

LOOKING TO 2007: ITALY TIMES TWO

Stanton H. Burnett
With
Stefano Vaccara

These Occasional Reports are released by the Europe Program at the Center for Strategic & International Studies (CSIS). They are usually the result of one of the various activities sponsored by the Program—including bilateral groups, working groups, euro-watch groups, and others. The Program Director is Dr. Simon Serfaty, who also chaired the working group that helped make this Report possible.

These Reports are made available to stimulate discussion on issues of significant importance to Europe and U.S. interests in Europe, and to transatlantic and intra-European relations. We welcome comments and suggestions—including expression of dissenting views.

November 1999

FOREWORD

SIMON SERFATY

After World War II, the idea of Europe was designed to help the nation-states of Europe overcome their limitations and their divisions. During the Cold War, and especially after the 1957 Rome Treaties, the idea grew into an institutional reality that has transformed these nation-states into member-states—members, that is, of a European Union (EU) to which 15 of them, thus far, have transferred parts of their national sovereignty.

As the EU nears its 50th anniversary in June 2007, its further evolution will continue to impact the transformation of its members. Conversely, however, the future transformation of the EU will also depend on the continued evolution of its principal members, with each member relying on whatever remains of its sovereignty to ensure changes that cater to the needs and aspirations of its people.

Five of the Working Papers prepared for our project on “Europe-2007” begin to map the evolution of the EU around five of its largest members: France, Germany, Great Britain, Italy, and Spain. For each of these countries, leading scholars were asked to identify and discuss trends in several vital areas: the emerging/changing facts of geography (including such factors as demography, resources, and the environment), the momentum of history (including the ability to sustain the processes of integration started during the Cold War), the economic engines (including the impact of globalization on Europe and the need for structural reforms), and the politico-cultural resistance to these trends (including the political temptation to renewed cleavages away from more recent patterns of centrism and normalcy, and the cultural resistance to “media-lization” and the universalization of languages). In addition, two other Working Papers were sought—one to introduce these trends more generally, and the other to discuss the “ever larger union” that might lie ahead in the context of the national trends thus identified.

I want to thank friends and colleagues who agreed to write these papers: Stan Burnett, Carl Lankowski, Mike Mazarr, Robin Niblett, Ron Tiersky, and Howard Wiarda. They, too, join me in thanking our friends and colleagues who made invaluable contributions to our discussions, including (but not limited to) Sam Barnes, Wolf Brueckman, Michael Calingaert, Jonathan Davidson, Karen Donfried, Michelle Egan, Steve Grand, Glen Harrison, Christopher Makins, Jim Miller, Kori Schake, Steve Szabo, John Van Oudenaren, and Sam Wells. I would also like to thank Jennifer Ober, program coordinator for European Studies, who contributed to the preparation of these reports.

This project was made possible by the generous help of the German Marshall Fund of the United States. As always, the early drafts of these Working Papers are presented in order to stimulate discussion. We encourage the readers to react and respond to these papers: directly to each author, or collectively to the CSIS Europe Program.

LOOKING TO 2007: ITALY TIMES TWO

STANTON H. BURNETT
WITH
STEFANO VACCARA

What should Europe be worrying about when it looks to Italy in 2007? This question leads us to the Italian South. If the question is designed to emphasize what Europe has not yet fully realized that it should be worrying about, our focus becomes even sharper. Much of the economic and sociological generalizations applicable to northern Italy are identical or similar to the rest of prosperous Western Europe. The politics of the Italian State are indeed a thing apart. In 1999, Italy made a bold attempt to move toward a bipolarism that might have produced the sort of governmental responsibility and durability found elsewhere in the EU. However, the effort was frustrated by the South.

Sicily, just one part of the Italian *Mezzogiorno*, is one of Italy's largest regions, second in population only to Lombardy (Milan). The haunting streets of Naples, the bandits' caves of Sardinia, and the rocky, hard-scrabble villages of Calabria have great cultural distinctiveness, but they all share Sicily's intractable political, social, and economic woes that have broken the spirit of generations of optimistic reformers, usually outsiders. Yet the *Mezzogiorno* contains forty percent of the population of Europe's fourth industrial power. Although there was not even a highway connecting it with the North until the 1960s, it is now a part of the new Europe.

Should Europe Worry?

Meeting the Maastricht convergence standards was a political confidence-booster for Italians, but the news has not been good since. The export industry must now compete without the advantage

of occasional currency devaluations, and shows signs of weakness. The Maastricht reforms did not profoundly restructure or reduce Italy's pension and government bureaucracy burdens.

There was little talk about the Italian *Mezzogiorno* leading up to European decision time on the common currency. The numbers that concerned everyone were *national* numbers. Italy's north is not just prosperous; by such calculations as productivity, it would be the most successful country (if it were a country) in Europe. Measured by per capita GDP, with Europe as a whole at 100, Germany is at 113.8, England at 106, and Lombardy at 122. By now, the Veneto may fare even better. These two regions do an excellent job of masking Sicily and Calabria, which are both in the 60s. The South, taken by itself, would have a GDP below that of Greece.

Trends are also a source of concern. Straight-line projections, however misleading they may be, are probably more valuable in Italy than elsewhere because of the character of Italian politics, at the national, regional, and local level. Italian politics is about compromise and cooperation, and its magnetic pole is at the center. Even after the events from 1992 to 1996, one of the few real detours, the old tendencies quickly reasserted themselves. This has meant that policies, and the affected parts of Italian life, have few sharp declivities. Radical changes are rare, continuity and the muffling of changes in direction are the norm, and interruptions in trend lines, when they occur, are more often the result of external factors, and less often the result of political and societal change, than elsewhere in the West.

The cruel fact is that many of the economic and social trends are working to *increase* the gulf between the two parts of Italy. While the dependence of the South is not

decreasing, the “auto-sufficiency” of many parts of the North is increasing sharply.¹ A decade ago (in 1989), there were only four "self-sufficient" regions (Lombardy, Emilia, Piedmont, and the Veneto). Today, the number of regions paying more than they receive has risen to nine (the previous four, plus Tuscany, the Marche, Lazio, Friuli, and Liguria) – with all other regions in the North closing the gap. The rest of Italy was the beneficiary of the productivity, and tax paying, of these nine regions. Lombardy remains at the head of the list of "payers," while Calabria is the most dependent region.

There are spots of movement in the South in the direction of closing the "deficit." Basilicata, for example, has reduced its paying-spending deficit by almost a half, largely because of the FIAT-Melfi plant. Conditions in Calabria are strongly affected by the port at Gioia Tauro. Built more than twenty years ago, and a prime example of a "cathedral in the desert," the port of Gioia Tauro was one of the monumental (in both senses) efforts to inject some great centers of modern economic productivity and employment into the *Mezzogiorno*. Most of these "cathedrals," exemplified by giant, never-productive steel mills, now stand as true monuments, honoring grandiose and misguided government spending. They are largely the products of political bargaining, not economic planning.² Unlike most of the other deals cut in Rome, however, Gioia Tauro is now starting to produce and prosper.

These improvements are offset by strong trends in the wrong direction – in

¹ This term relates strictly to taxing and spending, that is, whether a region receives more from the government than it contributes in taxes (“dependent”) or pays more than it receives (“self-sufficient”). Presented at a colloquium of the *Fondazione Agnelli* in Turin, October 15, 1998. Reported in Marco Travaglio, "Nove regioni pronte all'autonomia fiscale," *La Repubblica*, October 16, 1998.

² In 1953, Socialist leader Pietro Nenni agreed to break his party's alliance with the Communists and strengthen the allegiance of the working class to the regime. One of his conditions for the political switch was Rome's commitment to industrialize the South. Even before that, in 1950, a special fund for economic development in the South, the *Cassa per il Mezzogiorno*, had begun funneling enormous sums southward.

Campania (Naples), for example. The overall result is the single most important factor feeding the northern separatist movement. Admittedly, the main party of northern separatism, the *Lega Nord* of Umberto Bossi, has not done well in the last two elections.³ Yet, a fading Bossi phenomenon, assuming that to be the case, does not signify that the separatist issue will go away. Bossi speaks for a large number of northerners in attacking Rome's refusal to produce an effective federalism, and shape new de-centralized institutions. These are the voices of allegedly "good" separatists, not the simple "racists," that other body of Northerners who do not want to co-exist with the South and its reputedly dishonest, slothful, and inferior citizens.⁴ Amazingly, the idea of superior honesty in the North has survived the giant 1990s *Tangentopoli* (Bribe City) scandals, largely centered in the north.⁵

Why there are two Italies need not detain us in the context of this paper. In any event, there is no simple or shared answer to this question. The historian Federico Chabod laid emphasis on the allies having moved only halfway up the Italian peninsula where they were stopped for more than eighteen months. This meant that the South spent these months of World War II as an occupied country, while the North was able to credit its home-grown Communist-led partisan movements with much of the liberation. Robert Putnam sees the profound difference in civil society within Italy as stemming from the

³ For an indication of the party's long-term weakness, see Stanton H. Burnett, "Will Italy Split in Two?" *The International Economy*, July/August 1995, p. 52-53.

⁴ Hon. Roberto Rosso, the Regional Secretary of *Forza Italia* for Piemonte, considered one of the most savvy young deputies in today's Parliament, asserted in a 1997 presentation at the Center for Strategic and International Studies, that Berlusconi's *Forza Italia* is supported by many separatists-at-heart, restrained by the party's moderate leadership, but ready to burst out if Berlusconi should stumble.

⁵ The system of bribes and kick-backs was country-wide, but the exposures and scandals that brought the First Republic to an end were essentially Northern. The southern scandals that emerged during the *Mani pulite* investigations would not have been enough to destroy the five parties that (in varied combinations) made up all post-war governing coalitions, thus razing the First Republic.

Middle Ages, especially the Norman-Swabian centralized rule in the South, as compared to the history of civic consciousness experienced by the North and Center during the era of the great bourgeois city communes.⁶ Lampedusa has forever made the Sicilian mentality, and its particular brand of conservatism, unique for his readers, and Naples has a distinct, and exceedingly lofty, cultural history.

Without exploring the debates on cause-and-effect, the raw facts of Italy's history over the last *three* centuries dramatize both the division and the way the development of the North has masked the plight of the South. Spencer Di Scala, going back well before unification, says of the *eighteenth* century agrarian reforms that "...the South suffered the worst social and economic conditions. The reforms...had either failed or produced half-capitalistic enterprises based on exploitation of the peasants...misery and lack of investment...produced a harvest of social agitation...the unrest contributed to the brigandage phenomenon..."⁷ Industrial growth in the nineteenth century generally occurred in areas which also had rich agricultural production, thus leaving the South behind the North in industrialization as well. Thus, writes Di Scala, "...the southern problem has dragged down the entire country ever since."⁸

Di Scala notes the general European rule that "with industrialization the birth rate decreases as living conditions improve, and emigration declines."⁹ In Italy, however, this "normal" formula did not hold. Thus, from unification to World War I, Italy's industrialization was almost entirely in the North, but the country's birth rates stayed high

⁶ Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993), pp.122-26, 128-30.

⁷ Spencer M. Di Scala, *Italy: From Revolution to Republic* (Boulder: Westview, 1995), p. 142.

⁸ *Ibid.*, p. 146.

⁹ *Ibid.*, p. 141.

because of the South. Immigration from the South – not from the North – soared. So Italy's overall peculiar pattern masked the fact that North and South were living separate lives, even going in different directions, with the North able to absorb change and the South able to resist it. Therein lies an object lesson for the Europe that applauded (with a touch of amazement) Italy's effort to achieve the Maastricht convergence standards.

Naturally, there are strong limits to this diversity, limits that many Italians fail to recognize. The *bon mot* that the fathers of the *Risorgimento* made Italy, and left to the future the task of making Italians, ignores many elements of commonality and the fact that much has now been accomplished in the making of Italians.

A key test is language. The dramatic novel (and subsequent film) *Padre Padrone* was about Sards who could not speak Italian when they entered the Italian army. Indeed, for many years NATO had to recognize that the first few weeks of military service for conscripts from the South were not occupied, as elsewhere in the Alliance, with basic training, but with the need, first, to study and learn some Italian. At the turn of the century, fewer than 25 percent of the citizens of the South could read Italian, a product of the combination of low literacy and the prevalence of dialects so distinct that Italians considered them to be different languages.¹⁰

Historians like to shock us with very high numbers of non-Italian-speakers in the South, but the language gulf is now largely a thing of the past. Where Cavour and Mussolini failed, *Carosello* has succeeded: *Carosello* was the half-hour bloc of well-produced television commercials that hypnotized Italian children every night before they went to bed. The Italian mass media have done exactly as predicted: the military has now dropped its language training. If the trend lines for the South show a failure to move

¹⁰ *Ibid.*, p. 148.

toward European norms,¹¹ more than cultural backwardness lies behind the extraordinary resistance to change. Rather, much of the resistance is deliberate and intended.

