

## FINAL REPORT ON RESEARCH PROJECT

Title of the research project:

### SOCIO-ECONOMIC DEVELOPMENT OF BACKWARD TERRITORIES: ITALIAN EXPERIENCE

**Research investigator:** Igor A. Dets (Assistant Professor at the Irkutsk State University, Institute of Geography)

**Duration of the project:** 10 months (09.2015–06.2016)

**Period under review:** 10 months (09.2015–06.2016)

**Place:** Bologna University, Forlì campus, Italy

The research was supported by Aurora Erasmus Grant that allowed to spend all the working period at the Bologna University, Department of Political and Social sciences Forlì Campus –Center for East-Central Europe and the Balkans and to have the scientific support of prof. Bianchini and advisory help of some other colleagues in Forlì campus: dott.ssa Kajinic, dott. Komarnytsky, prof. Privitera, dott. Puleri and others.

#### Monthly implementation of the research plan

Month	Scope of work	Main results
<b>September 2015</b>	Acquaintance with the University of Bologna	Taking part in the Conference “Envisioning Moving Frontiers” (Bertinoro, September, 10–11, 2015)
<b>October 2015</b>	Acknowledgment with Cohesion Policy in Italy, literature review	Economic role of Cohesion Policy. Evaluation of infrastructure conditions
<b>November 2015</b>	Research on the "Technopoles in Emilia–Romagna" Programme (TERP) management and governance on the State and Regional levels	Analysis of the place of Italian regions in European Regional Policy
<b>December 2015</b>	Data analysis on Regional Policy comparison in Russia and Italy — Geographical and Historical aspects	Analysis of current economic value of Cohesion Policy for “More developed” Regions in EU and Italy. Preparation for the open lecture for MIREES programme of UniBo
<b>January 2016</b>	Data analysis on Regional Policy comparison in Russia and Italy — Economical aspects	Open lecture for MIREES programme of UniBo. First draft of a scientific article on Cohesion Policy in EU (and in particular in Italy).
<b>February 2016</b>	Interviews with selected group of experts and professionals	Preparation for the Seminar for PhD students of UniBo. Abstract to an International conference
<b>March 2016</b>	Complex evaluation of Cohesion Policy on selected Italian model territory	Seminar for PhD students of UniBo. Preparation for the open lecture for Italian–Russian Cultural Association in Bologna
<b>April 2016</b>	Preparing the data for the scientific article	Open lecture for Italian–Russian Cultural Association in Bologna. Comparing results of EU and Russia Regional Policies for Backward Territories.
<b>May 2016</b>	Writing the scientific article	Second draft of the scientific article on Cohesion Policy in EU (and in particular in Italy)
<b>June 2016</b>	Adding new results to the previous work having conducted in Russia	Evaluation on the research. Paper on the results of full research.

**Report plan:**

- Background
- Research methods and material
- Italian regional politics: historical review
- Nowadays situation
- Conclusion

**Background**

Development of backward territories became one of the key issues in economic social and political geography nowadays. Significant difference in economic development between regions and countries together with raised possibility for mass-migration caused permanent migration flows around the world. Hence it was not a long time ago when it had become clear that only improvement of life conditions in backward territories may prevent migration crises. It is important to remember that migration flows not only bring possibilities (together with difficulties) to recipient regions but also limit the development of backward territories by taking the most active people from their societies. This aspect of the problem was also one of the main parts of the previous research that was dedicated to the development of Russian Far East and Baikal region — territories that have lost around 1/4 of their population in almost one decade (the migration flow was mainly headed to the European part of Russia).

**Research methods and material**

During the research period work was mainly concentrated on analysis of different official papers such as programmes, projects and reports of EU Regional Policy ([http://ec.europa.eu/regional\\_policy/index\\_en.cfm](http://ec.europa.eu/regional_policy/index_en.cfm) and others) and Italian regional policy (<http://www.svilupporegioni.it/site/sr/home.html> and others) as well as official statistics (<http://www.istat.it/it/> and others for the regions of Italy: <http://statistica.regione.emilia-romagna.it/primo-piano/rappresentazioni-cartografiche-nuovo-servizio-online> ; <http://www.statistica.regione.campania.it/> etc).

Another important part of the research — work with a number of previous pieces of research in this field — was only possible due to the Bologna university's outstanding library with its great access to different subscriptions.

Certain part of the research was dedicated to the interviews that could help in understanding of different points of view on present and future of Italian cohesion policy.

All the collected data will be compared with our previous similar data on Russia, so we could analyze how the best Italian and EU practices can be used in Russia.

Therefore, we could say that the research used such methods as strategic and experimental analysis, statistical and econometric analysis, as well as historical, geographical, cartographical, project approaches, etc.

**Italian regional politics: historical review**

The problem of coexistence of two different parts of the Italy, that have got the name "Southern Question", became clear right after the unification of the country in 1861. This problem gave start to numerous debates and discussions as well as political and economic decisions of the Italian government and became one of the keystones in Italian politics.

All the history of the "Southern Question" could be roughly divided into 4 periods: **before World War I**, **between World Wars**, **postwar development** and **current period**.

