Migração interna assimétrica e globalização: o caso do sul da Itália

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ASYMMETRIC GLOBALIZATION AND NATIVE INTERNAL MOBILITY. THE CASE OF THE ITALIAN MEZZOGIORNO

1. Introduction

In recent years, studies and economic reports from the main Italian research institutions – such as, inter alia, Bank of Italy and Svimez¹ – have drawn attention to migration flows which are coming both from abroad to Italy and, internally, from native Italians to different regions of the country. At the same time, the reports have raised the alarm over the widening economic gap between the Italian Mezzogiorno (Southern Italy) and the rest of the country.

The purpose of this article is to provide an interpretative framework in which the nexus between the intensification of internal migration flows and the growing economic distance that separates the Mezzogiorno from Central and Northern Italy can be discerned by examining the processes of international economic integration and their impact on labour markets. As will be shown, globalization has had regionally differentiated effects on Italy's productive system and, therefore, on its labour market. Specifically, the

¹ *Association for industrial development in the Italian Mezzogiorno.*

process of internationalization which has occurred over the past few decades has stimulated an upgrading in the skill composition of employment in Northern and Central Italy compared to the Mezzogiorno. This asymmetric impact of globalization can be interpreted as one of the main causes responsible for the re-emergence of internal migration flows from the Mezzogiorno to Central and Northern Italy in recent years.

This paper is organized as follows. Section 2 provides a descriptive overview of the macroeconomic performance of the Mezzogiorno compared to the other areas of the country. Section 3 focuses on some characteristics of foreign immigration in Italy and explores the evolution of the internal mobility of native Italians from the Mezzogiorno to Central and Northern Italy over the last two decades. Section 4 looks at the factor content of trade flows calculated at the regional level in order to provide evidence of the different position of the Mezzogiorno in the international division of labour with respect to the Centre-North. Section 5 offers concluding remarks and suggestions in terms of policy recommendations.

2. Macroeconomic overview

The last two reports of Svimez (2009 and 2010)² have offered a not particularly encouraging image of the Mezzogiorno economy, as shown by macroeconomic performance

² It is opportune to refer to both reports to make a comparison between data reported in 2008, that only partially capture the effects of the recession triggered by the U.S. financial crisis in September 2008, and data for 2009 that fully capture such effects.

indicators at the regional level (see Table 1). This evidence can be summarized as follows:

- The data reveals that the economic divergence between the Mezzogiorno and the Italian Centre-North has been widening: between 2000 and 2008, Southern Italy has grown at an average annual rate which is almost half that of Central and Northern Italy (0.6% against 1%). This figure only partially captures the recessive trend that followed the financial crisis that occurred in the second half of 2008. If the recessionary phase is included in the period, the gap is even larger: the cumulative growth rates over 2001-2009 is “0.3% in the Mezzogiorno and +2.5% in the Centre-North (C-N, hereafter).
- It is quite depressing to observe that the Mezzogiorno’s share of Italian GDP has not changed since 1951: in 2008, it was still stuck at 24%.
- Per capita income in the South is still nothing like the level of the C-N’s: in 2009, Mezzogiorno p.c. GDP amounted to €17,317 against €29,449 for the C-N (58.8%).
- In 2008, the growth of employment in the South was “0.5% against +1.4% in Central and Northern Italy; in the year of the recession, in 2009, the decline in employment was worse in the Mezzogiorno compared to the C-N (“3% against “1.1%).

In this situation, the fact that in the Mezzogiorno formal unemployment increased by less than in the C-N – in spite of the significant fall in employment in the South – is a symptom of labour market dynamics in which participation rates declined and the grey area of irregular unemployment widened dramatically in Southern Italy.