The Sicilian regional government employs more people than the German federal government.¹² The result has been the creation of a spoiled middle class that has been living well without producing anything. This class is one of the bulwarks of resistance to change. It does not want the interruption of its splendid situation. The intensifying disciplines of the European Union (EU) will therefore come increasingly into conflict with this determined resistance in the South. Organized crime will, of course, offer the same resistance. These conservative elements, not at all convinced that their *festa è finita*, are supported by a large population that is living better than it used to live.

And so we arrive at the central question. If a growth rate above three percent for the years 2000 and 2001 could produce generally good citizen support for incumbent governments and a willingness to move ahead with the building of Europe, what would be the effect of a *lower* growth rate for those same years? The answer for the North of Italy is likely to be the same as for France and Germany, whatever that answer might be. Northern Italians would not be the first, or the last, to descend into the piazza and trouble the political peace with their discontent. The EU had projected an overall Italian growth

¹¹ There are exceptions. In 1998-99, for example, the growth in jobs in Puglia was better than that in Emilia-Romagna, but not enough to make much of a dent in the overall North-South economic trends. Puglia generally stands as an exception to the statements about the South in this paper, and is a moderating influence on most of the economic statistics. Puglia has long performed better *economically* than the other southern regions (and several northern ones) and is much less a part of the *questione meridionale*. Interestingly, this has not made Puglia more "advanced" socially than the rest of the South.

¹² Francesco Rosario Averna, cited in Napolitano, Roberto: "E a questo Sud, chi ci pensa?" in *Il Mondo*, July 6, 1996, pp. 23-31. The government of the largest region in Italy, Lombardia, had, in 1996, about 4,000 people actually employed (4,500 authorized). Sicily has 17,358 plus about 6,000 involved in teaching and instruction.

rate of only 2.1 percent for 1999¹³ (Italian Treasury Minister Ciampi, now President of the Republic, had promised 2.5 percent¹⁴), but the real figure was only half that. Even the fairly optimistic (but accepted by Brussels¹⁵) government projection for 2000 – 2.2 percent – would leave Italy lagging the rest of Europe by at least one percent, and is lower than any other major industrialized country except Japan.¹⁶ These projections are most likely composed of a Europe-level performance by the North and Central parts of Italy, the drag provided by the South.¹⁷

The Italians of the *Mezzogiorno*, pessimistic enough to expect slow growth, and fearful of serious change, would themselves go down into the streets if these levels were to prevail, but they would go there to sell smuggled cigarettes – to *arrangiarsi*, meaning the art of finding a way to get by.

WHO ARE THE ITALIANS?

Demography

In terms of population trends, Italy looks much like its European partners. In the

¹³ Projection, based on Eurostat figures, announced by the Commission October 21 and 23, 1998.

¹⁴ *The New York Times*, March 4, 1999, p. A14. The figure, uncredited in the article, is produced by Istat, the national statistical institute. Projections announced November 4, 1998 by Treasury Minister Carlo Azeglio Ciampi at a press conference.

¹⁵ Petrini, Roberto: “Bruxelles promuove Roma ‘ma resta il nodo pensioni’” in *La Repubblica*, February 13, 2000, economic section (pagination changes with different editions).

¹⁶ “The Economist poll of forecasters” in *The Economist*, February 12, 2000, p. 104.

¹⁷ When industrial production increased in December 1999 (compared to December 1998), the government boasted of recovery. But labor leader Walter Cerfeda said the recovery “is going where there’s no need for it . . . it’s going essentially to the North, leaving the problems of the *Mezzogiorno* unchanged.” ANSA dispatch of February 16, 2000, published in *America Oggi*, February 17, 2000, p. 19.

space of just a few generations the "demographic pyramid" has been turned upside down. In little more than *two* generations, life expectancy in Italy has risen by about ten years, to the current average of 78 years. And in less than *one* generation, the number of children-per-woman has dropped from 2.4 to 1.5. Since demographers use 2.1 as the standard for replacement of a population, Italy is now far beneath that standard. In 1998, for the first time, there were more Italians over 65 than there were Italians under 15.¹⁸

More important than these raw data, however, is the non-quantifiable improvement in the level of health and activity of the older people. They look less and less like the wizened Italian villagers who contribute to common Mediterranean stereotypes. They own or manage a larger share of the country's resources, especially its savings, leaving a smaller share for the young. Some Italian analysts project that the majority of those who reach age 55 by the end of the coming decade will not retire, as the majority does now, but continue to work for another ten to twenty years. Whether they burden the rest of the population with longer pensions, or take jobs away from younger people, they are a threat, especially in the South, with its very high unemployment figures. And these *anziani* will be an increasingly large share of the voters.

The pensions given to many Italians upon early retirement are the unusual burden that the Italian welfare system has been carrying. There is a very large population of Italians who retired in their 40s and early 50s. Some jobs, like police work, are considered dangerous, while others, such as teaching, are seen as especially taxing. But the widespread early-out pension system is largely the product of the idea of clearing people out of jobs in order to make room for the young. The result has been an historic (and future) burden *on* the young.

¹⁸ Luciano Gallino, "Sotto la piramide rovesciata: I giovani e la società," *La Stampa*, August 27, 1998.

A young Italian couple is not only "burdened" with parents who live longer (all four of their parents are now more likely to be living), but the time when they take over the family business, family farm, store, bar, and other property is much farther in the future than before. In the *Mezzogiorno*, this longer delay in assuming control of the family enterprise affects a much larger share of the population than in the North, and affects more profoundly the couple's economic prospects.

The age at which young Italians leave their parents' home has been increasing steadily since the early 1980s, and is projected to continue rising over the next few years. Below the age of twenty, almost no Italians leave home. Between 20 and 24, 90.4 percent of males and 78.1 percent of females are still with their parents. Both figures are *rising*. In the 25-to-29 age groups, sixty percent of men and 34 percent of women are still at home, both figures rising rapidly. And even between 30 and 34, 41 percent of men are at home, and the figure for women jumps to 62 percent (failed marriages?).¹⁹ Projecting current trends, more than 68 percent of Italian men between the ages of 25 and 29 will be living with their parents in 2007.

These trends do not reflect an excess of family affection on the part of young Italians. Nor is it just the failures who stay at home. A very large proportion of these young people are employed. Yet, if they did not live with their parents, they probably could not survive on bank clerk or postal employee salaries in the North and would live miserably in the South. But living with their parents affords Italy's young adults a lifestyle that might include the two or three annual vacations to which they have become accustomed.

An additional factor in the changing Italian population is immigration. Here Italy's

¹⁹ "Figli 'mammoni' non lasciano casa fino a 34 anni," *La Repubblica*, October 6, 1998.

problem is most certainly Europe's problem. Seeing the difficulty is as simple as a look at the map: to an immigration official, Italy must seem virtually all coastline. Much of the coast is gentle and inviting. Add to this picture the probability that the Interior Ministry in any future Center-Left government will be in the hands of a personality with a strong commitment to human rights and humane treatment, even of illegals, and the flood-gates seem to be open. Witness the 1998 appointment of Rosa Russo Jervolino to the Interior Ministry by the D'Alema government. Southern Italian journalists estimate that about forty percent of the illegal immigrants who land on southern Italian shores escape capture. This ratio is, they report, well known among young North Africans anxious to try their luck.

A very large part of the Africans, Kurds, Asians (who come via Turkey) and others who succeed in landing on southern Italian shores every day are not heading for Italy. Landfall for them is an entrance to Europe as a whole, and they will move on to Paris or Hamburg as fast as they can. Italy's participation in the Schengen Agreement (establishing a zone of free movement of persons among thirteen member states) was delayed accordingly, but movement across Italian borders is now as document-free as it is in the north. In short, with miles of easy coastline now *Europe's* welcoming shore, Italy is the "preferred port of entry into the European Union."²⁰

Because much of the immigration is headed north, and also due to Italian tolerance, this immigration has not become a political vehicle for Right-wing politicians, at least not yet and not on the scale of, for example, the National Front in France. Allegations that the rise of the *Alleanza Nazionale* (AN) is due to anti-immigrant sentiment lack evidence and do not take account of either the strength of the AN's predecessors or of the disappearance of the Christian Democratic Party in Italy.²¹ The

²⁰ Alessandra Stanley, "Italy Is Swamped by New Waves of Boat People," *The New York Times*, November 1, 1998, p. 3.

²¹ Ché Sidanius, "Immigrants in Europe: The Rise of a New Underclass," *The Washington Quarterly*,

Christian Democrats' more conservative "currents" were strongly supported in the South, and this support had to go somewhere, presumably to the *AN* and (much less so than in the North) to Berlusconi's *Forza Italia*. The fact is that the *AN*'s national leadership has carefully avoided Le Pen-style rabble-rousing on the immigration issue, and has generally behaved as a responsible conservative party.

The most important factor in keeping immigration out of Italy's political debate, however, is the near-total focus on a single migratory flow, one that *does* stop in Italy. Italy has had a long-standing connection with Albania, a focus of investment and activity for Italy's businesses. Dangerous chaos gripping that small country (and Kosovo) has translated into a flow of immigration that is widely viewed, especially in the North, as a principal source of crime. The "Albanian Mafia" runs prostitutes and drugs throughout the North, and nearly every raid, arrest, or crime of violence in the northern underworld in 1998 was reported to involve Albanians. It is a tribute either to the rock-solid control of the South by its *own* crime families (Mafia in Sicily, Camorra in Naples and Campania, 'Ndrangheta in Calabria) or to the latter's organizing abilities (if they are, in fact, *running* the Albanians), that this infestation does not involve the South. Currently, Albanians, with a smattering of refugees from Kosovo and Kurdish Iraq, hit the southeastern Italian beaches at the rate of nearly 500 on a calm night. This does not include the large traffic in Sicily and other ports of entry for refugees sailing from North Africa. More than 10,000 refugees have been processed in the first ten months of 1999 in the province of Lecce, which may not be the busiest province. These statistics only include the refugees who fail to flee into the countryside upon landing. The trend points to a consistently increasing flow.

Individual Psychology

The pessimism described by Michael Mazarr is as alive and well in the Italian media as it is elsewhere in the West.²² If the strong presence of the state in Italian radio and television mitigates the negative sensationalism ever so slightly, the news-stand competition among Italy's many national and big-city daily newspapers heightens it. But this media behavior has not made pessimists out of Italians; they were there already, probably before Guttenberg. Profoundly pessimistic realists, Italians suffer few disappointments. Their expectations – from government, their neighbors, the weather, or their national soccer team – are so low that, while there may be anger or cynicism, disappointment is never openly admitted. As a result, the Italians are among the *least* alienated Europeans. Having a lot of enemies, or at least living in a world where one's common interest with one's neighbor is not recognized, means that one also has allies. They may be few, but they are very close, and offer a nice barrier against isolation and alienation. Attachment to family, church, and party is very serious, profound, solid.

To be sure, atomization and *anomie* have made their way into society in Italy as elsewhere. The closed room with the television set on, the modern habitat of alienation, is an increasing phenomenon in Italy too. But the pace of this movement is vastly different in the North than in the South. That absolute alternative to alienation, isolation, and atomization – the piazza full of people, their gossip and their opinions – endures in the *Mezzogiorno*, both literally and figuratively. All the reasons for hopelessness and suspicion indicated above are thus met with at least *some* mental-health antidote.

