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«Cassa per il Mezzogiorno» (1950-1986)**

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State intervention and economic growth in Southern Italy: the rise and fall of the «Cassa per il Mezzogiorno» (1950-1986)

Abstract

In the second half of the twentieth century, the Italian government carried out a massive regional policy in southern Italy, through the State-owned agency «Cassa per il Mezzogiorno» (1950-1986). The article reconstructs the activities of the Cassa, by taking advantage of its yearly reports. The agency was effective in the first two decades, thanks to substantial technical autonomy and, in the 1960s, to a strong focus on industrial development; however, since the 1970s it progressively became an instrument of waste and misallocation. Below this broad picture, we find important differences at the regional level, and significant correspondence between the quality of state intervention and the regional patterns of GDP and productivity.

Keywords: Southern Italy, regional development, State intervention, industrialization, convergence.

JEL codes: N14, N24, N44, N94.

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In the second half of the twentieth century, the Italian government carried out a massive regional policy in southern Italy, through the State-owned agency «Cassa per il Mezzogiorno» (1950-1986). The article reconstructs the activities of the Cassa, by taking advantage of its yearly reports. The agency was effective in the first two decades, thanks to substantial technical autonomy and, in the 1960s, to a strong focus on industrial development; however, since the 1970s it progressively became an instrument of waste and misallocation. Below this broad picture, we find important differences at the regional level, and significant correspondence between the quality of state intervention and the regional patterns of GDP and productivity.

1. Introduction

Since the unification of the country, in Italy the North-South divide has been widely debated; not least, because of the sheer size of population affected, of the profound differences in social condition, as well as of the ways the political unification had taken place.¹ The *Questione meridionale* (the problem of the South) arose simultaneously with the creation of the new unitary State, and soon, since the last decades of the nineteenth century, imposed itself to the attention of scholars and policy makers: regional policies especially designed to develop southern Italy began relatively early, as compared to other advanced countries, inspired and carried out by prominent figures as Francesco Saverio Nitti (who was also prime minister).² Despite this, almost unanimously it is believed that, in the ninety years running from the unification of the peninsula until the end of the post-war reconstruction, North-South divide progressively widened. ‘Italy’ – in Lloyd Saville’s words – ‘is plagued by this dichotomy.’³

Actually, the policies carried out in the last phase of liberal Italy marked the beginning of modern industry in the South;⁴ however, they were limited to specific areas and sectors. By far more substantial and incisive was instead the ‘extraordinary intervention’ that began after World War II and, for the most part, coincided with the life span of the ‘Cassa per il Mezzogiorno’ (1950-1984). After concentrating on agriculture and infrastructure in the first decade,⁵ since the late 1950s it turned increasingly towards industry and in particular, in the 1960s, towards the most capital-intensive sectors. Actually, we should acknowledge that, since the 1960s, regional policies were implemented in several Western European countries;⁶ however, if we

had to judge them by the range of sectors covered and the amount of resources channelled, in their times the activity of the Cassa and the extraordinary intervention as a whole have no parallels in the European context.⁷ This can be true also for what concerns the results achieved, both for the negative effects (in the long term) and the positive results. The debate about state intervention in southern Italy also has a long history – almost like the one about the *Questione meridionale* – with prominent scholars, both Italian and non-Italian, involved in it: already in the 1950s the activity of the new-born Cassa per il Mezzogiorno, then overwhelmingly concentrated on agriculture and infrastructures, was reviewed either as an unprecedented modernization step,⁸ or as being sluggish and ineffective;⁹ the subsequent top-down industrial strategy was first discussed, either favourably¹⁰ or unfavourably,¹¹ as early as by the beginning of the 1960s. Since then, the debate has been going on for decades – and we will recall at least a part of it. When looking at the performance of southern Italy in the long run, the available, updated macro-economic figures indicate that the only period of convergence of this area towards the Italian and European average took

Since the launch of the economic liberalization plan (1959), also the Spanish government under Franco tried to promote regional industrialization through a ‘growth pole’ policy, with mixed results in the long-run: De la Torre and García-Zúñiga, “El impacto a largo plazo”; “Was it a Spanish miracle?”, 179–180. Since 1958, also the European Union (former European Community) devoted increasing – and since the 1980s considerable – resources to regional development: Vanhove, *Regional Policy*, 460.

place from 1951 to 1973,¹² that is at the same time when the activity of the Cassa was more efficient and successful: according to Martinez Oliva, in those years the convergence of southern Italy (towards the Centre-North) was faster than the one observed in eastern Germany after 1995 (towards western Germany), the higher shares of resources on GDP invested by the German Federal Government nonetheless.¹³ Later on, since the oil shocks, public intervention in the South gradually lost momentum¹⁴ and effectiveness (up to the point that, in the long run, it even turned out to be counterproductive);¹⁵ at the same time, southern Italy began to fall back once again, from the Italian and European average, and since then it never recovered; among the Western countries of the European Union, at the present Italy is the only one to have a large portion of it (most of the *Mezzogiorno*) still belonging to the ‘less developed regions’ (GDP per head below 75% of the Europe-27 average; the rest of the *Mezzogiorno* are transitional regions, with a GDP per head between 75% and 90% of the EU-27 average).¹⁶

Despite the obvious importance of these issues,¹⁷ at the present the possible link between the activities of the Cassa and the convergence of southern regions – or the lack of it – has not been thoroughly investigated, not at the macro-economic level, neither from the perspective of business history.¹⁸ The present article aims to move

the first steps on this promising line of research, by analysing the annual reports of the Cassa per il Mezzogiorno, which thus far have been never studied in detail neither brought to the attention of an international journal. It provides the first comprehensive reconstruction of the extraordinary intervention, for the whole of southern Italy and its regions, and discusses the results by the light of the most updated figures of investments and GDP. Our article also aims to contribute originally to a growing and recent literature about the business history of contemporary Italy, which is re-interpreting the main features of Italian capitalism by combining qualitative analysis and quantitative evidence with the avail of original datasets.¹⁹

The paper is organized as follows. Section §2 introduces the Cassa per il Mezzogiorno, outlines its evolution by focusing on the decision-making mechanisms and its operational functioning: as we shall see, these issues are crucial in order to understand the rise and the subsequent decline of public intervention in southern Italy. Section §3 sketches out the main phases of the extraordinary intervention. Taking advantage of Cassa's annual reports, section §4 reconstructs the yearly amounts of the Cassa's funds by main expenditures, while §5 goes more in depth at the regional level. A comprehensive review of the regional policies for the South is offered, which allows for both the differences in historical periods and the peculiarities of the regional paths.

most important – of the various instruments of regional incentives (Ronzani, “Regional Incentives”); other more detailed works only focus on limited periods (Carey and Carey, “The South;” Carlyle, *The Awakening*) or specific sectors (Spadavecchia, “Regional and National”). Limitedly to the Italian reader a few histories of the extraordinary intervention in the South are available (Cafiero, and Marciani, “Quarant’anni;” Cafiero, *Storia*; Felice, *Divari regionali*; Lepore, “La valutazione;” Felice and Lepore, “Le politiche di sviluppo”; Aa.Vv., *La Cassa per il Mezzogiorno* and, more specifically therein, Giannola, “La Cassa;” Santillo, “La messa in opera;” Bernardi, “Meridionalismo;” Zoppi, “Traguardi raggiunti;” Felice and Lepore, “Intervento pubblico”), although a complete reconstruction of the Cassa's yearly activities by sectors and regions has not been provided so far, neither it has been contrasted with the various performances of the southern regions – this is true also for our last work in Italian (Felice and Lepore, “Intervento pubblico”), which puts forward some ideas of this article, but in a far less developed form and without the support of a detailed sectoral and regional analysis.

2. The ‘Cassa per il Mezzogiorno’: from autonomy to political subordination

After World War II and the Reconstruction, the ruling class of the new-born republic put the underdevelopment of the South at the top of their agenda. Prominent figures were now actively engaged, in various ways, in promoting the convergence of the South, coming from different cultural backgrounds such as the social Christian (Saraceno, Campilli, Mattei, Paronetto, Pastore, Vanoni), the liberal-nationalist and republican (Giordani, Mattioli, Menichella), but also the Action party (La Malfa), and the Socialist (Morandi); some (Cenzato, Paratore, again Menichella), in the top management of state-owned enterprises such as IRI and SME, were among those liberal technocrats promoted by Francesco Saverio Nitti – and whose major figure was Alberto Beneduce – who had lived through and survived fascist dictatorship. The Svimez, the Association for the industrial development of southern Italy founded in 1946 and led by some of the personalities above (Cenzato, Giordani, Menichella, Morandi, Paratore, Saraceno), had in its executive board also prominent foreign economists such as Paul Rosenstein-Rodan (chief of the Economic Department of the International Bank for Reconstruction and Development), Jan Tinbergen (president of the European Coal and Steel Community commission for the European market), Robert Marjolin (Oecd general secretary).²⁰ The project for the establishment of a ‘Cassa for extraordinary works of public interest in the South’ was drafted by the governor of the Bank of Italy Donato Menichella, who among other things had also drafted the new Italian Banking Law (1936) and had been CEO of IRI, and by the Neapolitan scientist Francesco Giordani, in the past president of IRI and of the National Research Council;²¹ the original idea must probably be credited to Raffaele Mattioli (‘the fabulous Italian banker’, as the Americans had written about him), who was CEO and president of the most important Italian private bank (*Banca commer-*

ciale italiana) from 1933 to 1972, and who at the end of 1946 had proposed to use the revenues from the sale of the goods supplied by UNRRA for the establishment of a new financial institution, dedicated to promote the development of the South: an agency with a high degree of organizational and planning autonomy, and mainly focused on productive investments.²² The project was passed by the Italian Parliament with the law no. 646 of August 10, 1950. With it, the policy of ‘extraordinary intervention’ officially took off.

