

COMMISSION OF THE EUROPEAN COMMUNITIES

programmes

**Regional development programme
Mezzogiorno
1977-1980**

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INTRODUCTION

Pursuant to Article 6 of Council Regulation (EEC) No 724/75 of 18 March 1975 establishing the European Regional Development Fund, the following regional development programme for Italy has been prepared.

In the formulation of the programme every effort has been made to follow, where possible, the outline suggested by the Regional Policy Committee (OJ C 69 of 24.3.1976), without, however, neglecting more detailed consideration of problems which are peculiar to, and of special importance in, Italy. The programme submitted relates to the regions qualifying for ERDF contributions,¹ but its drafters have borne in mind the fact that its implementation may be affected by the national economic situation and by the development outlook, an important influence being the economic policy indications formulated by the various decision-making centres (national and local).

On this basis, the programme submitted refers to the regions of the Mezzogiorno, i.e. to the area of southern Italy² in which, since 1950, special assist-

¹ The regions qualifying for ERDF assistance were chosen by the Italian Government, after consultation with the interregional advisory committee referred to in Article 9 of Law 48 of 27 February 1967.

² Under the provisions at present in force, the southern territories receiving assistance are as follows: the regions of the Abruzzi, Molise, Campania, Apulia, Basilicata, Calabria, Sicily and Sardinia, and the provinces of Frosinone and Latina; those communes of Roma province which are included in the Latina land-reclamation scheme (parts of Rome; Pomezia; parts of Albano Laziale; Ariccia; parts of Genzano; Lanuvio; parts of Velletri; Anzio; and Nettuno); those communes of Rieti province included in the former Cittaducale Administrative District (Accumoli; Amatrice; Cittereale; Leonessa; Posta; Borbona; Cantalice; Micigliano; Antrodoco; Cattel S. Angelo; Cittaducale; Borgo Velino; Rieti (Vazia ward only); Petrella Salto; Fiamignano; Pescorocchiano; and Borgorose) and the Tuscan islands of Elba, Goglio and Capraia; and those communes of Ascoli Piceno province which are included in the Tronto land-reclamation scheme (Grottamare; Ripatransone; parts of S. Benedetto del Tronto; Montepandone; Acquaviva del Tronto; Monsampolo del Tronto; Offida; Castorano; Spinnetoli; Colli del Tronto; Castel di Lama; Maltignano; Appignano del Tronto; Castignano; Folignano; Ascoli Piceno; Rotella; Force; Venerotta; Roccafluvione; Palmiano; Comunanza; Acquasanta; Montegallo; and Arquata del Tronto).

ance has been given by the Cassa per il Mezzogiorno (Southern Development Fund) as provided for in the relevant laws, the latest of which is Law 183 of 2 May 1976.¹

The programme has two parts: the first covers the Mezzogiorno as a whole, and the second its individual regions. This structure makes it possible to begin by demonstrating the national importance of the problem of the Mezzogiorno and then go on to describe the situation in each of its regions in turn.

For both the Mezzogiorno as a whole and each individual region, the programme considers:

- the economic and social situation;
- the development objectives fixed;
- measures and assistance operations directed towards attaining these objectives;
- the financial resources and institutional aspects involved in implementing the programme.

In the compilation of the various parts of the programme, reference has been made to all the planning indications formulated at national and local level, particularly:

- at national level

- (a) Budget and Planning Statement for 1978 (Article 1 of Law 407 of 20 July 1977, submitted to the President of the Council of Ministers on 30 September 1977);
- (b) Five-year Programme for the Mezzogiorno (prepared in accordance with Article 1 of Law 183 of 1976 and approved by the CIPE (Inter-Ministerial Economic Planning Committee) on 31 May 1977);
- (c) completion programmes prepared by the Cassa per il Mezzogiorno (in accordance with Article 6 of Law 183) and approved by the CIPE;
- (d) Annual Programme for 1977 (special projects and infrastructures for industrial zones), formulated by the Cassa on the basis of the Five-Year Programme and the directives of the Minister for Southern Development and approved by the Minister after consulting the Committee of Representatives of the Southern Regions;
- (e) normal assistance programmes of the central government corporations (National Road Board, Italian State Railways, Telephone Services Management Corporation, State Telephone Company, harbours and airports, Government housing, construction of schools, hospital schemes and water schemes);
- (f) investment programmes of undertakings in which the Government holds an interest;

¹ The term 'special assistance' is used to refer to the legislation relating specifically to the Mezzogiorno; this legislation was regarded from the outset as being of a 'special' nature, i.e. as making provision for assistance additional to the normal assistance given by the public authorities.

- at regional level

- (a) for Latium: 'Multi-annual budget for the five-year period 1977-81';
- (b) for the Abruzzi: 'Proposed development programme', approved by the Regional Government in its Decision No 5483/C of 27 December 1974, and 'Basic scheme for operations financed by EEC funds';
- (c) for Molise: 'Outlines of development planning for 1977-80';
- (d) for Campania: 'Notes prepared for the EEC (November 1976) on the regional programme for the five-year period 1976-80' and the document entitled 'Topics for discussion regarding the preparation of the multi-annual planning budget', approved by the Regional Council on 28 April 1977;
- (e) for Apulia: 'Apulia Project - Outlines of economic policy for the four-year period 1977-80', approved in Regional Law 18 of 12 May 1975;
- (f) for Calabria: 'Draft of regional development projects' (1977-80) and the document entitled 'Organization structure of the planning budget';
- (g) for Basilicata: 'Statement on the planning budget for 1977-81' and 'Multi-annual budget for 1977-81', approved on 2 September 1977;
- (h) for Sicily: "Summary note on the 'Plan of assistance operations for activating the region's financial resources (1975-80)'"', approved by the Regional Assembly on 13 March 1975, and 'Planning note for the compilation of the EEC regional development programme';
- (i) for Sardinia: 'Economic and social development programme for 1976-78';
- (j) for the Marches: 'Multi-annual budget for the period 1977-81', approved in Regional Law 40 of 1977, and 'Outline programme for regional development', prepared by the Regional Government in accordance with Article 25 of the Charter (1974).

The present programme, though subject to the limitations imposed by the lack of sufficiently clearly defined medium-term planning guidelines at national level and by the varying degree to which clearly defined planning elements are available at regional level, represents an attempt to specify the assistance operations which need to be implemented, in the context of a coordinated framework of measures, procedures and forms of action directed towards attaining the objectives fixed for the development of the Mezzogiorno.

The programme will be updated annually, in close relation to the planning guidelines for the national economy contained in the Government Statements on the country's economic situation, the Budget and Planning Statement and the annual national budget. It will also need to be updated in the light of the regional development programmes and of the forecasts of expenditure given in the regional multi-annual budgets, which are 'sliding-scale' budgets and are therefore modified year by year.

Lastly, the programme will also need to be updated in the light of any measures and assistance operations prepared in the past year, so as to incorporate these into the body of the programme and, if necessary, adjust the assessments already made with regard to instruments, assistance operations, availability of finance, etc.

Part one

THE MEZZOGIORNO AS A WHOLE

I. THE PRESENT SOCIAL AND ECONOMIC SITUATION

1. THE PROBLEM OF THE MEZZOGIORNO IN THE CONTEXT OF THE ECONOMIC DEVELOPMENT OF THE COUNTRY AS A WHOLE

In the past, the problem of the Mezzogiorno was regarded in the country as a whole as one requiring, in general terms, priority treatment as a central issue. But the latest studies on the state of society in the South and key social and economic indicators all show that the problem has assumed a new dimension, for it is now very doubtful whether the Mezzogiorno can cope at all with the danger that its very socio-cultural fabric will soon be damaged beyond repair.

It is therefore more urgent than ever for both diagnosis and treatment to embody immediate feasibility and maximum effectiveness in attaining the objectives indicated.

The most significant features of recent changes in the South seem to be under-utilization of the labour force, 'over-urbanization'¹ of certain areas, a lack of investment in labour-intensive forms of production and, in general, a dependence on external influences as regards the options open in fixing ultimate objectives for the production structure.

In general terms, these characteristics can be regarded as the fundamental bottlenecks blocking a self-sustaining process of development in the Mezzogiorno.

However, the Mezzogiorno does not constitute a homogeneous socio-economic unit: in point of fact, both its historical evolution and the assistance operations implemented in the past have produced local situations displaying widely varying levels of development. Definition of the objectives towards which the assistance programme should be directed must therefore be based on an identification of the imbalances present within the Mezzogiorno itself, to ensure that attention is concentrated on those areas where the socio-economic plight is most acute and that priorities are confined to those assistance operations which will make a real impact on the structure of the situation in the South.

¹ This term is used to define, in general, the imbalance between the excess attraction actually exerted by an urban centre on the population of the hinterland and its theoretical attraction capacity as deduced from its real productive role in the context of the hinterland.

Consequently, the functions required of regional policy fall into two different categories: on the one hand, to give preferential treatment to the South as a whole compared with the rest of the country, both through direct Government assistance and through incentives for private investment,¹ and on the other hand, to give preferential treatment to those areas and production sectors which are most likely to help in restoring 'internal' equilibrium to the Mezzogiorno.

A vital consideration as regards the nature of any Government assistance to be given is that the magnitude of the employment crisis now means that the balance struck between investment in production and social investment needs to be different from that in the past, and more effective.

For it is no paradox to say that the most acute social need at present apparent in the society of the South is the need for work.

Priorities for infrastructural assistance must therefore be defined strictly in relation to objectives concerned with expanding the productive base, except where there are serious shortcomings in the provision of social services (such as education and health) and failure to correct them might constitute an obstacle to satisfying the community's most basic needs.

2. IMBALANCES BETWEEN THE MEZZOGIORNO AND THE REST OF THE COUNTRY

Although since 1951 the per capita consumption and resources of the Mezzogiorno have increased at a rate faster than that in the central and northern regions, its level of development is still far behind that of the country as a whole. A few figures will serve to indicate these imbalances.²

The territory of the Mezzogiorno, which represents 40.8 % of the entire area of the country, is inhabited by 35.2 % of the population of Italy, but in terms of employment this proportion accounts for only 30 % of the nation's employed labour force; also, these employed persons make up 54.4 % of the country's agricultural labour force.³ As at 1977 (the latest figures available are for the month of April) the activity rate is 34.8 % and the unemployment rate is 9.2 %, i.e. the number of persons seeking work amounts to 625 000, and of these 402 000 are young people of 15-29 years of age.

¹ This principle has in fact been enshrined since 1965 in legislation on special assistance to the South, which establishes a "reservation" for the Mezzogiorno to be complied with in the investment plans of all central Government departments, semi- or partly autonomous public agencies and undertakings in which the Government holds an interest.

² The figures given refer only to southern Italy and the islands, i.e. to the group of eight regions which belong in their entirety to the Mezzogiorno as defined above.

³ It is also notable that because of its geographic extent and the size of its population the Mezzogiorno is of considerable importance within the European Economic Community: its population of some 20 million represents 7.8 % of the population of the EEC and its area accounts for 8 % of the total area.

(cont'd on page 17)

The GDP of the Mezzogiorno represents 24% of the national GDP, and consumption is some 27% of the national figure; consequently, both GDP and consumption per inhabitant are appreciably lower than the national average.

Although the standard of living of the population has improved since the 1950s, there has been a failure to establish an independent production structure capable of generating a self-sustaining process of development, and this has created additional and different socio-economic imbalances.

For although the GDP per inhabitant is appreciably lower than the average for Italy as a whole, certain forms of consumption are reaching levels appropriate to a developed country: motor vehicles, of which there were only 300 000 in 1958, had increased in number to 3.5 million by 1975, and the number of telephones installed rose from 140 000 in 1951 to 3.2 million in 1975; dwellings lacking drinking-water and flush toilets, which at the 1951 census numbered 1.2 million, have been reduced to a few thousand.

During the period 1951-76 there was an outflow of productive capacity from the region and an inflow of resources from outside: a large proportion of the population (amounting to 4 046 000 persons), mostly young people, moved out of the Mezzogiorno, while by contrast the percentage of the South's resources supplied from outside increased in relative terms from 10% in 1951 to 20% towards the end of the period. Thus, whereas the GDP of the Mezzogiorno rose by a factor of about three, net imports rose by a factor of eight.

These figures highlight the failure to strengthen the production apparatus in proportion to the rise in consumption. The migration away from agriculture has not been offset by a sufficiently strong development of the industrial and tertiary sectors.

This gap between productive capacity and level of consumption is the result of a distorted development, in the sense that resources have been allocated wrongly in relation to the relative availability of the factors of production.

The resources channelled into the South during the period 1951-75, besides being inadequate to attain the objective of reducing disparity with central and northern Italy, were not always allocated consistently with the needs dictated by the socio-economic imbalances which exist.

When related to GDP, the investment outlay has actually been not lower, but higher, than that recorded for the North: during the period 1951-63 it amounted to 25% of GDP, as against 22% in central and northern Italy, and during 1964-

(cont'd of note 3)

The population of the Mezzogiorno is therefore actually larger than that of five Member States, viz. the Netherlands, Belgium, Ireland, Denmark and Luxembourg. This means that the economic imbalances, social tensions and problems in general besetting this region have a marked influence on the development and the problems of the Community as a whole. The following figures illustrate some of the imbalances existing between the Mezzogiorno and the Community: with a resident population representing 7.8% of that of the Community as a whole, the Mezzogiorno has an active population amounting to some 5.9% of the total for the EEC, while its numbers of unemployed make up some 18% of the unemployed in the EEC as a whole.

1974 it increased until it eventually reached 28.6% (as against 20.8%). Hence, the poor growth of GDP has been caused not so much by insufficient investment as by the relatively low return on the capital invested, resulting firstly from the type of investments made (basic infrastructures with deferred productivity, social infrastructures, etc.) and secondly from the more limited multiplying effects introduced by backward production structures, worsening economic conditions elsewhere, etc.

The above figures show that there has been a failure to establish a self-sustaining capacity for development in the Mezzogiorno and that the economic imbalances and social tensions are still sharply in evidence.

In planning incentives and assistance, it is also necessary to bear in mind that in the course of the next three-year period (1978-80) the imbalance between the demand for and the supply of labour, will be accentuated still further, to the extent that the present unemployed (numbering 625 000 persons) will be joined by a further 293 000 (172 000 men and 121 000 women).

These figures demonstrate clearly that the most urgent and important problem for the Mezzogiorno is that of employment. By 1980 there could be an imbalance between the supply of and the demand for labour amounting to 918 000 persons (454 000 men and 464 000 women). All assistance must therefore be directed towards creating new jobs, in order to correct this imbalance and relieve the social tensions generated by it.

The failure to set a self-sustaining process in motion has greatly restricted the spread of development through the South, particularly industrial development, while the weakness of manufacturing industry and inadequate renovation of agrarian structures have produced a heavy preponderance of tertiary activities.

It is this last factor which accounts for the lack of proportion between the quantitative strength and qualitative role of the commercial and service activities which exist in the cities of the Mezzogiorno.

Thus, the process of urbanization in the South in the last few years has been shaped by the tempo and form of public funding, rather than by any impetus provided by new productive activities.

This explains its distortions: areas where there are no towns at all (such as the stretch of the Ionian coast between Crotona and Taranto, northern Sicily between Palermo and Messina, central Sardinia, etc.), contrast with the sprawling conurbation of Naples (in which some 15% of the population of the Mezzogiorno is concentrated) and the haphazard growth of such cities as Palermo, Catania, Taranto and many others.

3. IMBALANCES WITHIN THE MEZZOGIORNO

Even within the limits described above, the changes which have taken place in the production structure of the Mezzogiorno in recent years (and especially since the 1960s) have benefited only certain areas (flat and generally coastal regions), while most of the South has not benefited at all.

Both the routing of the infrastructure of national importance (which in the Mezzogiorno follow the line of the Tyrrhenian and Adriatic coasts in almost all cases) and the tendency for industrial undertakings to be concentrated in industrial zones in flat and coastal areas have given rise to further imbalances both in the degree of access to the principal centres where urban services are available and in the geographic distribution of the demand for labour in industry.

Also, the forms of assistance given since the Second World War, both in the production sectors and in the provision of infrastructures, have aggravated the already significant imbalances in the distribution of the South's population which had been created by the historical trend in urbanization and by differences in the pattern of migration away from individual regions.

In 1975, 46.1% of the entire population of the Mezzogiorno was concentrated in Campania and Apulia, which are the regions in which urbanization is the most dense but which represent only 26.7% of the total area, whereas Basilicata and Molise, the regions in which there are virtually no towns at all outside the provincial capitals but which together represent 11.7% of the total area of the Mezzogiorno, were inhabited by a mere 4.8% of the population.

This distribution has been strongly influenced by the nature of the terrain in the various regions, which is such that only flat areas of land offer location advantages.¹

In these areas, as a natural consequence of their rarity in the geographic context of the South, it has been difficult to avoid situations where theoretically alternative and often conflicting forms of land use are superimposed.

Location advantages have therefore produced overcrowding in some regions and migration away from others.

If we take the geographic distribution of employment in manufacturing industry as a parameter, it becomes clear that, in addition to the overall imbalance as compared with the rest of the country, there are also considerable imbalances between the individual regions of the Mezzogiorno: as against a figure of 97.7 employed persons per 1 000 inhabitants for the country as a whole, in 1975 the figures for the Mezzogiorno ranged from a minimum of 20.1 for Calabria to a maximum of 52.2 for the Abruzzi.

4. DEVELOPMENT POSSIBILITIES

In our description of the imbalances which exist both between the Mezzogiorno and the rest of the country and between its individual regions it was evident that its geographic extent and the size of its population make the problem of the Mezzogiorno a serious one at both national and Community level.

¹ Such areas, which are non-existent in Molise, constitute 8% of the entire territory in Basilicata, 15% in Campania and 53% in Apulia.

On the other hand, in contrast to the formidable problems posed by the elimination of these imbalances, it must not be forgotten that these selfsame factors of geographic extent and population size give the Mezzogiorno an enormous potential for development.

A salient aspect of its land resources is the vast agricultural potential both of the areas already included (or on the point of being included) in irrigation programmes (such as the Marchesato di Crotone in Calabria, the medium-altitude valleys of the Bradano and the Basentello in Basilicata, etc.) and of those hilly and mountainous areas where the re-launching of occupations related to animal husbandry and forestry with the incorporation of modern methods can be based on the surviving (even if declining) structure of activities of a craft-industry type. In addition to this, the South has a considerable tourism potential which has yet to be tapped and could be developed mainly by replacing the present methods of organization with others allied to social tourism, i.e. tourism for educational and welfare purposes.

If properly utilized through an appropriate regional development policy, the population factor also could well be an advantage for the purposes of the development of the Mezzogiorno.

This is because large sections of its labour force possess valuable skills (acquired in the course of past attempts at basic industrialization that proved to be abortive in other respects) which will be a great help in ensuring a favourable outcome for future processes of industrial reconversion in the South and also because the large population represents a large internal market which has not yet been fully exploited.¹

Moreover, the South is well equipped with infrastructures in certain sectors: chiefly motorways but also, to a lesser extent, harbours and airports.

This wealth of fixed capital is at present under-utilized in relation to its potential capacity and could therefore cope with a much higher volume of use than at present (without any real additional investment).

Lastly, compared with the rest of the EEC in its present geopolitical configuration the Mezzogiorno occupies a potential 'rent' position as regards relations with the countries of the Mediterranean Basin. The future strengthening of these relations will provide an opportunity to exploit both the infrastructures and the production structure of the Mezzogiorno to the full and hence stimulate specialization in sophisticated agricultural and industrial products with a high added-value and appropriate technological content.

However, it is obvious that before such a development of trade with the countries of the Mediterranean Basin can bring about a real improvement in the standard of living in the South and correct the imbalances which exist there, its present social, infrastructural and production conditions will have to change.

For the opportunity offered to the Mezzogiorno by the establishment on the European economic scene of the other Mediterranean countries could be lost

¹ Or at all events, the expanded demand for consumer goods in the Mezzogiorno has been satisfied mainly by undertakings from outside the region.

(or, worse still, turn out to its disadvantage) unless it manages to shake off its identity as the weak link in the European Economic Community.

This opportunity can be turned to advantage only if the Mezzogiorno becomes a region which is fully integrated into the European Economic Community, endowed with a solid and widespread industrial structure and an agriculture which is technologically in tune with the times. If these conditions are fulfilled, and the established infrastructures are used to full capacity and modernized this could open up wide possibilities for trade, with beneficial effects on the export of goods to the developing countries in the Mediterranean area.

5. EFFECTS OF PAST MEASURES

Specific regional policy measures implemented in the past for the Mezzogiorno have taken the following forms: at national level, special assistance (through the Cassa per il Mezzogiorno) and (more recently) at supranational level, assistance as part of EEC policy, particularly through the European Regional Development Fund.¹

As regards special assistance, it is evident that, of the investments in production provided directly or generated by special assistance, industry has received the overwhelmingly larger share (over 70%, as against less than 20% in the case of agriculture).² This marked disparity between the two levels of expenditure is mainly attributable to a 'philosophy' (dominant in the 1960s) of total commitment to the industrialization of the South, even to the detriment of the primary sector, which many considered to be of minor importance compared with the superior capacities of industry. This philosophy sought its justification in the conviction that the primary sector was not capable of supporting the expansion of the South's economy which was though necessary in order to eliminate the disparity with the other regions of Italy.

In recent years there has in fact been some modification of this 'philosophy', at least as regards its more extremist aspects.

Yet the importance of the agricultural sector in the Mezzogiorno is undeniable: over 40% of the country's gross marketable production is concentrated in the South. This fact, combined with the substantial deficit of foodstuffs which places a heavy burden on Italy's balance of payments and the evergrowing im-

¹ As regards general (i.e. not specifically 'regional') policies, these have generally had a neutral impact on the imbalance between North and South (i.e. they have maintained it), when they have not positively aggravated it. The provisions (already in force or pending) of the coordinated National Plans (for agriculture, industry, etc.) suggest that in future normal public expenditure (or capital grants at least) should be in the nature of a correction of imbalance as far as the problem of the South is concerned.

² These assessments are at current prices: in view of the steady deterioration in relative prices (to the detriment of agriculture), the share apportioned to the agriculture sector is in fact overvalued, even at this figure.

portance attached to environmental protection and the quality of life (on which wholesale migration away from agricultural areas has inflicted serious damage), urges fresh thinking on the provision of assistance to agriculture, in both quantitative and qualitative terms.

As regards assistance to industry, the criticisms now being voiced are focused not so much on the absolute level of expenditure as on the way in which this expenditure has been distributed between the different sectors of industry: the bulk of it has clearly been absorbed by two sectors, viz. the metallurgical and chemical industries.

This sectoral policy has been the object of growing criticism chiefly concerned with the fact that these are capital-intensive sectors; in other words, what has become blatantly obvious is the illogicality of financing labour-saving undertakings in a region like the Mezzogiorno, where it is precisely labour which is the overwhelmingly abundant factor of production.

What has come about, in effect, is a form of division of labour between the Mezzogiorno and the rest of the country, in that production in the South is based on labour-saving technology, while in central and northern Italy, especially in relation to the intensely 'capitalist' nature of the South, a production structure has grown up which is more evenly balanced and tends to be labour-intensive; and this just when the trend in the availability of the factors of production appears to be the complete reverse of this situation, with a shortage of labour in the North, and abundant (and under-utilized) labour in the South. It is this strong paradox which evidences most clearly the need for a change in regional policy towards the Mezzogiorno.

As regards the impact of EEC assistance on the regional equilibrium of Italy, it can fairly be said from a critical examination of the lesson of past experience of Community policy that the 'regionalist' doctrine has so far been more a purely formal affirmation of principle than a concrete approach carried through in measures and policies.

A few examples will serve not only to support this thesis (which in any case nobody now disputes) but also to indicate the principal spheres of assistance to be catered for in the change that is hoped for in the lines followed by Community action. The prime example is the agricultural sector. An analysis of the history of the EEC now makes it quite clear that, at a time when the Community had a common agricultural policy which gave preferential treatment to the surplus production of Central Europe, the Mezzogiorno was still at the stage of basic agricultural reform, i.e. at the stage of transition from latifundia to individual ownership, the mechanization of production, and irrigation programmes to support the transition from cereal crops to market gardening and fruit-growing: in other words, at the stage where the investment needed is at its greatest and the time taken to achieve any economically significant results is at its longest.

The Guidance Section of the EAGGF, which is specifically intended for these purposes, should obviously have provided a back-up to this national effort, but the complete lack of any regionalization of assistance (besides the negative effects of an almost non-selective prices policy) meant that between 1964 and 1974 the commitment for EEC assistance to projects in the Mezzogiorno amounted to only 32% of the total allocated to Italy, a share quite out of proportion to the importance which the restructuring of agriculture in the Mezzogiorno holds both for Italy itself and, in our opinion, for the Community

as a whole. The situation is even more serious when we turn our attention from commitments (i.e. theoretical effects) to actual expenditure (i.e. real and concrete effects on regional structures). Taking the 1964-74 period once again, actual expenditure in the Mezzogiorno (as indeed in Italy as a whole) amounted to only 15.4% of commitments. Even if this is partly attributable to some domestic inefficiency and to the Community's cumbersome administrative machinery, it still means that, of the total of 403 million u.a. allocated to Italy (approximately LIT 254 000 million), the Mezzogiorno has actually received, in the course of 11 years, only 19 million u.a. (i.e. 4.7%, or approximately LIT 13000 million).

In more immediate terms, it could be said that for all these years the farmer in the Mezzogiorno, who, like everyone else, pays his contribution to the Community budget and the EAGGF, has been handing over a part of his income to assist his more prosperous fellows in the North and in the other regions of the EEC.

Still in the sphere of agriculture, if we transfer our attention from the EAGGF Guidance Section to the Guarantee Section we find that, over a 10-year period (1962-72) the Guarantee Section allocated only 2.2% of its contributions to market gardening and fruit-growing, which constitute an essential part of the Mezzogiorno production and barely 0.7% to wine; this illustrates clearly not only the very modest support that has been given to a sector which is one of the mainstays of this region's economy, but also what has been the transfer of wealth from a regional point of view (and not only from this point of view, given the national participation in the overall expenditure devoted to the common agricultural policy).

A second example is that of the European Social Fund: in the absence of any national and regional distribution of its resources, the Italian quota was, until 1973, incredibly low (equal, for example, to that of the Federal Republic of Germany) and only after that date reached some 28%, a share still quite insufficient to cover the substantial vocational training requirements of a region with problems as complex as those of the Mezzogiorno.

Another significant example is undoubtedly that of the Community's stance on sectoral problems and trade, even though provisions that can be assessed from the regional point of view are not easy to quantify. Nevertheless, the very fact of the Commission's decision to establish not only an inter-services group of officials responsible for coordinating the Community's funding instruments but also coordinating study-groups to examine the various Community activities connected with foreign trade in relation to certain sectors, including those connected with the Community's Mediterranean policy, can be regarded as a recognition of the 'regional' importance of the problem, and hence of the need to modify the existing Community instruments to enable them to have a regional impact that is really diversified and selective.

Above and beyond the examples quoted above (although they are significant), the solution to the problem lies primarily in the actual restructuring of the Community budget, which must be redesigned to function, as was the original intention, as an instrument for restoring the balance of the economies of its Member States, and not merely as a means of furthering the development of those which are already the most developed. The present official distribution of EEC expenditure is relevant here: 72.5% for agricultural policy, 3.9% for regional policy, 6.0% for social policy, 3.1% for development aid and 2.3% for research, energy, industry and transport. Thus the budget structure contains

an independent variable, viz. expenditure on agriculture, in relation to which Community assistance to the other sectors, particularly those of a structural nature, is subject to the amount of residual funding left available (with further restrictions imposed by the current economic situation) and does not possess any real functional autonomy of its own.

This is particularly true of the Regional Development Fund, which in the present situation could be made an instrument capable of helping, in time, to restore to the Mezzogiorno (and other depressed areas also), just as much as it has given up till now, in economic and social terms, to the rest of Italy and to Europe, giving special priority to the implementation of a programme of development and investment which the Italian economy seems unable to support.¹

However, the ERDF is important not only from the strictly financial point of view, i.e. as a subsidy applied to levels of public expenditure which are insufficient to implement the programme, but also from a more substantial point of view, as a means of stimulating and strengthening the will to implement a programme. This is particularly important at the level of the individual regions, which could find in the presence of the ERDF (and all the more so, the more their resources are increased) an element of support and of encouragement for measures of assistance which are organic, coordinated and integrated into a planned programme of expenditure which is in its turn consistent with the essential options operated at national level.

However, the only judgement that can be delivered on the Fund's activities to date is that they have been grossly inadequate.

The triennial appropriation of the First Fund was fixed at 1 300 million u.a., distributed as follows: 300 million in 1975, 500 million in 1976 and 500 million in 1977. The Council Decision establishing the Fund stipulated that the largest beneficiaries (in proportion, of course, to their participation in the EEC budget) were to be Italy, which was to receive 40% of the assistance granted by the Fund, the United Kingdom (28%) and Ireland (6%).

Italy received 102% of its aggregate quota during 1975 and 1976; for 1977, the commitments for Italy are expected to be slightly less than 100%. Thus, in the course of the first three years of the Fund's operation the whole of the sum earmarked for Italy will have been allocated.

Despite this, as the third year of the Regional Development Fund's operation comes to an end, the following critical observations can be made on the results achieved at European level in reducing the disparity in economic development between the various regions of the Community and on the situation of the less-favoured regions.

Italy, the United Kingdom and Ireland, which have to cope with serious problems of a structural nature, have experienced rates of inflation much higher than those of the other Member States, enormous deficits in their balance of payments, a steep depreciation of their currencies on the foreign exchange market, low rates of investment, and considerable difficulties in reducing their budget deficits.

¹ Cf. Section 1.3 of Chapter IV.

If the differing trends in exchange rates are taken into account as well, the inequalities of income between Member States are found to have increased; they are now more marked than in 1960 and 1970. At present, the per capita GDP in Italy is 56% of the average for the Community (as compared with 60% in 1960, and 70% in 1970), that of the United Kingdom is 72% (118% in 1960 and 89% in 1970) and that of Ireland is 47% (55% in 1960 and 54% in 1970). In the other Member States the figure is between 120% and 145% of the Community average. There is no need to emphasize the difficulties involved in reducing these disparities at a time when the economies of the Member States in question have to contend with the problems presented by the need to reduce inflation and budget and external account deficits, while at the same time having to deal with the fall in external demand and increased competition both within and outside the EEC.

These problems will be aggravated in the future by the enlargement of the EEC.¹

Given these circumstances, it is essential that the transfer of resources to the less-favoured regions through the funding instruments of the EEC, and primarily through the European Regional Development Fund, should reach proportions which are large enough to make a significant contribution to the introduction of the structural changes needed to reduce the regional disparities within the EEC to levels which are compatible, in economic terms, with the achievement of a European union.

¹ See Section 1.3 of Chapter IV.

II. DEVELOPMENT OBJECTIVES

1. INTRODUCTORY NOTE

Before any development objectives for the Mezzogiorno can be defined and the funded operations and measures which need to be promoted can be specified accordingly, we first need to consider both Italy's present economic situation, with the constraints which this imposes on a rapid resumption of the process of expansion, and the national policies which it is intended to implement in order to improve matters.

This review of the situation is necessary because the scale of the financial resources which should be allocated to assistance in the Mezzogiorno obviously depends on the national system's capacity for the accumulation of capital and so, ultimately, on the growth of the national economy. The re-launching of the policy of assistance to the South therefore needs to be examined in relation to the prospects for a recovery in the national economy, which in the present circumstances are not very reassuring. As indicated in the Five-Year Programme for the Mezzogiorno, inflation (aggravated by external factors such as the rising cost of imports for which there is inelastic demand and internal factors such as the Treasury deficit and the indexation mechanisms which are in being) has still not been fully overcome and, although the results for the first half of 1977 are encouraging, forms an obstacle to the adoption of policies designed to encourage the resumption of the accumulation process and the absorption into the production circuit both of the present unemployed and of the incoming members of the labour force.

The balance of payments continues to act as a major constraint on Italy's economic policy: the rate of growth compatible with equilibrium or with a tolerable imbalance in the nation's external accounts has now fallen.

External equilibrium is being maintained through restrictive monetary and credit policies which involve sizeable reductions in the rates of investment and employment, cause difficulties in industrial relations and threaten to damage the structure of the production apparatus.

These phenomena are also particularly serious in the face of the process of radical change taking place on the international economic scene, which threatens to exclude Italy from the group of more highly industrialized European economies. Uncertainty regarding the medium- and long-term prospects and the general awareness that the Italian crisis is a structural one are causing not merely a disruption in the flow of investment, as would happen in the case of short-term economic difficulties, but a virtual suspension of all investment until such time as the prospects for the future emerge more clearly and the new international role of the Italian economy can be defined.

This situation makes it particularly difficult to reconcile short-term economic policy, dictated by inflation and the balance of payments situation, with the pursuance of the medium- and long-term objectives on which there is now substantially broad agreement, although as yet no systematic national planning. Pursuing these objectives entails a change in the qualitative composition and geographic distribution of the national products aimed at:

- (a) enlarging the share represented by those services and forms of consumption which, in addition to having a relatively small import content, represent goods-earnings of primary importance;
- (b) increasing the production of goods which are more capital-intensive (in terms of both material and human capital), without neglecting the scope offered by a policy of import substitution, especially in the spheres of energy and agri-foodstuffs;
- (c) eliminating the geographic imbalances which still exist, to achieve the effective economic and social unification of Italy.

However, implementation of this strategy (which may be summed up as correcting the disparity between North and South, carrying out essential reforms, restoring the production apparatus to a sound basis and reducing dependence on external sources of supply) depends on the fulfilment of one condition which is vital though not in itself sufficient: a vigorous revival of the process of capital accumulation.

Given the constraints of the struggle against inflation and the maintenance of equilibrium in the balance of payments, this makes it even more necessary to apply some degree of selectivity in public expenditure in order to encourage the expansion of production.

2. THE MEDIUM-TERM CONTEXT

2.1. Objectives of economic policy at national level

Despite the progress made during 1977 in controlling inflation, controlling the deficit in the public sector and relaxing the constraint of the balance of payments to some extent, the other side of the picture shows a break in the rhythm of productive activity and a certain uneasiness regarding a downward trend in the present levels of employment. In point of fact, these phenomena are merely a sign that stabilization has set in.¹ The greatest risk that the Italian economy could run is that of continuing along the path of stagnation and inflation, for a decline in productive activity is rapidly reflected in a fall in productivity, the loss of the economy's competitive position, a rise in costs and a repetition of the problems faced in 1975.

¹ The information given here on the situation in 1977 and the prospects for 1978 is based on the analyses contained in the Budget and Planning Statement for 1978.

This is a hazard which must on no account become a reality: the agreement on joint planning between the different parties in the constitutional spectrum will provide backing for the government's strategy for instituting a controlled process of recovery which would have as its central objectives a reduction of the rate of inflation to within international levels, the safeguarding of employment (particularly that of young people) and the reversal of the regressive pressures in the Mezzogiorno.

The progress made in many areas during 1977 could prove to be illusory unless it is utilized and exploited to proper advantage. However, although the constraints are stringent they do still leave real scope for recovery. Added to this, the increased measure of national support for the action taken by the Government and the more widespread awareness among the working population that the serious problems besetting the economy are of a structural nature have made Italy more governable.

The sense of responsibility shown by the trade unions, the recognition of the role of private enterprise in an economic system which rejects autarchy, the wastage and the growth of the area receiving assistance all provide the foundations for a broadly based programme of action which extends beyond the short-term economic outlook.

Thus, the time is ripe for consolidating the tentative direction being followed in economic policy and for entering into a definite commitment which will bring the Italian economy back towards more stable growth.

Within the guidelines adopted on the basis of the national Budget and Planning Statement, this growth is now 'a fundamental need for the Italian economy, not only as a means of ensuring an adequate supply of capital and an improved standard of living (...), but also because only through development is it possible to consolidate and raise levels of employment'.

Growth is not only necessary but possible, because despite the imbalances besetting it and the difficulties which it faces the Italian economy has within itself the capacity to regain a sound basis and to recover.

Although in the short-term development will have to be concentrated on improving the economy's competitive position, in the medium-term it can and must be pursued through a far-reaching restructuring of internal demand and of the production apparatus which will reduce dependence on external factors. Anti-inflationary measures must therefore form just one aspect of a coordinated planning policy whose other objectives include achieving high levels of employment and improving the standard of living, always subject of course to the constraints which are a natural consequence of the fact that it is a free market economy.

What is needed is a controlled recovery which will, above all else, inject increased vigour into the mechanics of capital accumulation, the factor which has hitherto been inadequate to solve the problem of employment, especially that of young people, and which has now been made still more difficult by the slackening of demand and the resultant decline in the already low degree of utilization of productive capacity.

High priority must be given to industrial investment, because of the need to improve the competitive position of Italy's economic system in the international context and so allow healthy and balanced expansion in all sectors. The recovery of industrial efficiency is an essential condition for the re-estab-

lishment of a more stable trend in employment levels which will be independent of all assistance and therefore free of the temptations towards autarchy which would cause the economy to fall back into the process of underdevelopment.

A strategy combining short-term economic solutions and basic structural renovation will require a controlled application of selective public investment. In accordance with the priorities indicated by the joint planning agreements, the Government has drawn up (or is in the process of preparing) sectoral assistance plans aimed at regaining the ground lost in recent years in relation to the more advanced nations, eliminating the shortage of capital afflicting the Italian economy and keeping abreast of the existing large-scale projects in the energy, transport, construction and agricultural sectors.

The process of recovery is already being given a start with large-scale public investment implementing the programmes for the railways and the telephone system which were initiated in 1976. Now the nuclear power station programme needs to be launched, the programme for revitalizing the construction sector as laid down in the ten-year plan is ready for action, and a number of large-scale public works projects and projects funded by the Cassa per il Mezzogiorno can and must be put into operation. These are measures which will guarantee a widespread multiplier effect on the rest of the economy and carry with them forms of capital endowment which are sound in the long-term prospect. There is still time for some of these decisions to be translated into reality even during what remains of 1977, but since technical time schedules cannot be shortened most would reach fruition in 1978 and the following few years.

However, achieving the objectives which are most favourable in terms of the development of GDP and employment (and which are closely related to the objectives of 'cutting back' to average European levels as regards the balance of payments, inflation and the public budget deficit) will be possible only if the overall influencing factors combine consistently to satisfy certain basic conditions. The indications contained in the Budget and Planning Statement show, in particular, that:

- (a) prompt decisions must be taken on the measures envisaged in the Statement and they must be made operative with the shortest possible delay allowed by technical time schedules;
- (b) strict control must be maintained over non-specific public expenditure, with the possibility of restricting the 'natural' evolution of certain of its components which make it difficult to contain the enlarged public sector deficit;¹

¹ In particular, the series of measures designed to establish unified control that will allow judicious and rigorous selections of priorities in the allocation of resources must be directed towards achieving:

1. the containment of certain categories of expenditure which have a natural tendency to rise excessively (pensions, health and interest on the national debt);
 2. a programme of reclassification of expenditure designed to increase efficiency and effectiveness. The restriction of the 'natural' trend in expenditure which is necessary to the success of the stabilization programme for 1978 will be accompanied by pressure to create scope for the 'new' forms of expenditure essential to the redevelopment of the Italian economy;
- (cont'd on page 31)

- (c) the responsible behaviour of the trade unions must continue, but they must realize more clearly that the economy can recover only if Italian products are competitive, which means that if employment is to be increased there will have to be a firm commitment to a policy of freezing real wages at their present level;
- (d) an effective export policy must be put into operation in accordance with the directives laid down in Law 227; but above all there are two factors which must both be translated into reality: OECD short-term economic support to promote the development of backward economies, and an adjustment of OPEC's external economic and financial strategy which will reduce the blockage of surpluses;
- (e) immediate improvements must be made both to the financial institutions which canalize capital demand and supply and to the functioning of the capital market which will alleviate the heaviest financial constraints imposed on undertakings and evoke a positive response in the formation and mobilization of personal savings.

Failure of fulfil this series of conditions will make it more difficult to attain more ambitious objectives. It therefore represents a set of coordinated criteria which must always be borne in mind when assessing the medium-term prospects of Italy's economy.

However, even assuming that these influencing factors follow a course favourable to the objectives of reducing rates of inflation, eliminating the foreign trade deficit and reducing the public deficit, the rate of economic growth achieved will not be particularly high. This means that the level of employment will not be high enough to absorb the additional supply of labour which will be generated during the next few years both by geographic changes and by changes in participation rates.

For if economic development over the next few years had to be confined within the limits indicated for it by the external constraints of compatibility, with almost all of this expansion having to be reserved for increasing the productivity of the existing apparatus, the possibilities of any growth in employment would be virtually nil.

2.2. Development of the Mezzogiorno in the national context

Set in this context, the difficulties blocking any growth and expansion of employment in the Mezzogiorno become even greater, for it is clear that, in a situation where there is to be a modest broadening of the national productive

(cont'd of note 1)

3. an increase in public investment, particularly in the sectors of public works and construction, energy, and assistance to the Mezzogiorno;
4. wages policies in the public sector aimed at achieving equalization and incentives for vocational work;
5. effective, rather than purely formal, overall control of the total internal credit available to the public sector, which will be possible only under unified administration of public finance, including the finances of local public bodies.

base and substantial assistance will be needed in renovating and redeveloping the existing apparatus, the spontaneous mechanisms of market interests would tend to favour in North.

This must therefore be offset by deliberate planning at national level which will consider the special needs of the Mezzogiorno and ensure a more appropriate distribution of investment.¹

Consequently, accepting that the problem of the South occupies a central position among all the problems posed by Italy's development, and given national policies aimed at reducing the public sector deficits and containing the deficit in the balance of payments, the first major objective to be applied to the programme for the Mezzogiorno is that of making the general set of measures demanded by the present situation compatible with the need to expand the demand for labour in the Mezzogiorno. This compatibility must dictate not only the formulation of assistance operations in the South itself but also the formulation of national policy. In particular, three principal courses must be followed:

- (a) slowing down the exodus from agricultural areas by means of new programmes for the development of agriculture in the South which will ensure (through expansion of the area of land under cultivation and reclamation of 'hinterland areas') that levels of employment are consolidated and, in certain areas, raised;
- (b) giving consideration to the prior claims of the South in the shaping of policy for restoring the industrial apparatus to a sound basis;
- (c) regaining as quickly as possible the levels of employment reached in the construction industry in the past and, in view of the Mezzogiorno's special needs, subsequently raising them in the light of the need for expansion as dictated by social needs.

In short, normal assistance and special assistance must be combined in a unified context of national economic policy in which the development of the Mezzogiorno constitutes the nucleus of the strategy for development and the revitalization of production in the country as a whole.

However, giving priority to the problem of employment certainly does not mean accepting solutions which are technically and economically inefficient, resorting to policies based on assistance, or failing to view the problem of the South's economic growth in terms of its being an integral part of the national economy and of the economy of Europe as a whole. This is why the target of increasing employment is not incompatible with that of restoring equilibrium in the balance of trade; in other words, assistance operations in the South should form a coordinated element of the programme of action aimed at restoring equilibrium in the external accounts; they must also be designed to overcome (as a

¹ The Parliamentary Committee for the Mezzogiorno stated that public expenditure must be organized 'with a view to restoring geographic and sectoral equilibrium, which will be achieved by ceasing to direct investment towards areas where industry, infrastructures or services are already well established and channelling it instead into areas where the excess supply of labour exacerbates the effect of every other obstacle to the development of society'.

third objective) the 'internal rivalry' of the South in promoting the measures needed for the full recovery of the less-favoured areas. Special assistance should be directed towards restoring a geographic balance between the various regions, with the allocation for resources and overall management of assistance operations also based as far as possible on a criterion consistent with this objective.

Consequently, although no really clearly defined national plans yet exist, an attempt has been made in this development programme to formulate specific objectives and to direct measures and assistance operations (normal and special, and national and regional) towards attaining the major objectives set for the Mezzogiorno (see the synoptic table of objectives and operations at the end of Part one).

These specific objectives have been formulated separately for the production sectors and for economic and social infrastructures.¹

Breaking down the development targets set for the Mezzogiorno into specific assistance objectives presupposes the definition, even if only in broad outline, of geographic options which make it possible to specify methods of achieving these objectives in detail.

In the future, given the institutional relations between the State and the regions which is embodied in the legislation now in force, options of this kind are bound to emerge from coordination between the guidelines supplied by central government and the priorities fixed by the regional development programmes.² The best form of coordination between regional action and normal and special assistance from central government is that found in the 'regional development projects' provided for by Law 183. These projects are intended to cover the implementation of 'systematically organized and intersectoral' operations aimed at the development of economic activities in specific geographic areas and sectors of production.

At present, however, since regional planning is still in its early stages, it is necessary (although only as a temporary measure) to define a number of guidelines for choosing geographic priorities for assistance in the Mezzogiorno.

In line with the objectives set for national economic policy, the first fundamental guideline for geographic priorities must be that of favouring those areas of the South for which the medium-term prospects regarding the relation between the supply of and demand for labour are the worst.

¹ Actually, this classification is difficult to apply in many cases, both in defining the objectives themselves and (even more so) in specifying the measures and operations designed to attain these objectives, owing to the close interrelation which exists between the sectors (production and infrastructures), between the targets set and, to an even greater extent, between the objectives and the courses of action to be followed.

² Under the provisions of Law 183, in the formulation of the Five-Year Programme for the Mezzogiorno the regional public bodies submit, through the Committee of Representatives of the Southern Regions, 'indications' and 'proposals' on aspects including sectoral and geographic priorities for normal and special assistance and their coordination with regional assistance operations.

Within the context of this approach it will be necessary to judge, in each individual case, what are the geographic options which will allow maximum utilization of internal resources (land, existing installations and infrastructures, etc.) and the most sparing use of external resources (especially as regards the foodstuffs and energy balance).

It is an essential corollary of such an approach (in the light of the changes that have taken place in the South since the Second World War) that the policies, measures and operations involved should not produce rising costs of urbanization in concentrated areas and irreversible obsolescence of the structure of land use over the remainder of the region.

In other words, policies on the physical placement of both investment in production and social investment must aim in general at ensuring that the distribution of assistance is as widespread as possible in relation to the present areas of concentration of population and fixed capital.

Where necessary, these policies must be based on the assumption of a deferred return on the investment in question, possibly because they are located in areas far removed from the centres where external economic activities are most highly concentrated in the Mezzogiorno; in the long-term, however, this will be offset by the absence of additional costs to be borne by the Community.¹

It is also clear that the problem of planning the physical location of investment in the South, as opposed to its location in the areas of preferred metropolitan development in the North, will have to be solved not so much through straightforward policies offering sectoral incentive packages as through unified policies combining all types of assistance in the various sectors.

As regards agriculture at regional level, measures coordinating special assistance operations will need to be directed preferentially towards the hinterland and hilly areas, so as to rescue the least-favoured areas through the combined effect of operations generated by special projects and by regional development projects.

The fundamental variables in attaining this objective of restoring equilibrium will include the policies pursued on urban renewal and transport: in the long-term the growing improvement in the degree of interregional accessibility will change the geography of travel between home and work considerably and also, as a result, the criteria of convenience associated with the choice of a place of residence on the part of the population.

In the areas which are deemed to have priority for the purposes of the location of productive activities, it will be necessary to promote measures aimed not so much at expanding as at rationalizing all the systems of supply of community services which meet the essential needs of the population.

The benefits of this rationalization can be manifold: in addition to generating a demand for skilled and semi-skilled labour (technicians for medical and paramedical disciplines, pure and applied research, vocational training, etc.), assistance in such sectors of employment generally involves a comparatively

¹ As, for example, in the case of slum clearance or relocation on high-cost urban land.

small import content and at the same time is actually reflected (through the supply of improved services by public institutions) in an increase in real wages.

The basic guidelines to be followed (in the medium-term) in the physical planning of the South can therefore be summarized as follows:

1. for the Mezzogiorno as a whole:

- (a) strengthening and expanding trade and integration with the countries of the Mediterranean Basin in particular, by concentrating assistance on a limited number of key harbours and airports which are already fairly competitive in the international stakes;
- (b) developing the integration of production both between the Mezzogiorno and the rest of the country and between its various regional areas, with the aim of exploiting the complementary nature of potential regional resources to the full in order to prevent the perpetuation of its supposed 'vocation' for agriculture and tourism;

2. for the individual regions of the Mezzogiorno:

- (a) giving priority to the location of new productive undertakings (both agricultural and industrial) in hinterland areas, preferably where they can take advantage of the external economic activities already in existence along the coast; it must also be recognized that in particular regional situations the industrial zones sited within the environs of metropolitan areas have a strategic role to play in relation to the objective of trying to achieve equilibrium between urban and administrative functions and centres of productive activity;
- (b) creating disincentives against internal shifts of population towards the large urban areas by stimulating (in addition to the 'hinterland' location of new productive undertakings mentioned above) the expansion of transport facilities through the installation or redevelopment of lines of communication (mainly railway routes) running into the densely urbanized areas;
- (c) improving the efficiency of infrastructures in hinterland areas to reduce the disparity in the level of supply of essential services compared with the major urban areas.

2.2.1. Objectives for the development of production

As regards the objectives assigned to agricultural policies, in addition to an increase in productive efficiency the first target is the rapid introduction of 'verticalization' in the sense of an integration of strictly productive activity with the processing and marketing of products, both to prevent too high a quota of value added from being appropriated by other areas (with the result that expansion of the product is frequently held back by its low profitability for the producer, who does not benefit from increases in market prices) and also to provide the essential conditions to ensure that agricultural development carries with it a high enough degree of competitiveness to face the increasingly aggressive competition from the Mediterranean areas, which are now attempting to penetrate the European markets.

Secondly, greater emphasis on import substitution must be encouraged: this is an objective of primary importance, because Italy's foodstuffs deficit affects the degree to which a policy for restructuring industry and reshaping internal demand can be made compatible with the constraint of the balance of payments, and it is in any case perfectly consistent with the modern character that agricultural development must have.

Concerns and fears regarding the possibility of increased agricultural unemployment as a result of higher personal productivity can be allayed if it is remembered firstly that introduction of the process of verticalization and improvements in the marketing of products will create new jobs, and secondly that extension of the areas under cultivation and reclamation of abandoned areas will provide additional capacity for production and employment.

Agriculture must therefore be regarded as a fundamental sector for the purposes of assistance, because by manipulating its structures, methods of cultivation and product marketing systems it can be made to exert beneficial effects on levels of employment, the balance of trade and the 'hinterland areas'.

As regards the industrial sector, given that the changed pattern of trade and Italy's position in terms of relative costs make it necessary to entrust industrial development to activities whose full operation requires conditions such as exist only in areas of advanced industrialization, the promotional action of the policy for the development of the Mezzogiorno will have to be directed towards those activities for which the disparity between ambient conditions in the Mezzogiorno and those in the industrialized regions of Europe is most pronounced.

At the same time, this action must be aimed at strengthening the existing fabric of production, with a view to bringing undertakings in the South more into line with corresponding production units in Europe as a whole in terms of size and organization. And in this sense action by the public authorities to encourage development must be made more appropriate and more alive to the complexity of the mechanisms and the administrative motivations which are characteristic of the more vigorously successful undertakings. Lastly, it is worth pointing out that this strengthening of the fabric of local production is perfectly consistent with the target of increasing permanent employment in the Mezzogiorno and preventing the destruction of the surrounding economic fabric which has frequently accompanied the selective siting (and operation) of isolated large-scale industrial installations in the Mezzogiorno.

The economic take-off of the South will depend crucially on the possibility of ensuring rapid industrial development.

In the present circumstances, the emphasis placed on the process of industrialization is subject to certain qualifications. The traditional products are vulnerable to competition from countries which have an abundant supply of cheap labour, and will become increasingly so in the future. This makes the industrial development of the Mezzogiorno subject to the possibility of creating 'new' activities there. Consequently, a significant resumption of the process of industrialization depends in the first instance on the possibility of assistance operations in the Mezzogiorno being channelled into new developments of activities which are at present not included at all, or included only on a very minor basis, in Italy's production apparatus. That is to say, it is within the context of the process of conversion of the national economy as a whole that the strongest possibilities for the development of industry in the

South have to be identified.¹ The general criterion underlying the programme for the establishment of industrial policy is on the one hand the restructuring of the production apparatus in the North, accompanied by expansion of the tertiary sector, and on the other hand an expansion of the national production apparatus, in the most up-to-date forms, to be concentrated almost entirely in the South.

The establishment of such a policy is regarded as compatible with the safeguarding of overall levels of employment in the North and consistent with the rejection of development based, as in the past, on substantial internal migration.²

¹ In particular, the following criteria and basic principles must be adopted as guidelines for industrial policy in the Mezzogiorno:

- the 'mature' industries must be thoroughly restructured, not so much and not only as regards plant and equipment but chiefly as regards administration (their criteria and methods of organization, management, finance, trade, etc.);
- greater integration between agriculture and industry is necessary, supported by appropriate marketing policies;
- the spearheads of action must be: the development of forms of processing downstream of basic activities (secondary processing in the metallurgical and iron and steel sectors, etc.); the development of forms of basic processing not yet represented in the South (e.g. special steels); emphasis on producing rather than 'assembly'; and the formation of new undertakings rather than relocation.

² Recent estimates of population and employment trends in central and northern Italy lead to the conclusion that in the medium-term there will be a structural excess of demand for labour there in relation to the local supply, mainly due to a surplus demand in the North-West. This forecast confirmed the present process of expansion of employment in the tertiary sector towards levels close to those in the most advanced parts of Europe, whereas the local reserve of labour in the agricultural sector has fallen considerably and employment in the construction sector is still at extremely low levels incompatible with a balanced development of this sector in the medium-term. The estimates combine to show that the maintenance of industrial employment in central and northern Italy at present levels implies an excess of demand for labour over the local supply which can be put at some 150 000 to 200 000 persons for the three-year period 1978-80. This surplus demand could be somewhat reduced, though not eliminated (especially in the case of the North-West), only on the simultaneous assumption of very high estimates of the future trend in the local supply of labour and very conservative estimates of the foreseeable trend in demand in the tertiary and construction sectors. In accordance with the indications already given in the Five-Year Plan for the Mezzogiorno, three main conclusions can be drawn from this:

- the maintenance of present levels of industrial employment in the North imply a steady migration from the South, which can be held within natural and therefore acceptable limits only if there is a well-defined policy on restoring the geographic balance of industrial growth;
- the problem of safeguarding levels of employment in central and northern Italy (especially the North) is one of safeguarding overall levels, by encouraging the required processes of mobility;
- even at a time when the need to increase the efficiency and productivity of the existing apparatus makes it difficult to achieve increases in in-

(cont'd on page 38)

2.2.2. Objectives for the organization of economic and social infrastructures

The general objectives towards which economic and land-use policies for the Mezzogiorno must be directed in the medium-term in relation to economic and social infrastructures can be formulated as follows:

- (a) protection of the environment against both natural agents and pollution, and restoration of balanced urbanization;
- (b) greater integration between the various regional areas and strengthening of trade with the rest of the country.

A - Protection of the environment against both natural agents and pollution and restoration of balanced urbanization

The protection of the environment in the Mezzogiorno must be interpreted not as a simple matter of defence and restoration but as an active policy aimed at the overall development of its land area. The definition of the geographic options adopted for the medium-term context showed clearly that neither the renovation of overpopulated areas nor the redevelopment of underutilized structures can be pursued independently of the expansion of the productive base and the absorption of unemployment.

Consequently, in this case more than any other it is important to have effective coordination between assistance from central government (particularly special assistance) and regional assistance operations.

In specifying appropriate measures for attaining a given objective, particular emphasis must be placed on equalizing or improving the efficiency of existing infrastructures (housing and public amenities in general).

Although in the case of housing assistance priorities by geographic location and type (building from scratch or renovation) will need to be assessed in each individual case on the basis of the planning guidelines for the different regions, the improvement of the quality of the health and educational services will essentially depend on their functional and geographic reorganization within the framework of the new administrative bodies (district and provincial councils, local centres for social and health services).

In general, policy aimed at revitalizing the construction industry is of particular importance for the Mezzogiorno, both because this can be expected to have immediate effects on employment levels and because of the significance of this industry and of the industries which supply it in the structure of the economy and the labour force in the South.

Assistance in the government housing sector aimed at stimulating the renewal of building activities must be geared to the dual need to accelerate the construction of new dwellings and to improve the condition and use of the existing

(cont'd of note 2 on page 37)

dustrial employment, the objective of a growth in the installed productive capacity of the Mezzogiorno does not conflict with the objective of stability of employment in central and northern Italy.

housing stock. Action taken to enlarge and improve the housing stock must also follow clear priorities of geographic location and timing, in the sense that the shortages existing at present must be eliminated and, at the same time, the additional requirements which will be generated in the areas predominantly involved in the new developments of production (especially industrial production) will have to be satisfied.

B - Greater integration between the various regional areas and strengthening of trade with the rest of the country

The general inadequacy of the system of transport and communications infrastructures is one of the deficiencies primarily responsible for the backwardness of the Mezzogiorno. This deficiency has negative repercussions on the standard of living of the population, impedes the consolidation and wider distribution of economic activities, reduces the competitiveness of existing undertakings and makes it difficult to plan the location of new undertakings.

In achieving the objectives assigned to the development of the Mezzogiorno, it is of fundamental importance that there should be coordination between measures for the development of production which are implemented in the context of special assistance and sectoral measures which are backed (under the National Transport Plan) by normal assistance from the State.

Particular importance must be attached to the creation in the Mezzogiorno of an integrated system of freight transport, which will reduce to a minimum the costs of transferring freight from one mode of transport to another and thus increase the competitiveness of agricultural and industrial products on the international markets.

- Railways

In attaining the twofold objective of integrating the Mezzogiorno more fully into the Italian economy and the economy of Europe as a whole and also of increasing the interconnections between the individual regional economies, a decisive role will have to be played by the railway system.

In this context it will be particularly important to improve east-west rail links between the two main lines at present in existence (the Tyrrhenian and the Adriatic), which have been developed in a north-south direction.

To improve the functional efficiency of the existing network, it will also be necessary to:

- (a) reinforce and extend the branch lines which will serve the areas where new productive undertakings are to be located;
- (b) improve facilities for loading and unloading goods at transit points and provide closer and more functional links between the railway network and the harbour system.

At regional level (especially in the most urbanized regions) the railway system, in coordination with road transport, must ensure fast access into the major urban areas from their respective hinterlands, through the creation of combined systems of public transport.

- Roads

As regards the road system, since the motorway network is very well developed in the Mezzogiorno, the top-priority objective in this sector is to improve the functional characteristics of the ordinary roads.

The measures to be initiated here, backed by normal assistance from the State, must be based on the location and timing of the development of new productive activities and must help to restore the geographic balance in favour of the hinterland areas, by providing the road links necessary to the efficient functioning of the undertakings backed by special assistance in these areas.

- Harbours

In the light of the general development objectives for the Mezzogiorno and the state of the existing infrastructures, the main objective for policy on harbours must be to concentrate assistance in a small number of selected harbour areas, with a view to developing their connections with the hinterland and improving the competitiveness of the services offered.

As a secondary objective, it will be possible to use such resources as are available in ports which are of regional interest, provided that these operations form part of production programmes of a size commensurate with the financial commitment required.

In more general terms, particular importance must be attached to assistance operations needed to reduce the time taken to load and unload goods, and for the storage of products, so as to reduce the overall operating cost per unit.

- Airports

Policy on airports in the Mezzogiorno, as also in the country as a whole, must be directed towards concentrating available resources on certain critical points in the network.

In the medium-term at least, the expansion and improvement of the service must be aimed for not through the linear extension of the internal air network but by the creation of efficient combined air and ground services.