Education

Inevitably, consideration of the psychological make-up of the *Mezzogiorno* leads to the question of education. In the war against the Mafia, the great government failure was in this area. A young anti-Mafia magistrate who compared his work to surgery said

²² Michael J. Mazarr, "The Pessimism Syndrome," *The Washington Quarterly*, Summer 1998, pp. 93-108.

that it was up to others to put the patient back on his feet. By this he meant, specifically, education and re-education. "An effective school, capable of shaping and re-awakening the conscience, is a truly formidable weapon in the struggle against the Mafia and illegality; the Mafia doesn't fear a prison as much as a school, it doesn't fear a judge as much as a teacher."²³

If the magistrates at the front line of the struggle against the Mafia feel that the State has let them down at the lower levels of education – where fundamental literacy, character-formation, and preparation for citizenship take place – other challenges await at higher academic levels. The *reputed* Italian weakness in aspects of technical training is just part of the problem of education. Italians, even at the highest levels of government, diplomacy, and (less so) international business are notoriously weak in their ability to use foreign languages. For many years, special translations had to be arranged at NATO headquarters for the Italian participant in the Alliance's semi-annual meetings of foreign and defense ministers. While the Turkish, Norwegian, and Greek ministers had no trouble with a choice between English and French, the Italian ministers (a considerable parade of Italian political leaders, given the short life of governments) often spoke neither. A further element of parochialism has been the fact that, since the war, Italy has consistently lagged behind the other major European powers in the willingness of its scholars in the social sciences and humanities to study abroad. One crucial culprit is the "baronial" system of powerful professors surrounded by acolytes (graduate students and young instructors) who dare not be out of the picture for a year because they would suffer a competitive disadvantage among the baron's troop of followers, perhaps missing out on a job opening.

Education is both cause and effect when examining the lagging *Mezzogiorno*. Only

²³ Vaccara, "Il coraggio del dovere," *Oggi*7, November 10, 1997, p. 9. The magistrate Massimo Russo adds that Mori, the legendary magistrate sent out by Mussolini to clean up the Mafia, had exactly the same opinion.

one out of ten college graduates in the North are unemployed, as compared to one out of three in the South.²⁴ The incentive for going to the university is lower in the South; the incentive for *graduating*, as compared with simply "parking" at the university, is much lower. According to SVIMEZ, a typical young Southerner believes that neither a university diploma nor a doctorate will open the doors of employment.²⁵ In fact, fifty percent of northern college graduates find work in the first year, while only 22 percent of southerners succeed. The age at which the first job is garnered is four years higher in the South than in the North. The incentive is to stay in school: of those who graduated at 24 or younger, in the South, 65 percent are unemployed (25.8 percent in the Center and North), but the ratio is cut in half for those graduating at an older age.

Education has long widened the North-South gulf in Italy. After unification, many areas of the South were slow to start replacing the local dialect with Italian. The problem, however, was not that teachers used local dialects; the problem was empty classrooms or no classrooms at all. The first truly national effort on education focused on secondary schools for the upper classes, and at getting the Church out of the classroom. Towns and villages were left to their own resources to provide a required two years of elementary education. Most southern towns failed to come up with the resources to do anything. They would submit records claiming elementary school attendance, but most towns preferred to have the children work the land.²⁶ Although the South lagged badly, literacy made enough progress in the cities throughout the country in the second half of the nineteenth century to leave the deepest pockets of hard-core illiteracy in villages and rural areas. Nonetheless, according to Di Scala, "the quality of elementary education and

²⁴ SVIMEZ 1999 Report on the Economy of the South, Rome, July 15, 1999. Reports by SVIMEZ, the Association for Industrial Development in the *Mezzogiorno*, are considered very reliable.

²⁵ "Al Sud un laureato su tre senza lavoro, al Nord uno su dieci," ANSA dispatch, July 15, 1999.

²⁶ Di Scala, *op.cit.*, pp. 148-9.

attendance remained low, and the formulas for distribution of the funds helped the richer North and worked against the South."²⁷

Mussolini failed to make the schools effective machines for turning out young fascists, but he did tighten up graduation examinations and enhanced technical education as an alternative to the classical model. However, it is television, more than the governments of the recently-unified state or the Fascists, that has implanted one common language in all of Italy. In the 1960s, the democratizing of the universities produced many difficulties (impossible over-crowding, "professional students" parked for many years in a comfortable university life, some periods of political chaos on campus), but it probably had an enormous boot-strap effect for the sons and daughters of the less-privileged. Women especially benefited from the changes in the university system's liberalization, for the reform led to a dramatic increase in the number of Italian women with university and post-graduate degrees. Nonetheless, many Italians (along with many Frenchmen) still feel that their country suffers a competitive disadvantage in the new Europe because of the space occupied by classical, rather than technical, education.

Tribalism and Globalism

Even in the context of increasingly global connections and transactions, Italy suffers from the weakness of the nation-state's appeal as a loyalty-attracting tribal base. What this means to the northerner and the southerner is different, but no country in the new Europe has *fewer* problems with any transfer of loyalties to Brussels, or *more* problems with making sense out of the jungle of attachments of its citizens. "As for the Italians, luck would have it that they are the most European of the Europeans exactly because 'the making of Italians' is an unfinished task. Our flexible nationalism, if you can

²⁷ *Ibid.*, p. 142.

call it that, appears, in this phase of history, finally to be an advantage, not a handicap."²⁸

For many in the North, the denial of Italian identity has translated into an important political program. The most prominent manifestation of this denial is Umberto Bossi's Northern League. Although the *Lega* sometimes wanders off into comic opera, its support is still large enough to make it the first- or second-largest party in many towns and provinces throughout the North. More importantly, the cities and towns where the *Lega* is doing well are among the richest and most productive in Italy. Indeed, the factor that most limits the growth of the Northern League, its influence with other parties and separatist groups, and its ability to form alliances, may be Bossi himself.²⁹ A wide variety of separatists from the Veneto, from respectable members of the long-standing Venetian League to the romantics responsible for the 1997 storming of the Campanile in Piazza San Marco in Venice, have an erratic relationship with the Northern League (which they largely equate with the Lombard League), and so the fragmentation may go on in the future.

The northern malcontents share a common view of the South. A geography professor (and convinced *Leghista*) at the University of Milan declares that the difference between North and South is between those who descend from the Carolingians and those who descend from Arab emirates. He writes, "The spoken language, the memories, the social relations, the institutions and power relationships - these are elements of division much more than convergence."³⁰ Although, the scandals of *Tangentopoli* were focused on Milan and the North, the Lombards, Venetians, Piedmontese and others persist in claiming

²⁸ Giorgio Lago, "Questo Stato, ecco l'unico grande nemico," *La Repubblica*, March 12, 1998, p. 38.

²⁹ For the development of this argument, see Burnett, "Will Italy Split in Two?" op. cit., pp. 52-53.

³⁰ Roberto Mainardi, *L'Italia delle Regioni: Il Nord e la Padania* (Milan: Mondadori, 1998). Cited in Lago.

a monopoly on industry, honesty, and other virtues. They distinguish themselves from those impecunious, slothful Southern thieves who, through their middle-men in Rome, take the fruits of northern labor and spend it with southern license. The good news for the future is that some of these northerners thirst to be governed by Brussels rather than Rome. The bad news is that most of them do not want to be governed at all, and are bound to lead the first wave of protests, whenever it comes, against the "arrogant spendthrifts of Brussels."

In the South, many of the older citizens still see the Italian Republic as little more than the invasion, and continued occupation, by the rulers of Piedmont and their northern allies. Some identify with their region.³¹ Many identify with their city, town, or village. This is the Italians' famed and very real excessive attachment to one's town of birth (*campanelismo*). But Edward Banfield and Robert Putnam, a quarter of a century apart, have tried to show that identification with village or town is feeble to the point of non-existence by comparison with *familismo*. Banfield portrays a Hobbesian war of each family against all other families, in which no appeal to the common good will permits even minimal cooperation with one's neighbor. Better to leave the fountain broken than to repair it and have the neighbor also enjoy the benefits of a working fountain.³²

³¹ The old movement for Sicilian separatism was serious politics immediately after World War II, but is now discredited. A separatist movement remains active in Sardinia. In general, however, SVIMEZ concluded last year that "from the *Mezzogiorno* regionalist demands are not heard today..." SVIMEZ, p. 12.

³² Edward C. Banfield, *The Moral Basis of a Backward Society* (New York: Macmillan, 1967), and Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton U. Press, 1993). Filippo Sabetti has powerfully contested Banfield on methodological grounds and argues that disincentives created by government (at several levels) are sufficient explanation for the fountain's perpetual disrepair. In "A Different Way of Knowing: The real 'Montegrano,'" *Italian Politics and Society*, the Newsletter of the Conference Group on Italian Politics and Society, No. 4,4, Fall 1995, pp. 18-25.

A most important step in changing local loyalties and politics has come with direct election of mayors. This has now been followed by the direct election of the Regional and Provincial Presidents. In such unlikely places as Catania and Naples, this change has led to vigorous and effective performances by elected mayors, with the result that all the mayors of major Italian cities were re-elected after the reform, with the sole exception of the *Leghista* (Northern League) mayor of Milan.

The political party also competes for allegiances. The great Italian political parties of the First Republic claimed more than just a vote. They sought to occupy so many aspects of their adherents' lives and thought that they bore some similarity to totalitarian parties. After all, Italy had furnished the modern model of the latter. The assertion by political scientists (in this case, with little debate or disagreement) that the First Republic was a *partitocrazia* meant, in effect, that the parties occupied the State. Loyalty to party detracted strongly from all other competing loyalties. To be a Communist, Socialist, or Christian Democrat was more important than to be an Italian. The parties' dependence on patronage and *clientelismo* meant that they furnished a life for their followers, gave them membership in a supportive tribe, did far more than simply ask for their votes in an open competition of programs and candidates. In the South especially, where the supposed secrecy of the ballot provides little cover in many communities, the employment of one person is supposed to bring with it the votes of the whole extended family. Loyalty means wheeling grandpa into the voting booth.

Economic Liberalization

In two areas, Italy is in line with the European movement toward economic liberalization: its North and its rhetoric. The Italian Communist Party (PCI), even before its transformation into the Democratic Party of the Left (PDS), had begun to declare itself in favor of privatizing some parts of the mammoth semi-national business enterprise. This

was, in fact, one of the reasons for the split in the PCI that resulted in the independent existence of a Refounded Communist Party (which has itself split, over whether to support a PDS-dominated government and its very middle-of-the-road budget proposal).

Romano Prodi, who had himself served twice as CEO of Italy's largest state holding company IRI (the Institute for Industrial Reconstruction), was clearly committed to liberalization. Nevertheless, he toted the burden of an alliance of parties with quite varying views on the subject, with the necessity of keeping the Refounded Communists on board in the lower house of the parliament, where their votes were essential. Prodi's initial declaration that "we are going to take this country apart piece by piece" faded rapidly before the challenge that made his tenure a one-issue era.³³ Liberalization, both in the economy and throughout Italian society, took a step forward only when it served to meet the Maastricht criteria of convergence for inclusion in the common currency. The fact that Romano Prodi endured for a relatively long term is itself a *European* story. He was so intense about devoting his government to Italy's acceptance into the European common currency that normally-important areas of neglect or failure were temporarily forgiven. Toward the end of his government, some of Prodi's ministers grew weary of this narrow focus. Interior Minister Giorgio Napolitano, probably the most prestigious internationally among the "post-Communists," publicly called on the government to devote the same attention to the *Mezzogiorno* that it had devoted to the Maastricht standards, leading to a lively debate within the majority.

Just as Prodi gave liberalization and privatization secondary status to the grand objective of Europe, so too the D'Alema government may be expected to put these concerns no higher than a secondary level of priority in the general area of the Italian economy. As a sign of good faith, the new D'Alema government announced plans for the

³³ Cited in John Hooper, "A New Italian Renaissance?" *The Wilson Quarterly*, Spring 1998, p. 70.

privatization of the *Banca Nazionale di Lavoro* on the second day of its existence (October 27, 1998). Two weeks later, on November 10, it announced a five-year plan to privatize much of Italy's electric utilities. (The first piece – about 25 percent – of the electricity giant ENEL went on sale on October 13, 1999.) This announcement appeared to satisfy the European deadline (February 19, 1999) for implementing the EU's electricity directive. Although the rhetoric exceeded the action, there is little reason to doubt the acceptance of the idea, among the Center-Left, that the days of the giant state holding companies dominating much of the Italian economy are numbered. But it is difficult to let go: these enterprises have furnished more in the way of illicit political party funding and excellent patronage jobs than the government bureaucracy itself.

Because D'Alema and his party colleagues grew up politically within the PCI apparatus, they *must* put some other considerations first. Thus, D'Alema's inaugural speech to the parliament underscored the problem of disadvantaged young people. This was not a simple appeal for more jobs, but a class-based appeal for equal opportunity. He was putting his finger on a major problem in Italy, especially in the South: opportunity based, not on merit, but on connections. In the 1960s, Italy made a university education available to all. This, as it turned out, did not produce anything even close to equal opportunity. The jobs for graduates still went, in large part, to those with connections.