The Casmez was an autonomous body with legal personality and a specific territorial jurisdiction, which embraced over the seven Southern regions (later become eight: Abruzzo and Molise, Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia), plus some territories of Latium (provinces of Latina and Frosinone, and several municipalities in the provinces of Rome and Rieti) and other more limited areas in the Marches (the zone of Ascoli Piceno) and Tuscany (islands of Elba, Giglio and Capraia) (Figure 1). These boundaries will remain practically unchanged throughout the forty years of extraordinary intervention, surviving even to the transformation, with the law n. 64 of 1986, of the Cassa in Agensud (1986-1992). Within them, however, some areas benefiting from particular interventions were to stand out: since the beginning the ‘districts of reclamation’, later above all, with the 1957 (no. 634) and 1959 (no. 555) laws, the ‘nuclei of industrialization’ and ‘areas of industrial development’; with the five-year plan of the second half of the sixties (1965 law, no. 1965), the ‘districts of tourism development’ and the ‘areas of particular depression’ were added too.²³

[Figure 1 here]

During its first years, the new institute enjoyed a remarkable autonomy, both in the planning of initiatives and in the distribution of funds. The reference model on

this was the American Tennessee Valley Authority,²⁴ created in 1933 to build infrastructures (drainage, irrigation, hydropower) in the Tennessee river system, and to which Mattioli explicitly referred. The American influence was also more tangible. For the start of the Cassa, which initially was provided with 1,000 billion historical lire (around 18 billion 2011 euros),²⁵ the financing from the International Bank for Reconstruction and Development (IBRD) was decisive;²⁶ the IBRD aids were granted on the condition that their administration was not entrusted to bureaucratic bodies permeable to political pressure, but to a special entity that would operate under the supervision of the IBRD itself.²⁷ In this respect, Gabriele Pescatore – who was to serve as president of the Cassa from 1955 to 1976 – emphasized as the Governor of the Bank of Italy saw (...) the Cassa as ‘the most suitable instrument for realizing the most significant intervention (...) the World Bank ever carried out in Europe’, mostly thanks to its autonomy and technical expertise.²⁸ This latter was a fundamental ‘external constraint’, which had to guarantee the independence of decisions from political interference. To this condition, two more had to follow: the speed of implementation and, of course, the fact that the new interventions had to be not substitutive but rather additional – ‘extraordinary’, in fact – to the ordinary intervention carried out by the State administration.

By functioning under these constraints, the Cassa in the 1950s has been favourably regarded by foreign observers. Writing in 1953, Stuart Hughes defined it as ‘the

most encouraging thing going on in Italy today'.²⁹ Just two years later, Carey and Carey described a *Mezzogiorno* which was 'beginning to awaken from its long slumber of underdevelopment and depression' and stressed as for this result the work of the Cassa could not 'be under estimated'.³⁰ The two authors did not hide themselves the obstacles the Cassa had to overcome – mainly due to the lack of cooperation from the ordinary administrations or to the fact that at the local level public agencies lacked personnel or technical equipment – but they noticed as the Cassa managed to overcome them by effectively working as an extraordinary agency: to bypass frictions with ministries, it went ahead with construction even before the requisite permission had been granted; in order to properly plan the works and cope with possible difficulties at the local level, it set up its own technical bureaus,³¹ which indeed turned out to be quite successful (for instance, in the aqueducts and irrigation systems).³² Furthermore, the Cassa endowed itself with an organization which effectively facilitated this autonomy: it concentrated its administrative centers in the capital, Rome, in order to avoid local pressures; in its first year of life, it made remarkable efforts in order to hire the best technicians and employees, more than 200 by June 1951 which were screened from thousands of applications and permanently employed after a period of trial.³³

As a consequence, the Cassa per il Mezzogiorno came to be equipped with an effective organizational structure, formed by highly qualified technicians (agronomists, geologists, architects, surveyors and, mostly, engineers). The reason why an institution essentially of a financial nature had need for technical experts in reclamation and water projects, as well in other infrastructural projects, consisted in the lack of these skills within the ordinary administration:³⁴ the Cassa had to make up for such a lack

of planning and implementation capacity with its own staff, in order to provide technical assistance together with the financing of projects. The important role played by the technicians in the Cassa per il Mezzogiorno was witnessed, among the others, by the International Bank for Reconstruction and Development: 'The Cassa staff, especially the chiefs of the four principal technical services, have a high professional standing. In general the impression has been that the Italian engineers and technicians fully measure up to the technical problems involved in carrying out the Plan'.³⁵ Still in 1973, in the Cassa's staff there were 213 technicians – 149 engineers, 43 agronomists, 8 surveyors, 7 geologists, 3 architects, and 3 unspecified – out of 2780 total employees.³⁶

To this picture, it may be worth adding that cronyism, as a way of establishing and consolidating political power, at least in the 1950s still was not a pervasive as-

pect of the southern Italy's political life – it would have begun to spread from the agrarian sector, indeed, to progressively cover other areas such as industry and welfare, but only later on (starting with a 1959 law in favour of small farming property and then, above all, in the 1970s and 1980s).³⁷ As far as we know, the Cassa's activity in agriculture was, in broad terms, free from cronyism and personal political pressures³⁸ – although these may have played some role under specific circumstances and in particular marginal territories.³⁹

In the actual operating of the agency, however, independence and technical capacity could not be maintained in the long run. After an initial and not short phase – approximately fifteen years – when they were effectively respected, they came to be progressively abandoned. Autonomy from the policy was gradually called into question and then seriously hampered with the law no. 717 of 1965, which set forth the obligation to submit the Cassa's programs for approval to the Minister for extraordinary interventions in the South; furthermore, according to the 1965 law the Minister would also have supervised the activities of the agency, having the power to declare its dissolution 'in case of reiterated non-compliance with its guidelines'. As pointed out by Cafiero, 'almost all the Ministers for extraordinary interventions in the South would have tended to use their legal powers in a particularly invasive way'.⁴⁰

In the early seventies, following the establishment of the regions and the increasing fragmentation in the process of decision-making, the propelling phase of the Cassa came to an end. Degenerative tendencies expanded, so as that Salvatore Cafiero dubbed this period ‘the long agony of the extraordinary intervention’.⁴¹ In fact, the new-established regions greatly increased political influence over the Cassa, by directly intervening in the planning and carrying out of the projects, and by progressively replacing the Cassa’s technicians with their own local bureaucracy (often selected through political loyalty). The distortions grew pathologically in the second half of the seventies and then especially in the next decade, ‘the darkest period in the recent history of the South’,⁴² when the share of income transfers – to sustain living conditions in the short run – had definitely overtaken that of investments. The more and more frequent interferences from the polity on the choices of the Cassa (as well as on those of State-owned enterprises),⁴³ even on the most technical ones, undoubtedly made the agency lose those ‘qualities of technical and strategic initiative, and efficiency, that [...] had characterized its works in the fifties and sixties’.⁴⁴ The principle of complementariness with respect to the normal administration of the State also was abandoned, so that Cafiero and Marciani called ‘de facto ineffectual’ the coordination between the extraordinary and the ordinary interventions;⁴⁵ it went this way despite a Committee of Ministers for the Mezzogiorno was set up, with the specific task of coordinating the activities of the Cassa with those of the ministries composing the Committee. The main result of such a lack of complementariness was, in the absence of some ‘ordinary’ strategy for the South, the transformation of the extraordinary intervention from ‘additional’ to ‘substitutive’, with respect to the actions the State should normally have taken. The increasingly inadequacy of the latter, more patent through time, in tackling a number of problems that often required quick and

reliable answers, gradually led to charge the Cassa with numerous tasks in many different fields, often with mere welfare purposes. This had serious consequences. In its early stages the agency, thanks to its financial and technical support to the peripheral administrations of the South,⁴⁶ contributed to the raise of local efficiency and to the functional improvement of the ordinary administration.⁴⁷ With time, however, its activity – as coming from above, and losing in linearity and transparency – ended up with favouring the collapse, or at least the deteriorating, of such capabilities, while fostering instead a passive and parasite attitude.

At the same time, the efforts of the State in the most productive area of regional policy – the subsidies to industry – dramatically decreased in southern Italy as compared to other parts of the country. This shift comes out quite clearly when we consider all the types of industrial (regional and national) schemes which were set up by the Italian government at different times: for what regards subsidized medium-term credit to industry, for instance, Spadavecchia has showed that the *Mezzogiorno* was the main beneficiary from 1957 to 1975, i.e. when the Cassa was more clearly focused on industrial development, as compared to the North-East/Centre and the North-West,; but also that, since 1975 until the end of the extraordinary intervention (1992), it was overcome by both the other two macro-areas.⁴⁸ Furthermore, as argued by Trigilia, in this period even industrial aids to the South were counter-productive, as long as they provided the wrong incentives (to get funds from the Cassa without bothering for economic rationale) to local entrepreneurs.⁴⁹ As we will see, a period of

– slow, but continued – divergence between southern Italy and the rest of the country now began, a divergence which has been going on up to our days.

In order to understand how the change from a stimulating to a degenerative period did occur, it is worth looking in more detail at the different phases the Cassa lived through.