III. GENERAL POLICY AND PRIORITY OPERATIONS FOR THE MEZZOGIORNO

1. GENERAL ECONOMIC POLICY MEASURES

The general measures of medium-term economic policy approved by Parliament and the Government and in the course of implementation can be summarized under the following three headings: horizontal policies designed to deal with the basic structural imbalances of Italy's economic system by aiming to achieve the development of the Mezzogiorno and maximum employment; policies for restructuring the production system; social policy and physical planning.

1.1. Horizontal policies: the Mezzogiorno and employment

Over the last few years, the structural features of Italy's economic system and the altered international situation brought about by the change in the pattern of trade following the oil crisis have accentuated the 'dualism' of the Italian economy, the most serious manifestations of which are to be seen in the disparity between the Mezzogiorno and the rest of the country and in the insufficient growth of employment which is accompanied by imbalances and rigidity in the structure of the labour market.

1.1.1. Policy for the Mezzogiorno

Policy for the Mezzogiorno has been defined systematically by Law 183 of 2 May 1976, which covers special assistance in the Mezzogiorno for the five-year period 1976-80. This new law, which is an extension of the earlier legislation governing assistance in the Mezzogiorno since 1950, amplifies and classifies the instruments of special assistance and also ensures coordination between assistance in the South and general economic policy measures.

The main instrument of special assistance is still the Cassa per il Mezzogiorno, which has increasingly come to be regarded as a modern 'agency' for major assistance operations in the South. However, an important new feature of the law is the increased scope it gives in both institutional and financial terms to the southern regions themselves, which assume direct responsibility for a broader sphere of action.

The forms of assistance provided for by Law 183 can be grouped into the following categories: special projects; financial incentives; direct incentives and promotional activities; infrastructures to encourage industrialization; regional programmes.

Special projects, which had already been provided for by Law 853 of 1971, are defined more precisely in the new legislative context. They are projects of an interregional nature or of major national interest which envisage the implementation of coordinated intersectoral operations for the development of economic and social activities in specific geographic areas and sectors of production. As stated in the abovementioned law, special projects can comprise the following: the creation of infrastructures, for purposes including the planned location of new industries; operations for the utilization and conservation of natural resources and the environment, including new programmes of scientific and technological interest; the implementation of coordinated schemes of works and services connected with the provision of amenities in metropolitan areas and new development areas; the creation and strengthening of trade structures to obtain the best return for goods produced in the South, especially agricultural and food products; activities for the promotion and technical and financial support of forms of association between small producers. It can be seen from this that "special projects" are conceived as priority planning measures aimed at specific objectives for economic and social development combining infrastructure operations, measures to promote production, and social policy operations.

As regards financial incentives, the new law lays down new regulations on capital grants (Articles 10-13) and standardizes and reorganizes the rules governing soft loan schemes on a delegation basis (Article 15).

Capital grants to projects covering the construction, re-opening and expansion of industrial installations are calculated on the basis of a standard scale proportional to the cost of fixed investments (ranging from a maximum grant of 40% for an investment quota of from LIT 200 million to LIT 2 000 million, to a minimum grant of 15% for an investment quota in excess of LIT 15 000 million).

These capital grants can be supplemented by one-fifth if the project is in one of the specific priority sectors designated by the CIPE and by a further fifth if it is located in one of the particularly depressed areas (designated by the CIPE in agreement with the region concerned). The investigative procedure to establish eligibility for the grant differs according to the size of the investment (up to LIT 2 000 million; from LIT 2 000 million to LIT 15 000 million; over LIT 15 000 million). For major projects (with fixed investments of over LIT 15 000 million), eligibility for the grant is decided not by the Minister for Southern Development, as in the usual case, but by the CIPE, which is also responsible for defining the phasing and amounts of the infrastructure investments which are associated with these new industrial installations and which the Cassa per il Mezzogiorno has to implement.

In the case of soft loan schemes, the ruling on delegation and the subsequent decree of delegation (Decree No 902 (9 November 1976) of the President of the Republic) provided for the establishment of a National Fund for Concessionary Credit to the Industrial Sector; 65% of the resources of this Fund are earmarked for the Mezzogiorno and it also administers (in addition to the financing provided for under Law 183) the resources allocated to small and medium-sized industries by the special legislation previously in force (Law 623 of 30 July 1959 and its subsequent amendments).

Taken as a whole, the new regulations make for greater clarity and unambiguity within the industrial incentive package and ensure a higher degree of priority

(compared with previous regulations) for industrial projects located in the Mezzogiorno.

Direct incentives and instruments for the promotion of industry are given considerably greater importance under the new law than in the past. The industrial policy discussions within the Government and in Parliament which have accompanied the new legislation on the South appear to attribute growing importance to the creation of a system of promotion and direct assistance for industrialization, encouraging the establishment of new undertakings and development and expansion of existing ones.

The promotional system comprises: traditional services, such as technical and managerial assistance to undertakings, vocational training and assistance to undertakings in their relations with government bodies; new services, such as technological assistance, planning services, and the creation of information systems; and, lastly, specific instruments of entrepreneurial promotion such as provision of risk capital (handled by specialized financial institutions affiliated to the Cassa), concessionary leasing rates, and marketing and commercial organization.

Responsibility for the provision of infrastructures for industrialization is entrusted to the Cassa per il Mezzogiorno and to consortia formed from the local bodies in the area concerned (communes, provinces and Chambers of Commerce).

The southern regions are, of course, involved in the general process of reform of the administrative apparatus which is taking place in Italy, providing for the transfer of further functions from the State to the regions in the spheres stipulated by the Constitution, which mainly involve agriculture, the crafts industry, physical planning, education and social policy. This broadening of regional responsibilities was approved by a law of delegation in 1977 (Decrees Nos 616-617 (24 July 1977) of the President of the Republic), and will come into force at the beginning of 1978.

The new rules for the transfer of administrative functions to the regions (in the spheres of primary regional competence enumerated in Article 117 of the Constitution or in those delegated by virtue of the second paragraph of Article 118 of the Constitution) complete the regulations laid down by the decrees of delegation issued in 1972 (Decrees Nos 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 (14 January 1972) of the President of the Republic) which authorized the regions to begin their new functions under ordinary statute.

One innovation (born of an exhaustive cultural debate which was summarized and propounded in its essentials in the reports of a government review committee under the chairmanship of Professor Massimo Severo Giannini) lies in the criterion used to identify spheres of competence, which are no longer enumerated by following the wording of Article 117 of the Constitution literally, but grouped in 'structured sectors'.

Instead of a rigid division by sphere of competence there is now a functional criterion, by which groups of spheres of competence which involve the exercise of similar functions and the pursuit of common planning objectives are treated as a uniform whole.

Another important procedural innovation concerns the demarcation of the boundaries and relationships (in the spheres of competence transferred) between the State and the regions. The 1972 decrees (following a practice already tried in

the rules of constitutional enactment relating to the regions under special statute) applied a series of distinctions among the spheres of competence to be transferred, specifying 'sub-spheres' still reserved for State administration and 'sub-spheres' entrusted to regional administration. The new regulations, on the contrary, stipulate as a general principle that in the spheres of competence transferred the State should normally perform only a 'function of guidance and coordination', save in matters touching on international relations and relations with the EEC, national defence and public safety. Even though the specific rules for individual spheres may contain some exceptions to this principle, taken as a whole the system of competence as defined is clearer than that previously in force and establishes a more definite and more effective boundary between the sphere of competence of central government departments and that of the regions.

The 'structured sectors' taken as a basis for the transfer of functions to the regions are as follows: administrative systems and organization; social services; economic development; physical planning and land use.

Those functions transferred to the regions which have the most significant and direct impact on economic and social development are reviewed in outline below.

In the social services 'structured sector' the region: assumes overall responsibility for health and hospital services, in the fields of both prevention and treatment and with particular regard to health protection in living and working environments, hygiene in urban installations, hygienic and sanitary protection, and the vocational training of health service workers (excluding the universities); administers the services and activities associated with training for specialization, retraining and career guidance, particularly in relation to the activities of vocational teaching institutions; and administers all the services concerning museums and libraries belonging to local bodies.

In the economic development 'structured sector' the region: performs the administrative functions connected with tourism and the hotel industry, taking over the management of 'all public and private services, structures and activities associated with the organization and development of regional tourism and the hotel industry'; performs the administrative functions relating to the crafts industry; and assumes overall responsibility for agriculture, with particular regard to: crop cultivation and animal-husbandry and stock-breeding activities, woodland, forests, and activities connected with timber production and the utilization of rural resources; the processing, preservation and marketing of agricultural, rural and animal-husbandry products; assistance to agricultural undertakings and cooperatives; general reclamation of land, including mountainous areas; operations for nature conservation, etc. (The State retains as the nucleus of its residual competence in the sphere of agriculture, responsibility for: operations of national interest for regulating the agricultural market; ensuring security of supplies; the organization of external trade; and scientific research and experimentation of national interest.)

In the physical planning and land use 'structured sector', the region: performs the functions associated with town planning, subject only to any limitations imposed by basic national legislation in force, particularly as regards the authorization of new industrial installations and as regards electricity and nuclear power stations and public works of national interest; performs the administrative functions associated with nature conservation (State regulations on national parks and nature reserves remain in force, however, until 31 Decem-

ber 1979); assumes broader responsibilities than under previous regulations with regard to public works, transport and conservation of water resources (for which the residual competence of the State has been further reduced) with explicit enumeration of those works which remain the concern of central government; takes over by virtue of a specific statutory delegation of powers, the administrative functions concerned with the siting, construction and management of public housing, both covenanted and assisted (and including responsibility for the supervision of private agencies for low-cost housing); and administers a wide range of operations for the control of environmental pollution.

In addition, the regions of the Mezzogiorno receive special financial assistance which is used mainly for implementing regional development programmes of coordinated intersectoral projects to develop economic activities in specific geographic areas and sectors of production, closely linked to the Special Projects.

1.1.2. Labour policy

To relieve the tensions building up in the labour market and combat unemployment (leaving aside matters connected with the more general management of economic policy), a number of active labour policy operations have been planned and some of them implemented. A law containing provisions for the employment of young people (Law 285 of 1977) initiated a series of measures designed to encourage the special use of young people in productive and service activities, viz: regional programmes of vocational training, organized according to sectors of production and levels of skill; surveys of employment prospects and training requirements in individual regions, provinces and school districts, carried out by special committees representing trade unions and employers in collaboration with the regional authorities; the institution, notwithstanding the normal provisions of the labour laws, of a special 'training contract' which allows schooling and contracted employment to be combined for a specified period; concessions for cooperatives made up of young workers for certain agricultural projects, (uncultivated land, public land, processing of agricultural products, etc.); projects for social services administered by the regions and central government bodies (cultural and environmental benefits, forestry resources, soil protection, etc.).

The main objective of a positive labour policy is to re-establish greater flexibility and mobility in the utilization of manpower. A number of specific regulations contained in the new law for the restructuring and conversion of industry (Law 675 of 12 August 1977) are already aimed at this objective, setting up a Committee on Manpower Mobility in each region to deal with the problem of the transfer of workers caused by the processes of restructuring and conversion. The problem of the mobility of labour is dealt with in a more systematic fashion in a Government Bill now being discussed in Parliament on the organization of the deployment of manpower. However, the serious nature of the problems connected with the structure and effective functioning of the labour market seems to demand, as more general consideration of the Government's programme suggests, a really broad and binding agreement between the Government, the trade unions and the employers' organizations. And the public authorities could operate here within the framework of legislation supporting independent collective bargaining between the parties concerned, aimed at guiding it in the direction desired.

1.2. Policies for restructuring the production apparatus

It has already been observed that the new international division of labour brought about by the oil crisis and the present conditions of the process of European integration have narrowed the margins of development for the Italian economy. No traditional manipulation of demand policy can succeed in breaking the vicious circle which ties any resumption of expansion in the economic cycle to an unacceptable increase in external debits. What is needed is a fundamental restructuring of the Italian system of production, firstly through the diversification and extension of the range of industrial products and, at the same time, through a strengthening of the structure of production in those areas where at present it is weakest and most prone to generating serious imbalances in Italy's external accounts (viz. energy and the agri-foodstuffs sector). This has been the overall objective of the general policy measures implemented in the last few years. These planning measures, although subject to the responsibility and guidance of the public authorities, form the nucleus of an approach designed to safeguard and reconstruct (in areas where inefficiency and inadequate income are aggravated and amplified by the inadequate growth of Italy's economy) a functional and open market mechanism. Hence, the necessary impetus from official guidance and planning is constantly qualified by this careful safeguarding of the mechanism of competition. This approach has, however, now been imposed by the general state of public finances, where the size and qualitative composition of the deficit have come to constitute a negative influence in contributing to inflation and helping to aggravate the situation as regards Italy's external accounts.

The Italian Government has recognized the financial equilibrium of undertakings and the efficient working of the capital market as essential conditions fundamental to industrial policy options and operations. It is soon to propose a bill (as announced in the Budget and Planning Statement for 1978 submitted to Parliament by the Ministers for the Budget and the Treasury) with the main objective of increasing the risk capital of productive undertakings. With this end in view, it is proposed to institute new specialized financial intermediaries (fiduciary administrative functions entrusted to special credit institutes and financial consortia or companies formed appropriately from Institutes and Banks), with the target of rationalizing the working of the stock market and arranging immediate and temporary assistance to undertakings or groups of undertakings which, although offering good economic prospects, face serious problems in re-establishing their financial equilibrium.

The system of industrial policy has been organized in a unified manner through the law on the 'coordination of industrial policy and restructuring, conversion and development of the industrial sector' (Law 675 of 12 August 1977).

The new Law is intended to establish a solid and clearly defined framework of industrial policy and to bring together into a unified system all industrial incentives (completing and integrating the system of assistance for the Mezzogiorno described in the preceding section). Law 675 sets up a 'Fund for Industrial Restructuring and Conversion' (under the auspices of the Ministry of Industry), for financing restructuring projects, aimed at reorganizing undertakings through rationalization, renovation, and the technological updating of plant and equipment (without reducing total employment and, if necessary, even including relocation), and conversion projects, aimed either at introducing different product ranges by modifying the production cycles of existing plant or at replacing existing plant in the developed areas of central and northern

Italy by establishing new plant in equivalent undertakings located in the Mezzogiorno. Operations which form part of restructuring or conversion projects located in the Mezzogiorno are eligible for cumulative assistance combining both that provided for by the new Law and that provided for in the legislation on the Mezzogiorno, but solely in respect of the cash grants mentioned in Article 10 of Law 183 of 1976 and on condition that the total amount of financial assistance does not exceed 70% of the overall estimated cost of the project. The Law also reserves for the Mezzogiorno a quota of 40% of the aggregate amount of the Fund and, more specifically, a quota of at least 65% of the assistance allocated to conversion projects.

These forms of aid for restructuring projects and conversion projects are linked to precise planning conditions which are designed to keep the assistance granted consistent with an overall framework of industrial policy and to ensure clear definition of the geographic and sectoral application of the system of aid. The system of sectoral planning of industrial policy established on this basis is described more fully below in Section 4.2.

Three major measures for planning industrial policy and, more generally, for the production sectors have been put into operation by the Government and have a bearing both on the production structure as a whole and on the balance between Italy's economic system and the rest of the world: reclassification and reinforcement of the instruments of credit insurance for the export of goods and services and for carrying out work abroad (Law 227 of 24 May 1977); a national energy programme, based on four sectors of action (containment of consumption; reorganization and development of hydrocarbons; development of nuclear energy; and development of self-sufficient and renewable energy sources); and a plan for agriculture and foodstuffs, based on the coordination of priority operations by public bodies in the sectors of animal husbandry, vegetable and fruit production, reafforestation and irrigation. Brief, but complete information on the content of these general measures is given in the Budget and Planning Statement for 1978 submitted to Parliament by the Ministers for the Budget and the Treasury on 30 September 1977.

1.3. Social policy and physical planning

Among the general economic policy measures in the field of social policy and physical planning, high priority has been given to programmes for revitalizing the building industry. The crisis in the housing construction sector has worsened in recent years, and this has not only provoked grave consequences for social conditions and town planning but also created an additional serious handicap for the trend in employment. The action imposed by the Government, although also providing for measures to solve the immediate economic difficulties, is chiefly aimed at coping with the structural problems at the root of the building crisis, which are born of the need to adjust the market mechanism to the new and more rational system of land legislation adopted with Law 10 of 28 January 1977 and to the new regulations, at present being debated by Parliament, for a system of tenancy based on a 'fair rent' scheme. Accordingly, the operations announced by the Government are not only directed towards a multi-annual programme of subsidized building but also provide for measures supporting personal savings for building purposes (by introducing forms of index-linked saving for house purchase) and a reorganization of the system of property taxation to guarantee local financing and to devise ways of encouraging more widespread home ownership.

Another major infrastructure programme at national level is the National Transport Plan, which was outlined by the Government during 1976. Starting from the general context of physical planning, this plan defines sub-sectoral programmes for rail, road, sea, air and waterways transport.

The two priority measures mentioned above (for building and transport) obviously do not constitute the whole of social policy. The objectives and general terms of reference of a 'policy on social consumption' are defined in the Budget and Planning Statement for 1978. As regards the institutional instruments involved, social policy measures are being increasingly entrusted to the regions, whose primary spheres of competence have been broadened (decrees of delegation arising from Law 382 of 1976: Decrees Nos 616-617 (1977) of the President of the Republic).

2. SPECIFIC MEASURES AND PRIORITY OPERATIONS

The funded operations which will be referred to below involve both central government assistance (normal and special) and regional assistance.

First, however, certain qualifications need to be made clear:

- firstly, as already recorded in the Five-Year Programme for the Mezzogiorno, in the absence of a well-defined national planning framework and with precise operational guidelines in a number of essential sectors of assistance (agriculture, low-cost popular housing, transport policy, etc.) still pending, the projected programme for the development of the Mezzogiorno still mainly concerns special assistance. This is, of course, reflected in the specification of measures and operations, which at present are easier to define in the field of special assistance than in that of normal activities (whether central government or regional);
- secondly, no regional measures and operations in the strict sense of the term (i.e. measures and operations prepared by the individual administrative regions of the Mezzogiorno) have yet been defined in precise detail; this is because the regional planning documents have not reached the actual stage of detailed drafting (and for some regions have not been updated), and also because the recent legislative provisions on the transfer of further spheres of competence and fields of investment from the State to the regions have not yet been incorporated in them.

2.1. Production sectors

2.1.1. Agriculture

The measures which it seems necessary to implement in order to attain the objectives indicated for the agricultural sector are as follows:

- ensuring the best return for agricultural products through processes of 'verticalization' and incentives for the development of associations and co-operatives;

- rational utilization of water resources and increased use of irrigation, especially in the hinterland and hilly areas;
- promotion of quantitative and qualitative expansion in the agricultural and animal-husbandry sectors.

These measures will be implemented with the aid of operations arranged both by central government bodies and regional bodies.

A - Normal assistance

Normal assistance from central government will be defined systematically in a sectoral programme at present being scrutinized by Parliament which is aimed at coordinating activities in the sectors of animal-husbandry, vegetable and fruit production, reafforestation and irrigation.

Specific measures forming part of the Plan for Agriculture and Foodstuffs, as evidenced in the Budget and Planning Statement for 1978, will aim at increasing production on land at present under cultivation and reclaiming for agricultural purposes land which is at present unused. The target over the next five-year period is to achieve an overall increase at national level of some 300 000 ha in the area of land used (reclamation of 400 000 ha of waste land, less the allocation for non-agricultural uses of areas at present uncultivated), accompanied by an increase of 200 000 ha in the area of irrigated land.¹

These increases must be accompanied by a process of conversion in the use of land as a resource. This conversion will involve, within an almost unchanged area of arable land, an expansion of the cultivation of cereals for fodder and fodder in general and, within an area converted to cereal-growing, a partial shift from wheat to cereals for fodder.

With regard to the basic orientation of production, it is intended to aim at a substantial expansion of the stock-farming sector (which shows a marked deficit), to be achieved almost in its entirety through the utilization of the increased fodder resources generated by agriculture. This expansion will hinge firstly on an increase in cattle production (beef and milk), for which the conditions of spontaneous growth are most critical and the balance of payments deficit is highest, and secondly on adjusting other forms of stock-farming to meet national requirements. Particular emphasis will be placed on expanding the present numbers of beef and dairy cattle. Beef production could increase, as a result, from 7 245 to 9 300 million quintals, milk production (given a parallel improvement in yields and in rates of fodder conversion) will rise by 11 million quintals and pork production by about 3 million quintals, and there will also be considerable increases in the production of other types of meat.²

¹ Measures directed towards these objectives naturally also include special assistance, particularly the special projects of the Cassa per il Mezzogiorno for intersectoral water schemes, the development of irrigation, animal-husbandry, the development of agriculture, and reafforestation.

² These figures refer to the country as a whole. No detailed figures for the Mezzogiorno itself are available on this sector or on the extension of the area of irrigated land, vegetable and fruit production, and sugar.

In the case of vegetable and fruit production, provision has been made for a process of conversion which involves a considerable financial commitment and is essentially centred on the replacement of crop varieties which have now been superseded with varieties offering high quality characteristics, with a simultaneous increase in the proportion of varieties most suitable for industrial processing.

Finally, in the sugar sector it is hoped to increase production to a level approaching self-sufficiency.

The specific investments which will make it possible to bring the above measures to fruition have not yet been defined in operative detail. Generally speaking, they will have to be as follow:

- (a) sectoral operations (animal-husbandry sector, vegetable and fruit sector, etc.), conceived on a vertically integrated basis, and "transverse" operations, aimed at rationalizing and strengthening the production structures;
- (b) expansion of research and experimental centres and changes in technology to encourage the process of qualitative and quantitative improvement of production;
- (c) development of producers' cooperatives and associations, through measures likely to encourage greater mobility of land ownership and through the creation of efficient infrastructures, both at the production level and at a more general level;
- (d) orientation of the activities of undertakings in which the government holds an interest in the sphere of agriculture and foodstuffs, through pilot activities in the sectors of fisheries (tunny fishing, fish-farming and processing and the marketing of bluefish), deep-frozen foods (vegetables, fish and precooked meals), home marketing (prepacked meat, etc.) and overseas marketing (wine, cheese, etc.);
- (e) operations in the field of marketing and distribution, aimed at making distribution networks more rational and efficient and thus reducing the effect of relative costs on prices to the consumer and encouraging the growth of exports;
- (f) provisions to encourage the reorganization of research and experiment and the modernization of the credit appropriation system for agriculture.

B - Special assistance

The important point regarding special assistance is that the lines it follows form an integral part of the Plan for Agriculture and Foodstuffs mentioned earlier. More specifically, this type of assistance will be applied essentially through the Special Projects.¹ The Special Projects concerned with action to be taken in the agricultural and animal-husbandry sector are reviewed below.

¹ For this sector, as for almost all sectors receiving special assistance, operations completing programmes already initiated must also be included; these are covered by a specific appropriation provided for in Law 183 of 1976.

(a) Special projects for intersectoral water schemes

- Intersectoral water schemes for Apulia and Basilicata (Special Project 14);
- Intersectoral water schemes for Sardinia (Special Project 25);
- Intersectoral water schemes for Calabria (Special Project 26);
- Sicilian Water Plan and project for intersectoral water schemes for Sicily (Special Project 30);
- Intersectoral water schemes for Latium, the Abruzzi, the Marches, Campania and Molise (Special Project 29);
- Intersectoral utilization of the waters of the Biferno in the Molise region (Special Project 15);¹
- Research on water problems of common concern to the progress of the special projects for intersectoral water schemes.

These Special Projects, for which urgent provision must be made to standardize operational procedures, are to be conceived as a single special project for the Mezzogiorno as a whole. The measures for gaining additional water resources will concern major works on storage and supply installations (excluding internal distribution networks to dwellings and sewerage networks) and purification plants which will permit the recycling of waste water and control of pollution of water sources.² Consequently, in order to make the various operations complement each other and avoid the danger of the increased availability of water not being matched by a timely modification of the water and sewerage networks (with obvious harmful consequences in the sphere of hygiene and public health), regional projects and normal assistance must together constitute harmonized action in this field, guaranteeing by some means or other the best possible utilization of water resources and of the investments made. These works can be included, where possible, in the completion schemes referred to in Articles 6 and 7 of Law 183.

(b) Special Project for the development of irrigation in the Mezzogiorno (Special Project 23)

The project for the development of irrigation is one which complements the projects for intersectoral water schemes.

This is because the construction of networks to supply and distribute water to areas which lend themselves to improvement by irrigation and the promotion in these areas of more appropriate agricultural activities represent a unified solution to the problem of the rational application of the additional water resources in an important sector of use.

¹ This project is to be incorporated into Special Project 29.

² As the description given here shows, the operations involved in this are integrated operations, in that they affect not only productive activities but also social and infrastructure conditions in the areas concerned.

However, the effectiveness of assistance in the irrigation sector is conditional on a far-reaching transformation of the way in which agriculture is managed, and this must be the objective of the agricultural policy of central government bodies and regional bodies,¹ as evidenced by the provisions now in the course of implementation or being studied. Special operations (whether they form part of the irrigation project or of the special projects for the promotion of agriculture) must be closely coordinated with such a policy, as regards both technical aspects and timing.

The irrigation project must be directed towards obtaining the best possible return on resources and on the irrigation development potential of smaller areas in the hilly and hinterland zones also.

The irrigation project is closely correlated with the regional development projects aimed at the more profitable exploitation both within and between undertakings that is to be promoted under the terms of Article 7 of Law 183, and is therefore tied completely to them. It is only in the actual operations which go to make them up respectively, not in their common objectives, that it is possible to distinguish operations for the distribution of water and the provision of essential infrastructures for the transformation of agriculture (safeguarding water and electricity supplies) from measures for the profitable exploitation of land and conversion of undertakings and for the processing and marketing of new products.

(c) Special Projects on promotion in the agricultural and animal-husbandry sector

- Intensive meat production in the Mezzogiorno (Special Project 4/10);
- Development of citrus growing in Sicily, Calabria and Basilicata (Special Project 11);
- Reafforestation for timber production in the Mezzogiorno (Special Project 24).

These three special projects for the promotion of agriculture, together with that for the development of irrigation, constitute operational instruments for strengthening of the most vulnerable sectors of agriculture in the South, sectors which are at present of very inadequate size (meat production and forestry) or which, even though they have reached a significant size, as in the case of citrus growing, pose problems connected with restructuring and the qualitative improvement of production. Two of these projects (meat production and forestry) are functionally autonomous; the third (citrus growing) will have to be integrated functionally with the activities stipulated in EEC Regulations.

In promoting productive activities which are economically vital, these projects will be able to have quite significant effects on the balance of trade: citrus

¹ At institutional level, Law 183 has made it possible to reconcile central government action originating in special projects with the primary responsibility of the region which is translated into reality (even if in special and additional forms) through regional development projects.

growing supplies one of the largest contributions to Italy's vegetable and fruit exports, while meat and timber for production purposes are particularly serious examples of Italy's dependence on foreign sources of supply.

Also, the projects for animal-husbandry and reforestation can help substantially in restoring a geographic balance, the former in that it could influence the production of livestock kept to the stall in sparsely cultivated mountainous and hilly areas, and the latter in that it will be operative solely in such areas.

Lastly, the reforestation project is likely to have important repercussions on soil-protection programmes.

(d) New special project¹ for the marketing and improvement of products, especially agricultural products

This project is intended to enable producers to regain control of the activities associated with improving and preparing their own production for the market, something which is essential if agricultural income is to be enhanced. To do this, it is vital to establish and promote forms of associations, which presupposes the solution not only of technical and financial problems but also of problems of a legislative nature (reform of the Law on cooperatives, promulgation of a Law on producers' associations, reform of agrarian credit, etc.). As regards the promotional aspect, it will be necessary to integrate this project with regional activity (especially the regional development projects), which in this sphere may prove to be particularly effective.

(e) Special project for hinterland areas

This is a special project which combines into a unified whole (with considerable changes in the original proposals) three Special Projects which were initially formulated in terms of the provision of major road infrastructure.² The new proposal, which is more closely related to the priority targets indicated for the Mezzogiorno, formulates integrated projects for the promotion of development in homogeneous areas, covering: (a) designation and promotion of productive activities and associated provision of the necessary specific infrastructures for communications and transport, with the aim of encouraging the location of industries (including coordination with the additionally supplemented concessions for investments in depressed areas), and (b) the development of tourism, civic services and agriculture. To this end, emphasis will be placed (with a special role assigned to undertakings in which central govern-

¹ This is one of the three new special projects defined by the Five-Year Programme.

² The three original special projects were as follows:

- (a) Construction of the interregional road system for the integration and development of the hinterland of Campania (Special Project 21);
- (b) Construction of the Aprutina medium-grade hill road in the Marches, the Abruzzi and Molise (Special Project 12);
- (c) Construction of the interregional Apennine crest trunk road from Rieti to Benevento (Special Project 28).

ment holds an interest) on operations in the industrial sector, granting the maximum possible assistance; on the most profitable utilization of existing agricultural, environmental and tourism resources; on the close coordination of operations in the animal-husbandry/pastoral and forestry sectors; and on the development of methods of non-irrigated cultivation and of the crafts industry. The ways used to achieve this will mainly consist of the formation of associations, technical assistance, and incentives backed by aid, with the instruments and regulations already in existence, such as development agencies, mountain communities and zonal plans, also being utilized to combat the fragmentation of land holdings and product supplies.

The revision of this group of special projects along these lines supplies what is required for establishing a better geographic balance and restoring marginal resources and activities; besides gaining beneficial effects on employment, this will also help to contain the foodstuffs deficit and protect water and soil resources.

C - Regional assistance

As regards regional assistance, all the regional documents treat the agricultural sector as being of central importance, firstly because agriculture is in any case a sector of primary regional responsibility, and secondly because, more specifically, the regions of the South are still characterized, although to varying degrees, by a predominantly agricultural economy.

The measures and operations actually prepared by the individual regions in the context of regional planning will be described in detail in Part two of this report.

The general point to be made here is that these measures have been carefully designed to be integrated with the action taken by central government, and especially with the special assistance provided through special projects.

Basically, the spheres of assistance in which regional action is most intensively concentrated, frequently organized into 'regional development projects', are as follows:

- quantitative and qualitative improvement and promotion of production in the animal-husbandry and agri-foodstuffs sectors;
- encouragement and development of the processing and marketing of agricultural and agri-foodstuffs products, with special emphasis on the promotion of forms of association and cooperatives.

2.1.2. Industry

To attain the specific objectives defined for the industrial sector in the Mezzogiorno, it is considered necessary to initiate the following measures:

- conversion of the existing production apparatus at national level, giving absolute priority to the establishment of 'new production' in the Mezzogiorno;
- support and promotion of 'new' industrial activities i.e. technologically advanced activities which can also compete on the international market) which

will help to integrate the production structures already in existence in the Mezzogiorno;

- rigorously selective allocation of the investments for industrial infrastructures to the real needs of existing industrial undertakings or of undertakings in the process of being established or certain to be established shortly.

An outline is given below of the principal operations involved in these measures which are to be carried out by central government and by the regional authorities.

A - Normal action by central government will basically be organized through coordinated operations for the restructuring and conversion of industry and for the promotion and assistance of production for export; the action of undertakings in which central government holds an interest must be coordinated with these operations.

- (a) The principal instrument for the implementation of national industrial policy is unquestionably the CIPI (Inter-Ministerial Industrial Planning Committee), set up under the provisions of the Law on the restructuring and conversion of industry recently approved by Parliament. This Committee is to be coordinating centre for industrial policy and will therefore have to integrate its work with the more specific policy for the Mezzogiorno. More precisely, the new course to be followed by industrial production in the Mezzogiorno will have to be consistent with the lines of development adopted for the process of conversion of the industrial structure of the country as a whole. From the point of view of these new lines of development, which mainly concern activities whose expansion involves continuous innovation and flexibility of management, the relative disadvantages of location in the Mezzogiorno, as compared with the areas of preferred metropolitan development in the North, are more serious and less easy to offset with purely financial incentives. In relation to the new framework of industrial policy and provision of incentives outlined by the Law on industrial conversion, the factor of overwhelming importance, even more than formal observance of the constraints and reservations favouring the Mezzogiorno, will be the role assigned to the Mezzogiorno within the context of the actual decisions that will be taken in application of this Law.

Following this, the policy aimed at revitalizing the building industry holds special interest for the Mezzogiorno. As a result of the rise in building costs, certain income groups have been priced off the housing market, and these income groups are particularly large in the Mezzogiorno. Hence, the revitalization of this sector in the South will require conditions different from those in other regions, and above all the role of public assistance seems decisive. Also, given the particular profile of the benefits to be gained from the revitalization of the building industry, it seems essential to guarantee the intensity and continuity of normal action, both central and regional, and of special action, particularly in the sphere of special projects.

- (b) As regards assistance to back the development of exports, and in particular to increase Italy's share of the international market, Law 227 of 24 May 1977 has duly provided for new instruments of assistance to exporters in the form of credit insurance and financing to give incentives for entry into foreign markets, and has ensured that these are coordinated with the other aspects of economic policy by setting up an appropriate inter-ministerial committee (the CIPES) within the sphere of competence of the CIPE.

This action has been completed in the budget for 1978 with the fixing of a high ceiling for credit insurance for exports made on deferred-payment terms and the allocation of funds to the Mediocredito Centrale soft loan scheme for concessionary credit purposes.

However, this action has not yet entered the operational phase, and no details can therefore be given at the moment of the impact it will have on the present and future industrial structure of southern Italy.

- (c) Undertakings with State participation have a particularly important part to play in the context of normal action for the industrial development of the Mezzogiorno. The fact that, even today the productive capacity of these undertakings in which central government holds an interest is still largely concentrated in central and northern Italy means that all possible encouragement needs to be given to the location of such undertakings in the Mezzogiorno, with the object of establishing better geographic balance of the activities concerned, especially in the case of manufacturing industry.

Another aspect, which touches on the question of coordination with special assistance, is that although public action in the industrial sector in the form of 'participation' should not mean the abandonment of criteria of economic effectiveness as the basis of management, its real justification lies in the need to give the undertakings concerned, and through it the whole sector of production, a dynamic impetus which overcomes the spontaneous trends of the market. This means that, although undertakings with State participation should not be saddled with 'inappropriate burdens' which are economically unjustified, the presence of public capital in the undertakings in a particular sector must play a stimulating or corrective role in relation to the private companies in the sector concerned.

Consequently, the general guidelines for coordinating the way in which State participation is allocated to undertakings may be summed up by saying that it must be closely complementary to the principles underlying special assistance, particularly from the point of view of sectoral and geographic priorities. The designation of high-priority sectors in the industrial sphere for the purposes of providing incentives must be a constant point of reference, in the allocation of State participation, since these undertakings need to play a stimulating role in relation to the others.

More specifically, it is necessary for the presence of the undertakings with State participation, above all in the sectors and areas which carry high priority for the purposes of industrialization, and in conjunction with the special projects, to promote the dissemination of rational methods of management, modern technological processes and entrepreneurial drive. Similarly, in the field of applied scientific research, the part played by the allocation of State participation must be a decisive one. Following on from these general observations, the first specific area where assistance in the form of State participation is needed is in the food industry sector, especially in relation to agricultural development.

Secondly, for the mechanical and chemical industries in particular (given that sectoral priorities remain unchanged), the assistance in the form of State participation should be based on the immediate objective of locating in the Mezzogiorno the most up-to-date and vigorous productive activities, especially in those fields which are at present little represented in the national production structure.

Thirdly, State participation must combine with private industry in the implementation of the operations envisaged in the special projects relating

to the hinterland areas and the metropolitan areas. To expedite their implementation, the Minister for Southern Development, the regions and the Cassa - within their respective spheres of competence - will be able to entrust to public and private associations or to consortia of undertakings (subject to strict public control) the promotion of the industrial or agricultural operations connected with the special projects and the regional development projects, in close collaboration with the regions concerned.

B - As regards special assistance, Law 183 of 1976 and the Five-Year Programme for the Mezzogiorno indicate clearly the operations through which concrete implementation is to be given to special action for strengthening and developing industry in the Mezzogiorno.

(a) The first operation is a traditional component of special assistance and consists of grants and soft loan schemes for undertakings which take up location in the South. The Five-Year Programme lays down a number of general criteria for determining the industrial activities eligible for capital grants,¹ which may be summarized as follows:

- encouraging activities capable of maximizing permanent employment and simultaneously improving the productivity and international competitiveness of Italian products, especially from the technological point of view;
- giving priority to forms of production which represent import substitution, although without accepting applications which tend towards autarchy;
- giving priority to activities which, in terms of size and technological content, really contribute to the integration of productive activities in the Mezzogiorno;
- encouraging activities likely to improve the value of local resources, especially (though not exclusively) agricultural resources.

Within this framework, eligibility for capital grants should also take in investment projects relating to mining and manufacturing activities, including those connected with the cultivation, processing and preservation of agricultural products.

Other forms of activity eligible for capital grants are installations which produce electrical energy from the incineration of urban refuse, projects concerned with the processing of data generated by industrial undertakings or consortia of crafts workshops and projects concerned with plant installation and the maintenance and repair of industrial plant.

¹ As regards soft loans, the Five-Year Programme, for a variety of reasons (comparison with the incentives at EEC level for the 'central' areas of Europe for installations costing over LIT 15 000 million, high average size of investments in sectors not linked to local demand, reduction in the net differential for the Mezzogiorno following the Law on the conversion of industry, and high rate of inflation), emphasizes the need for a legislative amendment raising the limit of investment within which concessionary credit may be granted. This amendment should provide for automatic adjustment of the limit to the rate of inflation and for eligibility for soft loans extended to projects costing over LIT 15 000 million, although with concessionary credit available only on the first LIT 15 000 million.

Conversely, the petroleum sector and those parts of the petrochemical sector concerned with the primary production of basic chemicals and with the areas of synthetic fibre production whose capacity seems excessive in relation to the market's capacity for absorption are 'suspended' from eligibility for capital grants as provided for by Law 183 of 1976.

Basic industries which have a high direct requirement for imported goods and a high energy consumption in relation to the value of their production are also ineligible for concessions. The suspension further applies to those activities (and they already figure largely in the production system of the South) which find sufficient support for their development in local factors, such as sand quarrying, stone-crushing plants, production of filler materials, concrete production, cement works, production of bituminous conglomerates, methane gas bottling, paraffin-keg filling, coffee-roasting, mineral-water industry, milling trade, automobile workshops, etc.

However, the whole question of 'suspension' will need to be re-examined and brought into the line with the sectoral plans which will be prepared in implementation of the recent Law on the conversion of industry.

(b) The second type of assistance consists of a coordinated system of promotion intended to encourage the growth of new undertakings and the development of existing ones. This system will be applied through the following instruments:

- incentives for commercial and service activities supportive to industrial undertakings, and for the management, administrative, commercial and technical departments of undertakings with industrial installations operating in the South;
- organization of up-to-date services to support these undertakings in all phases of their operation and to solve any problems they encounter in the course of their growth;
- concessions on social security contributions;
- tax concessions.¹

In organizing an efficient system of direct promotion capable of providing a complete range of sophisticated services to support undertakings, particularly small and medium-sized ones, it will be especially necessary to mobilize the agencies connected with the Cassa (FIME, IASM, FORMEZ, SVIMEZ, INSUD, FINAM) as fully as possible, restructuring their activities through directives issued by the Government. These directives will need to include a clear definition of the essential functions and services which these combined agencies are to provide; they will also need to specify the distribution of these functions between the individual agencies, which must be restructured to make them capable of performing the duties assigned to them with the long-term prospect of gradually achieving the technical autonomy of the Mezzogiorno. The essential functions and services of a highly-developed system of direct promotion must cover:

¹ In addition to these instruments, this type of assistance also includes investment in infrastructure to support industrialization, which because of its importance is considered separately.

- promotion of the Mezzogiorno, in the shape of a systematic publicity campaign, both in Italy and abroad, advertising the investment opportunities which exist in the South and the concessions and services available to companies;
- assistance to companies establishing themselves in the South, in terms of assessment of conditions for the choice of the most suitable location and help in negotiations with the administrative authorities concerned;
- provision of risk capital, as a means of promoting small and medium-sized undertakings (which will be guaranteed a supply of technical and financial assistance to aid their growth) and broadening the range of potential entrepreneurs;
- assistance in the form of the training of the teams of executive and intermediary officials for the various sectors, including that of the local administrative authorities;
- technical and managerial assistance to undertakings in the various aspects of planning the organization of production, industrial strategy, product and process studies, relevant applied research, financial planning, commercial and marketing policy, industrial relations and innovation;
- financial concessions on the leasing of machinery, plant and complete industrial installations, and factoring;
- financial assistance through making financing available, setting up reliable guarantee funds and introducing new forms of financing into the cycle of production;
- large-scale promotion of the South's production capacity through the establishment of a commercialization and marketing system for industry.

Some of these functions are already performed by existing agencies and some have yet to be initiated.

- (c) The third type of assistance is that covered by the policy on industrial infrastructures, which is an essential complement to the policy of incentives for industry.

As regards the infrastructures included in the special projects, priority will have to be given to providing the infrastructures for general use (meaning those classified as such in the redevelopment plans or justified by the necessity and possibility of their being used by a large number of undertakings) which are needed before industrial installations can start to function.

Following this general principle, priority must be given to the infrastructures of industrial estates which are of particular importance from the point of view of establishing a better geographic balance in the sense of encouraging the spread of development into the hinterland areas, where there is a greater availability of manpower and where the surrounding conditions are at present more unfavourable. In addition, (within the context of the redevelopment plans) the provision of infrastructures to support industrialization is to be aimed at encouraging the specialization of individual industrial estates in the activities to which they are best suited.

There are various special projects which fulfil these requirements, and at present they can be listed as follows:

- Implementation of the first operational phase of the Cagliari Canal-Harbour (Special Project 1);
- Provision of infrastructures in south-eastern Sicily (Special Project 2);
- Controlling the pollution of the Bay of Naples (Special Project 3);
- Infrastructure development on the Tyrrhenian coast of the province of Reggio di Calabria (Special Project 22);
- Special Project for hinterland areas;
- New Special Projects for the metropolitan areas of Naples and Palermo.

The two special projects for the physical planning of south-eastern Sicily and the Tyrrhenian coast of the province of Reggio di Calabria cover operations connected respectively with the implementation of industrial projects provided for in the plan for the chemical industry and with the establishment of the Gioia Tauro Iron and Steel Works. Both projects are varied in their content, because they span not only the provision of general and specific infrastructures for the productive installations concerned but also the provision of the economic and social infrastructures needed to encourage civic and social development and diversification of production.

In the case of the Cagliari Canal-Harbour, the objective of industrial development in the area concerned is linked with that of integrating Sardinia's economy more closely with that of Italy as a whole.

Given this target, the project assumes particular importance, and prompt action needs to be taken to create the infrastructure with emphasis at the same time on action encouraging the location of new industrial installations in the area served by the harbour through rational and coordinated utilization of the complex formed by the harbour and the industrial areas. Also, in view of the scheme's importance to the other industrial centres in southern and central Sardinia, appropriate steps should be taken to coordinate all operations for the Sardinian harbour system.

The Special Project for controlling the pollution of the Bay of Naples, which was initially conceived as an environmental protection exercise, has now assumed a broader scope and represents a comprehensive operation taking in the hygienic and sanitary conditions of the conurbation of Naples and the major purification infrastructures which the industries located there will be able to use.

As regards the Special Project for hinterland areas, details have already been given of the amendment of its original content (three different road schemes) to its present formulation as a truly inter-sectoral project for the promotion of productive activities with corresponding implementation of the related infrastructures in the industrial sphere.

The New Special Projects for the metropolitan areas of Naples and Palermo are concerned with improving the serious socio-economic situation prevailing in the two major urban areas of the Mezzogiorno, as a coordinated programme closely integrated with regional action.

Within the context of a systematic plan, as well as the position regarding the 'nodal points' which constitute strategic obstacles to the rational organization and development of the two areas in question, priority is given to the expansion of industrial employment and hence to infrastructure operations, essentially concerned with the modernization of harbour and (in the case of Naples) airport installations.

The case of infrastructures created outside the context of the special projects is covered by Law 183 of 1976, which underlines their importance and makes provision for their construction for all industrial projects with a fixed investment of over LIT 2 000 million.¹

As regards the criteria governing these operations, the Five-Year Programme states that infrastructures are to be created only in so far as they are both necessary and closely linked with industrial installations; moreover, their cost must be proportional to the importance and value (in terms of employment also) of the investments in production which benefit directly from them.

Given these criteria, the creation of infrastructures must be subject to a careful check on the actual execution of the related industrial projects; their authorization as being in conformity may lapse if the project concerned does not reach, within 24 months of the Law's entry into force, at least 50% of the fixed investment planned.

Consequently, infrastructure in industrial estates must be created in cases where they serve to satisfy the known requirements of industrial projects which are already in the course of being established or which are certain to take up location there in the near future.

Within the context of the physical planning of the Mezzogiorno, the strategic function of the industrial estates located within metropolitan areas must also be recognized, with the object of attempting to achieve a balance between urban and administrative functions and production installations.

In addition, the following lines of approach are to be followed:

- creation of those infrastructures which, for the least investment, make the greatest area available for the establishment of industrial undertakings, with special emphasis on those serving undertakings which are already installed;

¹ In particular:

- (a) for projects with a fixed investment of between LIT 2 000 million and LIT 15 000 million, Article 11 of Law No 183 stipulated that the Minister for Southern Development will designate such infrastructures, to ensure the 'conformity of individual projects both with the criteria fixed by the CIPE and with the geographic priorities defined in the town-planning schemes prepared in accordance with current national and regional legislation, including the redevelopment plans';
- (b) for projects with a fixed investment of over LIT 15 000 million, the Law establishes that the CIPE, on its own initiative, will define the necessary infrastructures, the time schedules for their completion, and the financial commitments to be borne by the Cassa per il Mezzogiorno.

Responsibility for creating the infrastructures in category (b) lies with the Cassa, which, as in the case of category (a), must observe the geographic priorities defined in the town-planning schemes and for carrying out works within the areas and 'nuclei' of industrial development, make use of the appropriate consortia in accordance with the regulations in force. The region concerned must also be consulted on these infrastructures.

- recognition of the promotional function of creating industrial estates located at strategic points in the hinterland areas, which are to be designated by the regions on the basis of previous decisions on the subject by the CIPE and of the requirements of industrial development;
- establishment of a selective geographic criterion, for each individual region, which will serve as a reference point and a constraint for decisions on the issue of authorizations for projects deemed to be in conformity, although these decisions must also be strictly commensurate with the financial resources allocated to the sector and with the need to prevent the establishment of undertakings from leading to the deterioration of highly vulnerable productive resources, especially agricultural resources. From this viewpoint the regions may also designate industrial infrastructures to which they assign a strategic role as regards physical planning and the provision of services on a regional scale.

C - As regards regional assistance, the action taken by the regions is as a general rule to be interpreted as completing assistance from central government (both normal and special), but for a number of specific sectors (small-scale industry, craft trades, vocational training, etc.) it wields a more direct influence, with what is now almost exclusive responsibility.

Since the specific measures planned for the industrial sphere by the individual regions are described in detail in Part two of this report, the only comment needed here is that the principal operations featured most frequently in the planning documents can be grouped into the following two categories:

- (a) promotional activities, with particular reference to small and medium-sized industry and craft trades. This category of operations covers: the establishment (either already effected or imminent) of regional financing institutions, with the task of providing technical and financial support for regional productive activities; projects for assistance in the field of vocational training to improve the skills of the regional labour force, with particular emphasis on the rehabilitation of unemployed young people, especially those who have educational qualifications; projects for the development of small and medium-scale industrial and craft activities, implemented by offering direct financial incentives and/or encouraging the formation of producers' associations and granting assistance for the marketing of products;
- (b) operations in the infrastructure sector. These operations generally concern cases which are not covered by special assistance for industrial infrastructures. Regional operations in this sector are essentially directed towards production activities at commune level (as provided for in Law 865 of 1971), and so chiefly concern craft trades and small-scale industry.

2.2. Infrastructure

2.2.1. Environment and the urban balance

Measures initiated with the objective of safeguarding the human environment and establishing a better balance of urbanization can be divided into two categories, viz. conservation and optimum utilization of the natural environment, and improvement of the quality of social infrastructures, in terms of both housing and public amenities.

A - Policies on the conservation and optimum utilization of the natural environment mostly form part of regional action. Soil protection, the creation and management of parks and nature reserves, and the promotion of tourism in rural areas, are covered by development projects in many regions of the Mezzogiorno.

The control of the pollution of the Bay of Naples, on the other hand, lies within the province of special assistance from central government in the shape of Special Project 3; this operation, initially conceived as an environmental protection exercise, has now assumed a broader scope and represents a comprehensive project taking in the hygienic and sanitary conditions of the conurbation of Naples.

In implementing this Special Project - which, in its present form, must of necessity be assessed in relation to the proposals for the reorganization of the area - it will be important to ensure the closest possible coordination both with normal assistance from central government and with the other Special Projects which affect the Naples area (the New Special Projects for metropolitan areas and Special Project 29).

Given the urgency of the problems to be solved, however, these requirements must not be allowed to delay the completion of all the works now under way, whether they form part of Special Project 3 or stem from the application of Law 868 of 1973.

Finally, as regards the type of operations considered here, local operations and completion schemes for water and sewerage networks are still the responsibility of the Cassa per il Mezzogiorno.

B - Measures concerned with improving the quality of social infrastructures in terms of housing and public amenities (health, education, and civic amenities in general) lie almost entirely within the jurisdiction of the regional governments.

These measures may consist either of the promotion of organizations and administrative action or of increasing the existing provision of fixed capital.

- (a) In the case of housing, guidelines for the concrete action to be carried out in order to overcome the structural difficulties of the building industry have been specified and adopted by the Government since the end of 1976. As already mentioned, in addition to the revision of the system of tenancy through the release of controls on tenancy agreements and the introduction of the principle of fair rents, this action is centred on the reorganization and increase of public financing for subsidized, covenanted and assisted building (Chamber of Deputies Bill No 1000 on the Ten-Year Building Plan).

At the present moment, Parliament has approved (in Law 513 of 8 August 1977) an Act passing the principal provisions of Bill No 1000 which allocates LIT 1 078 000 million for subsidized building alone, with the reservation of 50% for the South.¹

¹ The Ten-Year Building Plan provides for investments during the three-year period 1977-79 totalling LIT 3 600 000 million, half of which are to be carried out in the Mezzogiorno. Of this total, LIT 2 100 000 million are reserved for
(cont'd on page 64)

This form of assistance, which consists in the total financing by the State of the operations concerned, must be used for ensuring the availability of housing (for outright renting only) to families that are really unable to afford the total cost. Steps must also be taken to help satisfy those elements of the housing requirement through improved utilization of the existing housing stock, which will entail revising the criteria governing the allotment of housing and fixing a time-limit for their effective implementation; this also applies to tenancy agreements already in force.

There will be much wider scope for assistance in the housing construction sector after the plan has been approved in its entirety and measures have accordingly been implemented to promote covenanted and assisted building.

For in the long-term view, public aid in the building industry should be seen not as a substitute for private activities but as a deliberate means of guiding and encouraging them, so that the housing requirement can be satisfied chiefly through the quantitative and qualitative development of new private and cooperative building in its various forms (independent, covenanted or assisted). This will contain both the need for direct State financing (subsidized building) and the overall burden on public financial resources.

To some extent, the two New Special Projects for the metropolitan areas of Naples and Palermo can be placed in the category of special assistance from the State in the housing construction sector, inasmuch as their targets include making good the housing shortage in these areas, as well as the production and infrastructure deficiencies in general.

However, responsibility for the planning and location of the operations lies with the regions, which use their own financial resources where necessary to supplement those obtained from the State on the basis of national legislative provisions.

- (b) The planning of operations connected with the qualitative improvement and geographic expansion of health services is the responsibility of the regions, which may allocate for this purpose either their own resources or those provided by national Laws. In the medium-term, normal assistance from the State is envisaged as being confined to completion schemes.

All the regions have either adopted or are about to adopt a plan for social and health services, which represents the planning instrument for operations in this sector.

- (c) In the field of education also, the planning of operations and the administration of its structures are regional responsibilities; central government is consulted only on decisions regarding the location and specialization of new university facilities.

(cont'd of note 1 on page 63)

subsidized building and LIT 1 500 000 million for covenanted and assisted building. The Ten-Year Plan assigns a central role to the regions in the geographic allocation of the operations funded: the regional agencies will be responsible for formulating, within 30 days of the issue of the decree authorizing the funds provided by the State, the annual programmes determining their location.

Each region delegates to the school districts (self-governing territorial groups of educational institutions established by the national Law on the reform of higher secondary education) responsibility for the organization of education and the encouragement of social participation in school administration.

Lastly, a programme of operations within the framework of special assistance from the State is envisaged for improving and developing educational structures at university level in the Mezzogiorno.

2.2.2. Transport system

To achieve 'closer integration between the various areas of the Mezzogiorno and promotion of trade with the rest of the country', measures aimed at 'improving degrees of accessibility' and at 'strengthening systems of communication' are envisaged in the medium term.

A - The improvement of degrees of accessibility will be pursued through policies concerning both infrastructure networks (rail and road networks) and infrastructure points (harbours and airports).

These policies reflect, in their formulation and in the types of operation envisaged, both the nature and efficiency of the infrastructure networks already existing in the Mezzogiorno and the specific objectives (containment of energy consumption, preferential adoption of certain guiding principles in domestic and international trade, etc.) fixed within the framework of reference for the medium-term development of the Mezzogiorno.

- (a) The planning of operations relating to the rail network is the responsibility of central government. In the latest programmes prepared by the Italian State Railways (second phase of the Ten-Year Plan for 1962-72, the Bridging Plan for 1973-75 and the Programme of Special Operations for 1975-80), the reservations stipulated for the Mezzogiorno are basically complied with, provided that the expenditure on the four-track conversion of the Rome-Florence line is not included in the calculation.¹

¹ In October 1976, in accordance with the provisions of Law 377 of 14 August 1974, the Minister of Transport submitted a multi-annual development plan for the Italian State Railways. The plan consists of two programmes: the first, which is called the 'consolidation programme', provides for aggregate investments of LIT 2 000 000 million (LIT 1 375 000 million for fixed plant and LIT 625 000 million for rolling-stock), and covers minor operations affecting the existing rail network; the second, which is called the 'development programme', provides for investments of LIT 15 000 000 million for the extension of the rail network, to be carried out in the period following 1980. The most extensive works to be carried out in the Mezzogiorno which are already financed or at least included in the 'consolidation programme' are as follows: improvements to the inland Rome-Cassino-Caserta-Salerno line consisting of completion of the double track between Cancellò and Lavarate, electrification of the line, and modernization of the junction at Cancellò; improvement of the Adriatic line; the laying of double track on the Tyrrhenian line on the stretch between Villa San Giovanni and Reggio di Calabria; major works on the junctions at Naples, Pescara, Bari and Reggio di Calabria; and the construction of three new repair sheds at Nola, San Nicola di Melfi and Saline (Reggio di Calabria).

The need to modernize the rail network makes it essential to go ahead with finalizing and approving the 'consolidation programme'; at the same time, consideration must be given to the possibility of making additional financial resources available for more immediate improvements. The State Railways Board therefore needs authorization to step up its rate of expenditure, so that once projects are financed they can be carried out with less delay than in the past. Although the problem is a general one, it is particularly important in the Mezzogiorno, where the delays involved have hitherto been longer than in the rest of the country.

(b) Operations for the improvement of the road network in the Mezzogiorno can be summarized as follows:

- normal assistance from the State, in the case of programmes for road systems of national importance, within the sphere of competence of the ANAS (National Road Board);
- special assistance from the State, in the case of the Special Project for hinterland areas (although within the new guidelines regarding objectives to be set for the project);
- regional action, in the case of road systems of regional or subregional importance.

Lastly, the regions are responsible for measures concerned with the rationalization and expansion of public road transport facilities, organized for the most part into the system of traffic catchment areas used as a basis for transport planning policies.

(c) Operations for the development of harbour structures are incorporated in the Laws on expenditure which regulate the assistance provided by the State in this sphere.¹

Together, all the measures approved in the course of 1975 made a total of LIT 152 000 million available for harbour works in the Mezzogiorno: by the end of 1976, works involving a total cost of some LIT 50 000 million had been initiated.

Also, during 1976 a ministerial committee appointed for the purpose drew up a systematic plan of harbour investments, to be coordinated and finalized within the framework of the National Transport Plan which is still being prepared. The plan provides for an aggregate requirement of LIT 1 130 000 million, broken down as follows: LIT 1 000 000 million for the country's major ports, LIT 100 000 million for minor ports under State control, and LIT 30 000 million for the reorganization of the harbour-dredging service. Half of the available funds are to be allocated to the Mezzogiorno.

(d) Operations for the development of the airport system in the Mezzogiorno will involve in the medium-term:

¹ The operations aimed at the construction of the Cagliari Canal-Harbour (Special Project 1) have been included among the operations in the production sectors, inasmuch as they constitute infrastructures serving industrial installations (see Section 2.1.2. of Chapter III above).

- normal assistance from the State, in the case of both those airports already covered by Law 825 of 1973 and other airports;
- special assistance, in the case of the airports of Lamezia Terme, Bari and Pescara.

B - Operations directed towards strengthening the systems of communication already existing in the Mezzogiorno can be categorized as follows:

- (a) operations in the sector of postal and telecommunications services (incorporated into the 'Five-Year Plan for the improvement and development of the postal and communications services' for the period 1977-81, prepared by the Ministry of Posts and Telecommunications);
- (b) operations in the telephone services sector, which are the responsibility of both the ASST (State Telephone Company) and the SIP (Telephone Services Management Corporation, a company within the IRI-STET group which is a subsidiary of the ASST).¹

¹ See ASST, Piano quinquennale 1977-81 (Five-Year Plan for 1977-81) and SIP, Programma 1977-78 e Proiezioni al 1981 (Programme for 1977-78 and Forecasts up to 1981).

IV. FINANCIAL RESOURCES AND INSTITUTIONAL ASPECTS OF THE IMPLEMENTATION OF THE PROGRAMME FOR THE MEZZOGIORNO

1. FINANCING OF OPERATIONS

Before the financial arrangements for the implementation of the operations indicated in Chapter III are explained, it should be reiterated that, in the absence of a national planning framework, the operations which have been finalized to the furthest degree and therefore quantified most exactly as regards financing are those which fall within the category of special action. For this type of operation, Law 183 of 1976 fixed the financial aspects in precise terms, tying certain sums to specified forms of commitment and establishing the criteria for the allotment of the remaining funds available. The Five-Year Programme for the Mezzogiorno approved by the CIPE (Inter-Ministerial Economic Planning Committee) for the period 1976-80 subsequently formulated a reasonably detailed allocation of all the resources provided for by Law 183, in application of the relevant criteria. Thus, in the case of special assistance a fairly clear picture is available of the financial arrangements for the five-year period 1976-80 and of the authorizations for expenditure which have been made so far (in particular, expenditure contained in the Annual Plan for the Mezzogiorno approved by the CIPE on 3 August 1977). However, the situation is very different in the case of normal action by central government: the most important sectoral programmes are either still at the stage of legislative definition, which means that precise financial information is also still unavailable (Agriculture and Foodstuffs Plan, Ten-Year Building Plan, National Transport Plan, Schools and Universities Reform, etc.), or, even if they have been approved by Parliament, have not yet reached the implementation stage, with the result that the financial terms of reference are also not yet known at operational level (Plan for the Restructuring and Conversion of Industry, co-ordinated operations for foreign economic policy, etc.).

