy to read and the contact of the person in charge for each activity can be found online. What is really impressing is the presence of *fora* divided by topic where users can leave their suggestions and complaints. What is even more impressing is that people are starting to use them. Of course we are aware that only citizens that are familiar with electronic means can do the most of it, and, in 2000, only the 13.3% of the population living in Puglia used Internet, against the 18.4% of the rest of Italy (*Ufficio Statistico Regionale, 2004*). Therefore, it is necessary to provide the weak part of the population (as elders and low educated) with offices (in Italian URP, *Ufficio Relazioni con il Pubblico*) where to find information and personnel trained to help them and solve problems.

A revolution is taking place at a regional level, showing that the same could happen at a local level. A radical reconstructing of the public administration is the first and fundamental step to show to citizens that a real change is happening and that their participation is warmly welcomed. The second step for the change is the enhancement of social capital, deemed to produce extremely positive results on the economic expansion. The next section will look at this concept more in depth.

### **4.3 Social capital's development**

Over recent years, the interest towards social dynamics as positive key-factors for a solid and locally-driven economic development has grown. It seems that developing social and human capital can produce extremely positive effects on the local economy.

As Putnam (1993) defines it:

*“Social capital here refers to features of social organisation, such as trust, norms, and networks, that can improve the efficiency of society by facilitating co-ordinated actions” (Putnam 1993, p. 167).*

In other words, social capital is a system of relationships and values that individuals or associations and institutions could exploit in order to realize objectives which would not otherwise be realized, or which could be obtained at a much higher cost.

The concept of social capital as a resource in a local economic context is more important now than twenty years ago because of the changes undertaken by the industrial productive structure in the last two decades. As Trigilia (2001) points out, the old fordist system tended to keep economy and society separated: it decreased the importance of factors such as personal entrepreneurship and the local institutional context, and therefore of social capital in economic development. Large vertically-integrated firms were more worried to realise economies of scale and increase the production, rather than to improve the quality of the products, to meet customer's demand. The production was more product-oriented than market-oriented, therefore a high level of interaction with the external environment was not necessary to keep the company into the market. Today's market is much more flexible and customer-oriented instead and the mass production has left the place to a smaller scale one, more attentive to quality and consumers' preferences. In order to keep the pace with such a changeable and fragmentary market, large companies have to restructure their organization, giving greater autonomy to decentralized productive units, and also enhancing the demand for higher professional skills and cooperating with small and medium-sized firms to reduce the costs and length of innovation processes. In a word, the search for flexibility and quality leads to a greater need for external cooperation, i.e. for social capital.

Obviously, social capital is not a sufficient condition for local development. Technical knowledge, and therefore human capital, as well as infrastructure, and, naturally, financial capital, are also important for local development. Nonetheless, in the new economic framework, social capital can significantly influence the creation of human capital, and the effective allocation of both physical and financial capital, through the efficient collaboration between local actors. A good network of relations between interest organizations and public institutions can support the enhancement of



infrastructural facilities and the provision of economic and social services, as well as the influx of capital and investments of both local and external firms (Trigilia, 2001).

To make social capital positively work, the role played by politics in orienteering it into a positive resource for local development, is crucial. Politics has to be modern and oriented towards the enhancement of collective well-being rather than towards the satisfaction of particular interests. On the contrary, if politics and officers run the public affairs only to pursue their own interests, social networks would become a mean to feed the clientelistic system that so many damages has provoked in the *Mezzogiorno*.

In fact, in the South of Italy, social capital, in the shape of networks of families or community, does exist: it is not the lack of these networks which has hindered development in the South, but rather the lack of separation of politics from economic and social interests and the use of social network for a collusive appropriation of public resources. The modernisation of politics constitutes, therefore, an essential requirement for development, also because “a change of this type sends an important signal to local actors, and push them to mobilize in the market sphere rather than in politics” (Trigilia, 2001, p.20).

To sum up, due to the change occurred in the system of industrial production, companies need to communicate and cooperate more with each other and with all the public and private subjects that are part of the environment, in order to stay on the market. When the network of relationship is used in a productive way, under the supervision of an uncorrupted politics, it can positively influence the trend of local economy.

Furthermore, if all the local actors (institutions, private groups, citizens) engage themselves for a common target, this also straightens the sense of citizens' identification with the territory and its institutions and, therefore, the willingness of everybody to take part in its general improvement. In other words, citizens are to be involved in a process that, instead of favouring the interests of few, supports a collective well-being. Where citizens are more involved, their sense of responsibility and the willingness to associate in interest groups grows. As a consequence, their real power to influence political and economic decisions could increase, as well as their control on politicians and public administrators' behaviour.

