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RESEAU D'ETUDES ET DE RECHERCHES SUR LA COHESION
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Case Study

The Calabria Region

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1. Introduction

The aim of this work is to analyse the impact of the current economic crisis on the Calabria region and the role of the European Cohesion Policies on local development and on the overcoming of the crisis.

In order to do that, besides using data on the socio-economic context, we interviewed a number of local actors asking them an evaluation of the current situation, on the policies implemented at the European, national and regional level, and, finally, their forecasts on future development of the region.

The Calabria region is located in the South of Italy and is inhabited by about 2 million people distributed in five provinces that compose the region whose capital is Catanzaro.

At the European level, the region is in the Convergence Objective, which aims to favour the economic development and the job market of disadvantaged regions, and participates to the European Territorial Cooperation Project, which aims to strengthen cross-border cooperation through joint initiatives, both at local and regional level; to favour the transnational cooperation through actions focused on the territorial development linked to European Community priorities; and to increase the interregional cooperation and exchange of best practices across regions. Particularly, thanks also to its geographical position in the Mediterranean basin, the region participates to the Transnational Cooperation Programme (MED¹) involving the Mediterranean (ENPI-CBC Programme - Mediterranean Sea Basin²) and to the Interregional Cooperation Programme INTERREG IV.

From the political point of view, it is interesting to note that since the establishment of the new electoral system in 2000, which allows for the direct election of the President of the Region, in Calabria there has been a perfect alternation between centre-right and centre-left coalitions. The region is currently governed by a centre-right coalition, led by a member of the PDL, who won the last elections, held in April 2010.

This could be due to the critical socio-economic conditions of the region and reflect an attempt by the electorate to express its willingness to change.

The Calabria region, in fact, still occupies the last positions in the ranking of Italian regions in terms of income, confirming the structural weakness of its economic and productive system; on the opposite, it is located in the very first place in the rank on the degree of dependence on external transfers.

The analysis of key economic indicators provided by the National Institute of Statistics (ISTAT³, 2009) reports a persistent gap in terms of economic development compared to the more dynamic areas of the country. Although in the past 15 years, the regional GDP has grown, following a trend similar to that of the South of Italy, in 2009 the GDP per capita in Calabria was not only lower than the Southern average, but one of the three lowest observed at national level. Moreover, according to the data on GDP, GDP per-capita and on the added value per unit of products, the crisis seems to have exacerbated the criticisms of the region.

However, it seems that in 2009 this effect is somewhat attenuated: the latest figures provided by ISTAT⁴ (2009) show that, although the contraction of GDP in 2008 compared to 2007 in Calabria has been particularly pronounced (-3%) and higher than all other Southern regions, the contraction of the GDP in 2009 was slightly lower (-2.3%) compared with the previous year, and overall lower than that of other southern regions, while GDP per capita has remained unchanged. At the same time the added value is not only among the lowest in Southern Italy in absolute terms, but it is still in a decreasing phase.

The regional gap with the more developed and dynamic areas of the country emerges also from the analysis of the labour market, whose difficulties are in part attributable to the weakness of the local production system and its incapacity to express and adequate labour demand.

The problems that characterize the regional labour market, in fact, also depend on the weakness of the manufacturing sector, focused on more traditional activities, such as sales and construction, which are also characterized by underemployment and a higher incidence of illegal employment. On the other side,

¹ The main aim of the Programme is to improve competitiveness in the Mediterranean area. It is focused on four priorities: the improvement of innovation capacity; the environmental protection and the promotion of sustainable development; the promotion of the territorial accessibility; and, finally, the promotion of the Mediterranean basin development.

² The Programme is focused on four priorities: the socio-economic development and the strengthen of the areas involved in the Programme; the promotion of environmental sustainability; the improvement of individual and capital mobility; and, finally, the improvement of intercultural exchange and local governance.

³ "Principali Aggregati dei Conti Economici Nazionali", ISTAT 2009.

⁴ *Op. cit.*

there are very few firms producing goods characterised by higher added value and technological and innovation content.

Consequently, the regional labour market is characterized by very weak areas, where one can contemporaneously find low skills, low income levels and a high proportion of illegal work, despite the data on the educational achievements shows that younger generations have now reached high levels of education, almost similar to the national average.

The weakness of the production system is confirmed by its incapacity to attract foreign investment and by the scarce competitiveness of the regional economy, confirmed also by a low degree of regional openness and of export propensity.

The weakness of the production system and the labour market imply that the region is characterized by both an insufficient level of development, and strong social criticisms, due to deficits in the provision of those goods needed in order to guarantee adequate living standard to citizens, like health care or nursery; and these deficits inevitably have particularly negative consequences on the female component of the population.

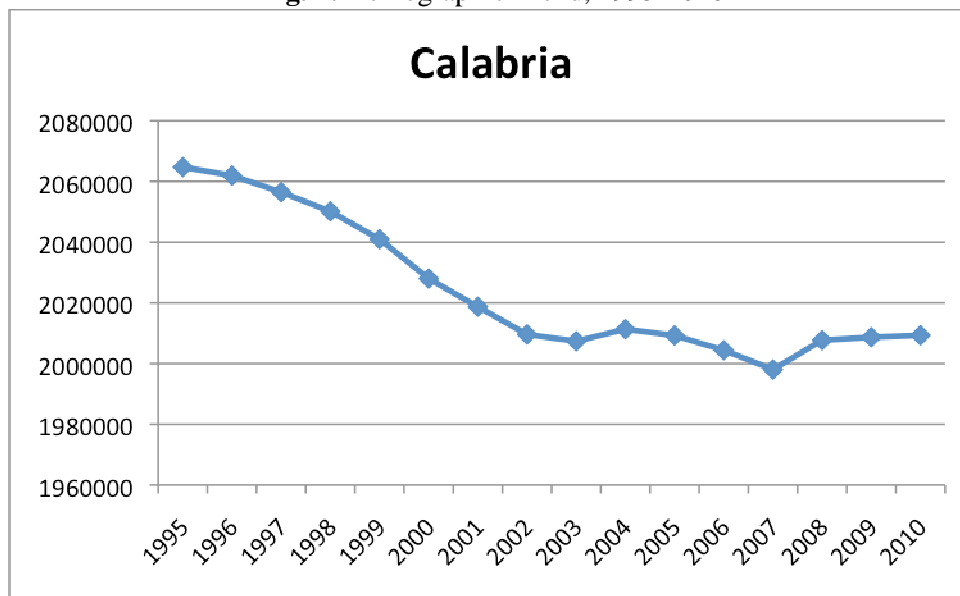
In what follow, we analyze more deeply the socio-economic characteristics of the Region, comparing, where the availability of data allows for it, the performances of the economic systems before and after the onset of the financial and economic crisis started in 2008.

The work is organized as follow. In section 2 we present the demographic and migration trends which characterize the Calabria region in the last decade. In section 3, starting from the description of the socio-economic framework, we analyze the regional economic system, with particular emphasis on the production system, and on the labour market, supporting the analysis with the interview results. Section 4 is devoted to the analysis of the policies implemented at European, national and regional level, and on respondents' evaluation. Finally, section 5 concludes with respondents' forecasts on future development of the region.

2. Demographic Trend

After the strong decline registered between 1995 and 2007, in the last three years the number of residents in Calabria has been quite stable: according to the data provided by ISTAT, at the 1° January of 2011 there were about two millions of people living in the region, almost the same figure observed in the previous year, which account for the 3.3% of national population and for the 9% of those living in the South.

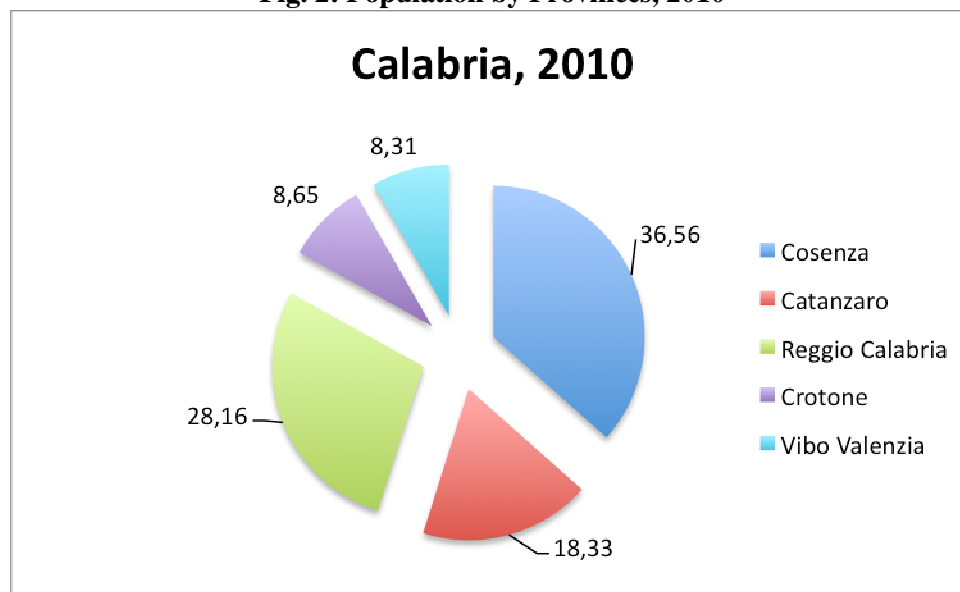
Fig. 1: Demographic Trend, 1995-2010



Source: demo – ISTAT, various years

The regional settlement pattern is characterized by high dispersion of the population across the region: the majority lives in the provinces of Cosenza and Reggio Calabria, while those living in Crotone and Vibo Valentia account for the 8% of total population.