Lastly, as regards regional planning activities, details are given in the individual regional monographs in Part two of this report of the operations prepared by each region, and hence of the amounts of expenditure involved. However, since the regional planning documents are not all at the same level of formulation and finalization, the information given on action and financing for the various regions may be somewhat uneven.

In point of fact, the figures given¹ must be viewed with some caution, because:

¹ For details of these operations, see the tables in Annex 3.

- the attribution of sums of money does not cover all the commitments needed to provide for all the operations mentioned in the preceding chapter;
- reference to the price system is not the same for all the financial operations;
- as will be specified from time to time in the report, the sums involved in the various operations (of central government or regional authorities) can relate to:
 - appropriations provided for under legislative measures (both national and regional);
 - programmes of expenditure prepared by central government agencies, autonomous agencies, undertakings in which central government holds an interest, etc.;
 - forecasts of expenditure on programmes still at the definition stage.

For the last reason especially, it is impossible to calculate the aggregate amounts involved in the various operations and so quote a figure for total expenditure.

1.1. Normal assistance

1.1.1. Production sectors

Normal operations aimed at attaining the specific objectives concerning the production sectors will be carried out essentially through the following instruments, as described in the preceding chapter:

- Agriculture and Foodstuffs Plan;
- Plan for the Restructuring and Conversion of Industry;
- coordination of operations for foreign economic policy;
- investment programme for undertakings with State participation.

In financial terms, however, it is still not possible to supply practical information on the operations in the Mezzogiorno connected with the Agriculture and Foodstuffs Plan and export policy; no quantitative details on financing will be available until in the former case the relevant Government Bill has been passed, and in the latter case there are clear indications for implementation of the legislative provisions already approved.

In the case of the Plan for the Restructuring and Conversion of Industry, Law 675 of 1977 authorized the following expenditure between now and 1980:

- grants to the 'Fund for the Restructuring and Conversion of Industry': LIT 2 630 000 million;

- grants to the 'Special Fund for Applied Research'; LIT 600 000 million (up to 1979).¹

The total amount allocated for assistance over the country as a whole is therefore over LIT 3 200 000 million. No practical details of the administration of this expenditure have yet been issued, but on the basis of the reservation established by this Law it can be estimated that assistance for the Mezzogiorno should amount to a total of at least LIT 1 500 000 million by 1980.

As regards investment in the form of State participation in undertakings, the five-year programme (1977-81) awaiting approval allocates some LIT 7 200 000 million to the Mezzogiorno. It can be seen from the sectoral distribution of this total (detailed in Table 3.1.10 of Annex 3 within the category of normal assistance) that the most substantial commitment of State participation in undertakings in the Mezzogiorno (for the period 1977-81) will relate to the development of telecommunications services and to the energy sources sector (about 45% of the total investment). On the other hand, there is also a fairly large commitment in the iron and steel sector (17%) and the chemical sector (18%), which as explained in the preceding chapter have been 'suspended' from eligibility for capital grants from the Cassa per il Mezzogiorno. This is, however, clearly an inheritance from decisions taken in the past, which actually implicated undertakings with State participation to a considerable extent and cannot be completely abandoned now for fear of making these existing investments uneconomic.

1.1.2. Public building and water schemes

In the sphere of operations for safeguarding the human environment and establishing a better balance of urbanization, the bulk of expenditure is allotted to the building sector.

In the case of government housing construction, the programmes of expenditure for the South, based on the Laws at present in force, amount to some LIT 3 000 000 million (of this total approximately 78% is for subsidized building, 17% for covenanted building and 5% for assisted building). Of the expenditure provided for, approximately LIT 1 000 000 million have now been allocated, leaving some LIT 2 000 000 million still available.

As regards non-residential public building projects, existing programmes involve a total expenditure for the Mezzogiorno of approximately LIT 1 700 000 million, over two-thirds of which have been allocated to school and university building, with the remaining third divided almost equally between hospital building and various other forms of building including prisons.²

¹ The expenditure estimated for grants to the endowment funds of the bodies responsible for the administration of undertakings with State participation is not included here; the information given below refers directly to the investments contained in the five-year programme for these undertakings.

² In actual fact a large proportion of expenditure in the education sector is allotted to the regions from the appropriate State funds, since action in this field is predominantly a regional responsibility. Similarly, expenditure for hospital building has already been allotted to the regions on the basis of an allocation plan approved by the CIPE.

Lastly, there are the operations in the shape of water schemes, concerning action aimed at the conservation and improved utilization of the natural environment: during the five-year period 1976-80, the estimated financial requirement for the implementation of State-funded water schemes is approximately LIT 1 000 000 million.

1.1.3. Transport and communications

Operations designed to help achieve closer integration between the various areas of the Mezzogiorno and the promotion of trade with the rest of the country will involve an expenditure for the five-year period 1976-80 of some LIT 1 700 000 million on action taken to improve degrees of accessibility and LIT 3 150 000 million on the development of the telecommunications system.

As regards the road system, planned expenditure on the Mezzogiorno by the National Road Board during the five-year period 1976-80 amounts to some LIT 406 000 million.¹

For the railways, expenditure planned for the five-year period 1976-80 amounts to approximately LIT 945 000 million; three-quarters of this concerns operations provided for under the Special Action Programme (PIS), and the remainder concerns residual operations from the Third Five-Year Plan of the Italian State Railways and the Bridging Plan (Law 52 of 1973). The total sum is divided almost equally between fixed installations and rolling-stock.

As regards harbour and airport works, expenditure planned for the South amounts to approximately LIT 188 000 million for the period 1976-80, over 75% of it for airports and the remainder for harbours. However, a multi-annual programme for harbours is in the course of preparation under which the allocation for harbours in the South would amount to some LIT 400 000 million.

In the case of investment in the telecommunications sector, the Five-Year Plan for the improvement and development of the postal and telecommunications services provides for a programme of action for the five-year period 1977-81 costing approximately LIT 3 150 000 million, broken down as follows:

- programme for the Posts and Telecommunications Board: approximately LIT 750 000 million;
- programme for the State Telephone Company: LIT 500 000 million;
- programme for the Telephone Service Management Corporation (SIP): approximately 1 900 000 million.²

¹ In addition to this, a multi-annual programme is now awaiting approval under which a further LIT 865 000 million would be allotted to the Mezzogiorno (also for the five-year period 1976-80).

² Under this programme, the SIP has indicated the following priority objectives for the Mezzogiorno: rapid expansion of the service, qualitative improvement of the service offered, and a continuing increase in the proportion of installations made to supply telephone services to industries operating in the Mezzogiorno (in 1975 this proportion was over 35%, and it is estimated that in 1976 it will reach about 40%). (cont'd on page 73)

1.2. Special assistance

As stated earlier, the financial arrangements for special assistance during the five-year period 1976-80 derive from Law 183 of 1976 and also from the provisions made in this sphere by the Five-Year Programme for the Mezzogiorno.

A - Law 183 of 1976 appropriates the following sums for financing special assistance:

(a) aggregate appropriation (Article 22)	LIT 16 000 000 million
(b) 65% share of the soft loan schemes fund reserved for the Mezzogiorno (Decree No 902 (9 November 1976) of the President of the Republic)	LIT 2 080 000 million
TOTAL	LIT 18 080 000 million

It also specifies the sums which are to be allocated to certain operations, and in these cases the only planning involved is that of deciding how the money is to be actually used.

The allocations stipulated and the sums specified are as follows:

- first paragraph of Article 6: completion works (Article 16 of Law 853 of 1971, Article 9 of Decree-Law No 658 of 1973), and third paragraph of Article 6: financing concessions (Article 125 of Consolidation Act No 1523 of 1967)	LIT 1 465 000 million
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(cont'd of note 2 on page 72)

The time schedule for this allows for investments in 1977 and 1978 amounting to LIT 353 000 million and LIT 378 000 million respectively (these figures represent 30% and 30.9% of the total for the whole country).

During the same two-year period, it is planned to connect 365 000 new subscribers (30.4% of the total increase), representing an increase of 13.7% as compared with 11.1% for the other regions) and a growth in traffic of 16.8%. The planned expansion, in terms of the network and the registered telephone numbers it makes available, is based on the following increase:

- 394 000 registered telephone numbers (+12.9% as compared with 31 December 1976);
- 2 779 000 km length of urban telephone wires (+24.3% as compared with 31 December 1976);
- 975 000 km length of inter-city telephone wires (+23.2% as compared with 31 December 1976).

During the following three-year period, assuming a normal inflow of applications, SIP plans to connect (in 1979, 1980 and 1981 respectively) 190 000, 195 000 and 200 000 new subscribers, and to carry out associated expansion works involving investments (at 1976 prices) of LIT 381 000 million, LIT 394 000 million, and LIT 406 000 million respectively in the three years concerned. To speed up the execution of installations in some regions in the South, the SIP has obtained financing from the European Investment Bank and from the Istituto Mobiliare Italiano credit institute.

- second paragraph of Article 6: completion of operations provided for by Law 21 of 1970 (Palermo)	LIT	40 000 million
- completion of operations provided for by Law 7 of 1962 (Naples)	LIT	80 000 million
completion of operations provided for by Law 1431 of 1962 (Irpinia)	LIT	15 000 million
- sixth paragraph of Article 6: grant to assist land-reclamation agencies	LIT	35 000 million
- second paragraph of Article 7: operations of the regions ¹	LIT	2 000 000 million
- second paragraph of Article 10: establishment of the endowment fund for the autonomous credit unit of the ENAPI (National Association of Craftsmen and Owners of Small Factories)	LIT	5 000 million
- third paragraph of Article 19: special programme of operations to assist universities in the South	LIT	200 000 million
- first paragraph of Article 22: financing of Article 13 of Law 493 of 16 October 1975 for the implementation of special projects and others	LIT	1 000 000 million
- first paragraph of Article 22: concessions on social security contributions to the INPS (National Institute of Social Insurance) (of which LIT 1 000 000 million will be allotted after 1980)	LIT	1 500 000 million
- ninth paragraph of Article 22: grants to be paid to SVIMEZ	LIT	3 000 million
	TOTAL LIT	6 343 000 million

After deducting these sums stipulated by the Law the remaining financial resources (LIT 11 737 000 million) are distributed by the Five-Year Programme as follows between the basic sectors of special assistance as defined by Article 22 of Law 183:

- special projects	LIT	3 000 000 million
- incentives for industry	LIT	5 980 000 million
- industrial infrastructures	LIT	700 000 million
- general and reserve fund	LIT	2 057 000 million
	TOTAL LIT	11 737 000 million

B- The Programme also makes a number of important points clear in relation to this distribution, pointing to the insufficiency of the resources available to meet the financial requirement involved in its implementation.

¹ Part of this sum of LIT 2 000 000 million is to be allocated to operations included in earlier programmes of the Cassa providing for work projects and credit concessions for the hotel industry.

The first point to be remembered is that the financial resources remaining after deduction of the sums allocated by Law also have to be used to cover other items of expenditure (for operations which had already been approved or initiated under the previous legislation) mainly relating to authorizations for incentives and infrastructures connected with earlier judgements on conformity with the criteria of eligibility and decisions on planned negotiations which are now affected by cost revisions for works in progress caused by the inflationary process.

Secondly (and this is the most important factor of all), the current rate of inflation has to be taken into account: in the face of inflationary pressures as intense as those suffered by the Italian economy, the relationship between objectives and resources as inferred from Law 183 can no longer be regarded as valid, and the allocations of funds laid down by Article 22 can no longer be held as binding on the special action programme for the five-year period 1976-80. While it is necessary to scrutinize the particulars of this expenditure very closely, reconsidering the commitments already undertaken and making a thorough evaluation of those which are still to be undertaken so as to maximize the social benefits of the assistance and eliminate any squandering of scanty resources, it is equally necessary to give immediate consideration to the matter of supplementing the funds allocated for special assistance, at least to an extent sufficient to restore the purchasing power destroyed by inflation.

And if the practical possibilities and economic effectiveness of the five-year programme are not to be stifled, there must be a commitment (as a point of reference and prior obligation of the programme) to reconstitute for operations connected with special projects, incentive schemes and industrial infrastructures, the ceiling of LIT 16 000 000 million appropriated in Law 183.

Consequently, the distribution of the funds remaining after all the allocations stipulated by Law 183 have been deducted is no more than a first instalment of the resources which will be needed over the four-year period, calculating on the basis of the real requirements as assessed from the revision of the special projects, the commitments involved in new projects, and the effective implementation of the industrial investments still judged as eligible on grounds of conformity with the criteria in the fourth paragraph of Article 18 of Law 183.

C - As regards the distribution of funds between the various sectors, the approach followed has been to give prior consideration to the needs associated with providing incentives for industry.

Law 183 fixes the appropriation for concessions to assist industrial undertakings during the period following the five-year period 1976-80 at LIT 2 500 000 million, to be entered in the State Budget from 1981 onwards. There is also an additional sum of LIT 2 080 000 million representing 65% of the national fund for soft loans to industry (Article 15), which amounts in aggregate to LIT 3 200 000 million: these funds are allotted for financing concessions to assist new undertakings on the basis of Decree No 902 (1976) of the President of the Republic.

Thus, the funds earmarked for incentives to industry total LIT 4 580 000 million, but the time limits and restrictive allocations imposed on their use by the Law make it impossible to spend them on meeting existing financial obligations incurred in industrial projects already authorized as eligible by judgements on conformity with the criteria. The LIT 2 080 000 million from the

incentives fund may be used to fund concessionary interest rates for new undertakings, but not for those already judged to be in conformity with the criteria of eligibility, while the third paragraph of Article 22 explicitly reserves the remaining LIT 2 500 000 million to cover the requirement for financing concessions (both capital grants and soft loans) during the period following the five-year period 1976-80, which means that although this sum can be committed now it cannot be disbursed before 1981. Consequently, a further appropriation is needed for the undertakings which have already been judged eligible and (as regards capital grants only) for those which, although it is permissible to assist them with soft loans from the funds provided for in Article 15, would run the risk of being unable to benefit from the capital grant if the actual disbursement could not take place before 1981.

Calculating on the basis of the amount of the obligations incurred on judgments of eligibility issued before the new regulations came into force (after deducting the quota which can be disbursed from 1981 onwards and estimating the 'recoveries' obtainable as a result of existing or foreseeable decisions to abandon operations) and the need to have a margin of flexibility, the sum arrived at as the additional appropriation needed was LIT 1 400 000 million. This is why the total supply of resources allotted in the programme at present for the development of industry amounts to LIT 5 980 000 million.

D - Industrialization is closely allied to the question of industrial infrastructures. The infrastructure needs generated by undertakings already authorized as eligible amount to approximately LIT 650 000 000 million, taking into account only the commitments entered into on the basis of planned negotiation. In addition to this requirement, very nearly the same amount is required for the completion of infrastructures in industrial estates affected by the establishment of installation undertakings already planned for. Accordingly, despite the lack of precise information on investment trends it can be assumed that the minimum requirement to be budgeted for in 1980 for industrial infrastructures will be at least LIT 1 500 000 million at 1975 prices. Nevertheless, in accordance with the directive to finance only the infrastructures necessary for undertakings already in the course of being established or at any rate certain to be so, an appropriation of LIT 700 000 million has been made in order to meet at least the most urgent needs.

E - It has also been necessary to forecast an appropriation for State participation in undertakings (FIME, INSUD and FINAM) and the activities of the IASM and the FORMEZ, and for the expenditure of the agencies put in charge of special assistance. These appropriations are included in the general and reserve fund which also holds the money needed for the payment of VAT (in relation only to works in progress when Law 183 came into force, and excluding the special projects and industrial infrastructures), for supplementary expert reports, for cost revisions, for increased tenders and reserves, and for the balance of the funds to be allocated to industrial undertakings authorized as eligible on the basis of Law 717 of 1965. However, a general fund of LIT 2 057 000 million is insufficient to meet actual requirements over the five-year period, which could exceed this threshold by a substantial margin if, in particular, the current rate of inflation persists.

F - Lastly, as regards the special projects, LIT 3 000 000 million have been allocated (including the sums needed to initiate the new special projects), in addition to which there are the appropriations provided for by Law 493 of 1975. Nevertheless, it is above all the case of the special projects which underlines

the need to regard the distribution made in the Five-Year Programme as no more than a first instalment of the resources that will be needed to attain its objectives.

For a forecast of the financing needed for the special projects to be started between now and 1980, based not on their present stage of formulation but on the stage likely to be reached (position regarding the implementation of operations, cost indications, measures already finalized at planning level, and preliminary and operational plans in the course of preparation or ready) would give a total figure of approximately LIT 6 000 000 million for commitments likely to be incurred between now and 1980. Of this requirements, less than half is accounted for by operations for which operational plans are either ready or awaiting approval or indeed exist in any shape or form; the remainder is accounted for entirely by measures still to be initiated or operations at the preliminary planning stage.

The breakdown of the financial requirement by category of special project runs as follows:

	<u>(LIT 1 000 million)</u>
(a) Intersectoral water schemes	1 600
(b) Agricultural development	1 600
(c) Physical planning and land use	1 000
(d) Development of hinterland areas	1 400
(e) Creation and development of commercial structures related to distribution, especially of foodstuffs	200
(f) R & D	200
	<hr/>
GRAND TOTAL:	6 000

The problem of the discrepancy between the financial requirement calculated above and the total resources actually available (which is even more glaring if the effects of inflation are taken into account) is in any case demonstrated by the authorizations of expenditure granted so far to the Cassa per il Mezzogiorno for the special projects,¹ which amount to over LIT 3 500 000 million (although part of this corresponds to the LIT 1 000 000 million appropriated by Law 493 of 1975).

G - In point of fact, still bearing in mind the need to reconstitute the ceiling (in terms of real purchasing power) initially fixed by Law 183 of 1976, the distribution of the appropriations as made at present will possibly be changed where necessary when the Programme is being updated in line with: the altered circumstances brought about by the revision of earlier special projects and decisions issued on eligibility; the expenditure connected with the com-

¹ These authorizations have been outlined by Law 493 of 1975 (measures to boost the economy) Decree-Law No 33 of 6 March 1976, the CIPE decisions of 13 July 1976 and 17 December 1976, the CIPE decision of 29 April 1977, and, lastly, the Annual Programme for the Mezzogiorno approved by the CIPE on 3 August 1977.

pletion of works already started; the current rate of inflation and the resulting additional commitments for cost revision; the possibility that some of the funds allocated in accordance with the third paragraph of Article 22 of Law 183 can be made available during the five-year period in question, rather than after 1980; and the adjustments in the allocation of expenditure on special assistance which may be needed when the framework of normal action in major spheres such as industry and agriculture emerges more clearly.

Any other financial resources (excluding those from the EEC) which may accrue in various capacities to the Cassa per il Mezzogiorno on the basis of the legislation in force (revenues, revocations, surpluses and other contingent assets) will be channelled as far as possible towards the special projects or industrial infrastructures and concessions in accordance with the criteria indicated in the Five-Year Programme.

H - Lastly, the following table gives a tentative recapitulation of the authorizations of expenditure granted up till now to the Cassa per il Mezzogiorno by virtue of the appropriations established ope legis by Law 183 of 1976 or by the planning institutions (the Minister for Southern Development and the CIPE):

Operations	LIT 1 000 million
Special projects	2 519
Completion works	1 600
Regional operations	2 000
Cost revisions, supplementary expert reports, VAT, etc.	869
Special programme for universities in the South	200
Industrial infrastructures	380
Incentives for industry	552
Other operations	100
TOTAL	8 220

In all, therefore, there are resources of over LIT 8 200 000 million already being utilized by the Cassa per il Mezzogiorno, representing about 45% of the total funds of LIT 18 080 000 million made available by Law 183 of 1976.

1.3. Domestic lack of finance and EEC assistance

The list of operations and programmes described here should give rise to far higher levels of financial commitment and expenditure during the period in question than in the past, even though the present rate of inflation could reduce the effects of this expenditure in real terms.

It must, however, be remembered that these measures and operations quite clearly do not cover the investment needed to correct the imbalances besetting the Mezzogiorno, viz:

- (a) geographic imbalances, i.e. with the South lagging behind the more advanced regions of Italy and with the hinterland areas lagging behind the coastal areas;
- (b) sectoral imbalances, i.e. imbalances between the levels of factor income in technologically advanced sectors and in backward sectors;
- (c) imbalances between areas and social groups in the provision of social overhead capital;
- (d) imbalances in the revenue and expenditure accounts, i.e. the area's dependence on the influx of external resources;
- (e) demographic imbalances, i.e. outward emigration;
- (f) imbalances in the labour market, i.e. high levels of unemployment.

The investment is inadequate because the list of measures and operations has been drawn up subject to the constraint of the financial resources which in various capacities will be assigned to the Mezzogiorno, i.e. the sums provided for:

- (a) under Law 183 and the various Laws (or sectoral plans) relating to normal assistance from the State, and
- (b) within the various regional budgets.

However, if operations could be initiated without any financial constraints (as already indicated in some cases in the sectoral programmes), the funding requirement would undoubtedly increase. Typical examples in the sphere of special assistance spring readily to mind, such as the scope for action in the special projects sector or in the provision of infrastructures in industrial areas and estates; or there are the programmes which could be initiated as part of normal assistance in the individual sectors, such as the National Road Board and the Italian State Railways in the case of transport infrastructures or State participation in the capital of undertakings in the production sectors; or, lastly, regional action programmes in the various sectors for which the regions have responsibility.

Taking the case of special assistance, for example:

- for the special projects, the cost of investments to be initiated during the first period as indicated by the multi-annual programme can be estimated at something of the order of LIT 6 000 000 million, as against the LIT 3 000 000 million which the programme allocates;
- for infrastructures in industrial areas and estates, the cost of investments to be realized during the period covered by the programme is estimated at something of the order of LIT 1 500 000 million, as against the LIT 700 000 million which this multi-annual programme for the Mezzogiorno allocates.

Turning to the projects initiated by regional action, i.e. the projects which are mostly downstream of the Cassa's special projects and whose funding is closely correlated with that of the operations implemented directly by the Cassa, it is clear that the LIT 2 000 000 million provided for by Law 183 is greatly underestimated (by at least an amount of the same magnitude) in the face of the scope and need for investment in the regions.

Thus, an analysis of special assistance alone indicates a shortfall in financial resources of approximately LIT 6 000 000 million; including the program-

mes of normal assistance (National Road Board, Italian State Railways, State participation in the capital of undertakings, etc.) which have not been finalized for lack of funds would, of course, make the shortfall considerably larger.

Against this background of inadequate resources, the ERDF represents a possible source of income; in point of fact, during the three-year period 1975-77 the grants from the ERDF have been modest in comparison with Italy's requirements (in all, this contribution will have amounted to barely LIT 325 000 million). For the three-year period 1978-80, the refinancing of the Fund which is apparently to be adopted by the Council is much more substantial: it is assumed that during these three years the aggregate amount of the Fund may reach approximately LIT 2 500 000 million, which would correspond to resources for Italy of some LIT 1 000 000 million (assuming that its quota of 40% is not subsequently increased). In other words, it is a sizeable contribution, but one which is still small in relation to the shortfall in financial resources detailed above.

What needs to be done is to change the entire system of EEC assistance to one geared more directly to the needs of correcting regional imbalances, with this task no longer delegated to a Fund alone, however substantial it might be.

More specifically, in the future relevant and effective EEC assistance for the development of the Mezzogiorno can no longer rest solely on ERDF grants but must consist of a real (and new) Community regional policy, intended not merely as the administration of a 'Regional Fund' but as the coordinated unified and consistent management of all the means and instruments available to the Community in line with the demonstrable needs of regional development. This will include purely financial instruments (the EIB, the Social Fund, the EAGGF and the ECSC), those which are of a more general nature but are reflected in specific economic factors such as sectoral development, and, above all, those of an economic and commercial nature (Mediterranean policy, certain aspects of the common agricultural policy, etc.).

The need for a 'new' Community policy also takes on particular significance in the light of the proposed expansion of the EEC to include a number of Mediterranean countries (Greece, Spain and Portugal).

The negotiations going on at present to enlarge the EEC to include these countries of southern Europe must be the occasion of a thorough reappraisal of Community policy. Some features of the countries concerned have a certain affinity with those of the Italian economy. This causes some misgiving that their admittance to the EEC might be followed by a phase of slow growth and an aggravation of the tensions generated by competition, which could have serious effects on certain sectors of Italian agriculture and industry in particular. Despite the overall political advantages and indeed the advantages which in the long term all the Member State economies could gain from this expansion, the immediate problems posed by these new applications for membership must not be underestimated but given judicious and prompt attention.

The Community is in a position to provide a constructive answer to these problems, resolving them in such a way as to maximize the positive effects of expansion and minimize the negative ones. In order to achieve this, however, it is essential to re-examine and reformulate the Community's major policies, starting with its agricultural policy. The prospect of the more pronounced dualism that will be a feature of this expanded European Economic Community must be faced, and the action of the EEC agencies more deeply committed to reducing this dualism.

1.4. Estimate of the effects of the programme in terms of employment

The programme of measures and operations formulated for the Mezzogiorno as a whole is aimed at eliminating the bottlenecks which are blocking the development of the South and at creating a broader basis of employment in order to reduce the present levels of unemployment and emigration. However, the full attainment of these objectives is subject to the constraint imposed by the financial resources available; during the period covered by the programme a start will be made in their direction, even though it will not be possible to attain them fully.

For it must be remembered that as regards the problem of unemployment, for instance, the present situation is particularly serious:

- (a) in 1977 the number of persons seeking work amounted to some 625 000;
- (b) during the period covered by the programme, the additional supply of labour, which will be generated in the absence of migration and as a result of changes in the pattern of the participation rate, is estimated at approximately 290 000 persons.

The labour force for whom employment needs to be found is therefore quite large (over 900 000 persons), without allowing for the fact that the objectives of development and improved utilization of agricultural resources could lead to a reduction in employment in this sector, albeit a small one.

The objective of achieving the maximum possible use (compatible with the development envisaged) of the supply of labour in the regions of the Mezzogiorno could be attained by creating more than 500 000 new jobs in the non-agricultural sectors (working on the assumption that the level of unemployment will fall to half the present figure and stabilize at around 300-400 000 persons).

In actual fact, however, under the constraint of the financial resources available the programme of operations formulated will be able to create at best no more than 250-300 000 new jobs.

For it has to be remembered that a good part of the production activity connected with the implementation of infrastructure operations is merely replacing past activities undertaken in the context of special assistance; on the basis of the amounts of expenditure planned, it can be calculated that the employment generated by activities connected with the implementation of completion works and special projects (special assistance) and works involved in normal assistance, estimated at approximately 170 000 jobs, will only be able to increase existing employment by half at the most.

In addition, the investments planned for the next few years for State participation in undertakings and those which may be realized through the concessions provided for by Law 183 should carry an increase in employment of approximately 170 000 jobs.

Hence, assuming that the other production activities indirectly stimulated by the implementation of these programmes are sufficient to offset the reduction in the present levels of employment resulting from the normal 'mortality rate' of undertakings, it can be estimated that the new jobs likely to be created in terms of the programme total approximately 250-300 000.

The figure is therefore still far below the number of jobs needed to attain the objective of full employment in the regions of the Mezzogiorno.

And as already observed, the scope for intensifying action in the production and infrastructure sectors (e.g. special projects and industrial infrastructures) is subject to a very real constraint in the shape of the lack of financial resources which the national economy is able to allocate to the development of the Mezzogiorno.

These resources, even if only in part, must therefore be sought from external sources, and in particular from the Community funds (ERDF, EAGGF, Social Fund, etc.).

2. COORDINATION BETWEEN THE VARIOUS INSTITUTIONS

In Italy at present, the direction of economic policy and the coordination of public action within the economy are not embodied in an overall economic programme but provided by a number of sectoral programmes for matters and operations which are regarded as fulfilling a strategic role for the purposes of economic growth. However, unified approach and overall coordination needed to implement the programme are ensured (a) by the appointment within the Government of a specific body responsible for guiding economic policy and (b) by the fact that the planning of assistance for the Mezzogiorno takes precedence, both institutionally and politically, over all other plans and all other sectoral measures.

As regards the first aspect, the structure underlying the 'steering' of the economy in Italy places the Inter-Ministerial Economic Planning Committee (CIPE) at the centre of the decision-making process, with responsibility for overall strategy. Within this body, inter-ministerial committees specializing in particular matters and sectors are formed, either by Law or on the Government's own initiative. The Chairman of the CIPE is the President of the Council of Ministers; the Vice-Chairman is the Minister for the Budget and Economic Planning, under whose auspices the tasks of preliminary technical and administrative inquiries and coordination necessary to the CIPE's activities are carried out. At times when the CIPE is divided into special sectoral committees, the tasks of preparing proposals and carrying out preliminary inquiries, and purely technical problems, are customarily entrusted to the appropriate minister. There is no doubt that the CIPE, which, in its form has been likened in legal circles to a 'Cabinet Council' for the economy, is of fundamental importance as a unifying force in directing economic policy.

Among the various plans provided for under Italy's economic legislation, the Five-Year Programme for the Mezzogiorno is without question the most widely significant and the most far-reaching in its influence.

Law 183 of 2 May 1976 established the new institution of the 'five-year programme' at the centre of the system of assistance to the South, conceived not only as an instrument of scheduling and planning for special assistance but also as a means of directing and shaping the whole body of public action, whether normal or special and whether initiated by central government or the regions, towards the objective of the development of the Mezzogiorno.

The Five-Year Programme for the Mezzogiorno fixes the general and specific objectives of special assistance to the South, indicating their effects on employment, productivity and income, and also contains: an inventory and description of the special projects to be implemented in the South, stating their economic objectives and their scale in terms of financial resources, time and geographic area; general directives for the financial incentives and infrastructures needed to encourage the location of industrial activities in the South; directives for normal and special assistance in the Mezzogiorno, stating the relevant sectoral and geographic priorities, and for their coordination with regional operations; criteria and priorities for the organization by the various regions in the South of regional projects for economic and social development falling within the sphere of regional responsibility; the updating and revision of the special projects already approved (before the entry into force of Law 183); directives for the implementation of the Five-Year Programme to be followed by the Cassa per il Mezzogiorno and its associated agencies.

Thus, the programme carries a strategic content capable of affecting the entire framework of economic policy and acting as an instrument for directing public action, as a unified entity, within the economy. The requirement of CIPE approval and the collaboration required by Law between the Minister for Southern Development and the Minister for the Budget and Economic Planning underline these general characteristics of the programme, which represents a driving force for coordination between the normal action of central government departments and special assistance. The programme's political and institutional importance is further underlined: (a) by the obligation, imposed by Law, to consult a special Parliamentary Committee for the Mezzogiorno (made up of 15 senators and 15 deputies), which gives its opinion not only on the legislative and administrative decisions relating to operations in the Mezzogiorno, but on all the legislative provisions being considered by Parliament, issuing judgement on their compatibility with the objective of the development of the Mezzogiorno; and (b) by the appointment of a Committee of Representatives of the Southern Regions (made up of the Presidents of the Regional Governments and of two representatives from each region, elected by the Regional Councils concerned), which gives its opinion on all legislative measures and on all decisions to be submitted to the CIPE concerning the Mezzogiorno.

As regards the apparatus of special assistance in the strict sense, the parties responsible for the administration of the Five-Year Programme are the Cassa per il Mezzogiorno and the regions of the South themselves. The Cassa, a specialized and functional autonomous institution which has been operating since 1950, is still the nucleus of the system of special assistance: it is directly responsible for the implementation of the special projects; it administers the capital grants for industrialization; it administers that portion of the National Fund for Soft Loans to Industry which is allocated to the Mezzogiorno; it sets up industrial infrastructures; and it supervises, through a number of associated agencies and financial companies, the forms of promotion of and assistance aimed at development.

The regions carry out all the operations (including those financed on the basis of the legislation governing special assistance) which fall within their primary sphere of competence in accordance with Article 117 of the Constitution (as first laid down in part by Law 853 of 1971 and then in full by Law 183 of 1976). They also prepare and implement (making use of ad hoc financing provided within the sphere of special assistance) regional development projects covering coordinated action of an intersectoral nature for the development of economic activities in specific geographic areas and sectors of production.

For the purposes of coordination, the operations implemented by the regions must also be considered as a whole within the context of the multi-annual budgets and the regional development programmes provided for by the new Law relating to regional budgets and accounts (Law 335 of 19 May 1976).

The multi-annual budgets and programmes of the regions of the Mezzogiorno will indicate both the guidelines for normal assistance (to be financed through the usual instruments of regional finance, and in particular through the Fund for Regional Development Programmes referred to in Article 9 of Law 281 of 16 May 1970) and special operations (schemes transferred from the Cassa to the regions in accordance with Law 183, and regional development projects).

Although it is still the pivot of all action taken on economic policy, the Programme for the Mezzogiorno has to be coordinated, by the Government, with a great many other sectoral programmes aimed at directing and shaping specific aspects of economic policy. The most important system of sectoral planning outlined by recent legislation is that defined for industrial policy in Law 675 of 12 August 1977.

Within the CIPE, an Inter-Ministerial Committee for the Coordination of Industrial Policy (CIPI) has been set up to establish guidelines for industrial policy. In the system established by the new Law, the CIPI becomes the point of reference of a system of sectoral planning for industrial policy within which financial concessions are to be administered.

In more general terms, the CIPI fixed 'directives for the reorganization and development of the industrial system as a whole, to encourage the growth of employment in the Mezzogiorno and to safeguard levels of employment in the rest of the country' and approves an 'annual programme for the distribution of the Fund for the Restructuring and Conversion of Industry' which contains sectoral and geographic guidelines. The CIPI also gives its approval, at the suggestion of the Minister of Industry, to 'target programmes' for sectors and activities whose development is particularly important to industrial growth, and for which it is deemed necessary to have specific planning of operations. In accordance with the Law, these target programmes must 'include directives on the siting of conversion projects in relation to sectoral requirements which are also consistent with the overall assignment of priorities for the development of the Mezzogiorno'. It is a unique feature of the restructuring and conversion projects included in these target programmes that they represent the only case in which it is permissible to add together both the aids provided for under Law 675 and the capital grants provided for the establishment of undertakings in the Mezzogiorno.

Special regulations have been introduced in the case of large-scale undertakings. In applying for the concessions granted for restructuring and conversion, these undertakings (categorized as having an equity capital of at least LIT 30 000 million) must submit to the CIPI 'comprehensive programmes of the undertaking's activities', indicating in particular: the nature of the operations; restructuring and conversion projects; financial plans and implementation schedules; siting of new premises; forecasts of employment created, etc.

The CIPI is also responsible for approving 'multi-annual programmes of investment for undertakings with State participation'.

Law 675, inspired by the concern to safeguard the overall equilibrium of the market and an orderly relationship between the private and public sectors of

the economy, stipulates that these programmes must indicate separately the amount of the obligations incurred under any heading whatever by each investment project, requirements connected with balancing operational losses, and resources allocated to the financing of new investments.

The administrative machinery of sectoral planning, which must be coordinated with the overall objective of the development of the Mezzogiorno, is also concerned with other aspects of the direction of economic policy.

One particularly relevant example (even though it does not give rise to a 'sectoral programme' in the strict sense) is the recently introduced ruling on export insurance and financing. Under the terms of Law 227 of 24 May 1977, a special Inter-Ministerial Committee for Foreign Economic Policy (CIPES) set up within the CIPE is responsible for 'defining and coordinating the outlines of policy on foreign trade, export insurance and credits, policy on international cooperation, supply policy, and all other economic activities carried on by Italy involving relations with other countries'.

A similar formula has been outlined (and is now being discussed by Parliament) for agricultural and foodstuffs policy. A special Inter-Ministerial Committee for Agricultural and Foodstuffs Policy (CIPAA) is responsible for coordinating national and regional action in the sectors of stock-farming, vegetable and fruit production, reafforestation and irrigation.

The objective here is coordination between national plans, which chiefly concern operations on a supraregional or national scale, and regional programmes, which represent the normal mechanism for implementing operations in this field.



Reference table for the Mezzogiorno

General targets

- A. Increase in the demand for labour
 - A.1. Development of agriculture to contain migration away from rural areas
 - A.2. Rehabilitation and development of industry
 - A.3. Restoration of levels of production in the building industry directed towards infrastructures and social services
- B. Re-establishment of equilibrium in the balance of trade
- C. Correction of internal imbalance through redevelopment of the less favoured areas

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <ul style="list-style-type: none"> - Integration of agriculture with activities relating to the processing and marketing of products - Orientation of production towards import substitution 	<ul style="list-style-type: none"> - Improvement of the agricultural system and development of the various forms of association - Rational utilization of water resources - Promotion programmes 	<ul style="list-style-type: none"> - Agricultural and foodstuffs plan 	<ul style="list-style-type: none"> - New Special Project for the marketing and improvement of agricultural products - Special Project for hinterland areas - Special Projects for intersectoral water schemes (Nos 14, 25, 26, 30, 29, 15) - Special Project for the development of irrigation (No 23) - New Special Project for applied scientific research 	<ul style="list-style-type: none"> - Projects for processing, marketing and association - Projects for stock-farming and for agricultural foodstuff products

Industry

Strengthening of the existing industrial fabric and elimination of the most serious bottlenecks

Orientation towards new activities showing development potential

- Conversion of the existing production apparatus
- Support for and promotion of new industrial activities
- Rigorous selection of really relevant operations for industrial infrastructures

- Industrial conversion plan
- Investment programme for undertakings with State participation
- Coordination for operations for foreign economic policy

- Special Project for intensive meat production in the Mezzogiorno (Nos 4, 10)
- Special Project for development of citrus growing (No 11)
- Completion schemes
- New Special Project for applied research

- Grants and incentives from the Cassa per il Mezzogiorno
- Promotional activities (leasing, INPS social security concessions, industrial assistance, and promotion, trading companies
- New Social Project for applied scientific research
- Provision of industrial infrastructures by the Cassa per il Mezzogiorno (mainly industrial estates)
- Special Project for hinterland areas
- Special Project for the industrial harbour at Cagliari (No 1)
- Special Project for infrastructures in south-eastern Sicily (No 2)

- Regional credit institutes and promotional activities
- Projects for vocational training and youth employment
- Development and marketing projects for small industries and craft trades
- Operation for small- and medium-scale industries and craft trades (including those not in existing industrial estates)

Reference table for the Mezzogiorno (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Infrastructures</u></p> <p>Safeguarding of the human environment and establishment of a better balance of urbanization</p>	<ul style="list-style-type: none"> - Conservation and optimum utilization of the natural environment - Improvement of the efficiency of infrastructures: - housing - public amenities 	<ul style="list-style-type: none"> - Public housing construction (subsidized, conventional and assisted) - Renovation of historical centres (Naples, Palermo and densely populated centres) - School and university building - Hospital building - Prisons and civic buildings 	<ul style="list-style-type: none"> - New Special Project for harbour and maritime infrastructures at Naples and Palermo - Special Project for controlling pollution of the Bay of Naples - Special Project for controlling pollution of the Bay of Naples - Completion works - Special Project for intersectoral water schemes 	<ul style="list-style-type: none"> - Operations for soil protection and establishment of parks and nature reserves - Plan for sewage and purification networks and refuse disposal - Programmes for housing and urban renewal (integration) - Programmes for school districts - Programmes for Local Health Units

<p>Closer intergration between the various areas and encouragement of trade with the rest of the country</p>	<ul style="list-style-type: none"> - Improvement of degress of accessibility: <ul style="list-style-type: none"> - network infrastructures - nodal infrastructures - Development of communications systems 	<ul style="list-style-type: none"> - Tourism (promotional measures) - Ordinary road system (National Road Board) - Programme of the Italian State Railways - Maritime, harbour and airport works - P.T. Programmes (Postal and Telegraph Services) - A.S.S.T. programmes (State Telephone Company) 	<ul style="list-style-type: none"> - Completion works - Incentive schemes - Special Project for hinterland areas - Special Project for hinterland areas (Nos 21, 22, 28) - Completion works 	<ul style="list-style-type: none"> - Regional programmes for the tourist sector - Safeguarding of artistic assets - Minor road programmes (integration) - Public transport programmes
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MEZZOGIORNO		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo- giorno	Italy
Surface	total	1976	km ²	123045,31	40.8		
	of which: mountain areas			35010	33.0		
Resident population	total	1976	Units	19840826	35.2		
	in local author. areas > 50 000 inhabitants			6553802	30.8		
Net migration		1951-71		-3990414			
		1951-76		-4045815			
Employment	total	1976	Units	5978200	30.0		
	in agriculture			1593700	54.4		
	in secondary sector			1770300	23.4		
	in tertiary sector			2614200	27.7		
Registered unemployment	Classes I + II	1976	Units	698615	59.1		
	all 5 classes			732255	55.2		
Registered 'Special Law for the Young'		1977		401934	61.5		
Redundancy payments in secondary sector ¹		1976	Hours	47114000	22.6		
GDP at market prices		1975	LIT 10 ⁹	27121.2	24.1		
Consumption	private			20370.2	26.8		
	public			5479.8	35.3		
Gross capital formation				6954.4	31.0		
Gross fixed capital formation in secondary sector				2367.8	31.1		

¹ Ordinary system.

MEZZOGIORNO		2	Year	Unit	Region	Mezzo- giorno	Italy	
Indicator								
Population density			1976	inh/km ²	161		187	
Level of urbanization ¹					33.0		37.8	
Activity rate (active popul./total population)			1977	%	34.8		38.9	
Unemployment rate ²					9.2		6.6	
Employment per 1000 inhab.	total		1976	‰	302.7		354.5	
	in agriculture				80.7		52.2	
	in secondary sector				89.6		134.5	
	in tertiary sector				132.4		167.8	
Changes 1951-1976	of population		1951-76	%	+ 12.2		+ 18.5	
	of employ- ment	total			- 7.9		+ 1.1	
		in agriculture			- 56.7		- 66.1	
		in secondary sector			+ 35.6		+ 30.2	
		in tertiary sector			+ 73.5		+ 79.5	
GDP/inhab., current prices	absolute value		1975	LIT 1000	1380		2006	
	annual change		1970-75	%	14.1		13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

Part two

THE INDIVIDUAL REGIONS OF THE MEZZOGIORNO

NOTE

The following regional monographs, which single out long-term strategies, specific objectives, and measures and operations in the individual regions, have been compiled on the basis of somewhat uneven documentary sources.

The extent to which the measures and operations described have been finalized differs fairly widely, as indicated specifically in each instance.

Consequently, in order to make easier to grasp the problems and the planning indications of each region it was decided to adopt a standard layout for all the monographs; this provides, formally at least, a recognizable and uniform framework of reference.

The regional monographs presented here should therefore be read with this in mind, together with the following considerations:

1. The operations indicated in the individual monographs can all be regarded as priority choices made deliberately by the region concerned, even though they relate to differing stages of confirmation. Hence, they may relate to regional development projects proper (Molise, Basilicata, and to some extent Sardinia), to preliminary projects (the Abruzzi), to formulas for specific action (the Marches, Campania, and to some extent Sardinia and Calabria), or to regional Laws on expenditure (Sicily and Apulia).
2. The figures given within the text of the monographs and in the annexes of statistical tables refer only to those regional measures which it has been possible to quantify, and therefore lay no claim to providing a complete picture of regional action. They are purely indicative, firstly because it is possible that at some future date quantified data may become available on other operations used to replace any original action which has proved to be unsatisfactory, secondly because the timetables for the programmes vary from one region to another and quantitative reassessments might be made, and thirdly because in some cases the figures are based on multi-annual budgets which by their very nature operate on a sliding scale.
3. As a consequence of the entry into force of the decree of delegation (Decree No 616 of 24 July 1977 referred to in Article 1 of Law 382 of 22 July 1975) concerning the transference and delegation of the State's administrative functions, and the resultant enlargement of the sphere of regional competence, the development programmes prepared by the various regions and described here could possibly be expanded.

V. ABRUZZI

1. PROBLEMS AND IMBALANCES

1.1. Problems

The Abruzzi, which is the northernmost region of the Mezzogiorno, has an area of 10 794 km², representing 8.8% of the total area of the Mezzogiorno and 3.6% of that of Italy as a whole.

More than 65% of this area is mountainous, while the remaining 35% is hilly.

The resident population, as at 31 December 1976, totals 1 220 574 inhabitants, representing 6.2% of the population of the Mezzogiorno and 2.1% of that of Italy as a whole.

Although it is a predominantly mountainous region, the level of urbanization is around 25%, with 306 501 persons residing in communes with over 50 000 inhabitants.

The average population density is 113 inhabitants/km², i.e. a good deal lower than the average of 161 inhabitants/km² for the Mezzogiorno as a whole.

Of all the regions of the Mezzogiorno, the Abruzzi suffered one of the highest rates of outward migration during the period 1951-76: a good 280 722 inhabitants have moved out of the region, leaving it greatly impoverished as regards productive and human resources.

The effects have, in actual fact, varied widely within the region: the province hit hardest by outward migration is Aquila (approximately 113 000 inhabitants), followed by Chieti (approximately 108 000 inhabitants), whereas the population of Pescara has risen slightly.

However, migration out of the region has fallen off to some extent over the last few years, chiefly because of the drop in emigration abroad which is presumably connected with the economic difficulties besetting other European countries.

In consequence of the substantial migration out of this region, as in the case of its neighbour Molise, the birth-rate (12.9%/1 000 inhabitants) is the lowest of all the regions of the Mezzogiorno, while the death-rate is 9.6%/1 000 inhabitants.

The combined effect of these two trends has produced a considerable rise in the average age of the region's population, with significant effects on both the production structure and its development potential.

The participation rate in the region (37.9% as at 1977) is slightly above the average for the Mezzogiorno, but the unemployment rate is also very high, at 8.8%: the number of persons seeking work is approximately 40 000, more than 18 000 of whom are young people registered under the 'Special Law for the Young'.

A growth in the supply of labour is foreseeable for the period 1977-80 (in addition to a small natural increase) as a result of the return of large numbers of emigrants (in 1971-76 a net increase of 24 400 persons was recorded, 19 500 of them abroad). What is more, the present structure of employment in the region is extremely precarious, as evidenced by the fact that earnings supplements amounting to 56.3 million hours were paid out in industry in the region, representing 20.5% of the total for the Mezzogiorno.

In 1976, the number of persons in employment in the region was 407 300 (accounting for 6.8% of total employment in the Mezzogiorno), broken down into approximately 24% in agriculture, 33% in industry and the remaining 43% in the tertiary sector.

This situation of apparent sectoral equilibrium deteriorated markedly in 1976 as a result of the decline (as compared with 1975) in employment in agriculture and industry (greater than the average decline for the Mezzogiorno) and a further growth in employment in tertiary activities.

As at 1975, the GDP of the region is LIT 1 797 600 million; since this represents a proportion of the total figure for the Mezzogiorno (6.6%) which is slightly higher than the equivalent proportion represented by the population (6.2%), per capita GDP (LIT 1 484 000) is a little above the average.

An analysis of the breakdown of GDP by sectors of economic activity shows that 15.9% is produced by agriculture, 31.9% by industry, and the remaining 52% by the tertiary sector.

Also, per capita consumption in the region (LIT 1 153 000) is much higher than the average for the Mezzogiorno.

It is clear from this outline of the situation that the Abruzzi, although still poor in comparison with the national standard, enjoys evident advantages over the other regions of the Mezzogiorno both in its production system and in its standard of living.

Nevertheless, serious imbalances exist over the entire area of the region, represented in particular by an accelerated process of depopulation in the hinterland areas due to an inadequate demand for labour and unsatisfactory living conditions, and overpopulation in the coastal areas.

1.2. Imbalances

Within the context of the region, certain situations and trends can be singled out (chiefly relating to the geographic distribution of residential zones and

production facilities) which distinguish the various areas sharply from each other. These can be grouped under:

- (a) the marked tendency (although less pronounced than in other parts of the country) for the population and economic activities to become concentrated in the major urban centres, and in more general terms in the reasonably flat areas, the areas with low hills and the coastal areas; this tendency is leading to the progressive abandonment of the mountain areas and areas with high hills which constitute a very large proportion of the territory of the Abruzzi;
- (b) the concentration of industrial activities in the limited areas which receive more substantial assistance from the public authorities in the form of direct incentives, various financial concessions and infrastructures which accentuate their already considerable natural advantages.

Thus, the basic problem confronting regional development policy is that of reducing the imbalances which exist between the coastal areas (and in particular the built-up area around Pescara) and the hinterland areas. Although their true origin lies in the widely differing morphological, geographic and climatic situations which are characteristic of the region's territory, these imbalances have been aggravated by emigration, by the irrational geographic allocation of assistance, by the uncertain nature of agricultural activities and by the lack of any control (in the general interest) of the 'spontaneous' trends in the selection of locations which have governed the distribution of new industrial undertakings within the region.

2. DEVELOPMENT OBJECTIVES

To eliminate these imbalances and bottlenecks, preceding paragraph, the Regional Government of the Abruzzi has laid down a planning schedule for the period 1976-80.¹

2.1. Production sectors

As regards the production sectors, the aim which the Regional Government intends to pursue is to set in motion a process of development which will not accentuate the centripetal force of the limited areas already possessing greater potential advantages and will ensure maximum utilization of resources, particularly the supply of labour in the region. Agricultural policy, industrial policy and policy on tertiary activities are all directed at attaining the objective of establishing more balanced development, which is the regional programme's long-term aim.

¹ Cf. The Abruzzi Region: Proposed Development Programme, approved by the Regional Government on 27 December 1974.

2.1.1. Agriculture

The main problem facing agriculture in the Abruzzi is its inadequate profitability in comparison with other sectors; this has been caused by (in addition to a number of geomorphological factors) insufficient funds, the lack of technologically adequate equipment and the failure to make full use of the scope offered by irrigation. In order to raise agricultural income to the level of the average values of the other sectors and enable the agricultural population to reach a standard of living comparable to the urban standard, and in parallel with this to increase and improve production, the Regional Government intends to adopt lines of action aimed at:

- qualitative improvement of agricultural activities, through more effective provision of infrastructure and a land-reclamation scheme;
- support and incentives for cooperative undertakings and other forms of association, in the spheres of production, services, and the preservation and processing of agricultural products;
- improvement of the basic structures (commercial, infrastructure and technical and scientific) for the development of stock-farming.

2.1.2. Industry

Against the growing importance of the industrial sector in the economy of the Abruzzi there have to be set certain adverse factors such as the slowing down of the rate of growth in the last few years, the concentration of activity in building rather than in manufacturing, and the presence of marginal and uncertain manpower.

Consequently, the Regional Government aims not only to inject fresh vigour into the process of growth but above all to shape it in two directions: the restructuring of the sector to achieve full utilization of the regional labour force and the establishment of a better geographic balance, which is the primary objective of the action planned.

Also, since the Regional Government lacks direct and functional authority in this sphere, regional assistance is mainly directed towards policy-making and promotional measures.

As regards the restructuring of the industrial sector in the Abruzzi, the Regional Government intends to assign priority to incentives primarily for the technologically advanced and highly labour-intensive sectors (precision mechanics, tooling industry, pure chemistry, etc.) and also for undertakings in the foodstuffs industry and the processing industry for agricultural products.

With respect to the siting of industrial activities, the Regional Government has decided to encourage a more rational deployment of industrial estates in line with the location of existing installations and the geographic distribution of the labour supply, so that this element too can play a strategic role in correcting the imbalances.

2.1.3. Craft sector

In the case of craft activities, a sector of some importance in the Abruzzi although it shows little growth, the intention is to maintain and develop the levels already reached, because the craft trades fulfil an important social function in the areas as yet untouched by industrial development, because they perform a supportive function in relation to productive activities, and because they play a part in the preservation of a traditional heritage of cultural importance.

Accordingly, in this field the Regional Government intends to promote forms of association likely to encourage more up-to-date technology, standardization of products, improvement of market values and marketing of products, and the widespread application of new organizational and managerial techniques.

2.1.4. Tourism

As regards the tourism sector, a field in which there is distinct potential, the Regional Government is pursuing firstly the further development of traditional tourism (although this development must not involve any increase in the existing building stock) and optimum utilization of artistic and environmental resources, and secondly the promotion of social tourism and tourism in the rural areas, which are also viewed as factors in the establishment of a better geographic balance.

The Regional Government feels that unified legislation must be adopted for tourism which, rather than aiming to encourage the construction of chains of hotels of the traditional type, will be designed to support all undertakings through increased demand, more extensive use of leisure time by both tourists and residents, and social tourism for workers and pensioners.

2.2. Infrastructures

As already observed, sharp imbalances exist over the territory of the region between areas suitable for forms of intensive development and areas offering very little potential for the establishment of production and living facilities.

In the light of these imbalances and, in particular, the growing congestion in the urban area of Pescara, the planning guidelines for the region¹ as regards land use and physical planning consist in the creation of an urban/production structure which will give all citizens virtually the same degree of access to services of every kind and to job opportunities, with the minimum commitment of resources.

In the Regional Government's proposals, this very general objective for policies on land use takes the form of a physical planning model which breaks it down into the following specific objectives:

¹ See The Abruzzi Region: Proposed Regional Development Programme (Regional Government), as cited.

- (a) maximum utilization of the existing urban structure;
- (b) balanced distribution of specialized regional services;
- (c) improved utilization of environmental resources;
- (d) maximum interconnection with the outside world as regards transport and communications, and satisfactory degrees of accessibility within the geographic areas demarcated by the Regional Government as units for physical planning purposes.

2.2.1. Urban structure

The objective of maximum utilization of the existing urban structure forms part of the long-term target of achieving real integration between the various parts of the region.

The first thing to be done is to identify the basic pattern of the urban structure of the future, in order to assign priorities for the siting of investments in housing and infrastructures.

The scale and nature of assistance both in the sphere of housing and in that of infrastructures will have to be assessed in general on the basis of the existing provision and future needs of each planning unit.

This will make it possible to define in detail the types of measures (building from scratch or renovation) to be promoted in each geographic area.

2.2.2. Specialized services

The purpose of creating a balanced distribution of the more specialized services is to achieve the equalization of social amenities throughout the region which is essential if a better geographic balance is to be established.

To this end, it will be necessary to specify all those operations connected with specialized services whose geographic scale extends beyond that of the individual planning district and the physical limits within which each operation is to be sited.

It will then be possible, given the constraints imposed by the need for each service to be run economically and by relative siting factors, to decide on the actual location of each operation that will help to attain the objective of equalizing social amenities over the region as a whole.

2.2.3. Environmental resources

The creation of a better living environment in the Abruzzi is linked to the realization that the territory itself constitutes the essential infrastructure of the physical environment, i.e. of the combined natural and artificial environment which constitutes the physical framework within which the life of a population is carried on; in this sense, improved utilization of environmental resources constitutes a strategic driving force for a development policy viewed as a whole.

More particularly, the specific objectives to be assigned to this improved utilization can be formulated as follows:

- (a) water and land improvement and soil protection;
- (b) prevention and control of air, water and thermal pollution; disposal of urban solid refuse;
- (c) establishment of a coordinated system of nature reserves.

2.2.4. Transport and communications

In terms of the Regional Government's options, the objective of ensuring satisfactory levels of mobility within the region itself and of facilitating external communication has been broken down as follows:

- (a) firstly, it will be necessary to: give priority to operations concerning both internal infrastructures and services and those of interregional importance (with particular reference to commuting patterns); reduce transport production costs; avoid duplication and overlapping of works (as has happened along the Adriatic coast); and create a network of minor transport infrastructures directly serving agricultural activities and production activities in general;
- (b) secondly, the measures to be initiated must be aimed at restructuring existing services functionally and administratively by placing them under public control and organizing them into traffic catchment areas, and by appointing a body to be responsible for coordinating all means of transport falling within the regional sphere of competence and invested with sufficient authority to oversee their integration with the local services managed by State companies.

3. MEASURES AND OPERATIONS

An attempt will be made here to list the principal measures which the Regional Government and the supraregional public agencies intend to implement between now and 1980.

The information given on special assistance from the State refers to completion schemes¹ and special projects in course of implementation or at an advanced stage of formulation (and hence to the 1977 programme and to a forecast of commitments for the three-year period 1978-80), to the programme for infrastructures in industrial areas and estates, and to investments in the production sectors which are eligible for the soft loans provided for by Law 183.

Normal assistance covers programmes formulated under individual legislative provisions.

¹ Entrusted to the Regional Government in accordance with Article 6 of Law 183 of 1976.

Regional action, on the other hand, has not yet been given concrete form in practical and clearly defined regional development projects. The operations mentioned are preliminary commitments on the part of the Regional Government, tentative planning guidelines and indications of criteria and overall compatibility for priorities, which still await confirmation of their economic viability and their consistency with the development objectives.

3.1. Production sectors

3.1.1. Agriculture

Public action relating to the development objectives mentioned will take the form of the following projects.

A - Programme of irrigation works organized on the basis of hydrographic basins, aimed at improving agricultural productivity and profitability in the areas with a high potential for intensive agriculture.

The most significant action here is the special assistance from the State through those of the CASMEZ special projects which concern the Abruzzi. They are Special Project 23 (Irrigation in the mainland areas of the Mezzogiorno) and Special Project 29 (Implementation of intersectoral water schemes in Latium, the Abruzzi, the Marches, Campania and Molise), which are both in progress. The financial commitment forecast up to 1980 amounts to LIT 152 100 million (consisting of LIT 93 900 million for Special Project 23 and LIT 58 200 million for Special Project 29).

The Regional Government, for its part, has prepared a schedule which includes the operations supported by the Cassa per il Mezzogiorno and is organized on the basis of provinces and catchment areas: this provides for measures complementing Special Project 23 which, with the construction of supply channels, flooded areas and artificial lakes in hilly areas, will increase the total area under irrigation from 54 100 to 73 850 hectares; the additional cost for the region is LIT 140 000 million.

B - Provision of rural infrastructures, especially in the sphere of farm roads, rural water mains and electricity supply, with the object of creating the conditions for more intensive agricultural development and improvement of the population's standard of living.

The major schemes under this heading are completion works connected with programmes which have already been approved and are supported by an operational plan, covering electricity supply, roads and various infrastructures. The financing of these schemes requires LIT 3 200 million.

In addition, there are the works provided for by the regional project, financed partly by the State (Law 910 of 1966 and Law 493 of 1976), partly by the EAGGF, and partly by the Regional Government itself. The aggregate amount of expenditure is estimated at LIT 80 000 million, of which LIT 70 000 million has been allocated for building 1 750 km of minor roads.

C - Cooperative undertakings for the preservation, processing and marketing of agricultural products. The strengthening of structures for the marketing and processing of agricultural products complements the overall development of the sector for which it is the natural outlet.

Accordingly, the regional project aims at promoting both the strengthening and technological improvement of existing structures and the creation of new facilities.

Its specific provisions are for:

- the construction of a central olive-oil bottling depot;
- the creation of two wine-bottling plants (at existing consortia);
- the improvement of the plant of ten existing wine-growers' cooperatives;
- the establishment of four vegetable- and fruit-growing undertakings.

The estimated aggregate amount is LIT 18 000 million; this will be met from regional funds, State funds (CASMEZ Law 183 of 1976) and the EAGGF.

Financing is to be provided on the basis of 50% capital grants and 50% soft loans.

D - Stock-farming. Action is on a joint basis in this sphere also. Special assistance from the State takes the form of Special Project 8 supported by the Cassa per il Mezzogiorno (Intensive meat production in the mainland areas of the Mezzogiorno); the estimated commitment up to 1980 is LIT 67 400 million.

This regional project is complementary to this, both in operations which create the upstream and downstream conditions and prerequisites for the development of undertakings (improvement of mountain pastures, the Giulvianova fodder factory, calf delivery and weaning centres, insemination centres, and centres for the processing, storage and marketing of meat) and in operations of an advisory nature (technical, economic and administrative advice).

Estimated investments amount to LIT 15 500 million.

E - Reafforestation programme. In addition to industrial reafforestation for pulp production, the aim here is to provide hydrogeological soil protection through the replanting and rehabilitation of degraded forests.