3. The ‘phases’ of the extraordinary intervention

The increase in the Cassa’s range of activities went together with changes in the development strategy for southern Italy. By and large, the literature about the extraordinary intervention agrees on dividing the period corresponding to the Italian ‘golden age’ into three different ‘phases’: pre-industrialization (1950-1957), industrialization (1958-1965), and the inclusion (or attempted inclusion) of the regional policy into the national economic plans (1966-1970). For the next period, a useful periodization is the one adopted by Cafiero and Marciani, who break up the seventies in two five-year periods (1971-1975 and 1976-1980), the first characterized by the onset of special projects and the second by the entry of the regions into the decision-making process, then treat unitarily the short-term extensions of the Cassa’s lifespan, the subsequent dissolution and the birth of Agensud (1980-1986), and finally consider a three-year period (1987-1989) when the new agency was really operative.⁵⁰

When the Cassa was created, in 1950, it was endowed with a first grant for a ten-year plan of ‘consistent systems of extraordinary works’, after which the extraordin-

ary intervention had to cease to exist (and the agency, too). Up to 77% of amounts allocated under the original 10-year plan had to go to agriculture (49% for reclamations, land improvements and mountain interventions, 28% for the land reform),⁵¹ the rest to aqueducts and drains (11%), ordinary roads (9%) and tourism (3%).⁵² But as soon as with a 1952 law (no. 949), the Cassa's budget was raised up from 1,000 to 1,280 billion lire (20 billion 2011 euros), and the life of the agency extended to twelve years: the share of funds for agriculture had reduced to 71.1% (49.2% for reclamations, land improvements and mountain interventions; 21.9% for the land reform), while the one for civil infrastructures – the so-called 'pre-conditions for industrialization' – had correspondingly raised, with the significant, new inclusion of railway works (5.9%; 11.7% of the funds were for aqueducts and drains, 9% for the ordinary roads); tourism was down to 2.3%.⁵³

With the golden age and the Italian 'big spurt' to the status of industrial power,⁵⁴ the voices of those who, especially from the SVIMEZ, called for a direct involvement of the Cassa in the creation of industrial factories became more incisive.⁵⁵ It is

worth reminding that SVIMEZ, the Association for the Development of Industry in the South which was created in 1946, had among its founders the same persons (Pasquale Saraceno, Donato Menichella, Rodolfo Morandi, Francesco Giordani, Giuseppe Cenzato, Giuseppe Paratore and others) who also created the Cassa per il Mezzogiorno.⁵⁶ Consistently, industrialization in the South was viewed as the most effective way to generate new jobs and to contrast mass emigration, and had to be entrusted to the new agency. Some steps had already been taken with a 1952 law (no. 166), which financed specific initiatives devoted to ‘facilitate the process of industrialization of the South’,⁵⁷ and then with a 1953 law (no. 298), which ordered the restructuring or creation *ex novo* of three special credit institutions dedicated to provide subsidized credit to the southern firms: Isveimer for continental South, Irfis for Sicily and Cis for Sardinia. However, it was only with a 1957 law (no. 634), that the so-called ‘second phase’ of the extraordinary intervention, characterized by a strong reorientation of the Cassa’s funds in favour of the industrial sector, did begin. The two instruments were low-interest loans and grants, in favour of those firms which localized their plants in the South (another possible instrument, tax incentives, were instead *de facto* ignored). Of course, with the 1957 law the agency was also significantly re-funded, and its lifespan further extended up to 1965.⁵⁸ The new fifteen-year plan (1950-65), drafted in 1957, confirmed this re-orientation toward infrastructures and industry: for all the fifteen years since the Cassa’s foundation, agriculture had to shrink to 55.3%, followed by aqueducts and drains (15%) and then by transport and communications (12.6%); fourth was industry (11.8%), then came tourism (2.7%) and school and professional education (2.1%).⁵⁹

grande industria in Italia, published in 1931: Saraceno, “Morandi.”

We will see in the next section how much these goals – and these shares – were respected. Here it must be added that a subsequent law issued in 1965 (no. 717), besides extending the life of the Cassa until 1980, also prescribed the formulation of a ‘multi-year coordination plan’, aiming at linking the regional policies for the South to the emerging national planning.⁶⁰ In this respect, the results were disappointing, mainly due to the lack of coordination between national and regional policies.⁶¹

However, the sixties are above all the period in which the strategy for industrialization actually took off. This strategy was devised as early as in the 1940s as a result of the ‘big push’ approach of the time,⁶² and by that time was proving itself to be quite effective in promoting industrialization in other underdeveloped countries; in Italy, it had been endorsed by SVIMEZ since the late 1940s. The eligible territories had to conform to some criterions: a pre-existing history of economic dynamism, the existence of local players able to promote and implement a ‘broad economic and environmental transformation’, a good geographical position, as well as ‘an area sufficiently large and homogeneous, made up of a certain number of municipalities grouped around a main center.’⁶³ Concerning the fourth condition, this strategy focused on the so-called ‘development poles’: ‘positive externalities similar to those in the more developed regions of the country’ had to be created in these selected areas, in order to ensure to the new factories ‘the proximity of complementary industries, the availability of services and a well-diversified labour market’.⁶⁴ The ‘areas of industrial development’ and the ‘nuclei of industrialization’ were created throughout southern Italy, paying particular attention to demographic features: the area had to have a population of at least 200,000 units, the nuclei, designed for home-grown firms of smaller size, a population below 75,000. It was essentially a top-down

model, based on industrial incentives and infrastructural investments, which was meant to favour the installation – in clearly defined territories – of one or more ‘engine firms’, usually large-sized ones.

Initially, incentives were reserved to small firms, but then in 1962 limits on employees and fixed assets were lifted, in order to attract investments by large companies from the North.⁶⁵ A special role was assigned to State-owned enterprises, which were obliged by law to localize 60% of their investments in new plants and 40% of their total assets in the South. As a consequence, the majority of the projects carried out in the poles of development – but also the very few localized outside of them – were in heavy, highly capital intensive industrial sectors: according to the Cassa’s reports, by the end of 1970 roughly 60% of low-interest loans went to chemicals, metallurgy and engineering (by the end of 1973, their share had risen up to 70%); for what concerns the grants, these three sectors totalized 50% of the total (53.4% by the end of 1973).⁶⁶ According to Svimez, which focused on the investments above 100 billion lire of the time, from 1962 to 1968 40.5% of their amount went to chemicals, 21.5% to metallurgy (which had totalled barely 3.1% in the previous period) and 7.9% to engineering, for a total share of 69.9%; then 9.5 and 9.3% went to non-metallic minerals and food and tobacco respectively, and the rest, 11.3%, to all the remaining sectors (textiles, clothing, footwear, leather, wood and furniture, paper, etc.).⁶⁷ According to Del Monte and Giannola, in 1973 the state-owned enterprises and the two largest private groups, Fiat and Montedison, accounted for more than 70% of the southern industrial workers and two-thirds of its industrial output.⁶⁸ This

too was in line with the ‘big push approach’, and with the mainstream economics at that time.⁶⁹

The stagflation crisis of the ninety-seventies, and the consequent rise of a new ‘technological system’, with the transition from Fordism to post-Fordism, affected the heavy industries more severely in the *Mezzogiorno*, than in the Centre-North. It must be pointed out that, meantime, the strategy of ‘engine firms’ had effectively brought rapid industrialization in the *Mezzogiorno* and caused its unprecedented convergence towards the Italian average: the ‘big push’ hoped for by Paul Rosenstein-Rodan had become reality, in certain respects; and in any case, the early capital-intensive big factories marked a significant step forward, being at the forefront of technological innovation.⁷⁰ However, it is also true that the top-down strategy had produced little in terms of component industries and local industrial networks and that, because of this, it had begun to be negatively considered in the new economic climate: the success of the expression ‘cathedrals in the wilderness’, which became popular in the heated debate of the time, despite the caveats expressed about its accuracy (and congruity with the deep economic transformation of the South),⁷¹ by itself can give an idea of how this strategy had come to be seen by a part of the public opinion. At the same time, the creation of the regions (1970) entailed new and profound legislative changes. A 1971 law (no. 853) concentrated the Cassa’s aids on industrial development and on the new ‘special projects of coherent interventions’. The

former were now, basically, ‘individual incentives, being designed in such a way as to allow for a highly discriminatory use to be made of them’.⁷² The latter were an attempt to recover the progressively lost ‘extraordinary’ characteristic of the agency, by making profit of the technical capacities, industrial expertise and celerity the Cassa had proved itself (and was still) capable of, unlike the ordinary administrations; however, now they had to be submitted for approval to the Minister for extraordinary interventions in the South. According to the 1971 regulations, the regions had to substitute the Cassa in all the areas that now fell under their competency: from agriculture to road networks, from aqueduct to tourism; the Cassa, however, was allowed to go on with its activity until the completion of the works already begun, which meant that it actually could continue to work in these areas for most of the seventies.⁷³ Quite correctly, Ronzani has defined the *Mezzogiorno* legislation for the 1971-76 quinquennium as ‘probably one of the best Italian examples of “overloaded” policy’.⁷⁴

Following a subsequent law in 1976 (no. 183), the participation of local authorities was further – and greatly – strengthened: to the regions were now assigned advisory powers on all the legislative initiatives and decisions of the Committee of Ministers for the *Mezzogiorno*; regional representatives were appointed to the Cassa’s executive board; a new area where the Cassa had to operate, the so-called ‘development regional projects’, of specific interest to the regions, was established, to which 2,000 billion lire of the time (8.7 billion 2011 euros) were allocated.⁷⁵ These changes, however, instead of enhancing the involvement of the local entrepreneurship, in the majority of the cases – as noted by several scholars⁷⁶ – only increased political pressure and nepotism, and resulted into a further dispersion of resources towards unproductive expenditures. As Claudio Riolo has pointed out, from being a resource, whose potential of convergence further increased the growth rate of Italy during the economic miracle, southern Italy now became a cause of economic slowdown and rising

public debt – although, until at least the early 1990s, this did not weaken the political connivance between the ruling élites of the South and those of the North.⁷⁷

The last deadline established for the Cassa's lifespan was December 31, 1980. When it was approaching, however, a number of short-time extension measures prolonged its life again and again, until when the Presidential decree of 6 August 1984 marked the final abolition of the agency. A few months earlier, the law no. 651, of December 1 1983, had anticipated the new guidelines of the development policy for southern Italy: a three-year program had to be drawn up by the Minister of the Mezzogiorno, taking into account proposals coming from the regions.⁷⁸ It is worth noticing that all these laws placed great emphasis on the need to coordinate the ordinary activities with the extraordinary intervention. Once again, however, such a goal remained by far unaccomplished. The 'ordinary' administrations and agencies not only failed to reach the share of investment in the South (at least 40% out of the total) they were obliged by the law, but they often did not even comply with their primary duty of reciprocal information, between them and in turn with the Cassa; neither they respected the commitment to realize inter-regional projects of national importance (on this, negatively affected by the lack of adequate technical support). More generally, the years 1980 to 1986 saw a further rise in bureaucratic impediments, due first to the precariousness of the short-term extensions, then to the complexity related to the drafting of the new legislation.⁷⁹ Uncertainty and the legal tangle further complicated things. In fact, since 1980 (the year in which the Cassa's activities had to cease) eight decrees and two laws followed in just six years. At the end of this phase, 1986 was intended to mark the passage from a top-down to a bottom-up policy, but actually resulted into a further overlapping of functions and regulations.⁸⁰ To sum up, according to Salvatore Cafiero, 'first the precariousness of the extensions, then the suppression of the Cassa, which until then had retained respons-

ibility for implementing the current regulations, negatively impacted upon the actual functioning of the extraordinary intervention'.⁸¹

A more consistent legislative framework was re-established only in 1986, with the law no. 64 which in fact bore the title 'consistent legislation for the extraordinary intervention'. At the same time, however, with the 1986 law the idea of one single agency devoted to the development of the South was lost, definitely. The new 'Agensud' had to limit itself to the disbursement of funds and to the participation in specific 'promotion agencies'; several entities were entitled to ask for funds, from the central government to the regions, from local bodies to State-owned agencies and even to non-economic organizations, down to private entrepreneurs.⁸² In short, there was no longer a single agency charged with the task of developing southern Italy; this is the main reason why we have decided not to deal with this last phase of the extraordinary intervention, preferring to consider only the (far more substantial) period of the life of the Cassa (1950-1984), plus the two interim years (1985-1986) before the Agensud (1986-1992).