Fig. 2: Population by Provinces, 2010



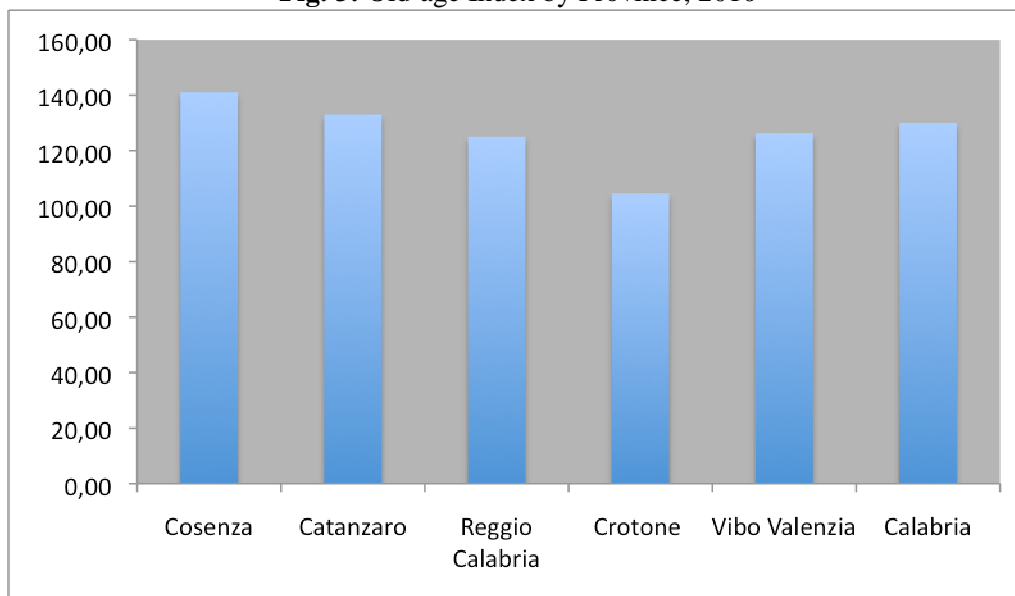
Source: author's elaboration on ISTAT data, 2010

This dispersion of the population, together with the limited accessibility of many small towns, caused by the morphology essentially mountainous, brings to higher costs in the organization and provision of services, both for citizens and, in some cases, for firms.

The differences between the five provinces composing the regions are pointed out also by demographic indicators. We will limit the analysis to four of the indicators that better than others provide information on the structure of the population, namely the fertility and birth rate, on the one hand, and the old-age and dependency indexes, on the other. According to ISTAT data⁵ (2010), the fertility rate, computed as the ratio between the numbers of live births for 1000 women in reproductive age, has remained unchanged during the past 4 years (2007-2010) in the region and, with a value equal to 1.29 ranks below both the Southern and the national averages. During the same period the birth rate, measured by the ratio between the number of live births and the overall population, multiplied by 1000, remained unchanged at the regional level, while there are some differences at the provincial level. In particular, it is above the regional average in the provinces of Reggio Calabria and Crotona, where it increased during the past four years, while the provinces of Catanzaro and Vibo Valentia show an opposite trend, and the first, together with Cosenza, also shows values lower than the regional average.

As for the third index, although the population aging process depends on the interaction of many variables, some information on it can be drawn from the analysis of the old-age index, computed as the ratio between the over-65 and individuals aged between 0 and 14. Only in the province of Crotona it assumes a value close to the parity (100), but in none of the five provinces there is a higher incidence of youth (Tab. 1), on the contrary it assumes values particularly high in the provinces of Cosenza and Catanzaro.

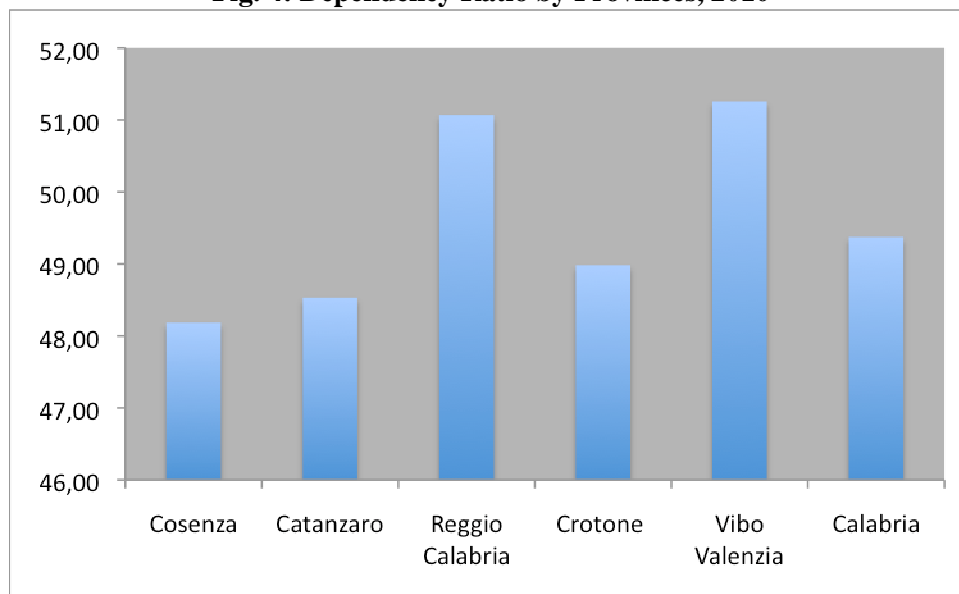
Fig. 3: Old-age Index by Province, 2010



Source: author's elaboration on ISTAT data, 2010

Finally, in order to have a complete framework, it seems necessary to provide also some information on the dependency ratio, which gives both economics and social information, as it relates the number of individuals that are likely to be dependent on the support of other for their daily living, as they are unproductive for age reasons, to the number of those in working age. At the regional level, the ratio is about 1 to 2, and it is only slightly lower in the provinces of Reggio Calabria and Vibo Valentia, while in all the others provinces the economically inactive people are about one half of those potentially active.

⁵ "Indicatori demografici", ISTAT 2010

Fig. 4: Dependency Ratio by Provinces, 2010

Source: author's elaboration on ISTAT data, 2010

However, what is worrying, here as in other Italian regions, is the finding that individuals over-65 far exceed those aged between 0 and 14 (Tab. 1). This figure is even more worrying when one considers that in recent years the migration to the North of Italy is increased, so that the last ISTAT data shows a very negative balance of internal migration (-3% in 2010), which is almost double than that observed in the South of Italy that was also negative in 2010.

Tab. 1: Population by Provinces and Age Classes, 2010

	0-14	over-65	15-65	over-65
Cosenza	99,066	495,624	139,753	
Catanzaro	51,623	247,907	68,689	
Reggio Calabria	84,973	374,504	106,279	
Crotone	27,93	116,665	29,217	
Vibo Valenzia	24,988	110,336	31,567	
Calabria	288,58	1,345,036	375,505	

Source: Demo-Istat, various years

These figures seem to be partly counterbalanced by the positive dynamics of net migration from other countries. Over the past five years the foreign population resident in the region is in fact more than doubled, although in 2010 immigrants account only for the 3% of the regional population.

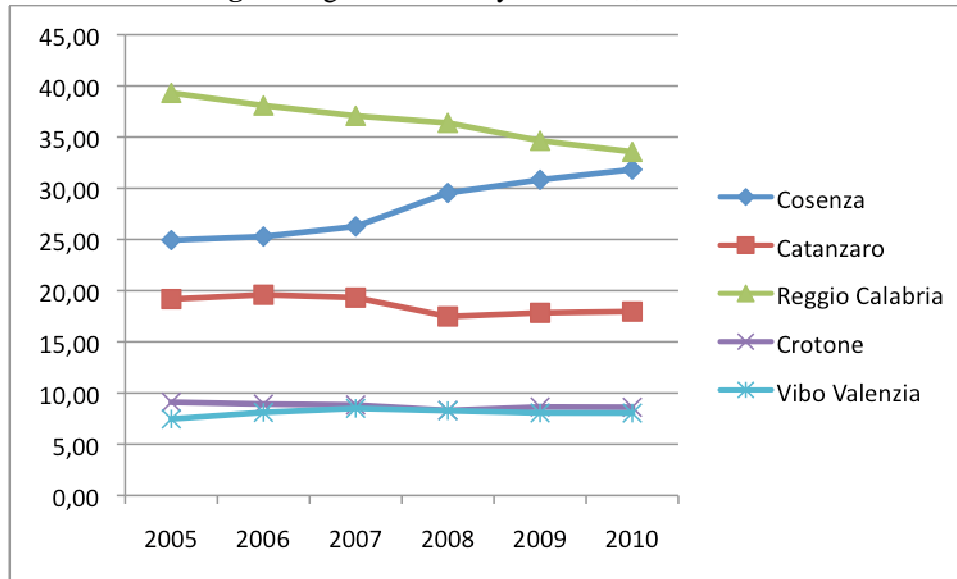
Tab. 2: Foreign residents by Provinces, 2005-2010

	2005	2006	2007	2008	2009	2010
Cosenza	7,778	8,477	9,251	15,031	18,120	20,966
Catanzaro	5,982	6,57	6,805	8,891	10,481	11,828
Reggio Calabria	12,265	12,768	13,056	18,511	20,361	22,105
Crotone	2,841	2,991	3,110	4,227	5,078	5,672
Vibo Valenzia	2,329	2,719	2,994	4,211	4,735	5,296
Calabria	31,195	33,525	35,216	50,871	58,775	65,867

Source: Demo-Istat, various years

However, disaggregating the data at provincial level, there emerge not only strong disparities between provinces, but it also seems that the natural balance is mostly due to a strong increase of immigrants living in the province of Cosenza; while it is low in Crotone and Vibo Valentia, and it is remained almost unchanged in the past two years in all provinces but Reggio Calabria, where there was a decline of 6 percentage points (Tab. 2).