Action by the State takes the form of Special Project 24 supported by the Cassa per il Mezzogiorno (Reafforestation for production purposes), with commitments of some LIT 16 000 million. CASMEZ assistance, which is confined to industrial reafforestation, covers the expenditure involved on the basis of 75% long-term capital grants and 25% loans.

Regional action, funded outright by the State and/or the Regional Government, consists of:

- replanting and interplanting of forests over an area of approximately 30 000 hectares;
- coppice conversion over an area of approximately 30 000 hectares;
- new plantations over an area of approximately 50 000 hectares.

The estimated expenditure is as follows:

- replanting of forests LIT 30 000 million;
- coppice conversion LIT 3 000 million;
- new plantations LIT 200 000 million.

Expenditure estimated for the first four-year period is LIT 53 000 million.

3.1.2. Industry

The line of action taken to attain the objectives connected with the development of the industrial sector is firstly to aid the rationalization of the existing apparatus (particularly craft trades and small-scale industry), and secondly to aid the establishment of new undertakings (with high productivity and advanced technology) closely interrelated with the existing industrial structure.

A - Itemized assistance to craft trades. This is a particular area of assistance concerning craft trades in the strict sense. The specific measures involved, some of them already specified and others still requiring further study, apply not to the craft sector viewed as a whole but to fundamental groups of activities, with the aim of seeking solutions compatible with the structural features of the craft industry in this region. These groups cover:

- craft trades auxiliary to industry;
- craft trades connected with repairs and maintenance;
- craft trades in the services sector;
- craft trades connected with tourism;
- rural craft activities.

For the first two groups, the measures which the Regional Government intends to promote concern a policy on siting at urban and general geographic level which encourages integration between industrial establishments and craft workshops, with particular reference to the areas and centres of industrialization. In the case of craft trades connected with tourism, the measures to be developed concern the formulation of criteria governing assistance for the marketing and advertising of products and methods of providing access to credit.

For the other types of craft trades the Regional Government is investigating specific forms of assistance, both because of the considerable importance which craft trades in the services sector have acquired and because of the potential role of rural crafts as an activity complementary to agriculture, especially in the hinterland areas. The total cost of this assistance is estimated at LIT 17 600 million.

B - Establishment of a Regional Financing Institution. A projected Regional Financing Institution will be able to play an important part in implementing the objective concerning the creation of new industrial undertakings with high productivity and advanced technology.

It is seen as an instrument for the promotion of industry. Discussions on the precise definition of its functions are under way at policy-making level.

C - Development of forms of association. This is a line of action which the Regional Government intends to promote in all sectors of assistance. It represents assistance in the horizontal direction and is consistent with the objective of strengthening weak industrial structures, especially craft trade structures.

Assistance will be provided in the form of capital grants covering 50% of expenditure on the purchase of land and urbanization works and interest relief grants for the construction of goods sheds.

The Regional Government's commitment amounts to LIT 17 600 million.

D - Assistance for the processing of agricultural products. This assistance is allied to the measures aimed at the development of cooperative plants for the preparation, processing and sale of agricultural products. The long-term target is to increase agricultural income by affording the farmers themselves complete involvement in the successive phases of production.

The total cost is estimated at LIT 16 000 million.

E - Special assistance through incentives and grants for new undertakings and the expansion of existing ones.

This concerns industrial projects for which investments are in course of implementation or likely to be so in the very near future.

They total about some LIT 152 000 million, with two-thirds concentrated in the food, textiles and timber manufacturing industries.

F - Programme of infrastructure operations. The only data available on the provision of industrial infrastructures are those relating to the CASMEZ annual programme for 1977 as approved by the Minister. The commitments made total LIT 18 000 million.

The major schemes are as follows:

- water supplies and purification plants in the Sangro Aventino (Atessa) (commitment LIT 12 000 million);
- methane pipeline in the valley of the Pescara (Sulmona);
- road and rail links in the valley of the Pescara.

Preparations are also in progress for additional operations to be implemented within the context of the resources made available by Law 183 and allocated to infrastructures in industrial areas by the multi-annual programme already approved by the CIPE (Inter-Ministerial Economic Planning Committee).

3.1.3. Tourism

The principal guidelines for measures in this sector concern the expansion of demand, social tourism, and the maximum utilization of environmental resources. The Regional Government's proposals are as follows.

A - Regional Project for the construction of sports and recreational facilities and cultural centres, with the aim of providing wider scope for tourist leisure

activities, extending tourist 'seasons', and creating new tourist markets, with particular reference to social tourism. The total investment required is LIT 14 000 million.

B - Regional Spa Project, which has the objective of giving the only spa in the Abruzzi some degree of national competitiveness by providing the Caramanico Terme commune with certain structures and infrastructures essential to a spa possessing adequate facilities.

C - Credit for the hotel business, to be used for modernizing and improving the services offered.

This measure will be implemented in the following forms:

- regional assistance giving priority to undertakings capable of participating in social tourism (the estimated cost of financing this assistance will be LIT 10 000 million);
- special assistance (i.e. completion works) allocating LIT 6 000 million for credits and loans to the hotel business.

D - Regional project for the restoration of the existing stock of unused buildings situated in minor centres of historical interest. As regards location, the project envisages four pilot operations allotted as follows:

- (1) within the Abruzzi National Park;
- (2) in a mountainous area offering two tourist seasons;
- (3) in a hilly area offering mountain, sea and spa facilities for tourism;
- (4) in an area offering tourism facilities centred on the sea.

3.2. Infrastructures

3.2.1. Urban structure

The first objective set, which concerns maximum utilization of the urban structure, will be pursued through a policy of urban renewal covering the improvement and development of the building stock, services and infrastructures.

This policy will be implemented through the following measures.

A - Restructuring and socialization of the building sector aimed at meeting the need for accommodation and for public and social building works in general. It comprises:

- 'Housing' Plan, to be financed from public funds. This will take the form of the preparation of Plans for Low-Cost Building, with the object of utilizing the allocations from State funds. At regional level, these plans will be essential instruments of public action in the housing sphere;
- incentives to encourage and give priority to production operations based on non-traditional technological processes (industrialized building, prefabrication), particularly as regards those deriving from regional and local entrepreneurial projects;

- proposals for the establishment of a regional rotation fund¹ to be available to the communes for the purchase and urbanization of the areas included in the Plans for Low-Cost Building.

B - Renovation of minor centres of historical interest, aimed at the special conservation of surroundings which can enhance the region's physical environment. In addition to the improvement of buildings in the strict sense, the aim of this regional project, which has already been mentioned, is also the improved utilization of resources to help develop tourism.

C - Programme of primary urbanization works (especially water-mains and sewerage networks) to serve residential areas. Its main elements are as follows:

- CASMEZ Special Project 29, covering the intersectoral water schemes for Latium, the Marches, the Abruzzi, Molise and Campania. The CIPE has not yet fixed the operational guidelines for the project which concerns the Abruzzi, although the Cassa has made a preliminary evaluation of available water resources and the demand generated by the various consumer sectors. The part of the programme laid down by Law 183 for the Abruzzi makes provision only for feasibility studies and preliminary research on the various catchment areas. This means that the Regional Government will be able to play a greater part in the project planning phase, in that it will be able to provide the basis for verifying the objectives of the project in relation to the prospects of development and physical planning established at planning level. Moreover, it is the Regional Government's areas of responsibility which are the governing factors for the ultimate usefulness of the operations to be selected as part of the water project, as regards both its management (restrictions, tariffs, control of consumption, etc.) and the implementation of all public action downstream of the centres of distribution;
- completion schemes concerning, for the most part: water-mains, sewerage networks and water installations in general, for an expenditure of some LIT 60 000 million;
- capital and interest-relief grants to aid communes in the water-mains and sewerage sector (regional assistance).

3.2.2. Specialized services

Action to promote the balanced distribution of specialized services; this is divided into two main categories, viz:

- school-building and education structures;
- health services.

A - Action in the field of education includes:

- operations to be undertaken at planning unit level, through the organization of the school districts, for the implementation of a policy based on the right to study.

¹ Operations here are funded by the various bodies concerned.

The first step will be to solve the most urgent problems regarding transport, school meals and teaching materials;

- operations for the establishment of regional universities. The approach which it is intended to propose is based on the assumption that nowadays the primary and basic function of a regional university can be seen as the training of large numbers of highly skilled workers to form the senior and middle ranks of the public and private apparatus (administration, production and services), through a more strictly vocational syllabus, and the provision of refresher courses. This does not, of course, exclude scientific research, which is not tied to any geographic dimension but can positively augment the functions of cultural advancement.
- The intention is that the universities in the region should perform these functions in the closest possible relation to its special features and make the fullest possible use of its resources for the purposes of vocational training.

B - In the health services sector, too, the utilization of public funds for the construction or improvement of hospitals and clinics must be studied and formulated at planning unit level.

As regards regional assistance in the strict sense, the objectives are:

- the creation and improvement of structures for the training of medical and paramedical staff;
- the restructuring and reorganization of the existing health service apparatus.

Special assistance includes completion schemes connected with the improvement and construction of hospitals and clinics.

3.2.3. Improved utilization of the natural environment

As already indicated, action in this field is to be directed at the protection, consolidation and improved utilization of all aspects of the environmental heritage.

The operations planned by the Regional Government concern the following.

A - Proposal for an investigatory analysis of the position regarding environmental pollution, with particular reference to water pollution.

B - Project for the disposal of solid refuse, through the organization of a rational system of refuse collection and transport leading, either directly or through intermediate transfer depots, to sorting centres: controlled tipping and forms of total or partial incineration with salvage and compost manufacture.

The Regional Government will delegate responsibility for constructing these installations to consortia of communes, communities in the mountain areas and planning unit areas, which will also be responsible for running them.

The estimated cost is LIT 135 000 million.

C - Projects aimed at water and soil protection¹ through the replanting and rehabilitation of degraded forests.

These will be carried out by the Forestry Service, the communes, the communities in the mountain areas, the Development Agency and the Land-Reclamation Consortia.

The projects planned concern: replanting, interplanting and tending measures over an area of some 30 000 hectares of degraded forests; coppice conversion over a further 30 000 hectares; new plantations over an area of approximately 50 000 hectares.

D - Operations for the organization and creation of natural parks; these concern:

- the development of the Abruzzi National Park;
- the establishment of a regional park on the Maiella, with the object of conserving an environment of exceptional interest to naturalists which would otherwise be liable to deteriorate;
- the designation of ten areas as nature reserves.

The nature reserves proposed, each for different purposes, are as follows:

- (1) Velino-Sirente
- (2) Laga Mountains
- (3) Ernici Simbruini Mountains
- (4) Cagnano Amiterno maquis
- (5) Atri gullies
- (6) Pescara springs and Popoli gorges
- (7) Sagittario gorges
- (8) San Antonio forest
- (9) Pantaniello lake
- (10) Celano gorges.

3.2.4. Transport

The creation of an integrated transport system is a governing factor for harmonious urban growth and the establishment of a better balance within the region.

Regional action in this sector is directed towards promoting and urging at regional level (by law, where necessary) the appointment of committees to draw up plans for the regional integration and coordination of the various means

¹ These form part of a broader development project relating to reafforestation which was mentioned earlier in the section on operations in the sphere of agriculture.

of transport, in collaboration with the National Road Board, the Italian State Railways and the major transport corporations and companies. For the metropolitan areas (which are not excluded from the state of affairs in the Abruzzi) and non-urban areas, assistance should cover the establishment of transport agencies, possibly in the form of consortia, for the coordination and systematic promotion of means of transport at local level.

Special assistance from the State takes the form of:

- Special Project 12, for the construction of the Aprutina hill road, with a commitment of LIT 42 000 million for the 1977/80 period;
- completion schemes for both ordinary roads and express highways, with a commitment of some LIT 33 000 million.

Reference table for the Abruzzi region

Overall targets

- A. Progressive correction of the geographic imbalances which exist within the Region by ensuring that development is distributed in a way which will not accentuate the contripetal force of the limited areas possessing higher development potential
- B. Maximum utilization of all the region's human, productive and infrastructure resources
- C. Extension of infrastructure, civic, social and environmental amenities to all parts of the region up to the same qualitative and quantitative standards

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Progressive elimination of the disparity of the level of productivity and profitability in agriculture by supportive measures directed primarily towards modernizing the structures of production</p> <p>Enabling the agricultural population to reach a standard of living comparable to that in urban areas</p>	<ul style="list-style-type: none"> - Improving agricultural activity through better infrastructure and land reclamation - Giving support and incentives to the establishment of cooperatives and other forms of association in the sectors of production, services, and the preservation and marketing of agricultural products 	<ul style="list-style-type: none"> - Plan for foodstuffs and agriculture 	<ul style="list-style-type: none"> - Special Project 23 (Development of irrigation) - Special Project 29 (Intersectoral water schemes) - Completion works - Special Project 24 (Reafforestation for production purposes) - Special Project 8 (Intensive meat production) 	<ul style="list-style-type: none"> - Complementary operations for the extension of irrigated areas - Infrastructures programme - Complementary programme for restoring the forest heritage - Complementary operations to develop stock-farming production - Cooperatives for the preservation and marketing of agricultural products

Reference table for the Abruzzi region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
	<ul style="list-style-type: none"> - Improving the basic structures (both environmental and scientific and technical) to develop stock-farming production 			
<p><u>Industry and craft trades</u></p> <ul style="list-style-type: none"> - Strengthening and restructuring of the existing fabric of production - Enlargement of the productive base, with special emphasis on the objective of establishing a better geographic balance 	<ul style="list-style-type: none"> - Developing advanced and highly labour-intensive sectors (such as precision mechanics, and the food-stuffs and agricultural products processing sector) - Encouraging a more rational zoning of industrial estates - Encouraging all forms of association which will raise the level of technology and further the widespread application of sound methods of organization and management 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry - Investment programme for undertakings with State participation - Coordinations involving foreign economic policy 	<ul style="list-style-type: none"> - CASMEZ incentives and contributions - CASMEZ industrial infrastructure programme 	<ul style="list-style-type: none"> - Establishment of a regional financing institution - Operations for the development of forms of association - Operations for the processing of agricultural products - Itemized assistance in the craft trades sector

Tourism

Expansion of demand by promoting social tourism and tourism in rural areas

- Increasing tourist accommodation capacity
- Carrying our promotional projects

- Completion works

- Credit and loans for the hotel trade
- Projects for the restoration of the existing building stock in centres of historical interest
- Spa development project
- Programme for the construction of sport and recreational facilities

INFRASTRUCTURES

Maximum utilization of the existing urban structure

- Restructuring and socialization of the building sector in order to meet the need for housing and for public and social building works in general
- Restoration of minor historic centres
- Programme of primary urban infrastructure works (water-mains and sewerage networks) to serve residential areas
- Coordinated policy on the right to education
- Rationalization and improvement of the health services

- Completion works
- Special Project 29 (Intersectoral water schemes)
- Completion works
- Special Project 12 (Aprutina hill road)
- Completion works

- Multi-annual programme for public building:
 - (a) residential
 - (b) civic
 - Water schemes
 - Multi-annual programme for public building:
 - (a) schools
 - (b) hospitals
 - National Road Board Programme
 - Italian State Railways Plan
- Housing plan to be financed from public funds
 - Incentives for projects in the building sector based on non-traditional technological methods
 - Establishment of a regional 'rotation' fund
 - Project for the restoration of minor centres of historic interest
 - Complementary operations in the water-mains and sewerage sector
 - Operations through the organization of school districts

Reference table for the Abruzzi region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
	<ul style="list-style-type: none"> - Anti-pollution programme - Restoration of the natural heritage - Creation of an integrated transport system 			<ul style="list-style-type: none"> - Operations for the establishment of regional universities - Operations for the restructuring and reorganization of the existing health services - Investigatory analysis of the pollution situation - Refuse disposal project - Replanting of forests - Creation of natural parks - Appointment of committees to prepare plans for the integration and coordination of transport systems

ABRUZZI		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	10794.09	8.8	3.6	
	of which: mountain areas			7020	20.1	6.6	
Resident population	total	1976	Units	1220574	6.2	2.1	
	in local author. areas > 50 000 inhabitants			306501	4.7	1.4	
Net migration		1951-71		- 303403	7.7		
		1951-76		- 280722	6.9		
Employment	total	1976	Units	407300	6.8	2.0	
	in agriculture			97600	6.1	3.3	
	in secondary sector			135900	7.7	1.8	
	in tertiary sector			173800	6.6	1.8	
Registered unemployment	Classes I + II	1976	Units	32807	4.7	2.8	
	all 5 classes			37124	5.1	2.8	
Registered 'Special Law for the Young'		1977		18398	4.6	2.8	
Redundancy payments in secondary sector ¹		1976	Hours	5538000	11.7	2.7	
GDP at market prices		1975	LIT 10 ⁹	1797.6	6.6	1.6	
Consumption	private			1407.6	6.9	1.9	
	public			335.5	6.1	2.1	
Gross capital formation				458.6	6.6	2.0	
Gross fixed capital formation in secondary sector				95.1	4.0	1.2	

¹ Ordinary system.

ABRUZZI		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	113	161	187
Level of urbanization ¹ .					25.1	33.0	37.8
Activity rate (active popul./total population)			1977	%	37.9	34.8	38.9
Unemployment rate ²					8.8	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	335.0	302.7	354.5
	in agriculture				80.3	80.7	52.2
	in secondary sector				111.8	89.6	134.5
	in tertiary sector				142.9	132.4	167.8
Changes 1951-1976	of population		1951-76	%	- 4.4	+ 12.2	+ 18.5
	of employ- ment	total			- 18.8	- 7.9	+ 1.1
		in agriculture			- 70.3	- 56.7	- 66.1
		in secondary sector			+ 72.2	+ 35.6	+ 30.2
		in tertiary sector			+ 86.1	+ 73.5	+ 79.5
GDP/inhab., current prices	absolute value	1975	LIT 1000	1484	1380	2006	
	annual change	1970-75	%	14.6	14.1	13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

VI. MOLISE

1. PROBLEMS AND IMBALANCES

1.1. Problems

Molise is the smallest region in the Italian peninsula; it has an area of 4 438 km², of which 2 460 km² are mountainous country. It is situated in the Apennines, adjoining the Abruzzi, Latium and Campania, and borders on the Adriatic Sea.

As at 31 December 1976, the total resident population is 330 604 inhabitants, all of whom live in communes of less than 50 000 inhabitants. The population density is only 75 inhabitants/km²: although the area of the region represents 3.6% of that of the Mezzogiorno, it contains only 1.7% of the population.

The region's most urgent and serious problem is the high level of outward migration; in 1951 Molise had 406 823 inhabitants, but during the period 1951-76 a good 141 000 persons left the region, and this has had marked negative effects on its development.

The high level outward migration has increased the average age of the region's population considerably, not only leaving it impoverished as regards economically productive persons but also limiting reproductive capacity: the birth rate (12.8 live births/1 000 inhabitants) is below the national average, and that of Isernia in particular (9.3/1 000) is one of the lowest in Italy.

The overall participation rate as at 1976 is approximately 35% (46.3% for men and 23.8% for women).

Although the participation rate is in line with that of the more developed regions, its breakdown by sectors of economic activity demonstrates the region's weak production structure: the percentage of the population employed in agriculture is extremely high (41% of total employment), whereas employment in industrial activities represents only about 26%.

Furthermore, although the number of persons in employment in the region constitutes 2.0% of the total for the Mezzogiorno, a breakdown of the figures by sector of economic activity shows that the number of those in employment in agriculture accounts for 3% of the corresponding total in employment, those in industry for 1.7%, and those in employment in the tertiary sector for 1.5%. It is also significant that during the period 1951-71, whereas the region's population fell by 18.7%, employment fell by about 41%.

As at 1976 the rate of unemployment is 5.6% in absolute terms, i.e. there are 7 000 persons seeking work and of these 5 752 are young people. During the period 1977-80 the region will have an additional labour supply of some 9 000 persons, and this figure will be increased by the persons forced to leave agriculture.

The region's fragile economic and social situation, and the imbalances which exist between it and the other regions of the Mezzogiorno, are confirmed and thrown into sharper relief when the figures relating to certain macro-economic variables are examined.

With a GDP in 1975 of LIT 422 000 million and a population representing 1.7% of that of the Mezzogiorno and 0.6% of that of Italy as a whole, Molise accounts for 1.6% of the GDP of the Mezzogiorno and 0.4% of that of Italy as a whole; thus, per capita GDP, at barely LIT 1 280 000, is 32.6% lower than the national average and 7.2% lower than the average for the Mezzogiorno.

An analysis of income by sector of origin shows that 20.8% of the total is derived from agriculture; this is a higher proportion than in any other region.

Private consumption within the region totals LIT 362 200 million, representing 1.6% of that of the Mezzogiorno and 0.4% of that of Italy as a whole, i.e. it is substantially lower than that of the population in general. Public consumption, on the other hand, is higher.

Lastly, as regards investments, in 1975 investments to the value of LIT 149 200 million were implemented in Molise; this represents 2.1% of total investment in the Mezzogiorno, and 0.7% of total investment in Italy as a whole.

These figures demonstrate that Molise, in having an economy based essentially on agriculture, has been especially vulnerable to the effects of the organizational and structural crisis affecting this sector and, as a result, has become of the most depressed areas of the Mezzogiorno.

1.2. Imbalances

At present, the economic structure of Molise shows three types of geographic imbalance:

- (a) between the region as a whole and the other regions of Italy;
- (b) between the regions as a whole and its immediately neighbouring regions;
and
- (c) between those areas within the region which are potentially suitable for intensive development (both industrial and agricultural) and the rest of the region.

To take the first case, Molise is dependent on the rest of Italy and on foreign countries because the regional demand for goods and services is very much higher than internal production. Moreover, the inability of the region's production structure to satisfy internal demand is reflected not only in a need to import from outside, with a consequent lack of investment of the financial resources necessary to internal development, but also in a steady growth even in the region's present dependence on external factors, in so far as the availability of resources depends on day-to-day economic conditions in these exporting regions (or countries).

As regards relations with its neighbouring regions, these are essentially reflected in dependence on external urban centres for access to specialized services and in unsatisfactory degrees of access to the national transport networks.

In essence, all this is attributable to the region's low level of urbanization¹ and to the fact that most of its territory is merely skirted by the principal road and rail links.²

Within the region itself, the present imbalances between the coastal areas and the plains in the interior on the one hand and the mountainous areas on the other might tend to become even more pronounced, unless the right policies are put into practice, as soon as the investments in course of implementation (mainly infrastructures for water collection and distribution) start to produce effects on agriculture and its associated activities.

The imbalances described point to three basic bottlenecks blocking the autonomous development of the region:

- (a) firstly, a deficit in the regional balance of resources;
- (b) secondly, the difficulty of access (especially by rail) to the public amenities and services which do not exist within the region itself;
- (c) and lastly, the growing disparity between the areas which are (already or potentially) strong and the more peripheral areas, and hence the emergence of a dualistic process of development within the region itself.

2. DEVELOPMENT OBJECTIVES

The problems and bottlenecks summarized above form the basis of the overall targets and specific objectives which the Molise Regional Government has set for the period 1977-80.³

2.1. Production sectors

As regards the production sectors, the Regional Government intends to promote a marked expansion in the apparatus of production in relation to the objectives of full utilization of resources and balanced development of the various areas. Policies on agriculture, industry and the tertiary sector will there-

¹ The only reminder needed here is the fact that the population as a whole, leaving aside the question of its geographical dispersion, fails to reach the minimal thresholds normally considered necessary in planning the provision of highly specialized urban services.

² Only the coastal areas of Molise are covered by the national road and rail routes.

³ See Molise Region: Outlines of development for 1977-80, approved by the Regional Government on 29 March 1977.

fore need to be directed towards the civic development and more balanced geographic structure which are the basis of the programme.

2.1.1. Agriculture

To remedy the weakness of the agricultural sector, a weakness which is characteristic of the whole of the Mezzogiorno but aggravated in the case of Molise by its limited physical suitability for agricultural activities and by the fragmentation of the apparatus of production, the Regional Government proposes to attain the following objectives:

- the highest possible level of employment consistent with a degree of efficiency which will afford those employed in this sector a monetary income and standard of living which are adequate and comparable to those of the other production sectors and of urban areas;
- simultaneously, a substantial growth in production in both qualitative and quantitative terms.

These objectives are to be attained through the formulation of policies of assistance aimed at:

- improved utilization of the areas concerned, with appropriate methods of cultivation and more extensive use of irrigation;
- reclamation of uncultivated land which has even a limited potential for profitable utilization;
- the use of appropriate incentives to strengthen certain sectors where demand at national level is particularly steady and domestic production is insufficient (stock-farming, wood-pulp and quality wines);
- the development of forms of association, especially cooperatives, both in the production sector and in the processing and marketing sector.

2.1.2. Industry

The extreme precariousness of the industrial sector (which consists almost entirely of craft-type activities) and its small contribution to regional income demand a regional policy aimed at expanding the productive base and thereby raising the levels of employment in this sector.

The objectives which the Regional Government has set to this end are essentially as follows:

- identification of sites most likely to help establish balanced geographic organization;
- selection of the most labour-intensive sectors of manufacturing industry.

As regards industrial siting policy in particular, the overall objective is to achieve a balanced development for the region as a whole by grouping new undertakings into three basic types of industrial area:

- large-scale industrial estates in the three principal lowland areas, for the concentration of industries which pose no special siting requirements;
- small industrial estates (mostly coinciding with growing minor centres) at

points where the axes of regional traffic intersect for industries connected with either the urban structure or agricultural resources;

- production areas of local importance for craft activities and small-scale industries, to be organized at commune level, as needed.

2.1.3. Tourism

As regards the tourism sector, the Region intends both to develop tourism of the traditional type (although the scope for development here is greatly limited by the region's own physical characteristics) and to tackle on a broad scale the problem of developing a varied and complementary type of tourism, viz. social tourism. There is quite a significant development potential here, given the region's central position in relation to the major urban areas of Rome and Naples, which could well represent a considerable potential demand for social tourism although this has never yet evolved sufficiently. With this object in view, it is intended to restructure the existing tourist bodies (EPT (Provincial Board for Promotion of the Tourist Industry), Holiday Accommodation Agencies, Pro loco, etc.), and to found a specialized vocational training school for social tourism.

2.2. Infrastructure

In describing the assistance policies and programmes aimed at the quantitative and qualitative improvement of the supply of services, particular mention can be made of two of the 'general' objectives¹ adopted by the Regional Government²:

- extension of those essential public services whose provision is particularly inadequate;
- establishment of a better balance between the different social groups and different areas of the region, giving priority to measures aimed at assisting the hinterland areas.

At physical planning level, the attainment of these objectives will need to be backed up by the establishment of a number of strategic major axes designed as

¹ This is the name given to the 'guideline-objectives' defined by the Regional Government, i.e. those objectives which, although they constitute a local breakdown on an individual regional scale of the targets which regional policy needs to pursue for the Mezzogiorno as a whole, and an essential guideline for the subsequent planning of specific measures, have not yet been formulated in sufficient detail, in either sectoral or geographic terms, to be translated into actual assistance policies and programmes. Regional development objectives which have already been formulated in detailed sectoral and geographic terms are referred to officially as 'specific objectives'.

² See Molise Region: Outlines of development for 1977-80, as cited above.

an underlying framework for planned urbanization measures and the siting of industrial activities and public amenities.¹

This physical model will form the basic framework for the objectives assigned to policies of assistance in the sectors given priority in social terms.

2.2.1. House building

As regards housing construction, the guidelines for assistance adopted by the Regional Government are as follows:

- (a) construction of new accommodation only in areas where is still a marked shortage or a strong population growth;
- (b) renovation of the existing housing stock in other areas;
- (c) improvement of the water supply and sewerage systems, as part of the broader objective of optimum utilization of water resources and protection of the regional environment.

2.2.2. Transport

In the sphere of transport, regional policy objectives can be summarized as follows: improvement or construction from scratch of the roads representing the axes in the physical planning model; overall modernization of the rail network, and its more effective connection with the national routes on the Tyrrhenian coast in particular; and development of the industrial functions of the port of Termoli, which is the obvious point of reference for future industrial activities.

2.2.3. Education and vocational training

In the education and vocational training sector, the principal objectives of regional policy consist in the establishment of a State University and the organization of vocational training structures appropriate to future needs. These needs will have to be interpreted and predicted, on a local basis, in relation to the operations planned for the production sectors and with community participation both in the preparatory stage and in the subsequent assessment of the actual results.

¹ The infrastructures forming this framework will essentially consist of the following road links: a central line joining Termoli, Boiano, Isernia and Venafro; two transverse axes represented by the Trigno valley and the route of the present State highway SS 87; and four longitudinal axes consisting of the following road links: Agnone-Fossalto-Campobasso-Riccia; Montefalcone-Casacalenda-Lake Occhito; Boiano-Sepino; and Isernia-Castel di Sangro.

2.2.4. Health

Lastly, in the health sector, Regional Government action is directed towards the gradual establishment of a regional health service system.

The general characteristics of this projected system can be summarized as follows: really comprehensive social and health services, organized on a geographic basis and with local participation in their administration.

The first steps along these lines have been taken through a number of important decisions taken by the Regional Council regarding:

- (a) the submission of a draft regional law connected with the Social and Health Services Plan;
- (b) the enforcement of Regional Law 16 of 1974 on preventive medicine (the school medical service has been in operation since that time);
- (c) the financing of the first polyclinics: these are essential in achieving a transition from a strictly vertical approach centred on hospitals to a more horizontal approach covering health services in general (including health care for out-patients before and after hospitalization);
- (d) vocational training for paramedical personnel, directed towards improving levels of skill and increasing employment (the Council has amended Regional Law 5 to this end);
- (e) the submission of a draft regional Law on Family Guidance Counsellors;
- (f) the approval of a preliminary operational plan for health care and hygiene.

These projects, which are necessary in order to meet the most urgent needs of the regional community, must be kept compatible with the proposed Social and Health Services Plan.

The provisional time schedule for the implementation of the Plan is as follows: approval of the associated legislation and establishment of the ULSS (Local Health Service Offices) (in 1977); establishment of the peripheral network of facilities on the basis of the indications laid down in the national Law and the proposals of the local bodies and the ULSS (in 1978); gradual but systematic initiation of the regional system (in 1979); full practical implementation of the Plan (in 1980).

3. MEASURES AND OPERATIONS

As for the other regions, an attempt will be made in the case of Molise also to indicate the principal measures planned for between now and 1980, by both the Regional Government and the supraregional public bodies.

As regards regional action, it must be emphasized that the regional development projects which will be mentioned have not yet been finalized: the Regional Government intends to wait until it has assessed their validity and confirmed with the various social elements and representatives of local geographic areas that they are relevant to the development objectives. Thus, at the present stage of

planning in Molise the projects indicated must be regarded as preliminary indications, to be confirmed later, of the planning action specified.¹

Special assistance from the State implemented through CASMEZ (the Cassa per il Mezzogiorno) consists of the programme of completion works (in accordance with Article 6 of Law 183 of 1976), the special projects in course of implementation or in an advanced stage of definition (i.e. the 1977 programme and a forecast of commitments for the three-year period 1978-80), the programme for infrastructures for industrial areas and centres, and investments in the production sectors which are eligible for the soft loan schemes provided for by Law 183. Normal assistance, on the other hand, concerns programmes prepared within the context of particular legislative provisions.

3.1. Production sectors

3.1.1. Agriculture

For the agricultural sector, in accordance with the objectives mentioned above, the measures which the Regional Government intends to promote are as follows.

A - Implementation of a unified scheme of irrigation works, in order to achieve a more rational utilization of water resources and substantial increases in the value of agricultural production and the level of productivity in this sector.

This will be supported chiefly by special expenditure from central government, through certain Special Projects in the sphere of water schemes and irrigation in so far as they concern the Molise region. These are Special Projects No 15 (intersectoral utilization of the waters of the Biferno in the Molise region), No 23 (Irrigation in the Mezzogiorno) and No 29 (Implementation of intersectoral water schemes in Latium, the Abruzzi, the Marches, Campania and Molise), which are in course of implementation under the auspices of the Cassa per il Mezzogiorno. The financial commitment between now and 1980 can be estimated at some LIT 104 000 million at 1975 prices (LIT 9 700 million for Special Project No 15, LIT 57 700 million for Special Project No 23 and LIT 36 600 million for Special Project No 29).

The Regional Government, for its part, intends to take action in this sector in the form of a project of its own ('Regional Irrigation Project'), to be carried out in coordination chiefly with Special Project No 23. This project, which aims to achieve improved utilization of irrigated land, will also include the provision of the infrastructures essential to the processing of agricultural products (water and electricity supplies) and measures for land improvement and the conversion of agricultural undertakings.

¹ The measures concerned fall within the Regional Government's multi-annual budget, which operates on a sliding-scale basis. Consequently, in successive years revisions may be made to the programmes proposed, in the light of the first results achieved and any new needs which may arise.

The resources allocated to this project in the multi-annual regional budget for the period 1977-80 (included in the document outlining development planning) amount to LIT 20 000 million.

B - Implementation of a programme for the qualitative and quantitative improvement of stock-farming production. In this sector too, joint assistance is planned: special expenditure by central government, complemented by regional development projects.

Special assistance is in the form of Special Project No 8 (Intensive meat production on the mainland of the Mezzogiorno) now broadened in scope to include poultry; the total commitment estimated for this between now and 1980 is LIT 46 700 million at 1975 prices.

Regional action (Regional Stock-Farming Project) is chiefly directed towards the hinterland areas and aims at covering the areas of production not covered by the Special Project (in particular, the improvement of milk and cheese products); it also encourages forms of association.

The financial resources allocated to this project will be LIT 10 000 million.

C - Implementation of major operations for reafforestation; these are aimed at extending the area under forest and achieving improved utilization of the existing area, through the creation and support of undertakings engaged in combined forestry and pasturage. These measures are intended to encourage the reclamation for productive purposes of land that has been abandoned (as a result of the high level of outward migration) and the creation of new jobs, especially in the mountainous areas, with beneficial effects on the success of operations for improved utilization of water and soil resources through the presence of an economically productive labour force sufficient to ensure the continuity and effectiveness of the operations themselves, and hence the improved economic utilization of land and forestry resources.

Central government action in this sphere will be carried out in the main through Special Project No 24 (Reafforestation for production purposes in the Mezzogiorno); as far as Molise is concerned, this will involve a commitment between now and 1980 of LIT 9 600 million at 1975 prices. Reafforestation operations will also be involved in Special Projects Nos 15 and 29, which have been mentioned above; these are designed to protect the catchment areas subtended by the barrages of the artificial basins constructed on the rivers in Molise.

Regional action, in its geographic scope, chiefly covers the hinterland areas and, in particular, publicly-owned land, abandoned areas and land suitable for specific purposes. The financial provision allocated to the project in the multi-annual budget up to 1980 amounts to LIT 7 000 million.

D - Incentives for the processing and marketing of agricultural and agri-foodstuff products. The draft five-year programme also considers the problem of strengthening marketing structures, especially those for agri-foodstuff products; working on the principle that the producers need to regain a share in the activities connected with the improvement and preparation of their own products (which is an essential condition of any improvement of agricultural income), it makes this problem the subject of a new Special Project which is shortly to be prepared and financed ('Establishment and strengthening of mar-

keting structures connected to the major distribution network'). As the programme emphasizes, the implementation of this project would in any case need to be complemented by regional activities, especially as regards the promotional aspect. The Regional Government has accordingly prepared project action of its own (Regional Project on 'System for the preservation and marketing of agricultural products').

Assistance is directed chiefly towards the agri-foodstuffs sector and reflects the need of the actual agricultural producers to regain a share in the economic activities connected with the improvement and preparation of their own products (which is an essential condition of any improvement of agricultural income). Another essential factor here will be the establishment and promotion of forms of association, and this requires the solution of not only technical and financial problems but also problems of a legislative nature (reform of the Law on cooperatives, issue of legislation on associations of producers, reform of the agrarian credit system, etc.).

The resources allocated to this project amount to LIT 5 000 million.

3.1.2. Industry

In the case of the industrial sector, the line of action which it is intended to follow in order to achieve the objectives indicated involves firstly concentration on 'new' activities, in the light of the increasingly effective competition from the developing countries, and secondly consolidation and development of the existing fabric of production, including the establishment of economic activities capable of utilizing the specific location factors characteristic of the region.

This approach of seeking out and promoting the more dynamic sectors of production must also include discussion of the part to be played by small and medium-scale industry and the craft trades. For the sectors on which it is intended to concentrate in the interests of industrialization can be adopted as valid points of reference for small and medium-scale undertakings.

The craft trades represent a sector which is particularly important to the regional economy, chiefly in its capacity as a source of employment for a large proportion of the labour force, particularly in the areas where there are few opportunities of finding stable employment.

A - The Regional Government has proposed project action of its own here - for the promotion of technological development and forms of association in the craft trades and in small and medium-scale industry - which will take the form of three instruments of assistance:

- Establishment of the Regional Financing Institution. This legal instrument, which has already been tried in other regions, has as its objective the financial and technical support of productive activities in the region, by aiding technological development, forms of association and the marketing of products, especially those typical of the centres of craft activities in Molise. The total financial allocation is LIT 4 000 million.
- Assistance in the education sector. This project is closely related to the regional objectives involving development of the productive base. It is directed towards vocational training and the rehabilitation of the unemployed

who have educational qualifications (especially young people), including the provision of job opportunities. The resources allocated to this project total LIT 5 000 million for the period 1978-80; this will be in addition to the normal annual appropriations, including those which are the responsibility of specific sectors (the National Hospital Fund, for example), and 50% of the money will be provided by the European Social Fund.

- Provision of infrastructures for small industrial estates combining craft trades and small-scale industry (Incentives and grants). This assistance also is complementary to the policy of providing industrial infrastructures which is administered by the Cassa per il Mezzogiorno. As observed earlier, the criteria governing the financing of infrastructures connected with investments in production are no longer based on the principle of concentration in the major industrial centres and areas but now also extend to the local industrial areas specified and planned through instruments of town-planning at commune or planning district level. Previously, the whole question of the commune production areas (as provided for in Article 27 of Law 865), which concern craft trades and small-scale local industries, had been left unresolved. The regional project, for which the financial allocation is LIT 5 500 million, makes provision for the financing of these infrastructures in co-ordination with the system of incentives for investment in craft trades.

B - The very description of these regional projects makes it clear that the operations which the Regional Government intends to carry out are complementary to those representing special and normal assistance from central government, viz. industrial incentives through grants and soft loan schemes; financing of industrial infrastructures; and operations by undertakings with State participation and the Financing Institution for the South (FIME).

- As regards special assistance through incentives and grants, the industrial ventures which could be launched in the very near future¹ would amount to some LIT 18 000 million (approximately three-quarters of which would concern the engineering field), with the employment created representing about 700 jobs. The assistance from the Cassa per il Mezzogiorno towards the total cost of this investment can be estimated at around LIT 6 000 to 7 000 million.
- As regards the provision of specific infrastructures, i.e. those directly serving industrial undertakings, no figures are available on special assistance for the whole of the period in question; the only figures known are the commitments for expenditure by the Cassa per il Mezzogiorno during 1977. These commitments amount to about approximately LIT 8 000 million, made up of LIT 5 000 million for the Isernia-Venafro industrial estate (water supply, sewerage networks and a methane pipeline), LIT 2 000 million for infrastructures in the Boiano-Campobasso industrial estate, and LIT 1 000 million for the Biferno valley industrial estate (rational organization of water systems and sewerage networks).

¹ These figures have been deduced from the bank loans which have already been approved and which are already being paid out or for which the first instalments are expected to be paid shortly.

3.1.3. Tourism

In the case of the tourism sector, the Regional Government has prepared coordinated draft legislation to provide incentives for the tourist trade. The regional project concerned gives priority to all operations aimed at forms of social tourism, including those which complement agricultural activities. This sector can constitute an effective means of making better use of Molise's landscape and environmental resources, in addition to the cultural benefits connected with local customs and traditions. The financial resources allocated are LIT 5 000 million.

3.2. Infrastructure

3.2.1. Hinterland

As observed earlier, the most significant imbalance within the Mezzogiorno itself is that which exists between the hinterland areas and the coastal strip, and this imbalance is particularly serious in the case of Molise.

There is a regional project (entitled 'Hinterland areas - main lines of development') aimed at correcting this imbalance through operations which will be coordinated with those connected with the 'Hinterland areas' Special Project which forms part of special assistance from central government and covers the hinterland areas of all the mainland regions of the Mezzogiorno.

The funds allocated to this regional project, which total LIT 20 000 million, will be used to promote (in addition to the development of production) better provision of services in the poorest parts of the region.

3.2.2. Urban renewal

Another regional operation aimed at improving public amenities is the project for urban renewal; LIT 7 000 million have been allocated to this. One limitation on the implementation of this project, for which the actual operations will have to be decided on the basis of the indications of the regional development plan now being drawn up, is that the actual communes concerned will need to have operational instruments of town planning ('detailed plans') for the urban areas in which renovation operations are proposed.

3.2.3. Water supply and sewerage infrastructures

Another project which is closely connected with this is the regional project for improving the water supply and sewerage infrastructures of the centres of population, which forms part of a broader policy aimed at achieving optimal utilization of regional water resources and safeguarding the environment. The implementation of the project, which involves an expenditure of LIT 15 000 million, will have to be coordinated (time schedule included) with the operations planned under Special Projects Nos 11 and 29 as special assistance, since the latter cover major works for the storage, offtake and distribution of water,

while the regional action will be concentrated on completing the network of piped drinking-water supplies in both urban and rural areas, and on effluent treatment.

3.2.4. University

In relation to the policy objective of translating into reality the right to all levels and types of education, in addition to promoting the establishment and effective functioning of the bodies for the planning and local management of educational structures ('school districts'), the Regional Government has approved the project for the establishment of the Molise State University (LIT 5 000 million).

3.2.5. Health

In relation to the objective of creating a regional system of health services, the Regional Government has already financed the construction of the first polyclinics. At the same time, it is expected that some of the funds allocated to the development of the hinterland areas (both by the Regional Government and, in the near future, by the Cassa per il Mezzogiorno), will be used for implementing some of the operations provided for in the Health Services Plan mentioned earlier.

Reference table for the Molise region

Overall targets

- A. Enlargement and upgrading of the region's productive base and expansion of the demand for labour, giving priority to agriculture
- B. Establishment of a better balance between the different social groups and areas, giving priority to measures aimed at assisting the hinterland areas
- C. Extension of basic public services

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Qualitative and quantitative growth in production</p> <p>Highest possible level of employment, with income levels comparable to those found in other sectors</p> <p>Better utilization of the land and increase in the productivity of the sector</p>	<ul style="list-style-type: none"> - Support to certain sectors where there is a steady demand at national level but insufficient domestic output (stock-farming, wood-pulp, quality wines) - Reclamation of uncultivated land - Extension of irrigated areas and land improvement - Integration of productive activities proper with the marketing and processing of products, es- 	<ul style="list-style-type: none"> - Plan for agriculture and food-stuffs 	<ul style="list-style-type: none"> - Special Project 8 (Intensive meat production) - Special Project 24 (Reafforestation for production purposes) - Special Project 23 (Development of irrigation) - Special Project 29 (Intersectoral water-schemes) - Completion works 	<ul style="list-style-type: none"> - Complementary stock-farming project - Complementary irrigation project - Complementary project for reafforestation in hinterland areas - Project on the 'System for the preservation and marketing of agricultural products'

<p><u>Industry</u></p> <p>Identification of best sites for establishing balanced geographic organization</p> <p>Selection of the most labour-intensive sectors of manufacturing industry</p>	<p>pecially through the spread of cooperatives and associations</p> <ul style="list-style-type: none"> - Identification and promotion of activities directed towards the newest and most dynamic production sectors - Consolidation and expansion of the existing fabric of production 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry - Investment programme for undertakings with State participation - Coordination of operations involving economic policy 	<ul style="list-style-type: none"> - Grants and incentives from CASMEZ - CASMEZ industrial infrastructures programme
<p><u>Craft trades</u></p> <p>Support for and development of the craft trades sector</p>	<ul style="list-style-type: none"> - Unified programme for promoting development and forms of association in the craft trades sector 	<ul style="list-style-type: none"> - Establishment of the 'Regional Financing Institution' - Operations for education and vocational training - Complementary operations for the provision of infrastructures for small industrial estates combining craft trades and small-scale industry 	

Reference table for the Molise region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Tourism</u></p> <p>Better utilization of natural resources in order to increase the demand for tourism</p> <p>INFRASTRUCTURES</p> <p>Correction of the imbalances between hinterland areas and the coastal strip</p> <p>Establishment of certain strategic axes as a basic framework for reorganization of the urban structure and for the siting of industrial activities and infrastructures</p>	<ul style="list-style-type: none"> - Programme of incentives for the sector, giving priority to the development of social tourism and tourism in rural areas - Restructuring of the public building sector in order to satisfy the need for accommodation and renovate the existing housing stock - Improvement of water supply and sewerage structures in order to make the best possible use of water resources - Improvement and strengthening of the transport sector in order to secure greater and easier mobility over the region 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Tourism project 	
<ul style="list-style-type: none"> - Transport project: <ul style="list-style-type: none"> - National Road Board Plan - Italian State Railways Plan - Multi-annual public building programme: <ul style="list-style-type: none"> - housing school and university building - civic building and prisons - hospitals - Special Project for development of hinterland areas - Special Project 29 (Intersectoral water-schemes) - Completion works 	<ul style="list-style-type: none"> - Project of 'Hinterland areas - main lines of development' - 'Urban renewal project' - Complementary project for water supply and sewerage networks - Project for the establishment of the Regional State University - Operations in the health sector 			

	- Organization and strengthening of the education and health sectors			
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MOLISE		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	4437.63	3.6	1.5	
	of which: mountain areas			2460	7.0	2.3	
Resident population	total	1976	Units	330604	1.7	0.6	
	in local author. areas > 50 000 inhabitants						
Net migration		1951-71		-145219	3.6		
		1951-76		-141345	3.5		
Employment	total	1976	Units	119200	2.0	0.6	
	in agriculture			48700	3.0	1.7	
	in secondary sector			31000	1.7	0.4	
	in tertiary sector			39500	1.5	0.4	
Registered unemployment	Classes I + II	1976	Units	9697	1.4	0.8	
	all 5 classes			10329	1.4	0.8	
Registered 'Special Law for the Young'		1977		5752	1.4	0.9	
Redundancy payments in secondary sector ¹		1976	Hours	594000	1.3	0.3	
GDP at market prices		1975	LIT 10 ⁹	422.1	1.6	0.4	
Consumption	private			362.2	1.6	0.4	
	public			102.5	1.9	0.7	
Gross capital formation				149.2	2.1	0.7	
Gross fixed capital formation in secondary sector				36.9	1.6	0.5	

¹ Ordinary system.

MOLISE		2	Year	Unit	Region	Mezzo-giorno	Italy	
Indicator								
Population density			1976	inh/km ²	75	161	187	
Level of urbanization ¹								
Activity rate (active popul./total population)			1977	%	39.4	34.8	38.9	
Unemployment rate ²								
Employment per 1000 inhab.	total		1976	‰	361.0	302.7	354.5	
	in agriculture							
	in secondary sector							
	in tertiary sector							
Changes 1951-1976	of population		1951-76	%				
	of employ- ment	total						
		in agriculture						
		in secondary sector						
		in tertiary sector						
GDP/inhab., current prices		absolute value	1975	LIT 1000	1280	1380	2006	
		annual change	1970-75	%	16.6	14.1	13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

VII. CAMPANIA

1. PROBLEMS AND IMBALANCES

1.1. Problems

Campania is notable among the regions of the Mezzogiorno and of Italy as a whole for the marked imbalance between its population and land surface: an area of 13 595 km², representing 11.0% of that of the Mezzogiorno and 4.5% of that of Italy as a whole, carries 5 334 796 inhabitants, i.e. 27% of the total population of the Mezzogiorno and 9.5% of that of Italy as a whole. The population density is therefore 392 inhabitants/km², i.e. much higher than the average both for the Mezzogiorno (161 inhabitants/km²) and for Italy as a whole (187 inhabitants/km²). In addition to being the most densely populated region in Italy except for Lombardy, Campania also has a high level of urbanization (42.0%). There are also marked imbalances in the distribution of the population within the region itself: along the coast the population density reaches exceptionally high levels, with 18 393 inhabitants/km² in Portici, 14 967 inhabitants/km² in San Giorgio a Cremano, and 10 437 inhabitants/km² in Naples. This congestion in the coastal areas, where a large proportion of the region's activity is concentrated, contrasts with the depopulation of the hinterland areas resulting from the high level of outward migration of the labour force.

The demographic pattern of Campania has some specific features which are very different from those of the other regions, in that despite substantial outward migration the population rose by 989 677 persons during the period 1951-71 as a result of considerable natural growth.

During the period in question, the high birth rate (the highest of all the regions of Italy: 19.8 live births/1 000 inhabitants as against the national average of 14.8) was sufficient to offset the high level of outward migration (787 937 persons left the region during the period 1951-76).

The social tensions in the region are more pronounced and more dangerous than in the rest of the Mezzogiorno; as at 1977, the number of persons seeking work is a good 152 000 (8.3%). This very high figure is confirmed, among other things, by the large number of unemployed registered under the 'Special Law for the Young' (137 000).

It also has to be borne in mind that during the period 1977-80 the additional supply of labour (generated by demographic changes and changes in the participation rate) is likely to be of the order of 100 000 persons.

Consequently, to achieve full employment in Campania it would be necessary to create some 250 000 new jobs, even without taking into account the possible decline in the level of employment in the agricultural sector.

In 1976 the number of persons in employment was 1 543 000, representing 29% of the population, i.e. a lower proportion than the average for Italy as a whole (34.6%).

Furthermore, 21.8% of those in employment were working in agriculture, 35.4% in industry and 42.8% in the tertiary sector.

During 1976, approximately 22 million hours of earnings supplements were paid out by the Cassa Integrazione, representing 46% of the total for the Mezzogiorno.

As calculated in 1975, the GDP is LIT 7 162 400 million or LIT 1 356 000/inhabitant, i.e. 32% below the national average. There are marked geographic imbalances within the region as regards income; one of the provinces in Campania, viz. Avellino, occupies the lowest position among all the provinces of Italy with a per capita GDP of about half the national average.

The agricultural sector still represents a high proportion of Campania's economic activity: 14% of the GDP is derived from agriculture (as compared with 9% for Italy as a whole), while industrial activity provides 27% of regional income (as against 37% for Italy as a whole).

Also, as at 1975, total average consumption per inhabitant is LIT 1 012 000 (as against the national average of LIT 1 355 000); in particular, in Campania expenditure on food constitutes 45% of total expenditure (as against the national average of 39%): this high proportion of expenditure on food is characteristic of populations with the poorest standard of living.

In short, although it boasts the largest and best organized industrial apparatus of all the regions of the South, Campania is also the region which evinces the most serious imbalances between the demand for and supply of labour and, consequently, displays the highest and most dangerous social tensions; and as already observed, these tensions could be aggravated in the course of the next few years by the substantial increases in the supply of labour which are predicted.

1.2. Imbalances

The features described in the preceding section show that the basic problems to be faced in order to achieve the geographic reorganization of Campania are those of restoring the coastal strip to a sound basis and initiating forms of autonomous development in the hinterland areas.

The concentration of population has reached pathological levels in the triangle formed by Naples-Salerno-Caserta, where the high level of urbanization is, in addition, contrasted by a low level of development of industrial and tertiary functions. However, despite its 'over-urbanization' the coastal strip shows

indices of industrialization¹ and provision of urban services² which are notably higher than those of the other areas.

One particularly serious bottleneck, as things stand at present, is the heavy load on the transport network, which is now near saturation point: also, during the last few years the inexorable growth of the built-up area around Naples has meant that road and rail infrastructures which were previously of interregional importance have progressively been demoted to routes of metropolitan, if not purely urban, status.

In any regional policy aimed at establishing a better geographic balance, a strategic role will be played by the reorganization and coordination of the transport system in relation to the development of the urban and production structures of the hinterland areas.

2. DEVELOPMENT OBJECTIVES

Since the Regional Government's plan has not yet been completed, the overall targets have been inferred from the preliminary planning documents and the sectoral development objectives formulated for the period up to 1980.

2.1. Production sectors

To overcome the present very serious employment crisis in all its form and ease the problem of the uneven geographic distribution of productive activities, the Regional Government's action in the production sectors will give the highest priority to integration between agriculture and industry. This objective will be achieved both through the creation of undertakings directly connected with primary sector production and through measures directed towards supplementing agricultural income and thereby slowing down the migration away from the rural areas.

This project will have to fit into the context of a process of physical reorganization which also involves the consolidation and improvement of the existing production apparatus.

¹ In 1971, the number of persons employed in manufacturing industry/1 000 inhabitants was higher than the average for the Mezzogiorno (37.9) in the case of the provinces of Naples (54.9), Caserta (42.8) and Salerno (42.4), and lower in the case of Avellino (26.9) and Benevento (23.3).

² In 1971, those employed in urban services (commerce, transport and communications, banking and insurance) were concentrated as follows: 76.5% in the city of Naples (and 81.8% in the hinterland regarded as coinciding with the territory of the 22 bordering communes), 6.3% in Salerno, 2.8% in Benevento, 2.3% in Caserta and 1.6% in Avellino.

2.1.1. Agriculture

The importance of the agriculture sector within the region as regards both the formation of income and the pattern of employment means that an immense effort must be made to achieve the maximum utilization of agricultural resources, and in particular to:

- increase the qualitative and quantitative yield of production;
- improve land utilization by applying sound criteria for matching forms of production to the land's suitability for cultivation;
- improve the standard of living and income of the agricultural population.

These objectives will be pursued through policies of assistance aimed at:

- the modernization and strengthening of agricultural structures and reorganization of the system of landholding;
- support for agriculture in zones which are mountainous or otherwise disadvantaged;
- the development of collective forms of production and marketing of products.

2.1.2. Industry

As regards the industrial sector, the Regional Government is primarily concerned with matters connected with restructuring and conversion.

The increasingly critical position of the small local undertakings, combined with the serious difficulties of the large-scale companies with State participation, has promoted the decision that all attempts at developing this sector must be made first and foremost through the rehabilitation of the present production structure.

Policies on assistance will therefore be directed towards:

- the conversion and restructuring of all industrial activities, with particular emphasis on small and medium-scale undertakings;
- the promotion of technological renewal through the development of scientific research and vocational training.

2.1.3. Tourism

The Regional Government's primary sphere of responsibility in the tourism sector demands decisive action to improve and develop regional tourist activities, through assistance policies directed towards:

- the training and specialization of persons employed in this sector;
- the appropriate development of social tourism in its principal forms (educational tourism, welfare tourism, tourism in rural areas, etc.);
- the improvement of centres of historic interest;
- a more unified and rational coordination of undertakings in the field of entertainment and other cultural forms likely to attract tourists.

2.2. Infrastructure

The geographic options expressed by the Regional Government¹, which can be summarized as:

- (a) restructuring and rationalization (in relation to production activities, residential areas and public health and hygiene) of the coastal strip,
- (b) redevelopment and replanning of the rest of the region, have to be interpreted in terms of its acute 'social concern', i.e. the widespread under-employment.

The specific objectives towards which regional development policy is to be directed will therefore need to be translated into measures and operations which, all things being equal, generate the maximum possible increase in levels of employment in the region, and above all in the Naples area.

Hence, the objectives relating to infrastructures can be stated as follows:

- (a) rehabilitation of the coastal strip, particularly the areas with a high tourism potential, and increased provision of water and public health and hygiene services, especially in the provinces of Avellino and Benevento;
- (b) strengthening of urban functions of the metropolitan type through choices of location which contribute intermediaries between the present built-up area of Naples and the hinterland areas;
- (c) improved provision of infrastructures in the hinterland areas with the aim of expanding the productive base; and restructuring of both the fixed installations and the rolling-stock of the transport networks with the object of reducing the travelling time between the hinterland areas and the metropolitan area.

3. MEASURES AND OPERATIONS

The operations outlined below, as planned by the Regional Government and by the supraregional public bodies, refer to the four-year period 1977-80.

Special assistance provided by the State and implemented through the Cassa per il Mezzogiorno covers the programme of completion works (in accordance with Article 6 of Law 183 of 1976), the Special Projects already in course of implementation or at an advanced stage of preparation (i.e. the 1977 programme and a forecast of commitments for the three-year period 1978-80), the programme for the provision of infrastructures in industrial areas and centres, and investments in the sectors of production which are eligible for the soft loan schemes provided for by Law 183.

¹ This refers to the latest available planning documents:

- (1) 'Policy and operational guidelines for economic and geographic planning in the region', prepared by the President of the Regional Council in 1974;
- (2) 'Topics for discussion regarding the multi-annual planning budget', prepared by the Office of Assessor for the Budget and Planning in 1977.

Normal assistance by the State concerns programmes formulated within the context of specific legislative provisions. Regional measures basically represent operations which individual members of the Regional Government consider to have priority. These documents, which (next to the multi-annual budget still being drawn up by the Regional Government) constitute the start of the planning process, can be regarded as valid indications of the lines of action which the Regional Government intends to follow.

3.1. Production sectors

3.1.1. Agriculture

In the sphere of agriculture, the planning guidelines envisage the following measures.

A - Unified programme of irrigation and land-reclamation works, aimed at achieving the improved utilization of resources and irrigation development potential even in the most disadvantaged areas.

The commitment of the Cassa per il Mezzogiorno in this sector consists of: the project for irrigation works in the Mezzogiorno (Special Project No 23), which in Campania will involve irrigated areas totalling some 55 000 hectares and a financial commitment of LIT 118 000 million for the period 1977-80; and the project (No 29) for intersectoral water schemes (Special Project No 29), for which the estimated financial commitment for the same period is LIT 173 000 million. This project is complemented by regional action covering the extension of irrigated areas, land reclamation and infrastructures.

The operations chiefly concern land reclamation based on water schemes, and roads in rural areas; the estimated investment is LIT 231 000 million.

B - Operations for the increased mechanization of agriculture and the acquisition of farm management skills, with the object of achieving levels of productivity and profitability comparable to those of the other sectors.

This action is regional and covers the purchase of agricultural machinery, the implementation of plans for the development of agricultural undertakings, research into cultivation techniques and vocational training and refresher courses for farmers.

The estimated expenditure for these investments is LIT 228 000 million.

C - Action to increase stock-farming production, supported chiefly by assistance from the Cassa per il Mezzogiorno in the form of Special Project No 4/10 (Intensive meat production). This project, which will cover 650 000 hectares (82% of all agricultural land), includes the following operations:

- expansion of fodder-crop cultivation;
- incentives and grants for stock-breeding structures;
- improvement of pasturage;
- artificial insemination;

- working credit for the rearing of breeding and fattening stock.

The commitment involved is LIT 79 600 million, which is supplemented by regional action covering incentives for the development of stock-farming production and the improvement of mountain pasturage.

D - Programme for the conversion and re-establishment of forest resources. This consists of the following operations:

- Special Project No 24 for reafforestation for production purposes, which is being administered by the Cassa per il Mezzogiorno and concerns replanting and tending measures to increase timber production; the commitment for this project is LIT 18 000 million.
- Regional operations connected with:
 - the systematic organization of water-courses in forest areas;
 - the construction of a road network for forestry purposes;
 - the location and harnessing of sources of water for irrigation purposes.
- Multi-annual plan of the regional forestry service for coordinated operations in the field of forest fire prevention.
- Promotional activities, directed mainly towards the communities in mountainous areas, for the publication of studies, investigation and research in the field of land reclamation.