4. 'Cassa per il Mezzogiorno' and convergence. A re-appraisal

Table 1 presents the yearly expenses of the 'Cassa per il Mezzogiorno', as a total and as a percentage of investments and gross domestic product, 1951 to 1986; from those figures, Figure 2 offers a clear vision of the trends of the different typologies of expenses; Table 2 shows the allocation of the expenses for direct interventions, through the years 1950–1975.⁸³ The first thing worth noticing is that these data confirm only in part the strategic guidelines characterizing the different phases of the ex -

traordinary intervention. It is true that a strong correspondence between the stated goals and the actual expenses can be observed in the early years: from 1951 to 1957, there is a clear prevalence of the funds for the works carried out directly by the Cassa, mostly for agriculture, then for aqueducts and roads; the subsidized credit to private entrepreneurs still appears to be very small, taking up less than 5% of the total, to which we must also add a good share from the 10% of other interventions⁸⁴ – a residual category including mostly the IBRD aids, which had been growing since the mid-fifties and had touched the highest levels with the first years of the industrial development strategy.⁸⁵ If, broadly speaking, until 1957 the Cassa's focus was on agriculture and the pre-requisites of industrialization, and later it shifted towards infrastructures and industry, this is what results from the actual amounts of the expenses – and even beyond what was originally planned. According to Table 2, actually from 1950 to 1965 the share of agriculture was even smaller than what designed by the new fifteen-years plan (55%, see previous section): a little above 50% of total direct interventions, which meant roughly 36% of total expenses.⁸⁶

In part overlapping with the fifteen-year plan, the longer phase of industrialization, 1958 to 1970, also saw a substantial reduction in the percentage of funds to the works carried out directly by Cassa, which practically halved (from 85% in 1951-57 to 42% in 1966-70), although mainly due to the decrease of the agricultural sector.⁸⁷ In contrast, subsidies to private investments – industrial, for a vast majority – remarkably grew, especially in the second half of the sixties, when this sector reached an average of one third of the total, with peaks above 40% (in 1970).⁸⁸ This level remained unchanged even in the first half of the seventies, mainly due to the fact that, especially at this stage, expenses followed commitments with a lag of one or even a few years, and thus they still reflected the commitments contracted in the previous

phase.⁸⁹ Even in this respect, therefore, we may say that the agency complied with its stated goals.

In the seventies, however, the share of works carried out directly by the Cassa, which now included also minor interventions, returned to rise, and in a significant way.⁹⁰ This is one of the two major discrepancies with the stated goals of extraordinary intervention. In spite of the legislator's intentions, the implementation of special projects and the passage of many functions to the regions (with the exception of the programs already begun by the Cassa), did not reduce the flow of large sums to direct interventions. Furthermore, this is not the only matter of importance. The second major discrepancy is that in this period all the expenditures for regional policy did increase, both in absolute terms and relatively to GDP.⁹¹

By this regard, Table 1 and Figure 2 show that, while in the fifties and sixties the yearly expenses had remained below 0.7% of the Italian GDP, in the next decade their share rose to an average 0.9%, with peaks of more than 1% between 1975 and 1977. The percentages reached in the seventies cannot be interpreted merely in terms of a lag to the commitments of the sixties, but they should be rather seen in relation to the economic downturn which followed the first oil shock, whose most acute phase occurred in the mid of that decade. The economic hardships were felt more severely in southern Italy, and frustrated the industrial development which had begun in the sixties. In turn, the growing difficulties resulted into an increase of help requests from the disadvantaged areas, and these requests were met by the political power: the total amount of aids also grew, but – in the lack of an alternative development model, at least in the short run – they mainly went to unproductive uses and indiscriminate interventions.⁹²

The precariousness of the first half of the eighties resulted into a decrease of funds, but this indeed was more in relative terms, i.e. compared to GDP which was rising again, than in absolute ones: as shown again in Table 1, from 1981 to 1986 the average level of expenditures was below that of the years 1976 to 1980, but similar to that of 1971-1975. Above all, it must be noticed as the share of direct interventions – basically infrastructural works – continued to increase, reaching an annual average 72.8%; this contrasts with the decline in subsidies to private investments, which fell below 20%.⁹³ As pointed out by Barbagallo and Bruno, ‘these policies have had a positive impact on the demand side, at least in the short term, but did not prove themselves capable of changing the structural conditions of inefficiency and low productivity present in the supply side’; not least, because they were strongly conditioned by their ‘indirect effects’, which in turn were ‘nourished by the chronic inefficiency of the public administration’ and eventually compromised the results.⁹⁴

[Table 1 here]

[Figure 2 here]

[Table 2 here]

By this perspective, the negative turn in the extraordinary intervention which took place at the beginning of the seventies emerges clearly: the extraordinary intervention came to be more and more affected by the demands of the regions and local political powers, in sharp contrast with the technocratic management carried out during the first phase of the Cassa’s activity. However, it is also true that, throughout the period, the additional expenditures observed in sectors which had been handed over to the regions (e.g. Cassa per il Mezzogiorno, *Bilancio 1977*, 22).

period of our concern, the effort in financial terms was remarkable, indeed, much more than what can be observed in the regional policies of other countries, for instance in the United Kingdom.⁹⁵ Such financial effort can be further appreciated if we look at its share of total gross investments in the Mezzogiorno (see again Table 1): it is about 10% each year, for 36 years – truly a notable share. However, also in this case a difference should be stressed between the two phases when the expenditures of the Cassa were higher, i.e. the second half of the 1950s (when they concentrated in agriculture and the pre-conditions for industrialization) and the second half of the 1970s (when redistributive goals were, by now, prevailing).

But what about the results? Before we discuss them in more detail, it is worth contextualizing the North-South divide in the long term, within the overall historical development of the Italian economy. To this scope, Figure 3 – taken from the latest estimates of regional GDP for benchmark years at current borders⁹⁶ – may be illustrative: it shows as the North-South divide has been a constant in the history of unified Italy, but also that differences have not remained unchanged in the long-run. In the liberal age regional imbalances were mild, while between the two world wars the North-South gap remarkably widened. The economic miracle, from 1951 to 1971 – but actually until 1973 – was the only period of convergence, limited though: as compared to the Italian average (=100), the South went from 61 to 73.⁹⁷ This catching-up has come to a halt in the seventies and, as a result, southern Italy has begun to fall back again, although at a very slow rate. In 2001, southern Italy still scores an income per capita only slightly above two-thirds of the Italian average (68%); this has remained more or less unchanged until our days (see forward, Table 3).⁹⁸

[Figure 3 here]

The convergence of the economic miracle is, therefore, an unprecedented event in the history of unified Italy, and unique it has remained thus far: although largely incomplete, in some respects it was remarkable, not least because during the economic miracle also the Centre-North was growing, as never before. The sheer fact that southern Italy was able to keep up with the Centre-North in the very years of fastest economic growth of this latter, must be considered as a major achievement. Actually, to some foreign observers the strong impact of the Cassa was clear already in the 1950s, when it concentrated on agriculture and the pre-requisites for industrialization: ‘To some extent – wrote Carey and Carey as early as in 1955 – the Cassa has changed the face of the South. Where there was formerly dry land, there are now vast irrigation projects under way. Thousands of acres of swampland, cleared of malaria by the Allied forces, UNRRA, and the Rockefeller Foundation working in conjunction with the Italian government, and kept clear with Cassa funds, are now used for cultivation and human habitation; hundreds of miles of roads, many of them difficult engineering feats, now connect towns which formerly were entirely isolated; thousands of acres of reforestation are now visible where formerly there was nothing but barren erosion’.⁹⁹ Available archival sources confirm the dramatically backward conditions of southern towns – for example throughout the provinces of Abruzzi, one of the poorest areas at the beginning of the extraordinary intervention¹⁰⁰ – along with the positive effects of the Cassa’s direct interventions for what concerns agricul-

ture,¹⁰¹ the construction of roads,¹⁰² and aqueducts¹⁰³ and drainage works.¹⁰⁴ Later on, a highly favourable judgement about the first phase of the Cassa has been expressed, among other historians, by Leandra D'Antone, who defined it the 'happiest phase of the extraordinary intervention'.¹⁰⁵ As we are going to see, it is, however, the entire first half of the extraordinary intervention, including the industrialization of the 1960s, that should be positively regarded, at least for what concerns the convergence of the South. This has come to be recognized by several Italian scholars, including Salvatore Cafiero, Adriano Giannola, Augusto Graziani, Carlo Trigilia, and Vera Zamagni.¹⁰⁶

The assessment of these scholars may now find support in the quantitative reconstruction presented in this article. In the 1960s, convergence went along with a significant increase in the expenditures of the extraordinary intervention and – what is even more noticeable – of those aimed more directly to industrialization. Thanks to the 1957 law and to the investment reservations imposed on State-owned enterprises, the industrial sector of the South, that in the early fifties still was modest in size and technologically backward, was both expanded and transformed. We can be more precise on this, by looking at Table 3. It shows the evolution of key macroeconomic indicators in benchmark years (1951, 1971, 1991, 2011): GDP per capita, which in turn is formed by the product of GDP per worker (labour productivity) and by 'workers per capita' (the activity rate); the table also displays a breakdown by sectors (in-

dustry, agriculture and services), with respect to both labour productivity and the allocation of the labour force.