In a pluralistic framework like this, where all local actors discuss and plan collectively, taking into consideration the voice of many local interests groups, regions become protagonists of their own destiny, boosting a bottom-up decision-making process, that could be the panacea for the southern economic backwardness.

To sum up, a more modern and less corrupted political class could trigger off a series of mechanisms that would improve both the social and the economic situation of Taranto. Firstly, a modern politics and public administration could foster the exploitation of social capital, an essential engine for the actual economic development. Secondly, the well functioning of social capital would enhance citizens participation in the democratic process and, as a consequence, the economic decision-making process would be more balanced and less exposed to illegal practises because more exposed to transparency. Thirdly, more democratic and local-based economic decisions would make the region protagonist of its own development (a characteristic always lacking in the previous regional development policies, imposed by state decisions). Finally, decisions made on the basis of local expectation and competitive advantages would promote a more stable and long-lasting economic development.

#### **4.4 The role of the state and of the European Union in policy definition and implementation**

Although the engine of change is the reorganisation of the ethic principles holding politics and society, it would be naïve to believe that such drastic changes would occur starting from the inside only.

The role of non-local actors, the state and the European Union, is crucial in defining appropriate regional development policies which could favour the change.

The actual trend that the European Union is following in the definition of regional development policies is already moving towards a new direction. A few years ago such policies were mainly oriented towards the use of incentives to attract external firms and compensate them for the lower levels of productivity in backward regions or when they merely aimed at reducing the unemployment rate through the settlement of big companies (Ilva was one of them). Nowadays the idea of local development as linked to the capacity to learn, and to encourage the creation of small and medium companies has gained prevalence (Trigilia, 2001).

The structural funds' program (the main financial instruments used by the European Union to reduce disparities and promote economic and social cohesion across European regions), stresses a strong commitment to support social capital, which allows partnership, seen as a fundamental principle for strategic planning processes. In other words, the more a policy is shared by the relevant actors, the more they will act as a coalition to support it and make it effective.

Small and medium-sized enterprises (SMEs) are the main beneficiaries of most European interventions. The fundamental role SMEs play for growth and cohesion and the need for the EU and its Member States to sustain SMEs is acknowledged in *The European Charter for Small Enterprises* (2000), according to which SMEs make an important contribution to employment (SMEs accounted for 66% of EU employment in 2000) and to regional development. SMEs can be considered as "part of the 'competitive endowment' of a territory, as they tend to remain based in the same geographical area, and are vital to several industries and filières in which they act as suppliers and/or subcontractors providing specific skills, at a lower cost and with more flexibility than larger firms" (Evalsed, 2003, p.1).

In Italy, though in a very piecemeal way, the importance of social capital and SMEs, has been acknowledged through the introduction of territorial pacts, strongly supported by the *National Council for Economic Affairs and Labour* (CNEL). The pacts, signed by employers, trade unions and local authorities, aim at supporting and supervising various economic development projects which engage together all the involved actors in an integrated framework. In a territorial pact, the involved subjects define development goals, projects and actions which could help the realisation of a regeneration program in a specific area. Pacts quantify the financial resources that both companies and the local authorities should provide, define simplifications of administrative procedures in order to accelerate the start up of the projects and they finally set particular industrial relations rules to be followed to lower labour costs and to improve flexibility in order to attract new firms in the area.

Territorial pacts, as a tool for collecting all the resources present at local level and coordinating them towards the realisation of shared development objectives, can have very positive effects for local development. At the outset, they set up new forms of local agreements that might play an important role in the creation of the territorial

diversification and flexibility which employers have long been demanding in crisis-hit areas. Secondly, they decentralise the decisional power concerning development policies, allowing a better use of resources present at local level, thus avoiding the high levels of waste that occurred in the past (Pedersini, 1997).

Therefore, stressing the role of social capital, local partnership and bottom-driven policies, does not imply a mere devaluation of the role of non-local authorities in defining and promote a local development. Indeed, the state has to play an even more important role in the economic progress of the *Mezzogiorno*. If the *assistenzialismo* carried out by the *Cassa per il Mezzogiorno* did not achieve the expected results, it was, with hindsight, because the policies implemented were not able to activate local actors, as protagonists of the change. The new development policies, rather, should give to the local subjects involved the tools to produce well-being by themselves. Financial helps do not have to be distributed simply to set up companies in specific sectors decided from the above. The new policies should support development projects deriving from the common effort and planning of local actors; they should promote the enhancement of social capital, as an instrument to improve education and research through the partnership between industrial sector and university. At the same time, public policies should promote a non-political use of public resources and a local redistribution of resources based on rewarding projects aiming at pursuing collective objectives, rather than particular interests (Trigilia, 1992).