Whatever the importance of liberalization to the new government, the cold fact is that the political incentives to reform the Italian economy are very slight. The counterpressures (mainly patronage jobs in a system that has long *lived* by a system of *clientelismo*) are very strong. It is only through *indirect* action (lower taxes, fewer scandals, more rewards for *merit* among the young) that real forward progress can be made – dependant, of course, on the true personal convictions of Italy's political leaders. Romano Prodi and the opposition leader Silvio Berlusconi are clearly sincere liberalizers.

THE MEZZOGIORNO

Lavoro Nero

The South is economically different in three respects, all of which pose great problems for Europe and Italy. First, there is the very large public sector, already noted above. A second factor is both the inability and, in some sectors, the unwillingness, to adapt to pressures, from Rome and especially from outside Italy, for economic liberalization. The failure to adapt, plus the reduced availability of labor migration to mitigate the problem, is clearly an explosive combination. But the third factor, somewhat alleviating the second, is the existence of a far vaster private sector than ever shows up in the economic statistics. The size of the *lavoro nero* sector and the black market in the South clearly exceeds that of any other EU region, a fact that can now be persuasively demonstrated. According to Italstat, the most reliable source of national economic statistics, "black" labor in the *Mezzogiorno* amounted to an even fifty percent of all "jobs" by the end of 1998.³⁴ Six months later, Italstat raised its figure to 51 percent. The figure for the North was bad enough – 31.5 percent – but more in line with other Mediterranean EU countries.³⁵ For any projection toward 2007, however, it is the trend that must be noted. Italstat found that the gap between North and South was growing continually wider. Indeed, when actual laborers were counted (rather than jobs), the South's percentage was *double* that of the North and Center.

These raw figures require a closer look, because one economist's analysis of Calabria found low pay, high unemployment, and a very high level of consumer

³⁴ Announced to the press on December 16, 1998 and carried on RAI-TV (TG-1).

³⁵ Presented at CNEL and reported by AGA on June 4, 1999.

spending.³⁶ In 1994, the government insurance agency placed the number of business enterprises in Calabria at 23,758, while Istat, carrying out the 1996 census, found about 90,000 businesses in the same region. The economist Domenico Marino concluded, on the basis of 4,000 interviews in Calabria, that 75 percent of the Calabrian work force would refuse a fairly low-paying job, despite a very high official level of unemployment. In Calabria, with its dire employment figures, 84 percent of the families own their own home.³⁷ What such anomalies must mean is that real income in Calabria is far higher than what is "on the books." Many among the vast numbers of officially unemployed are, in fact, partly or fully employed.³⁸ They are earning no social benefits, but they are earning the daily *lire* that keep their families afloat.

The "black labor" sector extends from the serious underworld, through a grey *demi-monde*, to work in which society has a genuine interest. Movement along this spectrum starts with those who are directly employed by organized crime. Much is known about this life from the parade of Mafia *pentiti* who decided to turn state's evidence, supposedly because they repented. Surrounding the actual soldiers of a *don* are hordes of young men who run errands, perform chores, know little, and probably aspire to be genuine *mafiosi* themselves some day. Beyond organized crime's serious troops are a number of minions performing labor-intensive *lavoro nero*. They are the young, "ambulant" vendors who offer the most popular brands of American and French cigarettes throughout, for example, the major cities of the South. These cigarettes have been smuggled into Italy, avoiding heavy taxes, for this enterprising sales force.

³⁶ AGA interview with Domenico Marino of the University of Messina, June 4, 1999.

³⁷ Monica Diamanti, "Il Rapporto Cnel sul lavoro sommerso," AGA dispatch, June 4, 1999.

³⁸ Or, in many cases, they are employed for a part of the year, in seasonal labor (especially in agriculture), and then go on the unemployment roles for the rest of the year.

In this same place on the spectrum are thousands of *omini* – literally "little men"³⁹ – throughout Rome and the South (with a good sprinkling in the North), who have no official status. With the purchase of a small, billed cap, they become parking attendants. Parking in central Rome or Naples demands a deal with the *omini*, who wave cars into spots in "their" piazza, providing a parking spot that would not have been otherwise found. Because of the *omini*, the car will be safe from vandals, and, although the parking space is likely to be illegal, the traffic police (*vigili urbani*) will not issue a ticket since they also deal with the *omini*.

Omini also lounge around all important government offices where a citizen pays a bill or gets the necessary documents to build a vacation house or take a professional examination. Some of these transactions require multiple stops at multiple agencies. Citizens who value their time and sanity and want to be sure of success in the transaction, would not think of standing in the long lines themselves. Rather, they will turn the most precious personal documents over to one of the loitering *omini* who will sail through the bureaucracy. What would have taken two months to come through will arrive in a week. The *omini* will navigate a line that looks to be a four-hour marathon in a few minutes. Moreover, all decisions will be favorable. Like the *vigili urbani*, the bureaucrats are business partners of the *omini*. This is another excellent investment.

The Berlusconi and Prodi governments already showed signs that Italian political leaders have now realized that this is not the style of the new Europe. Certain documents that once needed a seal from a bureaucrat now only need the citizen's signature. But this grand category of black labor, the *omini*, is probably not yet seriously threatened.

³⁹ *Omino* is a very general term, not used everywhere. More exact, but pedestrian, is *posteggiatore abusivo* (illicit car park attendant). In Sicily, a more precise and dignified term (than *omini*) is used: *spiruggia faccende*. Translated into Italian, it becomes *sbriga faccende* and means, to put the best face on it, "business expeditor."

Naples may be the largest center of glove manufacture in the West. But there are no glove factories in the Naples phone book, just large rooms, often in basements, filled with black-clad women sewing gloves. In other such rooms are rows of women with cardboard and wires, soldering circuitry. This is not some sinister toy company, but a sub-contractor of a major multinational, existing entirely via "black" labor. And, of course, the government bureaucrats who put in half a day at their official agency and half a day running their own *trattoria*, or tobacco shop, or bar, are a major reason for the excruciatingly slow and frustrating experience citizens would suffer if they did not rely on *omini*. Equally numerous are those who keep applications for employment alive (and always unsuccessful) at ministries, with the *carabinieri*, with the forest service, etc., thereby qualifying for the dole, while actually running their own business, or being gainfully employed by a firm only too happy to avoid a big benefits package.

These scenes scarcely tell how widespread and how "respectable" some *lavoro nero* is. Baby-sitters in resort areas give vacationers freedom to go spend money. In fact, many of the services offered at vacation resorts are *lavoro nero*. School teachers supplement their income by giving private lessons. Students facing important examinations or having trouble in one subject or can simply afford an extra advantage, buy private lessons from a working school teacher. These teachers might have been unable to join or stay in the profession without this extra income. In 1995, 2,500 teachers graduated in Italy. By the middle of 1998, only 900 of them had found any work whatsoever during the three years after graduation.⁴⁰ Presumably, many are surviving through private teaching.

A very large part of the South's hidden labor is made up of entrepreneurs, sometimes also *employing* black labor, and existing themselves outside official

⁴⁰ Government announcement carried on RAI-TV's *TGI*, August 18, 1998.

recognition, taxation, protection, control, or counting. A recent analysis concludes that "there exists in several zones of the *Mezzogiorno* a whole fabric of small and very small businesses that escape every census, but that work and make profits, share among themselves a serious level of production, export to other regions [of Italy] and abroad."⁴¹ A map of the South's submerged economy shows a series of ink blots in every region, "where work is done without any controls, safe from the tax collector but not safe from accidents and injuries, usually in violation of a number of laws [governing commercial outlets, working conditions, etc.], totally outside official cognizance."

Every year brings plans either to stamp out or to "regularize" the South's submerged economy. But a professor of political economy at the University of Naples warns to go slow: "if we observe these initiatives carefully the image of a *Mezzogiorno* that is forever the panhandler does not seem to be confirmed. What confronts us is a creeping vitality, almost a new frontier."⁴² According to Professor Meldolesi, the submerged economy is several times bigger than officially estimated. Those who have taken issue with such a "finding" believe that the submerged economy is a blind alley, perpetuating the poorest industries, surviving only by competing with poorer countries whose workers are even poorer, countries with no effective laws on job safety or pollution.⁴³

The debate between those who laud southern vigor and the capacity to *arrangiarsi* and those who are unconvinced that this submerged economy can provide any durable benefit for the South asks what would happen if this broad economy were brought into

⁴¹ Francesco Erbani, "Mezzogiorno storie dal sottosuolo," *La Repubblica*, March 12, 1998, p. 43.

⁴² Luca Meldolesi, *Dalla parte del Sud* (Bari: Laterza, 1998).

⁴³ One economist suggests that the greatest area of competition with the submerged economy of the *Mezzogiorno* comes from Romania.

contact with the light of official recognition. Some say that it would fade like the frescoes in Fellini's *Roma*. But Meldolesi and other economists fear that, in the case of the more successful businesses, the State must arrive soon, or the Camorra (or Mafia, or other crime families) will succeed in controlling the entire sector.

In most cases, "black" workers suffer no risk from the State. Controls on black labor are few and not enforced. Yet they live dangerously. They work – sometimes doing heavy and dangerous work – with no social net, no pensions (other than the minimal social security that everybody gets), no other welfare assistance, no protection at the work place, and no control over labor conditions. The State is nowhere present in their lives, as either law-enforcer or protector.

This massive sector skews all the statistics. It means that the GDP for the Italian South (and for Italy as a whole) is far from accurate. And the unemployment figures do not reflect reality. Italy's overall 12 percent unemployment is really much lower than that in the North, since it is nearing 23 percent in the South.⁴⁴ Brussels is trying to get a statistical handle on *lavoro nero*. Whether greater knowledge of its dimensions will lead to some reforms is hard to guess. But the cruelest factor that any reformer would face is the undoubtedly high level of dependence of families in the *Mezzogiorno* on this clandestine labor, and the great hardship they would suffer without it. If any European trend develops toward "regularizing" black labor, its most massive resistance will come from the Italian South.

Labor Mobility

Labor mobility – a central element in any discussion of economic liberalization in Italy – applies especially to the North-South phenomenon. Under-employment is

⁴⁴ Sergio Lucino, "Senza Stato il sommerso dilaga," *La Repubblica*, August 26, 1998.

prominent in many important economic sectors in the North as confirmed by the want ads found in all northern newspapers. Meanwhile, unemployment in the South is the highest of any major European region. A similar situation in the middle of this century triggered the great migration that logic would suggest. After the rapidly expanding northern industrial sector had met its first post-war needs by recruiting workers from its own countryside, the great migration from south to north took place. (It was, in fact, just the post-war version of the earlier generations' great migration to America: except for a tiny minority, the Italian-American community is a community of [former] *southern* Italians.)

Yet, despite the northern lure and despite unemployment running at 22 percent for young people in the South and much worse in many areas, northern migration had slowed to a trickle. As observed in a 1998 SVIMEZ report, the "territorial labor mobility from the South to the North...is rather modest and limited almost exclusively to young people having the highest levels of education, of technical qualifications and of family income."⁴⁵ This suggests that technological change in the North is the reason why the northern migration stopped: as work in the north became more demanding technologically, southern education and technical training did not keep up, and southerners ceased to be qualified for the jobs available in the marketplace.

Other factors are also at work, however. Many of the available jobs in the North do not involve advanced technology or require strong education. Notable improvement in the standard of living in the South has carried its citizens over the desperation threshold, leaving even young southerners reluctant to leave. Tens of thousands of them *could* find work in the north, especially in Lombardy and the Veneto, but instead they appear determined, against the odds, to find employment where they are. Leaving the South for a little shared room in Treviso or Sesto San Giovanni would be to abandon important

⁴⁵ SVIMEZ, *Rapporto 1998 sull'Economia del Mezzogiorno* (Bologna: Il Mulino, 1998), p. 18-19.

comforts such as the family car or the nearby, affordable disco. Dan Spikes, a careful observer of the *Mezzogiorno*, reports that over three years in Naples he did not find a single person, outside the professional classes, who would agree to live anywhere else.⁴⁶ Potential émigrés, including some who have already tested the water in the north, are convinced they would confront strong anti-southern prejudices.