As can be seen, from 1951 to 1971 most of the southern convergence is due not so much to an expansion of the industrial base (which however did occur, in absolute terms), but rather to an increase in industrial productivity: a direct result of the Cassa's top-down strategy, which financed capital intensive sectors and then lifted up GDP per worker. In contrast, there is no convergence in the activity rates, suggesting that instead the massive emigration from South to North played a minor role (assuming that those emigrating did not have a job at home). On the other side, it is worth noticing that from 1951 to 1971 the abandonment of the agrarian sector was in the South, in absolute terms, a slightly higher than in the rest of the country: -26.4 percentage points, against an Italian average of -25.8. It is true that this gap widened in the following two decades, thus it is possible that the initial Cassa's engagement in agriculture somehow delayed structural change – of the labour force from agriculture to industry and services – in southern Italy. But it was a modest delay, nonetheless. What is more important, it went along a convergence of the South also in per capita productivity of agriculture (from 80 to 88% of the Italian average): this was much more pronounced in the 1950s and 1960s, than in the following two decades, and should be regarded as one more important achievement of the extraordinary intervention. From the early seventies onwards, the figures confirm what we have discussed above, namely that this positive path came to a halt with the oil crisis, which marked the failure of those development schemes: in GDP per capita, southern Italy began to lose ground, its falling back being mainly due to a decrease in activity rates, i.e. to the lack of job opportunities. By that time, regional policy seems to have turned powerless: although the expenses did not decrease, they could no longer help to converge, mainly because they were drifting away from productive uses. Things further worsened in the 1980s, when also the funds from regional policy began to decrease. Not surprisingly, as a result of the extension of unproductive and welfare interventions, in these decades the employment share of the tertiary sector remarkably increased: in 1991 and 2011 it is above the Italian average, while the share of industry is remarkably below.

[Table 3 here]

5. Towards a regional breakdown

Within the overall picture we have outlined thus far, the regional differences in the extraordinary intervention deserve a more in-depth consideration. With regard to direct interventions, Table 4 shows the distribution of the works contracted up to the end of 1975, according to their main typologies and different periods (1950-1965, 1966-1970, 1971-1975). In the allocation of funds, some regions have been proportionally more favoured: these were Molise, Lucania, Sardinia, to a minor degree Abruzzi and Calabria; while in Lucania and Sardinia, however, reclamations and mountain settlements – in the agricultural sector – were predominant,¹⁰⁷ in the other three the Cassa focused instead, more than anywhere else, in the construction of roads and (particularly in Abruzzi and Molise) in aqueducts and sewage systems.¹⁰⁸

[Table 4 here]

The industrial subsidies (Table 5) have a different allocation. In the fifties, the regions which received the largest share were Campania, where some industrial tradition was already present, and Sicily, namely the area of Syracuse where the petrochemical pole would take shape.¹⁰⁹ In the sixties the most favoured regions were instead Apulia and Sardinia, above all for what concerns the heavy industries: chemicals in Sardinia, chemicals and iron and steel in Apulia; however, in the sixties we can find investments in these sectors practically in every region, with the exception of

Abruzzi and Molise, where they remained exceptionally low.¹¹⁰ The next decade is characterized by the fact that, following the big state-owned enterprises, also the private big business – in order to have the Cassa's aids, but also to minimize conflicts with trade unions¹¹¹ – began to invest in the South: the first and by far most important one was Fiat, which diversified with some success in Sicily (the Termini Imerese plant in 1970), Molise (Termoli, same year),¹¹² Abruzzi (Val di Sangro, 1978)¹¹³ and later on in Lucania (Melfi, early 1990s).¹¹⁴ It is not a coincidence that these were to be the regions attracting the lion's share of funds in the last period, as confirmed by the available data on the grants received up to the end of 1985.¹¹⁵ In the most critical phase of the extraordinary intervention, and at a time when the Cassa's subsidies more strongly directed toward small-medium enterprises and light industrial sectors, in those smaller regions some beginning of a virtuous circle can be observed;¹¹⁶ it was the opposite of what occurred with the biggest regions, where instead we should talk of a vicious circle. Abruzzi is no doubt the best example of this (relative) success, up to the point that from 1987 to 1989 this small region received about one-third of total industrial incentives;¹¹⁷ but it contrasts with the dismal failure of the biggest areas of the *Mezzogiorno*.

[Table 5 here]

The Cassa's yearly reports confirm that, in the sixties, in Abruzzi and Molise the agency favoured small-medium enterprises and light sectors. The reasons were mainly demographical – the low density and high dispersion of towns and villages –

although in other territories demography was not a decisive constraint: Sardinia was similar to Abruzzi by this regard, but it witnessed nonetheless a remarkable expansion of big chemical factories,¹¹⁸ which in the course of the seventies broke down.¹¹⁹ From our perspective, what really matters is that these differences in the regional policy resulted in different patterns of per capita GDP and its components. This is clear from Table 6. For what concerns the sectoral components of GDP, we may notice as the remarkable growth of southern Italy in the 1960s took place not only in industry, but also in agriculture (and contrasting with the dismal performance of this sector in the 1970s, when the Cassa's engagement in agriculture was *de facto* abandoned): at the regional level, in this latter the best performing regions are those – Apulia, Sardinia, Sicily – which in 1966-1970 received the largest amount of Cassa's direct interventions in agriculture (cfr. Table 4).¹²⁰ In the 1970s, we still have a good growth of industrial GDP in some regions (Abruzzi, Molise, Sicily) which continued to benefit from the extraordinary intervention in industry. In terms of aggregate GDP, it is worth noticing that both Abruzzi and Molise accelerated their convergence in the seventies, when instead the rest of the South began to fall back. Sardinia had grown considerably in the sixties, at the time of top-down investments, but then it fell back dramatically, in correspondence with the oil crisis which struck heavily those same subsidized plants. Abruzzi continued to converge throughout the eighties, but then the extraordinary intervention came to an end, and indeed soon after also the European funds did (in 1995 Abruzzi is also the first region to leave the Objective 1 areas): as a consequence, by 2001 the region has begun to diverge again. Molise and Lucania, both smaller than Abruzzi, continued to converge also in more recent years: the former, thanks to the expansion of public administration and to the good performance of the Fiat plant in Termoli; the latter, once again, thanks to Fiat, which between

1991 and 1993 built a new plant in Melfi that was the largest investment in the South since the end of the extraordinary intervention, and benefitted from European and national subsidies.¹²¹ In other words, like it or not the government intervention has continued to be the salvation (and damnation) of the Southern regions.

[Table 6 here]

6. Conclusions

In the course of its unitary history, Italy has experienced an economic rise that turned it into one of the major industrial powers on the planet. Nevertheless, the problem of the South has remained unresolved. The North-South divide went growing during the long industrial take-off and, after the only phase of convergence in the ‘golden age’ (1951-1973), it has remained virtually unchanged during the last four decades; indeed, it even has begun to slowly grow again. In view of these long-term trends, it is difficult to overestimate the importance of the massive regional policies carried out by Cassa per il Mezzogiorno from the 1950s to the 1980s, which at that time, in terms of funds allocated as a share of GDP and sectors covered, has no parallels in other Western countries. To the present, however, the available international literature about the Cassa per il Mezzogiorno looks incomplete: on the one side, we have early analyses focusing on the remarkable Cassa’s engagement in the agricultural sector in the 1950s;¹²² on the other one, we have more recent studies stressing the ineffectiveness and poorness of the Cassa’s industrial policy since the 1970s.¹²³ A missing link, in this picture, has been the Cassa’s industrial engagement of the 1960s, which followed and completed the ‘pre-requisites phase’ of the 1950s (which regarded not only agriculture, but also infrastructures), and was the central part of a

wider commitment of Italian ruling élites – coming from different cultural and political backgrounds – since the end of World War II in favour of the development of southern Italy.

In this article, we have reviewed the history of the Cassa per il Mezzogiorno and reconstructed its activities, at the aggregate level as well as by regions and main expenditure invoices. By taking advantage of the Cassa's yearly reports, we have strived to produce an unprecedented detailed overview of the Cassa's activity, through its different historical phases, allowing us to highlight both its early successes and subsequent failures, and to provide better evidence for a crucial and central phase of its history – the 1960s. According to our quantitative reconstruction, the initial focus of the Cassa on agriculture was a little overestimated by Carlyle,¹²⁴ who based her analysis on budget plans rather than on actual expenses, although it remains true that in its first years the Cassa mainly centered on the primary sector. Results confirm the favourable appraisal by Carey and Carey,¹²⁵ as well as the more recent one by other Italian scholars,¹²⁶ about the early period; concerning the last phase, we also find confirmation of the criticism by Spadavecchia,¹²⁷ and other scholars such as Cafiero¹²⁸ and Trigilia.¹²⁹ Actually, we are now able to put these studies – both the favourable and the critical ones – into a wider historical perspective, with respect to the internal evolution of the Cassa and its role in the economic history of contemporary Italy. Namely, we find that the policy guidelines of the extraordinary intervention have been observed only until the sixties; also, we bring evidence of the fact that in this decade the Cassa's engagement in favour of industry was effective and, in its way, successful. Considering the input endowment of southern Italy (rich in labour, but poor in capital), Federico and Giannetti defined the Cassa's industrial strategy of the 1960s, based on highly capital intensive firms, as an 'effective but

hardly an efficient one.’¹³⁰ We may agree on this judgement, but after adding two important qualifications: first, in the 1960s Italy was growing at an unprecedented rate and there was no reason to think that the fundamentals of growth were bound to change soon (thus, the worries for efficiency could legitimately be overlooked); second, this activity had, nonetheless, a long-lasting positive impact, up to the point that those plants have remained, until our days, the most significant part of the Southern industrial fabric.¹³¹ In this respect, our re-assessment of the Cassa’s intervention in favour of southern Italy in the 1960s is similar to the one recently proposed by De la Torre and García Zúñiga for the Spanish regional policies in the same period,¹³² or by Margairaz for the French national plans:¹³³ in all of these cases, top-down incentive schemes were a ‘necessary evil’, in order to bring investments from large companies to underdeveloped territories.

