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## Southern Italy's ills The messy mezzogiorno

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A political row brings new attention to Italy's neglected, but still troubled, south

There was a time when the problems of the Italian south, the *mezzogiorno*, seemed urgent not just for Italy but for all of Europe. Then new members with even poorer regions joined the European Union and the issue slipped off the agenda in Brussels and Rome. Silvio Berlusconi's government does not even have a minister for the *mezzogiorno*—the peninsular south, plus Sicily and Sardinia. Yet the region's problems have not gone away. It matters: the south accounts for a third of Italy's population, half its unemployment and an immeasurable share of organised crime. Now the south is again a hot political issue, with more recent news coverage even than the prime minister's sex scandals.

The trouble began when a group of southerners nominally loyal to Mr Berlusconi threatened to found a new party of the south, along the lines of Umberto Bossi's truculent Northern League. Some were members of a small Sicilian party in the ruling coalition. But the rest came from Mr Berlusconi's own People of Freedom (PdL) movement. As the prime minister himself said, having spent years trying to shoe-horn the right into a single party, a split within it is the last thing he wants.

The threatened revolt was staved off by a promise to unfreeze €4 billion (\$5.7 billion) in funding for Sicily. It may just be a sign that sex scandals have weakened Mr Berlusconi's authority. But it also reflects

southern irritation at the Northern League's hold over the government. Pietro Busetta at Palermo University suggests that the league is creating its mirror image in the south. "Its drive for autonomy pushes people inexorably into thinking that staying together [with the rest of Italy] is worse than being apart."

What brought matters to a head was the discovery that Giulio Tremonti, the PdL finance minister (and a close ally of the Northern League), had raided funds earmarked for development of the *mezzogiorno* to contain a gaping budget deficit. (Public borrowing in the first seven months of 2009 was 140% higher than in the same period of 2008.) Luca Bianchi, deputy director of Svimez, an association for the development of the *mezzogiorno*, estimates that, of €63 billion initially set aside, only a third survived what he calls the treasury's *scippo* (bag snatch).

Italians sometimes talk as if the gap between the north and south were uniquely wide. In fact Spain and Belgium have similar differences. GDP per head in the *mezzogiorno* is almost as high as Israel's (though below that of any country in the old EU 15). In 2007 Gioia Tauro in Calabria overtook Algeciras in Spain to become the busiest container port in the Mediterranean; and a striking commercial and leisure centre designed by Renzo Piano was added to an immense freight complex at Nola, near Na-

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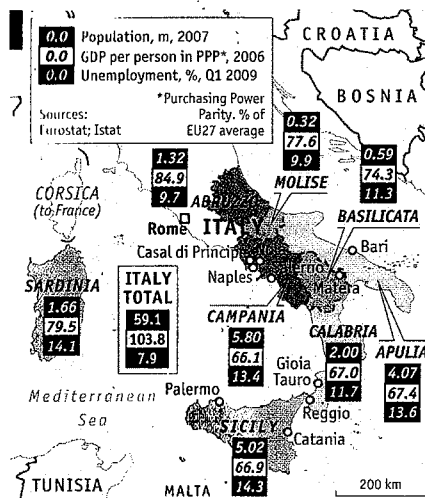
Charlemagne is on holiday

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ples. Some of Italy's best wine now comes from Sicily. Some of its most sophisticated tourist destinations are places like Matera in Basilicata. And for years the Apulia region has grown at a healthy clip.

Even so the *mezzogiorno* still has huge problems, which recession seems to be aggravating. Whether the regional gap is growing or shrinking is itself a matter of dispute. According to Svimez, over the past seven years the economy in the south has grown more slowly than in the north. Yet its figures show GDP per head rising compared with the Italian average. That, says Mr Bianchi, is merely because the *mezzogiorno* is losing population. It has a lower birth rate than the north and also has net emigration, particularly of the young and educated. A study last year by CERM, a think-tank, found a "clear preponderance of young men with a high level of education" among those who left.

Other failings are more glaring still. The quality of education in the south is much



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▷ lower than in the north. A ranking by Shanghai's Jiao Tong university put only three southern universities among Italy's top 20, which are themselves hardly world-class. Infrastructure is often hopeless. It takes five hours to cross Sicily by rail from Palermo to Catania. How long it takes to drive from Salerno to Reggio di Calabria is a matter of chance. Work on modernising the A3 highway was due to finish six years ago, but will not now do so before 2011. The airport at Reggio could almost be in one of the poorer parts of South-East Asia. There is still no physical link between the mainland and Sicily, home to one in 12 Italians—and there remains much scepticism about the wisdom of the Berlusconi government's promised bridge.

"It is not just that the image of the *mezzogiorno* has deteriorated nationally and internationally. There has also been a loss of self-confidence," concludes Alessandro Laterza, a publisher in Bari who is head of the local branch of the employers' federation, Confindustria. The brain drain is one of several factors that make the *mezzogiorno's* prospects dimmer than those of southern Spain, say. Another is its inability to attract significant foreign direct investment. The entire *mezzogiorno* gets a mere 1% of Italy's already low share of such investment.

Perhaps the biggest concern of all is the pervasiveness of organised crime. Police in Sicily have recently dealt a string of devastating blows to the Mafia, called the Cosa Nostra. But Calabria remains firmly in the grip of the 'Ndrangheta, and Naples and its surrounding region of Campania are still in thrall to the Camorra (see box). Organised crime bleeds healthy firms of cash they might otherwise spend on investment or R&D. And it reinforces the league's argument that spending money on the *mezzogiorno* is pointless because it goes to mafiosi and corrupt politicians.

Northerners' reluctance to see their taxes go south lay behind the league's campaign for more fiscal federalism. The principle was written into the constitution this year, but will take years to implement. Initial southern hostility to the idea has given way to a more receptive attitude to the league's argument that it would foster accountability. Even Mr Bianchi, who suspects that fiscal federalism is unconstitutional, says, "I am convinced it could be an opportunity. Indeed, the south has much more to gain than the rest of the country from federal-style administration."

Mr Laterza agrees. But he notes that a form of fiscal federalism has been tried already. In 1947 five regions, including Sicily, were given extensive powers. "And the experience of Sicily since has been anything but one of accountability," he says. ■

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