

ABSTRACT

The Kingdom of the Two Sicilies was the largest pre - Unitarian State in Italy. Before 1861 it was governed by the Bourbon House. Many historians have developed analyses trying to describe the economy of the South before the Unification. Richard Eckaus, Luciano Cafagna and other distinguished scholars, claim that relevant differences in per capita income, infrastructure and level of industrialization already existed in the pre-Unitarian south. On the other hand, economists as Vittorio Daniele and Paolo Malanima collected data proving that the relative economic disadvantage can only be dated in the nineties of the 18th century, with the birth of a gap in per capita income.

The first political party which governed the newborn Italy was the “Destra Storica”. Since its settlement, it had to face with two serious issues: the general backwardness of Italy, especially in the field of agriculture (Italian territories urgently needed a substantial land reclamation) and the so called “Questione Meridionale”, intended as the cultural, economic and social gap between the North and the South of Italy. Thanks to the increment of the cereals’ demand by Europe, a lower competition of Eastern Europe’s market and a general population growth, Italy experienced a 46% increment in agricultural product between the 1861 and the 1880. Although the added value was bigger in the North, the Southern Economy also took advantage from those economic circumstances, especially in the production of the citrus, olive tree and the almond tree. But, if the favourable conditions encouraged the product’s growth, on the other hand they also made unnecessary fundamental reforms for the modernization of the agricultural sector. Consequently, the drop of prices in 1880 brought devastating effects on the Italian economic structure. Moreover, the economic historians pointed out the fact that a relevant agrarian reform would have been worthwhile not only for the renovation of the sector, but also for convincing the suspicious southern population of the political Unification’s importance. The

latifundism, indeed, was the worse trouble for the mass of farmers living in the South. However, no reforms were made in this way.

In 1903 Giovanni Giolitti, a left-wing liberal statesman, became Prime Minister of Italy. His government was characterized by a more stressed role of the State in the economic matters - leaving untouched the liberal principles - as the born of many statutory corporations manifested. During the government of Giolitti, Italy started to walk the path of the modern economic growth, just as its industrialized neighboring countries. Nonetheless, the economic gap between the two sections of the country widened. For this reason, since 1914 the ruling class enacted the first special provisions in favor of the Southern territories, in order to boost industrialization. The “special Law for the economic revival of Naples” or the ones in favor of Basilicata are the most famous. However, comparing to the expectations, the positive outcomes were of little importance. This happened because the southern landowners made political opposition, afraid that industrialization could bring with it the overthrow of the *status quo*, and thus, of their power. According to some economists and historians, the class of landowners succeed because protected by the ruling class. Giolitti was even nicknamed by the historian Gaetano Salvemini as “Ministro della Malavita”, literally meaning “Minister of the organized criminality”.

The economic disparity went on growing during the two world wars of the 20th century. The first one destroyed the already weak industrial basis of the whole country, but only the North was partly compensated by the growth of the heavy industry’s product. Moreover, the South most suffered the dramatic consequences of the renewed protectionism of the European States and of the limitations in the USA immigration policy. Afterwards the fascist Regime took the power, settling after the 1922 “Marcia su Roma”. The economic policy of its leader, Benito Mussolini, appeared to be willing to solve the problem of the South, undertaking, for example, a great effort for the land reclamation. But policies like the “Battaglia del Grano” – a struggle for the autarchy of the country in the wheat production – made the

difficulties of the specialized production of the South even worse. Finally, the bombs of the Second World War crystallized the inequalities, prevailing with their disastrous effects in the South, battle site of the “Italian Campaign”.

Hence, immediately after the war’s end, the public debate on the economic gap exploded like never before, leading, since 1950, to several measures trying to narrow the economic distances.

First of all, a courageous agrarian reform was implemented: through the Sila, Stralcio and Sicily laws, it expropriated and distributed 760.000 hectares of land, 60% of which was localized in South Italy. That measure was crucial in rooting out the latifundism; however, the effects were lower than expected. Neither the farmers’ revenue, nor the productivity increased after the reform. However, strengthening the idea that Italy could not be an industrial power without involving South’s development, in 1950 the ruling party “Christian Democracy” created the “Cassa del Mezzogiorno” (Southern Italy Development Fund) in order to canalize efforts for the South’s growth in one public body. For instance, it committed in building the main infrastructures and in providing credit subsidies or tax advantages for firms willing to invest in the South. Its measures would have been *extra-ordinem*, compared to the economic national policy. The “Cassa del Mezzogiorno” as conceived by its creators Saraceno, Menichella and Giordani, was a public body strongly independent regarding to both financial and executive matters, and, in addition, was free from political pressure. Conversely, Government and Parliament, opposed its autonomy - strongly expected by the USA administration - and partly decreased it before settling the fund up. The intervention of the Cassa started with a pre-industrialization period: it was grounded on the conception that if main infrastructures were built (financing them with the additional spending of the Cassa), revenue would have grown, and more companies would have settled down their plants in the South. But the outcomes were not enough to boost South’s growth, thus, economists like Saraceno proposed a more direct State

intervention in the economy of Mezzogiorno. Then the second phase of the Cassa's intervention started: the new idea was that the State had to make direct investments, such as massive fiscal facilitations and financings, in order to favor the born of new enterprises in the South. The positive outcomes of the special legislation - together with those of the Italian economic miracle and the rise in the emigration rate - became visible during the sixties: between 1951 and 1971, per capita GDP in the South grew at an average annual rate of 5.77%, the gap in per capita output was sharply shortened thanks to productivity's gains and population's decrease, and there were significant gains in the literacy rate, too. The product's increase was mainly due to the decline of the agricultural sector in favor of the expansion of industrial and service ones, with higher productivity.