#### **4.5 Conclusion**

Over the years, several proposals of regeneration concerning Taranto have been presented to national and regional governments by the local Trade Unions CGIL (*Italian General Confederation of Labour*), CISL (*Italian Confederation of Workers' Trade Unions*) and UIL (*Italian Workers Union*). The most famous and important of these proposals, known in Italian as *Vertenza Taranto*, was presented to institutions and citizens in the April 1972. In that document, Trade Unions called for a major public commitment in improving the agricultural sector, for better infrastructure and housing and for a diversification of the local industry (Di Cesare, 2007). Those were the years when the *Cassa per il Mezzogiorno* was in action: public policies aiming at

reducing the disparities between North and South, consisted essentially in setting up infrastructure and industry in the *Mezzogiorno*, without any defined industrial plan.

In March 2007, the CGIL presents a new proposal for the social and economic regeneration of the town: *la CGIL per Taranto, citta' da rinnovare* (*The CGIL for Taranto, town to renew*; CGIL, 2007). The document presents some interesting proposals concerning the need to reorganise the merchant port (today the second for importance in Italy), in order to allow the transit of a higher goods' traffic. Also, it argues for the necessity to allocate a major part of national and European public expenditure to improve both physical infrastructure (roads, railways, internet) and human capital through the involvement of private entrepreneurship and local universities. Moreover, the proposal looks at the need to restructure and enhance services and facilities offered by the shipyards *Arsenale*: Taranto is still today a strategic point for the Italian Navy and NATO and it would be advantageous to exploit this traditional competitive advantage (Taranto, because of its geographical position in the middle of the Mediterranean sea, has always been and important military base) to foster the economic growth.

The document proceeds by underlining the importance of Ilva and the steel sector as a vital source of employment for the province, but, at the same time, it claims for a major state control on the environmental situation and for a major consideration of the safety on the work place.

However, what is worthwhile to notice about this paper is the emphasis given to non tangible capitals, as engines for economic regeneration. For the first time, concepts like citizens' participation, cohesion policy and reorganisation of the public administration find a leading place among claims and requests concerning economic progress.

Above all after the bankrupt of the city council, it is clear that an economic renewal can take place only if a social change occurs. Therefore, the proposal stresses the importance of a non-corrupted and modern public administration, where the personnel is continuously motivated to work in the best way possible, since they should be the symbol and the engine of the social revolution. Also, emphasis is given to the need of transparency of public procedures and of accountability towards the citizens, seen as subjects to involve directly through neighbourhood committees and indirectly through

interest organisations. Appropriate places should be built for the citizens to meet and reconstruct the sense of the collective action that they have lost over decades of maladministration and bad-defined regional policies. A more democratic decision-making process is deemed to be a fundamental prerequisite to trigger the change.

In conclusion, it seems broadly recognised, both at an international and local level, the importance of a good public administration, of a modern politics and of social capital for a more stable economic development. As underlined above, an appropriate use of social capital encourages the formation of human capital and specialized knowledge linking educational resources (university and research centres) with business demand for specialised skills and improves the provision of collective goods such as services for firms and infrastructure. From this point of view, there is an emergent call for policies that sustain integrated projects of local development based on the formation of co-operative networks between individual subjects and collective actors. The attraction of external companies through financial incentives should be carefully linked to these projects in order to improve local skills. Finally, the key-factor for implementing more effective regional policies is constituted by the capacity of non-local public institutions (regional, national and European) to involve local actors in defining their own projects, but also by their ability to assess and select the best ones (Trigilia, 2001).

From this perspective, the problem of economic development does not depend only on public expenditure and financial incentives. Today, even more than in the past, economic development has a social dimension that cannot be neglected.

For the specific case of Taranto, therefore, any proposal and any economic plan which aims at promoting a long-lasting economic growth, cannot disregard the social dynamics that lie on the basis of any economic activity. Only in presence of opportune social changes concerning politics, administration and perception of democracy and collective goods, economic proposals (relating, for example, to sustainable tourism, industrial diversification or knowledge specialisation) could really lead the province to an effective and autonomous economic development.