Fig. 5: Migration trend by Provinces, 2005-2010



Source: author's elaboration on ISTAT data

However, in a recent document of the Calabria region is noticed that the increase in migrations has pointed out some problems in the reception, job placement, social integration and accessibility to social services.

Even more worrying was the homelessness, as the demand for housing expressed by immigrants and refugees is largely unsatisfied, and this has forced immigrants to turn to the housing market, suffering in most cases situations of abuse and / or discrimination.

3. The socio-economic framework

As mentioned in the introduction, the Calabria region is characterized by a low level of economic development, its GDP per capita is among the lowest in the country and the gap with the most dynamic regions of the country inevitably cause socio-economic criticisms.

Starting from the data on the GDP, in this section we will analyze the characteristics of the regional economic systems, focusing particularly on the labour market and production systems of the region, and on the changes produced or accelerated by the crisis. The analysis of the data will be followed by the results of the interviews.

3. 1 GDP, Poverty and Social Exclusion

In 2009 the regional GDP accounts for the 2% of the national one and for the 9% of the Southern GDP. The last ISTAT⁶ figures show that in 2009 the units of work and the GDP has fallen, respectively, of 1 and 2.3 percentage points with respect to 2008, while the GDP per capita has remained unchanged (Tab. 14). Slightly more pronounced was the reduction in the added value per unit of product (increased from -1.1% in 2008 compared to 2007 to -1.3% in 2009 compared to 2008) that affected especially the agricultural sector, forestry and fishing industry, and to a lower extent the tertiary sector (Tab. 15).

By analyzing the dynamics of the GDP in a longer span of time, it can be seen how it has grown at rates higher than the national and Southern average between 1996 and 2001, while since 2002 the growth rates were significantly slower: with the only exception of 2004, in recent years, Calabria has always had growth rates lower than southern and they were even negative in 2002 and 2005.

The current crisis had a strong effect in 2008, manifesting itself through a sharp reduction of GDP, reduced by 3 percentage points, more than in all other regions of the South of Italy. However, in 2009, although we still observe negative growth rates, the reduction of GDP in Calabria was much lower than that observed at the national level and in Southern regions (Tab. 14).

⁶ "Principali Aggregati dei Conti Economici Nazionali", ISTAT 2009.

Fig. 6: GDP Calabria, South and Italy, 1996-2009

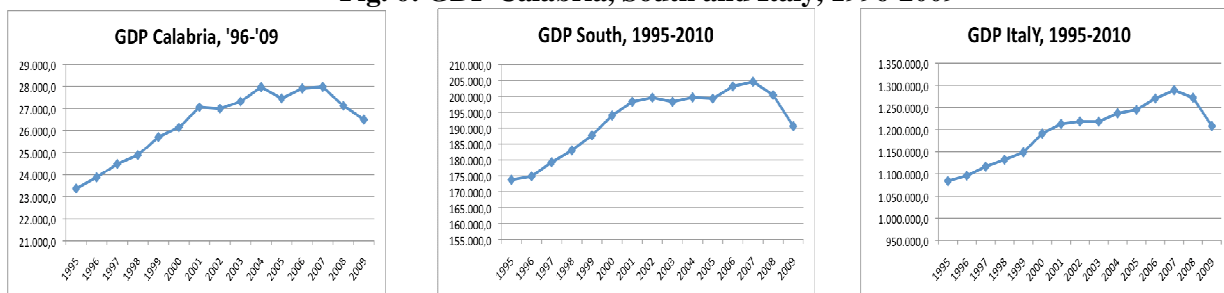
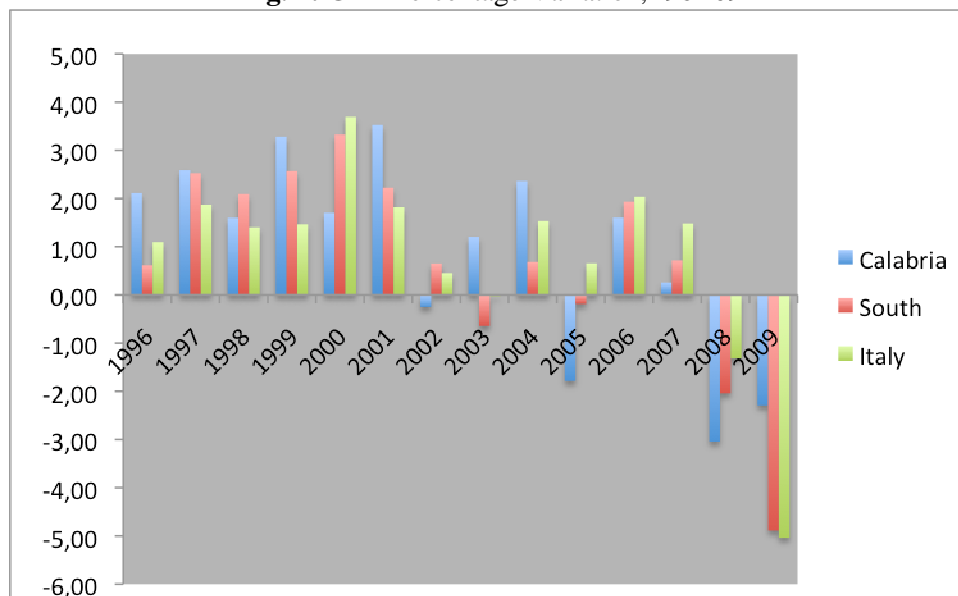


Fig. 7: GDP Percentage Variation, '96-'09



Source: Conti Economici Territoriali, ISTAT various years

However, as it has been widely recognized in the economic literature on social welfare, even if the GDP is a very useful tool, the information it provides in terms of welfare and wellbeing are quite poor. The information provided by this indicator should be enriched and integrated by the analysis of other characteristics that affect not only the social welfare, but also the socio-economic development of the society.

We are referring, in particular, to those measures which allow to capture the “multidimensionality” aspect of individuals’ well being and the inequality dynamics. As regard the former, it should be noticed that individual’s welfare depends not only on the level of income they own, but also on a number of factors like (i) the level and the quality of consumptions; (ii) the capacity and the possibility to actively participate to the political and social community in which the individual lives, and hence the degree of social exclusion; (iii) the labour market participation; and, finally, (iv) the environmental context in which individuals live. As regard the inequality dynamics, then, it is known that an higher income concentration or, said it differently, a higher level of inequality in the income distribution implies not only higher social costs linked to the provision of services for poor citizens, and an increase in social conflicts, but it is also associated with a loss of welfare for the whole society.

Hence, in what follows we will present some data related both to the first and the second points, referring to the following subsections for the analysis of the labour market participation in the region.

The data on social quality provided by the Ministry of Economic Development show that, in the five years for which data are available (from 2001 to 2006), the indexes considered, have followed a similar path both at national and regional level, reaching, however, in almost all cases different values (Tab. 3). In fact, only the incidence of environmental certification has value similar to the national one. On the opposite, the remaining three indicators, namely, the rate of violent crimes, the incidence of spending on leisure and culture and, finally, the attractiveness of tourist consumptions, show values lower than the national average, which is certainly good for the first one, but not for the remaining two. In particular, while the attractiveness

of tourist consumption has grown in Calabria during the period considered (thus reducing the gap with the national average), the incidence of spending on leisure and culture has remained almost unchanged.

Tab. 3: Social Quality Indicators

	Calabria		Italy	
	2001	2006	2001	2006
Incidence of environmental certification	2.3	7.5	2.9	7.7
Rate of violent crimes	9.8	15	13.3	20.1
Incidence of spending in leisure and culture	5.9	6.1	7.3	7.5
Attractiveness of tourist consumption	3	4.1	6.1	6.2

Source: Ministry of Economic Development

The criticism of the regional socio-economic context is clearly reflected also by indexes related to level of poverty or deprivation of individuals and families living in the region. Particularly, by looking at the data on the incidence of relative poverty in Calabria one notices that it is not only much higher than the Italian and the Southern average, but it also followed a different trend between 2005 and 2009 (Tab. 4). In fact, while in the South and in the rest of Italy it is decreased during the period considered, with the exception of 2008, in Calabria, with the exception of 2007, poverty has increased faster, going from 23.3% in 2005 to 27.4% in 2009.