Nonetheless, the beneficial influence of the "Cassa" expired quickly. In the seventies, the process of convergence started to slow. The politicization of the structure was the main reason of this unwanted slowdown: the willingness to make the southern regions more developed started to depend on political goals, sectoral and ineffective in the long term. Moreover, in the seventies, two serious shocks hit the Western economy: in 1971, the USA President Richard Nixon decided to cancel the direct convertibility of the United States dollar to gold, and in the 1973, the members of OAPEC (Organization of Arab Petroleum Exporting Countries) proclaimed an oil embargo, causing a sharp rise in the oil prices. The oil crisis had disastrous effects on the Southern economy, because its productive structure laid on energy-intensive sectors, such as the petrochemical or the iron making.

Through the years, the economic disparity had known ups and downs, but it has never been solved. In the 1984 the Cassa was cancelled, and its tasks were assumed by AGENSUD, that in turn was abolished in 1992.

Nowadays, with a gap still persisting, one of the poorest southern regions, Basilicata, has a great opportunity of economic growth. This small region is heavily disadvantaged by the harsh territory, mainly

mountainous, and the small population, that discourage investments. Moreover, it has an economy based on agriculture and animal husbandry: the primary sector engages a share of workforce that is the greatest in Italy. For these reasons Basilicata has always been one of the least developed of the country. Nevertheless, the southwestern area of the region, Val D'Agri, is known to be the biggest oil field on the European mainland. When the first oil and gas' spillages were discovered, the whole population thought that the opportunity of growth was finally come. Consequently, since the eighties of the last century, there are settling several mining industries of firms such as Eni or Shell. Today we can count 39 oil fields in Val D'Agri, which together have a daily yield of 90.000 barrels, that means to satisfy the 6% of the national needs. It is a large percentage if we consider that Italy is an oil importing country. During the Second War World, for example, the oil production in Val D'Agri was significant to sustain the energetic needs of the embargoed Italy. The royalties – the amount of money that mining companies operating in Italy have to pay as a price for extracting oil – in Italy are legally established to be the 10% of the companies' profits.

In order to manage and employ the financial resources annually poured in the regional economy by the flow of the royalties, the local municipalities have defined the "POV (Operational Program) Val D'Agri, Melandro, Sauro, Camastra". The main goals established within the POV are: to improve the productive structure, still predominantly based on agriculture; to reduce the emigration flows; to ameliorate the infrastructures; to valorize the sector of tourism; to lower the unemployment. According to the 2012 report of the Italian Ministry of Economic Development, last year the oil production was 5.28 millions of tons worth, of which the 71% pulled out of Basilicata. 100.480.358,59 euros of royalties were poured in the economy of the Region: a huge amount, however still insufficient to take the region on the average national levels of per capita income. The Basilicata is still a poor area, with increasing unemployment rate and low per capita income. The missed opportunity of such a wealthy production is due

to many factors. The first regards the investments, mostly originated outside the Region. Furthermore the job opportunities in the mining activity have also been scarce for the local community, because oil companies tend to hire specialized workers out of the region rather than training the local workforce. Neither the remarkable amount of royalties boosted enough economic growth. Despite the POV, in fact, the Basilicata is still the region with the highest relative poverty rate in Italy (28,3%): hence, the voices of protest growing among the population are quite justified. In the last years, in fact, local citizens have started to complain with the national and regional governments for many different reasons. First of all they are increasingly worried about the environmental costs of the mining activity: the growing pollution of the air, water and soil, according to some experts, is among the causes of the increased incidence of cancer. For instance, benzene, toluene and manganese, known to cause cancer, were found in quantities exceeding the allowed ones in the subsoil waters. In addition, the critiques regard the amount of royalties. The legal amount, as established in Italy, coincides with the 10% of the companies' profit. If compared to countries like Libya (90% of profit is paid by the oil companies to the Libyan State) or Indonesia (80%), or Norway (more than 50% of taxation for oil companies) it appears irrelevant.

Finally Val D'Agri, besides being the most oil-rich area in Italy, is the place of the "Appennino Lucano National Park". When the highest authorities decided to take the path of the mining activity, they partially renounced to the economic potentiality of tourism. This sector, differently from oil business, is at the same time environmentally sustainable and potentially profitable. Unfortunately, petrochemical industry and tourism seem to be alternative sectors. The borders of the Park, for instance, have been conditioned and limited by the presence of the oil fields. Moreover, we must consider the damages of the mining activity on the national-protected environment of the park.

In conclusion we can say that the mining activity did not have important positive effects on the economic structure of the Region. Moreover, it had some negative consequences that we cannot ignore more, if we still hope this region to economically develop.