In particular, if the unemployment rate is adjusted to take account of workers entitled to compensation from the Redundancy Fund (Cassa Integrazione) and individuals “implicitly unemployed” – workers not counted as active in the regular labour force but looking for work – the unemployment gap between the Mezzogiorno and the C-N widens: 23.5% in the South against 9.5% in the C-N in 2009³. In addition, if we also look at discouraged workers, individuals no longer looking for employment, their number remains permanently high in the Mezzogiorno and is almost double that in the C-N⁴. Finally, the most alarming trend in the labour market of Southern Italy – which explains the trivial increase in formal unemployment in the Mezzogiorno – is an overall increase in the number of people moving to inactivity (+3.1% in 2009).

³ In 2009, the structure of unemployment appears very different between the C-N and the South. In the C-N, the share of formal unemployed in the total (ie, those actively engaged in job search) is the predominant part and is equal to 60.7%. On the contrary, in the South the predominant part consists of individuals “implicitly unemployed” with 57% share. See Svimez (2010), Fig. 3, pag. 163.

⁴ In 2009, there were 826,000 discouraged workers in the South against 441,000 discouraged workers in the C-N. See Svimez (2010), Table 2, p. 162.

TABLE 1 – GDP and employment growth in the Mezzogiorno and Central and Northern Italy

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2008 ^b	2001-2009 ^b
<i>Mezzogiorno</i>												
GDP ^a	2.5	2.3	0.4	-0.3	0.5	0.4	1.7	0.9	-1.1	-4.5	7.3	-0.3
Employment ^a	1.6	2.4	1.7	-0.4	-0.4	-0.3	1.6	0.0	-0.5	-3.0	5.7	1.1
Rate of unemployment	18.8	17.3	16.3	16.1	15.0	14.3	12.2	11.0	12.0	12.5	–	–
p.c. GDP as % of the C-N	56.1	56.8	57.0	57.1	57.0	57.5	58.1	57.8	58.2	58.8	–	–
<i>Centre – North</i>												
GDP ^a	3.1	1.7	0.5	0.0	1.8	0.8	2.1	1.8	-1.0	-5.2	10.9	2.5
Employment ^a	1.8	1.6	1.3	2.3	1.2	1.1	2.0	1.4	1.3	-1.1	14.0	11.0
Rate of unemployment	5.2	4.8	4.5	4.6	4.9	4.8	4.4	4.0	4.5	5.9	–	–

(^a) Percentage change over the previous year

(^b) Cumulative growth rates.

Source: Svimez, Report on the Economy of the Mezzogiorno, various years; Bank of Italy, The Economy of the Italian Regions, various years.

If we quickly assemble recent macroeconomic data at the regional level provided by the economic reports of the main Italian research institutions, the general impression is that the economic distance between the Italian Mezzogiorno and the rest of the country is definitely increasing⁵.

⁵ A useful historical reconstruction of the divide between the South and the rest of the country is offered by Daniele and Malanima (2007). The per capita GDP of the South, as a share of that of the C-N, reached an historic low of 47% in 1951. After the only phase of convergence of the Southern economy to that of the C-N in the 1950s and 1960s, the per capita income of the South never exceeded the 60% that of the C-N in the following decades, and the gap persists today: the figure for 2009 is almost identical to that of 1945 (see Daniele and Malanima, 2007, Table 4).

However, in order to build a less extemporary framework of the recent dynamics involving the Mezzogiorno and its position in the Italian (and international) economic system, it is useful to look at empirical evidence concerning both migration flows from abroad into Italy and inter-regional flows of native Italians from the Mezzogiorno to Central and Northern Italy.

3. Migration flows and native internal mobility

The report of the Bank of Italy on the Economy of the Italian Regions in 2008 showed interesting evidence concerning the characteristics of foreign immigration in Italy (Bank of Italy, 2009a). Immigrants – who tend to display higher rates of employment than native Italians – have contributed to sustaining employment rates especially in Central and Northern Italy. Their remuneration is more modest than that of the natives due to their lower educational levels, the concentration of their jobs in the low added-value sectors, and because they perform low-skilled tasks. But one aspect of immigrant characteristics is particularly interesting: foreign-born workers in the Mezzogiorno are less educated than foreign immigrants employed in the C-N (see Table 2).