In the next period, from the early seventies to the dissolution of the Cassa, a mismatch occurred between stated goals and actions – or resources (and, of course, achievements) – and as a consequence the Cassa’s activities went lost amid a variety of indiscriminate activities, without a strategic vision. In the eighties, the extraordinary intervention reduced its intensity, but it did not lose the nepotistic traits acquired in the previous decade. However, also during the 1970s and partly the 1980s, in the demographically smaller southern regions we may observe a positive contribution of the Cassa’s industrial aids to their convergence; and in this case too, it is worth noticing that the Cassa’s financed plants today remain the most important industrial activities for these territories.

To sum up, when we come to the impact of the Cassa on the economy of southern Italy, we find it hard to overestimate, both in positive and (later on) in negative terms. Not only there is a clear correspondence between the period of greater effectiveness of the agency and the convergence of the South, but also the way in which

this convergence was achieved – through a more rapid growth of the agrarian sector and then an impressive rise in industrial productivity – corroborates the argument about the decisive role played by the Cassa per il Mezzogiorno during the economic miracle, that is in the 1950s and 1960s. In a specular manner, the dismal performance of southern Italy in the 1970s and 1980s is closely linked to the loss of effectiveness of the extraordinary intervention. Within this general framework, we also point to the presence of significant regional differences. Even the single regional patterns of convergence or divergence, in fact, should be put in connection with the extraordinary intervention and its effectiveness: the interrupted growth of the major Southern regions (Campania, Puglia, Sicily, Calabria); the rise and then the fall of Sardinia; by contrast, the relative success of Abruzzi and, later on, of Molise and Basilicata. A further study and comparison of these regional cases will help us to shed more light on the unfulfilled potential of the extraordinary intervention. Similarly, a more in-depth study of the internal functioning of the Cassa and the evolution of its structure, which would complement the information from the Cassa's reports with that from other sources (such as the Cassa's archives, still to be reordered and opened up to the public)¹³⁴ would help to put more flesh on the bone of our outline – and, possibly, on how the extraordinary intervention could have been improved and how it failed instead.

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Table 1. *Expenditures of the «Cassa per il Mezzogiorno» in Southern Italy, from 1951 to 1986 (2011 million euros)*

Years	Direct interventions ^a		Grants and soft loans ^b		Other interventions ^c		Total 2011 mln eur	Expenditures/ investm. ^d (%)		Exp./ GDP %
	2011 mln eur	% of the whole	2011 mln eur	% of the whole	2011 mln eur	% of the whole		South	Italy	
1951	627	98.8	4	0.6	4	0.6	634	5.36	1.39	0.28
1952	1113	95.5	28	2.4	24	2.1	1166	8.75	2.40	0.49
1953	1649	90.7	65	3.6	104	5.7	1818	11.51	3.40	0.72
1954	2241	89.5	94	3.8	168	6.7	2503	15.20	4.37	0.95
1955	2051	82.8	116	4.7	310	12.5	2476	12.56	3.77	0.88
1956	1671	75.7	138	6.2	398	18.1	2207	11.29	3.25	0.75
1957	1594	75.9	168	8.0	338	16.1	2100	10.22	2.79	0.67
1951-57 total	10944	-	614	-	1346	-	12904	-	-	-
Yearly average	1563	84.8	88	4.8	192	10.4	1843	10.70	3.05	0.69
1958	1578	59.3	208	7.8	875	32.9	2661	12.87	3.65	0.81
1959	1708	60.5	270	9.5	846	30.0	2823	13.14	3.59	0.80
1960	1684	66.7	353	14.0	489	19.4	2527	9.96	2.81	0.67
1961	1727	61.0	431	15.2	674	23.8	2831	9.81	2.78	0.70
1962	1745	57.7	460	15.2	819	27.1	3024	9.27	2.75	0.70
1963	1566	53.3	459	15.6	914	31.1	2938	7.70	2.48	0.64
1964	1419	47.0	738	24.4	862	28.5	3018	7.99	2.73	0.63
1965	1419	44.5	910	28.5	860	27.0	3189	9.72	3.29	0.64
1958-65 total	12845	-	3828	-	6338	-	23012	-	-	-
Yearly average	1606	55.8	478	16.6	792	27.5	2876	10.06	3.01	0.69
1966	1281	52.0	659	26.8	521	21.2	2461	7.35	2.45	0.46
1967	1449	45.5	1072	33.6	665	20.9	3185	8.34	2.82	0.55
1968	1639	41.9	1170	29.9	1106	28.2	3916	9.61	3.21	0.63
1969	1781	39.9	1409	31.6	1273	28.5	4464	9.33	3.20	0.68
1970	2263	40.3	2326	41.4	1031	18.3	5620	10.44	3.64	0.80
1966-70 total	8413	-	6637	-	4596	-	19646	-	-	-
Yearly average	1683	42.8	1327	33.8	919	23.4	3929	9.01	3.06	0.64
1971	2659	55.6	1236	25.8	890	18.6	4784	8.74	3.25	0.67
1972	2864	47.3	1909	31.5	1284	21.2	6058	11.03	4.13	0.82
1973	2706	45.3	2567	43.0	696	11.7	5969	9.73	3.24	0.75
1974	3858	55.8	2410	34.9	642	9.3	6910	9.61	3.12	0.82
1975	5317	57.1	3143	33.8	851	9.1	9311	15.02	5.39	1.13
1971-75 total	17404	-	11265	-	4362	-	33031	-	-	-
Yearly average	3481	52.7	2253	34.1	872	13.2	6606	10.83	3.83	0.84
1976	5355	63.2	2384	28.2	730	8.6	8469	12.06	4.06	0.96

1977	5813	68.0	2148	25.1	594	6.9	8555	12.84	4.33	0.95
1978	5620	67.8	2167	26.1	504	6.1	8291	12.60	4.11	0.89
1979	4635	63.6	2082	28.6	574	7.9	7292	10.18	3.34	0.74
1980	4595	69.2	1485	22.3	565	8.5	6645	8.86	2.70	0.65
1976-80 total	26018	-	10266	-	2967	-	39251	-	-	-
Yearly average	5204	66.3	2053	26.2	593	7.6	7850	11.30	3.71	0.83
1981	4647	70.9	1347	20.6	561	8.6	6556	8.89	2.86	0.64
1982	4264	70.9	1183	19.7	568	9.4	6015	8.03	2.69	0.58
1983	6428	80.6	1185	14.9	360	4.5	7973	10.45	3.75	0.76
1984	5369	76.0	1274	18.0	420	5.9	7064	8.83	3.07	0.65
1985	4261	69.3	1280	20.8	606	9.9	6147	7.89	2.60	0.55
1986	3584	65.4	1447	26.4	451	8.2	5481	7.18	2.37	0.48
1981-86 total	28552	-	7716	-	2967	-	39235	-	-	-
Yearly average	4759	72.8	1286	19.7	494	7.6	6539	8.55	2.89	0.61

^a General and sector-specific infrastructures, plus other minor interventions (railroads, school construction, education and professional training, development assistance, research and development, various).

^b Subsidies to entrepreneurs (grants to agriculture, industry, tourism, craftsmanship, fishing; subsidized credit to industry, aids for the workers' houses).

^c Financial aids with funds from the extraordinary intervention and foreign expenses, operational expenses of the Cassa and the Minister for extraordinary interventions in the South.

^d Total gross investments.

Source: our elaborations from: Cassa per il Mezzogiorno, *Bilancio 1950-51...1984*, Intervento straordinario nel Mezzogiorno, Commissario del Governo, *Bilancio 1985* and *Bilancio 1986*, Lepore, "Cassa per il Mezzogiorno," and various estimates from SVIMEZ (Cafiero and Marciani, "Quarant'anni;" Marciani, "La spesa della Cassa;" SVIMEZ, *150 anni*); total gross investments are from SVIMEZ, *150 anni*; current-price data have been transformed into 2011 euros, with the use of Istat ("Il valore") price deflators; the Italian GDP is from Felice and Vecchi ("Italy's Growth") (GDP per capita in 2011 euros, which was transformed in total GDP using the Istat's series of the resident population). A previous version of this table (without the columns Expenditures/Investments) was already published in Italian, in Felice and Lepore ("Le politiche di sviluppo," 614-616; "Intervento pubblico," 254-255).

Table 2. *Direct interventions of the «Cassa per il Mezzogiorno»: works contracted up to the end of 1975 (share of the total)*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1951	98.3	1.7	-	-	-	-	-	-	-	-
1952	40.3	16.9	42.2	0.6	-	-	-	-	-	-
1953	58.3	15.6	23.8	2.3	-	-	-	-	-	-
1954	50.7	14.2	21.4	4.1	9.6	-	-	-	-	-
1955	33.9	27.5	6.8	2.3	29.5	-	-	-	-	-
1956	56.7	13.3	10.6	3.6	15.8	-	-	-	-	-
1957	51.1	23.0	9.7	4.2	12.0	-	-	-	-	-
Yearly average	55.5	17.5	15.3	2.7	9.0	-	-	-	-	-
1958	55.0	27.7	8.2	4.2	4.9	-	-	-	-	-
1959	50.1	23.2	13.9	2.9	9.9	-	-	-	-	-
1960	45.3	22.5	17.0	4.2	11.1	-	-	-	-	-
1961	59.7	19.9	13.6	5.2	1.5	-	-	-	-	-
1962	58.0	24.4	10.3	4.4	3.0	-	-	-	-	-
1963	50.6	29.6	8.6	6.0	5.2	-	-	-	0.1	-
1964	49.9	23.5	18.8	4.7	2.0	0.8	0.3	-	3.7	-
1965	36.1	14.9	23.6	4.9	2.8	7.2	7.7	2.8	7.7	-
Yearly average	46.2	22.6	14.6	4.4	2.5	5.0	1.9	0.7	2.2	-
1966	28.1	26.5	13.7	3.4	5.4	7.6	12.3	3.0	6.6	-
1967	32.4	27.8	23.8	3.1	2.2	3.2	7.0	0.4	0.9	-
1968	43.7	27.0	16.0	3.2	0.3	2.9	6.6	0.3	0.4	-
1969	31.2	36.5	19.6	3.6	0.5	5.9	2.6	0.1	5.6	-
1970	36.6	28.7	17.6	5.1	1.4	6.3	4.1	0.1	6.4	-
Yearly average	32.5	26.4	20.5	3.6	4.5	0.9	5.6	0.2	5.8	-
1971	28.7	20.0	31.6	4.1	0.6	11.5	3.4	0.2	17.4	-
1972	38.9	28.9	17.8	4.2	0.6	8.3	1.2	0.2	41.6	-
1973	36.6	18.2	31.9	7.2	0.2	3.3	2.0	0.8	27.7	-
1974	25.6	29.9	19.0	3.2	0.1	5.5	1.1	0.3	12.5	15.2
1975	21.6	20.0	21.1	2.6	-	10.3	1.4	0.2	27.9	22.9
Yearly average	22.4	20.5	16.5	3.3	1.4	0.1	4.7	0.2	19.8	11.0

Notes: net of the lowest bid auctions; the yearly average has been re-scaled to the total 100.