This remarkable defiance of the normal laws of economic mobility is now showing signs of weakening, however. It is too early to speak of a new trend, but 1998 saw, once again, an army of Southerners – some 88,000 – packing their bags to look for work in the north.⁴⁷ Showing the extent to which this apparent wave is a product of the gulf between North and South in Italy, seventy percent of the émigrés are heading for northern Italy. As one would expect, the places of highest unemployment are those of highest emigration. It is the first swing in this direction in thirty years.

But before this is seen as the end of the stay-at-home era, its size and its local character must be noted: there is no movement from Abruzzo and almost none from Sicily as a whole or from Puglia. Between 1952 and 1974, an average of 240,000 people a year headed north for work, almost three times the 1998 bulge. The new émigrés are younger than those who made up the big wave: sixty percent of the 1998 total were between twenty and thirty years old.

Despite its limited character, the 1998 emigration affects the Southern population more profoundly than would have been the case in the past because of the steep decline in birth rates. Thus, for the first time in 30 years, the population of the *Mezzogiorno* declined

⁴⁶ Spikes, now running the Fulbright program for Europe, spent the last three years as chief of the USIS operation in Naples, and had much previous experience in Italy. Spikes agrees that this is a new phenomenon among southern young people.

⁴⁷ "Nel Sud si torna a emigrare," *Il Giornale*, June 2, 1999, p. 20.

slightly in 1998. The 1998 wave was probably driven both by very high unemployment and by declining salaries (and a widening gap vis-a-vis the North). Salaries in the *Mezzogiorno*, which stood at 59.9 percent of the Northern average, plunged that year to 54.8 percent.

Even with the strength of the black labor sector, unemployment is the real culprit, rising from 22.2 percent in 1997 to 22.8 percent in 1998 with the number of unemployed rising in twenty of the South's 36 major cities.⁴⁸ When Italian cities are ranked according to their level of unemployment, the worst thirty are *all* southern. The "champion" city is Enna, right in the middle of Sicily, with 35.3 percent unemployment (while some cities in the North are below three percent). In Naples, the biggest city in the South, the unemployment rate actually fell, but the total number of unemployed people (311,200) is still more than the entire northeast of the country.

Nevertheless, the July 1999 SVIMEZ report provides confirmation of the stay-at-home phenomenon and its reasons, rather than any confirmation of a broad return to emigration from the South. SVIMEZ's findings indicating widespread southern refusal to take jobs in the North led journalists to try to find some of those jobs, and some of those recalcitrant Southerners. They had no trouble finding northern businesses aggressively (even desperately) seeking employees and failing to fill their job slots.⁴⁹ The northern pasta-maker Barilla, seeking forty employees under age 32, could find few takers in the South. A leading national food-distribution company, Ticket Restaurant, had the same failure. For two months it sought fifty new employees under thirty years old and failed to find them in the South.⁵⁰

⁴⁸ *Ibid.*

⁴⁹ "Al Sud disoccupazione cronica," *La Repubblica*, July 16, 1999, p. 29.

⁵⁰ Actually, the firm had two acceptances from Naples, but one of these quit after a few days. These latter were not blue-collar jobs. They were in sales, with expense accounts and guaranteed salary plus incentives. AGA dispatch, July 16, 1999.

The news service ANSA followed up on the SVIMEZ report by finding some of the southerners who had refused good opportunities in the North.⁵¹ A big transport firm (Vaccari) near Padua contacted 150 unemployed truck drivers in Palermo and Catania offering safe and permanent positions with salaries comparable to those of low-level managers (about \$24,000 a year) and with company housing offered for minimal rent (\$160-180 a month). These were not bad and dangerous jobs that only immigrants take: it was all day-time work within the province (no long-distance hauls).⁵² The offer was so good that it received a lot of attention right at the moment of jobless protests throughout the South. Although the 150 drivers contacted had registered with the state employment agency and although all had the necessary qualifications, all declined the job offer.⁵³ ANSA interviewed an unemployed Sicilian driver, a family man who felt that even with the excellent salary his wife might have to work because of his belief that living in the North would be so expensive. Another unemployed driver from near Palermo said that his daughter was too attached to her grandmother for him to consider the move. Others mentioned the bad weather in the North, but a little probing by the interviewer revealed that most of the men were probably making an economic calculation. Their "occasional work" in Sicily and Catania, compared with the expenses and taxes of the northern job, led them to decide to stay in the South. Presumably, taxes were not a factor when they worked in the South. This calculation reinforces the impression that life is much better in the South than it was in the years of great emigration. One driver said "I make less money, but at least I can keep on living in my homeland."⁵⁴

⁵¹ "Rifiuta lavoro al Nord, '4 milioni non bastano, la vita è cara," ANSA dispatch of July 16, 1999.

⁵² Details of the jobs in Alessandra Carini, "Meglio senza lavoro che autista al Nord," *La Repubblica*, July 16, p. 29.

⁵³ The firm admitted that, toward the end, it was so discouraged by the results that it skimmed the last few rather than making a serious effort to get them on board.

⁵⁴ "Rifiuta lavoro al Nord, '4 milioni non bastano, la vita è cara."

Political and Financial Trends

Economic and social trends in the *Mezzogiorno* have a greater importance today because its citizens are likely to stay there. Any improvement of their condition will come through improvement in the South itself, not through simply getting out. The political meaning of the fact that Southerners are no longer migrating *en masse* is that the great safety valve preventing southern discontent from causing much serious political trouble is now clogged. One result is the success of local politicians who offer hope for change, sometimes a demagogic false hope. That is not the way politics worked in the South up to now, but it will become a more important phenomenon during the next ten years, and it may cause trouble for Rome and Brussels.

Especially dreaded in the South is any serious effort to follow the line of Jacques Delors and many European socialists to bring national legislation affecting employment conditions into line throughout Europe. Seen as an effort by the richer countries (and northern Italians) to neutralize the South's competitive advantage, many southerners and northern liberals believe that the resultant drying up of southern employment would cause exactly the type of migration the measures were partly designed to prevent.⁵⁵

Salary disparity is certainly necessary to offset a crucial investment disincentive in the *Mezzogiorno*. Sicilian entrepreneurs estimate that, other factors being equal, the rate for a business loan in Sicily will be five-to-six points above the national average.⁵⁶ The higher cost of money in the *Mezzogiorno* is caused partly by the chaotic and outmoded structure of southern banks, and partly by what northern banks insist is a lack of rational management. The rates are, of course, affected by the apparently much greater risk in the

⁵⁵ See, for example, Piero Ostellino, "La Scelta necessaria," *Corriere della Sera*, July 30, 1998, pp. 1-2.

⁵⁶ Albegiani, *op. cit.*, p. 1.

South. Relative to the 1970s, the risk of bad loans doubled in the 1980s and tripled in the 1990s. In 1993, the Center and North of Italy had a bad loan risk rate of 6.9 percent compared with 15.9 percent in the South. By 1995, the rates were 7.2 percent in the North and 22.7 percent in the South, and they had climbed to 25.3 percent in 1996, while the northern rate declined to 6.9 percent. In Sicily, where "non-economic factors" may be strongest, the risk of bad loans was 36.9 percent. Although it cannot be demonstrated, it seems likely that a large number of the loans that were made were based on connections, friendship, and pressure rather than rational business calculations.

At the same time, small- and medium-sized businesses in the *Mezzogiorno* have great difficulty in obtaining loans at decent rates. A recent study showed, however, that, more than in the North, many of these enterprises do not really *merit* much investment of confidence, for they "combine the elements of production in an inefficient way, they target only a closed little local market, they have low technology of a non-innovative character, with little push to exports."⁵⁷ The study finds many of the bank-client relationships to be "inappropriate," with the bank having connections to local businesses that make them partners (if not family members) rather than participants in a normal bank loan. It also found a much higher percentage of loans going *not* to support the first steps into new markets, but instead to prolong the life of non-viable enterprises "that can already be defined as outside the market."

Change in Business Organization and Practice

Italy is not a place to which most people look for break-through innovations in business practice. Italy's conventional stereotype of Italian business evokes family businesses in their most traditional family-grocer form, and massive businesses that are creatures of the state and lack the incentive for innovation because they lack true

⁵⁷ Salvatore Butera, *Il Mezzogiorno tra passato e futuro* (Brescia: Queriniana, 1998), pp. 81-83.

responsibility before stockholders. Yet, Italian design and technical innovation was as much a part of the post-war "economic miracle" as were auto companies that benefited from protectionism. In today's Italy, the "family business" has also come to mean Benetton.

Most innovative and interesting, and most important as possible bellwethers, are some of the Italian "industrial districts." Especially in Tuscany and the Veneto, relatively small industries that are related to each other in the manufacturing process have gathered around mid-sized towns in some of the most effective symbiotic relationships found anywhere in European industry. So, for example, Pistoia, on the Arno plain west of Florence, has grabbed an important niche of the textile industry, including the conversion of rags into blankets and fabrics for high fashion. In these districts, many of the individual entrepreneurs are related by family, or at least long association, to the others. The owner of a textile factory, needing both an assured and economical source of dyes, and a good business opportunity for his son, will set his son up in business, nearby, making the dyes the textile factory needs. The dyes may also be marketed elsewhere, but the dye works have a clear number one customer. Both businesses can count on each other to retain the profitability of the entire process, and the heavy transportation costs paid elsewhere to move materials that are part of the manufacturing process are drastically cut. The barrels of dye are moved across the street on hand-carts. Meanwhile, the advertising agency creating campaigns for the textiles may have only one client, may be located just down the block, and may have a CEO with the same family name.

The success many of the Italian industrial districts have enjoyed at keeping labor unions out and, thereby, obtaining the labor flexibility they need is remarkable. Workers in the Pistoia plants have no contracts, and no assured number of hours per week. They stay home during business slow-downs, and they work long hours whenever necessary. This miraculous docility appears to come from the provision, by the companies, of excellent

wages for the time actually worked, and many benefits that are better than those elsewhere. A good clinic and hospital available to the workers are frequent features of the districts, something none of the individual companies could afford to provide.

The success of these industrial districts has pulled many of the companies out of the flow of business change. They are not searching for alliances; they are, on a modest level, creating them. And they are staying away from alliances with enterprises that are unrelated to their own manufacturing and marketing processes. The hierarchies of these businesses are relatively rigid and, in many cases, employees have, in exchange for significant material benefits, taken a step back in their role with the companies.

In the South one has, both ideally and normally, some "special" relationship, preferably family, not just with suppliers and clients (and, as noted above, bankers), but also with local government officials who are important to business. Further, there are relationships with the competition. So contracts are frequently not won or lost, but cooperative solutions are found in which there are no real losers. It would be a stretch to see this as some home-spun version of modern monopoly capitalism. Clearly, then, in much of the *Mezzogiorno*, true business competition is no more appreciated than true political competition.

Will enhanced European competition force these enterprises to change their ways? The number of businesses in the South, excluding Puglia, intending to compete on anything but a local level is very limited. What does happen, then, to the owner of a half-dozen local groceries in Palermo when a European super market chain comes in? The dramatic answer would be that the chain had better hire good security forces. But the true answer is that the chain, too, will find it to its advantage to strike some sort of bargain assuring, for example, that on some product lines the local stores will not be undersold

and thus assure there will be no serious losers.⁵⁸

Over the last fifteen years, a number of analysts have reached a point of despair about southern industry and have suggested that the Italian *Mezzogiorno* might skip over the phase of industrialization and go directly to an (undefined) service-sector role. Others have felt that hope lies in joint ventures between small- and medium-sized firms in the North and South. Such ideas, often rendered without much conviction, seem to ignore both the success stories that *do* exist in the area of home-grown industry and the more broadly attractive alternative of waiting until the government does something.

The South's Finances

The regional governments of the South face truly intimidating challenges over the next eight years, which means, in some measure, that Europe faces this problem too. The best available figures are for Sicily. Essentially, they show that the region is bankrupt but keeps spending. With no money in the regional treasury, officials still travel, commission fancy studies, and support moribund agencies, all out of Palermo's splendid Palazzo d'Orleans, a symbol of the profligacy of Sicily's rulers. The ninety members of the regional assembly earn the same salary as senators in Rome. A staff of 200 keeps the assembly going, with parliamentary ushers earning over \$40,000 a year. The deficit is so great that a feverish search for new loans has sent regional officials to Switzerland and the United States. As described by an official of the regional presidency, "The region has now arrived at the point of no return...Nobody is facing the need for reform and, instead, one spends: startling spending, discretionary spending, client-based spending, not based on any program criterion. And all this is happening when there's not a *lira* left in the treasury."⁵⁹

⁵⁸ This is the pattern already established with the arrival of *La Standa* and other big *Italian* chains.