TABLE 2 – Characteristics of foreign immigration in Italy^a

	1991	2001	2008		2008
<i>Italy</i>					
Immigrants as % of total population	0.6	2.3	5.8	Foreign-born workers with secondary school or less	44
Immigrants as % of total employment	–	–	7.5	Native-born workers with secondary school or less	37
Employment rate of immigrants	–	–	67	Foreign-born workers with bachelor's degree	12.8
Employment rate of native Italians	–	–	56	Native-born workers with bachelor's degree	18
<i>Centre-North</i>					
Immigrants as % of total population	0.8	3.2	8.0	Foreign-born workers with compulsory school or less	52
Immigrants as % of total employment	–	–	9.2	Foreign-born workers with bachelor's degree	13
Employment rate of immigrants	–	–	68	Foreign-born employed in industry ^b	32.5
				Foreign-born employed in agriculture ^c	3.6
<i>Mezzogiorno</i>					
Immigrants as % of total population	0.3	0.9	2.1	Foreign-born workers with compulsory school or less	65
Immigrants as % of total employment	–	–	3.0	Foreign-born workers with bachelor's degree	8
Employment rate of immigrants	–	–	59	Foreign-born employed in industry ^b	10.5
				Foreign-born employed in agriculture ^c	13.7

(^a) Percentage values

(^b) Foreign-born male workers in manufacturing industry

(^c) Foreign-born male workers in agriculture

Source: Bank of Italy, The Economy of the Italian Regions in 2008, no.61, 2009.

This aspect of regional differentiation in immigrant characteristics reveals that the divergence between Northern and Southern Italy with respect to their productive structures is still crucial in driving the differences in the level of development between the two areas, over and above other

important factors – now much emphasized – such as social capital, institutions, etc⁶.

A second piece of evidence presented in the recent above-mentioned Svimez reports concerns the dramatic outflow of native Italians from the Mezzogiorno to the C-N: between 1990 and 2009, 2,385,000 individuals left Southern Italy and became resident in Central and Northern Italy (see Figure 1).

Factor mobility in itself is not a negative element considering that in an efficient economic system factors of production move in order to find the optimal allocation. Indeed, until recently Italian economists – and also economists from other European countries such as Spain – have

⁶ In a recent article, Alberto Alesina and Andrea Ichino emphasize how much the lack of social capital and civic sense are the main cause of backwardness in the South; they propose four micro-actions for rebuilding social capital in the Mezzogiorno. See Alesina and Ichino (2009).

been trying to solve the following puzzle: why, in the presence of a widening gap between regional unemployment rates, has inter-regional labour mobility remained feeble? In the case of Italy, for example – as noted in Faini *et al.* (1997) – since the 1970s migration flows from the Mezzogiorno to the C-N declined continuously until 1994, when they reached their historic minimum. They started growing again significantly only in the second half of 1990s⁷. At the same time, the fall in the mobility of native Italians between the two areas of the country went in tandem with the huge increase in the unemployment differential between the Mezzogiorno and the C-N.

Especially in the case of Spain – which displays stylized facts similar to those of Italy – a possible explanation for the puzzle of falling mobility allied with growing regional unemployment differentials hinges on the absolute levels of unemployment: even in the presence of widening unemployment differentials, when the rate of unemployment is high on average – in other words, if the ‘national’ rate of unemployment is high – labour markets do not show compelling symptoms of recovery, and this discourages mobility (Bentolila, 1997).