The first years after the Unification of Italy in the South were filled with violent rural protests with a great number of victims. Part of Italian intellectuals suggested that the main reason for this was the retrograde's protest against the new state and the social backwardness of the south. For others this situation meant unwillingness of the South to become a part of the new state. Nevertheless first decades of the new Italian state were a time when the difference between regions were not so evident — before the massive industrial development of the North all Italy was not an affluent country. However together with understanding of the fundamental contrast between economics of the North and the South in the end of the XIX century came time for discussions about the possible ways of stimulating the economy of the South.

One of the main reasons to start the discussion was a mass-migration from the South. Millions of emigrants moved from Italy to the USA and made Giovanni Giolitti's government to start the first programme of direct public intervention in the economy of backward territories. Extensive plan included infrastructure and energy projects that were accompanied by the number of industrial enterprises to establish. By 1915 main goals of the plan were reached: hydro-power stations, first steel plant and new rail connections were built and disparities between parts of the country became less noticeable. However the great part of the success was a result of the emigration that not only made labor market less overcrowded but also brought money transfers from the USA to the poorest regions of Italy.

The second period of Italian regional policy that we called "between the World Wars" was mainly realized under the administration of fascist party. Government that tried to create a national economic self-sufficiency for years and in circumstances of state propaganda declared that the mafia problem does not exist anymore, also were not ready to admit that its policy in agriculture and regional development was not successful at all. After the inefficient realization of some of the irrigation projects in the South in the middle of 1930s, fascist government started to prevent any discussion on the "Southern Question". As a result of this policy the economic "distance" between South and North of Italy in the end of the World War II was enormous again.

Postwar development of the South could start only when political situation had stabilized: Italy voted for Republic instead of monarchy in 1946 and formed a new government without the Communist party in 1947. One of the main targets for the new government became the agricultural reform that could allow appearing of new small farms on the basis of large uncultivated landed properties. Another important direction for the regional development was a creation of special fund (with a help of World Bank) in 1950. It also focused on the creating of new industries on the South of Italy as the main factor of future economic growth for these territories. This belief in industrial development as an essential part of the economy of the South made this region the major area of Italian and actually all Europe postwar revival.

Success of the programme came only after the first ten years when the construction of new steel, engineering and chemical industries was finished. Together with changes in infrastructure, mass emigration and agricultural improvement, it led to Italian economic miracle (that included less unemployment in countryside of the South). However, the conjuncture of the world economy could not allow continuing with the same strategy. Soon as oil crisis became the beginning of the world economic crisis and the North of Italy faced the terror, main principles of the strategy had to be reviewed. Nevertheless, this shift from encouraging small companies to huge investment projects came to another fault — new steel plants were finished right in time of the world overproduction and could never be used. After the decades of public investments in the South industrial development, it became clear that this spending was not going to bring economic development to the territory anymore. In the end in public opinion, this 'special intervention' programme became not the solution but the reason of the economic stagnation on the South — this was the final point for the programme that was finished in 1984.

At the same time phenomenal growth of family-run business in central Italy in the last decades has shown an example of rewarding from the investments in the "human and social capital". This gave a basis for beginning a new stage of the government policy for territorial development that could allow to raise the local initiatives and protect state funding from corruption and mafia.

## Nowadays situation

The new focus of money spending on infrastructure, education, help to local businesses, etc. also concerns Cohesion Funds of European Union. During only last two periods (2000–2006 and 2007–2013) the EU invested more than 55 billion euros in Southern Italy (not including Italian state funding). According to EU Cohesion Policy reports, many of the goals were achieved: significant amount of new jobs were created together with start-up business, hundreds kilometers of roads and railways were built and reconstructed, increased the share of families and schools connected to the Internet etc. For the current period of 2014–2020 EU is going to spend more than 22 billion euros for the less developed regions of Italy.

Nevertheless, the general trend of separating Italian economy in two different subsystems with quite different tendencies and perspectives could not be overcome. In 2000–2013 according to "the Economist" (the Economist Magazine — May 16th 2015) Italian GDP decreased by 0.2% when northern and central Italy grew by almost 2% and South weakened on 7%. The difference between North and South was even more evident in 2008–2013 (in the time of the world economic crisis) when North lost 7% of GDP and South decreased by 13%. The investments to public infrastructure did not change the situation drastically neither in accessibility nor in effect on the local economy growth. Negative trends in economy could finally change demographic situation — the southern women in average have 1.4 children now (2 in 1980) when in the North 1.5 (1.4 in 1980). If current demographic course (with natural increase and migration balance) continues, according to The National Institute for Statistics (Istat), over the next 50 years the south could lose 4.2 million residents (1/5 of its population), to the north or abroad.

## Conclusion

Development of backward territories is one of the complex challenges in the modern world and it was never an easy issue. For many decades governments had a recipe to solve this problem — before globalization period industrialization and investments in infrastructure could reliably give the needed result in many cases. However in the world where industry easily changes location due to lower expenses and people constantly move for the higher life standards it is necessary to look for more complicated decisions.

At the same time investing in education and other social institutions cannot guarantee economic development of the territory as well — generally for backward territories this type of public investments lead to emigration of well-educated people to economically successful areas.

Probably in some cases as in the example with Mezzogiorno, it is needed to change the nature of social relations and connections first of all. It is crucial to refuse corruption and to stimulate public initiatives including the support of common interest in active changes in economic and political live. However exactly this task remains one of the most complex and the solutions for it are not evident.