⁵⁹ Attilio Bolzoni, "Sicilia, la Regione fa crac," *La Repubblica*, November 4, 1998.

In the last few months, as the bankruptcy became apparent to all, the region spent large amounts of new money for "propaganda about regional autonomy," for a vague program to publish "on subjects regarding the region", for the repair of windmills, for the restoration of church organs, to support Byzantine and neo-Hellenic study centers, and for the re-structuring of the debt for the Sicilian institute for World War I wounded. These are new expenses. Each political party has a study center, supported by the region. Recently, the region paid to acquire a large shipment of books of poetry exalting oral sex written by a regional ex-parliamentarian. The region supports festivals, dedicated to the anchovy or the artichoke, in every town of any size. But things are getting better. The regional government just cut off financing for a youth cooperative some of whose members had passed the age of seventy.

The current crisis is one of liquidity. Monthly salaries to regional employees are at risk: the region maintains 16,500 officials, another 12,113 pensioned officials plus 32,000 temporary hires (with a tendency to become permanent), 50,000 foresters and gardeners, 800 file clerks, 3,000 non-teachers working for the schools, and 5,000 inspectors who assess fines for illicit construction projects. An important continuing budget item is hospital construction. Sicily currently has 39 hospitals whose construction is not finished to the point where they can begin to be used. The Green Party just completed a study of hospitals in the South to see what percentage were even close to being within the law for basic security. The percentage was zero.

This is not a chronic situation. Spending guided by *clientelismo* rather than rational planning is, of course, very old. What is new is bankruptcy and Rome's failure to provide as lavishly as it once did (the result of Prodi's policies as well as those of his three predecessors). The reaction to this slide toward the cliff's edge has been to keep spending in the belief of an eventual bail out from either Rome or from Brussels.

Organized Crime

The noble families of the South can be tagged as initially responsible for the growth of organized crime in the *Mezzogiorno*. They had long used criminal bands to keep order, protect their property, and defy and sabotage those – from Bourbon kings to Garibaldi – who sought to rule them. Unification brought no improvement since it meant a weak, distant state.

Organized crime, as measured by the Interior Ministry, rose in 1997 relative to the previous year, motivated mostly by a sharp increase in Campania, especially Naples. Crime levels for the rest of the rest of the South remained constant with 1996 figures. According to the Ministry, there were 20,151 full-time *mafiosi* by the end of 1997, with 4,271 serious crimes for every 100,000 Italians.⁶⁰ The capture and conviction rate remained very low, with an estimated one-in-six chance that perpetrators of a crime will be identified by name, let alone arrested. In Sardinia, several major kidnappings since 1997 in which hostages were kept in the area of the kidnapping for several months have publicly frustrated the law enforcement agencies. To recover the victims, it was necessary to violate the law supposed to sequester the assets of the victims' families in order to prevent ransom payments. Yet the per capita number of law enforcement officers – including the State police, the *Carabinieri*, and the *Guardia di Finanza* – is one of the highest in Europe (one per 219 inhabitants). They are not equally dispersed however: on a per capita basis, twice as many are stationed in Rome and Naples as in Milan and Turin.

In 1986, the Italian government estimated that profits from organized crime amounted to 12.5 percent of Italy's gross national product.⁶¹ One business association estimated that criminal activity in Italy accounted for about 130,000,000,000,000 *lire*

⁶⁰ SVIMEZ, *Rapporto 1998 sull'economia del Mezzogiorno* (Bologna: Il Mulino, 1998), p. 627.

⁶¹ Di Scala, *op. cit.*, p. 319.

(more than eighty billion dollars) of business in 1997.⁶² The study cited breaks this down by organization and, surprisingly, shows *Cosa Nostra* (Sicily) running a close third behind the *Camorra* (Naples) and *'Ndrangheta* (Calabria). It is difficult to have full confidence in these estimates. In 1998, Luciano Violante, former chairman of the Parliament's bicameral Anti-Mafia Commission and now President of the Chamber of Deputies, attempted a "quantification" of the criminal economy and its cost to the country.⁶³ While these estimates may be questioned, most reports agree that the Sicilian Mafia has got the European spirit and is reaching out to the continent. Indeed, the capture of some of the most important Mafia *dons* and secrets revealed by some of the *pentiti* confirm some restructuring in the organization.

Recently, the EU has been trying to get a statistical grip on the economics of organized crime.⁶⁴ Beginning in 2000, the EU will begin recording criminal activity as a "legitimate" part of a country's GNP, including separate statistics on profits from drug trafficking and prostitution and using the same methodology for estimates used in other economic sectors. Ironically, this is good news for Italy. With the South thus making a major contribution to Italian economic achievements, a significant rise in GNP is to be expected in 2000, permitting a larger deficit without exceeding levels agreed on at Maastricht. Thus, a truly strong criminal sector will be able to contribute to a picture of stability and discipline.

⁶² *Quando il crimine entra nel mercato, Rapporto 1997-97* (Rome: Confcommercio, 1997), p. 16.

⁶³ Luciano Violante, ed., *I soldi della mafia: Rapporto '98* (Bari: Laterza, 1998), and Mario Centorrino, "Il giro d'affari delle organizzazioni criminali," in Violante, p. 7.

⁶⁴ The EU has also taken the first steps toward possible *action* in this area. At Tampere, the governments of the fifteen called for construction of Europe's security pillar, focusing on crime and immigration. A white paper proposing measures for "a common European space in the areas of justice, freedom, and security" was ordered for the December 2000 Helsinki meeting. Papitto, Franco: "Nasce l'Europa della sicurezza" in *La Repubblica*, October 16, 1999, p. 14.

But will the South be able to hold up its end and maintain a healthy criminal sector? The maxi-trials of *mafiosi* in the 1980s and 1990s were real. The recent arrests of Toto Riina and other important *dons* are also real, and important. The stool-pigeon *pentiti* delivered huge amounts of partly reliable information to southern magistrates. The assassinations of General Dalla Chiesa and the magistrates Falcone and Borsellino can be seen as indications that the families were feeling serious heat. Naples Mayor Bassolino booted some of the henchmen of the Gava family, the archetypal political bosses, out of the Neapolitan bureaucracy. Items of "good news" such as these were also announced proudly by the Mussolini regime, which claimed to have finally eliminated the Mafia. But allied forces were barely into western Sicily in 1943 before it was clear that they would have to cut deals with a structure of organized crime that was alive and well, if momentarily curtailed.

Despite such arrests and related events, however, the Mafia can still maintain a remarkable consensus. Some of the extraordinary stories demonstrating *Cosa Nostra's* authority would not be otherwise credible. As publicly diagnosed by Elda Pucci, a physician who became mayor of Palermo in the early 1980s: "We are sick; our sickness is *mafiosità*." *Mafiosità* is shared by a large part of the people of Sicily. It is not the simple consensus of consent or respect; it is similarity. (Pucci was attacked and destroyed politically within six months.) An example of the factors that produce this consensus comes from Palermo, where Mafia families control almost all construction work, including all public contracts. A few years ago, when a combination of anti-Mafia laws started blocking public contracts that could not clear the law's hurdles, everything stopped. There was no work anywhere in the building trades, except for a few tiny private projects. Even jobs in public utilities started to dry up. Huge street demonstrations followed with signs reading: "If this is what it means to fight the Mafia, we prefer the Mafia. *Viva la Mafia!*" These were not ordinary Mafia sympathizers: a large part of these workers were Communists and carried red flags in the demonstration.

Organized crime in the Italian *Mezzogiorno* is more than a security problem and a cause of limited social blight, or a twist put on the question of tribalism. It profoundly influences the entire authority structure of Southern society, and is such an important economic factor that any projection omitting estimates of its impact will be flawed. A massive study by the *Centro Studi Investimenti Sociali* (CENSIS) failed to find direct causality between economic underdevelopment and criminality.⁶⁵ It found, for example, that Basilicata and Sardinia, with a low level of organized crime activity, had development profiles that were about the same as those of Sicily, Campania (Naples), and Calabria.⁶⁶ Interestingly, they found a high level of criminal activity in the one truly prosperous region of the South, Puglia. (The *Sacra corona unita* of Puglia is increasingly recognized as the equal of the *Camorra* and the *'Ndrangheta*, with some family links with both of them.)

The study, notable for its breadth and seriousness, arrived at two more limited conclusions: first, wherever organized crime is widespread, it is always associated with a low level of development and, vice versa; second, there is no economic and social growth in the presence of high levels of organized criminality.⁶⁷ The study found that the areas of the South currently showing the highest economic growth are those that have historically escaped the grip of the Mafia (or the others). This is true for whole regions, such as the Abruzzo, or for provinces *within* crime-ridden regions, such as Avellino in Campania, where the *Camorra* has found it difficult to penetrate.

⁶⁵ CENSIS, *Cultura dello sviluppo e cultura della legalità: Programma integrato per il mezzogiorno* (Rome: Gangemi, 1997), p. 22.

⁶⁶ It may seem surprising to find Sardinia in this category, given its reputation for banditry. But *L'anonima sequestri*, the system of kidnapping-for-ransom to which the island's rough hills are so well suited, is not put, by Italian authorities, in the "organized crime" category with the Mafia and Camorra. The Sardinian criminal bands are generally not connected among themselves, and are not well organized, but merely very effective in their business specialty, kidnapping.

⁶⁷ CENSIS, *op. cit.*, p. 23.

Organized crime may be a result of economic growth that fails to bring about true socioeconomic development. The cases invoked for this hypothesis include, most strikingly, the period after the 1980 earthquake in Campania. As disaster-relief funds flowed in, the *Camorra* rapidly organized a large-scale operation to divert this wealth. Later analyses showed that few funds ever reached their intended destination and, where they did arrive, were not part of any serious development strategy. Whole towns still live in tents and containers.⁶⁸

The vicious circle is easy to draw: criminality slows or stops development of the society, which in turn becomes increasingly vulnerable to the attack of organized crime. So organized crime, according to the CENSIS study (which, on this score, parallels other studies and much southern literature), is not the direct cause of under-development but is one of the factors that inhibits economic and social growth in a limited geographic area. Mafia-like organizations, the CENSIS study emphasizes, "*discourage productive investments* on the part of private capital, contributing to the maintaining of a negative image on the national and international level; *constitute an incentive for the flight of qualified human resources*; *cause the exportation of the profits of illicit activity*, through money laundering and investments in other zones; *provoke a non-rational allocation of resources*, substituting their own interests for the logic of the marketplace; and *feed a growth of the illegal and submerged economy*."⁶⁹

During the last two decades, two magistrates have become national heroes (Falcone, Borsellino), three lawmen have become celebrated martyrs (Falcone, Borsellino,

⁶⁸ A similarly-catastrophic 1976 earthquake in Friuli, in the far north-east corner of Italy, provides contrast. A strong flow of disaster-relief funds was not only actually used to rebuild Gemona and other towns, but became determinant in the economic development of the area, which has enjoyed extraordinary progress since then.

⁶⁹ CENSIS, op. cit., p. 23. Italics in the original.

General Dalla Chiesa), and some local magistrates, such as young Massimo Russo, have pulled off massive trials leading to convictions that have profoundly disturbed the *Cosa Nostra* power structure. But the state has a crucial role to play beyond sending magistrates into battle. Russo uses a medical metaphor: "We magistrates are like surgeons who open up the patient, cut out the disease, but then must leave it to others to put the patient back on his feet: that's why we are 'dangerous', because we can be devastating, we smash up this society... If, alongside our work, a strong action of the State doesn't intervene, rebuilding and re-educating at the same time, the patient dies or rebels against the surgery."⁷⁰ The record, on this score, is so poor that, at some point, the question of what *Europe* intends to do about it will certainly be posed.

Government Policy on Organized Crime

Since Spadolini and Craxi broke the grip of the Christian Democrats on the Italian prime minister's office, there has been a rainbow of governments in Rome. None of them has altered the prevailing southern disillusion with, and pessimism about, the Italian government. It is this pessimism that nourishes the extraordinary success of organized crime, especially in Sicily, in providing an alternative. Because people do not perceive an alternative, they rely on the Mafia's feudal order. Over time, however, the perception of the Mafia has changed. A couple of generations ago, the Mafia was seen as offering protection in situations where the State did not offer protection. Today, it is almost entirely about fear of the *Mafiosi* themselves.