Tab. 4: Incidence of Poverty by Households (H) and Individuals (I), 2005-2009

	2005		2006		2007		2008		2009	
	H.	I.	H.	I.	H.	I.	H.	I.	H.	I.
Calabria	23.29	26.11	27.8	31.4	22.9	25.7	25.0	28.39	27.4	29.64
South	24.04	26.54	22.6	25.16	22.5	24.9	23.8	26.72	22.7	25.7
Italy	11.11	13.05	11.1	12.91	11.1	12.8	11.3	13.63	10.8	13.1

It is defined relatively poor a family whose monthly expenses in consumption is equal or lower the relative poverty line, measured by using the per capita average consumption.

Source: Survey on Family Consumption, ISTAT

On the opposite, the index of deprivation, another measure often used to analyze the socio-economic framework, shows more similarities with the Southern regions (Tab. 5). After falling between 2004 and 2007, it rose slightly in 2008, remaining below the Southern average, although 10 percentage points higher than the national average.

Tab. 5: Deprivation Index for Family (Eurostat Indicator), 2004-2008

	2004	2005	2006	2007	2008
Calabria	29.7	31.0	25.3	25.3	26.1
South	26.9	27.3	25.3	25.5	26.6
Italy	14.5	14.5	14.0	14.8	15.8

A family is defined deprives if it shows at least one of the following characteristics: *i*) can not face unpredicted expenss; *ii*) can not afford one week of holiday far from home; *iii*) have bac krent; *iv*) can not afford an adequate meal at least every two days; *v*) can not adequately keep warm his house; do not have: *vi*) washing machine; *vii*) tv colour; *viii*) tv; *ix*) car.

Source: ISTAT, Survey on "Income and Living Conditions" Eu-SILC, 2007

Finally, as regard the level of inequality, it is well known that there exist several methods to measure it. The one most commonly used in the literature consists in using a synthetic index which allows to precisely measure the degree of inequality in the distribution of income, thus allowing to evaluate whether it has changed over time and in which direction, namely if it is increased or decreased. Among these indexes, the most commonly used is the Gini coefficient, which allows one to measure the degree of concentration in a distribution and ranges from 0, in case of equally distributed outcome, to 1, in the case of maximum concentration.

Unfortunately, the data on this index are available only until the 2007, the year immediately before the onset of the crisis. They show that it has remained basically unchanged between 2003 and 2006, with figures similar to the national one, and it decreased in 2007.

Tab. 6: Gini Index, 2003-2007

	2003	2004	2005	2006	2007
Calabria	0.32171	0.33308	0.33308	0.34841	0.31835
Italy	0.33239	0.32751	0.32751	0.3213	0.31029

Source: ISTAT, Survey on "Income and Living Conditions" Eu-SILC, 2007

But we have to wait for new data in order to understand if it was in some way affected by the current economic crisis.

3.2 Production System

In a recent regional document it is pointed out that the productive structure of the region is very small and quite weak; particularly, it is pointed out that most of the weaknesses of the regional economy are precisely due to structural issues, which could be modified only through a long-term process.

The main difficulties of the production system are identified in a number of factors, such as: the overrepresentation of the sectors mainly oriented to local demand and of the public sector; a low development of more innovative services and activities necessary to support the processes of modernization of the economic system; the small size of firms operating in the regional context, often characterized by a family-type structure, which comes with a strong under-capitalization and a bias toward short-term forms of debt; and, finally, the lack of relevant process of production agglomeration, which characterizes, for example, of the industrial districts.

By analyzing the weight of single sector on the overall economy of the region, it emerges that the most important is the one related to the provision of services that, in 2008 (the last year for which data are available) accounted for the 80% of the total added value of the region. In the period considered (2004-2008) there was a slight increase in the services sector at the expense of the agricultural one, whose share on the total regional added value has been further reduced; on the opposite, the relevance of industry has remained almost unchanged during the period considered (Tab. 16). Obviously, there exist some differences at the provincial level. For example, by looking at data on the proportion of the agricultural added value on total regional economy one notices that, although it is decreased in all the five provinces (with the exception of Vibo Valentia where it remains unchanged), its reduction was particularly strong in Reggio Calabria, where it has halved between 2004 and 2008, passing from the 10% to the 5% of the total provincial added value. The tertiary sector shows an opposite trend, as its relevance increased in all provinces but Vibo Valentia, where it remains constant. However, in these provinces, as in Reggio Calabria and Crotone, the industry sector is increased.

Some conclusions on the effect of the crisis on the regional production system can be drawn from the analysis of firms' stillbirth, which provides information on the variation of active enterprises in the area. The data on the firms' growth rates show a positive trend, as they are above the national and Southern average in both 2008 and 2009, although the growth rate has halved in 2009 with respect to 2008 (

Tab. 7).

Even at provincial level, the firms' "demographic dynamic" in 2009 was less positive than the previous year, although in all provinces we noticed an improvement in growth rates compared to 2007, the year before the onset of economic crisis. The only exception is the province of Catanzaro, which shows a negative performance, being the only one where the firms' growth rate is not only decreasing but even negative.

Tab. 7: Firms' growth rate and demographic changes, 2007-2009

	2007	2008	2009
		Demographic Change	
Cosenza	1.35	1.58	1.11
Catanzaro	0.3	2.42	0.92
Reggio Calabria	1.26	0.74	-0.47
Crotone	1.06	2.04	0.96
Vibo Valenzia	-1.8	1.16	0.98
Calabria	0.33	1.43	0.75
		Growth Rate	
Calabria	0.33	1.43	0.75
South	0.46	0.32	0.24
Italy	0.75	0.59	0.28

Source: Movimprese

More recent data, provided by Movimprese⁷ show a positive trend for 2010, when the firms' growth rate (1.67%) was higher of both the Southern average (1.24%) and the national one (1.19).

The analysis of more recent data shows that in the first part of 2010 the level of regional economic activity stagnated, still reflecting the effects of the negative economic phase (Bank of Italy⁸, 2010).

Particularly, a recent survey conducted by the Bank of Italy⁹ (2010) on regional economy, reveals that in 2010 industrial production has been maintained to the low levels registered in 2009 and that half of the companies involved in the study declare a profit reduction during the first 9 months of 2010 compared to the results achieved during the same period of 2009.

The same study shows that in the first 3 trimesters of 2010 the degree of capital utilization has remained to the minimum values reached in 2009, approximately 60%, and that the stocks of investment has been strongly affected by the high level of uncertainty on the demand side.

In the construction sector there has been a further reduction in the value of production, although, according to the survey conducted by the Bank of Italy¹⁰ (2010), the current economic crisis affected more the private non-financial service firms, for which the profit has decreased significantly.

Finally, the data on International trade are not encouraging; they show that, in 2010, there was a further decline (-6.1%), although smaller than that of 2009 (-16.4%). In fact, although exports towards European Union countries have grown by almost 6 percentage points in the first half of 2010, driven mainly by growth in exports to Germany and France, exports to the extra-EU countries fell by almost 20 %, and this finding is not counterbalanced by significant growth in exports to countries in North America (

⁷ "Natalità e Mortalità delle Imprese registrate presso le Camere di Commercio", Movimprese 2010.

⁸ "L'economia della Calabria, 2010", Economie Regionali, Bank of Italy.

⁹ *Op. cit.*

¹⁰ *Op. cit.*

Tab. 8). The reduction in exports is mainly due to the transport sector, while that of agricultural, food and beverage industry have started to grow (Bank of Italy¹¹ 2010).

¹¹ *Op. cit.*

Tab. 8: International Trade by geographical area

Country	Export		
	% variation		
	I sem. 2010 (mln. Of euro)	2009	I sem 2010
EU countries (1)	95,7	-9.5	5.9
Total Euro area	71,8	-7.0	14.5
France	10,8	-21.0	34.9
Germany	24,6	-13.3	54.2
Spain	10,0	23.5	-44.2
Other EU countries	23,9	-14.8	-13.6
UK	11,7	-16.6	84.4
Extra-EU countries	65,1	-23.1	-19.4
Centre-Eastern countries	4,1	-17.0	-25.3
Other European countries	5,9	-22.1	47.6
North America	16,4	-30.7	54.0
US	14,4	-30.1	63.1
Centre-South America	2,4	-26.4	-59.6
Asia	22,0	4.1	-3.7
China	4,4	-17.6	-
Japan	2,8	-3.0	-15.8
EDA (2)	3,7	-2.4	-13.5
Other Extra-EU countries	14,3	-33.5	-55.1
Total	160,8	-16.4	-6.1

(1) UE-27; (2) Dynamic Asian Economies

Source: Bank of Italy, 2010

3.2 Interviews' results

The Calabria region has a historically weak production system. The only industrial settlements of some relevance, arrived in Calabria to take advantage of the facilities of water, or after the adoption of the so-called "Colombo package" which included several manufacturing facilities in the region, no longer exist.

Firms operating in the region are very small, and the regional production system is very weak, mainly based on manufacturing and with a low level of industrialization, there is no clustering of companies in the form of districts or networks and there is no functional relationship between firms.