## 5. CONCLUSION

The main purpose of this dissertation has been to analyse the economic and social situation of Taranto, from the recent past until the current days. In this rural and deprived area of the South of Italy, the *Cassa per il Mezzogiorno*, supported by national laws and by the need to boost economic development in a poor area of the country heavily affected by the Second World War, set up the biggest iron-maker of Italy: the public enterprise Italsider. Thousands of people left agriculture at once to find employment in the industrial complex that became the only source of economic development for the entire province. From that moment onwards Taranto became a one-industry city, totally dependant on Italsider. The steel mill, in turns, not only provided jobs, but also shaped the entire social life of the town. Schools, infrastructure, after-work centres were built and gravitated around it. At the same time, economic development in other sectors was strongly inhibited, because of the incredible size of the factory employing thousands of people.

During the 1970s, due to the oil crisis and the lower international demand for iron and steel, many plants were forced to close with dramatic implications for the workers. The unemployment rate reached 38% in 1989, precipitating the town into a tremendous economic downturn.

The actual picture shows us an area with an unemployment rate even higher than the already high regional one, with an alarming environmental situation and a chronic lack of entrepreneurial initiative. Still today Italsider, privatised in 1995 and re-called Ilva, is a fundamental economic reality for Taranto employing more than 12,000 people (Di Cesare, 2007). Once again, if another crisis occurs, the province would be economically destroyed, since there is no other industrial sector that would absorb all the employees.

The second aim of the present work has been to investigate the reasons why, even though public administration and citizens are aware of the weak economic position of the province, very little has been done, in order to promote economic development in different industrial sectors.

According to Trigilia (1992), the major obstacle that has prevented the area from a regeneration process is paradoxically related to the implementation of regional development policies for the South, following the Second World War. Those actions not only did not realise the objective of a full top-driven development based on the coordination of efforts between state and big industries, but finally turned out to hinder the bottom-driven possibility of development. In other words, the state intervention has inhibited and made passive the local socio-cultural context, preventing it from an autonomous economic growth.

This is probably due to the erroneous assumption for which the presence of a big company could have transformed a backward and rural society, both from an economic and cultural point of view. In the reality, the economy temporarily improved only because of an external support, but the mentality of the people did not change: the idea of an economic development remained bound to state funding and big industry.

Furthermore, another factor has hindered the possibility of an autonomous economic development: the maladministration of the *res publica* in the South. Due to the traditional lack of ideological identification of the southerners in the political parties, public consensus has always been precarious and weak. Therefore, in order to gain votes, politicians were used to offer the implementation of particular policies to have the votes of several interest groups. After the election, any public good that was difficult to divide in order to satisfy so many demands, generated non decision-making and was often forgotten.

This explains the chronic deficiency of services and infrastructure, such as schools or social services, or even the non-use of public money, in spite of the fact that the public expense per head in the South is not inferior to that in the North. The ability to manage and use the resources in an effective way which causes general development for everybody has always been a meaningless concept, because it is not visible in the immediate future. This has dramatically increased the personal power of the politicians and their ability to co-opt interest groups in the society through a clientelist system in which personal relationships are more important than laws and institutions. From this perspective, personal initiative and private entrepreneurial ability is often penalised if the individual does not have political protection (Trigilia, 1992).



In addition to the maladministration and the clientelistic system that dominates the political and economic scenario, there are many other reasons for this non-decision making process.

Firstly, nowadays, *Taranto's cathedral* employs more than 12,000 individuals. This increases the power of Ilva and its influence upon national and local government. More than 12,000 families depend on the steelworks and if the government decides to enforce the environmental laws for Ilva's case, it is likely that some plants will have to close or the production will be reduced. This would worsen the economic situation of the province, due to the lack of any alternative development at the moment.

Furthermore, the iron-maker is the most powerful interest group and it does not have to compete with anyone else to influence political decisions. If we accept the pluralistic vision defined by Dahl (1961), according to which the essential feature of democracy is the interaction between several actors and interests, we may infer that in Taranto there is no local democracy, but rather an oligarchy. Within this framework, very few groups have a direct and major influence over the government and citizens do not wield a real power over the political arena because their votes are easily sold to "the best purchaser". In this scenario, regional and local governments, rather than balancing the demands of several groups, often let the interests of Ilva prevail upon all the others.

Moreover, the non-decision making process takes place also because of the lack of citizens' participation to the management of public affairs. In Taranto non profit associations and trade unions criticise the unresponsive behaviour of the government and state the need of an alternative development based on local competitive advantages, but, without public support, their actions are vane. The lack of public spirit is an historical characteristic of the democracy in the South of the country where the policy process has always been top-driven (Bocca, 1991). In the society of the *amoral familists*, very few decide to engage themselves in public life, because public management is traditionally considered to be an exclusive concern of officials and politicians, above all when personal returns are not directly concerned or the results would not be tangible in the short-run (Banfield, 1958).