In effect, regardless of the recent crisis, if you look at the case of Italy, in recent years the unemployment rate has

⁷ Several opposing positions were taken in the debate that has developed in Italy in the '90s in order to explain the low territorial mobility. According to Attanasio and Padoa-Schioppa (1991), the cause of the low mobility could be detected in the income support provided by southern families to some of their members who have been unemployed for a long period of time. On the contrary, Faini *et al.* (1997) believed that the low mobility was linked to the inefficiency of the actions undertaken by public agencies to match demand and supply of labour. Finally, according to Cannari *et al.* (2000), the cause was the high North-South house-price differential.

decreased on average; and, while the gap remains, mobility has restarted once again. In fact, starting from the mid-1990s, the national unemployment rate in Italy has steadily declined, reaching a minimum of 6.1% in 2007 (in 1995 was 11.6%). In the same period, Northern Italy (particularly the North East) tended towards full employment (3.5% in 2007 and 3.0% in the North East), which supported the good performance of the overall Italian labour market. In the light of this, the resumption of internal migration flows is not so surprising.

However, the main area of concern is that the emigrants are mainly individuals with a high degree of education. In recent years, about half of those who moved from the Mezzogiorno to the C-N has a bachelor's degree or high school education (see Table 3). In their recent work, Mocetti and Porello (2010a) reported that between 2000 and 2005 the net loss of graduates in the Southern regions, in terms of transfers to the C-N, amounted to 50,000 units, a figure in stark contrast to the previous decade (20,000 units for the entire period of the 1990s).

Moreover, it is striking that as much as 40% of Southern graduates with honours degrees emigrate to the C-N, because here the remuneration is almost 50% higher than what they could receive in the South, even allowing for the fact that the labour contracts are less stable (Svimez, 2009).

It should be added that the number of people working in the C-N while maintaining official residence in the South has increased substantially in the last decade. In other words, so-called long-distance commuting is on the rise and this phenomenon especially involves highly educated young people and individuals employed in medium and high-skilled jobs (Table 3).

Therefore, it is the people who represent highly qualified human capital who leave the Southern regions to work

in the C-N, a state of affairs that could compromise long-term growth of the Mezzogiorno⁸.

TABLE 3 – Characteristics of native internal migration from the Mezzogiorno to the Centre-North

	2000	2004	2007	2008	2009
<i>Permanent Migrants</i>					
Thousand units	–	–	120	122	114
With high school diploma ^a	35.2	36.3	–	–	–
With bachelor's degree ^a	10.7	13.1	–	–	–
Migrants as % of Southern graduates with honour degree ^a	–	25	38	–	–
<i>Long distance commuters</i>					
Thousand units	–	–	150	173	147
Younger than 45 years ^a	–	–	–	80	75
With medium-high-skilled job ^a	–	–	–	50	50
With bachelor's degree ^a	–	–	–	24	26

(^a) Percentage values.

Source: Svimez, Report on the Economy of the Mezzogiorno, various years.

4. Asymmetric globalization

In our opinion, the type of native migrant flows leaving the South and the differences between the C-N and the South in the characteristics of immigrants from abroad are closely related to the evolution of productive specialization that has affected the different areas of the country in the

⁸ In their recent book, Bianchi e Provenzano (2010) point out the paradox that in the Mezzogiorno higher education serves mainly to emigrate. See page. 57.

context of international integration processes. This connection becomes clear if we try to build a general interpretive framework on the structural dynamics that have affected the Italian economy in recent years.

Over the past 20 years in Italy, as in other advanced countries, there has been an upgrading of the employed labour force – an increase in the skilled/unskilled labour ratio – which has been induced by technological change but also by the process of growing international integration with emerging economies⁹. If we look at the factor content of trade flows between advanced and emerging countries, we can observe a higher (smaller) skilled/unskilled labour ratio in the exports of the advanced countries (emerging countries). If this is the case, the integration between the two groups of countries has resulted in a displacement of unskilled labour in the developed economies, and therefore the upgrading of the employed labour force that has occurred in advanced countries. This dynamic has certainly affected Northern Italy but much less so Southern Italy: if we look at the production figures for the North, these are complementary in terms of factor content with respect to those of emerging countries, but if we look at the goods exported by the South, these are substitutes for goods imported from emerging countries (in terms of factor content as well). So the upgrading effect of international trade on the skill composition of the employed labour force – and the corresponding reduction of the relative demand for unskilled