According to respondents this depends on the lack of those assets and cognitive conditions that are necessary for creating business.

Even if there are also small farms that export their goods, their main markets are in the European countries and the level of export is pretty low.

Moreover, respondents believe that the sectorial organizations adopt a rent-seeking behaviour, and that they are mostly concerned with their own "self perpetuation" over time. This is done by carrying on models of welfare politics, widely used in the past, which do not produce a strengthening of the regional productive system. According to respondents, these policies are more likely to wasting resources with little impact on employment.

Even if and increase in the number of new firms is observed, in most cases they are small businesses, which often cease to be operational within a very short span of time.

As the regional economy is essentially based on small firms not opened to international market, the impact of the crisis was not so strong. According to respondents, the crisis has indirectly affected the regional production system as the majority of regional firms are oriented to the local market, and the crisis has reduced individuals' purchasing power, reducing in this way the level of production for local firms, and weakening even more the regional production system.

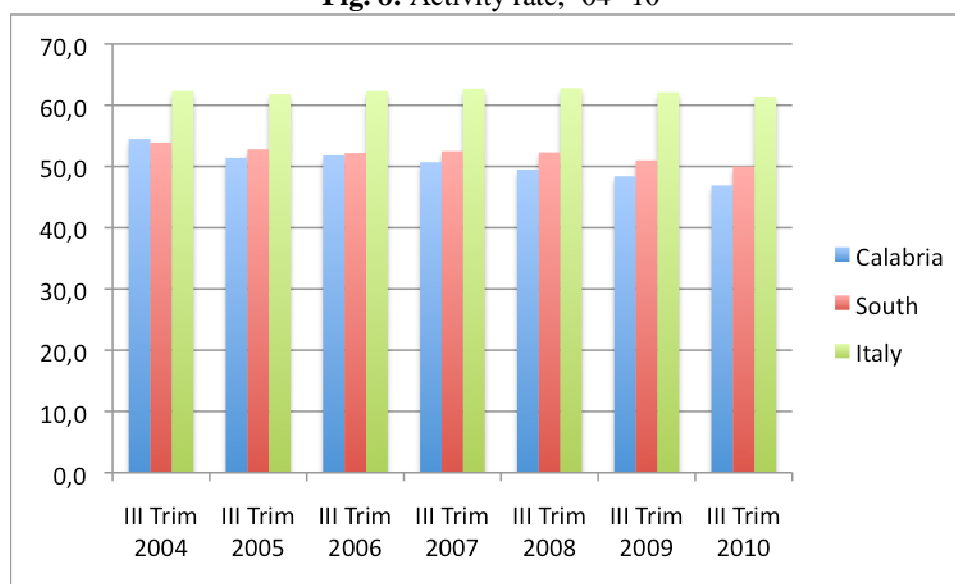
3.3 Labour Market

The strong regional gap in terms of economic development with respect to other areas of the country is clearly evident also in the labour market, characterized by very weak areas, where one can contemporaneously find low skills, low income levels and a high proportion of illegal work.

The crisis seems to have heightened these phenomena, as it is observed a parallel reduction in both the unemployment and the employment rates (Tab. 10 and Tab. 11): this bring to guess that many individuals are simply leaving the labour market, or because they are discouraged or because they become part of the illegal economy.

The regional data on the rate of activity, in fact, calculated as the ratio between active population and individuals in working age, show that labour supply is lower than both the national and the Southern average.

Fig. 8: Activity rate, '04-'10



Source: ISTAT, Labour Force Survey

Data even more worrying emerge when one considers the trends registered between 2004 and 2010, when there was a systematic reduction of labour supply that has strongly increased the gap with the rest of the country, and, as regard the activity rate, it is more pronounced for men than for women.

Tab. 9: Activity rate, 2004-2010

	Calabria			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	69.7	39.5	54.5	70.4	37.8	53.9	74.6	50.1	62.3
II Trim 2005	65.9	37,0	51.4	69.6	36.3	52.8	74,0	49.6	61.8
III Trim 2006	66.8	36.9	51.8	68.5	36.2	52.2	74.4	50.1	62.3
III Trim 2007	65.6	35.9	50.7	69,0	36.3	52.5	74.7	50.7	62.7
III Trim 2008	63.5	35.7	49.5	67.8	37,0	52.3	74.4	51.3	62.8
III Trim 2009	62.5	34.6	48.4	66.5	35.8	51	73.7	50.5	62.1
III Trim 2010	59.6	34.4	46.9	64.8	35.5	50	72.7	50.2	61.4

Source: Labour Force Survey, ISTAT various years

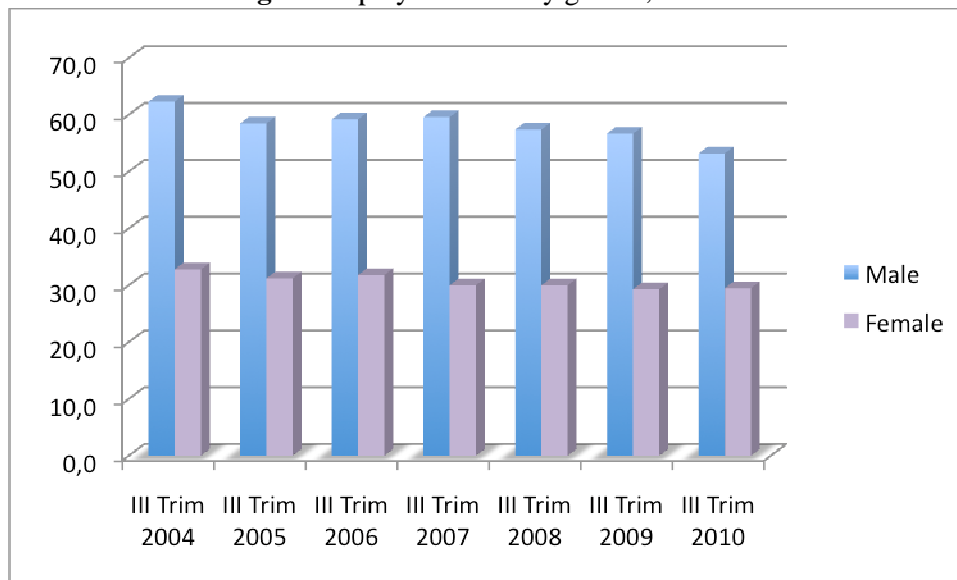
The same result holds for the employment rate that has shown a similar downward trend since 2004. Although the employment rate among men is almost 20% higher than among women (Tab. 11), the values observed for the latter are similar to the Southern average, while for men the gap with the macro area to which the region belongs is more pronounced.

Tab. 10: Unemployment rate, 2004-2010

	Calabria			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	17,0	10,6	12,9	10,8	18,8	13,6	5,7	9,9	7,4
II Trim 2005	15,5	11,0	12,7	10,0	19,2	13,2	5,5	9,5	7,1
III Trim 2006	13,9	11,1	12,1	8,7	14,3	10,7	4,8	8,0	6,1
III Trim 2007	16,5	9,0	11,7	8,3	14,1	10,3	4,4	7,4	5,6
III Trim 2008	16,0	9,6	11,9	9,2	14,4	11,1	4,9	7,9	6,1
III Trim 2009	15,1	9,1	11,3	10,4	14,0	11,7	6,4	8,6	7,3
III Trim 2010	14,1	10,7	11,9	11,1	13,9	12,1	6,8	8,7	7,6

Source: Labour Force Survey, ISTAT various years

Disaggregating the data by gender and age group, it emerges that the most disadvantaged individuals are the young and women, for whom employment rates are lower. Then, looking at the provincial data, one notices the most critical situation is that of Crotona, where the employment rate is just 29%.

Fig. 9: Employment rate by gender, '04-'10

Source: ISTAT, Labour Force Survey

However, overall the unemployment rate, had a decreasing trend during the last six years, and in 2010 was 11, 9%, in line with the South of Italy (Tab. 10).

If one wants to analyze more deeply the effect of the crisis on the labour market outcomes, some intuitions can be drawn from the analysis of the trend of the unemployment rate. Although it does not necessarily express a causal relationship, as this kind of analysis does not allow us to surely deduce that the observed changes in trend are attributable to the crisis, it provides some information that allow us to make an evaluation of the labour market performances.

Between 2004 and 2010, the unemployment rate has followed a different path for men and women. While it is declining for female, though still higher than for male, for the latter it has decreased until 2007 and started to rise again in 2008.

Tab. 11: Employment rate, 2004-2010

	Calabria			South			Italy		
	Male	Female	Tot	Male	Female	Tot	Male	Female	Tot
III Trim 2004	62,3	32,8	47,4	62,7	30,7	46,5	70,3	45,1	57,7
II Trim 2005	58,5	31,2	44,8	62,5	29,3	45,7	69,9	44,8	57,4
III Trim 2006	59,2	31,8	45,4	62,5	31,0	46,6	70,7	46,1	58,4
III Trim 2007	59,6	30,0	44,7	63,2	31,2	47	71,3	46,9	59,1

III Trim 2008	57.4	30,0	43.6	61.5	31.7	46.4	70.7	47.2	59,0
III Trim 2009	56.7	29.3	42.9	59.5	30.8	45	68.9	46.1	57.5
III Trim 2010	53.2	29.5	41.2	57.6	30.5	43.9	67.6	45.8	56.7

Source: Labour Force Survey, ISTAT various years

A study recently conducted by the Bank of Italy¹² (2010) shows that the employment reduction is mainly due to a decline of employees and that it was more marked in the construction, industry and sales sectors.