The weak relationship between public institutions, civic society and private and voluntary sector drives us to another reason why every attempt fails in implementing

an effective policy: the lack of partnership among involved subjects, deemed to be an essential feature of local governance. In our case study, partnership could be an effective tool to counterbalance the political weight of Ilva in the decision-making process, but for all the reasons described above collaboration among citizens, associations and local entrepreneurs is not achievable in Taranto.

Once identified the factors that prevent an effective change to take place, it has been possible to draw together some considerations that policy-makers and administrators should take into consideration if they aim at sustaining a more stable and autonomous economic development.

From the previous discussion an important consideration emerges: social dynamics are at least important as influx of capital and local entrepreneurship for a healthy and locally-driven growth. The economic backwardness of the South was in fact caused by geographical and historical reasons, as shown in the first chapter, but social and cultural habits are the main responsible of its perpetuation.

The first step towards local regeneration should concern the reorganisation of the local public administration. As previously stated, the power of local politicians and administrators in the economic decision-making process has often encouraged the creation of a clientelistic system which supported friends and relatives of influent politicians, rather than the genuine entrepreneurial initiative of anonymous citizens. In Taranto the *illegality* has been identified with *normality* to such an extent that in 2006 the corrupted city council brought the city to incur in bankruptcy. Now more than ever it is clear that the system must be reorganised in a way that would limit the discretionary power of the officers. Modernisation, transparency, accountability and citizens' involvement should be the new principles driving the local public administration and political class.

A central role for change is also played by social capital, i.e. the system of relationships and values that individuals or associations and institutions could exploit in order to realize objectives which would not otherwise be realized, or which could be obtained at a much higher cost. The enhancement of social capital can produce extremely positive effects on the local economy. Though it is not a sufficient condition for local development, social capital can in fact significantly influence the creation of human capital, and the efficient allocation of both physical and financial

capital, because it fosters collaboration between local actors. A good network of relations between interest organizations and public institutions can support the enhancement of infrastructural facilities and the efficient provision of economic and social services, as well as the influx of capital and investments of both local and external firms (Trigilia, 2001).

Two requirements should co-exist in order to make social capital work in a positive direction. Firstly, politics has to be modern and oriented towards the enhancement of collective well-being rather than towards the satisfaction of particular interests. On the contrary, if politics and officers run the public affairs only to pursue their own interests, social networks would become a mean to feed the clientelistic system that so many damages has provoked in the *Mezzogiorno*.

The second condition to be satisfied for an effective enhancement of social capital concerns the role of non-local actors, as the state and the European Union. The new development policies, should give to local subjects involved the tools to produce well-being by themselves. Financial helps do not have to be distributed simply to set up companies in specific sectors decided from the above. The new policies should support development projects deriving from the common effort and planning of local actors; they should promote the enhancement of social capital, as an instrument to improve education and research through the partnership between industrial sector and university. At the same time, public policies should promote a non-political use of public resources and a local redistribution of resources based on rewarding projects aiming at pursuing collective objectives, rather than particular interests (Trigilia, 1992).

The actual trend that the European Union is following in the definition of regional development policies is already moving towards a new direction since the structural funds' program stresses a strong commitment to support social capital, partnership, and small and medium-sized enterprises, which are now seen as the engine for improve both employment and regional development.

For the specific case of Taranto, therefore, any proposal and any economic plan which aims at promoting a long-lasting economic growth, cannot disregard the social

dynamics that lie on the basis of any economic activity. Only in presence of opportune social changes concerning politics, administration and perception of democracy and collective goods, economic plans could really lead the province to an effective and autonomous economic development.

It is finally worthwhile to notice that, a regeneration program, concerning public administration, enhancement of social capital and consequent citizens' involvement, is already taking place at a regional level. The actual regional government, run by Niki Vendola, member of the Communist Party, is in fact deeply engaged with fostering policies which could promote a truly endogenous and stable economic growth.

Thanks to the allocation of regional development aid from the European Union, regional authorities are implementing many interesting projects, mainly aiming at supporting private initiatives, encouraging local partnership and promoting social cohesion. Youth are the main beneficiaries of such policies, eventually considered a resource to protect and involve in the regeneration program, since they are deemed to be the human capital necessary to enhance and foster social capital and, hence, an autonomous economic development.

It is in the hope of the author that the province of Taranto will also take an active role in the regional renewal project.

[WORDS COUNT: 16,498]

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