⁹ The literature on the interplay between international trade, technological change and labour market is very abundant and varied. For a useful systematization, see the survey of Greenaway and Nelson (2001) and, for an update of recent developments, Greenaway, Upward and Wright (2008). A reflection on the Italian case is proposed by Celi and Segnana (2000).

labour –have worked in favour of the North of Italy but not for the South that has, instead, suffered the effects of increased competition tout court from developing countries. The resulting impact, therefore, has been on the level, but not on the composition, of employment (see Figures 2 and 3).

Source: our elaborations on INPS and ISTAT data

Source: our elaborations on INPS and ISTAT data

Figures 2 and 3 show the factor content of trade with emerging countries, respectively Northern and Southern Italy. The factor content of exports and imports is expressed in terms of the ratio of skilled (SK) to unskilled labour (UN)¹⁰.

As Figure 2 shows, the Northern exports have a relative content of skilled labour significantly higher than that of imports from developing countries.

Furthermore, in the case of Northern Italian trade with emerging countries, the evolution of the skilled/unskilled ratio over time indicates that the gap between exports and imports in factor content has been increasing in the last decade.

In the case of the South, the situation is completely different: the relative skilled-labour content of Southern exports is much closer to that of goods imported from developing countries. In addition, the dynamics of the skilled/unskilled ratio related to Southern exports shows a declining trend, although with a partial recovery during the last years (see Figure 3).

In a recent study, Accetturo, Bugamelli and Lamorgese (2010), although using a different method of analysis, obtained results in line with those mentioned above. These showed that the Italian provinces with a higher propensity

¹⁰ The calculation of the factor content of trade (FCT) is performed by multiplying the input coefficient matrix (SK and UN per unit of value added) by the vector of sectoral exports (or imports). The calculation has been carried out using the following data: i) number of Italian dependent employees by professional qualification, industry and region (source: INPS, Italy's National Social Insurance Agency); ii) regional value added by industry (source: ISTAT, Italy's National Statistics Institute); iii) foreign trade of Italian regions by industry (source: ISTAT).

An application of FCT calculation to the Italian case of vertical trade is suggested by Celi and Smith (1999).

to export in the period 2004–2007, most of them located in the North East of the country, showed a significant increase in the education level of the employed workforce.

The simple evidence on the factor content of trade flows presented here is confirmed by several recent studies that have investigated the new dynamics of internationalization that has characterized the Italian firms' strategies since the 1990s.

If the process of productive decentralization starting in Italy in the 1970s was virtually self-contained within the national boundaries until the 1980s, in the following decade this process took on different and distinctive characteristics. Under the pressure of competition from emerging countries, under the constraint of a more rigid exchange rate, and thanks to the opportunity offered by new information technologies, Italian firms launched a major restructuring and reorganization of the division of labour, that also envisaged forms of internationalization of production¹¹.

Recent contributions that have evaluated not just exports but the impact of FDI outflows and international outsourcing on the performance of Italian enterprises in most cases report an increase in productivity and employment, and a skill upgrading among the employed workforce¹². However,

¹¹ Brandolini and Bugamelli (2009) provide a useful overview of recent developments of the Italian productive system in the changed international competitive environment, characterized by the three factors mentioned in the text. A specific analysis of the impact of the euro on the restructuring of Italian firms is proposed by Bugamelli, Schivardi and Zizza (2008). The authors remark that it is mainly the companies that previously relied on currency devaluation those more involved in restructuring processes. These processes have led to a sharp reduction in the employment of blue collar workers as share of total employment.

¹² Castellani, Mariotti and Piscitello (2008) and Barba Navaretti and Castellani (2004) found that Italian firms engaged in FDI recorded a

the regional dummies included in the regressions indicate that this virtuous link between internationalization and firm performance turns out to be especially true for the C-N but not for the Mezzogiorno.