Legend: (1) reclamations and mountain settlements; (2) aqueducts and sewage systems; (3) ordinary roads; (4) touristic works; (5) railroads; (6) ports and airports; (7) civilian hospitals; (8) public works in areas struck by earthquake; (9) infrastructures for industrial areas and nuclei; (10) regional special projects. *Source*: elaborations from: Cassa per il Mezzogiorno, *Bilancio. 1950-51...1975*.

Table 3. *GDP per capita, employment and productivity in Italy and Southern Italy, 1951-2011*

	1951	1971	1991	2011	1951	1971	1991	2011
	<i>GDP per capita, Southern Italy (Italy = 100)</i>				<i>GDP per capita, Italy (2011 euros)</i>			
	60.7	73.0	71.2	68.1	4,813	13,268	23,141	26,065
	Activity rates				GDP per worker			
<i>South and islands (Italy = 100)</i>	89.2	86.7	80.3	76.9	68.9	84.1	87.5	88.5
Italy (% , 2011 euros)	42.1	37.1	41.3	39.6	15,106	35,925	55,486	65,743
	Sectoral employment: agriculture				GDP per worker: agriculture			
<i>South and islands (% , Italy = 100)</i>	59.2	32.8	14.1	8.8	80.1	87.7	91.4	87.2
Italy (% , 2011 euros)	44.6	18.8	8.4	5.1	9,064	16,166	24,414	29,584
	Sectoral employment: industry				GDP per worker: industry			
<i>South and islands (% , Italy = 100)</i>	16.3	26.5	22.4	20.0	64.3	88.9	91.2	84.1
Italy (% , 2011 euros)	26.8	38.1	30.5	26.1	19,336	35,207	55,486	61,798
	Sectoral employment: services				GDP per worker: services			
<i>South and islands (% , Italy = 100)</i>	24.5	40.8	63.5	71.2	82.8	94.1	89.0	91.8
Italy (% , 2011 euros)	28.6	43.1	61.0	68.8	19,940	45,266	59,925	69,688

Source: Felice, "Regional value added," for 1951 and 1971; for 1991, elaborations from CRENoS, "Re-gio-It 1970-2004;" for 2011, elaborations from Istat, "Conti economici;" for GDP per capita and GDP per worker, national figures are from Felice and Vecchi, "Italy's Growth."

Table 4. *Direct interventions of the «Cassa per il Mezzogiorno»: works contracted at the regional level (thousand euros at current prices)*

	Total	Share works/ share populat.	of which (%)							
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>until to the end of 1965</i>										
Abruzzi	42,739	1.13	43.0	26.0	23.2	5.7	0.5	1.6	0.0	0.0
Molise	30,708	2.75	32.7	34.6	30.9	1.9	0.0	0.0	0.0	0.0
Campania	107,566	0.69	37.0	38.1	12.8	8.6	1.4	0.1	2.1	0.0
Apulia	66,204	0.60	67.8	9.4	12.9	3.7	3.5	2.8	0.0	0.0
Lucania	72,565	3.60	68.5	11.2	18.6	1.0	0.4	0.2	0.0	0.0
Calabria	80,279	1.24	46.8	30.7	17.5	1.7	1.2	2.1	0.0	0.0
Sicily	111,588	0.72	53.6	20.5	18.8	5.8	1.4	0.0	0.0	0.0
Sardinia	90,042	1.96	68.1	14.9	12.0	2.1	0.9	2.1	0.0	0.0
<i>Total</i>	<i>601,691</i>	<i>1.00</i>	<i>53.4</i>	<i>22.9</i>	<i>16.8</i>	<i>4.2</i>	<i>1.3</i>	<i>1.1</i>	<i>0.4</i>	<i>0.0</i>
<i>from 1966 to 1970</i>										
Abruzzi	38,453	1.30	18.5	29.1	22.0	8.5	5.3	4.0	0.0	12.5
Molise	28,384	3.51	33.1	15.1	49.2	2.6	0.0	0.0	0.0	0.0
Campania	70,098	0.53	23.5	37.7	19.4	5.2	4.9	3.3	1.3	4.8
Apulia	66,395	0.72	44.2	13.9	9.8	4.9	2.7	6.9	0.0	17.7
Lucania	68,810	4.65	27.3	28.4	32.5	1.7	0.5	1.5	0.0	8.2
Calabria	51,941	1.06	20.8	40.4	16.5	3.9	4.8	13.3	0.0	0.3
Sicily	101,392	0.84	38.3	24.6	15.9	1.7	3.8	12.1	0.0	3.6
Sardinia	59,382	1.56	40.2	22.6	12.1	2.9	6.1	5.1	0.0	11.0
<i>Total</i>	<i>484,855</i>	<i>1.00</i>	<i>31.9</i>	<i>26.8</i>	<i>20.0</i>	<i>3.6</i>	<i>3.6</i>	<i>6.5</i>	<i>0.2</i>	<i>7.4</i>
<i>from 1971 to 1975</i>										
Abruzzi	89,458	1.19	11.1	31.7	30.7	3.4	4.0	4.0	0.0	15.1
Molise	67,373	3.27	12.1	25.7	50.9	1.9	0.7	0.0	0.0	8.7
Campania	244,481	0.73	17.7	35.7	17.6	5.4	3.7	2.9	1.2	15.8
Apulia	198,465	0.84	21.5	20.0	16.0	5.3	0.9	2.0	0.0	34.2
Lucania	107,970	2.86	38.9	26.7	24.2	2.1	2.0	0.1	0.0	6.0
Calabria	172,604	1.37	17.4	33.1	7.0	2.3	1.7	17.9	0.0	20.7
Sicily	206,186	0.67	35.2	18.5	14.9	4.6	0.8	6.5	0.0	19.6
Sardinia	150,490	1.55	27.2	18.8	11.1	2.5	1.4	7.5	0.0	31.5
<i>Total</i>	<i>1,237,027</i>	<i>1.00</i>	<i>23.4</i>	<i>26.3</i>	<i>18.0</i>	<i>3.8</i>	<i>1.9</i>	<i>5.7</i>	<i>0.2</i>	<i>20.7</i>

Notes: net of the lowest bid auctions and of other contribution; for the works contracted until the end of 1965, the share of population is the one in 1961, for those in 1966-1970 and in 1971-1975 is the one in 1971.

Legend: (1) reclamations and mountain settlements; (2) aqueducts and sewage systems; (3) ordinary roads; (4) touristic works; (5) civilian hospitals; (6) ports and airports; (7) public works in areas struck by earthquake; (8) infrastructures for industrial areas and nuclei. Railroads are not included since they refer to more than one region and from the Cassa's reports they were impossible to separate.

Source: our elaborations from Cassa per il Mezzogiorno, *Bilancio II semestre 1965*, 266; Id., *Bilancio 1970*, 348; Id., *Bilancio 1975. Appendice statistica*, 222-223.

Table 5. *Cassa per il Mezzogiorno: subsidies to industry, 1951-1985 (thousand euros at current prices)*

	Soft loans, 1951-61			Soft loans, 1962-68			Grants up to 31/12/1985	
	Total	Iron and steel and chemicals (%)	Share loans/share pop. (1951)	Total	Iron and steel and chemicals (%)	Share loans/share pop. (1961)	Total	Share loans/share pop. (1961)
Abruzzi and Molise	14,045	6.96	0.721	72,077	10.36	0.622	347,900	2.054
Campania	69,885	17.67	1.347	362,785	47.33	0.980	607,639	1.008
Apulia	13,113	12.80	0.341	370,960	71.61	1.412	491,141	1.155
Lucania	5,047	2.04	0.681	41,628	71.44	0.870	61,159	0.945
Calabria	9,134	26.89	0.383	32,745	31.48	0.213	139,563	0.638
Sicily	85,426	61.48	1.599	314,994	73.51	0.857	312,778	0.582
Sardinia	13,105	11.32	0.858	231,265	72.44	2.123	233,855	1.327
Total	209,756	34.12	1.000	1,426,454	61.97	1.000	2,194,035	1.000

Source: Cassa, *Bilancio 1961-62* and *Bilancio 1969*; Svimez, *Gli investimenti industriali*; Intervento straordinario nel Mezzogiorno, Commissario del Governo, *Bilancio 1985*, 919-922.