The increase of the unemployment rate was mitigated, during the past two years, through an increase in the use of social security benefit and of the *Cassa Integrazione Guadagni* (CIG¹³) that is a short time work scheme which makes up the pay of permanent employees affected by temporary lay-offs, or under a forced reduction of working hours, for a maximum of two years. Particularly, the latest available data show that there were not improvement in the last year, as the use of the CIG is increased by 72% in 2010 with respect to 2009, and this increase results from a reduction in the use of the CIGO, and an increase of 45 percentage points for the CIGS and more than 300 for the GIGD (Tab. 12).

Tab. 12: CIGO, CIGS and CIGD variation in percentage points, 2009-2008

Regions	CIGO	CIGS	CIGD	Total
Piemonte	-54.69	159.00	218.39	12.67
Valle d'Aosta	-48.88	-30.75	-25.66	-43.60
Lombardia	-39.44	122.93	131.70	15.59
Trento	-13.77	-47.40	130.54	9.90
Veneto	-41.39	113.55	117.13	-0.17
Friuli-Venezia Giulia	-39.45	221.68	134.44	54.34
Liguria	-39.97	178.01	211.98	46.56
Emilia-Romagna	-38.89	206.05	486.60	83.43
Toscana	-36.36	144.39	351.33	59.05
Umbria	-25.36	62.53	498.94	94.85
Marche	-41.19	36.17	789.61	61.26
Lazio	-37.90	31.14	295.92	25.26
Abruzzo	-56.64	147.06	44.34	-5.82
Molise	-31.19	190.15	724.92	63.70
Campania	-35.49	136.73	85.18	32.95
Puglia	-31.44	324.78	261.93	75.62
Basilicata	4.17	35.17	799.69	25.68
Calabria	-1.04	45.75	359.92	72.71
Sicilia	-2.71	99.75	288.83	43.50
Sardegna	-1.86	-19.22	135.42	32.18
ITALY	-40.70	126.40	206.48	31.68

CGIL elaboration on INPS data

¹² *Op. cit.*

¹³ In the Italian social security system, this instruments aims at substituting or integrating wage in cases explicitly defined by law; at the same time it is used to support firms that face problems in maintaining the cost of temporary “unused” workers.

This measures are divided in “ordinary” and “extraordinary”: the first one (*Cassa Integrazione Guadagni Ordinaria*, CIGO) lasts less and is used in case of temporary market crisis or other unpredictable events; the second one (*Cassa Integrazione Guadagni Straordinaria*, CIGS) lasts longer and is used in case of restructuring process. These instruments are mainly devoted to the industrial sectors, and the CIGS can be used only by firms with more than 15 employees. It follows that they are related to specific categories, and depends on the size of the firms and on the economic sector to which they belong.

Since 2004 it is possible to use these instruments in situation that differ from those defined by law (*Cassa Integrazione Guadagni Straordinaria*, CIGS), by basing their use on territorial pacts that confirm the existence of an occupational crisis.

3.2.1 Interviews' results

At the onset of the crisis, the regional labour market was fairly affected by it, simply because the regional productive system, as mentioned before, is very small. Now, the crisis begins to manifest itself in the regional labour market, mainly for the reduction of public expenditure, from which the region strongly depends on.

This is why in the region there are not differences in the impact of the crisis between individuals working in different sectors of the production system, but there are generational differences.

According to respondents, the categories most affected by the crisis, but also those most at risk in the long run, are young people and women.

In fact, according to them, while the low-skilled or migrants workers adapt to the current labour demand by accepting low wages, irregular work and the lack of rights, the young people, studying, and then investing in their human capital, have higher expectations, that can not be satisfied in the local labour market.

This is why respondents think that in the short period, especially the low skilled workers tend to migrate, but in the medium/long run there will be a growing migration of young skilled workers.

The current crisis has been dealt essentially with the massive use of the Cassa Integrazione and with policies that favoured self-employment for youth unemployed, but according to respondents, compared to the need of the region, they were absolutely inappropriate interventions, whose results perpetuate models of management and sectorial choices that are not oriented to the long-term growth.

4. Regional Development Policies

4.1 European Policies

The EU regional policies are financed through the Structural and the Cohesion Funds, whose main purpose is to equalize the level of development between regions and Member States. There exists two Structural Funds, while the Cohesion one was established only in 1994 with the aim of promoting and accelerating the process of economic, social and territorial cohesion.

The Cohesion policies are based on national and regional co-financing, meaning that the EU actions respects the additionality principle, so that the EU Funds are always in addition to the public expenditure of the Member States. Hence, a seven-years programming allows to the Member States and regions to set clear targets, based on the priorities defined in the Operational Programmes, and to have a stable financial framework.

The Operational Programme approved for the Calabria region falls in the Convergence Objective and has a total budget of 3 billions of euro, the half of which financed by the European Regional Development Fund (Tab. 13).

The main aim of the Programme is to foster sustainable economic development in order to converge with the average development levels of the EU. The Programme is expected to increase the GDP and the employment level, with special emphasis posed on the women's participation to labour market.

The Operational Programme is articulated into nine priorities. The first one aims at the improvement of the link between R&D and innovation in order to foster competitiveness and to facilitate citizens' and firms' access to the information society. The second, the third and the fifth are focused on the environment: the former by promoting the use of renewable energy; the second by promoting actions that ensure the environmental sustainability; and the latter by promoting biodiversity and favouring sustainable tourism. The fourth priority aims at improving the quality and the accessibility to education and training in remote areas, as it is more concerned with the individuals' quality of life and social inclusion. The remaining three are more focused on the attractiveness of the region: the former is concerned with the development of internal and external accessibility to the Region; the second aims at improving the competitiveness of business; and the main objective of the latter is to promote competitiveness, innovation, attractiveness and the quality of life in both urban and rural area. Finally, the last priority is devoted to the provision of technical assistance and the encouragement of interregional cooperation.

Tab. 13: Cohesion Funds by priority axis

Priority Axis	EU Contribution	National Public Contribution	Total Public Contribution
R&D, Innovation and Knowledge Economy	149,912,003	149,912,003	299,824,006
Energy	104,938,402	104,938,402	209,876,804
Environment	179,894,403	179,894,403	359,788,806
Quality of life & social inclusion	134,920,802	134,920,802	269,841,604
Natural and cultural resources and sustainable tourism	179,894,404	179,894,404	359,788,808
Networks for mobility	239,859,204	239,859,204	479,718,408
Productive Systems	209,876,804	209,876,804	419,753,608
Cities, urban areas and territorial systems	254,850,404	254,850,404	509,700,808
Technical Assistance and interregional cooperation	44,973,600	44,973,600	89,947,200
Total	1,499,120,026	1,499,120,026	2,998,240,052

Source: Operational Programme For Calabria, 2007-2013

With the onset of the crisis, the European Commission has proposed a series of measures to accelerate the implementation of the Operational Programme in order to ensure that all resources devoted to the cohesion policies are fully used to support the Member State and regional recovery effort.

The idea behind these measures, presented in the European Economic Recovery Plan (EERP), is to introduce "great flexibility, give regions a head start and target cohesion policy programmes on smart

investment” (Cohesion policy: response to the economic crisis”, European Union). The first point will be reached by simplifying the financial management of the funds so that to reduce the administrative burden. The second one consists in increasing the cash flow for investment by helping the Member States in accelerating the development of major projects and, finally, by simplifying the state aid rule. Finally, the targeting on cohesion policies on smart investment will be reached by investing in areas with high growth potential, by encouraging the Member States to maintain high levels of public spending and by enhancing the cooperation between entrepreneurship on one side, and the European Investment Bank and the European Investment Funds on the other.

4.2 National Policies

The regional development programme for the 2007-2013 period is based on a Strategic National Plan (*Quadro Strategico Nazionale*, QSN hereafter), adopted after the Committee that is in charge of the National Economic Planning (CIPE) approved it in 2007. The crucial characteristic of the QSN is that it unified, for the entire period, the national and European programmes and funding (the UAS at national level, the European Structural Funds and the Cohesion Fund). This guarantees a unified framework for the regional Italian policies.

This choice was carry out with the Financial Law for 2007 that define the amount of resources available for the 2007-2013 period.

As regard the objectives of the QSN, they are coherent with what defined at the European level. It has four macro-objectives, namely: (i) the development of the knowledge economy; (ii) the improvement of the quality of life, of legality and of social inclusion in the Italian regions; (iii) the improvement of the production system and of its competitiveness; and, finally, (iv) the modernization and internalization of the economy, of the society on of the Public Sector.

They are grouped into “thematic priorities”, and each priority has its own funds. The main innovations of the 2007-2013 plans are: the higher relevance of the priorities linked to the Lisbon Agenda (Europe 2020), particularly to those linked with education, innovation and research, and a greater coordination between “ordinary policies” and regional development policies. To the former is devoted the 60% of the overall resources allocated to the regions in the Convergence Objective and the 75% of those allocated to those in the “Competitiveness framework”.