E - Operations for the development of agricultural cooperatives, both in the form of promotional action aimed at encouraging entrepreneurs to form associations and in the form of action directed towards the creation or expansion of collective undertakings for the processing, preservation and marketing of agricultural and stock-farming products.

F - To achieve integration between agriculture and industry, the Regional Government has also put forward a proposal for an agro-industrial plan; to prepare this plan it will first be necessary to specify:

- (a) the planning districts considered to be geographically suitable;
- (b) the forms of production to be carried on in each planning district;
- (c) the industrial activities which are compatible with the socio-economic characteristics of the places concerned.

As regards item (a), the demarcation of a district for the purposes of an agro-industrial plan is based on criteria of agricultural homogeneity and size, in the sense that the area concerned must be large enough to provide sufficient quantities of products as input to the industrial activities.

As regards item (b), no detailed decisions have yet been made on production and zoning, although the First Regional Agricultural Conference has given some general indications on the matter.

As regards item (c), the important thing is to specify, for each concrete geographic situation within the region, the models and types of industrialization which will offer the best chance of achieving the basic objective which the agro-industrial plan is intended to attain; this means that a type of industrialization which meets only the internal requirements of the secondary sector must not be chosen - the one chosen must also be compatible with the regional

programme for physical planning and with the requirements of agriculture. In other words, the choice must be made from among the production or service sectors which:

- (a) are labour-intensive, in order to provide the greatest possible number of permanent jobs;
- (b) are complementary both to primary activity and to the requirements for improving the way of life associated with it, in order to provide a real impetus for development;
- (c) require, in addition to permanent jobs, a certain amount of part-time labour, in the form of either seasonal work or work done at home.

3.1.2. Industry

As regards the industrial sector proper, the Regional Government has no specific and direct competence in this sphere. Consequently, action which it intends to undertake in this field is a series of indirect activities in the collateral and complementary sectors closely connected with the industrial sector.

In the sphere of incentives for the siting of new undertakings in Campania or the expansion of existing undertakings, regional assistance is directed firstly at coordinating and guiding the operations of the Cassa per il Mezzogiorno and secondly at soliciting commitments by the undertakings with State participation, especially those operating in the foodstuff sectors (high-technology undertakings), engineering and chemicals.

It must also be emphasized that the financing required for the restructuring and conversion of large-scale companies already operating in Campania will come from the funds provided under the Law on restructuring and conversion, while the funds for special assistance are intended only for financing the restructuring of small and medium-scale undertakings.

A - Development of research: regional action is aimed both at aiding the technological growth of the minor production apparatus and at solving the problem of unemployment among young people.

With this end in view, the idea has been proposed of structures capable of linking public research structures and private production structures.

More specifically, the Regional Government indicates the following measures:

- the provision of incentives, through grants, to generate a demand for research on the part of small and medium-scale undertakings;
- financing or development plans;
- more intensive promotion of technology by existing bodies;
- establishment of a regional scientific advisory body;
- cooperation for the creation of a data bank.

B - Vocational training programmes. In the field of vocational training, two types of operation are envisaged:

- rationalization of existing structures to match the training facilities offered more closely to the actual training requirements of the production structures;

- special vocational training programmes connected with new industrial activities established in the region, the restructuring of economic sectors, and the product conversion of undertakings.

These programmes are financed jointly by the State (40% of the expenditure), the Regional Government (10%) and the European Social Fund (50%).

C - Special assistance through incentives and grants for new undertakings establishing themselves in the region and the expansion of existing ones; this applies to industrial ventures for which the investment is already being implemented or is likely to be so in the very near future.

These investments total approximately LIT 400 000 million, of which 35% will be invested in the metal engineering industry, 20% in the chemical, petrochemical and plastics industry and 10% in the food industries.

D - Infrastructures programme. The only figures available on the provision of industrial infrastructures are those relating to the 1977 annual programme of the Cassa per il Mezzogiorno (CASMEZ), as approved by the Minister. The commitments undertaken amount to LIT 32 000 million, of which LIT 20 000 million have been allocated to infrastructures for the Ufita valley industrial estate in the province of Avellino.

3.1.3. Craft trades centre

For the craft trades sector, which in Campania is represented by 75 000 undertakings, regional assistance follows a two-pronged attack:

- to help the entrepreneur in the craft sector, with a policy aimed at raising levels of professional skills (manpower training, establishment of a Register of Craft Instructors) and at social assistance;
- to help the craft trade undertaking, with provisions aimed at developing the region's production structure (through outright grants to undertakings and the establishment of a Regional Association for the Development and Improvement of Craft Trades).

These measures, which have already been specified in regional Laws, are to be accompanied by:

- a coordinated programme of financial assistance for finding and creating surroundings conducive to the development of new craft trade undertakings;
- a promotional campaign aimed at improving the guaranteed quality and competitive position of products.

3.1.4. Tourism

In the tourism sector, regional assistance is directed towards:

- the appointment of local district bodies which will be responsible for administering promotion and incentive policies;

- the creation of regional parks in the hinterland areas;¹
- a proposal for the preparation of a special project for the expansion of tourism, in terms of an improvement of the region's physical features on an intersectoral basis. The project will concentrate firstly on the safeguarding of historical, artistic, archaeological and environmental attractions in the coastal areas where the tourist trade is already highly developed, and secondly on more extensive utilization of the hinterland areas for tourism purposes through specific operations for exploiting their full development potential in terms of historical, artistic, archaeological and natural resources. The project is intended to ensure real participation of the hinterland areas in the major tourist trade of the region through coordinated planning of tourist itineraries, and thus serve to make the present pattern of tourist activity more balanced.

3.2. Infrastructure

3.2.1. Rehabilitation

Most of the funds to be expended on the rehabilitation (mainly of housing and public health and hygiene structures) of the coastal strip and the extended provision of water and public health and hygiene infrastructures in the hinterland areas will come from resources allocated to the region under the heading of special assistance.

In the case of the coastal strip, the operations will be financed under the special projects relating to the control of pollution of the Bay of Naples (Special Project No 3) and to the metropolitan area of Naples; however, on the basis of the Regional Government's line of approach Special Project No 3 is regarded as one element of the general reorganization of the metropolitan area rather than an independent set of specific infrastructure operations (commitments provided for the period 1977-1980 amount to LIT 477 000 million).

The operations to be carried out in the hinterland areas can be financed in part from the resources allocated for Campania under the new Special Project for the 'Hinterland areas of the Mezzogiorno', subject to careful consideration, in each area, of the interconnections which exist between improved provision of infrastructures and the expansion of the productive base being pursued through parallel operations.

They can also be funded from some of the regional resources allocated for implementing the Social and Health Services Plan, estimated at approximately LIT 256 000 million.

Lastly, as regards increasing the housing stock to meet present and forecast requirements (estimated at an additional requirement for the whole region of

¹ The areas concerned are the Matese massif, Taburno, Terminio, Cervialto, the Monti Alburni and the uplands of Monte Stella and Monte Gelbison.

approximately 212 000 dwellings between now and 1981), on the basis of the guidelines laid down by the regional authorities the necessary resources are to be obtained under the forthcoming Multi-annual Building Plan financed by central government.

3.2.2. Urban structure

The objective of improving and gradually decentralizing the administrative functions now concentrated in the urban area of Naples can be pursued under the heading of both special assistance (Special Project for the Metropolitan Area) and normal assistance (Multi-annual Building Plan).

More specifically, while taking the Special Project as a framework for coordinating and directing the instruments which can be utilized to eliminate the pockets of unemployment and underemployment that exist in the Naples area, the Regional Government considers it necessary to harmonize with this instrument all the other instruments of assistance in the area: the redevelopment plans for the city of Naples and the industrial areas, the redevelopment plan for the Harbour Consortium, the local district transport plan and the sectoral plans for social services.

3.2.3. Hinterland infrastructure

The improvement of the provision of infrastructures in the hinterland areas in which new production activities are to be located (particularly industrial investments already approved by the CIPE) will have to cover both civic services and those connected with production.

Consequently, the necessary operations can be financed either under the Special Project for Hinterland Areas, or under the sectoral programmes representing normal assistance from the State (chiefly building and railways), or under the regional programmes (such as the Social and Health Services Plan).

As regards the railway sector in particular, the works already financed or included in some capacity in the Italian State Railways' 'complementary programme' of operations include improvement of the Rome-Cassino-Caserta-Salerno inland line through the completion of the Canello-Lavorate double-track section, electrification of the line and modernization of Canello junction, and also the execution of major works at Naples junction.

Reference table for the Campania region

Overall targets

- A. Revitalization of development in order to overcome the employment crisis and establish a balanced geographic distribution of production activities
- B. Physical replanning and better distribution of infrastructural, civic, social and environmental amenities

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Increase in the qualitative and quantitative yield of production</p> <p>Better land use on the basis of sound criteria for matching production to the land's cultivation potential</p> <p>Integration between agriculture and industry</p> <p>Improvement of the standard of living and income of the agricultural population</p>	<ul style="list-style-type: none"> - Modernization and strengthening of agricultural structures and reorganization of the system of landholding - Promotion of agricultural ventures with high profitability levels - Incentives and support for collective production and marketing structures - Support for agriculture in mountainous and otherwise disadvantaged areas 	<ul style="list-style-type: none"> - Plan for agriculture and food-stuffs 	<ul style="list-style-type: none"> - Special Project 23 (Development of irrigation) - Special Project 24 (Reafforestation for production purposes) - Special Project No 4/10 (Intensive meat production) - Completion works 	<ul style="list-style-type: none"> - Operations for increased mechanization and technical assistance - Programme for the conversion and re-establishment of forest resources - Incentives for increasing stock-farming production - Agro-industrial plan - Operations for land reclamation and land improvement - Assistance for the development of agricultural cooperatives

Reference table for the Campania region (cont'd)

Special objectives	Measures	Operations			Regional
		Central Government		special	
		normal			
<p><u>Industry and craft trades</u></p> <p>Enlargement of the productive base and rehabilitation of its existing structure</p> <p>Promotion of technological renewal</p>	<ul style="list-style-type: none"> - Conversion and restructuring of all industrial activities - Support for small and medium-scale undertakings - Development of scientific research and vocational training - Policy for improving the professional skills of the entrepreneur in the craft trades sector 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry - Investment programme for undertakings with State participation - Coordination of operations involving foreign economic policy 	<ul style="list-style-type: none"> - CASMEZ grants and incentives - CASMEZ industrial infrastructures programme 	<ul style="list-style-type: none"> - Unified programme for development of research - Operations for vocational training - Operations for assistance and manpower training in the craft trades sector - Grants and subsidies - Operations for financial assistance and promotion of undertakings in the craft trades sector 	
<p><u>Tourism</u></p> <p>Improvement and development of facilities for tourists</p>	<ul style="list-style-type: none"> - Training and specialization of persons employed in this sector - Development of social tourism - Coordination of campaigns to promote tourism 	<ul style="list-style-type: none"> - Completion works 		<ul style="list-style-type: none"> - Appointment of local district bodies for the administration of promotional policies - Creation of regional parks - Special project for the development of the tourist trade 	

<p>INFRASTRUCTURES</p>	<p>Rehabilitation of the coastal strip, especially the areas with high tourism potential, and improved provision of public health and hygiene services in the hinterland areas</p> <p>Improved provision of infrastructures in the hinterland areas in which new production activities are to be located</p>	<ul style="list-style-type: none"> - Comprehensive action in the water-supply sector and restructuring of the water system - Action to coordinate all the instruments of assistance in the area - Reorganization and expansion of public social building - Development of the transport system and more widespread use of public transport 	<ul style="list-style-type: none"> - Building plan - school and universities - hospitals - civic building and prisons - Transport programme: - Italian State Railways Plan - National Road Board Plan - Metropolitan Plan 	<ul style="list-style-type: none"> - Special Project 3 (Control of pollution of the Bay of Naples) - Special Project for the hinterland areas of the Mezzogiorno - Special Project 3 (Metropolitan area of Naples) - Completion works 	<ul style="list-style-type: none"> - Social and Health Services Plan - Operations for the acquisition and urbanization of areas intended for public housing construction
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CAMPANIA		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	13595.33	11.0	4.5	
	of which: mountain areas			4700	13.4	4.4	
Resident population	total	1976	Units	5334796	26.9	9.5	
	in local author. areas > 50 000 inhabitants			2240720	34.2	10.5	
Net migration		1951-71		-744621	18.7		
		1951-76		-787937	19.5		
Employment	total	1976	Units	1558800	26.1	7.8	
	in agriculture			336000	21.1	11.5	
	in secondary sector			509300	28.8	6.7	
	in tertiary sector			713500	27.3	7.6	
Registered unemployment	Classes I + II	1976	Units	253671	36.3	21.5	
	all 5 classes			267242	36.5	20.1	
Registered 'Special Law for the Young'		1977		136873	34.0	20.9	
Redundancy payments in secondary sector ¹		1976	Hours	21668000	46.0	10.4	
GDP at market prices		1975	LIT 10 ⁹	7162.4	26.4	6.4	
Consumption	private			5399.7	26.5	7.1	
	public			1427.8	26.0	9.2	
Gross capital formation				1089.8	15.7	4.9	
Gross fixed capital formation in secondary sector				317.8	13.4	4.2	

¹ Ordinary system.

CAMPANIA		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	392	161	187
Level of urbanization ¹					42.0	33.0	37.8
Activity rate (active popul./total population)			1977	%	34.6	34.8	38.9
Unemployment rate ²					8.3	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	293.7	302.7	354.5
	in agriculture				63.3	80.7	52.2
	in secondary sector				96.0	89.6	134.5
	in tertiary sector				134.4	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+22.7	+12.2	+18.5
	of employment	total			- 2.5	- 7.9	+ 1.1
		in agriculture			-55.8	-56.7	-66.1
		in secondary sector			+35.5	+35.6	+30.2
		in tertiary sector			+54.6	+73.5	+79.5
GDP/inhab., current prices	absolute value		1975	LIT 1000	1356	1380	2006
	annual change		1970-75	%	13.0	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

VIII. APULIA

1. PROBLEMS AND IMBALANCES

1.1. Problems

Apulia has a surface area of 19 348 km² and is the flattest of all the regions of the Mezzogiorno, with mountain areas occupying only 1.5% of its land surface.

As at 31 December 1976, this area, which represents 15.7% of the total area of the Mezzogiorno, carries a population of 3 818 708 inhabitants, i.e. 19.2% of the total population of the Mezzogiorno. The population density (197 inhabitants/km²) is therefore higher than the average for the Mezzogiorno as a whole. The region also has a high level of urbanization: 1 288 365 persons (33.7% of the population) live in communes with more than 50 000 inhabitants.

Apulia too has experienced substantial outward migration: during the period 1951-76, 669 683 persons left the region. Despite this, the population increased by 18.6% during the same period, as a result of the high birth rate.

The participation rate in 1977 (37.0%) and the unemployment rate (7.9%) are appreciably better than those of the Mezzogiorno as a whole (34.8% and 9.2%). Consequently, social tensions are less acute and the region is one of the most highly developed in the Mezzogiorno. Nevertheless, the number of persons seeking work is 110 000, and of these 61 000 are young people between 15 and 29 years of age. These constitute about 15% of the total number in the Mezzogiorno, i.e. a smaller percentage than that of the population as a whole, which is 19.2%. However, earnings supplements paid from the Cassa Integrazione in 1976 amounted to 9 332 000 hours, which represents about 20% of the total for the Mezzogiorno.

The region's economy is based predominantly on agriculture; however, in contrast to the other regions of the Mezzogiorno these activities are highly organized and technically advanced, and this makes it possible to attain a high level of profitability in large parts of the region. As at 1976, the number of persons in employment is 1 270 400, with 430 100 of them (34%) employed in agriculture, 27% in industry and 39% in the tertiary sector.

Even with this strongly agricultural employment structure, in 1975 the GDP was LIT 5 361 800 million, or 19.8% of the total for the Mezzogiorno, and per capita GDP was LIT 1 422 000, i.e. 3% higher than the average for the Mezzogiorno.

Also, the investments made in Apulia in 1975 were considerable (LIT 1 666 600 million, i.e. 25% of the total for the Mezzogiorno; per capita consumption, on the other hand (LIT 979 832), is slightly lower than the average for the Mezzogiorno.

In short, Apulia is among the most advanced regions of the Mezzogiorno and the one which shows the greatest potential for economic development and the least acute social tensions, despite the fact that up till now the balance of the labour market shows high levels of unemployment (although lower than those for the Mezzogiorno as a whole).

It must also be borne in mind that over the next three years an additional supply of labour of some 55 000 persons can be predicted, and that to achieve full employment in the region it would therefore be necessary to create more than 150 000 new jobs in the non-agricultural sectors, even assuming that there is no migration away from agriculture.

1.2. Imbalances

In the context of the Mezzogiorno as a whole, Apulia is notable for its considerable potential in terms of morphology and the physical pattern of settlement: a strong and well-organized urban structure; a land surface suitable for irrigation which can be estimated at about 45% of the total for the Mezzogiorno; and an overall level of employment which is higher than the average for the Mezzogiorno (334.8 as against 302.7/1 000 inhabitants in 1976).

It must, however, be emphasized that this potential is not uniformly characteristic over the whole of the region: as regards the level of industrialization, in 1971 the number of persons employed in manufacturing industry/1 000 inhabitants was 58.7 in Taranto and 41.2 in Bari and Brindisi, i.e. higher than the average for the Mezzogiorno (37.9), whereas Lecce (with 35.2) and Foggia (with 33.4) were below it. As regards the provision of urban services, the number of persons employed in this sector/1 000 inhabitants was higher than the regional average (28.0) in Bari (53.3), Foggia (40.6) and Lecce (39.6), whereas it was lower in Brindisi (24.9) and Taranto (23.7).

As to the question of access to the major national transport routes, although the situation can be regarded as satisfactory as far as the road network is concerned, the railway network is still extremely deficient.

On the level of links within the region itself, the most serious problems concern the provision of satisfactory access to the centres of production (Taranto, Bari area, etc.) and urban services, and the avoidance of migration into the cities, which in addition to causing congestion (the problems of transport, housing and social services for the city of Taranto are a telling example) would cause growing decline of the smaller centres in the urban structure.

Regional policy measures in Apulia must be directed towards avoiding the further polarization of development in the triangle formed by Bari, Taranto and Brindisi, which would eventually relegate the areas around Foggia and, more especially, Lecce to purely peripheral status.

2. DEVELOPMENT OBJECTIVES

The planning document prepared by the Regional Government¹ is the point of reference in which the objectives and programmes which the region intends to pursue are to be found.

2.1. Production sectors

Assistance in the production sectors is directed towards two objectives:

- full utilization of the relatively scarce resources, particularly financial resources;
- creation of opportunities to absorb new employment.

The first of these involves ensuring that operations are rational and effective, both through revision of the regional framework of regulations and the institutional framework (agencies, local district bodies, communities in mountain areas, etc.) and through action capable of mobilizing the policies adopted by the external decision-making centres.

The employment problem, although not expressed in terms of quantitative objectives, still constitutes a constant point of reference in deliberations on planning.

2.1.1. Agriculture

Agriculture is singled out as a priority sector in the allocation of regional resources: during the four-year period in question this sector is to receive 15.7% of the total funds available, by virtue of the essential role which it can play 'both in the further economic development of the Apulian community and in helping to expand employment and reduce the deficit in the balance of trade in foodstuffs'.

Consequently, the fundamental objective towards which all planning activity and even the renovation of administrative action in this sector must be directed is that of raising incomes and living standards in agriculture to the levels obtaining in the other sectors.

The strategic lines of action lie in:

- increasing and improving production;
- creating and supplementing basic infrastructures and modernizing the production structures;
- developing forms of association and cooperatives;

¹ The document referred to is the 'Plan for Apulia - Outlines of economic policy for the four-year period 1977-80' submitted in March 1977, which has already been approved by the Regional Parliament and is now being debated by the Regional Council; a preliminary draft for a multi-annual budget is appended.

- utilizing resources to the full (especially as regards extension of the areas under irrigation);
- making appropriate use of the labour force and giving them fair remuneration;
- reclaiming uncultivated land.

2.1.2. Industry

More than any other region of the Mezzogiorno, Apulia is building an industrial structure of considerable importance which is up to date and well organized. This process of industrial development is, however, marked by imbalances which mean that as part of the process of conversion now taking place, investments need to be channelled towards production activities which are not so far represented (or only to an insignificant extent) in the national industrial apparatus.

Hence, the objectives to be pursued in this sector are:

- establishment of a better geographic balance of industrial activities;
- encouragement of the rationalization and modernization of the processes of production.

These objectives are reflected in the following assistance policies:

- designation of new centres of development to be concentrated in the provinces of Lecce and Foggia, which are still relatively backward in comparison with the intensive industrialization of the three central provinces;
- channelling of investments into production activities which are highly labour-intensive or help to make the fullest and most profitable use of the skilled manpower available and encourage the mobility of labour;
- encouragement of the establishment in the region of institutes and centres for advanced technological research.

2.1.3. Craft trades sector

In the craft trades sector, the general objectives which the Region intends to pursue follow three main directions:

- consolidation and development of existing activities, thereby ensuring continuity of employment and adequate income levels;
- creation of new activities, thereby ensuring a systematic process of integration with the existing industrial structures;
- policies of expansion and improvement (incorporating technical, commercial and financial assistance, etc.) which will increase the capacity for self-sustaining development.

The Regional Government intends to follow these lines of action within the framework of the indications which will emerge from the proposed Special Project relating to the development of technical and organizational skills in the sphere of small and medium-scale undertakings.

2.1.4. Commerce

Regional action in the commercial sector will be built around two main objectives:

- commercial town planning;
- wholesale markets.

2.1.5. Tourism

As regards tourism, in view of the region's clear physical potential for the development of this sector the Regional Government aims to achieve maximum utilization of the natural resources and existing tourist facilities in order to expand and diversify demand in the tourist trade.

2.2. Infrastructures

The objectives fixed by the Regional Government in its own planning guidelines¹ for policies on assistance in the infrastructures sector have been arrived at by identifying the most serious deficiencies in the present distribution of socio-economic amenities in Apulia, viz:

- (a) the problem of water;
- (b) improving the provision of public services, particularly public health and hygiene facilities in many centres of population in the region;
- (c) reorganization of public transport.

2.2.1. Water resources

The high priority given to the problem of water is evidence of the extremely grave situation as regards conditions of supply, for both production and domestic use, in many parts of the region.

The objective of finding water resources and distributing them among the various sectors of use according to requirements can be pursued only in conjunction with the creation, downstream of collection and transport installations, of appropriate structures for the piped distribution of water to all the centres of population which are inadequately served.

To achieve this, there will have to be deliberate coordination of implementation policies to an advanced operational stage in order to ensure the shortest possible delay between the increased availability of water resources and their actual utilization; and this will be needed not only in the sphere of

¹ This refers to the latest planning documents published by the Regional Government, and in particular to that prepared under the auspices of the Office of the Assessor for the Budget and Planning: Plan for Apulia - Outlines of Economic Policy for the four-year period 1977-80.

agricultural activities but also for domestic uses (with particular emphasis on the areas of Bari, Salentina and Brindisi, where special assistance from the State provides for installations which must be ready to function as soon as they are completed) and for industrial uses.

2.2.2. Urban structure

The objective of providing better living conditions in all the centres of population is to be achieved, according to the Regional Government's guidelines, by improving the provision of those public works through which essential community services are distributed.

This is why the regional documents attach considerable importance to planning guidelines for assistance in these sectors, in financial terms as well.

Special attention is focused on the problem of water and sewerage networks: the fact is that over 130 communes (representing a total population of about 500 000 inhabitants) are not served by sewerage networks, and the lack of urban water networks is on a similar scale. There are even gaps in the rainwater distribution networks within local areas. The regional documents emphasize that the task of remedying these shortcomings, which are particularly serious from the point of view of public health and hygiene, will receive no further support from special assistance other than the completion of works already commenced. Consequently, regional action in this sphere is especially important and urgent.

2.2.3. Transport

As regards the problems connected with the mobility of persons and goods around the region, it must be emphasized that the prospects for development in Apulia are closely tied to the efficiency of a transport system capable of drawing all the communities of Apulia into the process of regional development, integrating the region itself into the framework of national economic development, and strengthening Apulia's natural position as a bridgehead for the trade of the south-eastern Mediterranean. It is a subject which involves the production sectors and the population in specifying the demand for services, concerns numerous operational sectors in the choice of service production techniques, and involves land-use policy, town-planning regulations, and policy on public services, since the growing congestion of the residential and production areas is having serious effects on the living conditions of the population.

Given the importance of this problem, the Regional Government intends to arm itself with a Transport Plan in which particular importance will be accorded to sea transport of passengers and goods between the ports of Apulia and other Italian ports, but above all with the foreign ports in the Mediterranean basin towards which Apulia extends, in order to encourage reciprocal trade in industrial and agricultural services and products and increase mutual contacts of a human, cultural and tourist nature.

Another element which is regarded as of strategic importance for Apulia is rail transport, which involves the relations between State and regional spheres of competence more directly and immediately, since the major cities of Apulia are served by the railways. What is needed in particular are operations aimed at

helping to eliminate the infrastructural and operational bottlenecks in the State Railways system which are at present blocking the region's economic growth.

Lastly, as regards public road transport, the objective is a reorganization of the transport system with passenger bus routes in which the public sector (which will bear higher economic costs) will provide the general guidelines and appropriate means for formulating a transport plan giving top priority to public transport.

3. MEASURES AND OPERATIONS

The operations outlined below, which fall within the spheres of competence of both the Regional Government and the supraregional public bodies, refer to the four-year period 1977-80.

Special assistance provided by the State covers:

- completion works entrusted by concession to the Regional Government in accordance with Article 6 of Law 183 of 1976;
- the Special Projects already in course of implementation or at an advanced stage of preparation, for which the entire amount of the commitments for 1977 is available, plus the funds forecast for the next three-year period;
- the programme for the provision of infrastructures in industrial areas and centres;
- investments in the sectors of production which are eligible for the soft loan schemes provided for by Law 183.

Normal assistance by the State takes the form of programmes formulated within the context of specific legislative provisions.

Regional action, on the other hand, mostly concerns development measures which, although already evaluated in quantitative and financial terms, are still awaiting confirmation in specific legislative provisions.

In addition to the above, there are also proposals for new special projects relating to the strengthening of commercial structures (particularly as regards agricultural and food products), the development of technical and organizational capacity in the sphere of small and medium-scale undertakings, and applied scientific research.

3.1. Production sectors

3.1.1. Agriculture

A - Unified programme of infrastructure works and comprehensive land improvement; this includes, as far as regional action is concerned:

- major operations in the rural roadbuilding sector, covering 250 projects and a financial commitment of LIT 35 000 million;
- electrification of houses in rural areas to be carried out in conjunction with ENEL (State Electricity Corporation), for which the estimated commitment is LIT 25 000 million (sharing the cost in proportions of 80% and 20% respectively);
- assistance for the modernization of farm structures, accompanied by a reorganization of landholding and a gradual expansion of the unit size of undertakings.

This assistance will be financed through two channels: the first has been finalized through the approval of the Regional Law of 3 March 1977, while the second relies on the funds made available by Article 7 (c) of Law 183 of 1976;

- the completion works entrusted to the regions in accordance with Article 6 of Law 183 of 1976, mainly concerning electrification and roadbuilding in rural areas, for a total cost of approximately LIT 1 000 million;
- complementary regional project for the improvement of the hinterland areas, to aid reclamation of uncultivated land.

B - Operations for the extension of irrigation. These come under the heading of Special Project No 23 of the Cassa per il Mezzogiorno, which the Regional Government intends to support by complementary operations for providing the conditions necessary to the full utilization of available water resources. For the four-year period, estimated expenditure from the Cassa will be some LIT 240 000 million, with LIT 201 000 million of this accounted for by commitments already made or likely to be made in 1977. Priority has been given to the following operations:

- completion and service installations of the Fortore, Lake Lesina and River Cervaro water complex;
- the service irrigation network in the south of Tavaliera;
- the irrigation distribution network on the left bank of the Ofanto;
- the drainage network of the irrigation complex on the right bank of the Ofanto;
- the water distribution network in the Taranto area (Sinni).

C - Operations for reafforestation for production purposes, including both Special Project No 24 of the Cassa per il Mezzogiorno, for which estimated expenditure within the Region totals LIT 8 700 million, and a complementary project prepared by the Regional Government for increasing and safeguarding forest resources.

D - Implementation of a programme for the qualitative and quantitative improvement of stock-farming production. Regional action will take the form of the payment of incentives and the creation of technical assistance centres.

Under the heading of the measures envisaged in Special Project No 4/10, the Cassa per il Mezzogiorno will finance the following operations:

- expansion of fodder-crop cultivation;
- incentives and grants for stock-breeding structures;

- improvement of pasturages;
- artificial insemination;
- working credit for the rearing of breeding and fattening stock.

The commitment involved is LIT 73 000 million.

E - Promotion of forms of association in agriculture. This is a regional programme aimed at restarting the process of integration (both horizontal and vertical), concentrating in particular on measures to stimulate the organization of cooperatives for the preservation, processing and marketing of agricultural products.

The programme is based on Regional Law No 51 of 1975 on 'Soft loan schemes in the sector of agricultural structures and infrastructures' which is specifically directed towards cooperatives, with the aim of eliminating the financial liabilities resulting from the increased costs of establishing and managing undertakings. Again with the aim of supporting cooperatives, provision has also been made for interest relief on loans incurred for the payment of instalments to members (estimated annual expenditure of LIT 100 000 million).

3.1.2. Industry

Assistance in the industrial sector proper: regional action can be applied directly only in the sphere of consortia for the areas and centres of industrial development. Within these limits, the indications of the 'Plan for Apulia' operate on two planes: the siting of industrial activities, and the specification of types of investment.

A - Geographic arrangement of industrial activities. Two planning guidelines are indicated here:

- refusal to allow dispersion, with designation in the hinterland zones of certain areas to act as centres of gravity around which industrial estates are to be established and adequately equipped with basic infrastructures;
- rigorous protection of the coast and safeguarding of the urban structure (regional town-planning Laws will support this).

In line with this approach, priority has been assigned to the industrial centres of Grottaglio (Taranto) and Ascoli Satriano (Foggia), while the choice from among the eight industrial centres of the province of Brindisi and Lecce has been left open to discussions on planning.

In addition, two new inland industrial centres are proposed for the provinces of Bari and Taranto; in support of this proposal the 'Plan for Apulia' observes that the degree of saturation in existing industrial centres is greater in Apulia than in any other region of the South.

B - Guidelines for specifying types of investment. The Regional Government intend to channel the action of CASMEZ and public and private investors in general towards the sectors whose development has already been given priority viz:

- the sector concerned with the processing of agricultural products, to promote integration between agriculture and industry;

- the activities downstream of basic industry which constitute the framework of Apulia's production structure, i.e. the chemical industry and associated industries, secondary processing of metallurgical and iron and steel products, special steels, etc.

C - Legislative operations to support the mining industry and cooperation between small and medium-scale undertakings. On a more directly operational level, the Regional Government is engaged in settling two new draft regional Laws:

- the first is intended to initiate a unified policy of cooperation between small and medium-scale undertakings in the manufacturing and stone-cutting sector (through financial support for the formation of consortia and their activities);
- the second concerns the revival of stone and marble quarrying in Apulia.

D - Programme of infrastructure operations. The provision of infrastructures in industrial centres is covered by the operations included in the CASMEZ annual programme for 1977 as approved by the Minister. The total commitment is LIT 124 000 million, and applies chiefly to the Taranto industrial centre, with a total sum of LIT 66 000 million (construction of a multi-sectoral wharf in the west port), and various infrastructures for transport and water-supply in the different provinces. However, new operations are now in course of preparation which will be funded from the financial resources made available by Law 183 and which are allocated for infrastructures in the industrial areas included in the multi-annual programme already approved by the CIPE (Inter-Ministerial Economic Planning Committee).

E - Special assistance through incentives and grants to new undertakings and the expansion of existing ones. This applies to industrial undertakings for which the investments are now being made or certain to be in the near future. They amount to LIT 275 000 million, about two-thirds of which has been allocated to the metal engineering industry (LIT 145 000 million for the new SOFIM plant).

3.1.3. Credit policy for the craft trades sector

In relation to the industrial objectives in the craft trades sector, the Regional Government intends to move in the direction of making the policy governing credit for the craft trades sector more effective and selective by undertaking to review and modify the present regulations: it is intended to establish a regional fund and to replace the present system of outright grants provided for by Regional Law No 7 of 1974 with a system of interest relief.

3.1.4. Commerce

In relation to commercial town planning, at the moment only 66 out of the 252 communes have prepared plans for the development of commercial activities in accordance with the relevant national Laws¹: one factor contributing to this

¹ These are Law 426 of 1971, Law 524 of 1974 and Law 398 of 1976.

delay is, according to the 'Plan for Apulia', the deficiency of the national legislative framework, which neither provides for any financial contribution nor supplies clear principles for the preparation of the plans themselves. It is intended to offset this deficiency by means of appropriate regional legislation. With respect to the wholesale markets, especially fruit and vegetables and fish, emphasis is placed on the general deficiencies and, in particular, the lack of facilities for preservation. The Regional Government will undertake to supply the communes with grants for the modernization of markets and, above all, precise indications for the expansion and improvement of existing ones, or 'the creation, in specified areas, of very large-scale, up-to-date food supply centres accompanied by the abolition of a number of small markets'. Approval has also been given for the establishment of the new Manfredonia fish market (LIT 1 500 million).

3.1.5. Tourism

For the purpose of developing this sector and attaining the objectives already set, the Regional Government has prepared a project of its own which gives priority to the promotion and growth of social tourism and tourist ventures associated with agriculture.

In addition to this project, there are completion schemes relating to grants and loans for increasing or expanding hotel accommodation.

3.2. Infrastructures

3.2.1. Water and sewerage networks

One of the region's priority commitments is that of eliminating the serious deficiencies which still exist in the water and sewerage networks of many urban centres.

The Regional Government has decided to allocate to these works a substantial proportion of the normal expenditure on public services to supplement the already considerable funds provided for under Special Project No 14 ('Intersectoral utilization of the water resources from the Apulia and Basilicata water schemes'), which are mainly allocated to the completion of works which have already been started.

Special Project No 14 provides for an expenditure of LIT 340 000 million during the four-year period 1977-80, with LIT 290 000 million of this for works which are already financed or likely to be financed in 1977. The major works included in the project are the following: the Fortore trunk main (fourth, fifth and sixth sections and branch for San Marco in Lamis); the Triolo-Foggia primary feeder main; works for the Foggia and Borgo Incoronata water supply system; installation of water supplies for the industrial areas of Manfredonia and Incoronata and for irrigation in Tavoliere; regularization of the feeder channel of the Traversa San Venere for laying water supplies on the right bank of the Ofanto, and supplementation and reorganization of the networks in this area; the high-level feeder channel for general supply on the left bank of the Ofanto; the feeder main and irrigation network for the low-lying area on the

left bank of the Ofanto and regularization of water supplies by means of drainage networks; additions to the Pertusillo trunk main (fourth and ninth sections), and protective structures and control basins for this trunk main; sewerage networks and main sewers for the city of Bari; feeder main to transport water from Sinni to the local districts of Stornare and Tara; purification plant for the city of Brindisi; and drilling wells in the local districts of Ugento and Li Foggi.

The regional funds allocated for water mains and sewerage system should amount to approximately LIT 130 000 million, i.e. 25% of the total expenditure allocated for public services, which in turn constitutes about 22% of the region's total expenditure in the five-year period in question.

3.2.2. Transport

Another regional operation is aimed at creating an efficient transport system by drawing up a regional transport plan.

Transport over the territory of the region is operated by the Apulia Regional Transport Corporation, which has the primary objective of bringing within the public sector the passenger bus routes operated under licence by private undertakings.

The investments planned are allocated mainly to the purchase of buses and will make use of the funds specified by Law 493 of 1975. For the coming four-year period, the transport sector has been allocated a share representing 6.2% of the total resources available to the region, i.e. approximately LIT 144 000 million.

3.2.3. Sanitation

Another important regional measure concerns Social Security and Health; the financial commitment, including current expenditure, is estimated at a good 40.9% of the total funds available for the coming four-year period (LIT 2 398 000 million). Expenditure for the completion of schemes now in progress is estimated at approximately LIT 53 000 million.

3.2.4. School-building sector

Another specific regional social measure concerns operations in the school-building sector. For nursery schools, in particular, there is to be a regional Law redefining a coordinated plan for this sector.

Reference table for the Apulia region

Overall targets

- A. Full utilization of the relatively scarce resources, particularly financial resources
- B. Creation of opportunities to absorb new employment
- C. Better distribution of infrastructures and social services to ensure a high and uniform standard of living throughout the region

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Qualitative and quantitative improvement of agricultural production</p> <p>Equalization of incomes and living standards between agriculture and the other sectors</p> <p>Full utilization of resources (particularly the extension of irrigated areas)</p>	<ul style="list-style-type: none"> - Promotion of projects to introduce new crops and more advanced techniques - Creation and supplementation of basic infrastructures and modernization of structures of production - Development of forms of association and cooperatives - Reclamation of uncultivated land 	<ul style="list-style-type: none"> - Plan of agriculture and food-stuffs 	<ul style="list-style-type: none"> - Special Project No 4/10 (Intensive meat production) - Special Project 24 (Reafforestation for production purposes) - Special Project 23 (Development of irrigation) - Completion works 	<ul style="list-style-type: none"> - Creation of technical assistance centres, and programme of incentives for increasing stock-farming production - Unified programme of infrastructure works - Soft-loan schemes for the promotion of forms of association - Complementary re-afforestation projects - Complementary irrigation projects

Reference table for the Apulia region (cont'd)

Specific objectives	Measures	Operations			Regional
		Central Government		special	
		normal			
<p><u>Industry</u></p> <p>Establishment of a better geographic balance of industrial activities</p> <p>Encouragement of the rationalization and modernization of production processes</p>	<ul style="list-style-type: none"> - Designation of new centres for development within the region - Channelling investments into highly labour-intensive forms of production in order to make better use of the skilled manpower available and to encourage mobility of labour 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry - Investment programme for undertakings with State participation - Coordination of operations involving foreign economic policy 	<ul style="list-style-type: none"> - CASMEZ grants and incentives - CASMEZ industrial infrastructure programme 	<ul style="list-style-type: none"> - Complementary project for the improvement of the hinterland areas to aid reclamation of uncultivated land - Geographic arrangement of industrial activities - Guidelines for specifying types of investment - Legislative operations to support the mining industry and cooperation between small and medium-scale undertakings 	
<p><u>Craft trades industry</u></p> <p>Consolidation and development of existing activities, thereby ensuring continuity of employment and adequate income levels</p>	<ul style="list-style-type: none"> - Effective policy of technical, commercial and financial assistance, with the aim of increasing capacity for self-sustaining development 			<ul style="list-style-type: none"> - Establishment of a Regional Fund for interest relief 	

Creation of new activities, thereby encouraging a systematic process of integration with existing industrial structures

Commerce

Organization and strengthening of the commercial sector

Tourism

Improved utilization of natural resources in order to expand demand in the tourist trade

INFRASTRUCTURES

Improvement of water supply systems for both production and domestic needs

Improvement of living conditions in the centres of population

Improvement of the efficiency of the transport system, with the aim of better mobility for tourism purposes

- Commercial town planning, modernization and development of wholesale markets

- Offering incentives for the sector, giving priority to the development of social tourism and tourism in rural areas

- Coordinated programme of works for the collection and distribution of water

- Creation of appropriate structures for piped water supply in disadvantaged centres of population

- Improved provision of public works and essential community services

- Plan for the development and modernization of the distribution network

- Tourism project

- Completion works

- Complementary operations for the sector of water and sewerage networks

- Special Project 14 (Intersectoral utilization of water resources from intersectoral water schemes)

- Regional transport plan

- Completion works

- Water schemes

- Italian State Railways Plan
- National Road Board Plan

Reference table for the Apulia region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
Relief of congestion in residential and industrial areas and better distribution of social services	<ul style="list-style-type: none"> - Reorganization of public transport - Policy on land use 	<ul style="list-style-type: none"> - Multi-annual public building programme: <ul style="list-style-type: none"> - housing - civic - schools - hospitals 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Complementary operations in the school-building sector - Complementary operations in the social security and health sector

APULIA		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total		1976	km ²	19347.63	15.7	6.4
	of which: mountain areas				290	0.8	0.3
Resident population	total		1976	Units	3818708	19.2	6.8
	in local author. areas > 50 000 inhabitants				1288365	19.7	6.0
Net migration			1951-71		-678422	17.0	
			1951-76		-669683	16.6	
Employment	total		1976	Units	1270400	21.2	6.4
	in agriculture				430100	27.0	14.7
	in secondary sector				348000	19.6	4.6
	in tertiary sector				492300	18.8	5.2
Registered unemployment	Classes I + II		1976	Units	106961	15.3	9.0
	all 5 classes				110533	15.1	8.3
Registered 'Special Law for the Young'			1977		61073	15.2	9.4
Redundancy payments in secondary sector ¹			1976	Hours	9332000	19.8	4.5
GDP at market prices			1975	LIT 10 ⁹	5361.8	19.8	4.8
Consumption	private				3741.7	18.4	4.9
	public				959.0	17.5	6.2
Gross capital formation					1666.6	24.0	7.4
Gross fixed capital formation in secondary sector					669.1	28.3	8.8

¹ Ordinary system.

APULIA		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	197	161	187
Level of urbanization ¹					33.7	33.0	37.8
Activity rate (active popul./total population)			1977	%	37.0	34.8	38.9
Unemployment rate ²					7.9	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	334.8	302.7	354.5
	in agriculture				113.4	80.7	52.2
	in secondary sector				91.7	89.6	134.5
	in tertiary sector				129.7	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+18.6	+12.2	+18.5
	of employ- ment	total			+ 3.3	- 7.9	+ 1.1
		in agriculture			-41.8	-56.7	-66.1
		in secondary sector			+49.2	+35.6	+30.2
		in tertiary sector			+91.2	+73.5	+79.5
GDP/inhab., current prices	absolute value	1975	LIT 1000	1422	1380	2006	
	annual change	1970-75	%	14.4	14.1	13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

IX. BASILICATA

1. PROBLEMS AND IMBALANCES

1.1. Problems

Basilicata, with a population as at 1976 of 617 257 inhabitants, which represents 3.1% of the total population of the Mezzogiorno, has a surface area of 9 992 km², i.e. 8.1% of the total area of the Mezzogiorno.

The region's land surface is made up of 47% mountain areas, 45.2% hilly areas, and 8% flat areas.

The average population density is very low at barely 62 inhabitants/km², as against the average of 161 for the Mezzogiorno; the level of urbanization is barely 10%.

During the period 1951-76, the population of the region fell by 1.6%: this was caused by both substantial outward migration (222 111 persons left the region during this period) and a fall in the birth rate, which was 26.0/1 000 inhabitants in 1951 but has now dropped to 15.1.

Despite the region's morphological characteristics mentioned at the start, with their considerable restrictions on the utilization of the very extensive mountain areas, agriculture represents a leading sector in the region's economic activities: of the 218 600 persons in employment as at 1976, 76 100 (approximately 35%) are employed in the agricultural sector, 31% in the industrial sector and 34% in the tertiary sector.

The participation rate of the population as at 1977 is 38.5%, and the unemployment rate is 6.9%, i.e. appreciably lower than the average for the Mezzogiorno; in absolute figures, the number of persons seeking work is 16 000 which includes approximately 13 000 persons registered under the 'Special Law for the Young'.

The predominantly agricultural employment structure and the high average age of the population have a strong influence on the region's production potential and the way of life of its inhabitants; in 1975 the GDP was LIT 816 700 million, and the per capita GDP (LIT 1 329 000) is 33.7% lower than the average for Italy as a whole and 3.6% lower than the average for the Mezzogiorno.

In 1975, private consumption in the region totalled LIT 564 000 million and public consumption was LIT 206 100 million. Per capita private consumption is LIT 914 000, i.e. far below the average for the Mezzogiorno (LIT 1 026 000).

These figures show that Basilicata, which is characterized in demographic terms by substantial outward migration and in economic terms by dependence on the transfer of resources from external sources and the predominance of the agricultural sector, constitutes (together with Molise and Calabria) the poorest and least developed region of the Mezzogiorno.

The serious imbalance at present affecting the labour market is likely to be aggravated during the three-year period 1977-80 as a result of the additional supply of labour (some 20 000 persons) expected from changes in the population and participation rates. During this period, 30 000 new jobs will have to be created in the non-agricultural sectors to achieve full employment of the regional supply of labour, even assuming zero migration away from the agricultural sector.

1.2. Imbalances

The physical planning of Basilicata is profoundly affected by its geographic structure and the restrictions which this has imposed both on the historical pattern of human settlement and on the use of the land.

Its direct consequences include the very weak urban structure,¹ with very little interconnection and the scarcity of stretches of land which can be used for widespread industrial development.

The fact that the costs of urbanization and infrastructures are higher than in the adjoining flatter areas of Campania and Apulia has led - during the process of 'polar' industrialization of the Mezzogiorno - to the growing isolation of this region.

For although the problem of links with the outside world has been remedied (with past and current operations mainly covering roadbuilding), no remedy has been provided for the real cause of Basilicata's inadequate development, viz. the lack of integration between the Potenza area and the Matera area, between the mountain or hilly areas and the valley bottoms, and between the coastal strip and the hinterland.

At present, the most serious problems confronting the physical planning of Basilicata are:

- (a) the poor accessibility between the centres of population in the hilly and mountain areas and the sites of production in the valley bottoms;
- (b) the danger of an overlap of different (and conflicting) forms of land use on the coast and in the valley bottoms.

¹ The urban structure as at 1971 showed 99 communes out of the total of 129 included in the size category of less than 5 000 inhabitants (accounting for 41.3% of the population), 28 in the category with 5 000 - 20 000 inhabitants (41.9%), and 1 in each of the categories with 20 000 - 50 000 inhabitants (7.4%) and 50 000 - 100 000 inhabitants (9.4%) respectively. Centres with less than 20 000 inhabitants, which in 1951 accounted for 89.9% of the resident population, still accounted for 83.2% in 1971.

Thus, for Basilicata the problem of correcting imbalances refers not only to establishing a better balance between the region and the rest of the Mezzogiorno and Italy as a whole, to avoid aggravating its dependence on the adjoining areas, but also to establishing a better balance within Basilicata itself, in order to create closer integration between the various parts of the region and hence the conditions necessary to widespread development.

Regional policy must be directed towards the progressive elimination of dependence on external factors, firstly by creating employment opportunities in order to reduce the outward migration of new entrants to the labour market to areas in the North, and secondly by increasing the provision of services in the region's urban centres in order to reduce the drift towards the regional metropolitan areas of the Mezzogiorno (Naples and Bari) and indeed to Rome.

At the same time, on a regional scale, the already inadequate forms of development which exist may provoke further internal imbalances, above all between the area of Potenza (which is more mountainous) and that of Matera, and between the valley bottoms (particularly Bradano, Basento, Agri, Sinni and Cavone) and the uplands.

2. DEVELOPMENT OBJECTIVES

The problems, imbalances and bottlenecks summarized in the preceding section represent the basis used to single out the overall targets and specific objectives which the Regional Government of Basilicata proposes to pursue between now and 1980.

2.1. Production sectors

In relation to the general objectives of bringing the region's socio-economic system into line with that of the Mezzogiorno as a whole and making the fullest possible use of its natural and human resources, the Regional Government intends to promote a major expansion of the apparatus of production. Regional policy is directed chiefly at providing incentives for the agricultural sector and the industrial and craft trades sector in order to attain the general objectives of establishing a better sectoral and geographic balance and finally breaking down the region's geo-economic isolation from the rest of Italy.

2.1.1. Agriculture

To improve the structural organization of the agricultural sector and increase its productivity, the Regional Government intends to attain the following specific objectives:

- a substantial qualitative and quantitative improvement of production;
- improved professional skills for those employed in the sector which will enable them to reach a monetary income and standard of living which are adequate and comparable to those of the sectors of production and urban areas.

These objectives are to be attained through general policies of assistance aimed at:

- the agricultural development of the hinterland areas;
- the provision of incentives for infrastructures which will make the agricultural economy more efficient and productive, especially in the hinterland areas;
- improvement of the living standards and income of the agricultural population and promotion of new productive activities.

2.1.2. Industry

Given the weakness of the industrial sector, which makes only a small contribution to the formation of regional income, a regional policy is needed which will bring about the structural and technological improvement of production and raise the levels of employment in this sector.

The objectives which the Regional Government intends to pursue here are essentially as follows:

- identification and designation of areas best suited to achieving a balanced geographic organization;
- specification of the industrial sectors which will allow higher levels of production and employment.

As regards policy on the selection of industrial sectors, the guidelines so far established by the Regional Government chiefly concern:

- promotion of industrial ventures in the chemical and associated sectors;
- development and improvement of craft activities, eliminating deficiencies in the technical and administrative training of craftsmen.

2.1.3. Tourism

The improved utilization and development of the region's tourism resources is one of the top priority objectives on which the Region intends to take action in the very near future, since the full utilization of these resources can make a significant contribution to the economy of Basilicata in terms of employment and income.

This objective is to be attained through general policies of assistance directed towards:

- designating districts with tourism potential;
- rationalizing tourist amenities and accommodation, chiefly for the purposes of social tourism;
- renovating centres of historical interest;
- restructuring the existing building stock.

2.2. Infrastructures

It is a central objective of regional policy to guide future development towards a balanced and integrated geographic pattern. As seen above in the analysis of present imbalances, the basic problem here will lie in achieving 'increasing integration, in both productive and social terms, between the mountain and valley areas'.

More specifically, in the multi-annual budget for 1977-81 the Regional Government has indicated the following 'general' objectives:

- (a) protection of the region's natural resources in the context of a rational environmental policy, and their improvement and utilization within the framework of balanced and widespread forms of development;
- (b) rebuilding of the fabric of the region's urban structure in line with benefits and standards comparable to those of the nation as a whole, in order to break down for good the region's geo-economic isolation from the rest of the country and to integrate the different urban situations which go to make it up.

2.2.1. Natural resources

From the point of view of the provision of infrastructures, the objective of 'protecting and improving natural resources' breaks down into soil protection in the strict sense, conservation and possible creation of parks and nature reserves, and the protection and containment of endangered centres of population, to be carried out with due regard for all the constraints on land use fixed for each catchment area.

2.2.2. Urban structure

The general objective of shaping a stronger and better integrated urban structure is, in its turn, broken down into the following specific objectives:

- enlargement of accommodation facilities by building new housing or rehabilitating existing housing, and improvement of health and hygiene conditions in dwellings;
- upgrading of all social infrastructures (health, education and civic amenities in general) to meet social needs (as in the case of nursery schools and polyclinics) and bring them into line with new organizational and administrative units (local health centres and school districts);
- qualitative and quantitative improvement of public transport.

3. MEASURES AND OPERATIONS

The operations outlined below, which fall within the spheres of competence of both the Regional Government and the central government bodies (in the form of both normal and special assistance), refer to the period 1977-80.

Special assistance provided by the State and implemented through the Cassa per il Mezzogiorno covers the programme of completion works (in accordance with Article 6 of Law 183 of 1976), the Special Projects already in course of implementation or at an advanced stage of preparation (i.e. the 1977 programme and a forecast of commitments for the three-year period 1978-80), the programme for the provision of infrastructures in industrial areas and centres, and investments in the sectors of production which are eligible for the soft loan schemes provided for by Law 183.

Normal assistance, on the other hand, concerns programmes formulated within the context of specific legislative provisions.

Regional operations refer to the planning indications and the measures which the Regional Government intends to implement or promote and has indicated in its Report on the Planning Budget for 1977-81.

3.1. Production sectors

3.1.1. Agriculture

For the agricultural sector, in line with the objectives mentioned above the Regional Government intends to promote the following measures.

A - Irrigation works in the hinterland areas. Assistance for irrigation in these areas constitutes an essential form of aid and is therefore one of the most important measures for the real development of the agricultural economy.

The opportunity provided by Regional Law No 8 and other financing measures which will benefit the region is undoubtedly of great economic and also great social importance.

Although these areas at present support an agriculture which is in many cases of a purely subsistence type, assistance for irrigation will allow adequate development of the sector and assist the improved utilization of all the other available resources.

The most important operations include: the artificial lake on the Misegna torrent, the dam on the Sauro, the utilization of Lake Saetta Pescopagano, the utilization of Lake Matero in Lucania, the Basentello and the Val d'Agri.

Through the effect of interrelations and stimulation, this project offers the possibility of drawing the interests of other sectors (tourism, trade and industry) into a more broadly based process of economic growth.

Financing is already available for this specific project from the funds provided under the heading of special assistance (Special Projects Nos 14 and 23)¹,

¹ The estimated commitment during the five-year period for the two Special Projects is respectively LIT 204 000 million for Special Project No 14, and LIT 98 000 million for Special Project No 23.

the regional funds provided under Regional Law No 8 and, at a later date, the funds provided under the Plan for Agriculture and Foodstuffs, when the bill now being discussed by Parliament is approved.

B - Rationalization of the production structures in the hinterland areas, with special emphasis on the stock-farming, cereal-growing and silviculture sectors. This project is intended as a means of tackling the rationalization of agriculture in the hinterland areas of the region and initiating a process of conversion of the apparatus of production in order to increase the productivity and profitability of undertakings.

The Regional Government has prepared a plan of its own for the development of stock-farming which aims at doubling present stock-farming resources. This will entail the following measures:

- organization of unified (and not dispersive) operations providing service supplies directly linked to the production structures;
- expansion of fodder-crop cultivation, with an annual increase of 5 000-6 000 hectares in the area of hay meadow and 8 000-10 000 hectares in that of grazing land;
- organization of production up to the stage of product processing and marketing.

These activities can be financed not only from the funds specifically allocated to stock-farming but also from all the systems of incentives provided for by the Laws for land improvement, etc.

This line of action will be supported and supplemented by continued participation in the 'Meat Project' administered by the Cassa per il Mezzogiorno, but as far as Basilicata is concerned this project is only of relative interest in that it is not attuned to the structural characteristics of the sector. (The estimated commitment for the period 1977-80 is LIT 55 000 million.)

These operations will be supplemented by experimental activities and development incentives.

In the sphere of silviculture, the object is to initiate a process of improvement and expansion which also takes account of the production potential of the related industrial sectors.

The other sectors for which operations are planned are wine-growing and olive cultivation.

Special assistance also provides for coordinated operations in the sectors of reafforestation (Special Project No 24) and citrus-growing (Special Project No 11), with a commitment forecast for the period 1977-80 of LIT 14 000 million and LIT 42 000 million respectively.

C - Land reclamation and the provision of infrastructures. To improve living standards in the rural areas, it is intended to provide the hinterland areas with the civic amenities necessary to permanent human settlement.

The following specific measures are envisaged:

- land-reclamation schemes;

- electrification;
- civic amenity programmes (main roads and roads linking farms, rural water mains, and electricity and telephone connections);
- building in rural areas.

The funds available for operations in this sector include those provided under Regional Law No 30 for electrification.

For the completion schemes (provided for by Article 6 of Law 183 of 1976), the estimated expenditure is approximately LIT 11 000 million, mainly covering road-building and electrification in rural areas and land reclamation.

D - Promotion of forms of association and cooperatives. If agriculture is to be transformed from a marginal or residual sector of the economic system into a central sector, the production and agrarian structures need to be organized on the basis of associations matching the scale and nature of the industrialized food sector of other regions and Italy as a whole.

The operations launched by the Regional Government in the cooperative sector must fit into this context.

Apart from operations directed towards the creation, enlargement or modernization of collective plants for the processing, preservation and marketing of products, an intensive promotional campaign must be conducted with the aim of developing the sector, stimulating a spirit of association among entrepreneurs, and training executive staff for cooperatives.

The creation and official recognition of these associations will make it possible to build up a solid structure of representation and participation of the various areas within agriculture both as regards planning how production is to be channelled and as a means of ensuring closer involvement of the actual producers in the marketing and processing phases and implementation of the relevant policies, quite apart from the fact that their very existence will mean that there are knowledgeable interlocutors who can be consulted by the policy-making bodies at the planning stage for operations of general agrarian policy.

The implementation of these individual production projects is closely linked to the formulation and realization of a regional development project covering the preparation, processing and marketing of products which is to be backed by an effective sales-promotion campaign.

In financial terms the project will be linked with the Special Project for the Mezzogiorno, the Plan for Agriculture and Foodstuffs, and the provisions of the regional budget.

The pressing needs in this sector will be action to expand forms of cooperation and active collaboration from the undertakings with State participation as well as private industry. It is chiefly through the undertakings with State participation (SOPAL, etc.) that the Regional Government will, in the short-term, intervene to encourage the sale of those products which at present have difficulty in finding a place on the market (Aglianico, etc.).

As to the existing structures, the urgent need is to stimulate their efficient and effective utilization.

3.1.2. Industry

As regards the industrial sector, it must be borne in mind that the action which the Regional Government intends to take in order to attain the objectives indicated has been prepared on the assumption that the process of industrialization in Basilicata is to be integrated into the broader process of industrialization of the whole central part of the Mezzogiorno comprising Basilicata, Campania and Apulia, inasmuch as Basilicata can play a most important role as a hinge between the two coastal metropolitan areas.

As a result of the processes of irrigation and agricultural conversion, it can play an important role in the sphere of the processing of agricultural and food products.

There are also specific opportunities for investment in the sphere of the ceramics and brick industry which can rely on the presence of substantial clay deposits. In this context a relevant part can be played by action to promote the development of medium- and small-scale industries and those craft trades which, because they have no real reliance on external economic systems, are perfectly suited to the region's local environment.

From the more strictly geographic point of view, Basilicata possesses areas of land which, in offering certain siting factors, are suitable as alternative zones for the establishment of industrial activities.

Apart from the existing industrial estates, for which a policy is already in operation for development and expansion to meet the new requirements which have emerged over the last few years (including those which, broadly speaking, fall under the heading of so-called planned contracting) the Regional Government considers it advisable to take priority action in those areas offering situations which can be summarized as follows:

- (a) presence of factors favourable to the siting of industrial activities;
- (b) presence of industrial ventures already in operation, in course of implementation or restructuring, or at the planning stage;
- (c) presence of specific socio-economic situations which demand urgent assistance in the form of production activities;
- (d) overlap, from the point of view of siting, with those areas which are regarded as key geographic centres in the tentative pattern of physical planning underlying the regional development plan.

A - Proposed industrial estates. On the basis of these considerations, there are five areas which are to be provided with infrastructures to accommodate new industrial estates.

The financial resources needed to create the infrastructures for these industrial estates total some LIT 30 000 million. Since it gives high priority to this project, the Regional Government intends to propose its inclusion in the more broadly-based Special Project for 'Development of the hinterland areas of Basilicata' administered by the Cassa per il Mezzogiorno.

The commitment which the Regional Government has undertaken for the time being concerns those industrial areas for which the provision of infrastructures is particularly urgent and essential and amounts to LIT 10 000 million.

B - Special assistance through incentives and grants to new undertakings and the expansion of existing ones. This applies to industrial undertakings for which the investments are now being made or certain to be made in the near future. These investments amount to approximately LIT 52 000 million, with 40% of this concentrated in the metal engineering industry.

C - Operations for the provision of infrastructures in industrial areas, which are included in the CASMEZ 1977 annual programme as approved by the Minister. The total commitment is approximately LIT 13 000 million, and chiefly concerns:

- methane pipeline to serve the industrial estates of Potenza and Tito (LIT 3 500 million);
- works connected with water supply, connections and a purification plant for the industrial estates of Potenza and Tito and the Basento valley;
- infrastructure for the Senise industrial estate.