In their recent work, in which the territorial dimension is explicitly considered, Giunta, Nifo and Scalera (2011) analyze the intensification of subcontracting relationships between Italian enterprises in the 1990s and find that the thickening of the vertical relationships between firms is a phenomenon that can be generalized to the entire national territory. Nevertheless, in the case of the South, this evolution has not been accompanied, as it has been in the C-N, by progress in terms of technological innovation, propensity to export, or increasing productivity in subcontractor enterprises: Southern firms appear incapable of freeing themselves from the stage of captive supplier and remain in a situation of subordination and vulnerability towards competitive pressures.¹³

positive effect in terms of skill composition of employment and/or productivity. Even Daveri and Jona-Lasilio (2008) found positive effects on productivity, but with reference to Italian enterprises which implemented international offshoring of intermediate inputs. While Helg and Tajoli (2005) reported a positive relationship between international fragmentation of production and relative demand for skilled labour in Italy, Falzoni and Tajoli (2008) found more nuanced results depending on the sectors concerned. If the previous contributions emphasized the positive effects of internationalization on the performance of Italian firms, Costa and Ferri (2007) and Bertola (2008) warned about the negative impact of production relocation abroad on employment of Italian subcontracting firms.

¹³ A more optimistic view on the dynamics of the production system in the Mezzogiorno in the 90s appears in the work of Cersosimo and Donzelli (2000), Viesti (2000) and, partially, in Sarno (2002). In these contributions, the intensification of subcontracting relationships among southern firms is interpreted as a positive evolution towards the creation of industrial districts and local production systems.

Even the latest work undertaken in order to assess the impact of the recent crisis on Italian production shows significant differentiation: this is also evident at regional level, in the resilience of firms against the impact of international recession. Bugamelli, Cristadoro and Zevi (2009), for instance, point out that firms that embarked on restructuring their production between 2000 and 2006 showed a less pronounced decline in demand in 2008 and 2009.

Among the “restructured” enterprises, the production units that showed a stronger performance, especially during the acute phase of depression (in 2009), were those located in the C-N with the following features:

- i) highly internationalized firms adopting strategies of market diversification;
- ii) those that changed the composition of the employed workforce by reducing the share of blue-collar workers; and
- iii) those aiming to upgrade the quality of production by modifying the range of their products.

On the other hand, in the case of firms located in the South, econometric results show a low capacity for internationalization and considerable difficulty in finding sources of funding.

Accetturo, Giunta and Rossi (2011) provide further evidence of the impact of the crisis on the Italian production system. In this interesting work, the authors focus this time on Italy’s “intermediate” enterprises (firms involved in global value chains) and scrutinize their relative vulnerability in the face of falling demand, nationally and internationally, in 2008–2009¹⁴. The authors distinguish basically four types of intermediate firm:

¹⁴ As pointed out by Baldwin (2009), the collapse of world trade and output in 2008 have been dramatically amplified by the high degree

- i) “advanced”: ie enterprises that between 2004 and 2007 moved up the value chain through both a “relational upgrading”, ie extending the network of foreign customers or expanding subcontracting purchases, and a “functional upgrading”, consisting of an increase in the share of white-collar workers and managers in total employment and a broadening of the corporate tasks internalized;
- ii) and iii) those with only one form of upgrading, whether relational or functional; and
- iv) the “marginal” ones, ie the production units that did not display any progress.