Overall, the QSN allocated 101 billions of euro to the South of Italy, 47 come from the Structural Funds and about 54 from the national funds for underdeveloped areas (FAS, hereafter). The 85% of the latter have to be allocated to the South of Italy, and the remaining 85% to the Centre-North, as prescribed by law. The policies designed for the South are managed by both national and regional administrations. About 50 billions were assigned to the regional programming, 30 billions to Ministries, and, finally 20 billions were assigned to interregional programmes. To these resources were added those remaining from the previous programming.

Besides the National Plan described above, there are Regional Operational Programmes that implement the policies defined in the QSN and financed through the European Structural Funds and the European Cohesion Fund.

The 2007-2013 national plan was designed during the two legislatures of 2001-2006 and 2006-2008, and then it was strongly modified.

The Ministries and the Regions start to use the European funds, as prescribed by the Programmes, but the spending process, and hence the implementations of action, policies and investments, is very slow.

Moreover, with the current legislature, the national funding for underdeveloped regions (FAS) is pretty changed, as it was reduced and used for different objectives, so that a significant part of these resources were assigned to different uses. This had a relevant impact on the objectives designed in the QSN, and has significantly reduced the national funding for the regional development.

However, it is not simple to follow all the acts and law through which this happened. Firstly, the financial law for 2007 allocated 64,4 billions of euro to the FAS. There was a first reduction, during the previous legislature and it passed to 63,3 billions of euro. Then, with the current legislature, the FAS was further reduced, both in 2008 and 2010, so that the resources passed to 63,3 billions to 48,7 billions.

The resources coming from the first reduction, in 2008, were used mainly to guarantee the national financial stability, but also for other measures, like the funding of the National Health Service. As regard the second reduction, that was in a first moment equal to 2,5 billions of euro and then doubled (as the reduction

was applied also to the programming for the next three years), it should be used also in this case for the national health system and to guarantee the national financial stability.

The amount available for the national funds of the 2007-2013 (FAS) was assigned at the beginning of 2009, and 27 billions of euro were devoted to Regional and Interregional Programmes, as previously decided. The allocation of the remaining 25,5 billions of euro was completely redefined.

In the previous national plan, it was decided that their allocation should be based on Thematic National Plan (PAN, hereafter), but at beginning of 2009 they were grouped into three Funds: (i) an “Infrastructural Fund”, to which are devoted more than 12 billions of euro; (ii) a “National Strategic Plan for supporting real economy”, to which are devoted about 9 billions of euro; and, finally, (iii) the “Social Fund for Employment”, with something more than 2 million of euro. The remaining resources were used to finance policies previously designed, mainly devoted to the road system of the Calabria region, linked to recommendation of the Civil Protection, and to the funding of the tax credit in the Southern regions.

The QSN allocated also 3 billions of euro to the Service Level Objectives (SLOs, hereafter), about 2 billions for interregional programmes and, finally, 22,3 to regional programmes (18 of which devoted to Southern Italian regions). However, these resources were not used until now, as the regional plans defined by Southern regions still have been not approved by the CIPE.

As regard the Structural Funds, they are grouped into 3 programmes, one managed by regional administration, one devoted to interregional programmes, and the last one managed by the central administration.

For all these programmes, there exists data on their implementation, certified by the European Union, that are very useful as there are fixed term before which the funds have to be used, otherwise they are lost.

In fact, after the planning phase, the projects that have to be financed through the European resources must be exactly defined (lets call it the “commitment phase”). After that, the national or regional administration in charge, can directly implement the actions planned and defined or they can transfer the resources to “third actors”, like local administrators, public companies, and so on and so far.

For the 2007-2013 period, there exist data on the use and commitment of the resources of the Structural Funds and on the Cohesion Fund. As regard the commitment of the resources coming from the Structural Fund (ERDF), the programme managed by the Ministries show percentages of implementation that range from the 20% to the 34%. The data on the interregional programmes are even less encouraging, one of them is still not started while the percentage for the other is 8%. The programmes for the regions of the Centre-North are at the 23%, on average, while those for the centre South range from the 10% in Campania, to the 31% in Calabria.

As regard the payment of these commitments, they range from the 9% to the 13%, and in the Centre North are higher than in the South.

The same hold for the Cohesion Fund, that is at national level the commitments range from 16% to 49%, and the payments range from the 6% to the 23%, and once again they are higher in the Centre-North than in the South.

However, it should be noticed that, as pointed out in the EU Strategic Report, there have been some obstacles that hampered a rapid implementation of the programmes, namely: (i) the delay in the approval of the EU balance; (ii) the changes in the role on financial control; (iii) the difficulties linked to the management of overlapping programming periods; and (iv) the current economic and financial crisis that has modified the priorities.

To conclude, we can say that the differences in the implementation of programmes between administrations depend on four factors. The first is due to their efficiency, both in the identification of objectives and in the implementation phase. The second is linked to the size of the programmes. The third depends on the kind of interventions designed, and, finally, the third one is linked to the expenditure reporting process needed for projects already financed and previously implemented.

4.3 Regional Policies

The regional policies that aim at the development of the Calabria region are defined in the Regional Operational Plans, in which are declined the objective of regional policies and the allocation of regional, national and European resources. Here, for brevity, we will not go through a detailed description of each of these Regional documents, but on the general development goals that they aim to achieve, referring to the Regional Plan for more precise and detailed information.

It is still worth to notice that the growth and development goals declined in the regional operational plans are “coherently expressed”, that is for each of them there is a high correspondence between what stated in the regional plans and at national and European level.

The regional development strategy has three broad objectives, which consist in: (i) supporting the development and growth of the economy, by improving competitiveness and attractiveness of the territorial system and by innovating and diversifying the production structures; (ii) improving the competitiveness of agriculture and forestry protecting at the same time the environment and rural areas, and supporting the quality of life and the diversification of the rural economy; and, finally, (iii) increasing the adaptability and productivity of workers and enterprises, by developing the human capital and improving the access to employment and the participation in the labour market, by reinforcing social inclusion of disadvantaged people, by fighting discrimination, by encouraging inactive people to enter the labour market and, ultimately, by improving the capacity and efficiency of the Regional Public Administration.

The programming of the region is based on three strategic goals. The first, which focuses on the training of new social subjects, mainly young people, aims at building facilities to train them, from school onwards, to promote their potential, but also to select opportunities, through a variety of interventions that can follow them in these processes. The second objective, designed to broaden the base of economic and social actors to be included in the growth process, according to the Regional Government will be pursued by ensuring adequate conditions for competitiveness.

The third strategic objective is linked to the need for public and private economic actors to build and/or participate in networks at local, national and European level.

The definition of this goal is based on the idea that, in order to achieve competitive standards adequate for the national and international market, many activities, in Calabria, require the presence of a broader and articulate economic network, with a broad supply of diversified knowledge and experience that only the involvement in networks can provide. The mentioned competitive standards, that provides the ideal framework to innovate, to produce, to export, and to attract tourists, can be hardly reached by isolated individuals, business or agencies that manage the process on their own.

Beyond these general objectives, the current economic crisis has made it necessary to adopt ad hoc measures able to mitigate in some way its impact on the regional economy, and the majority of them are focused on the labour market.

As in all other Italian regions, the intervention strategies developed by the Calabria region have been focused on the labour market, and are primarily aimed at limiting the negative effects of the crisis in terms of employment reduction.

The region has issued a series of acts and undertaken actions to reduce the impact of the crisis on the labour market. The main objective is to implement policy instruments that promote: the relocation of the redundancies, also through a re-training process, and the provision of employment and training incentives for firms in order to support the technological innovation process.

The regional government also proposed to monitor the actions implemented to improve the measure implemented, in order to avoid mismatches in the actions and encourage the involvement and the synergies between the national and local actors involved in the actions.

From the second half of 2008 the region has also adopted a series of active policy to face the crisis and some measures of income support.

Among the anti-crisis measures adopted by the region, we can distinguish between those focused on training, those that aim at incentivize the recruitment and, finally, policies of income support.

The former can be divided into three types: (i) those designed to promote access to training for unemployed or long-term unemployed, recipients of social assistance and those at risk; (ii) measures that aim to promote access to training in order to favour the access or re-access to the labour market, the self-employment and the creation of new enterprises; and, finally, (iii) those that seek to promote a qualified training programme, differentiated according to types and production sectors.

The last two policies, namely the incentives for businesses and the income support, aim at limit the impact of the crisis on the weak production system, at manage the redundancies resulting from corporate crises and / or sector more or less connected to the current crisis, and, finally, at guarantee the subsistence levels of the most vulnerable social groups.

Among the policies of income support we can remember the example of training vouchers in support of the members of poor or quasi-poor families, or the granting of aid to companies for hiring disadvantaged workers; among the second we remember the grants for employers in order to increase employment or the incentives devoted to large firms to increase employment and job training of new recruits.

Obviously, the evaluation of these policies and their effectiveness can not be done at the present time, not only because we have a lack of data on the effects of so recent policies, but also because an overall assessment can be done only in the medium-term, to assess, for example, if the training vouchers have actually been able to train workers and encourage the inclusion of those most disadvantaged in the labour market or, rather, as some fear, they have been transformed into a mere instrument of income support.