In addition, new operations are now being planned which will be funded from the financial resources provided for under Law 183, concerning the provision of infrastructures for the industrial areas included in the multi-annual programme already approved by the CIPE (Inter-Ministerial Economic Planning Committee).

3.1.3. Tourism

As regards the tourism sector, the Basilicata Tourism Project is based on the designation of seven tourist districts which the Regional Government has demarcated after carrying out a careful analysis of the tourism resources existing in Basilicata.

These districts are as follows:

- (1) Vulture,
- (2) Sellata Volturino,
- (3) Metapontino,
- (4) Maratea-Sirino,
- (5) Medio Basento,
- (6) Pollino,
- (7) Matera and its hinterland.

The seven areas contain a large proportion of Basilicata's tourism resources and will make it possible to develop a tourist trade over a wide area; their geographic distribution throughout the region is likely to have beneficial effects in integrating tourism with other economic activities (craft trades, etc.), and with urban and tertiary affairs, developing intersectoral relationships.

Five of the areas are located in the interior, with only two on the coast (Maratea and Metaponto).

In this promotion and support of tourist activities the Regional Government aims to present a unified image of the tourist system in Basilicata, which must

not refer exclusively to the structures and features of the seaside resorts but must encompass a more organized tourist system involving a large part of the region, making it possible to take advantage of the archaeological sites and monuments in the interior and what the region has to offer in terms of the environment in general and the beauty of nature.

This objective has already taken concrete shape in two projects for the improved utilization of areas of natural beauty in the region's hinterland (Pollino and Gallipoli-Cognato).

The Basilicata Tourism Project has recently been augmented by a project which is of extreme importance for the region - viz. the Pollino Project.

The failure to obtain special assistance of an interregional nature for the overall development of the Pollino massif has made it necessary to take action at regional level in the form of a project which will cover the most important operations involved in the task of exploiting the territory concerned which demand priority treatment, giving tangible proof of Basilicata's determination to rescue the population of the Pollino from isolation and underdevelopment.

Mainly by utilizing the funds made available under Article 7 of Law 183, the Regional Government is in a position to spend LIT 20 000 million during the five-year period 1976-80 to ensure that development gets under way in the part of the Pollino massif which lies in Basilicata.

3.2. Infrastructures

3.2.1. Environment and natural resources

In order to attain the objective of 'protecting and improving natural resources', the Regional Government has promoted three separate projects:

- (1) soil protection,
- (2) protection of the natural environment,
- (3) consolidation and transfer of centres of population;

during the five-year period 1977-81, the estimated total expenditure for these will be approximately LIT 38 000 million, plus LIT 14 000 million for operations covering the upkeep and management of works funded by the Cassa per il Mezzogiorno.

For implementing the first two of these projects the Regional Government can draw on both its own resources and resources provided under the heading of special assistance (especially Special Project No 14); decisions on what operations are to be carried out will therefore need to be based on close coordination between the Special Project and the regional project.

A - The soil protection project, which is to be implemented through appropriate 'catchment area plans', includes assistance for cultivation over an area of approximately 10 000 hectares, the reforestation of 500 hectares, torrent-training over 10 km of mountain river-beds, and the improvement of 3 000 hectares of mountain pastures. It is also proposed to adopt a 'Timber Plan' aimed at the

development of silviculture for timber in the hinterland areas (the Noce valley, Pollino, Agri and Melandro).

B - The project for protection of the natural environment consists of a set of operations aimed at wider utilization of the natural resources which are of interest to forestry with scrupulous respect for their conservation.

In addition to specific measures concerning the creation of parks and nature reserves, the management of forests, forest fire prevention and the regulation of fishing and hunting, the project makes provision for programmes of research and experimentation that will help to specify guidelines for forestry policy which are based on a sound knowledge of the environment and directed towards objectives which are both technically and economically valid.

C - The project for consolidation and transfer of centres of population encompasses a coordinated system of operations which are functionally linked and shaped towards:

- (a) the preservation of production and environmental areas;
- (b) the safeguarding of residential areas;
- (c) the preservation of the infrastructures which link the areas categorized under (a) and (b).

These operations are to be carried out within the framework of the catchment area plans.

3.2.2. Urban structure

The objective of forming a stronger and better integrated urban structure is to be pursued through the regional projects for 'Building' and 'Transport', which the Regional Government intends to implement both with funds allocated under national Laws and with its own funds.

A - The Building Project (which covers the sectors of housing, health, education and public building in general) is intended to direct both operations for new building and operations for the improvement of existing buildings towards the targets set for regional development.

In the case of housing, the measures envisaged fall into the following categories:

- (a) construction of new accommodation in implementation of the programmes of assisted, covenanted and subsidized building laid down by the national Laws;
- (b) rehabilitation of the existing building stock in clearly defined areas of building and in centres of historic importance;
- (c) demolition of unhygienic, unhealthy and derelict houses, with rebuilding either on the same sites or in areas selected for expansion and, in the latter case, conversion of the areas abandoned.

In the other sectors, the operations envisaged refer essentially to: supplementation and expansion of existing hospital structures (Potenza, Rionero, Villa d'Agri, Tinchi, Maratea, Policoro and Chiaromonte); the creation of poly-

clinics at health service district level; the provision of nursery schools; the aggregation of amenities for further education in district centres, and the utilization for compulsory schooling (at commune level) of the buildings made available by the centralization of intermediate and high schools; and the construction of municipal offices. The commitments provided for this purpose in the budget for the whole five-year period amount to LIT 35 000 million.

B - The measures which fall within the Transport Project concern public road transport, and consist of: compensation for the budgetary deficits of the companies which operate the bus routes under licence and financing of the additional running expenses caused by increased labour costs; and renovation and enlargement of the stock of vehicles. The commitments provided for this purpose in the budget for the whole five-year period amount to LIT 22 500 million.

Reference table for the Basilicata region

Overall targets

- A. Keeping outward migration down to physiologically compatible levels
- B. Bringing the region's socio-economic system into line with that of the rest of the Mezzogiorno, as part of a more general trend towards reducing the historical disparity between North and South
- C. Full utilization of the human and natural resources which exist in Basilicata as part of a process of development which will be balanced and evenly distributed throughout the region

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Achievement of a substantial qualitative and quantitative improvement in production</p> <p>Improved professional skills for those employed in the sector and the achievement of a monetary income and standard of living equivalent to those of the other production sectors</p>	<ul style="list-style-type: none"> - Rationalization of the production structures in the hinterland areas, giving particular priority to the highly profitable sectors and promoting new productive activities - Large-scale programme of land reclamation, infrastructure, and improvement of the land-holding system - Promotion of forms of association and cooperatives 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project No 4/10 (Intensive meat production) - Special Project 24 (Reafforestation for production purposes) - Special Project 11 (Development of citrus-growing) - Special Project 23 (Development of irrigation) - Special Project 14 (Intersectoral water schemes) - Completion works 	<ul style="list-style-type: none"> - Complementary operations for the extension of the area under irrigation in hinterland zones - Coordinated operations in the stock-farming, cereal-growing and silviculture sectors - Complementary operations for rural infrastructures - Operations for the creation and modernization of collective plants for the processing, preser-

Industry

Conversion of the existing industrial apparatus and enlargement of the productive base in general

Identification of industrial sectors capable of providing higher levels of production and employment

Craft trades

Development and improvement of craft activities

Tourism

Improvement and development of tourism resources, particularly from the point of view of promoting social tourism

- Designation of the most suitable areas for the siting of industry and provisions of infrastructures in them	- Plan for the conversion and restructuring of industry	- CASMEZ grants and incentives	- Project for key industrial centres	- vation and marketing of products
- Promotion of industrial ventures in the chemical and associated sectors	- Investment programme for undertakings with State participation	- CASMEZ industrial infrastructures programme	- Operations for technical assistance and the promotion of scientific research	
- Promotion of the development of medium and small-scale industry	- Coordination of operations involving foreign economic policy			
- Promotion of vocational, technical and administrative training of craftsmen				- Project for pollution control
- Arrangement of areas with suitable amenities for new undertakings				
- Designation of districts with tourism potential				- Project for improving hotel accommodation
- Renovation of centres of historical interest				- Pollino Project
- Promotion of recreational and sport activities				- Promotional operations
- Rationalization of hotel amenities and hotel accommodation		- Completion works		

Reference table for the Basilicata region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>INFRASTRUCTURES</p> <p>Protection of the region's natural resources in the context of a rational environmental policy and their improvement and utilization within the framework of balanced forms of development</p> <p>Rebuilding of the fabric of the region's urban structure in line with national functions and standards, in order to break down for good the region's geo-economic isolation from the rest of the country and to integrate the different urban situations which go to make it up</p>	<ul style="list-style-type: none"> - Assistance with cultivation and reafforestation measures - Creation of parks and nature reserves - Safeguarding of residential areas and preservation of the infrastructures which link them - Enlarging accommodation facilities by building new housing or rehabilitating existing housing, and improving health and hygiene conditions in dwellings - Upgrading of all social infrastructures (health, education and civic amenities in general) to meet social needs (e.g. nursery schools and polyclinics) and bring them into line with new organizational and management 	<ul style="list-style-type: none"> - Multi-annual Public Building Programme: - housing schools and universities - hospitals and prisons - civic building - Water schemes - Transport Programme: - National Road Board Plan - Italian State Railways Plan 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Project for soil protection - Project for protection of the natural environment - Project for consolidation and transfer of centres of population - Building project - Complementary operations in the sector of water and sewerage networks - Transport project

	units (local health centres and school districts) - Development and rationalization of public transport			
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BASILICATA		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total		1976	km ²	9992.27	8.1	3.3
	of which: mountain areas				4680	13.4	4.4
Resident population	total				617257	3.1	1.1
	in local author. areas > 50 000 inhabitants				62440	1.0	0.3
Net migration			1951-71		- 207304	5.2	
			1951-76		- 222111	5.5	
Employment	total		1976	Units	218600	3.7	1.1
	in agriculture				76100	4.8	2.6
	in secondary sector				68300	3.9	0.9
	in tertiary sector				74200	2.8	0.8
Registered unemployment	Classes I + II				26409	3.8	2.2
	all 5 classes				27175	3.7	2.1
Registered 'Special Law for the Young'			1977		13075	3.3	2.0
Redundancy payments in secondary sector ¹			1976	Hours	1121000	2.4	0.5
GDP at market prices			1975	LIT 10 ⁹	816.7	3.0	0.7
Consumption	private				564.0	2.8	0.7
	public				206.1	3.8	1.3
Gross capital formation					318.8	4.6	1.4
Gross fixed capital formation in secondary sector					76.2	3.2	1.0

¹ Ordinary system.

BASILICATA		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	62	161	187
Level of urbanization ¹					10.1	33.0	37.8
Activity rate (active popul./total population)			1977	%	38.5	34.8	38.9
Unemployment rate ²						6.9	9.2
Employment per 1000 inhab.	total		1976	‰	354.9	302.7	354.5
	in agriculture				123.5	80.7	52.2
	in secondary sector				110.9	89.6	134.5
	in tertiary sector				120.5	132.4	167.8
Changes 1951-1976	of population		1951-76	%	-1.6	+12.2	+18.5
	of employment	total			+17.4	-7.9	+1.1
		in agriculture			-60.8	-56.7	-66.1
		in secondary sector			+82.1	+35.6	+30.2
		in tertiary sector			+122.8	+73.5	+79.5
GDP/inhab., current prices	absolute value	1975	LIT 1000	1329	1380	2006	
	annual change	1970-75	%	17.4	14.1	13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

X. CALABRIA

1. PROBLEMS AND IMBALANCES

1.1. Problems

Calabria has a surface area of 15 080 km², representing 12.3% of the total area of the Mezzogiorno; in morphological terms, 42% of its land surface is mountainous.

As at 31 December 1976, this area carries a resident population of 2 048 508 inhabitants, representing 10.3% of the total population of the Mezzogiorno; hence, the population density (136 inhabitants/km²) is lower than the average for the Mezzogiorno (161 inhabitants/km²). Of this population, 487 868 live in communes with a population of more than 50 000 inhabitants, and the level of urbanization is 23.8%.

During the period 1951-76, the population of Calabria remained almost unchanged despite substantial outward migration, because during the period concerned the birth rate was very high.

During the period 1951-76, in point of fact, 729 634 persons moved out of Calabria; this very high level of outward migration has deprived the region of a significant proportion of its working population. Despite this outward migration, the unemployment rate is particularly high (11.3%), and higher than the average for the Mezzogiorno. The participation rate, which is low (34.2%), is similar to that for the Mezzogiorno as a whole.

Thus, Calabria has a serious excess supply of labour; the number of persons seeking work is 80 000, with 47 000 of these registered under the Special Law for the Young (Law 285).

The present imbalance in the labour market will be aggravated in the course of the next few years as a result of the additional supply of labour, which can be estimated at 60 000 persons. If full employment is to be achieved during the next few years, new job opportunities will have to be created for approximately 140 000 workers, even without taking into account possible reductions in employment in the agricultural sector.

As at 1976, the number of persons in employment is 584 700; of these, approximately 30% are employed in agriculture, 28% in industry and 42% in the tertiary sector.

Agriculture still represents the best opportunity for the population of Calabria to participate in the production process, but because of the poor productivity and lack of technological rationalization in this sector the income that the region manages to produce is still very low. In 1975, the GDP was calculated at LIT 2 398 000 million, representing a per capita GDP of LIT 1 179 000, which is the lowest figure for any region, being 41.2% lower than the per capita GDP for Italy as a whole and 14.6% lower than the average for the Mezzogiorno.

Agriculture produces 20.6% of this income, whilst the proportion produced by industry (22.2%) is the lowest for any region. Consumption per inhabitant, at LIT 870 000, is also appreciably lower than the average for the Mezzogiorno.

The region's economy depends to a great extent on transfers of resources from outside and, as a result of the low investments made in the past, industrial development has been very modest indeed.

Thus Calabria, with an economy based principally on agricultural activities characterized by low productivity as a result of the land's morphological features, the excessive fragmentation and redistribution of landholdings and a low degree of mechanization, is the poorest region of Italy, and its per capita income is the lowest not only of all regions of Italy but also among the areas within the EEC defined as 'particularly depressed'.

1.2. Imbalances

The most important features of Calabria's present physical organization can be summarized as follows:

- (a) a scarcity of flat areas of land (these constitute only about 9% of the total surface area);
- (b) the precariousness of the urban structure,¹ which is reflected in the fact that there are virtually no towns at all along the stretch of the Ionian coast between Reggio Calabria and Taranto, with the exception of the industrial centre of Crotona;
- (c) inadequate integration between the national road and rail transport networks and the infrastructure routes of purely regional or sub-regional importance;
- (d) the weakness of the industrial structure, particularly manufacturing industry.²

¹ This is evidenced by the fact that, for specialized urban services, the regional population tends to gravitate chiefly towards urban areas outside the region, viz. Naples/Salerno to the north, and Messina and Catania to the south-west.

² In 1971, Calabria showed the lowest level of employment in manufacturing industry in the Mezzogiorno (20.1 persons employed/1 000 inhabitants as against 25.9 in Molise, 30.5 in Basilicata, and 37.9 in the Mezzogiorno as a whole; within the region itself, the most serious deficiencies were recorded in the province of Reggio di Calabria (17.8 employed/1 000 inhabitants), which therefore ranked as the least industrialized province in the Mezzogiorno.

The region's most urgent problems lie in creating a productive (and in particular an industrial) role for the principal urban centres, and at the same time arranging all the technical and organizational measures needed to make the maximum possible use of the irrigation works already completed (or in course of completion) in the Marquisate of Crotona, the Sibari plain and the Crati valley.

Also, in common with many other regions of the Mezzogiorno, Calabria suffers from a lack of functional integration between the different areas which go to make it up: both the urban centres and the existing production units are virtually enclaves, being in a great many cases complementary to or at any rate interdependent with only cities and production units which are located outside the region.

2. DEVELOPMENT OBJECTIVES

Until the Regional Government's planning document is ready,¹ the overall targets can be inferred from the specific development objectives fixed for the four-year period 1977-80.

2.1. Production sectors

As regards the production sectors, the Regional Government intends to promote the relaunching of a mechanism of development which is more balanced in its geographic pattern and more consistent with the need for full and rational utilization of the resources available at regional level.

To this end, public expenditure must be mobilized to deal with the levels of unemployment and underemployment (including persons with educational qualifications) which have long existed in the region. The nucleus of economic take-off is still the industrial sector, but particular emphasis has been placed on the improvement and development of undertakings in the agricultural sector and the provision of incentives for tourism.

2.1.1. Agriculture

The outlines of regional policy on agriculture have to be defined in full awareness of the decisive position which the primary sector occupies both in a strategy for the renewal of economic development in the manoeuvre of conversion of

¹ The Regional Government has not yet settled the general framework of the plan. There are, however, the guidelines which were agreed on unofficially by the delegations of the parties concerned in the 'Planning Policy Agreement' of October 1976. On the basis of these guidelines, target programmes have been prepared by a number of Regional Government offices, and an organizational scheme for the Planning Budget. It can be assumed that these documents will constitute the operational components of the multi-annual budget.

the economic and productive structure and partial containment of unemployment in Calabria.

It is essential that assistance policies should be guided firstly by the need to halt the most serious processes of deterioration in the structure of agricultural production and impoverishment of the rural environment, and secondly by the need to initiate operations which are directed towards and uncompromisingly relevant to clearly defined geographic areas and sectors of production.

The action taken by the Regional Government will pursue the following objectives:

- reorganization of the productive capacity of farms, with the emphasis on operations aimed at relaxing the rigid constraints which are the cause of the fragmentation of landholdings in order to encourage farms of a more rational size;
- greater exploitation and expansion of the areas of production which are potentially wealthier in terms of added value and capable of initiating processes of intersectoral integration and accumulation, particularly stock-farming and vegetable and fruit growing, wine-growing and olive cultivation, and industrial crops traditional to the region (citrons, jasmine, bergamot oranges and the mulberry silkworm industry);
- improvement of land and facilities in the rural hinterland areas by strengthening civic infrastructures and infrastructures directly relevant to the development of production and extending services, particularly irrigation works, with the overall objective of establishing a better geographic balance as indicated in the new development guidelines;
- development of the direct organizational capacity of all types of farm, especially the smaller ones, through the widespread formation of associations and cooperatives.

2.1.2. Industry

The priority treatment as a central issue which regional planning gives to the industrial sector is justified both by the slowing down of investment and stagnation of employment in the region since 1970 and by the fact that only this sector offers any scope for the expansion of a form of employment which is not precarious, given the levels of employment and low unit productivity which are still characteristic of agriculture and the tertiary sector.

However, a renewed impetus to investment in this sector presupposes not only direct intervention in the form of public expenditure but also the ability on the part of the Regional Government to pursue lines of action likely to attract private investment and to mobilize the physical and human resources available in Calabria.

The main lines of approach which the Regional Government intends to follow are:

- support for the development of small and medium-scale industry, especially sectors with a high technological content;
- expansion and integration of the existing fabric of production, within the framework of a scheme for the physical replanning of the region;
- improved utilization of local entrepreneurial abilities;

- expansion of manufacturing industry, mainly in the highly labour-intensive sectors (mechanical engineering, textiles, and agri-foodstuffs).

2.1.3. Craft trades

Regional policy in this sector is one of consolidating and extending craft activities as a specific style of production and within the general framework of the development of small-scale productive activity.

The objectives pursued concern:

- support for craft undertakings as regards credit for investment and working capital;
- improvement and more efficient exploitation of craft undertakings in the sector of artistic, local or traditional products;
- development of undertakings organized into associations and of those located in mountain zones and areas selected for the location of production activities.

2.1.4. Tourism

In view of the region's high potential for tourism both on the coast and in the mountains, assistance in this sector is of considerable importance, including the aspect of making an effective contribution to employment.

The objectives proposed cover:

- greater exploitation of the areas which offer scope for development from the point of view of tourism and historical and cultural interest, in order to halt the deterioration of the coastal areas and encourage the development of the hinterland;
- greater exploitation and improvement of the facilities available for tourists;
- strengthening and renovation of activities for the promotion of the tourist trade.

2.2. Infrastructures

As regards eliminating the imbalances which beset the geographic organization (infrastructural and civic) of Calabria, the following overall targets can be singled out:

- elimination of the growing imbalances which exist between the hinterland and coastal areas and between rural and urban living standards;
- protection and improved utilization of the region's existing and potential physical resources (productive, environmental and natural);
- creation of a regional urban structure based on the specialization and integration of the various parts of the region through the formation of areas for the integrated development of economic activities and social services.

These overall targets form a general framework encompassing the specific objectives assigned to policies on assistance in the priority sectors of social commitment.

2.2.1. Environment

In the sphere of environmental protection, the most important objectives combine the following principles:

- (a) protection of the region's flora and development of forest resources;
- (b) protection of centres of population and of the soil from natural disasters.

2.2.2. House building

In the sector more specifically concerned with housing construction, the Regional Government has fixed as its primary objective the improvement of housing conditions in rural areas, to provide agricultural workers with living conditions which are satisfactory and comparable to those of the urban population. The second objective is public control of urban growth by coordinating regional action with that of local bodies.

2.2.3. Transport

In the transport sector, the spheres of assistance to which the Regional Government has given priority are related to the objective of improving the interregional transport network, especially as regards access to the areas singled out for development; these are the three zones (called 'coordinated areas of intersectoral development') demarcated by the Cosenza/Sibari, Catanzaro/Santa Eufemia and Gioia Tauro/Reggio Calabria/Siderno axes.¹

2.2.4. Health and social assistance

As regards health and social assistance, the basic objectives of regional action are as follows:

- protection of the citizens' right to well-being and the removal of obstacles which may endanger this;
- creation of a regional system of unified health and social services which are quantitatively and qualitatively adequate to meet the needs of the community, and correction of the inequalities at present existing from one area and another;
- implementation of instruments designed to give effect to the right to well-being, with emphasis on public health safeguards, the safety of the environment and working conditions, the care of expectant mothers and young children,

¹ Cf. Basic principles for the regional economic development plan, approved by the Regional Government of Calabria in 1974.

the care of the elderly, and the care and rehabilitation of the handicapped.

2.2.5. Education and leisure

In the sector of education, culture and leisure, the objectives indicated by the Regional Government can be summarized as follows:

- guaranteeing equality of access of education for all citizens, reducing the influence of differing economic and social conditions and the influence of variations in the provision of structures and services in the different parts of the region;
- giving effect to the citizens' right to work and to vocational and cultural betterment, ensuring for young people and adults of working age a general process of training favouring full employment and mobility of the labour force within the framework of a policy for establishing a better economic and social balance;
- encouraging the participation of local bodies in the formulation and implementation of policies aimed at safeguarding the right to work;
- encouraging the shaping, preservation and enjoyment by the community of the region's cultural heritage;
- encouraging the development of democratic local structures for the organization and enjoyment of cultural and recreational activities.

3. MEASURES AND OPERATIONS

This section will describe the operations planned by the Regional Government and the State for the four-year period 1977-80.

The documents referred to in defining the operations and the financial commitments involved are as follows:

(a) For special assistance:

- completion works entrusted to the Regional Government by legal concession in accordance with Article 6 of Law 183 of 1976;
- Special Projects already in course of implementation or at an advanced stage of preparation, for which the financial resources available include the total commitments for 1977 and an estimate of funding for the next three-year period;
- annual programme for industrial infrastructures approved by the Minister for Special Assistance after consultation with the Committee of Presidents of the Southern Regions;
- operations in the sectors of industry which are eligible for soft loan schemes.

(b) For normal assistance:

- programmes formulated within the context of specific legislative provisions.

(c) The documents available for reference regarding regional action are a number of programmes which, as already emphasized, constitute a preliminary definition of the line of approach. As such, even though they still have to be discussed with the policy-making bodies and local institutions, confirmed as being economically valid and eventually given institutional ratification, these programmes still constitute an indication of the options selected for development.

3.1. Production sectors

3.1.1. Agriculture

In the agricultural sector, according to the target programme already prepared, the measures to be promoted are as follows.

A - Development of citrus cultivation. This is a joint project and will be combined with assistance from the Cassa per il Mezzogiorno and the regional target programme.

CASMEZ Special Project No 11 is aimed at the conversion of orange-groves and other citrus groves to varieties which, on the basis of trends in consumption, promise a more balanced and extensive marketing range. Assistance from the Cassa takes the form of financing for:

- pest control on citrus farms;
- road-building and other service infrastructures;
- farm and inter-farm irrigation works;
- recultivation of land following the abandonment of marginal areas;
- extension of citrus growing to newly irrigated zones.

The total estimated expenditure is LIT 112 000 million.

The regional target programme differentiates two subsectors:

- traditional products suitable for industrial processing;
- quality varieties which have an expanding market.

Operations will be aimed at:

- regulation of the market and price support;
- development of research and technical assistance;
- provision of infrastructures (water-supplies, road-building and soil protection);
- reorganization of landholdings.

The estimated expenditure is LIT 5 700 million.

B - Operations for increasing stock-farming production. This too is an area of joint action.

CASMEZ Special Project No 4 (Intensive meat production in the mainland of the Mezzogiorno) covers various lines of action:

- grants and incentives for stock-breeding structures (the most important area in quantitative terms);
- subsidies for calves and lambs reared for cross-breeding;
- subsidies for the cultivation of maize for fodder;
- artificial insemination;
- working credit for the rearing of breeding and fattening stock.

The estimated expenditure is LIT 67 000 million.

The regional programme, which is aimed at restructuring the sector, emphasizes the promotion of stock-farming on agricultural holdings and of intensive methods of stock-farming, with operations aimed at encouraging cooperatives (which are regarded as being complementary to, rather than an alternative to, the family undertaking).

The estimated expenditure for this is LIT 13 500 million.

C - Reafforestation programme. This is aimed at the re-establishment and conversion of forest resources with the twofold purpose of soil protection and pulp production. This too is a joint project between the Regional Government and the Cassa per il Mezzogiorno.

Special Project No 24 (Reafforestation for production purposes) covers 16 000 hectares in Calabria, and has as its objectives the reafforestation of areas with insufficient agricultural potential and the conversion of coppices for fuelwood production. The main feature of the project is the provision of incentives for new plantations for production purposes; the financial commitment in the case of Calabria is LIT 15 000 million.

The regional target programme, which is complementary, is directed towards:

- improvement of existing resources and their gradual replacement by forests for timber production;
- reclamation in mountain areas and forest fire prevention.

D - Irrigation programme. This concerns Special Project No 23 administered by the Cassa per il Mezzogiorno, which is to be combined with a regional programme (not yet defined) for the completion of works on water supply and distribution, the improvement of the organization of production, and the expansion of facilities for the processing of agricultural products. The project provides for the systematic layout of catchment areas and systems for the collection, transport and distribution of water for irrigation throughout the region, with a financial commitment of LIT 145 600 million.

E - Other regional target programmes. Regional Government action in the sphere of agriculture is complemented by a series of subsectoral programmes connected with:

- landholding improvement works (estimated expenditure LIT 46 000 million);
- provision of rural infrastructures (LIT 51 000 million, plus LIT 2 400 million for completion works provided for by Article 6 of Law 183 of 1976);

- promotion of agricultural cooperatives (LIT 32 000 million);
- technical assistance for agriculture (LIT 1 700 million);
- soft loan schemes (LIT 14 000 million);
- hunting and fishing (LIT 1 300 million).

3.1.2. Industry

For the industrial sector proper, the objectives outlined in the preceding section are reflected in a number of proposals for action, but these have not yet been quantified and the actual forms of assistance have not yet been settled in detail:

- Regional participation in the options defined by the Cassa per il Mezzogiorno to ensure that small and medium-scale industry receives the maximum assistance provided for by Law 183;
- creation of the Regional Financing Institution, which is intended as 'a public entrepreneurial centre for promoting private entrepreneurial activities and guiding direct public intervention in the economy' and empowered to carry out the following activities:
 - participation (including majority holdings) in undertakings;
 - management, in a trustee capacity, of public agencies or undertakings with public participation;
 - planning and creation of industrial areas equipped with proper facilities;
 - technical and economic advice and propaganda;
 - issue of bonds guaranteed by the Regional Government;
 - financial and operational administration of regional Laws;
 - acting as a regional technical body with the responsibilities referred to in Article 3 of Law 183 of 1976;
 - support for forms of association;
- creation of a Centre for Export Assistance;
- appointment of a Regional Consultative Body for Cooperatives.

Special assistance from the Cassa per il Mezzogiorno will continue its programmes of incentives and provision of infrastructures.

A - Infrastructures programme. This is the annual programme for 1977 for the provision of infrastructures in industrial areas and centres which is administered by the Cassa per il Mezzogiorno and approved by the Minister.

The total commitment of approximately LIT 34 000 million is distributed as follows:

- Santa Eufemia-Lemezia industrial area (railway link) - LIT 1 000 million;
- Sibari Plain - Crati Valley industrial area (electrification) - LIT 1 000 million;
- San Mauro-Schiavene torrent training water scheme (LIT 30 000 million).

Further projects are in preparation for the provision of infrastructures in industrial areas, to be financed from the funds allocated to operations of this type by the multi-annual programme for the Mezzogiorno.

B - Provision of incentives. Investment projects for which loans at concessionary interest rates have already been agreed total LIT 473 000 million, more than 80% of them in the chemical and petrochemical sector (SIR and Liquichimica investments in particular), but these are still in the preparatory stage.

3.1.3. Craft trades

The operations provided for in the regional programme concern:

- financial support for craft trade undertakings;
- grants for the publicizing and distribution of products;
- outright grants and operations to be implemented with appropriate regional Laws for the encouragement of traditionally local crafts, economic forms of association, and vocational training through apprentice workshops and craft instructors (Law 12 of 1974);
- promotional operations to encourage small workshop owners to take part in shows, exhibitions and meetings of regional, national and international interest.

3.1.4. Tourism

Regional measures in this sector concern:

A - Restructuring of the peripheral organization of tourism through the active participation of local agencies which will be responsible for the functions at present performed by the Accommodation Agencies.

The financial resources allocated to this measure consist of normal grants made to autonomous health resort, accommodation and tourism organizations.

B - Incentives and grants for the construction of hotel and other accommodation for tourists.

This assistance will be covered by an appropriate category of expenditure under the programmes planned by the Regional Government and in the completion works financed by the Cassa per il Mezzogiorno.

3.2. Infrastructures

3.2.1. Environmental protection

In the sector of environmental protection two lines of action are specified for attaining the objectives mentioned above:

- as regards the protection of the natural heritage, operations will be organized in such a way as to supervise the management and develop public ownership of forested areas and areas of natural beauty and rural amenity. This form of assistance will be backed by both regional and central government action in accordance with ordinary Laws already in force;
- as regards the protection of centres of population and of the soil, the line of action envisaged will consist in guaranteeing the immediate assistance already provided for by State legislation and in implementing the operations for the defence of coastal areas which are needed to ensure the protection of centres of population and their development for tourism purposes.

A contribution to action for the protection of the natural environment will also be made by the Special Projects which fall within the category of special assistance, notably those relating to intersectoral water schemes (Special Project No 26), the development of irrigation (Special Project No 23), reafforestation (Special Project No 24) and, to some extent, the improvement of the Tyrrhenian coast of the province of Reggio di Calabria (Special Project No 22).

3.2.2. House building

As regards housing construction, the specific objectives indicated in this sector will be pursued firstly through regional assistance in the form of loans (offer of regional loans for the repair, modernization and rebuilding of houses for farmers who cultivate their own land) and secondly through action coordinated with local bodies for the control of urban growth, including direct assistance. For this line of action, the Regional Government has provided for the establishment of a rotation fund, with the help of which local bodies will be able to acquire and urbanize areas designated for residential building within areas of fresh expansion and residential complexes in centres of historic interest in accordance with the indications of current town-planning schemes. The same legislative provision covers soft loans for building cooperatives which are eligible for assisted or covenanted financing.

Normal assistance also will make a contribution to this line of action in the form of expenditure for subsidized, covenanted and assisted building: at present, the financing of these operations for building amounts to some LIT 261 000 million.

3.2.3. Transport

In the transport sector,¹ the measures envisaged are as follows:

- modernization of port facilities; this is a regional measure aimed at maintaining or expanding port infrastructures which are a regional responsibility;
- development of mobility within the region: the operations planned are designed to establish a coordinated regional road and railway system through the construction and modernization of infrastructures and their supplementation.

¹ The Regional Government of Calabria intends to prepare an appropriate Regional Transport Plan, and there is already a budgetary allocation for this.

This action will also be backed by the operations planned for Calabria by the National Road Board (approximately LIT 15 000 million) and the Italian State Railways (more than LIT 70 000 million);

- administration of the transport system: this will involve gradually bringing the regional road transport systems under public ownership and moving towards implementation of the Bus Plan. Assistance in this sphere will be mostly regional.

3.2.4. Health and social assistance

As regards the health and social assistance sector, pending a health and social services plan (including precise designation of the local health units), the Regional Government has already decided on two major spheres of assistance, one relating to the organization of health and social services at planning district level and the other to their organization at commune level.

For the first of these, the following lines of action have been specified:

- integration of the social services with the health services in a series of operations administered by the local health units to initiate a shift of resources away from hospital treatment and towards preventive and specialized medicine based on clinics and rehabilitation;
- reorganization throughout the region of the structures which already exist, particularly hospital structures, and the expansion or creation of new structures such as polyclinics, consulting rooms, rehabilitation centres, centres for long-term patients, etc.;
- launching of a system of preventive social medicine in the spheres of work, hygiene, prophylactic medicine and first aid, properly distributed throughout the region;
- participation by citizens in the direct protection of health through operations organized at various levels of administrative and technical management by the local health units and their services distributed throughout the region.

As regards the second sphere of assistance (at commune level), the most important measures will be the following:

- prevention of the causes of poverty and social deprivation;
- initiation of an integrated system of medical and psycho-pedagogical assistance for infants from the pre-natal stage up to school age;
- launching of a system of domiciliary social and health care for the elderly and organization of forms of assistance in maternity care which obviate the discrimination and restrictions existing at present;
- protection of those categories of citizens who are not able to look after themselves and are suffering from temporary economic difficulties, including emigrants.

These operations, which constitute regional action, will also be backed by expenditure from central government, chiefly on public health and hygiene works (operations for which there is not yet a firm commitment) and hospital building (some LIT 19 000 million for Calabria).

3.2.5. Education and leisure

In the sphere of education, culture and leisure, the Regional Government intends to adopt the following lines of action:

- orientation of operations in the sphere of education and training towards basic vocational preparation, refresher courses and further training at all levels, vocational retraining (including that related to the conversion of industry), and any other measures considered necessary and useful for an effective policy of continuous training which is relevant to social needs in the production and services sectors. Promotion of the reorganization of training activities by restoring them to the sphere of public control and encouraging (through official initiatives and programmes of technical assistance) experimental projects of an innovatory character, including collaboration with the European Social Fund;
- encouragement of the shaping, preservation and enjoyment by the community of the region's cultural heritage. Encouragement of democratically organized undertakings for cultural activities. Development of forms of association for cultural activities, for the enjoyment of the cultural heritage, and for the use of leisure;
- implementation of a policy based on the right to education, to encourage the rationalization of institutions of higher education, the organization of the educational centres envisaged for the school districts, and the development of transport facilities to these centres;
- coordination of the educational process, including both technical and scientific education and vocational training, with the planning guidelines for the economic and social development of the geographic areas concerned, bringing direct action by the Regional Government and action entrusted to various bodies into one unified scheme;
- ensuring that there is an even distribution throughout the region of equally good structures and services which give real effect to the right to education, eliminating the influence of the economic and social inequalities which give rise to variations in the demand for education between different geographic areas and social categories. Development of amateur recreational and sporting activities by encouraging forms of association between communes and the establishment of structures for leisure activities.

In this sphere, as in the health sector, the measures and operations involved now fall almost exclusively within the sphere of regional responsibility; ordinary assistance from central government will apply mainly to building, particularly the building of schools (estimated expenditure in Calabria of approximately LIT 84 000 million) and universities (approximately LIT 20 000 million).

Reference table for the region of Calabria

Overall targets

- A. Relaunching of a mechanism of development which is more balanced in its geographic pattern and more consistent with the need for full and rational utilization of the resources available at regional level
- B. Containment of the most serious processes of deterioration in the structure of agricultural production and impoverishment of the rural environment
- C. Physical replanning aimed at eliminating the growing imbalances which exist between the hinterland and coastal areas and between rural and urban living conditions

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Promotion of activities directed towards specified geographic areas and sectors of production with high profitability</p> <p>Improvement of land and facilities in the rural hinterland areas</p> <p>Development of the direct organizational capacity of all types of farm</p>	<ul style="list-style-type: none"> - Reorganization of the productive capacity of farms - Greater exploitation and expansion of the potentially wealthier sectors (stock-farming, vegetable and fruit-growing and wine-growing) and incentives for traditionally regional crops - Strengthening of civic infrastructures and infrastructures connected with the development of production 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project 11 (Development of citrus-growing) - Special Project 4 (Intensive meat production) - Special Project 24 (Reafforestation for production purposes) - Special Project 23 (Development of irrigation) - Special Project 26 (Intersectoral water schemes) - Completion works 	<ul style="list-style-type: none"> - Target programme for technical assistance and soft loan schemes - Complementary programme for citrus-growing - Complementary stock-farming programme - Complementary programme for reafforestation and land reclamation in mountain areas - Provision of rural infrastructures - Programme for the promotion of agri-

Reference table for the region of Calabria (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Industry</u></p> <p>Expansion of manufacturing industry, mainly in the highly labour-intensive sectors (mechanical engineering, textiles, and agri-foodstuffs)</p>	<ul style="list-style-type: none"> - Encouragement of forms of association and cooperatives - Expansion and integration of the existing fabric of production, within the framework of a scheme for the physical re-planning of the region - Support and development of small and medium-scale industry - Improved utilization of local entrepreneurial abilities - Conversion and restructuring of the existing apparatus of production 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry - Investment programme for undertakings with State participation - Coordination of operations involving economic policy 	<ul style="list-style-type: none"> - CASMEZ grants and incentives - CASMEZ industrial infrastructures programme 	<p>cultural cooperatives</p> <ul style="list-style-type: none"> - Creation of a regional financing institution - Creation of a centre for export assistance - Appointment of a regional consultative body for co-operatives
<p><u>Craft trades</u></p> <p>Consolidation and extension of craft activities as a specific style of production and within the general framework of the development of small and</p>	<ul style="list-style-type: none"> - Support for craft undertakings through soft loan schemes - More efficient exploitation of craft undertakings in the artistic, local or 			<ul style="list-style-type: none"> - Regional programme of grants and subsidies and promotional activities

Reference table for the region of Calabria (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Transport</u></p> <ul style="list-style-type: none"> - Modernization of port facilities - Development of mobility within the region 	<ul style="list-style-type: none"> - Transport Programme: - National Road Board Plan - Italian State Railways Plan - Harbour works 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Operations for improving port facilities - Operations for a coordinated road and rail system - Bus plan 	
<p><u>Health and social assistance</u></p> <ul style="list-style-type: none"> - Creation of a regional system of unified health and social services 	<ul style="list-style-type: none"> - Public building programme (hospitals) 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Public health and hygiene works and hospital building 	
<p><u>Education and culture</u></p> <ul style="list-style-type: none"> - Encouragement of the participation of local bodies in the implementation of policies aimed at safeguarding the right to education - Development of local structures for the organization of cultural and recreational activities 	<ul style="list-style-type: none"> - Multi-annual public building programme (schools and universities) 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Regional operations in the sector of education, culture and leisure 	

CALABRIA		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total		1976	km ²	15080.27	12.3	5.0
	of which: mountain areas				6300	18.0	6.0
Resident population	total		1976		2048508	10.3	3.6
	in local author. areas > 50 000 inhabitants				487868	7.4	2.3
Net migration			1951-71		-688233	17.2	
			1951-76		-729634	18.6	
Employment	total		1976	Units	584700	9.8	2.9
	in agriculture				170600	10.7	5.8
	in secondary sector				163900	9.3	2.2
	in tertiary sector				250200	9.6	2.6
Registered unemployment	Classes I + II		1976		68558	9.8	5.8
	all 5 classes				70604	9.6	5.3
Registered 'Special Law for the Young'			1977		46603	11.6	7.1
Redundancy payments in secondary sector ¹			1976	Hours	618000	1.3	0.3
GDP at market prices			1975	LIT 10 ⁹	2398.9	8.8	2.1
Consumption	private				1783.0	8.7	2.4
	public				545.9	10.0	3.5
Gross capital formation					747.3	10.7	3.3
Gross fixed capital formation in secondary sector			297.2	12.5	3.9		

¹ Ordinary system.

CALABRIA		2	Year	Unit	Region	Mezzo- giorno	Italy
Indicator							
Population density			1976	inh/km ²	136	161	187
Level of urbanization ¹					23.8	33.0	37.8
Activity rate (active popul./total population)			1977	%	34.2	34.8	38.9
Unemployment rate ²					11.9	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	286.4	302.7	354.5
	in agriculture				83.6	80.7	52.2
	in secondary sector				80.3	89.6	134.5
	in tertiary sector				122.5	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+0.2	+12.2	+18.5
	of employ- ment	total			-24.2	-7.9	+1.1
		in agriculture			-65.9	-56.7	-66.1
		in secondary sector			+23.3	+35.6	+30.2
		in tertiary sector			+73.5	+79.5	+79.5
GDP/inhab., current prices	absolute value		1975	LIT 1000	1179	1380	2006
	annual change		1970-75	%	16.2	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

XI. SICILY

1. PROBLEMS AND IMBALANCES

1.1. Problems

After Campania, Sicily is the region of the Mezzogiorno with the greatest imbalance between population and surface area. As at 31 December 1976, its area of 25 708 km², which represents 20.9% of the total area of the Mezzogiorno, carries a resident population of 4 902 302 inhabitants, representing 24.7% of the total population of the South.

Consequently, the population density is 191 inhabitants/km², i.e. appreciably higher than the average for the Mezzogiorno as a whole.

The region's demographic pattern presents certain special features. Despite considerable outward migration (998 341 persons in the period 1951-76, there has been a marked growth in population. During the period 1951-76 the population increased by some 9.3%.

As at 1977, the participation rate is 32.6%, i.e. slightly lower than the average for the Mezzogiorno, but the unemployment rate, at 10.4%, is very high: the number of persons seeking work is 163 000. The number of unemployed young people between the ages of 15 and 29 registered under the Special Law for the Young is 90 045.

The imbalance between the supply of and demand for labour in the region is therefore severe, and the composition of the productive labour force is structurally weak.

Of the 1 367 800 persons in employment in 1976, 344 300 (25%) worked in agriculture, 386 700 (28%) in industry and 636 800 (46%) in the tertiary sector.

In 1975 the GDP was LIT 6 843 800 million, giving a per capita GDP of LIT 1 408 000, i.e. slightly higher than the figure for the Mezzogiorno as a whole but 30% lower than the national average.

Per capita consumption, at LIT 1 102 900, is also slightly higher (+2.7%) than the average for the Mezzogiorno.

Thus Sicily, although suffering from severe geographic and sectoral imbalances, is one of the less underdeveloped regions of the Mezzogiorno.

Nevertheless, the region's productive system is extremely fragile; above all, it cannot meet the employment needs of the population. During the three-year

period 1977-80 the number of persons already seeking work at the present time will be increased by a further 34 000 persons; the achievement of full employment would therefore require the creation of about 200 000 new jobs in the non-agricultural sectors. And this is on the assumption that there is no further movement away from agriculture.

1.2. Imbalances

Recent changes in the physical organization of Sicily have been dominated by:

- (a) polarized expansion of certain urban centres, with trends towards concentration of industry (Palermo) and conurbation (Syracuse-Augusta-Catania), accompanied by a decline in the population of the medium-sized towns;
- (b) overlapping of different (and conflicting) types of land use in the flatter areas and in certain stretches of the coastal strip;
- (c) growing impoverishment of the hinterland areas as a result of the under-utilization of human and material resources.

The internal imbalances are evidenced by the very low proportion of the total resident population who live in urban centres with between 50 000 and 100 000 inhabitants (7.2%), compared with the proportion living in centres smaller (62.8%) or larger (30.0%) than this.

An additional factor to be considered in conjunction with the weakness of the urban structure is the region's poor endowment with productive facilities, particularly in the large urban areas.

The problem of substantial urbanization encompasses, as indicated above, the problems of over-utilization of the flat and coastal areas and under-utilization of the rest of the region.

In 1974, approximately 80% of the region's irrigated agricultural land was concentrated in the immediate hinterland of the industrial areas (and, in particular, about 75% of its export produce - wines, citrus fruit and vegetables.¹

Moreover, the figures for 1971 showed that 65% of the resident population and 86% of the industrial labour force was concentrated in these same areas.

Thus, both the bulk of the population and, above all, the bulk of such 'modern' productive activities as exist in the region were (and still are) concentrated in these areas.

A further indication of the uneven utilization of the region's territory is the fact that transport flows are concentrated on a limited number of infrastructural axes and poles which largely correspond to the principal urban centres and the transport networks linking them.

¹ This calculation has been made by reference to the agricultural development areas set up by the ESA (Regional Agricultural Development Board) (see ESA: General Plan for Agricultural Development, Palermo 1974).

Consequently, the most serious bottleneck at present blocking the start of a process of balanced socio-economic development seems to be the fact that large parts of the region (especially north-eastern and central Sicily) are isolated from the activities and links with the outside world which - even if chaotically - are characteristic of the areas in which the island's principal economic activities are concentrated.

2. DEVELOPMENT OBJECTIVES

The Regional Government has not yet finalized the general socio-economic development programme provided for by Law 335 of 1976. The document which can be used at present as a reference for determining certain regional planning guidelines is the 'Plan of operations for the five-year period 1975-80'.¹ In actual fact this is an expenditure budget rather than a development plan, but it contains some valid pointers to the trend in regional legislative activity.

2.1. Production sectors

The central objective of regional action in the production sectors is the direct and indirect strengthening of productive and social structures in order to maintain and raise the level of permanent employment. The process of consolidation and conversion of the apparatus of production is to be set in the framework of a plan to establish more balanced internal development, in relation to the need for reclamation and re-integration of the region's hinterland areas.

These criteria and priorities are specified in greater detail in the statements on individual sectors of activity.

2.1.1. Agriculture

Assistance in the agricultural sector is particularly important: the Regional Government is committed to a priority effort here, in view of the large proportion of the region's employed population who are engaged in agriculture but who nevertheless have productivity and income levels that are still unsatisfactory.

On the basis of these considerations the Regional Government has set itself the following objectives:

- reducing and progressively eliminating the imbalances in the rural areas of the island;
- increasing productivity;
- improving the living conditions and raising the income of the rural population.

¹ Regional Law No 18 of 1975.

To this end, it is intended to pursue policies of assistance directed towards:

- modernization of farming business structures;
- development of irrigation;
- completion of dams and construction of downstream irrigation systems;
- protection and conservation of the soil;
- expansion and wider distribution of infrastructures;
- development of forms of association.

A particular priority that has been indicated is the preparation of the regional territory for changes in crops and forms of production in the various sectors: stock-farming, the silk industry, fruit-growing, citrus-growing and cereal-growing.

2.1.2. Industry

The Regional Government's industrial policy is centred mainly on the objective of reorganizing and strengthening the regional structure of production, which, although reasonably strong, suffers from problems connected with obsolescent production processes, the crisis in small and medium-scale industry and the uneven geographic distribution of industry. This objective is linked (inseparably) with those of maintaining and raising levels of employment and increasing productivity and efficiency.

These objectives are translated into assistance policies intended to:

- reorganize the regional economic bodies;¹
- assist small and medium-scale industry, which forms the basic support of the island's industrial apparatus;
- restimulate scientific and technological research.

2.1.3. Craft trades

The importance of this sector for the region's economy, in terms of both the manpower employed and the added-value produced, and the supplementary role it plays as a sector representing small industrial undertakings which are still few and far between, have promoted the regional authorities to pay particular attention to it. This is reflected in numerous measures, all of which are aimed at strengthening and expanding the sector by the two strategic routes of giving incentives to entrepreneurs and providing technical assistance and service structures.

¹ These are, for practical purposes, the administrative bodies through which the Autonomous Regional Government of Sicily exercises control over undertakings of regional importance.

2.1.4. Fisheries

The value of its production and the number of persons it employs make the fisheries sector a traditional element of the Sicilian economy. The Regional Government therefore intends to reactivate and support activities and new projects in this sector, both by offering incentives to individual fishermen and fishing cooperatives and by encouraging the verticalization of the sector and its integration into island's production structure.

2.1.5. Tourism

The development of tourism - a sector in which Sicily has considerable potential by virtue of its natural resources and historical and cultural heritage - is one of the major objectives towards which regional action is directed. More specifically, it is proposed:

- to support ventures by operators in this sector;
- to make full use of the island's environmental and artistic resources;
- to organize certain areas with a marked tourism potential and thereby to establish a more balanced relationship between tourist facilities and geographic resources.

The task of achieving these specific objectives has been entrusted to assistance policies designed to:

- provide incentives for ventures in the hotel field;
- implement coordinated projects for amenities and infrastructures.

2.2. Infrastructure

The objectives laid down by the planning documents¹ for measures by the Regional Government are chiefly related to correcting the social and economic imbalances which exist between the different parts of the island, imbalances which - as shown above - at present constitute the main bottleneck blocking the development of the region.

To sum up, these objectives - as far as territorial policies proper are concerned - can be formulated as follows:

- (a) improving the provision of infrastructures throughout the region and preparing the physical environment to make it more suitable for changes and innovations in the productive apparatus;
- (b) improving social services and structures;
- (c) establishing a better balance of internal development in relation to the need for reclamation and re-integration of the region's hinterland areas.

¹ See: Regional Government of Sicily, Plan of operations for 1975-80, cit.

In geographic terms these objectives are translated into twofold action: re-habilitation and functional reorganization of the major urban areas on the one hand, and promotion of forms of autonomous economic and social development in the hinterland areas on the other.

As far as the major urban areas (Palermo, Catania and Messina) are concerned, apart from solving serious social problems (quality of housing, access to water supplies, etc.) the measures to be taken are intended to endow each urban area with the functional role best suited to the attainment of the regional development objectives. To this end it will be particularly necessary to upgrade existing tertiary activities to make them more productive (in the case of Palermo and Catania), and to eliminate the bottlenecks blocking trade and communications between the island and both Italy and the rest of the world (in the case of Messina).

The direction of the Regional Government's policy on the hinterland areas lies mainly towards promoting measures to improve social and economic infrastructures which would be closely linked with measures relating to production. The aim is to maximize the return on social investment and to stem the drift of population towards the principal urban areas on the coast.

The specific objectives to be assigned to these territorial policies, underlying the options made by the Regional Government, are as follows:

- (a) as regards the protection of the physical environment and its subsequent provision with infrastructures:
 - protection of parks and nature reserves;
 - safeguarding the environment against pollution caused by human habitation;
 - coordinated management of water resources;
- (b) as regards the improvement of social services and structures:
 - adequate provision of public amenities in centres of population;
 - preservation and rehabilitation of the historical, monumental and environmental heritage;
- (c) as regards increasing the degree of integration between the coastal strip and the hinterland areas:
 - creating an efficient network of land communications;
 - strengthening the provision of infrastructures both in the large urban areas and in the areas designated for special development.

3. MEASURES AND OPERATIONS

As in the case of the other regions, this section will describe the operations planned by the Regional Government and the State for the four-year period 1977-80.

The documents referred to in defining the operations and the financial commitments involved are as follows:

(a) For special assistance:

- completion works delegated by legal concession to the Regional Government (under Article 6 of Law 183 of 1976);
- Special Projects already in course of implementation or at an advanced stage of preparation, for which the financial resources available include the total commitment for 1977 and an estimate of funding for the following three-year period;
- annual programme for industrial infrastructures approved by the Minister;
- industrial investments which are eligible for soft loan schemes.

(b) For normal assistance:

- programmes formulated within the context of specific legislative provisions.

(c) For regional assistance:

Regional Government measures provided for in the 'Plan of operations for 1975-80', in course of implementation or awaiting approval.¹

The total funds allocated under regional legislation for these measures amount to LIT 981 000 million.²

3.1. Production sectors

3.1.1. Agriculture

A - Operations for the implementation of a programme of irrigation works. This concerns Special Project No 23, which relates to six irrigation systems with

¹ For the implementation of the regional measures, the planning document envisaged the designation of three spheres of assistance (land, social services and productive activities) and the establishment of three corresponding advisory departments. These departments, which were intended to make it possible to adopt an intersectoral and multi-directional approach, were to be responsible for preparing and implementing the target projects constituting regional assistance.

The entry into force of Law 335 of 1976 (which imposed institutional reform), combined with considerations of urgency, have meant that the Plan has in fact been prepared and put into effect through the ordinary instruments of regional Law without the sectoral plans and projects which it presupposed being defined.

² The distribution of these funds by financial years is as follows (in LIT thousand million): 342.5 in 1975; 306 in 1976; 301.4 in 1977; 11 in 1978; 4 in 1979; 9.8 in 1980.

Their allocation is as follows (in LIT thousand million): agriculture: 242.6; soil protection and afforestation: 100; development of tourist facilities: 140; physical planning and major public works: 166.5; assistance to industry and the craft trades: 331.9.

an estimated expenditure in the period 1977-80 of LIT 161 000 million, covering:

- water schemes to systematize water-courses and catchment areas;
- completion of supply and distribution networks;
- schemes to conserve water resources in irrigated areas.

It largely involves works to safeguard and exploit operations that have already been carried out and will enable the area under irrigation to be enlarged (3 400 hectares in the case of the Gela-Acate complex and 11 000 hectares in that of the Belice complex).

B - Programme of operations for soil conservation and reconstitution of forest resources. This comprises the following operations:

- regional action effected under Law No 88 of 1975, which distributes approximately LIT 100 000 million between various measures covering:
 - works to protect and conserve the soil;
 - land-reclamation in mountain areas;
 - conservation of forest resources;
 - hydrographic basins;
 - forest nurseries;
 - creation of meadows and pastures;
- Special Project No 24 (Reafforestation for production purposes) administered by the Cassa per il Mezzogiorno for which expenditure in the region of LIT 17 000 million is planned.

C - Operations to provide structural and infrastructural facilities for agriculture and to develop the following areas of production: stock-farming, wine-growing, the silk industry, cereal-growing and other forms of arboriculture.

These operations fall mainly under regional responsibility and are regulated by Regional Law No 36 of 1976. The funds allocated amount to LIT 159 000 million.

In addition to these operations there are completion schemes, which relate in particular to the electrification of rural housing, the construction of rural roads, and land improvement measures in general, amounting to LIT 16 000 million.

D - Operations to develop and strengthen citrus-growing.

- Special Project No 11 administered by the Cassa per il Mezzogiorno, to which LIT 126 000 million are allocated;
- regional target project for improving and strengthening the productive and structural efficiency of citrus-growing and for expanding the area of plantations (Regional Law No 24 of 3 June 1975, which allocates approximately LIT 82 000 million). The principal operations relate to:
 - (a) the conversion, restructuring and improvement of farms;
 - (b) a widespread information campaign, in collaboration with the universities, to improve crops;

- (c) the provision of incentives for the formation of cooperatives and improved marketing of products;
- (d) the granting of advance payments on withdrawals operated by the EEC;
- (e) support for the processing industry;
- (f) the safeguarding of employment for farm labourers;
- (g) infrastructures;
- (h) study and research in this sector, with particular reference to tree nurseries.

E - Implementation of a programme to improve the quality and quantity of stock-farming production. In this sector, too, action is implemented through both regional assistance and special assistance by the State (CASMEZ).

As regards the former, the Regional Government has instituted a system of bonuses for the development of stock-breeding and for the introduction of selected strains (Regional Law No 52 of 1975, with an allocation of LIT 630 million).

Special assistance, in the form of CASMEZ Special Project No 4/10, is devoted to:

- expansion of fodder-crop cultivation;
- payment of grants and soft loans for stock-farming structures;
- improvement of pasture land;
- more widespread use of artificial insemination;
- provision of credit for working capital.

Available expenditure over the four-year period is in the region of LIT 73 000 million.

F - Provisions relating to technical assistance and promotional activities in agriculture (Regional Law No 73 of 1977). These are intended to provide farmers especially those working together in cooperatives or other forms of association) with the technical assistance necessary to promote rapid technological renewal. They also cover the dissemination of socio-economic information and the improvement of training for agricultural workers.

3.1.2. Industry

Unlike the regions which have only an ordinary statute, the Region of Sicily has full and direct responsibility for its industry. The 'Plan of operations for 1975-80' provides for the following measures.

A - Initiatives in the sector of large-scale industry. Apart from confirming previous commitments, the Plan makes provision for verification of the feasibility of initiatives approved by the CIPE (Inter-Ministerial Economic Planning Committee) and finalization of other initiatives already proposed.

B - Restructuring and refinancing of the regional economic bodies (EMS, ESPI, AzASI). Finance for these bodies comes from any different sources. The most

important are the approvals granted under Regional Laws 76 and 77 of 1976 concerning the regulation and financing of their four-year investment plans and certain specific investment projects of the SARP and ISPEA companies which are associated with the Mining Board.

The objectives of the ESPI plan, to which LIT 52 500 million has been allocated, are:

- renovation, restructuring and strengthening of the companies under its supervision;
- implementation of new initiatives as indicated in the plan;
- maintenance of full employment.

The AzASI plan has been approved only as regards a scheme for the production of stoneware.

The finance made available to cover the EMS four-year plan and investment by the companies involved amounts to LIT 37 700 million.

The total sum made available for implementation of the plans of the regional economic bodies is LIT 90 200 million, of which LIT 40 000 million comes from funds for the Regional Plan and LIT 50 200 million from normal regional budget allocations. The timetable allows LIT 43 500 million for 1976, LIT 28 900 million for 1977, LIT 16 800 million for 1978 and LIT 1 000 million for 1979.

C - Finance for small and medium-scale industry. This is the subject of the programme contained in Title II of Regional Law No 38 of 1976 which covers the financing of the regional Laws on concessionary loans. The amount allocated is approximately LIT 29 000 million.

D - Other regional provisions. Regional Law No 42 of 1975 was brought into force to bring about the economic recovery of the derelict zones in the sulphur mining areas, appropriating LIT 90 000 million from the funds of the Plan of operations for the development of industrial, agricultural and tourist activities to replace the former mining activities, and LIT 116 000 million from the regional budget in the form of finance for the EMS to cover the cost of keeping a number of mines in operation and making proper provision for their employees.

The regional project will determine the distribution of these funds allocated under Law No 42 of 1975 between the different sectors of assistance, and the time schedules for the schemes involved. It will also indicate basic guidelines for the organization and use of the land affected and fix the siting of operations, the manner of their execution and the criteria by which they are to be evaluated.

E - Special assistance in the form of incentives and grants for new installations and for the expansion of existing installations relates to industrial ventures for which the investments are either already in course of implementation or ready for implementation in the immediate future.

These investments amount to approximately LIT 326 000 million, 45% of it in the chemical and petrochemical sector.

F - Infrastructures programme. In the case of industrial infrastructures, the only information available is that relating to the 1977 annual programme of the

Cassa per il Mezzogiorno as approved by the Minister. The commitments amount to approximately LIT 31 000 million and mainly concern communications infrastructures in the province of Catania (LIT 20 000 million), together with water-supply and road-building schemes in the other provinces. For operations of this type, further priority projects to be financed from the funds provided under Law 183 and in particular from the money assigned to the provision of infrastructures in industrial areas and centres under the Five-Year Plan for the Mezzogiorno (already approved by the CIPE) are to be specified in the coming months.

G - Development infrastructures in the south-eastern part of Sicily. This concerns CASMEZ Special Project No 2, the commitments for which for the period 1977-80 amount to approximately LIT 294 000 million. The commitments made for 1977 cover:

- provision of water supplies for intersectoral use in the Priolo, Gela and Licata areas;
- development of the port of Augusta;
- town-planning (second phase) and infrastructure works for the Ragusa industrial area.