The econometric results show that the marginal firms are those that have been more seriously affected by the crisis, while the “advanced” firms and only those involved in functional upgrading have better absorbed the impact of fall in demand¹⁵.

of internationalization which characterizes the production chain of contemporary economies: the fall in global demand for final goods has reverberated immediately on international demand for intermediate goods. Therefore, in the case of Italian production, which is so strongly characterized by subcontracting relationships, it is particularly interesting to look at the impact of the crisis on intermediate firms

¹⁵ In addition, the econometric results indicate that, among firms that have a unique profile of progress, those with relational upgrading (therefore more influenced by fluctuations in foreign demand) are more penalized by the international crisis than firms with functional upgrading. This confirms the idea suggested by Baldwin (2009) that the thickening of international value chains in recent years has amplified the impact of the crisis. However, the evidence provided by the authors highlights the ability of Italian enterprises with relational upgrading to tap into the international recovery (See Accetturo *et al.*, 2011, fig. 2, p. 26).

The work of Accetturo, Giunta and Rossi (2011) does not explicitly assess the regional dimension of the impact of the crisis on the structure of Italian production but the fact that it is the marginal firms that are the most affected by the crisis offers clues to the nature of the recent recession: that it has been an asymmetric shock, and that it has expressed itself in territorial terms.

This perception is confirmed, for example, by analyses conducted on the data provided by the Survey on industrial and service sectors in 2008, published by the Bank of Italy (2009c), in which the territorial dimension is considered¹⁶.

These elaborations suggest that, while firms in the C-N faced the crisis by putting in place strategies for productive restructuring and made efficiency gains through cost reduction, diversification of markets and product quality improvement, Southern firms – characterized by their smaller size, limited access to credit, and subcontracting relationships with little bargaining power – restricted themselves purely to margin compression.

It is obvious that this different response to the crisis contributes to impair the growth prospects of firms in the Mezzogiorno and to confine Southern enterprises to a condition of marginality that widens their economic distance from the C-N¹⁷.

In conclusion, recent empirical studies at the level of firms, that analyze the impact of the crisis on the Italian production system, provide a framework from which it is

¹⁶ See Bugamelli, Cristadoro and Zevi (2009).

¹⁷ The nature of the crisis as an asymmetric shock on the territorial level is confirmed by the analysis of Mezzogiorno exports carried out by Svimez. Unlike other European countries, when export growth is considered, lagging Italian regions display a deterioration in their relative position with respect to national average. See Svimez (2010), p. 675.

not difficult to extrapolate the idea that a radicalization of the productivity gap is taking place at the regional level also¹⁸.

If this brief overview of the internationalization processes which have involved Italy in the last 20 years suggests that economic dynamics have favoured the progressive divergence of the production structures of the C-N and the Mezzogiorno, substantial territorial convergence emerges when one looks at the education system.

In other words, the dynamics of international integration just mentioned have been accompanied by an increase in the levels of education in Italy, which has affected both the North and South of the country: leave out refined indicators such as abandonment rates or PISA, and so on; here we are talking about rates of schooling (see Table 4).

¹⁸ Further evidence of a structural gap between the Italian Centre-North and the Mezzogiorno is provided by the recent report on European regions (NUTS 2) published by the EU, *Regional Innovation Scoreboard*, 2009. In this case, the distance between the South and the Centre-North is due to innovation rather than internationalization, although both are closely related.

**TABLE 4 – Enrolment rates and distribution
of high school diploma holders
and bachelor's degree holders by geographical area**

School or academic year	1984-85	1989-90	1994-95	1999-00	2004-05	2008-09
<i>Enrolment rate at upper secondary school ^a</i>						
Italy	55.7	66.1	78.3	84.6	92.2	92.7
North-West	55.6	66.2	78.2	83.7	88.5	87.3
North-East	56.1	68.3	80.6	84.9	90.6	91.5
Centre	65.3	74.7	88.2	93.8	98.6	96.8
Mezzogiorno	50.1	61.4	73.6	81.4	93.2	94.4
<i>Distribution of diploma holders and degree holders by geographical area ^b</i>						
North-West	–	–	26.2	26.4	25.2	23.7
North-East	–	–	19.3	21.2	21.4	19.3
Centre	–	–	26.3	25.5	24.9	26.5
Mezzogiorno	–	–	28.2	27.2	28.5	30.5
Italy	–	–	100	100	100	100

(^a) Enrolment rate is measured as the number of students enrolled in high school per 100 young people with the corresponding theoretical age (14–18)

(^b) Percentage values that refer to geographical distribution of Italians who are awarded the title in the corresponding school or academic year

Source: ISTAT, Annual Report, 2010.