4.4 Respondents' evaluation on policies implemented

According to respondents, the operational programs defined at the European level for the region, are well designed and focuses on the right goals, but they do not sufficiently take into account the real potential and the region's local amenities, implying that they often have limited effectiveness.

The evaluation of National policies is even more critical as, according to respondents, they were unfit, and then essentially ineffective.

At the regional level, apart from the widespread use of layoffs and other measures of income support, there were also implemented policies of credit guarantee, which according to respondents have somewhat mitigated bankruptcies and business closures, but do not provide the basis for a future development.

The initial attempt to define an "anti-crisis pact", based not on the idea of planning additional investment, but defined in order to render coherent the existing plans and programmes and encourage the cooperation between different departments, has failed.

According to respondents, the regional economic development is hampered by the excessive weakness and fragmentation of interests, the lack of organizational behaviour, the prevalence of rent-seeking behaviours and the excessive presence of the public sector, or rather, the inefficiency of public spending.

As regard the latter point, they think that the public spending in the region is too higher and inefficient. Moreover, due to the absence of a fully organized production system, and therefore the lack of associations, the economy and the development of the region depends too much on politics.

It follows that it is needed an upgrading of everything linked to the public sector, like health or education, and also legal behaviours should be encouraged. This is because with a stronger system, they argue, even small economies would emerge and then growth.

To conclude, they think that it is not needed a reduction of transfer, but an increase of earmarking and higher attention on the monitoring and evaluation processes, in order to drive a gradual change.

5. What will happen in the long term?

According to respondents, the current crisis experienced at regional level is the “reflection” of the economic situation of the North of Italy.

The region is not characterized by a loss of competitiveness, but by the lack of development of the regional economy, which, being essentially a closed economy in which there is no medium or large enterprises, is not closely linked to the international economic cycle.

Hence, the crisis has basically affected the social framework, and the respondents believe that its effects will be more visible and strong in future years, due to a contraction of public expenditure on which is based the regional economy, which is completely conditioned by the monetary transfers.

Although poverty is not a widespread phenomenon, high levels of consumption have been accompanied by strong growth in debt, and poverty is increasing, leading to an increase of socio-economic criticisms.

According to respondents, in the long run these phenomena will sharp the typical one observed in the region: namely an increase in migration and the growth of poverty for the most disadvantaged groups.

To conclude, according to respondents it is necessary to rethink the way of life that characterize the region, where the process of modernization started after the Second World War was mostly driven from outside.

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Appendix

Descriptive Statistics

Tab. 14: Economic Indicators

Regions and Macro-areas	2007-2008 variation (%)			2009-2008 variation (%)			Absolute value (2009)	
	GDP	GDP per-capita	Added-Value by unit of labour	GDP	GDP per-capita	Added-Value by unit of labour	GDP	GDP per-capita
Piemonte	-1.5	0.3	-1.2	-6.3	-4.6	-3.3	96,325	27,351
Valle d'Aosta	1,0	1.8	1,0	-4.4	-4,0	-2.5	3,414	32,784
Lombardia	-1.7	-0.1	-1.3	-6.3	-5,0	-3.8	247,359	31,743
Bolzano	1.1	3,0	-1,0	-2.6	-1.5	-2.9	13,630	34,421
Trento	0.4	2.1	-1.1	-3,0	-2.1	-3.2	12,703	30,918
Veneto	-0.8	0.3	-0.7	-5.9	-4.9	-3.5	113,725	28,856
Friuli-Venezia Giulia	-1.8	0.4	-1,0	-5.6	-3.7	-3.3	27,354	28,248
Liguria	-0.7	2,0	0.1	-3.3	-1.8	-2.3	34,049	26,858
Emilia-Romagna	-1.5	-0.2	-1.7	-5.9	-4.9	-4.2	106,435	30,493
Toscana	-0.8	1.1	-1.6	-4.3	-2.8	-3.1	82,157	27,933
Umbria	-1.3	0.4	-0.3	-5.9	-4.3	-3,0	16,603	23,531
Marche	-0.8	0.6	-0.8	-4.7	-3.8	-3.2	32,277	25,640
Lazio	-0.4	1.1	0.3	-3.3	-2.6	-2,0	134,757	29,838
Abruzzo	-1.1	0.9	-1.6	-6.9	-5,0	-1.9	21,829	20,701
Molise	-0.3	2.1	-0.2	-3.6	-1.3	-1.5	5,117	20,098
Campania	-2.7	-0.1	-0.1	-5.2	-3.3	-1.6	74,430	16,322
Puglia	-1.4	1.2	0.1	-5,0	-3.5	-1.8	54,078	16,711
Basilicata	-0.9	2,0	0.3	-4.5	-2.6	-2.5	8,634	18,587
Calabria	-3,0	-1,0	-1.1	-2.3	0,0	-1.3	26,509	16,898
Sicilia	-1.7	-1.4	-0.8	-2.7	-1.7	-1.4	68,785	17,045
Sardegna	-1.2	-3,0	0.3	-3.6	-2.9	-1,0	26,602	19,986
North West	-1.5	-3.1	-1.2	-6,0	-4.6	-3.5	381,173	30,036
North East	-1,0	-2.5	-1.1	-5.6	-4.5	-3.7	273,868	29,746
Centre	-0.6	-1.8	-0.5	-3.9	-2.9	-2.5	265,782	28,204
South	-1.9	-3,0	-1.6	-4.3	-2.7	-1.6	285,977	17,324
ITALY	-1.3	-2.6	-0.8	-5,0	-3.7	-2.9	1207,874	25,237

Source: Main regional economic Indicators, ISTAT 2009

Tab. 15: Added value at constant prices by sectors, percentage, 2009

Regions and Macro-areas	Agriculture, silviculture & fishing	Industry	Services	Total
Piemonte	-4.1	-16,0	-2.9	-6.7
Valle d'Aosta	-1.2	-11.2	-3.1	-5.1
Lombardia	2,0	-15,0	-2.8	-6.8
Bolzano	1.5	-7,0	-1.9	-2.9
Trento	7.6	-9.4	-1.6	-3.3
Veneto	-2,0	-14.1	-2.2	-6.4
Friuli-Venezia Giulia	-9.7	-13.4	-3.3	-6.1
Liguria	-5,0	-9.5	-2.3	-3.7
Emilia-Romagna	2.8	-13.7	-3.1	-6.5
Toscana	-8.7	-12.6	-1.3	-4.6
Umbria	-11.2	-12.9	-3.5	-6.3
Marche	-8,0	-11,0	-2.2	-5.2
Lazio	-4.4	-7.2	-2.9	-3.6
Abruzzo	-8.6	-14,0	-4.6	-7.6
Molise	-8.7	-9.9	-1.9	-4.2
Campania	-0.6	-13.8	-3.7	-5.5
Puglia	-7,0	-12.7	-3,0	-5.4
Basilicata	-10.7	-4.8	-4.4	-4.8
Calabria	-6.8	-6.5	-1.2	-2.3
Sicilia	-4,0	-12.1	-0.6	-2.7
Sardegna	-1,0	-8.5	-3,0	-4,0
North West	-0.6	-14.9	-2.8	-6.5
North East	0.5	-13.5	-2.6	-6.1
Centre	-7.3	-10.5	-2.4	-4.3
South	-4.7	-11.9	-2.6	-4.5
ITALY	-3.1	-13.2	-2.6	-5.5

Source: Main regional economic Indicators, ISTAT 2009

Tab. 16: Added value at constant price by sector and province (million of euro), 2004-2008

Regions and Macro-areas	Agriculture, silviculture & fishing	Industry	Services	Total
		2004		
Cosenza	402	1,692	7,629	9,723
Catanzaro	185	401	1,619	2,206
Reggio Calabria	276	918	4,477	5,671
Crotone	137	400	1,654	2,190
Vibo Valenzia	766	1,064	6,065	7,895
Calabria	1,764	4,476	21,446	27,687
		2005		
Cosenza	690	1,737	7,845	9,989
Catanzaro	148	432	1,681	2,303
Reggio Calabria	388	928	4,489	5,711
Crotone	167	404	1,675	2,220
Vibo Valenzia	499	1,114	6,320	7,991
Calabria	1,892	4,615	22,012	28,217
		2006		
Cosenza	397	1,808	8,224	10,430
Catanzaro	173	428	1,664	2,266
Reggio Calabria	265	956	4,627	5,848
Crotone	134	410	1,736	2,280
Vibo Valenzia	503	1,164	6,405	8,074
Calabria	1,471	4,768	22,659	28,900
		2007		
Cosenza	403	1,772	8,822	10,998
Catanzaro	152	424	1,708	2,283
Reggio Calabria	262	924	4,749	5,935
Crotone	131	426	1,783	2,340
Vibo Valenzia	532	1,153	6,496	8,183
Calabria	1,480	4,700	23,560	29,741
		2008		
Cosenza	354	1,804	9,111	11,269
Catanzaro	134	422	1,666	2,223
Reggio Calabria	205	918	4,927	6,049
Crotone	128	423	1,728	2,279
Vibo Valenzia	386	1,150	6,504	8,042
Calabria	1,206	4,718	23,939	29,864