The D'Alema government has not inspired any great hopes in this area, even though some political figures among the Communists and post-Communists have been considerably more serious about stemming the blight of organized crime than most of their colleagues to the right. Without challenging the sincerity of the efforts of many in the

⁷⁰ Vaccara, op. cit., p. 9.

other parties, it is fair to say that there was a significant difference between the anti-organized-crime record of the Italian Communist Party and the others. Much of the real post-war opposition to the crime families in the South came from the PCI. In Sicily, the landmark date is May 1, 1947, when the citizens of three villages near Palermo gathered at an open plain called Portella delle Ginestre to celebrate Labor Day *and* the strong gains made, ten days earlier, in regional elections by a Leftist bloc of Socialists, Communists, and the Action Party. A large band of *mafiosi* and bandits hired for the occasion opened fire on the families seated amid the red flags. This massacre was the beginning of a running battle in which the Communists continually tried to organize workers and peasants against the Mafia and were usually out-gunned in politics and local influence.

Part of this Communist role is circumstance. Since the PCI never took power, nationally or at any significant location in the South, deals were never cut and there was no reason for the crime families to labor to infiltrate it.

The PCI tried to fight by using ideas. Organized crime, uninterested in ideas, fought with power. There was an important exception to this. In the spring of 1982, the Mafia murdered the head of the PCI in Sicily, Pio La Torre, who had campaigned to strengthen the laws against organized crime. His assassination led to the "La Torre Law" which permits investigation of the bank accounts of *mafiosi* and the seizing of their assets, and makes it a crime to belong to a criminal band. But La Torre, who said "we don't fight with slogans," was a short-lived exception to the normally unequal terms of struggle.

There may be a hero (or heroine) in the ranks of the D'Alema government, but the next few governments will probably come and go before there is a genuinely fresh approach and devotion of political and material resources to the fight against Southern crime. It would need, among other things, the absence of other crisis-proportion issues in which the government must invest its energy and focus. That is unlikely to happen before

2007. Indeed, most would agree that the current effort by magistrates in Palermo, Naples, Reggio Calabria, Catania, Bari and elsewhere, if it were to continue at the same rate of success (and there *is* some to report), will not add up to a significant decline of the crime families by 2007.

If all the *Mezzogiorno* needs for better economic performance is *investment*, then crime is a central issue. Any business there, new or old, needs security against criminality. To spur investment in the 1990s, the Italian parliament passed Law 44 giving considerable tax advantages and other benefits to small, southern businesses. The businesses covered by the law must be relatively small and independent of large chains, be based entirely in the South (although they may market anywhere), be run by southern entrepreneurs who have not run a business before, and they must fill some identifiable niche in the market. A few dozen enterprises have availed themselves of this opportunity. While these efforts are not enough to have a serious impact on the South's economy, comments made by several of the entrepreneurs are telling. Although not asked directly about security against crime, about half of those interviewed used the occasion to emphasize that they would refuse to pay protection money if asked. Rather than pay, or resist, or go to the authorities, these entrepreneurs would simply close their doors. Clearly, this was an issue which these young businessmen and businesswomen viewed as explicitly pivotal to the future of their companies, and the intended audience for these statements was the crime families themselves.⁷¹

All too often in the past, an entrepreneur who refuses to pay but tries to stay in business, has usually either died or watched his business die. The best known case is that of Libero Grassi, who ran a tiny pajama factory in Palermo. In 1991, Grassi was invited to pay the usual *pizzo*, or protection money, to the Mafia. Instead, he refused, and went to

⁷¹ Impedocle Maffia, *Giovani del Sud* (Rome: Laterza, 1995).

the police and denounced, by name, the *mafiosi* who had demanded money from him. He attended an anti-Mafia meeting in Palermo at which only five other people showed up. Grassi then took the even more unusual step of appearing on one of Italy's most popular television talk shows, where he was featured as a businessman who was not afraid. Soon after the people Grassi had named were arrested, he was shot and killed in the street in front of his house. In the North, Grassi was hailed as a hero, but in the South he was considered mad.⁷² Recent studies⁷³ and testimony⁷⁴ show that, even today, the southern merchant who pays the *pizzo* does not, in most cases, see himself as a victim. He is simply putting his community relations in order and purchasing security against burglary, vandalism, and even the opening of a competitive business nearby.

No the *pizzo* has finally met Europe. In some sectors of Sicily, protection money is usually paid in response to a formal billing process, complete with the value added tax and proper fiscal receipts.⁷⁵ The extortion rate, according to the SVIMEZ study cited earlier,

⁷² Grassi's death led to the passing of the "Grassi Law" in Rome a short time later. It provided funds to come to the aid of businesses that had suffered damage because they had refused to pay a *pizzo* to organized crime. But with the help of southern parliamentarians, the law carried a few loop-holes which were later exposed. Thus, the owner of a small construction firm in Foggia was refused any compensation because he had once paid some protection money and *then* said no. The State ignored him, but others did not, and he was murdered. Another loop-hole was that no compensation was provided for damage that was not physical. So a Sicilian tire-repairman who refused to pay simply lost his business because, after it became known that he had balked, nobody would bring their tires to him, carrying them to a nearby town instead. He went broke and moved out of town, and the Grassi Law was no help. The law provides compensation for the loss of windows and grills, but not for the loss of life. The victims of *this* loop-hole were the family of Libero Grassi. Eight years after the murder, in February 1999, they were refused any compensation because the Mafia had not damaged the premises, only killed the entrepreneur. Stella, Gian Antonio, "L'imprenditore ucciso nel '91, no dello Stato," *Corriere della Sera*, February 25, 1999.

⁷³ Especially Lo Verso, Girolamo, ed.: *La Mafia Dentro: Psicologia e psicopatologia in un fondamentalismo*. Milan: Franco Angeli, 1998.

⁷⁴ Especially remarks made, both in the Vaccara interview and in a lecture at the University of Palermo, by magistrate Massimo Russo.

⁷⁵ "Mafia estorsioni: 'Pizzo' con fattura ed iva a Palermo," ANSA dispatch, June 30, 1999.

has the geographic break down one expects. The populous and prosperous areas of Lombardy and Veneto had 241 and 99, respectively, of the extortion cases reported in 1996. Campania and Sicilia reported 515 and 579 cases that year. When one factors in the much lower likelihood that an incidence of extortion will be reported in the South, the gap widens. In 1996, the number of assaults in the Center and North of Italy was down 8.8 percent from 1995. For the *Mezzogiorno*, the 952 cases represented an increase of 3.5 percent.⁷⁶

THE GOVERNMENT'S POTENTIAL TO ALTER CURRENT TRENDS

Recent Reform Efforts

Defenders of the judicial razing of the First Republic justify its nondemocratic aspects by the results. The end that supposedly redeemed the rough means was, for starters, the economically competent and responsible Prodi government that steered the country past the Maastricht straits and, during what turned out to be its final weeks, announced⁷⁷ that now, after having gained entry to Europe's next step, it was ready to worry about the *Mezzogiorno*. It created a new agency (*Agensud*) to do the official worrying. The central measure, promulgated by decree and then approved by the lower house, established the *Agenzia Sviluppo Italia* (ASI), a holding company initially containing two operating companies whose names suggest investment projects but whose real work was left unclear.⁷⁸ It also included some tax breaks and the construction and operation of a superhighway from Salerno to Reggio Calabria. Despite the new names, these were essentially the old formulas for helping the South. And despite the new regime,

⁷⁶ For the latest figures from the Interior Ministry see SVIMEZ, p. 629. Judith Chubb's study, *The Mafia and Politics: The Italian State Under Siege*, was not used because her figures are now more than a decade old.

⁷⁷ Prodi press conference, July 17, 1998.

⁷⁸ "Occupazione, via libera al piano per il Sud" in *Corriere della Sera*, October 2, 1998.

the results thus far have a strong smell of the past: even a friendly newspaper has had to pronounce the first year of ASI “a year to forget” in which the new agency has already “heavily” worn out any chance for effective action.⁷⁹

Why have the governments of the new regime – coalitions of about twice as many parties as in the old, reporting to a parliament with about twice as many parties as the old – failed to find a way to affect trends and stimulate real change? Serious, managed reform and long-term improvements in citizen’s lives require governmental capacity to pursue programs over a prolonged stretch of time. This requires the clear assigning of *responsibility*, with the means for citizens to reward or punish, according to their view of the results. This has been difficult in the Italian Republic because of the extreme brevity of governments. Although many of the same faces kept cropping up after each ministerial reshuffling, ministers knew, throughout most of the last fifty years, that they were just paying a quick visit to their ministry. Because usually *unable* to carry out even mid-term programs, the most prudent ministers did not even risk an attempt.

An impressive number of Italian political leaders have spent at least eight years trying to move Italy from proportional representation to a majoritarian system in the election of the parliament. This would permit majority parties to stay in office for a serious stretch of time. Citizens would see their votes translated directly into leadership, instead of a merely slight shifting of the balance in never-ending coalition negotiations. A first reform in the early 1990s appeared to do part of the job. Both houses are now elected by first-past-the-post competition, except for 25 percent of the seats, assigned according to a proportional representation formula that compensates a party that finished first nowhere but still garnered a certain share of the overall votes. The reform was not useless: it created a more direct relationship between geographic sectors and some of those

⁷⁹ Panara, Marco: “Sviluppo Italia ripartirà da un presidente-manager” in *La Repubblica*, February 13, 2000, economic section (pagination changes with different editions).

representing them. But the 25-percent exception has proved fatal to hopes of reducing the number of parties in parliament (there are more now than before the reform) or of making coalitions simpler or even unnecessary (post-reform governments have involved more partners than did pre-reform governments).

The referendum of April 19, 1999 was seen as crucial to the future of stable and effective governance in Italy, crucial to the country's successful operation in the European context. The referendum, among other things, would have eliminated the ruinous 25-percent exception and made parliamentary elections in Italy somewhat more majoritarian.⁸⁰ Amazingly, such a profound change was not very controversial. The campaign mounted in behalf of a "No" vote was flaccid and dispirited. In fact, more than 90 percent of those voting said "Yes" to the proposed change. But the voter turn out in the *Mezzogiorno* was so low, under forty percent in many places, that the referendum fell short of the required quorum (fifty percent of registered voters).⁸¹ The wishes of the overwhelming majority of northern Italians were, one more time, frustrated by their fellow citizens to the South. Despite the tones of shock in the media, the result did not surprise those who knew the *Mezzogiorno*. It was in tune with the typical southern attitude: the reform seemed to many Southerners as just one more big idea from the North being *imposed on* (not *coming from*) the *Mezzogiorno*.

When an election involves real men, with faces known to the voter, with the clear

⁸⁰ Depending on the formula used when parliament passes the replacement language (as is true also for the May 21, 2000, referendum on, among other items, the same type of electoral reform). A referendum in Italy can only *kill* a legal provision; only the parliament can *make* laws. But the *spirit* of the Italian constitution requires the parliament then to enact a good-faith response to the obvious wishes of the voters.

⁸¹ Because of the odd way in which the law is written, a few thousand more "no" votes would have allowed the referendum to pass. The law requires only that 51 percent of registered voters take part in the referendum and that half of those voters cast "yes" ballots.

capacity to do favors for, or harm to, the voter, the southern voter troops to the polling station and does the necessary to protect his/her clear interests. These are not votes for ideas (such as party platforms) but for flesh-and-blood friends and foes. When the vote is for a mere idea, or even for a candidate who seems irrelevant to the voter's direct, earthy interests, such as a candidate for the European parliament, then there are better things to do with one's time. All politics is local politics and the rest is just *roba del Nord*, northern stuff.

Italy's Judicial System

This issue of Italy's governability in the European context raises the question of justice. As Spencer Di Scala wrote in late 1998, "Can the European Union permit the existence of a brand of justice that is an anomaly and that is a liberty-killer? Italian justice, and not its economy, will be the burning question for the EU..."⁸² Di Scala is most probably correct in this judgement but, while he worries about Italian justice increasingly becoming an anomaly in the EU, there are strong indications that Italian justice may cause an equal amount of heartburn as an inspiration for imitation. Clearly-politicized French magistrates have cited the *Mani pulite* pool as their inspiration, and comparable situations are already arising in Spain and Greece.