3.1.3. Craft trades

Provisions to assist regional activities, governed by Regional Law No 41 of 1975 (as amended by Regional Law No 22 of 1976) which appropriates LIT 48 000 million of the funds made available under the Regional Plan of operations.

The Law provides for the payment of grants totalling LIT 12 000 million to craft undertakings, to be distributed between the island's Chambers of Commerce. A further sum of LIT 16 000 million has been allocated as additional finance to cover earlier legislative provisions (Regional Law No 50 of 27 December 1974), whilst LIT 10 000 million has been granted to the Regional Craft Undertakings Credit Fund (CRIAS) and a further LIT 10 000 million has been appropriated for grants to undertakings which employ apprentices, the amount of the individual grant being calculated on the basis of the number of actual apprentice working days.

3.1.4. Fisheries

In order to develop and modernize this sector, the Regional Government enacted a special coordinated Law¹ during the last parliamentary session, allocating specific sums for:

- outright grants and soft loans to individual fishermen and fishing cooperatives;
- renewal of the fishing fleet;

¹ Provisions for the fishing industry and related changes (11 and 13 March 1975, Nos 5 and 6).

- construction of motor trawlers and motor launches;
- improvements and repair of existing boats and replacement of engines;
- creation of facilities and equipment for the transport, processing and marketing of catches;
- provision of communal plant and premises;
- purchase and installation of on-board equipment.

3.1.5. Tourism

A - Promotion of ventures in the tourist hotel field. Action by the Regional Government takes the form of financial incentives to cooperatives and associations of firms operating in this subsector:

LIT 50 000 million has been allocated (from the funds provided under Regional Law No 78 of 1976) to finance outright grants and soft loans for the creation and administration of joint services and for joint purchasing schemes.

B - Provision of public amenities and infrastructures of relevance to the tourist trade and improvement of the territory. This is the subject of an implementing measure under the policy for organizing areas with marked tourist potential, as mentioned earlier.

The Regional Government has made LIT 90 000 million available for implementation of the provisions of Regional Law No 78 of 1976 and intends to carry out these schemes itself. Assistance will proceed in the following phases, as stipulated by the Law:

- approval of a basic programme by the Regional Government;
- preparation of target projects, for which the Law lays down procedures for formulation and approval and indications on content;
- definition of the town-planning instruments of the local bodies;
- implementation.

C - Development and exploitation of the smaller islands. Using procedures similar to those laid down for the preceding operation, the Regional Government has made available a further LIT 28 000 million (Regional Law No 71 of 1976) for the exploitation of the environmental assets of the small islands of the Sicilian archipelago for tourism purposes and also for providing them with infrastructures and increasing the capacity of their tourist facilities.

3.2. Infrastructures

3.2.1. Environmental protection

The measures planned for the protection and optimum utilization of the physical environment are financed by both regional assistance and special assistance from central government.

The latter consists of operations designed to secure optimum utilization of the region's intersectoral water schemes under Special Project No 30 of the Cassa per il Mezzogiorno. For this purpose approximately LIT 534 000 million has been committed for the four-year period 1977-80.

The problem of water is of strategic importance to Sicily, both because of the general shortage of supplies and because of their unsatisfactory distribution between different geographic areas and different sectors of consumption.

Under the Special Project the regional territory has been divided into six catchment areas, each capable of providing its own supplies. The programmes already in course of execution, at an estimated cost for the period 1977-80 of LIT 46 000 million, are being financed from the funds provided under Law 853 and cover water supplies for Palermo (Jato water main) and the Fanaco water scheme for Agrigentino and Misseno. As regards likely commitments under the transitional programme approved by the CIPE on 9 March 1977, it is estimated that, in the period 1977-80, LIT 56 000 million (at 1975 values) will be made available, to finance the completion of the water-supply scheme for the city of Palermo, the protection scheme for the town of Trapani, feeder mains for the Caltanissetta trunk main, increasing the capacity of the aqueducts in the Madonie, additional water supplies in the Gela-Licata area and in other communes of the provinces of Enna and Caltanissetta, and studies and surveys in the north-east and on the smaller islands.

Regional assistance in the matter of soil protection and conservation is effected through implementation of Law No 88 of 1975, which provides a total allocation of LIT 100 500 million for these sectors in combination with afforestation.¹

3.2.2. Social services

Measures aimed at improving social services and structures in the region during the four-year period 1977-80 will be carried out within the framework of both regional and central government assistance (normal and special).

Special assistance from central government, through implementation of the New Special Project for the metropolitan area of Palermo, will be aimed at rehabilitating the physical structure and reorganizing the productive structure of the region's major urban centre.

In this perspective the priority problems to be dealt with, apart from maintaining existing industrial employment, concern developing port facilities; creating specialized marketing structures which are suitably grouped and sited for large-scale distribution; and restructuring and reorganizing housing, public services and health and hygiene structures in this historic centre.

Special assistance will also take the form of completion works (included in programmes already approved and made the subject of implementing projects)

¹ The lines of action envisaged in the Law concern, specifically: soil protection and conservation schemes; land reclamation in mountain areas; conservation of forest resources; and hydrographic basins and forest nurseries.

relating to water supply and sewerage networks (for a total sum of approximately LIT 111 000 million), school building (approximately LIT 6 700 million), hospital building (approximately LIT 21 000 million) and sports facilities (approximately LIT 4 500 million).

Regional measures to improve social services, specified in the plan for 1975-80, relate to: execution of public works under commune responsibility; financial aid to cooperatives and communes for the construction of low-cost social housing; and operations in the historic centres and on the smaller islands.

To help the communes, LIT 125 600 million has been made available through Law No 56 of 1976 for public works to be carried out mainly in the large communes (Palermo, Catania and Messina).

Initially through Law No 79 of 1975 and later through Law No 59 of 1976 (which allocated LIT 40 000 million for 1977), the Regional Government provided special forms of financial aid for building cooperatives and advances to the communes for purchasing and equipping sites needed for low-cost social housing programmes.

Law No 70 of 7 May 1976 for the protection of centres of historical interest contains directives for the rehabilitation and preservation of the Ortigia district of Syracuse; for this, LIT 5 000 million has been made available for 1976 and LIT 1 900 million for 1977. For the development and optimum exploitation of the smaller islands, Law No 71 of 7 May 1976 provides an allocation of LIT 27 900 million from the funds of the Plan of operations, of which LIT 20 000 million is to be used in accordance with a general regional programme which details the work to be carried out and the special town-planning rules to be observed; the remaining LIT 7 900 million is to be used to develop communications services.

3.2.3. Transport

Measures aimed at establishing a better geographic balance by improving transport infrastructures come under both normal assistance from central government,¹ in the form of operations provided for in the programmes of the Italian State Railways and the National Road Board, and regional assistance.

The latter consists of:

- operations to complete the motorway network;
- provisions for bringing regional transport services partly under public control;
- operations in the ports of Palermo and Messina.

¹ By virtue of their main purpose, the infrastructures planned under Special Project No 2 for south-eastern Sicily have been included among industrial infrastructures (see Section 3.1.).

The operations to complete the motorway network are governed by Law No 30 of 1975, which makes urgent special provision for the completion of the Messina-Palermo motorway, and Law No 57 of 1976, which provides for the construction of an interchange on the Messina-Catania motorway.

Provisions for the reorganization and planning of the transport system originate mainly in Law No 43 of 1976 and Law No 7 of 1977, which allocate funds of LIT 22 700 million for 1977 and LIT 12 100 million for 1978. Lastly, the operations relating to ports are covered by Law No 58 of 1975 ('Masonry dry-dock in the port of Palermo') and Law No 45 of 1975 ('Completion of dry-dock and construction of a degasification plant in the port of Messina').

Reference table for the region of Sicily

Overall targets

- A. Direct and indirect strengthening of productive and social structures in order to maintain and raise the level of permanent employment
- B. Balanced internal development in relation to the need for reclamation and re-integration of the region's hinterland areas
- C. Improved and wider distribution of social services and structures

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Increasing agricultural productivity and reducing imbalances in rural areas</p> <p>Improving the living conditions and raising the income of the rural population</p>	<ul style="list-style-type: none"> - Modernization of farming business structures and improved quantitative and qualitative utilization of agricultural resources - Development of irrigation - Expansion and wider distribution of infrastructures 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project No 10/4 (Intensive meat production) - Special Project No 11 (Development of citrus-growing) - Special Project No 23 (Development of irrigation) - Special Project No 30 (Intersectoral water schemes) - Special Project 24 (Reafforestation for production purposes) - Completion works 	<ul style="list-style-type: none"> - Project for the development of stock-farming - Project for improving and strengthening the productive efficiency of citrus-growing - Programme of operations for soil conservation and reconstitution of forest resources - Operations to provide structural and infrastructural facilities

Industry

Reorganization and strengthening of the regional structure of production, with the primary aim of combating the crisis affecting small and medium-sized undertakings and establishing a more balanced geographic distribution of industry

Craft trades

Strengthening and expansion of the craft trades sector

Fisheries

Stimulation and support of activities and projects in this sector

Tourism

Support for tourism ventures

Improved utilization of the region's natural and artistic resources

- Reorganization of regional bodies for the promotion of industry

- Support for small and medium-sized undertakings

- Incentives for entrepreneurs

- Provision of technical assistance and service structures

- Promotion and verticalization of the sector and integration into the regional structure of production

- Incentives for ventures in the hotel field, with special support for cooperatives

- Implementation of coordinated projects for amenities and infrastructures

- Plan for the conversion and restructuring of industry

- Investment programme for undertakings with State participation

- Coordination of operations involving foreign economic policy

- CASMEZ grants and incentives

- CASMEZ industrial infrastructures programme

- Special Project No 2 (Development infrastructures in south-eastern Sicily)

- Restructuring and refinancing of the regional economic bodies (EMS, ESPI, AzASI)

- Finance for small and medium-scale industry

- Grants to craft trade activities

- Coordinated programme of grants, investment and equipment for the fisheries sector

- Subsidies and grants

- Infrastructure schemes

- Completion works

Reference table for the region of Sicily (cont'd)

Special objectives	Measures	Operations			Regional
		Central Government		special	
		normal			
<p>Organization of areas with a marked tourism potential</p> <p>INFRASTRUCTURES</p> <p>Tourism and protection of the environment</p> <p>Improving the provision of infrastructures throughout the region and preparation of the physical environment to make it more suitable for changes and innovations in the productive apparatus</p> <p>Improvement of social services and structures</p> <p>Establishment of more balanced internal development in relation to the need for reclamation and re-integration of the region's hinterland areas</p>	<ul style="list-style-type: none"> - Organization of parks and nature reserves - Anti-pollution programme - Coordinated management of water resources - Adequate provision of public amenities in centres of population - Preservation and rehabilitation of the historical, monumental and environmental heritage - Creation of an efficient network of land communications - Strengthening the provision of infrastructures in the large urban areas and in the areas de- 	<ul style="list-style-type: none"> - Water schemes - Public Building Programme: - schools and universities - hospitals, civic buildings - undertakings and prisons - Italian State Railways Plan 	<ul style="list-style-type: none"> - Completion works - Special Project No 30 (Intersectoral water schemes) - New Special Project: Metropolitan area of Palermo - Completion works - Completion works 	<ul style="list-style-type: none"> - Complementary operations for the optimum utilization of water resources - Public works under commune responsibility - Financial aid to cooperatives and communes for the construction of low-cost social housing - Operations in the historic centres and on the smaller islands - Targets project for reclamation of derelict zones in the sulphur mining areas 	

	signed for special development			<ul style="list-style-type: none">- Operations to complete the motorway network- Operations in the ports of Palermo and Messina
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SICILY		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total		1976	km ²	25708.43	20.9	8.5
	of which: mountain areas				6270	17.9	5.9
Resident population	total		1976	Units	4902302	24.7	8.7
	in local author. areas > 50 000 inhabitants				1811662	27.6	8.6
Net migration		1951-71			-995695	25.0	
		1951-76			-998341	24.7	
Employment	total				1367800	22.9	6.9
	in agriculture				344300	21.6	11.7
	in secondary sector				386700	21.8	5.1
	in tertiary sector				636800	24.4	6.8
Registered unemployment	Classes I + II				158476	22.7	13.4
	all 5 classes				164720	22.5	12.4
Registered 'Special Law for the Young'		1977	90045	22.4	13.8		
Redundancy payments in secondary sector ¹		1976	Hours	5717000	12.1	2.7	
GDP at market prices				6843.8	25.2	6.1	
Consumption	private		1975	LIT 10 ⁹	5406.7	26.5	7.1
	public				1440.5	26.3	9.3
Gross capital formation					1628.9	23.4	7.3
Gross fixed capital formation in secondary sector					395.5	16.7	5.2

¹ Ordinary system.

SICILY		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicators							
Population density			1976	inh/km ²	191	161	187
Level of urbanization ¹					37.0	33.0	37.8
Activity rate (active popul./total population)			1977	%	32.6	34.8	38.9
Unemployment rate ²					10.4	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	280.2	302.7	354.5
	in agriculture				70.5	80.7	52.2
	in secondary sector				79.2	89.6	134.5
	in tertiary sector				130.5	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+9.3	+12.2	+18.5
	of employ- ment	total			-6.7	-7.9	+1.1
		in agriculture			-54.6	-56.7	-66.1
		in secondary sector			+15.7	+36.6	+30.2
		in tertiary sector			+70.9	+73.5	+79.5
GDP/inhab., current prices	absolute value	1975	LIT 1000	1408	1380	2006	
	annual change	1970-75	%	14.1	14.1	13.3	

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

XII. SARDINIA

1. PROBLEMS AND IMBALANCES

1.1. Problems

Sardinia occupies an area of 24 090 km², 14% of which consists of mountainous territory; the resident population as at 31 December 1976 numbers 1 568 077 inhabitants. Thus, an area representing 19.6% of the total area of the Mezzogiorno carries approximately 8% of the population of the Mezzogiorno. The population density (65 inhabitants/km²) is considerably lower than that of the Mezzogiorno as a whole; furthermore, the level of urbanization is 22.7%, i.e. 356 246 persons live in communes with a population of more than 50 000 inhabitants.

The region's population rose by about 23% between 1951 and 1976, even though 216 042 persons left Sardinia during this period.

There are pronounced imbalances in the region between the demand for and supply of labour; in 1977 the participation rate was 33.5% and the unemployment rate 11.0%, which is substantially higher than the average for the Mezzogiorno; the number of persons seeking work is 57 000, including about 30 000 registered under the Special Law for the Young.

The number of persons in employment in the region is 451 400, of whom 90 300 (20%) work in the agricultural sector, 127 200 (28%) in the industrial sector and 233 900 (52%) in the tertiary sector.

Thus, the region's production structure is based mainly on the agricultural and tertiary sectors.

The regional GDP was calculated in 1975 at LIT 2 317 900 million, representing a per capita GDP of LIT 1 493 000. This is 8% higher than the figure for the Mezzogiorno and 26% lower than the national figure. Per capita consumption in Sardinia, at LIT 1 110 000, is also 8% higher than that of the Mezzogiorno as a whole.

Accordingly, the island's economy, although not based on a sound and wellorganized industrial structure¹ (and its structure is, moreover, poorly interre-

¹ The process of industrial development which has taken place so far on the island is centred mainly on basic industry and particularly on petrochemicals
(cont'd on page 240)

lated with local agriculture), has a favourable level of income compared with the other regions of the South.

However, there are still considerable imbalances between the demand for and supply of labour; during the next three years (1977-80) the situation may become even more strained, since in addition to the present numbers of unemployed a further 11 000 job-seekers will appear on the labour market.

1.2. Imbalances

The basic feature of the present geographic structure of Sardinia is its organization in isolated nuclei, both urban and productive.

The two urban centres of regional importance, Cagliari and Sassari, are situated at the two extreme ends (south and north respectively) of the island, while there are virtually no towns at all in the central part.

This structure has had (and is still having) a profound effect on all decisions regarding assistance, both in the production sectors and in the infrastructure sectors.

In the case of the infrastructure systems, a large proportion of the operations implemented in the past have been aimed at improving the links between the two major urban centres and between each of them and the ports connecting them with the mainland.

Thus the physical structure of the region has assumed the form of a north-south axis (carrying the main system of road connections) having the towns of Cagliari and Sassari at its extremities and putting out branches to the industrial areas and the main ports.

As regards the development of production, in the past the distribution of industrial activities was governed not only by the presence of mineral resources but also by the location of the chief centres of consumption.

The subsequent establishment of nuclei of basic industry (at Porto Torres, in central Sardinia, and in the Cagliari area) did not substantially change the previous structure, mainly because (owing to the characteristics inherent in the production cycles themselves) the new installations did not in practice produce any effect on the area's urban and productive structure.

This pronounced polarization of development has had unbalancing effects on the region: the whole of the eastern strip of the island - in both the northern and the central parts - has remained untouched by the recent changes in both the

(cont'd of note 1 page 239)

and refining plants. This industrial policy, which in the past has entailed substantial expenditure of financial resources, has been severely criticized on the grounds of the poor results achieved as regards the absorption of new workers, the imbalance created between basic chemicals and secondary chemicals, the geographic concentration of the investments, and the lack of integration between the sectors and in relation to the region's production structure.

industrial structure and the infrastructure system, apart from a few isolated projects.

The effects of this geographic imbalance are clearly reflected in the demographic pattern: during the period 1961-71, only the two urban areas of Cagliari-Quartu Sant'Elena and Sassari-Porto Torres (with the limited exception of the zones along the axis connecting these areas through Oristano and Macomer and the centres of Nuoro and Olbia) registered any net inward migration.

With regard to employment too, in 1971 the southern area (province of Cagliari) and the northern area (Sassari) were appreciably more 'specialized' than the central area (Nuoro).

Taking only manufacturing industry and urban services as representative of economic activities, the figures show that:

- (a) in 1971 the number of persons employed in manufacturing industry/1 000 inhabitants was 38.3 in the province of Sassari, 33.2 in the province of Cagliari and 21.4 in the province of Nuoro (making a regional average of 32.4, compared with an average of 37.9 for the Mezzogiorno as a whole);
- (b) in 1971 the urban centres with over 1 000 persons employed in urban service activities were only three in number; Cagliari (13 207), Sassari (3 778) and Olbia (1 016), while the towns in central Sardinia did not reach this threshold level (855 in Oristano and 818 in Nuoro).

2. DEVELOPMENT OBJECTIVES

The problems and bottlenecks illustrated above underlie the overall targets and specific objectives on which the Regional Government of Sardinia has based its Regional Programme.¹

Paying particular attention to the problem of the persistent imbalance between the demand for and supply of labour, the Programme aims at removing the causes which have tended to bring about a situation where productive activities which are best suited to providing steady employment for a large labour force have been progressively excluded and weakened in comparison with other sectors. This is to be done mainly through improving the quality of regional production and through providing employment opportunities in new sectors, by initiating a process of rationalization and functional organization of public expenditure allocated to the area of public goods and services, by both enlarging the geographic area of utilization and improving quality, increasing the work participation of young people in search of their first jobs through temporary forms

¹ The regional programme, based on sectoral programmes, is divided into an overall financial forecast relating to the main public channels for financing regional development, and a set of planned measures which constitute the essential content of medium-term policies. It has been used as a basis for the draft multi-annual budget which gives details of expenditure for operations which have been coordinated with all other financial resources and with sectoral policies as a whole.

of pre-work employment schemes and reorganizing vocational training to adapt it more closely to the needs of the regional system.

The effort to provide a lasting and stable outlet for the region's supply of labour must, however, also be measured against the growing need to bring higher levels of productivity into the production structure and the area of social services and public administration.

Thus, operations to improve production must aim on the one hand at progressively reducing activities and structures which are no longer capable of guaranteeing competitive levels and, on the other hand, at broadening the productive base in the direction of sectors which are able not only to provide a stable outlet for new workers but also to carry the greatest number of productive activities in the direction of more systematic intersectoral integration.

With this general objective in view, the programme calls for:

- (a) a far-reaching restructuring and modernization of undertakings which must apply not only to industrial activities, on which attention is mainly concentrated at present, but also to firms in agriculture and the other sectors (intermediary activities, tourism, transport, etc.);
- (b) the definition of assistance priorities in the industrial sectors and re-examination of the role and function of regional agriculture in the development process;
- (c) a shift of emphasis in the use of financial resources towards the area of public goods and services, i.e. towards sectors where the benefit and usefulness of the service is felt most directly and immediately by the resident population (housing, water resources, health services, transport, etc.).

2.1. Production sectors

The targets illustrated above are translated into specific objectives for the various production sectors, which are in turn reflected in the measures and operations proposed by the Regional Government for the attainment of these objectives.

2.1.1. Agriculture

As regards agriculture, the Programme is directed towards improving regional production with the aim of placing the agricultural sector, in terms of its economic, social and geographic values, at the centre of the planning policy.

In order to remedy the inadequate development of agricultural areas with high potential (irrigated and pasture-land areas), the degradation of broad stretches of land under non-irrigated and intensive cultivation, the exodus of the working population and the rise in the average age of farmers,¹ the Regional

¹ At the last census, 65% of persons running farms were over 50 years of age, and the ageing index was 70% as against 22% for the population as a whole.

Government proposes to attain higher levels of productivity in the sector and to stabilize the present levels of employment.

The specific objectives relate to:

- strengthening of the productive structures and improved use of the land;
- improvement and reorganization of the agri-foodstuffs production system, especially at the stage of processing and marketing products;
- reform and replanning of the agricultural-pasturage sector;
- improvement of stock-farming and information and technical assistance campaigns to aid modernization and increase the production and marketing of livestock.

2.1.2. Industry and craft trades

The overall targets contained in the regional programme are also subdivided into the special objectives formulated for the industrial sector, taking into account the characteristics of the present production structure and its current situation.

These objectives can be summarized as follows:

- reform of the regional industrial process designed to reverse in favour of the internal components of the regional system (labour, undertakings), the terms and conditions of integration with the wider context of the national economy¹ in favour of the regional system's internal components (labour, undertakings);
- enlargement of the craft trades structure and restructuring of the existing craft trades sector.

¹ This means breaking away from the tendency to regard the region only as the incidental and initial point for the primary processing of raw materials and instead, starting from the basis of the availability of materials imported from outside (which would not only allow optimum utilization of the existing processing plants but also improve trade relations, especially with the Mediterranean countries) and the availability of internally produced raw materials (with the primary products of the petrochemical industries, as frequently stated by the Regional Council itself being regarded from now on as local resources), and going on to undertake the subsequent processing stages. This process of reform must also be pursued through a higher degree of integration between the agricultural and industrial sectors (foodstuffs and paper industries) and more closely correlated promotion and coordination of investments envisaged for the construction sector (housing, major infrastructures) and its subordinate activities (tiling, flooring, joinery, etc.). Closely connected with this aspect, of course, is that of enlarging the productive base, for which the programme underlines the intention to pursue the verticalization of mining activities and the further processing of primary petrochemical products, disincentives for basic industries and their enlargement, and effective integration between industry and agriculture and (within the industrial sector itself) between the most important activities.

2.1.3. Tourism

As regards tourism, the programme emphasizes the sector's significant role for the region's economic development and formulates as a specific objective the restructuring, modernization and extension of tourist accommodation facilities, within the context of a policy aimed at safeguarding the natural and environmental assets which are a condition for the expansion of this sector.

Along with its indications for traditional tourism, the programme lays down guidelines for the development of social tourism. This objective is not looked upon as competing with the growth in traditional tourism; rather, it is hoped to attract an additional flow of demand which would otherwise remain untapped by what is offered at present.

Thus, the Regional Government plans to provide assistance through instruments which on the one hand ensure a growing contribution by tourism to the regional economy and, on the other hand, guarantee the right of every citizen, and every Sardinian in particular, to enjoy to the full all the natural and environmental resources which the island can offer.

2.2. Infrastructures

The specific development objectives relating to social infrastructures and the assistance policies directed towards attaining them ensue from the overall targets established as a guide to planning, and in particular from the target covering the quantitative expansion and qualitative improvement of those goods and services which are of the most direct use and benefit to the region's citizens.

Specific objectives have been formulated with respect to the following spheres of assistance:

- environment and land use;
- housing construction;
- social security and health;
- training and vocational guidance;
- transport.

2.2.1. Environment and land use

As regards the physical organization of the territory and the safeguarding of the environment, the Regional Government formulates an objective for long-term replanning aimed at achieving an internal balance between 'strong' urban areas and hinterland areas, and between industrial sites, centres of population and natural resources.

In the medium-term, this objective generates assistance policies aimed at:

- enlarging and improving the system of major regional infrastructures (water resources, energy, port facilities, major road system, railways);

- preparing the instruments and means for the organization of the territory at district and commune level;
- protecting and improving the physical environment through the extension of pollution control operations and afforestation programmes.

2.2.2. Housing construction

The primary objective of a regional housing policy is to provide all the residents of Sardinia with a housing standard of one inhabitant per room, both by reversing the trend towards a growing discrepancy between supply and demand by ensuring, for the period covered by the plan, a rate of building sufficient to cater for the estimated growth in population.

This is to be achieved mainly through the following three areas of assistance:

- catching up with the backlog of housing requirements;
- renewing the existing housing stock;
- scaling supply to meet the additional demand.

2.2.3. Social Security and Health

In the field of social security and health, the objectives pursued by the Regional Government concern the following:

- in the case of social and assistance services: extending and improving assistance to the categories which are most disadvantaged for reasons of age, health or economic and social status, in accordance with the constitutional principle of the essential equality of all citizens;
- in the case of health protection: raising the level of health and hygiene; eliminating infectious diseases; controlling social diseases; removing the general and specific causes underlying the existence of diseases directly influenced by technical progress and by living and working conditions; and satisfying the growing demand for health services through the supply of goods and services which are of higher quality from the scientific and technical point of view;
- in the case of social insurance: ensuring the provision of adequate resources when there is a total or partial loss of the ability to work; and supplementing income in relation to family commitments.

2.2.4. Training and vocational guidance

For schooling and vocational guidance, the Regional Government proposes to pursue the objective of matching training to prevailing social and cultural conditions, within its sphere of competence, by means of assistance policies designed to:

- adjust schooling structures to meet requirements (classrooms, equipment, etc.);
- support school attendance (the right to study);

- improve workers' qualifications;
- provide vocational guidance for young people.

2.2.5. Transport

In the sphere of transport policy, in which the Regional Government is to perform a continuing function of guidance and coordination which will be defined in its specifics at operational level with differentiated and detailed operational decisions and choices, a fundamental role is played by the external transport system (ports and airports) owing to the regional system's close interdependence with the external national and international system.

This line of approach takes the form of a set of assistance policies concerning:

- the operation and improvement of urban and inter-urban transport; in other words, in the internal system it is necessary to achieve close coordination at least with the National Road Board, the Italian State Railways, the Ministry of Transport and the Cassa per il Mezzogiorno, in order to be able to draw up a transport plan which is in line with the objectives of the regional programme and constitutes a basis of reference for the investment decisions of the organizations operating in this sector;
- support for the transport of students and workers (commuter services), extending this to take in the running of transport services and hence scope for adopting special differentiated fare policies which can be varied at different times in relation to the differences in socio-geographic conditions on the island; the same approach will apply to the control of private transport and, if necessary, its encouragement on some minor routes;
- improvement of external transport by strengthening the port and airport system and shaping the fare policy of the undertakings directly or indirectly controlled by the State so as to impose price control on the market.

3. MEASURES AND OPERATIONS

The measures of assistance outlined below fall within the spheres of competence of both the Regional Government and of the supra-regional public bodies (central government and CASMEZ (Cassa per il Mezzogiorno)).

For special assistance from central government, financed through the Cassa per il Mezzogiorno, reference is made to:

- the programme of completion works delegated by legal concession to the Regional Government in accordance with Article 6 of Law 183;
- Special Projects already in course of implementation or at an advanced stage of preparation (for which the financial resources available include the total commitment for 1977 and an estimate of funding for the following three-year period);
- the annual programme for the provision of industrial infrastructures already approved by the Minister, after consultation with the Committee of Presidents of the Southern Regions;

- industrial investments which are eligible for soft loan schemes.

For normal assistance, reference is made to the various programmes formulated within the context of specific legislative provisions.

For regional assistance, reference is made to the planning indications contained in the 'Programme of economic and social development for the period 1976-80'.

3.1. Production sectors

3.1.1. Agriculture

For the agricultural sector, the measures and operations planned are aimed at bringing about, in the medium and long-term, a far-reaching process of transformation of the island's agriculture affecting its main areas of production (and in particular stock-farming and irrigated crop cultivation) in order to achieve the modernization and growth of both the production structures and the structures for the processing and marketing of the products.

The measures and operations planned as part of (special) assistance from central government and regional assistance are as follows.

A - Coordinated programme for the extension and improvement of the area under irrigation, with the object of raising productivity levels and hence the income of those employed in the sector and of stabilizing employment at levels close to those existing at present. This will be backed by special central government expenditure in the form of certain Special Projects on water schemes and irrigation which include provision for Sardinia. These are Special Projects Nos 23 (Irrigation in the Mezzogiorno) and 25 (Intersectoral water schemes for Sardinia). It can be assumed that these will carry a financial commitment up till 1980 of LIT 307 200 million (LIT 159 900 million for Special Project No 23 and LIT 147 300 million for Special Project No 25). The Regional Government intends to participate with a set of projects of its own in the form of an experimental and demonstration programme based on the disseminating effect of technical assistance for the major purpose of promoting a spirit of association among undertakings, so as to achieve a minimum farming area of not less than 50 hectares. This assistance, which will affect 2 000-2 500 hectares, is to be included within the framework of the vegetable- and fruit-growing project and will represent an important point of reference for the further expansion of irrigation.

B - Programme for the rationalization of production structures (mechanization, land improvement and agricultural infrastructures in general), for the purpose of expanding production and simultaneously improving the degree of utilization of resources. Both normal and special operations are planned here. Regional assistance for the period 1976-78 approximately LIT 82 000 million.

C - Implementation of operations to assist the agri-foodstuffs production system (in the wine-growing, vegetable- and fruit-growing and dairy/cheese-making sector in particular) aimed at improving and reorganizing it through the provision of incentives, working credit and basic cooperation. The Regional Govern-

ment is to back this with specific projects to a value of over LIT 50 000 million for the three-year period 1976-78 alone.

D - Creation of a system of agricultural-pasturage districts, demarcated on the basis of the areas of pasture-land, hay meadow/pasture and arable land which exist throughout the region, with the object of ensuring that the resources available are sufficient to provide balanced supplies for stock farms.

Full implementation of this measure is necessarily planned on a long-term basis: in the medium-term, operations will be aimed at improving the use of resources in pasture-land areas, in non-irrigated farming areas and in areas under irrigation and at ensuring adequate support for less profitable activities, mainly in order to avoid lowering levels of employment.

The Regional Government will contribute to this form of assistance with a project of its own for which a sum of approximately LIT 117 000 million has been appropriated for the three-year period 1976-78, and approximately LIT 137 000 million for the whole five-year period.

E - Implementation of a programme to improve the quality and quantity of stock-farming production. In this sector the programme is intended to help improve stock-breeding and to perform a role of technical assistance, dissemination of information and marketing with a view to modernizing structures and increasing production.

The assistance will be provided from both central government funds (special assistance) and regional funds.

The special assistance is in the form of Special Project No 4/10 (Intensive meat production on the mainland of the Mezzogiorno and the islands), which provides for a commitment of LIT 81 900 million up to 1980.¹

3.1.2. Industry and craft trades

In the case of the industrial sector, the lines of action which it is intended to adopt in order to attain the objectives indicated are designed on the one hand to encourage the restructuring and conversion of the production unit or of lines of production which are structurally unsound or seriously affected by the present unfavourable economic situation, and on the other hand to provide assistance and incentives for the creation of new undertakings in the sectors which seem best to meet the requirements of regional development, and in particular the growth of employment. This approach of identifying and promoting the more dynamic sectors obviously includes the problem of small industries and craft trades.

The operations directed towards these planning measures for the period in question fall under the headings of both normal central government and regional assistance and special assistance.

¹ This does not include afforestation for production purposes, which will be considered as a whole in the section on environmental protection, as in the regional documents.

The operations aimed at industrial conversion include, in particular:

A - Mining and metallurgical project (lead and zinc) aimed primarily at restoring the productivity of the extractive process and hence at the creation of a large extractive, metallurgical and manufacturing base for non-ferrous ores, for the production of intermediate capital and consumer goods. The project undertaken at regional level involves a financial commitment of approximately LIT 240 000 million; it could, however, also be financed from funds of the undertakings with State participation and from those provided under national legislation on the conversion of industry.

B - Textile and clothing project, which has as its objective the organization of the production and marketing of products in this sector. The project undertaken at regional level entails an investment of approximately LIT 20 000 million, including the cost of the structures above individual undertaking level which are required for its implementation.

C - Use of the fund for the restructuring of undertakings and the safe-guarding of employment; the fund allocated by the State for the period in question amounts to approximately LIT 80 000 million.

D - Use of the regional employment fund. The operations aimed at enlarging the industrial base, i.e. at identifying and establishing new ventures which are more in accordance with the aims of increasing employment in the region include the following:

E - Special assistance in the form of incentives and grants for the construction of new plants and the enlargement of existing ones; this concerns industrial initiatives for which the investments are in course of implementation or likely to be implemented within the immediate future.

The assistance amounts to approximately LIT 1 390 000 million, 70% of it in the chemical, petrochemical and petroleum-derivatives industry.

F - Infrastructures programme: this concerns the provision of industrial infrastructures under the 1977 programme of the Cassa per il Mezzogiorno approved by the Minister. The commitments undertaken amount to LIT 45 000 million and are chiefly devoted to:

- providing the Oristano industrial complex with infrastructures (LIT 17 000 million);
- completing the first phase of the Porto Torres Redevelopment Plan (LIT 11 000 million);
- completing the outer breakwater and constructing the southern wharf at Arbatax (LIT 9 000 million).

G - Special Project No 1 for the creation of the Cagliari industrial canal port and its infrastructures; the commitments planned for this for the four-year period 1977-80 by the Cassa per il Mezzogiorno amount to LIT 213 000 million.

H - Promotional activities carried out by certain regional bodies (SFIRS, EMSA, ISOLA).

I - Action by the Regional Government for the support of industrial activities (approximately LIT 8 000 million) and for the promotion of new ventures (capital grants for new plants and extensions: approximately LIT 10 000 million).

For the purposes of promoting new craft trade undertakings and the restructuring or enlargement of existing undertakings, chiefly to encourage the change-over from craft activities to industrial-type activities, it is planned to re-activate the instruments of public action, mainly through a coordinated system of assistance (technical, commercial, organizational and financial) to enable entrepreneurs, especially local ones, to take advantage of concrete market opportunities and participate in the system on a stable basis. Within the context of this line of industrial development, aimed at restructuring the existing apparatus and widening the industrial base, a decisive role will be played by the industrial promotion bodies (SFIR, EMSA and ISOLA).

The Regional Government has made provision for a financial allocation of approximately LIT 80 000 million for operations to be implemented in order to support and develop craft activities through capital grants and soft loans for plant and working capital.

3.1.3. Tourism

As regards tourism, which is at present a purely regional responsibility, a number of measures involving assistance operations or regional budget commitments can be singled out.

A - Soft loan schemes for the modernization and extension of the present tourist accommodation structure. The priority form of assistance for modernization is to provide existing businesses (which lack such facilities) with suitable purification plants and heating installations. Assistance for extension is intended for hotels which are not large enough to be able to make arrangements with tour operators, especially for the sale of their services during the off-peak season.

The total amount of the investment to be financed through soft loans is approximately LIT 18 000 million, and is far from sufficient to meet requirements.

B - General expansion of hotel accommodation through regional credits supplementing loans already advanced by the Cassa per il Mezzogiorno. Regional Law No 8 provides for supplementary regional credit enabling the recipients of CASMEZ loans to reach the average level of the financial assistance provided directly by the Regional Government.

The expenditure involved is expected to be approximately LIT 4 000 million.

C - Operations for social tourism. These operations relate to

- (a) the creation in coastal areas of sites equipped for camping, largely intended for the provision of adequate services in localities which attract casual tourist traffic;
- (b) the launching of a project for parks and nature reserves.

For the completion of the coastal network of sites equipped for camping and for the extension of this programme to the interior of the island, an expenditure of approximately LIT 6 000 million is envisaged.

3.2. Infrastructures

3.2.1. Environment and land use

A - Extension and improvement of the system of major infrastructures. This assistance policy groups together various measures undertaken jointly and on a coordinated basis by the Regional Government, the Cassa per il Mezzogiorno and the State:

- (a) Water resources: the Region intends to couple with CASMEZ Special Project No 25 (Locating and improving water resources), which covers the construction of water mains, reservoirs, irrigation offtakes, regulating basins, artificially flooded areas and canals, for which commitments are around LIT 140 000 million, a similar project which is still at the investigatory stage.

Briefly, this investigation will include:

- specification of water requirements for the various users, by examining the existing situation and the current development programmes, including the specification of systems of water recovery and recycling;
- inventory of present sources of supply and those being explored, with regard to both underground and surface water resources and non-traditional resources (desalination, etc.). This inventory is intended to comprise not only a detailed listing of data and situations but also an examination of the practical feasibility of the works and the possible alternatives;
- operations for protecting the soil against floods and other destructive factors and safeguarding water against pollution;
- defining a tentative water plan for the purpose of formulating a set of operations and their cost, and also their priorities and operational procedures.

The other measure which will be adopted at regional level concerns the organization of suitable operating structures for designing, planning and implementing major water schemes and schemes of a sectoral nature.

Since these measures have not yet been translated into specific operations, they cannot be quantified in terms of estimated expenditure.

In addition, there are completion works (under Article 6 of Law 183 of 1976) costing LIT 77 000 million.

- (b) Energy: for the region's energy needs up to 1980 it is estimated that the construction of the ENEL (State Electricity Corporation) Fiume Santo thermal power station, with a generating capacity of 320 000 kWh, will be sufficient.

However, as regards the development of energy resources, the Regional Government, which is at present engaged in an operational programme for the resumption of working of the Sulcis coalfield (for which LIT 5 000 million has been appropriated) is asking the central authorities:

- to resume working of the Seruci and Nuxari Figus mines;
- to prepare a project for the development of mining activities;
- to use coal in the thermal power stations and to work out a price per calorie on the basis of the price of fuel oil.

- (c) Railways: outside the regional budget, LIT 15 000 million has been allocated by the State.
- (d) Ports: the Regional Government has appropriated LIT 7 000 million in the ordinary budget. The most important assistance operation, however, is the construction of the Cagliari industrial canal-port, for which LIT 213 000 million is allocated under Special Project No 1 of the Cassa per il Mezzogiorno.
- (e) Airports: under the provisions made in 1975 to counter short-term economic difficulties, LIT 22 000 million has been allocated for the island's airports.
- (f) Road system: for this, too, there is a State allocation outside the regional budget, amounting to LIT 40 000 million.

B - Physical planning. The directives and guidelines approved by the Regional Council indicate precise priorities for the physical planning of the region's territory, proposing operations for financing the preparation and administration of town-planning instruments for the communes and districts and the execution of civic works and services for urban restoration, with special reference to centres of historical interest.

In this phase of setting up district bodies it will be essential to fix functional criteria for linking regional planning with that of the districts. The Regional Government will provide appropriate technical assistance, especially at district level, to ensure that the district plans prepared are homogeneous and compatible.

Closely bound up with the district plans is the question of urban rehabilitation, which will be the main outlet determining the nature, scale and geographic location of the operations.

As regards town-planning instruments for communes, the programme makes provision for financing the Communes and Consortia for the execution of urbanization works in implementation of the plans, under Law No 167 of 1972 and Article 51 of Law No 865 of 1971.

Altogether, the Regional Government is allocating the sum of LIT 21 000 million for urbanization operations, including LIT 16 000 million from the funds provided under Law No 268 of 1974.

C - Reafforestation and environmental and soil protection. This involves both CASMEZ Special Project No 24 and regional assistance.

The Special Project, covering reafforestation for production purposes, provides for an expenditure of LIT 20 000 million in the region.

The regional programmes, on the other hand, will not be confined simply to extending the area under forest but will also make provision (leaving the question of implementation to the communes and other local bodies) for operations in activities connected with afforestation, such as the construction and maintenance of country roads, water supply systems, improvement of pasture land, etc.

A sum of LIT 46 000 million has been allocated for these programmes, of which LIT 20 000 million will come from the funds provided under Law No 268.

All operations for the protection of the environment, at present entrusted to a number of different regional services (fire prevention, ecology, etc.), are to be brought together under a unified form of administration, coordinating their function and defining joint and differentiated objectives within the region. The appropriations scattered under the various headings in the regional budget will therefore be lumped together into an 'environmental protection fund', and a multi-annual programme is to be drawn up for its use.

3.2.2. Housing construction

A - Subsidized and covenanted building. Regional policy, through the Fifth Implementing Programme of the Reconstruction Plan and Regional Law No 22 of 1975, has already adopted an active and decisive role in the housing sector, specifying the following main targets for assistance:

- (a) taking-over the costs borne by the communes for updating bank loans to be deducted for the purchase of land and the creation of primary infrastructures under the zone 167 plans (or Article 51 of Law 865 of 1971);
- (b) grants and loans to cooperatives for new building under the zone 167 plans (or in the areas specified in accordance with Article 51 of Law 865 of 1971);
- (c) financial and technical assistance to the commune councils and other administrative bodies responsible for controlling physical planning and for the preparation and application of town-planning instruments.

The programme and the Law also indicate, in a project for the development of low-cost social housing and for the creation of integrated systems of public services and works, one of the best-qualified instruments for the management and coordination of building activity.

The body on which Regional Law No 33 of 1975 places responsibility for formulating and managing the project is the Planning Committee, which will have the cooperation of the Committee for the Fund for Low-cost Social Housing and Urban Development set up by Regional Law No 22 of 1975.

The project is also to determine the most appropriate geographic distribution of the investments.

The total sum allocated to this development measure, derived from State and CASMEZ funds, is LIT 127 000 million.

B - Improvement of the existing housing stock. This measure is to some extent complementary to the preceding one, its object being the improvement, conversion and rebuilding of unhygienic and structurally unsound dwellings and the restoration and rehabilitation of centres of historical interest. A sum of LIT 7 000 million has been allocated for this, including LIT 5 000 million from the funds provided under Law 268 of 1974.

3.2.1. Social security and health

The responsibilities already entrusted to it oblige the Regional Government to tackle the problem of the overall protection of health in all its implications through a regional health plan.

From the functional point of view, the plan will be subdivided into the phases of prevention, treatment and rehabilitation, and from the structural point of view into the establishment of the local health and social services units (ULSS), the implementation of the hospital plan, and the coordination, for the purposes of the health plan, of the other social assistance structures (aid for the elderly, handicapped children, etc.).

Within the framework of the health plan, special importance will be attached to prevention of the phenomena of hygiene and social pathology, in which health education represents the essential instrument for generating awareness of health matters and encouraging the participation of citizens in matters affecting their own health.

In particular, given Sardinia's particular pattern of diseases, the following are to be established as priority objectives:

- control of infectious diseases (typhoid and paratyphoid fever, etc.) and parasitic diseases (echinococcosis, etc.);
- protection of the health of workers (occupational hygiene and work safety);
- control of infant mortality and childhood diseases.

A - Hospital assistance fund. The sum of LIT 305 000 million allocated to Sardinia under Law 386 is intended for the 'financing of expenditure on hospital assistance' and is meant to guarantee the operation of the system through the payment of regular advances to the bodies concerned on the basis of forecasts of the expenditure needed to meet current commitments on time.

Part of the funds, estimated at approximately LIT 15 000 million per year, may be used for equipping, converting and modernizing hospitals (excluding building works), to renew health facilities and keep them up to standard.

These funds are to be used within the framework of the regional hospital plan.

B - Hospital building and equipment. Implementation of the regional hospital plan will also be backed by the funds for hospital building (LIT 26 000 million) allocated to the Region for financing the programme for the completion of works already in progress; in addition to these funds there is also the sum of LIT 46 000 million from the region's normal budget.

C - Prevention and prophylaxis of social diseases, for which the sum of LIT 15 000 million is appropriated.

D - Prevention and prophylaxis of diseases caused by animals and plants, with an appropriation of LIT 2 000 million.

E - Social security. This comprises various provisions, with a total allocation of LIT 48 000 million for the period in question, all of it from the normal regional budget.

The most important operations financed by the multi-annual programme (regional budget) concern assistance for infants, assistance for families and persons in conditions of hardship, assistance for the handicapped and social insurance for the benefit of specified categories.

In this sector, the existence of a number of different private and public bodies with different rules and procedures leads to waste and inefficiency in the provision of assistance. The main task for the regional organizations will be to coordinate all these services within the framework of an assistance programme which will group together the available resources, make public assistance efficient and effect far-reaching decentralization to district organizations and local bodies in general.

The action envisaged in the programme with regard to assistance to the elderly and the handicapped will be implemented on the basis of the recently approved regional Laws (Nos 52 of 1975 and 27 of 1976).

3.2.4. Education, training and vocational guidance

A - The right to education. On the basis of Regional Law No 26 of 1971 the Regional Government has taken action to guarantee the citizen's right of access to education through a large number of different schemes; these need to be coordinated in the context of an assistance programme if the aims in view are to be attained.

The programme (multi-annual regional budget) allocates the sum of LIT 25 000 million for the financing of Regional Law No 26 of 1975 and in addition to this there is a sum provided as part of special assistance. This financial provision is to be put into practical effect through a special multi-annual programme covering the following aspects:

- free or subsidized meals and transport for students having to travel daily to and from colleges, universities and vocational training centres;
- lodging allowances for students or, for university students, free accommodation in student hostels;
- grants to the Universities of Cagliari and Sassari for building and equipping student hostels;
- grants to the planning districts and school districts for the implementation of schemes for promoting the integration of former students into society and for ensuring wide and varied use of educational facilities.

B - Vocational training and vocational guidance for young people. The delegation by the State of functions relating to vocational training will enable the Regional Government to undertake a far-reaching restructuring of the sector, taking in the basic nature and characteristics of vocational courses, the organizational structure, and the coordinated administration of the whole system.

Assistance in this field will be aimed at extending vocational training to all categories of society and production. This will entail restructuring, expanding and raising the technological level of buildings, equipment, teaching staff and teaching methods.

In the field of vocational guidance, regional assistance is complementary and additional to central government action, following the same guiding principles (Law 285 of 1971).

The total amount allocated for this measure is LIT 31 000 million.

C - School building. The regional programme, which was drawn up recently in accordance with Law 41 of 1975 with a total amount for the first three-year period of LIT 337 000 million (January 1976 values), is intended to cover the building of 677 classrooms by the traditional method (542 for elementary schools, 61 for secondary schools and 74 for colleges and institutes of higher education) and 995 classrooms of the prefabricated type.

The extent of the shortage of classrooms and the seriousness of the attendance situation should induce the Regional Government to claim a more appropriate and substantial participation for the second three-year financing period.

To remedy the shortage of classrooms, a unified project will be drawn up to make use not only of the available appropriations (regional and State) but also of any advances under Article 6 of Law No 268.

The new programmes are to be directed mainly towards the construction of buildings for those schools which have no buildings of their own at all and are at present operating in rented premises or in temporary accommodation.¹

D - Pre-school building. For the pre-school sector, Regional Government assistance ranges from the construction to the running of the schools, with a substantial commitment of financial resources. The 1976-78 multi-annual budget appropriates a sum of some LIT 4 500 million for day-nurseries and over LIT 3 000 million for kindergartens; however, these appropriations are still insufficient to provide assistance commensurate with the sector's needs, especially in the most densely populated urban areas with a large female working population.

3.2.5. Transport

For the transport sector, which is vital for an island region and encumbered by technological backwardness and the geographic difficulties besetting internal transport, the Regional Government stresses the need for coordinated assistance which will permanently eliminate the structural disparities between Sardinia and the rest of Italy and put an end to the region's state of economic 'insularity'. Such a transport plan can only be prepared on the basis of collaboration between the regional and central authorities. The Regional Government therefore requests:

- (1) extension of the tariff concessions provided under Article 12 of Law 588 of 1962 to Sardinia's entire transport system, especially with regard to the transportation of goods to and from the island;
- (2) control and coordination of the operations of the Ministries and autonomous State agencies regarding major transport infrastructures;

¹ There are over 3 600 such classrooms. If the average cost per classroom is estimated at LIT 25 million, the complete elimination of this type of accommodation would cost over LIT 90 000 million.

- (3) investigation of the adequacy of internal transport in relation to the new physical organization of the island and the uses to which the land is to be put;
- (4) increased powers for the Regional Government on policy regarding concessions, increasing route services, and the availability of carriers in the various branches of transport.

The funds currently at the Regional Government's disposal for running urban and inter-urban transport amount, for the three-year period, to LIT 33 000 million.

Reference table for the region of Sardinia

Overall targets

- A. Enlargement of the region's productive base, with measures to promote highly labour-intensive industrial projects and with special attention to the role and function to be performed by agriculture in the development process
- B. Fundamental restructuring and reform of the industrial process designed to reverse the terms and conditions of integration with the wider context of the national economy in favour of the regional system's internal components, chiefly by establishing sectoral and intersectoral relations conducive to a balanced integration of the region's production structure
- C. Shift of emphasis in the use of financial resources towards the area of public goods and services

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Achievement of higher levels of productivity and stabilization of present levels of employment</p> <p>Strengthening of productive structures and improved land use</p>	<ul style="list-style-type: none"> - Extension and improvement of areas under irrigation in order to raise productivity levels - Rationalization of production structures (mechanization, land improvement and rural infrastructures in general) - Improvement and reorganization of the agri-foodstuffs production system, especially at the stage of processing and marketing of products 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project No 23 (Development of irrigational) - Special Project No 29 (Intersectoral water schemes) - Completion works - Special Project No 4/10 (Intensive meat production) - Special Project 24 (Reafforestation for production purposes) 	<ul style="list-style-type: none"> - Complementary operations for the expansion of irrigation - Complementary operations for rural infrastructures - Project for wine-growing, vegetable and fruit-growing, and dairying/cheese making - Complementary assistance for stock-farming - Creation of a system of agricultural-pasture districts

<ul style="list-style-type: none"> - Reform and replanning of the agricultural-pasturage sector - Improvement of stock-farming and technical assistance campaigns to aid modernization and increase the production and marketing of livestock 		
<p style="text-align: center;"><u>Industry and craft trades</u></p> <ul style="list-style-type: none"> - Reform of the industrial process in favour of the regional system's internal components (labour, undertakings) 	<ul style="list-style-type: none"> - Restructuring and conversion of the production unit or of lines of production which are structurally unsound or seriously affected by the present unfavourable economic situation - Plan for the conversion and restructuring of industry. - Investment programme for undertakings with State participation 	<ul style="list-style-type: none"> - Mining and metallurgical project - Textile and clothing project - Promotional activities of regional bodies
<ul style="list-style-type: none"> - Expansion of the industrial apparatus in directions more likely to ensure high levels of employment 	<ul style="list-style-type: none"> - Promotion and technical assistance - Creation of a coordinated system of technical, commercial, organizational and financial assistance 	<ul style="list-style-type: none"> - CASMEZ grants and incentives - CASMEZ industrial infrastructures programme - Special Project No 1 (Creation of the Cagliari industrial canal-port and its infrastructures) - Promotion and support measures - Financial aid for the craft trades sector
<ul style="list-style-type: none"> - Enlargement of the craft trades structure and restructuring of the existing craft trades sector 	<ul style="list-style-type: none"> - Coordination of operations involving foreign economic policy 	

Reference table for the region of Sardinia (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Tourism</u></p> <p>Promotion of ventures for the development of the sector, particularly those directed towards the development of social tourism</p>	<ul style="list-style-type: none"> - Restructuring, modernization and enlargement of tourist accommodation - Promotional activities (provision of facilities in camping sites, and projects for the establishment of parks and nature reserves) 		<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Grants for the extension and modernization of hotel accommodation - Regional credits supplementing loans already granted by CASMEZ - Operations for social tourism
<p><u>INFRASTRUCTURES</u></p> <p><u>Environment and land use</u></p> <p>Physical reorganization of the territory aimed at achieving an internal balance between urban and hinterland areas, and between industrial sites, centres of population and natural resources</p>	<ul style="list-style-type: none"> - Expansion and improvement of the system of major infrastructures - Reorganization of the territory at district and commune level, and protection and improvement of the physical environment and the soil 	<ul style="list-style-type: none"> - Transport programme: <ul style="list-style-type: none"> - National Road Board Plan - Italian State Railways Plan - Harbour works 	<ul style="list-style-type: none"> - Special Project No 25 (Water resources) - Completion works - Special Project 24 (Reafforestation) 	<ul style="list-style-type: none"> - Complementary operations for water supplies - Operations in the following sectors: <ul style="list-style-type: none"> - Airports - Roads - Ports - Complementary operations in the field of reafforestation and assistance to associated activities

<p><u>Housing construction</u></p> <p>Achievement of a housing standard meeting the needs of the population</p>	<ul style="list-style-type: none"> - Meeting housing requirements - Renewal of the housing stock 	<ul style="list-style-type: none"> - Multi-annual public building and housing construction programme 	<ul style="list-style-type: none"> - Project for the development of low-cost social housing - Improvement of the existing housing stock
<p><u>Social security and health</u></p> <p>More widespread distribution of social and assistance services and health protection</p>	<ul style="list-style-type: none"> - Extension and improvement of assistance to the most disadvantaged categories - Raising of the standard of health and hygiene 	<ul style="list-style-type: none"> - Multi-annual hospital and civic building programme 	<ul style="list-style-type: none"> - Health and social services plan
<p><u>Education and training</u></p> <p>The adaptation of education and training to match prevailing social and cultural conditions</p>	<ul style="list-style-type: none"> - Adaptation of schooling structures to meet requirements - Vocational guidance for young people - Improvement of workers' qualifications 	<ul style="list-style-type: none"> - Multi-annual school and university building programme 	<ul style="list-style-type: none"> - Programme of operations for the right to education - Complementary operations for the vocational training of young people - School-building project

SARDINIA		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	24089.66	19.6	8.0	
	of which: mountain areas			3290	9.4	3.1	
Resident population	total	1976	Units	1568077	7.9	2.8	
	in local author. areas > 50 000 inhabitants			356246	5.4	1.7	
Net migration		1951-71	Units	-225517	5.6		
		1951-76		-216042	5.3		
Employment	total	1976	Units	451400	7.5	2.3	
	in agriculture			90300	5.7	3.1	
	in secondary sector			127200	7.2	1.7	
	in tertiary sector			233900	9.0	2.5	
Registered unemployment	Classes I + II	1976	Units	42036	6.0	3.6	
	all 5 classes			44528	6.1	3.4	
Registered 'Special Law for the Young'		1977	Units	30115	7.5	4.6	
Redundancy payments in secondary sector ¹		1976	Hours	2526000	5.4	1.2	
GDP at market prices		1975	LIT 10 ⁹	2317.9	8.6	2.0	
Consumption	private			1741.9	8.6	2.3	
	public			462.7	8.4	3.0	
Gross capital formation				895.2	12.9	4.0	
Gross fixed capital formation in secondary sector				480.0	20.3	6.3	

¹ Ordinary system.

SARDINIA		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	65	161	187
Level of urbanization ¹					22.7	33.0	37.8
Activity rate (active popul./total population)			1977	%	33.5	34.8	38.9
Unemployment rate ²					11.0	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	289.3	302.7	354.5
	in agriculture				57.9	80.7	52.2
	in secondary sector				81.5	89.6	134.5
	in tertiary sector				149.9	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+22.9	+12.2	+18.5
	of employ- ment	total			+0.1	-7.9	+1.1
		in agriculture			-60.7	-56.7	-66.1
		in secondary sector			+34.5	+35.6	+30.2
		in tertiary sector			+85.3	+73.5	+79.5
GDP/inhab., current prices	absolute value		1975	LIT 1000	1493	1380	2006
	annual change		1970-75	%	12.4	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

XIII. LATIUM

INTRODUCTION

The area qualifying for ERDF contributions does not include the whole of Latium, but only that part which is currently subject to the legislation on special assistance for the Mezzogiorno.

However, in the following pages (with the exception of the statistical outline given in Section 1.1) reference is almost always made to the entire region, for two main reasons:

- firstly, no information is available at subregional level on the factors examined here (objectives, measures, operations, etc.): the planning document prepared by the regional authorities of Latium always refers to the region as a whole, and no specific details can be singled out for the area qualifying for ERDF contributions;
- secondly, the region's extremely uneven structure (the fact that it contains Rome, the existence of depressed areas in northern Latium outside the scope of the Cassa per il Mezzogiorno, etc.) would have invalidated any analysis of the problems and operations which referred to only a limited portion of its territory: on the contrary, such an analysis can only be of value if it refers to all the problems and imbalances besetting the region.¹

1. PROBLEMS AND IMBALANCES

1.1. Problems

The surface area of the two provinces concerned (Latina and Frosinone) is 5 489 km², of which 1 443 km² is made up of mountain areas. As at 31 December 1976, the resident population of this area is 871 826 inhabitants, representing a population density of 158.8 inhabitants/km². The level of urbanization is 21.6% in the province of Latina, but zero in Frosinone.

¹ This appears to be confirmed by the very indications contained in the regional planning document, where it is suggested that proper application of Law 183 of 1976 imposes the channelling of part of the finances towards the particularly depressed areas in zones not covered by the Cassa per il Mezzogiorno.

These two provinces have been affected by very different patterns of migration: whereas during the period 1951-76 Frosinone lost some 120 000 persons, Latina during the same period had a net inward migration of approximately 15 000 persons.

It follows clearly from the above figures that there is a definite imbalance between the two provinces in terms of development as well. The substantial outward migration from Frosinone has impoverished the province not only as regards the economically productive sector of the population, but also as regards population of reproduction age. There has been an increase in the production of the elderly, who in 1975 comprised about 50% of the total population.

In both provinces the imbalance between the supply of and demand for labour is fairly marked; the participation rate is about 35%, but the unemployment rate is about 14%.

The structure of employment in the zone is predominantly agricultural, especially in the province of Frosinone; in this province 26% of the economically active population is employed in agriculture, while the corresponding figure for Latina is 21%.

The fragile economic and social situation in the zone and, above all, the imbalances between this and the other zones of Italy and of the region as a whole, and between Frosinone and Latina themselves, can be demonstrated more clearly by examining the figures for a number of macroeconomic variables.

As at 1975, the GDP of Frosinone is LIT 727 000 million, and that of Latina is LIT 818 million. Per capita GDP is therefore LIT 1 621 000 for Frosinone and LIT 1 986 000 for Latina, i.e. 20% and 2% respectively below the average for Italy as a whole.

These figures demonstrate clearly the weakness of the production structure of the province of Frosinone, which has been progressively aggravated over the years by continuous outward migration and the gradual absorption by Rome of the productive members of the population.

1.2. Imbalances

Although the zone actually covered by the regional development programme is essentially limited to the provinces of Latina and Frosinone (plus small portions of the provinces of Roma and Rieti), it must be strongly emphasized that the most important reason for the social and geographic imbalance besetting Latium is the presence of a city such as Rome, which constitutes a pole of attraction not only within the region but in relation to the whole of Central and Southern Italy. This fundamental imbalance is accompanied by imbalances between urban and rural areas, between Upper and Lower Latium, between hinterland, hilly and coastal zones, and between the different economic sectors.