Let us assume that, over a long time span, there has been convergence between the Mezzogiorno and the other parts of the country in the educational levels of the workforce. Then, the problem is that this growth in the supply of educated labour in the South, which has indeed taken place, has not resulted in a more highly qualified labour incorporated in the Mezzogiorno's output (see Celi and Sportelli, 2004).

5. Concluding remarks

We can conclude, then, that these two dynamics – divergence in the production structures due to international integration and convergence upwards in education levels – may have contributed to the increasing migration of skilled labour from the Mezzogiorno to the C-N¹⁹.

The Italian North-South economic divide, that has also widened in recent years because of the dynamics of international integration, is crucial in determining the different paths taken by development in the Mezzogiorno and in the rest of Italy. This gap between takes in other important factors that have been recently overemphasized: Italy's institutions, its social capital, human capital, education system, etc.

The policy implications that ensue from this interpretative framework suggest that any simple measures to upgrade the skills of the labour force, through training and improvements in the level of education, that are not accompanied by the restructuring and requalification of the productive structure in Southern Italy, risk perpetuating a situation of migration outflows from the South, flows which mainly concern individuals with higher levels of education. Obviously, this would be detrimental to the long-term growth of the Mezzogiorno.

But what measures should be adopted to upgrade and renew the Southern productive apparatus? The New Regio-

¹⁹ Mocetti and Porello (2010b) analyze the interaction between migration from abroad and native internal mobility and observe how the presence of foreign workers in Italy is complementary with the Italian demand for skilled workers. This evidence reinforces the idea, here suggested, that in recent years the internationalization processes related to production, but also to migration, have facilitated the outflow of skilled labour from the Mezzogiorno to Central and Northern Italy.

nal Planning (NPR) policy that the Italian Treasury Minister Carlo Azeglio Ciampi inaugurated towards the end of the 1990s succeeded in introducing an innovative approach to development policies for the Mezzogiorno by concerting place-based planning in order to build social capital. However, the NPR policy revealed all the limitations of such an approach, both in terms of support for the macroeconomic growth of the Southern regions and in terms of institutional efficiency. As result, the excessive fragmentation of interventions through the mediation of local actors has led to the formation of patronage networks and the squandering of public resources²⁰.

Given the inefficiency of local Southern administrations, their exposure to patronage (and often criminal relations) and the lack of social capital (which is unbridgeable, if not in the long run), the idea of favouring the short term strengthening of national-level ordinary policy interventions instead of introducing measures aimed at creating territorial balance has prevailed in recent years²¹. In fact, recently there has been a strong reduction in structural interventions to bring about territorial rebalancing in favour of the Mezzogiorno²².

But the widening divide between the South and the Centre-North of Italy – that, as we have seen, has been exacerbated by the changes taking place in international economic competition – highlights the need for a regional industrial policy²³. This policy should be oriented primarily

²⁰ An assessment of development policies in the Mezzogiorno in the last decade is provided by Cannari, Magnani and Pellegrini (2009).

²¹ This view is supported by Rossi (2006).

²² See the evidence reported in Servidio and Padovani (2009).

²³ Also Padovani and Servidio (2009) stress the need for a return of regional industrial policy in favour of the Mezzogiorno.

to promote the technological and organizational innovation of Southern firms and the formation of enterprise networks in the Mezzogiorno²⁴.

²⁴ An overview on the policies for technology transfer and research in the Mezzogiorno can be found in Svimez (2010), chapter XXI. It is interesting to note that in recent years public research spin offs are becoming growing businesses activities in the South. These businesses are particularly suitable for the South because, in addition to creating jobs and export capacity, require a lower investment than technological districts.

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