The Milan magistrates continue to condition the life and political environment of Italian governments. They had a hammerlock on Romano Prodi, who was the head of IRI during an era of a large flow of funds from that organization to political parties. The authors of *The Italian Guillotine* spoke of the Enimont scandal as "the mother of all bribes", because the full IRI story had not yet broken, and still has not. But the D'Alema government is no more free of potential threat from the magistrates than was Prodi: the Milan magistrates' files are full of the details of the illicit financing of the Italian

⁸² Spencer M. Di Scala, "La Ghigliottina italiana: Lettera dall'America," *Voltaire* internet magazine, October 20, 1998.

Communist Party, and its successor Democratic Party of the Left (now Democrats of the Left). Revelations that emerged from Vladimir Bukovsky's examination of Kremlin files confirm Soviet financing of the Italian communists up to 1989, but also indicate a link between the party's fear of a political scandal on the subject and the triggering of the *Mani pulite* campaign by left-wing Milan magistrates.

There are three separate, but related, problems of justice. One is the threat to normal politics by an aggressive magistracy sweeping over the barriers of the separation of powers. The second is the specific threat to political leaders, including those currently governing (as noted, Berlusconi, Prodi and D'Alema seemed vulnerable). The third is the system of justice itself, which demonstrates an *extreme* case of several illnesses: (1) slowness to the point of disfunction, (2) a serious tilt in favor of the prosecution, (3) use of preventive detention to force citizens to talk, and (4) use of friendly media both to ruin opponents and to influence political decisions, especially institutional reforms that would mitigate these and other ills.

On November 11, 1998, the Constitutional Court gutted the most important reform attempt in recent memory, a procedural code that requires the presence in the court room and availability for cross-examination of those whose statements and accusations are used to convict.

CONCLUSION

What should Europe worry about now that it is truly in bed with Italy? When the Prodi government fell, *Corriere della Sera* reported that "for the first time the pathological instability of Italian politics is not only a 'national

anomaly,' to be observed with amused clinical detachment. Italy is in the euro. And the political convulsions in Rome therefore become a common cross that risks becoming a burden on everybody's shoulders."⁸³ But political instability will not be the chief concern about Italy in the years leading to 2007. Every current tendency in Italian politics is toward the Center, as it was in the First Republic. *Trasformismo*, in which one becomes increasingly similar, politically, to one's opponent (making it easier to slide in and out of alliances and coalitions), was strongly at work in the forming of the majority for the D'Alema government. Achieving the majority required that at least a dozen parliamentarians "cross over" from the zone they inhabited at the time of the 1996 elections, the zone their electors understood them to inhabit, to the area that was, in 1996, the opposition. In politics, as in business competition for contracts, the tendency is to find a formula by which there are few real losers. That humane tendency to cooperate, strike deals, and share is the ultimate guarantee against dangerous instability.

In the political arena, Europe's greatest concern should be over who is ruling the rulers, or by whose permission they are allowed to rule. This is the problem of Italian justice, and the profound impact on Italian democracy made by aggressively political magistrates. Productive and democratic politics is difficult when Jacobins are in the streets. Finally, Europe must worry that it has *not* embraced a big country whose vital statistics showed it to be something close to a "normal" European partner. Instead it has embraced two countries, one of epic economic accomplishments and a social fabric that fits nicely with its European partners, the other a very large and significant region with profound and intractable differences from mainstream Europe, differences that will not diminish by themselves between now and 2007.

What are the implications of the size and intractability of the *Mezzogiorno* for

⁸³ Andrea Bonanni, "Europa, allarme per il 'caos italiano,'" *Corriere della Sera*, October 10, 1998.

further European integration? What is the relation between the condition of the Italian South and the EMU? During the young lifetime of European integration, Europe has been effective as a lever to force change in Italy, especially during its Maastricht chapter. The question now is whether further moves toward integration can successfully include the Italian South. From many standpoints, including competitiveness, the *Mezzogiorno* is more exposed now than it was before. One scenario for the period to 2007 must be that economic (and therefore social) conditions in the South will worsen over these years.

In some sectors of the South, the expectation is the opposite: there is a fairly widespread belief that Europe will bring help, that a windfall from Brussels is due. That belief will, of course, be disappointed. It is conceivable that excess reserve holdings in central banks in Europe could be used to enhance economic development in some of Europe's "difficult" regions. However, Brussels will be very cautious in the light of the South's history of being unable to use EU funds effectively. And the simple growth of trade within Europe should benefit all regions with, presumably, the result of increased economic integration and the benefits to laggard regions which this integration will entail. Help might be on its way, but it will not take the form of the great bail out for which the still-exuberantly-spending regional powers are hoping.

Equally significant is the developing northern tendency to see Europe as a way to wash its hands of the South. Since 1958, the policy statements of Italian governments have declared that the *Mezzogiorno* is a European problem, and have asked Europe to address it. The next step is to declare further that it is *exclusively* a European problem and not an Italian problem at all. The Majority Leader of the Chamber of Deputies, Fabio Mussi, unwittingly dramatized this inclination in late 1998. He acknowledged that the *Mezzogiorno* was Italy's "historic problem." He then affirmed that "what is new is that it is now confronted in the context of a European space, not a national space. The problem

must be solved in Eurolandia."⁸⁴ Aside from the nervousness one experiences when European politicians start using the word "space," the beginning of the hand-washing process is manifest. Northern Italians seem prepared to engage in any sort of constitutional and institutional reform that would further the effort to dump the *Mezzogiorno* in Brussels' lap.

The South may be expecting money, but it has long since proved that the problem is not money. For years huge appropriations from Rome went unspent in the South because of failures to meet the requirements that had been written into the law. And it has already established that it will find the same difficulty in spending EU resources. Politicians want to spend, but southern bureaucrats and/or power brokers are not always up to the task. The real problem is, without question, that of incentives. How will Brussels and Rome get the South to produce more, to live less off the State? Some analysts believe that the shape that "social Europe" will take in the next few years may actually have adverse results in the *Mezzogiorno*.

The poignancy of the challenge to Europe goes beyond what social and economic statistics can convey. In July 1999, soon after the mayor of Palermo had declared that it was now a "normal" city, a 38-year-old bureaucrat, Filippo Basile, was shot at point-blank range in his car in his parking place under the palms in Piazza Carnevale, near the city center. Basile was described by co-workers as a "model administrator, far from any political connections." He was chief of personnel of the Agricultural Assessor's office, the bureau responsible for administering the huge state resources pouring into the Region, with a staff of 2,700. Brussels had expressed concern about funds distribution in precisely this sector. The chief prosecutor noted that we "must not forget that into this bureau flow all the pressures exerted by the bosses." The Director General of Basile's office said the

⁸⁴ Fabio Mussi, "The New European Way: A Changing Italy in the Europe of the Euro," New York University's Casa Italiana, December 10, 1998. Translation by Burnett and Vaccara.

killing would have a “paralyzing effect.”

The region has asked that no bureaucrat be allowed to stay in the same position for more than three years.⁸⁵ While such measures are usually seen as a protection against overbearing officials, the belief that Basile was "clean" suggests that the measure is also for the protection of the officials themselves.

This most recent in a string of killings has special meaning for the ability of the *Mezzogiorno* to administer any EU-related programs. But it also contains an element that speaks volumes on the question of whether the South's mentality has changed. Basile was killed at 2:30 in the afternoon in a busy area near the center of Palermo. For two hours, no one chose to see or report what had happened, nor to hear the ringing of Basile's cellular phone as his wife, a pediatrician, grew increasingly worried about his lateness for lunch. Two hours after Basile had died, an anonymous phone call told police that "someone was bleeding." The police chief was described as looking around at all the balconies that overlooked the scene of the crime, "the balconies of three *palazzi* where no one saw anything until 4:30."⁸⁶ Two days after the event, the story had entirely disappeared from the national editions of major daily newspapers. It had become southern local news. For the rest of the country, the South is far away and the slaying was business as usual.

Cardinal Salvatore Pappalardo, the former Archbishop of Palermo, declared that “it’s the mentality that hasn’t changed. Thinking like *mafiosi*. Even people who don’t commit serious crimes still don’t respect the law.”⁸⁷ This mentality is seen throughout

⁸⁵ "Mafia: Dopo uccisione funzionario regione chiede verifica," ANSA dispatch, July 8, 1999.

⁸⁶ Felice Cavallaro, "Palermo, la mafia torna a uccidere," *Corriere della Sera*, July 6, 1999.

⁸⁷ In an interview with the daily *Gionale di Sicilia*, carried in “Mafia: Pappalardo, illuso chi pensava che tutto era finito,” ANSA dispatch, July 7, 1999.

Italian life, only, perhaps, a bit more so in the South. For example, Italy has the lowest credit card usage of any of the advanced European countries. One could speculate that the disadvantage of a credit card transaction is that it leaves a record for tax purposes. Successful evasion of a significant part of the heavy tax burden is considered essential to the survival of many small businesses. This makes the cash transaction especially popular in Italian shops.

A heightened awareness of the challenge of *Mezzogiorno* may be dawning in Brussels. Romano Prodi's assumption of the presidency of the European Commission will certainly advance this awareness. But if Europe is not entirely ready for the *Mezzogiorno*, parts of the *Mezzogiorno* are ready for Europe. Turin's *La Stampa* reported on February 27, 1999 that, in the hills between Palermo and Catania, seven Sicilians were arrested as they were using sophisticated computer software to turn out counterfeit ten- and fifty-euro notes.

The analyses of social scientists may fail to capture the most important factor with which Rome and Brussels will have to deal during the next decade when considering the *Mezzogiorno*: the rich mixture of attitudes and perceptions of the Southerners themselves. So many observers turn to the literature of Southern writers, to Sciascia, to Silone, to Verga and especially to Lampedusa. In *Il Gattopardo*, the *Principe* is graciously offered a seat in the new Senate by the government of the new unified Italian state, affording him a chance to do something to help the people of Sicily. His reply, although it speaks of Sicily and not the entire *Mezzogiorno*, and although it “took place” more than a century ago, opens a window on what the new Europe faces in the old Italian South.⁸⁸

⁸⁸ The authors informally contacted 16 scholars, journalists, and government officials with special knowledge of the *Mezzogiorno* to see what elements of the *Principe's* reply were, they believed, no longer valid. None of those contacted would change a word.

“We Sicilians have been accustomed to a very long hegemony of governors that were not of our religion, that didn’t speak our language...In Sicily it doesn’t matter whether one acts for good or ill: the sin that we Sicilians can never pardon is simply that of taking action. We are old, very old. For almost 25 centuries, we have borne the weight, on our own shoulders, of magnificent heterogeneous civilizations, all coming from the outside already complete and perfected...Sleep is what the Sicilians want, and they hate whoever wants to wake them, even if it’s to bring them beautiful gifts...Our voluptuous immobility produces the arrogance of people here, of those who are half-asleep...But I speak of the Sicilians; I should add the atmosphere, the climate, the land. This land knows no halfway point between lascivious softness and cursed harshness...not a land in which to live a rational life...

“You were wrong when you said ‘the Sicilians want to improve themselves.’ No. The Sicilians do not want to improve for the simple reason that they believe themselves to be perfect: their vanity is stronger than their misery: every intervention upsets their raving about having achieved perfect refinement. Do you really think you’re the first to want to channel Sicily into the mainstream of universal history? The difference [between us and those who would improve us] is found in that sense of superiority that glitters in every Sicilian eye, that we ourselves call pride, but that is, in reality, blindness...They [the *Garibaldini*] are coming to teach us good manners, but they won’t succeed because we are gods.”⁸⁹

Greetings, Europe.

⁸⁹ Giuseppe Tomasi di Lampedusa, *Il Gattopardo* (Milan: Feltrinelli, 1957), pp.188-227. Translated and arranged by Burnett.

Stanton Burnett was CSIS Director of Studies from 1988 to 1991 following his retirement as Counselor at USIA, the senior professional position in the agency. Dr. Burnett's earlier assignments at USIA included director of European affairs, director of research, and counselor for public affairs in Rome, Italy and at the U.S. Mission to NATO in Brussels, Belgium. A prolific writer, Dr. Burnett is the author, most recently, of *The Italian Guillotine: "Operation Clean Hands" and the Overthrow of Italy's First Republic* (with Luca Mantovani). The book received the 1998 Ignazio Silone Prize.

Stefano Vaccara is a columnist and journalist for *America Oggi*, the largest Italian language daily newspaper in the United States. His articles have appeared in *Il Giornale*, *Liberal*, and other Italian publications. Mr. Vaccara is also an instructor at the New School University for Social Research in New York City.