Table 6. *GDP and its components in the regions of Southern Italy, 1951-2011*

	Relative GDP per capita (Italy=100)							
	1951	1961	1971	1981	1991	2001	2011	
Abruzzi	58.1	67.0	82.8	86.6	88.7	84.7	85.0	
Molise	-	60.8	69.7	74.3	73.0	83.0	77.7	
Campania	69.2	71.4	71.2	66.8	70.4	65.3	63.9	
Apulia	65.0	68.3	75.1	72.3	73.9	67.1	67.6	
Lucania	47.1	58.8	74.9	68.4	60.0	72.8	71.0	
Calabria	46.9	54.7	66.7	64.3	59.7	64.3	65.0	
Sicily	58.1	58.7	70.1	67.8	69.7	66.0	66.2	
Sardinia	63.0	72.1	84.8	71.1	76.5	76.2	77.3	
South and is-lands	60.7	64.9	73.0	70.5	71.2	68.1	68.1	
<i>Italy</i> (2011 euros)	4,813	8,158	13,268	18,202	23,141	27,113	26,065	
Yearly growth rates of total GDP and its components (%)								
		1961- 1971	1971- 1981	1981- 1991		1961- 1971	1971- 1981	1981- 1991
Abruzzi	Agric.	1.71	0.90	0.09	Serv.	5.83	4.46	3.16
	Ind.	9.03	3.22	4.06	GDP	5.45	3.88	3.01
Molise	Agric.	0.28	-0.89	1.35	Serv.	5.93	4.50	2.93
	Ind.	5.31	5.95	3.25	GDP	3.58	4.34	2.52
Campania	Agric.	3.43	0.57	0.28	Serv.	6.00	4.12	3.11
	Ind.	5.50	1.72	2.79	GDP	5.58	3.15	2.79
Apulia	Agric.	3.63	0.19	1.89	Serv.	6.40	4.25	3.22
	Ind.	8.51	2.77	2.62	GDP	6.67	3.26	2.99
Lucania	Agric.	1.91	0.00	1.27	Serv.	6.21	2.90	2.79
	Ind.	7.96	0.72	1.02	GDP	5.23	2.02	1.87
Calabria	Agric.	1.25	-0.31	1.07	Serv.	6.69	3.37	1.87
	Ind.	7.67	1.38	1.13	GDP	5.43	2.94	1.43
Sicilia	Agric.	3.36	-0.13	2.32	Serv.	5.91	3.44	2.71
	Ind.	8.34	2.95	0.85	GDP	6.09	3.26	2.05
Sardinia	Agric.	4.34	-3.35	1.60	Serv.	7.24	3.44	3.08
	Ind.	7.55	-0.41	3.21	GDP	6.64	1.80	3.03
South and isl.	Agric.	3.03	-0.12	1.43	Serv.	6.21	3.84	2.91
	Ind.	7.40	2.13	2.30	GDP	5.93	3.10	2.54
<i>Italy</i>	<i>Agric.</i>	<i>1.10</i>	<i>0.80</i>	<i>1.09</i>	<i>Serv.</i>	<i>6.08</i>	<i>3.87</i>	<i>2.60</i>
	<i>Ind.</i>	<i>5.77</i>	<i>3.26</i>	<i>2.16</i>	<i>GDP</i>	<i>5.27</i>	<i>3.53</i>	<i>2.28</i>

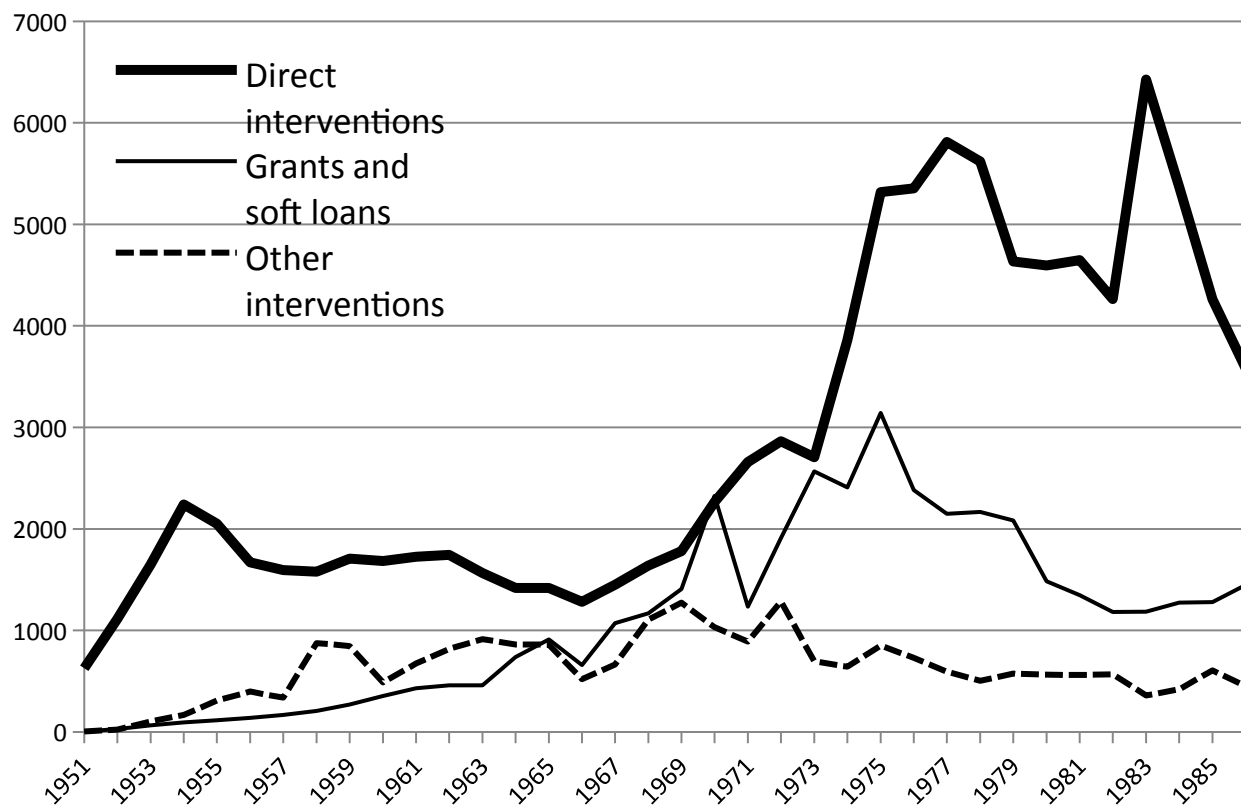
Note: for 1951, Molise is included in Abruzzi. *Source.* For relative GDP per capita, Felice and Vecchi, "Italy's Growth," until 2001; for 2011, Istat, "Conti economici." For the yearly growth rates of total GDP, our elaborations are from Crenos, "Regio-It 1960-1996." Data are at current prices for relative GDP per capita, at constant prices for the yearly growth rates; reliable constant-price figures for the years before 1960 to be comparable with those for the following years, at the regional and sectoral level, are not available.

Figure 1. *Regions of Italy: areas in which Cassa per il Mezzogiorno functions*



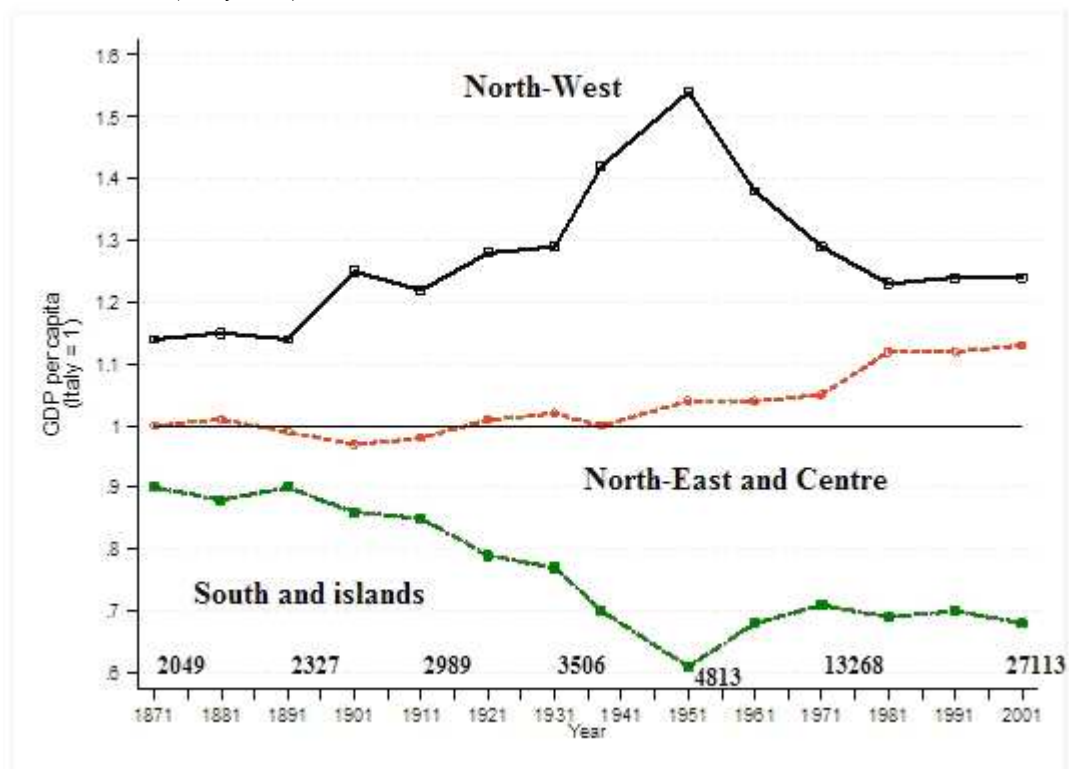
Source: International Bank for Reconstruction and Development, "The Development," Map 1.

Figure 2. Expenditures of the «Cassa per il Mezzogiorno» in Southern Italy, 1951-1986, by different typologies (2011 million euros)



Source: Elaborations from Table 1. For a similar graph (in 2008 million euros), see Lepore, "Cassa per il Mezzogiorno e politiche per lo sviluppo," 156.

Figure 3. Regional imbalances in GDP per capita from Unification until our days, by macro-areas (Italy = 1)



Source: Felice, "Italy." Italy's per capita GDP in 2011 euros (x-axis) is from Felice and Vecchi "Italy's Growth". The benchmarks are the following: 1871, 1881, 1891, 1901, 1911, 1921, 1931, 1938, 1951, 1961, 1971, 1981, 1991, 2001. For a description of how the historical estimates are produced and a discussion of their interpretation – in particular for what concerns the convergence of the 1950s and 1960s – see Felice (Il valore aggiunto; *Divari regionali*; "Regional Development"; "Regional Value Added") and Felice and Vasta ("Passive Modernization"). This figure is at current regional borders. For a similar figure, but at historical regional borders, see Felice and Vecchi, "Italy's Modern," 236 and Felice and Lepore, "Intervento pubblico," 258.