But the fundamental imbalance which underlies all the others is caused by the historical and structural narrowness of the productive base and the chronic insufficiency of the supply of new jobs in the directly productive sectors in relation to demand. In recent times this discrepancy has become more marked, reaching an intolerable level under the cumulative effect of certain successive events:

- (a) the exhaustion of the traditional mechanism of development based on the uncontrolled and speculative expansion of Rome during the years of mass immigration;
- (b) the continued rate of growth of the public and quasi-public apparatus of central and local government;
- (c) the crisis affecting the entire country, which in this region is inevitably even more acute in the presence of an economic structure which possesses less elasticity than in the past.

From the strictly geographic point of view, the elements of the imbalance besetting Latium can be summarized as follows:

- the abnormal effect of the urban area of Rome on the region's demographic structure (it contains about two-thirds of the total population) and socio-economic structure (it contains over 60% of the economically active population and produces over 80% of the GDP);
- the uneven distribution of industrial activities, which are concentrated in the provinces of Frosinone and Latina and, to some extent, Roma; in contrast, the provinces of Rieti and Viterbo are seriously deficient in this respect;
- the uncontrolled eruption of overgrowing and speculative exploitation of land along the entire coastal strip of the region;
- the lack of effective assistance operations in the sphere of agriculture, especially in the hilly and mountain areas;
- the lack of operations for the support of minor centres of population, which still make up a large proportion of the region's urban structure.

2. DEVELOPMENT OBJECTIVES

The fundamental target which the Regional Government sets itself in its planning document¹ is the basic transformation of the regional economic structure, with the expansion and more even distribution of the productive base (through the restimulation of agriculture and of building and industrialization), the growth of employment and alteration of its structure, the establishment of a better geographic balance, and the improvement of services. Accordingly, regional action in the future will pursue the following 'major objectives':

- (a) expansion and more even distribution of the productive base in the directly productive sectors (agriculture, industry and craft trades) with particular reference to the major aspects of overcoming the structural and immediate crisis in employment and establishing a better balance both geographically and between different sectors and branches of the regional economy;
- (b) reshaping of the tertiary and services sector, which implies:
 - a more balanced relationship to the productive sectors;

¹ Latium Region, Regional development programme 1977-81, first document: Objectives and guidelines, approved by the Regional Council on 30 March 1977.

- improved efficiency of the existing structures;
 - development of those structures which are deficient , both in terms of fulfilling the needs both of society and of the productive sectors;
- (c) definition of the regional institutional framework, which comprises:
- satisfactory organization of regional structures and implementing bodies;
 - development of administration at infra-regional level;
 - definition of delegated powers;
 - productivity of labour;
- (d) social and productive utilization of the region's territory, which comprises:
- optimum and planned utilization of natural, civic and historic resources;
 - a logical town-planning and land-use policy;
 - a coherent policy for public works and schemes;
 - environmental protection;
- (e) the implementation of a policy for education, culture, and the vocational training of workers, both for the value of education in its own right and as a support for productive activities.

2.1. Production sectors

As regards the expansion of the productive base and its more even distribution throughout the region, this must be broken down into specific objectives (and so into operations) for the sectors of agriculture, industry and craft trades.

2.1.1. Agriculture

With regard to the agricultural sector, the first point to be emphasized is that for the purposes of development agriculture has been assigned absolute priority in the regional programme, as being the prime prerequisite for the recovery of the entire regional economy and, in addition, essential to the establishment of a new relationship between Rome and the rest of Latium.

In meeting the requirement of this priority choice, the Regional Government intends to start from a fundamental principle of political economy: the land must satisfy collective and social needs (especially the supply of food) which take precedence over the needs of the individual. Hence, the aim must be to ensure its availability for satisfying needs of a collective and social nature; and, in strictly economic terms, it must be regarded as an instrument of production (inasmuch as without it there can be no production), and no longer as a capital asset expected to produce revenue. As regards the process of production, therefore, the Regional Government will give priority to farming activities (whether individual or in associations), and hence - with regard to land suitable for cultivation - pursue not so much the objective of establishing land ownership, which, as such, absorbs economic energies for its establishment, actually diverting them from the productive phase and from entrepreneur-

ial operation, as the objective of making agricultural land available for farming activities.

On the basis of these basic guidelines, the Regional Government intends to pursue the following specific objectives:

- (a) restructuring agricultural undertakings in terms of their entrepreneurial management to obtain the firmest possible guarantee of a minimum income for those employed in this sector;
- (b) gearing production to food requirements and the agri-foodstuffs balance.

2.1.2. Industry

Regional policy on the development of the apparatus of industrial production is aimed at the fulfilment of various objectives, some of which touch on problems common to the entire national apparatus of production (the need for increased utilization of plant, increased productivity per employee, restructuring and conversion of the production structure, stability of order books, and reduction of the scale of debt, especially short-term debt, while other objectives are more specific to Latium.

The latter refer in particular to the uneven geographic concentration of industry which is characteristic of Latium, where activities carried out as part of special assistance for the Mezzogiorno are applicable only to the provinces of Latina and Frosinone, the area to the south of Rome, and the Rieti-Cittaducale district.

Thus, although Latium, like the other regions of the Mezzogiorno, must revise its own plans and projects in the areas covered by the legislation on special assistance, there is still an urgent need to decide on a policy for establishing a better geographic balance through the initiation of assistance on a new front in the northern areas of the region, i.e. especially as regards the province of Viterbo and those zones of the province of Rieti which do not receive the incentives of this special assistance.

For this policy of establishing a more balanced structure, the Regional Government will operate chiefly through its own development financing institution (the FI.LA.S), but also through appropriate designation of depressed areas which could be provided with special incentives on the basis of the new provisions under Law 183 of 1976.

Thus, the objective of correcting the imbalances in the region, which is also supported to some extent by the application of the new Law 183 of 1976 on special assistance in the Mezzogiorno (providing a special system of financial incentives for undertakings which take up locations in insufficiently developed parts of the region outside the areas eligible for special assistance) is to be pursued in conjunction with a policy aimed at encouraging:

- growth of industrial employment and diversification of the productive base;
- reduction of the cost of short and medium-term credit;
- promotion of new production ventures which will produce substitutes for goods that are at present imported;
- promotion of new industrial plants which will be vertically integrated with primary processing to produce goods with a high added value;

- promotion of the industrial processing of agricultural products;
- promotion of small and medium-sized firms, including craft trade undertakings;
- implementation of the operations necessary to restructure and convert industry in such a way as to safeguard total regional employment;
- promotion of scientific and technological research.

More specifically, the exigencies imposed by the employment crisis, coupled with those involved in correcting economic, geographic and social imbalances, make it necessary to develop industrial policy in the direction of certain sectors and areas.

2.1.3. Craft sector

As regards the craft trades, a sector to which the Regional Government assigns an autonomous role within the limits of its own structure, the intention is to pursue the objective of initiating a process of qualitative improvement of the sector.

This objective is reflected in the need to:

- make better use of the professional skills of the craft sector;
- increase the productivity and competitiveness of firms;
- encourage and improve the formation of associations;
- defend the traditional and creative values of the craft sector;
- rationalize the production facilities in the region.

2.1.4. Tourism

Given the importance to the region of tourism,¹ which for some time has been going through a crisis that is more than merely short-term, it is proposed to free this sector from the narrow confines within which it has been restricted up to now and to restore to it the role and attention it deserves among the region's economic activities, as being a potential source of revenue if properly exploited and linked systematically with the development of the directly productive sectors. Tourism can make a very notable contribution to the launching of a policy for economic revival and help overcome the current serious crisis, from the point of view of both the deficit in the balance of payments and employment.

To avoid waste and ensure the best return from public expenditure, it is necessary to designate realistically certain sectors for priority assistance in which it will be possible to act effectively with the financial means available by activating new and different mechanisms of recovery and development.

¹ Latium is closely geared to tourism, both because of its very considerable natural, historical and artistic heritage and because of the strong representation of tourism in its economy.

With regard to supply, the first objective must be to restore competitiveness and productivity to a system which has for some time been accumulating deficiencies and malfunctions which have seriously affected its growth.

On the demand side, a policy for the development of social tourism must be established.

2.2. Infrastructure

Similarly to the fundamental target establishing a better balance of employment in regard to the production sector, the main target which the Regional Government has set itself in the field of social infrastructures is also one of correcting imbalances (in this case geographic), with the object of combating and reducing the disparities still existing between the coastal areas and hinterland areas, between the flat areas and mountain areas, and between areas eligible for incentives under the legislation on the Mezzogiorno and areas which are not eligible.

Within the framework of this strategic target, specific objectives for the various sectors of social action have been defined.

2.2.1. Housing construction

With regard to housing construction, this must no longer be considered, as in the past, as a mere shuttlecock to be tossed back and forth under changing economic conditions, but must be linked systematically with the primary objective of restoring a geographic balance. In this context the following can be regarded as important specific objectives:

- (a) systematic reactivation of public housing construction on a more economic and rational basis;
- (b) rehabilitation and restoration of the historic centres.

2.2.2. Health and assistance

In the field of health and assistance, the qualitative objectives of the regional health and social services plan can be summed up as prevention. This means, among other things, reducing the tendency to retain patients in hospitals and institutions and returning deprived and/or institutionalized individuals to their local communities.

The resultant quantitative objectives concern local district units and adaptation of the hospital network (in terms of efficient services rather than numbers of beds). This adaptation will be effected, in relation to the area to be served, through appropriate amalgamation of the various local units in order to guarantee the effectiveness of the whole set of operations.

2.2.3. Transport

The objectives of regional policy on transport¹ can be summarized as follows: adapting the system of transport services not only to passenger traffic to and from Rome but also to traffic within the various district catchment areas; and integration of the different systems of transport, with priority to the railway system.

2.2.4. Environment

With regard to the environment and land resources sector, it is clear that the target of a regional development that is geographically, economically and socially balanced will entail the pursuit of specific objectives for the protection and beneficial exploitation of all land resources in accordance with criteria which preclude excessive exploitation of some areas and abandonment of others.

These objectives can be summarized as follows:

- the presence of man and his activities in the marginal hilly and mountain areas, to be achieved by slowing down the movement of the labour force away from agriculture;
- an even distribution of industrial activities and associated tertiary activities;
- public management of environmental amenities;
- rehabilitation and full utilization of the existing social overhead capital and hence of the minor centres of population;
- protection of the environment through the imposition of general and specific restrictions (restriction to protect areas of outstanding natural beauty and notable stretches of coastline; guidelines for operations in the historic centres and centres of population in general and for the siting of industrial activities; conservation of resources for agriculture);
- prevention of pollution;
- reduction of congestion and speculative exploitation of land; this includes giving suitable guidelines to communes and mountain communities through the town-planning instruments;
- coordination in the creation of infrastructures.

2.2.5. Education and vocational training

Finally, in the field of culture, education and vocational training, given the somewhat serious situation (especially in Rome and in the mountainous and depressed areas of the region), it will be essential to redirect assistance oper-

¹ Cf. Latium Region: General plan for public transport of regional importance - first three-year phase, Resolution of the Regional Council, March 1976.

ations (which up to now have been effected on a more or less ad hoc basis) to a number of specific objectives which can be achieved in the next five years, in coordination with the other objectives of regional development.

With regard to schools, the specific objective will be to improve the poor school attendance rate throughout the region and hence to improve the resultant chaotic state of infant- and junior-school education. In the cultural field it will be necessary to raise the standards of libraries and other cultural services. In vocational training, operations in this sector will have to be matched to the projected future development and restructuring of the production apparatus.

3. MEASURES AND OPERATIONS

This section will set out the principal measures which it is proposed to put into effect through the various forms of assistance (normal assistance from central government, special assistance and regional assistance) in the region of Latium over the next few years. As regards specific operations, information is already available on central government action, but the detailed specification of the regional development projects is still in course of preparation.¹

3.1. Production sectors

The Regional Government's general criterion will be to encourage investment which will enlarge the productive base of the system, keeping to the following conceptual parameters:

- employment effect: preference for sectors capable of increasing employment, in other words for economic activities with a low capital-labour ratio. In the case of industry, a great many of these activities (mechanical engineering, including electro-mechanics and electronics; the modern food industry; the pure and secondary chemical industry) have a high or medium technological content. Even when they do not belong to sectors traditionally thought of as highly technological (e.g. clothing) they are always, if oriented towards the top end of the market, of high added-value and therefore also indispensable for restoring equilibrium to the balance of payments;
- import effect: preference is to be given to sectors of activity with a low import content;
- export effect: preference is to be given to sectors producing goods likely to increase exports;

¹ In its present version the multi-annual regional budget does not yet contain individual projects arising from the guidelines and objectives which the Regional Government has defined in its planning document, but is a systematic reconstruction of the regional functions and commitments deriving from earlier provisions and has yet to be verified as being consistent with the 'on-going' planning options and resultant assistance projects.

- inflation effect: necessity for intervention in the distribution sector in order to reduce the inflationary spiral;
- quality of life effect: operations likely to improve the living conditions of the community.

There are very close interrelations between these five target parameters. For the first three parameters these interrelations are immediately obvious in the case of industry, in that the enlargement of the productive base in order to increase employment and restore equilibrium to the balance of trade makes it necessary to concentrate attention on sectors whose development is consistent with all these parameters, sectors which are, moreover, very appropriate to Latium in view of the scientific infrastructures and industrial structures (as in the case of electronics, mechanical engineering, pure chemistry, etc.) or the concentration of trade (as in the case of the clothing industry and the modern food industry) which are essential to their development and which already exist there.

3.1.1. Agriculture

In the case of agriculture, the action which the Region intends to initiate in order to pursue the objectives indicated will follow three assistance objectives:

- (a) maximum possible promotion of the formation of associations and cooperatives in order to obtain substantial improvements in productivity per employee and hence increase total output in absolute terms;
- (b) restructuring agriculture and stock-farming, with appropriate operations in the field of promotion and infrastructures, without however neglecting the whole range of social problems and problems relating to civic structures, vocational training and technical assistance that are connected with developing rural life in the manner indicated;
- (c) reclamation of uncultivated or inadequately cultivated land.

This action will be translated in the Regional Government's policy into the following forms of assistance:

- increasing production in those sectors where imports are greatest or where there is a possibility of increasing exports. Sectors of obvious importance here are stock-farming, fruit and vegetable-growing, and flower-growing; also important, however, are the wine-growing sector, if appropriately restructured, and olive cultivation. What is needed in particular is to adapt export products to foreign market requirements by pursuing a policy of maintaining high quality;
- developing and restructuring the food industry by regulating its relations with agricultural production and above all by encouraging the formation of associations and cooperatives;
- insisting that the undertakings with State participation pursue a policy consistent with regional decisions, particularly as regards the reorganization of the production of the Maccaresse company, and reform of the preserving and processing branch;
- initiating a suitable trade policy (which will be discussed in a separate section on operations of an intersectoral nature);

- imposing the application of scientific research to the agri-foodstuffs sector.

Special assistance¹ in the agricultural sector will be put into effect principally, as in the other regions, through the medium of the Special Projects, viz. Special Project No 29 (Intersectoral water schemes), Special Project No 23 (Development of irrigation), the Special Project for hinterland areas, the promotional Special Projects in the agricultural and stock-farming sector (Intensive meat production and Reafforestation for production purposes), and the New Special Project for applied scientific research.

As regards the financial commitment provided for the portion of the Special Projects which concerns Latium, the Annual Programme for 1977 allots approximately LIT 19 000 million to Special Project No 23, LIT 2 000 million to Special Project No 29 and LIT 10 000 million to the Special Project for hinterland areas. Unlike the other regions, however, in the case of Latium no estimate is available of expenditure requirements for the Special Projects for the three-year period 1978-80.

3.1.2. Industry

In the case of the industrial sector, the Regional Government intends to pursue the indicated objectives with a measure which fixes priority options from both the sectoral and the geographic point of view.

At sectoral level, the regional options will be directed towards:

- (a) subsectors with high or medium technological content, with high added-value, with low capital-labour ratios, and likely to include series of plants with integrated production cycles (e.g. mechanical engineering, electromechanics, electronics and data processing; chemistry and engineering for the food industry; pharmaceutical chemistry; chemistry and engineering for the textile industry; the distributive side of the agri-foodstuffs industry, the pulping industry in connection with strawboard manufacture; the pulping industry in connection with afforestation programmes; the building of pleasure boats; and activities connected with the major infrastructures and with industrialized building);
- (b) fundamental reform of the industrial base of the Rome area;
- (c) structural, financial, credit and marketing consolidation of small and medium-sized firms in both industry and the craft trades, by methods including the formation of consortia.

On the geographic level, regional assistance will be primarily concerned with the areas of Civitavecchia, Civitacastellana, Orte, Viterbo, Rieti-Cittaducale, Monterotondo-Guidonia-Tivoli, Acilia, Frosinone (Ceprano and Sora), Mazzocchio, il Cassinate and Formia.

¹ As already stated, in the case of normal assistance from central government it is necessary to refer to the Plan for Agriculture and Foodstuffs for regional policy; however, at present this is still in the preparation phase and it is therefore not possible to give details of operations analysed on a geographic basis.

To implement these measures, the Regional Government will need to prepare a number of instruments of assistance, some of which will complete instruments already in existence (as in the case of the allotment of financial resources to create areas equipped for industrial activity and to increase the contingency fund for credit guarantee consortia), while others will have to be prepared in implementation both of the new Law on special assistance for the Mezzogiorno (Law 183 of 1976) and of other legislation announced in the Government's programme on the restructuring and conversion of industry, as well as the EEC provisions on financial incentives for regional development projects (European Regional Development Fund, European Social Fund and European Investment Bank).

As regards special assistance in the form of incentives and grants (Cassa per il Mezzogiorno), the industrial ventures for which the investment projects are ready for implementation in the immediate future¹ are stated to be worth some LIT 209 000 million and to be going to provide employment for an estimated 10 000 persons. It is estimated that assistance from the Cassa per il Mezzogiorno in respect of these investment projects will amount to around LIT 100 000 million.

As regards the specific provision of infrastructures, i.e. infrastructures directly servicing industrial projects, figures on special assistance are not available for the whole of the period in question, but only for commitments undertaken by the Cassa per il Mezzogiorno for expenditure during 1977 (Annual Plan). These commitments amount to around LIT 26 000 million, of which approximately LIT 7 000 million is for the ASI of Frosinone (land improvement, electricity supplies, methane pipeline and motorway interchange), approximately LIT 18 000 million is for the ASI of Latina, and LIT 1 400 million for the N.I. of Rieti-Cittaducale.

3.1.3. Craft sector and tourism

In the case of the other production sectors (craft trades and tourism), for which no regional development projects have yet been formulated, it can only be said that regional action will be mainly directed towards furthering their restructuring and development by means of suitable promotional measures, with particular emphasis on assistance in the field of associations and economic cooperation between producers.

3.2. Infrastructure

3.2.1. Housing construction

As regards housing construction, although the Regional Government's lines of action have not yet been finally established, certain guidelines which it intends to follow do emerge.

¹ Bank loans already sanctioned and now in the process of being advanced or soon to be advanced.

In the first place, every possible means will be used to encourage cooperation: this will be done with reference both to house-building cooperatives (especially for housing under joint ownership) and to cooperatives of production and labour, which are considered to be useful instruments for local bodies and for public intervention in general (IACP, communes, provinces, etc.).

A second course of action relates more specifically to public housing construction and comprises a Regional Government measure coordinated with central government action. The recent approval of Law No 10 of 28 January 1977 on the suitability of sites for building imposed an obligation on the Regional Government to perform essential preliminary functions for the approval of the new regulations and hence for the restimulation of the building sector.

The Regional Government intends to observe the time schedules laid down in the Law in question, although aware that the problem cannot be resolved by its own commitments and provisions alone; it is also necessary for Parliament to settle the multi-annual programme of investment in low-cost social housing.

In addition, the Regional Government has approved the provision which sets in motion the sole concrete instrument of assistance available to it at present, i.e. the rotation fund of finance loans to the communes for the purchase and primary urbanization of sites intended for low-cost social housing which was set up under Regional Law No 73 of 12 June 1975. The fund amounts to LIT 12 000 million and will cover site preparation for accommodation providing over 30 000 rooms.

Nevertheless, the applications already submitted by the communes and the forecasting of further public housing construction programmes demonstrate the need for an increase in the fund's resources.

The immediate problem is that the rise in building costs is making the funds obtained for social housing insufficient, resulting in the closure of building sites before the work has been completed.

The Regional Government therefore intends to introduce a system of assisted advance financing which, pending adjustment of financing proper to adequate levels, will enable housing construction to continue and schemes already started to be completed, with favourable effects on employment and the supply of social housing.

3.2.2. Health

In the field of health, the Regional Government intends to attain the objectives indicated through the preparation of a health and social services plan, currently in the process of definition, which mainly sets forth two lines of action:

- (a) matching services to the needs of the population, by correcting the most obvious instances of geographic imbalance;
- (b) designating a single political and administrative authority at local level to be responsible for matters of health and social services.

The second line of action is aimed at a particularly important aspect of improvement: it is intended to overcome the plurality and lack of demarcation of

responsibility in relation to the population when making political or administrative decisions, the inadequacy of operations, the dispersal of their effect, and the excessive sectoralization which leads to duplication of effort, waste and all the other malfunctions characteristic of the present state of health and social services.

The health and social services plan will also tackle or investigate the problems arising from:

- the fact that in the public sphere it is possible to plan the activities of the public social and health units, whereas it is not possible to intervene directly in the very extensive area which at present falls within the private sector;
- the need to standardize services and hence to define uniform models for buildings and equipment;
- the necessity of training paramedical personnel, especially technicians, on the basis of a programme which is tailored to requirements;
- the adoption of full-time working by doctors, geared to a more clearly specified basic activity.

3.2.3. Transport

In the case of transport, to ensure that regional action can be coordinated with other central government operations in the field of transport the first requirement is to set up a regional body without delay (this has already been provided for in the regional transport plan and by a vote of the Regional Council): the regional coordinating advisory body or committee made up of representatives of the Italian State Railways, the Airport Authority, port consortia, the National Road Board, the Cassa per il Mezzogiorno and the undertakings with State participation, plus Atac and Actoral consortium.

In terms of specific measures, the Regional Government intends to proceed along the following lines of action:

- giving priority to the rail system in the context of integrating the various transport systems, adopting the criterion of maximum utilization of existing railway lines, renovation of lines which have fallen into disuse but are regarded as necessary, and improvement of the lines intended to constitute the main regional network;
- establishment of a number of 'strategic' transport axes, designated as follows: Valle del Tevere - Valle del Sacco - Liri (international longitudinal axis); Civitavecchia-Orte-Rieti, with links to Umbria and the Abruzzi (northern transversal axis); Latina-Frosinone-Cassino-Sora, with links to Molise and the Abruzzi (southern transversal axis).

Organization of the territory in this way will help to break through the hegemony of the Rome area and the attraction of the coastal region by creating two alternative geographic units: northern Latium and southern Latium.

Specific operations which the Region considers necessary in the context of its own socio-economic development plan include the following:

- reopening and modernization of the Civitavecchia-Capranica-Viterbo-Orte line and construction of the northern transversal highway;¹
- also in relation to the port of Civitavecchia, enlargement and improvement of the quays, modernization of dock facilities, construction of a northern exit for the rail link, and creation of a goods depot at Santa Severa as a 'lung' for the port, linked by rail with the intermediate port of Settebagni of which it would become the natural appendage;
- specific organization of the region's ports with precise reference to the needs of their immediate and distant hinterlands and their specialization. The special function of the port of Gaeta must be guaranteed here (connected with the agro-industrial development of the hinterland) and the implementation of a project for the Pontine islands must be started (to solve the problem of communication for both vehicles and pedestrians);
- verification of the appropriateness of operations in the matter of transport for the Pontine islands and of navigation on the lakes; for example, navigation on Lake Bolsena and Lake Bracciano and the problem of the use of the Tiber.

3.2.4. Environment

As regards the environment and land use, the most important lines of action which the Regional Government intends to pursue are as follows:

- the adoption (under the provisions of Law No 319 of 10 May 1976) of a regional water reorganization plan for which the objectives, connected with improved utilization of water for domestic and production purposes, will cover:
 - planning and implementing public works relating to public water-supply, sewerage and purification services;
 - reorganizing the peripheral technical and administrative structures relating to these operations;
- the adoption of a regional plan for the disposal of solid waste;
- identification of all factors harmful to the environment in Latium, followed by specification and implementation of the necessary measures of rehabilitation and protection;
- coordinating redevelopment plans and industrial location programmes, including coordination at supra-commune level;
- adoption of projects for the major infrastructures, with the objective of achieving the expansion and more even distribution of productive bases and establishing a better geographic balance;
- adoption of projects for improving centres of population and raising the standard of social amenities;

¹ The four regions involved (Latium, Sardinia, Umbria and the Marches) support the applications put forward by the commune of Civitavecchia and the Port Consortium, and discussions are in progress with the Italian State Railways for the inclusion of the line in question in its plan.

- creation of an integrated system of parks and nature reserves as an element of the 'regional geographic framework of reference', connected with the Regional Government's town-planning schemes and programmes for socio-economic development. Priority projects at present are the establishment of the Parco dei Cimini and the Parco dei Castelli Romani.

In addition to the strictly regional operations, an important form of assistance in this sector is that provided under the heading of special assistance from central government.

It takes the form of some of the Special Projects already mentioned in connection with agriculture, viz. the Special Project for hinterland areas, the Special Project for afforestation for production purposes and the Special Project for intersectoral water schemes. The relevant amounts of expenditure authorized by the Annual Plan for 1977 have already been stated (see 3.1.).

3.2.5. Education and vocational training

In the case of measures designed to develop culture, education and vocational training, priority assistance in the coming five years will be along the following lines:

- (a) priority support (school meals, canteens and libraries) for the schools of the communes and educational districts with high rates of academic failure, early school-leaving and poor adult education, and extension of the right to education (following the transfer of university facilities to the regions) to include the right to university education;
- (b) orientation of the second three-year school building plan, once double sessions have been eliminated, to localities which are to be given privileged treatment under the provisions of the socio-economic development plan;
- (c) plan to develop permanent communal reading centres and cultural services, with priority for villages and suburbs, areas with a high incidence of educational backwardness and areas for which a revival of agricultural activity or the siting of new industrial facilities are planned;
- (d) campaigns for improving literacy, elementary education and culture, with priority to the under-25s, women, depressed areas and areas affected by development policy; these campaigns may be coordinated with the 150-hour programmes and involve using young unemployed graduates to promote cultural activities under the direction of the communes;
- (e) campaigns to promote reading, the wider use of books, newspapers and performances, both in permanent centres (point (c) above) and by means of travelling libraries or other mobile facilities in thinly populated areas (parts of the Rieti and Frosinone provinces) and in other areas where permanent centres have been planned but are not yet operational;
- (f) campaign for refresher training for teachers and other personnel working in local organizations for the promotion and advancement of culture;
- (g) orientation of vocational training towards courses that will be closely linked (both in content and in career opportunity terms) with production and services.

The Regional Government also attaches particular importance to the problems caused by the paralytically cumbersome and excessive growth of the University of Rome.

Although it has no direct and specific powers in this field, the Regional Government nevertheless considers it necessary to proceed as soon as possible with the establishment of the second university planned for Tor Vergata, and to decentralize the teaching and research facilities of the First University of Rome at commune and inter-commune level. In addition, within the framework of national plans for new universities and with the help of substantial funds, the establishment of the new universities of Viterbo and Cassino is going ahead. These universities are in no way fanciful in conception: they are divided into faculties based closely on the requirements for the protection of the region's interests and development of the technical and scientific capacities necessary to the achievement of the regional objectives.

Reference table for the Latium region

Overall targets

- A. Expansion and more even distribution of the productive base (agriculture, building, industry)
- B. Reshaping of the tertiary and services sector
- C. Establishment of a better geographic balance and rational coordination between social and productive elements

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>PRODUCTION SECTORS</u></p> <p><u>Agriculture</u></p> <p>Restructuring agricultural undertakings so as to guarantee employees in the sector a minimum income</p> <p>Gearing production to food requirements and the agri-foodstuffs balance</p>	<ul style="list-style-type: none"> - Maximum possible promotion of the formation of associations and cooperatives - Restructuring the agricultural and stock-farming sector - Reclamation of uncultivated or inadequately cultivated land 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project No 29 (Intersectoral water schemes) - Special Project No 23 (Development of irrigation) - Special Project for hinterland areas - Promotional Special Projects (meat production and afforestation) - New Special Project for applied scientific research 	<ul style="list-style-type: none"> - Promotion of priority sectors (livestock, fruit and vegetables, flowers, wine, olives) - Marketing policy
<p><u>Industry</u></p> <p>Increasing industrial employment and diversifying the productive base</p>	<ul style="list-style-type: none"> - Sectoral priorities: sectors with high or medium technological content, high added-value, a low capital- 	<ul style="list-style-type: none"> - Plan for the conversion and restructuring of industry 	<ul style="list-style-type: none"> - CASMEZ grants and incentives - CASMEZ industrial infrastructures programme 	<ul style="list-style-type: none"> - Promotion of small and medium-sized firms (including craft trade undertakings)

<p>Promoting new plants which have import-substitution effect</p> <p>Promoting new plants which are integrated with primary processing or with agricultural products</p>	<ul style="list-style-type: none"> - Labour ratio, and integrated production cycles - Geographic priorities: Civitavecchia, Civitacastellana, Orte, Viterbo, Rieti-Cittaducale, Monterotondo-Guidonia, Tivoli, Acilia, Frosinone (Ceprano and Sora), Marzocchio, Cassinate and Formia 	<ul style="list-style-type: none"> - Investment programme for undertakings with State participation - Coordination of operations involving foreign economic policy 	<ul style="list-style-type: none"> - Special Project for hinterland areas - New Special Project for applied scientific research - Completion works 	<ul style="list-style-type: none"> - Regional Financing Institution - Creation of areas equipped for industrial activities - Increase in contingency fund for credit guarantee consortia
<p>Systematic reactivation of public housing construction on a more economic and rational basis</p> <p>Rehabilitation and restoration of historic centres</p> <p><u>Health and assistance</u></p> <p>Implementation of a policy of preventive medicine</p> <p><u>Transport</u></p> <p>Adaptation to district catchment areas</p> <p>Integration of transport systems</p>	<ul style="list-style-type: none"> - Promotion of cooperative ventures (in housing, production and labour) - Restimulation of public housing construction 	<ul style="list-style-type: none"> - Multi-annual public building programme 	<ul style="list-style-type: none"> - Rotation fund for loans, to communes for the purchase of land - Advance funds for completion of works 	<ul style="list-style-type: none"> - Health and social services plan
<p><u>Transport</u></p> <p>Adaptation to district catchment areas</p> <p>Integration of transport systems</p>	<ul style="list-style-type: none"> - Giving priority to rail transport - Designation of strategic transport axes 	<ul style="list-style-type: none"> - National Road Board Plan - Italian State Railways Plan 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Regional coordinating body - Civitavecchia-Capranica-Viterbo-Orte: renovation of the rail link and opening of the

Reference table for the Latium region (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p><u>Environment and land use</u></p> <p>The presence of man in the marginal hilly and mountain areas</p> <p>Public management of environmental amenities</p> <p>Rehabilitation of existing social overhead capital</p> <p>Environmental protection</p>	<ul style="list-style-type: none"> - Water reorganization plan - Plan for disposal of solid waste - Identifying harmful factors and taking action to eliminate them - Coordinating redevelopment plans and industrial location programmes - Projects for major infrastructures - Projects for the improvement of centres of population 		<ul style="list-style-type: none"> - Special Project for hinterland areas - Special Project for reafforestation - Special Project for water schemes 	<p>road link:</p> <ul style="list-style-type: none"> - enlarging the port of Civita-vecchia - Improving regional ports (especially Gaeta) - river transport and lake navigation

<p>Education, culture and vocational training</p>	<p>- Integrated system of parks and nature reserves</p>		<ul style="list-style-type: none"> - Three-year school building plan - University of Tor Vergara - Universities of Viterbo and Cassino
<p>Improving the school attendance rate</p>	<ul style="list-style-type: none"> - Extending the right of access to education - Provision of more communal reading centres - Anti-illiteracy campaign - Encouragement of reading - Refresher training for teachers 		
<p>Raising the standards of library and other cultural services</p> <p>Matching vocational training to the projected future development and restructuring of the production apparatus</p>			

LATIUM		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	17202.60	5.7		
	of which: mountain areas			4490	4.2		
Resident population	total	1976	Units	4958554	8.8		
	in local author. areas > 50 000 inhabitants			3031841	14.2		
Net migration		1951-71		+500658			
		1951-76		+579198			
Employment	total	1976	Units	1699600	8.5		
	in agriculture			145600	5.0		
	in secondary sector			448900	5.9		
	in tertiary sector			1105100	11.7		
Registered unemployment	Classes I + II	1976	Units	99912	8.3		
	all 5 classes			105755	8.1		
Registered 'Special Law for the Young'		1977		68859	10.6		
Redundancy payments in secondary sector ¹		1976	Hours				
GDP at market prices		1975	LIT 10 ⁹	10402.7	9.3		
Consumption	private			7567.4	10.0		
	public			1478.3	9.5		
Gross capital formation				1593.6	7.1		
Gross fixed capital formation in secondary sector				304.8	4.0		

¹ Ordinary system.

LATIUM		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	288	161	187
Level of urbanization ¹					61.1	33.0	37.8
Activity rate (active popul./total population)			1977	%	37.1	34.8	38.9
Unemployment rate ²					10.2	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	344.0	302.7	354.5
	in agriculture				29.5	80.7	52.2
	in secondary sector				90.9	89.6	134.5
	in tertiary sector				223.7	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+48.4	+12.2	+18.5
	of employ- ment	total			+20.3	-7.9	+1.1
		in agriculture			-69.5	-56.7	-66.1
		in secondary sector			+26.8	+35.6	+30.2
		in tertiary sector			+89.9	+73.5	+79.5
GDP/inhab., current prices	absolute value		1975	LIT 1000	2114	1380	2006
	annual change		1970-75	%	12.4	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

FROSINONE PROVINCE		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	3239.07	1.1		
	of which: mountain areas			1376	1.3		
Resident population	total	1976	Units	452760	0.8		
	in local author. areas > 50 000 inhabitants						
Net migration		1951-71		135906			
		1951-76		-120373			
Employment	total	1976	Units				
	in agriculture						
	in secondary sector						
	in tertiary sector						
Registered unemployment	Classes I + II	1976	Units	15009	1.2		
	all 5 classes			17362	1.3		
Registered 'Special Law for the Young'		1977					
Redundancy payments in secondary sector ¹		1976	Hours				
GDP at market prices		1975	LIT 10 ⁹	727.4	0.6		
Consumption	private						
	public						
Gross capital formation							
Gross fixed capital formation in secondary sector							

¹ Ordinary system.

FROSINONE PROVINCE		2	Year	Unit	Region	Mezzo- giorno	Italy		
Indicator									
Population density			1976	inh/km ²	140	161	187		
Level of urbanization ¹									
Activity rate (active popul./total population)			1977	%					
Unemployment rate ²									
Employment per 1000 inhab.	total		1976	‰					
	in agriculture								
	in secondary sector								
	in tertiary sector								
Changes 1951-1976	of population		1951-76	%		-3.4	+12.2	+18.5	
	of employ- ment	total							
		in agriculture							
		in secondary sector							
		in tertiary sector							
GDP/inhab., current prices	absolute value		1975	LIT 1000	1621	1380	2006		
	annual change		1970-75	%	14.1	14.1	13.3		

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

LÁTINA PROVINCE		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	2250.44	0.7		
	of which: mountain areas			67	0.1		
Resident population	total	1976	Units	419066	0.7		
	in local author. areas > 50 000 inhabitants			90515	0.4		
Net migration		1951-71		-2090			
		1951-76		15317			
Employment	total	1976	Units				
	in agriculture						
	in secondary sector						
	in tertiary sector						
Registered unemployment	Classes I + II			10656	0.9		
	all 5 classes			12233	0.9		
Registered 'Special Law for the Young'		1977					
Redundancy payments in secondary sector ¹		1976	Hours				
GDP at market prices		1975	LIT 10 ⁹	818.1	0.7		
Consumption	private						
	public						
Gross capital formation							
Gross fixed capital formation in secondary sector							

¹ Ordinary system.

LATINA PROVINCE		2	Year	Unit	Region	Mezzo- giorno	Italy
Indicator							
Population density			1976	inh/km ²	186	161	187
Level of urbanization ¹					21.6	33.0	37.8
Activity rate (active popul./total population)			1977	%			
Unemployment rate ²							
Employment per 1000 inhab.	total		1976	‰			
	in agriculture						
	in secondary sector						
	in tertiary sector						
Changes 1951-1976	of population		1951-76	%	+47.7	+12.2	+18.5
	of employ- ment	total					
		in agriculture					
		in secondary sector					
		in tertiary sector					
GDP/inhab., current prices	absolute value		1975	LIT 1000	1986	1380	2006
	annual change		1970-75	%	12.8	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

XIV. THE MARCHES

1. PROBLEMS AND IMBALANCES

1.1. Problems

The only part of the region of The Marches qualifying for ERDF contributions is that portion of the province of Ascoli Piceno which is eligible for assistance under the special legislation on the Mezzogiorno.

The surface area of the province in question is 2 086 km², of which 540 km² is mountainous. As at 31 December 1976, the resident population is 349 920 inhabitants, giving a population density of 168 inhabitants/km². The level of urbanization is 16.1%.¹

The area of the province constitutes 22% of the area of the region as a whole, and the population 25%.

Net outward migration from the province during the period 1951-76 was approximately 38 000 persons, while the figure for the whole region was 177 000 (the figure for the province therefore representing 21%).

The province shows a fairly marked imbalance between the supply of and demand for labour; the participation rate is around 39%, but the unemployment rate is about 6%: as at 1976, the number of persons seeking work is approximately 7 000.

The structure of employment in the zone is predominantly agricultural; 28% of persons in employment work in agriculture (as against 25% for the region as a whole), 42% in industry and 34% in the tertiary sector.

The precarious socio-economic situation of the province, whose production and employment characteristics resemble those of the South rather than those of Central Italy, can be illustrated more clearly by the figures for a number of macroeconomic variables.

The province consumes 23.1% of the region's income, while per capita GDP, at barely LIT 1 552 300, is 33% lower than the national average.

¹ The figures given here refer to the whole province, since no separate statistics are available for the 26 communes (out of 276) which alone qualify for special assistance in the province of Ascoli Piceno. The population of these 26 communes represents some 50% of that of the whole province.

The income of the province is produced as follows: 16.3% from agriculture, 30.5% from industry, and the remaining 53.2% from other activities.

1.2. Imbalances

The present geographic structure of The Marches is marked by a twofold imbalance: first, its very peripheral position in regard to the principal areas of economic strength and the main axes of interregional communication (which actually cross the region only along the coastal strip); and secondly, the imbalance between the almost flat coastal strip and the hilly and mountainous areas of the interior.

Recent historical developments have been accompanied by migration away from agriculture, which has resulted in depopulation of the hinterland areas contrasted by chaotic overcrowding of the coastal areas. This has had serious consequences not only for the region's socio-economic structure but also for its historical and cultural heritage.

The progressive shift of population away from the interior towards the coastal strip has been accompanied by an increasing development of the infrastructure of the latter, which is now traversed by both the motorway and the Adriatic railway.

The redistribution of population within the region has also produced under-utilization of structures established in the areas where the population is declining, and an increase in the requirements for public amenities in the areas of population influx.

Overall, the Region must be considered as under-urbanized (even in relation to the average values for the Mezzogiorno,¹ the deficiency being more qualitative than quantitative.

The existence of only one centre (Ancona) with more than 100 000 inhabitants makes The Marches dependent on neighbouring regions, and above all the Rome area, for access to specialized urban services.

The Marches thus display both imbalances which are typical of the South as a whole (depopulation and abandonment of hinterland areas, growing congestion of coastal areas, etc.) and imbalances which are peculiar to the historical development of the pattern of settlement and production structure of the region itself.

All in all, despite their very peripheral position in regard to neighbouring regions, it must be stressed that The Marches, while sharing the socio-economic situation of the Mezzogiorno in many respects, do diverge from it, above all in the central and northern areas.²

¹ The level of urbanization of The Marches (taking as 'urban' any centre with more than 50 000 inhabitants) is 21.9%, as against 33.0% for the Mezzogiorno and 37.8% for Italy as a whole.

² As demonstrated in particular by the participation rate, unemployment rate, employment in industry, etc.

2. DEVELOPMENT OBJECTIVES

As already mentioned, the part of The Marches qualifying for assistance from the Cassa per il Mezzogiorno is no more than a fraction of the province of Ascoli Piceno.

However, the impossibility of relating development objectives to a single part of the territory makes it unavoidable to describe these objectives as they appear from the planning document for the whole region.¹

2.1. Production sectors

The development of the production sectors is the central element of regional assistance policy, the main purpose being to raise employment levels. In this respect the regional programme is designed to achieve its aims by coordinating the policies of the central authorities as well as by initiating measures of its own.

2.1.1. Agriculture

The objective of establishing a better geographic and social balance is reflected in the importance attributed to agriculture in the process of regional development, and so commits the Regional Government to initiating political, social and economic measures for overcoming the serious crisis in the agricultural sector and restoring it to a sound basis.

The specific objectives to be pursued in the agricultural sector are as follows:

- creation of the conditions for a better use of resources and for the expansion and qualitative improvement of agricultural production, closely linked with the modernization of agricultural undertakings and development of rural areas;
- strengthening and properly exploiting integrated and associated family undertakings;
- improvement of the living conditions of the rural population within the framework of operations for modernizing agricultural landholding structures and developing agricultural infrastructures.

To guarantee the attainment of these objectives, the Regional Government intends to:

- implement a programme of judiciously linked components (establishment of planning districts; specific measures for reactivating mountain communities; creation of a public technical assistance and vocational training service in the context of a general revision of the role of the Development Board; re-

¹ 'Outline programme for regional development' prepared by the Regional Government in accordance with Article 25 of the Statute (March 1974) and Regional Law No 40 of 1977 on 'Adoption of the multi-annual budget for the period 1977-81'.

clamation of uncultivated land; revision of incentives; zonal plans, etc.) designed to deal with the sector's problems not merely by increasing expenditure but also by reorganizing policies and institutions;

- develop (chiefly through direct assistance) technical assistance, agronomic experimentation and research, and popularization and demonstration activities;
- provide incentives for agricultural cooperation, with the further aim of complementing and modernizing the network of agricultural activities and ensuring better utilization of agricultural products.

2.1.2. Industry and craft trades

In the industrial sector too, there are geographic priorities for regional assistance; thus, there is a need for direct assistance in the establishment of properly equipped industrial areas, and this assistance must be accompanied by measures to select incentives by sector and area.

This policy of assistance, which is generally applicable to the whole of the region and to all sectors, is adopted on a priority basis for the hinterland areas, where there is a need to stimulate entrepreneurial activities and capacity, but it must also be pursued determinedly in the more developed areas if a healthy situation is really to be achieved.

In regard to small firms and craft workshops, the Regional Government intends to promote coordinated measures for the support and development of various forms of association and consortia which will strengthen the structure of this sector.

A particularly important part will be played here by a special credit policy based on regionalization of the Artigiancassa (Craft Trades Fund) and the development of cooperative consortia as credit guarantors.

2.1.3. Tourism

In order to make the best use of the region's resources in the tourism sector, the regional authorities propose an integrated system for the development of tourism, with emphasis on the relation between the various cultural and natural features, between the coastal zones and the hilly and mountainous areas, and between the production structures specific to the tourism sector and those of the agricultural, industrial and other sectors.

2.1.4. Trade

The planning guidelines adopted by the Regional Government are aimed at improving the organization of the commercial system, with particular reference to:

- the development of forms of association;
- improved professional qualifications of operators in the sector;
- the establishment of a system of wholesale markets;

- the preparation of plans for the development and upgrading of the commercial network at both commune and district level.

2.2. Infrastructures

The objectives laid down by the Regional Government for assistance policies in the social infrastructures sector are consistent with the overall planning guideline of 'optimum utilization of the existing areas of interdependence between the various sectors (productive activities and social sectors) and, in particular, the way in which they complement each other from the point of view of their geographic location throughout the region'.

To this end it is necessary to overcome the mountain/plain, countryside/town dichotomy which is a dominant feature of the region, through a substantial shift in the distribution of investment in favour of the mountainous and hilly areas.

It is this which determine the fundamental policy decision embodied in the establishment of a better balance of the region's geographic, socio-economic and institutional elements.

2.2.1. Environment

Under land-use and town-planning, the development programme aims at breaking down the isolation of The Marches from its surrounding regions and the rest of Italy and bringing the isolated hinterland areas back into the regional structure.

2.2.2. Building

Under the more specific heading of building, the policy guideline is the recognition of housing as a social service, and in accordance with this principle the objective is to extend as far as possible the opportunities afforded by current legislation in the field of public housing programmes and covenanted private buiding.

2.2.3. Social services

Lastly, in regard to social services, the regional objective is to improve availability, both quantitatively and qualitatively, in line with the needs of the community, and to reduce the inequalities which still exist between specific areas and categories.

The policies of assistance are therefore directed along the following lines:

- rationalization of the present organizational structure of services through the rehabilitation of existing facilities and their specialized application and integration in local, district and supra-district units to ensure that all citizens benefit from the services, including the reorganization of the transport system;

- supplementation of this reorganized system by establishing new structures that guarantee the availability of all the necessary services at all geographic levels;
- improvement of existing services through operations designed to achieve social aims more consistent with community needs (e.g. the development of help in the home for the elderly and the handicapped) to promote civic and cultural education (e.g. widespread distribution of the library system and the conversion of museums into open cultural centres), to guarantee health assistance and the enjoyment of leisure for all categories of citizens, and to eliminate any form of profiteering in the provision of social services (e.g. by promoting maximum public participation in the urban development and public housing construction sector).
- direct management of services by the citizens concerned and, where this is not possible, by local bodies, consortia and trade union organizations.

3. MEASURES AND OPERATIONS

An attempt will now be made to enumerate the principal measures of assistance which the Regional Government and the public supra-regional agencies intend to put into effect between now and 1980.

Special assistance by the State consists of its completion works delegated by legal concession to the Regional Government in accordance with Article 6 of Law 183 of 1976 and the Special Projects already in course of implementation or at an advanced stage of preparation, for which the 1977 funding allocations have already been made and for which forecasts for the following three-year period are also available.

Normal assistance by the State relates to programmes formulated within the framework of specific legislative provisions.

Lastly, regional assistance relates to the Multi-annual Budget for the period 1977-81 approved by Regional Law No 40 of 5 September 1977.

3.1. Production sectors

3.1.1. Agriculture

Regional operations in this sector mainly follow two directions.

A - Programme agricultural development, comprising:

- (a) operations for the improvement of agricultural production on the basis of the following regional programmes:
 - studies, research and experiments;
 - specialization in vegetable and animal products;
 - regional services for the improvement of stock-farming resources;

- (b) operations for promoting and assisting agricultural development based on specific regional programmes and carried out through the financing of bodies or associations;
- (c) operations of assistance for cooperative structures, with particular reference to facilities for the production, preparation, processing and marketing of agricultural products. These operations concern the development and modernization of cooperative facilities and grants for their management.

B - Programme for the planning and restructuring of agriculture, comprising:

- preparation of zonal agricultural plans;
- measures supporting the modernization of agricultural structures;
- operations for the reorganization and improvement of the landholding system;
- operations for infrastructures and combined forestry and grazing, particularly in mountainous or less-favoured areas;
- promotional measures, provision of assistance and dissemination of socio-economic information to undertakings by local agencies.

C - Infrastructure operations administered by the Cassa per il Mezzogiorno which refer specifically to the area falling within the Cassa's terms of reference and take the form of:

- completion works relating to land reclamation, electrification and rural roads; the expenditure estimated for these infrastructures is LIT 607 million;
- Special Project No 23 (Irrigation), which concerns studies and project planning for the extension of irrigation in the zones bordering the Tronto district, which has already been irrigated;
- Special Project No 4 (Intensive meat production in the Mezzogiorno);
- Special Project No 24 (Reafforestation for production purposes);
- Special Project No 29 (Intersectoral water schemes).

3.1.2. Industry and craft trades

A - Regional operations in the industrial sector proper should be seen as complementary to the special and normal assistance provided by central government: industrial incentives in the form of grants and soft loans; industrial infrastructures programme; and operations by undertakings with State participation.

- (a) Special assistance in the form of incentives and grants for new activities and the expansion of existing activities refer to industrial ventures for which the investments are already in course of implementation or ready to be implemented in the immediate future.

These investments total some LIT 22 000 million and are concentrated mainly in the manufacturing industries, particularly mechanical engineering (approximately LIT 5 000 million) and textiles (LIT 3 000 million).

- (b) For industrial infrastructures, the information refers to the 1977 annual programme of the Cassa per il Mezzogiorno as approved by the Minister. The commitments undertaken total some LIT 1 600 million for electrification and water supplies in the Campolungo zone.

B - In the small industry and craft trades sector, however, the Regional Government has developed its own policy, which will be based on the following operations:

- establishment of a Regional Financing Institution;
- operations for the development of cooperative craft-trade production structures;
- surveys, studies and research for promotion and development;
- promotional activities for the craft trades sector.

3.1.3. Tourism

The principal measures in this sector derive from the policy of providing incentives and support for tourist facilities and making the best use of the natural heritage. They include the following operations in particular:

- programme for the development of tourism structures;
- operations for the promotion of tourism;
- operations in the form of local tourist events;
- completion works involving grants and loans for the hotel trade.

3.2. Infrastructure

The objectives indicated for social infrastructures cannot be pursued through a simple policy of funding and financial contributions. What is required is concentration of all available resources on the creation of the structures necessary to the production of social assets in the sectors of building, social security, education, culture, leisure and communications.

Regional and central government assistance in regard to the commitment of income for social purposes therefore takes the following forms.

3.2.1. Environment

Regional programme for the protection of vegetation, development of forest resources and safeguarding of forest grazing land.

3.2.2. Transport

A - Regional operations for development of the road system, particularly at province and district level.

These regional operations will be backed up by completion works on both ordinary roads and highways involving an expenditure of LIT 20 700 million.

B - Regional operations for the improvement of port facilities.

C - Special Projects administered by the Cassa per il Mezzogiorno for the construction of the Aprutina hill road.

The operations concern the completion of the stretch traversing the city of Ascoli Piceno, and involve a commitment of LIT 7 800 million.¹

3.2.3. Building

A - Regional assistance for the public control of urban growth.

B - Multi-annual public housing construction programme involving a commitment of LIT 5 400 million for regional investments in the various areas of subsidized, covenanted and assisted building.

3.2.4. Education, culture and leisure

A - Regional assistance comprises:

- research programme on the siting of educational facilities and on the fulfilment of the right to education;
- development of plans, experiments and technical assistance;
- operations for the improvement and wider distribution of sports and recreational facilities.

B - Central government assistance mainly comprises:

- a multi-annual school building programme;
- completion works relating to vocational training programmes and the creation of sports installations.

3.2.5. Social security

A - Regional assistance under this heading is directed chiefly towards preparation of the health and social services plan, which, in harmony with the principles of the reform of the national public health system, provides for integration of the various forms of assistance into a coordinated set of functions administered by the local public health unit, and for a shift in resources away from emphasis on treatment towards preventive medicine based on specialized clinics.

B - Central government assistance comprises:

- the multi-annual hospital building programme;
- completion works on the expansion and construction of hospitals and clinics.

¹ This project has now been included in the more extensive Special Project for the hinterland areas, which provides for operations in all production sectors and in the social services sectors. The cost is based on the 1977 annual programme.

Reference table for the region of The Marches

Overall targets

- A. Establishment of a better geographic balance by planning a new physical structure designed to create integrated complexes of social and productive services
- B. Conversion and structuring of production to favour the development of small and medium-sized firms capable of spreading new employment and income opportunities throughout the region

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
<p>PRODUCTION SECTORS</p> <p><u>Agriculture</u></p> <p>Improving the use of resources by expanding and raising the quality of agricultural production</p> <p>Strengthening and properly exploiting integrated and associated family undertakings</p> <p>Improving the standard of living of the rural population</p>	<ul style="list-style-type: none"> - Modernization of agricultural undertakings and development of rural infrastructures - Creation of a technical assistance and vocational training service - Promotion of agronomic experimentation and research, and popularization and demonstration activities - Incentives for agricultural cooperation in production, purchase of the means of production, and marketing of products 	<ul style="list-style-type: none"> - Plan for agriculture and foodstuffs 	<ul style="list-style-type: none"> - Special Project No 4 (Intensive meat production in the Mezzogiorno) - Special Project 24 (Reafforestation for production purposes) - Special Project No 23 (Development of irrigation) - Special Project No 29 (Intersectoral water schemes) - Completion works 	<ul style="list-style-type: none"> - Programme of studies, research, experiments and services for crop specialization and improvement of stock-farming resources - Operations for promoting and assisting agricultural undertakings - Preparation of zonal agricultural plans - Measures for improving the landholding system and modernizing agricultural structures

Industry and craft trades

Establishing a more even geographic distribution of industry

Expansion and conversion of the industrial apparatus, with particular reference to small and medium-sized industry and the craft trades sector

- Establishment of properly equipped industrial areas, located in relation to existing and projected settlement patterns and communication systems (infrastructure and transport)
- Promotion of coordinated measures for the support and development of forms of association and consortia
- Achievement of satisfactory levels of efficiency in the craft trades sector in regard to technology, management and marketing

- Plan for the conversion and restructuring of industry
- Investment programme for undertakings with State participation
- Coordination of operations involving foreign economic policy

- CASMEZ incentives and grants
- CASMEZ industrial infrastructures programme

- Establishment of the Regional Financing Institution
- Operations for the development of cooperative craft-trade production structures
- Studies and research for promotion and development

Tourism

Identification and development of areas designated for the expansion of tourism

- Establishment of an integrated system for the development of tourism that will take account of the relations between the various cultural and natural components

- Completion works

- Programme for the development of tourism structures
- Promotional operations

Reference table for the region of the Marches (cont'd)

Specific objectives	Measures	Operations		
		Central Government		Regional
		normal	special	
INFRASTRUCTURES				
<u>Environment</u> Protection of the natural environment and elimination of the causes of environmental damage	- Programme of surveys of the environmental situation and identification of areas requiring protection and direct measures to safeguard the natural heritage	- Special Project 24 (Reafforestation)	- Measures for the protection of vegetation and the development of forest resources	
<u>Transport</u> Establishment of a more efficient organization of communication infrastructures	- Creation of an integrated system of public transport, combining road, rail and port facilities	- Italian State Railways Plan - National Road Board Plan	- Development of the regional road system - Improvement of port facilities	
<u>Building</u> Restimulation of public housing construction	- Restructuring and development of urban and rural housing	- Multi-annual Public Building Programme (housing)	- Operations for public control of urban growth - Creation of town-planning instruments	
<u>Social services</u> Quantitative and qualitative improvement of the range of social services to match them	- Planning in the field of education, vocational training, cultural and leisure	- Multi-annual Public Building Programme (schools)	- Completion works	- Programme for fulfilment of the right to education

<p>to the needs of the community</p>	<p>policy</p> <ul style="list-style-type: none"> - Measures on planning, supervision, and health education - Organization of health and social services at district level 	<ul style="list-style-type: none"> - Multi-annual Public Building Programme (hospitals) 	<ul style="list-style-type: none"> - Completion works 	<ul style="list-style-type: none"> - Operations for vocational training - Protection of cultural assets - Improvement and wider distribution of sports and recreational facilities - Preparation of the health and social services plan
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THE MARCHES		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total		1976	km ²	9693.54		3.2
	of which: mountain areas				3020		2.8
Resident population	total		1976		1396950		2.5
	in local author. areas > 50 000 inhabitants				306213		1.4
Net migration			1951-71		-177395		
			1951-76		-164585		
Employment	total		1976	Units	537300		2.7
	in agriculture				106800		3.6
	in secondary sector				203800		2.7
	in tertiary sector				226700		2.4
Registered unemployment	Classes I + II		1976		21435		1.8
	all 5 classes				24727		1.9
Registered 'Special Law for the Young'			1977		14208		2.2
Redundancy payments in secondary sector ¹			1976	Hours			
GDP at market prices			1975	LIT 10 ⁹	2508.3		2.2
Consumption	private				1826.4		2.4
	public				386.9		2.5
Gross capital formation					502.6		2.2
Gross fixed capital formation in secondary sector					114.3		1.5

¹ Ordinary system.

THE MARCHES		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicator							
Population density			1976	inh/km ²	144	161	187
Level of urbanization ¹					21.9	33.0	37.8
Activity rate (active popul./total population)			1977	%	45.0	34.8	38.9
Unemployment rate ²					4.7	9.2	6.6
Employment per 1000 inhab.	total		1976	‰	385.5	302.7	354.5
	in agriculture				76.6	80.7	52.2
	in secondary sector				146.28	89.6	134.5
	in tertiary sector				162.7	132.4	167.8
Changes 1951-1976	of population		1951-76	%	+2.4	+12.2	+18.5
	of employ- ment	total			-21.3	-7.9	+1.1
		in agriculture			-74.9	-56.7	-66.1
		in secondary sector			+55.0	+35.6	+30.2
		in tertiary sector			+80.8	+73.5	+79.5
GDP/inhab., current prices	absolute value		1975	LIT 1000	1804	1380	2006
	annual change		1970-75	%	13.6	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

ASCOLI PICENO PROVINCE		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	2086.48	0.7		
	of which: mountain areas			540	0.5		
Resident population	total	1976	Units	349920	0.6		
	in local author. areas > 50 000 inhabitants			56448	0.3		
Net migration		1951-71		-37963			
		1951-76		-35833			
Employment	total	1976	Units				
	in agriculture						
	in secondary sector						
	in tertiary sector						
Registered unemployment	Classes I + II	1976	Units	6522			
	all 5 classes			7329			
Registered 'Special Law for the Young'		1977					
Redundancy payments in secondary sector ¹		1976	Hours				
GDP at market prices		1975	LIT 10 ⁹				
Consumption	private						
	public						
Gross capital formation							
Gross fixed capital formation in secondary sector							

¹ Ordinary system.

ASCOLI PICENO PROVINCE		2	Year	Unit	Region	Mezzo-giorno	Italy
Indicators							
Population density			1976	inh/km ²	168	161	187
Level of urbanization ¹					16.1	33.0	37.0
Activity rate (active popul./total population)			1977	%			
Unemployment rate ²							
Employment per 1000 inhab.	total		1976	‰			
	in agriculture						
	in secondary sector						
	in tertiary sector						
Changes 1951-1976	of population		1951-76	%			
	of employ- ment	total			+6.3	+12.2	+18.5
		in agriculture					
		in secondary sector					
		in tertiary sector					
GDP/inhab., current prices	absolute value		1975	LIT 1000	1552	1380	2006
	annual change		1970-75	%	14.1	14.1	13.3

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

XV. AREAS OF TUSCANY ELIGIBLE FOR SPECIAL ASSISTANCE

1. The areas concerned are the islands of Elba, Giglio and Capraia, which possess characteristics qualifying them for inclusion in the territory eligible for assistance under the special legislation on the Mezzogiorno, even though they do not form part of it geographically. Altogether, the three islands have a resident population of about 30 000 inhabitants, living on a land area of approximately 275 km².

These islands constitute, quite obviously, a very small proportion of the entire territory of the region of Tuscany, and indeed a negligible proportion of the total area of the Mezzogiorno or of Italy as a whole. They are also 'depressed' areas, as can be readily inferred from the outward migration and the steady and substantial decrease in employment recorded during the past twenty years.

The production structure is predominantly (in the case of Elba) or almost exclusively (in the case of Giglio and Capraia) centred on tourism; however, this sector has not yet been developed as fully as it might be, given the outstanding natural attractions of these islands.

2. Consequently, the principal objective is to improve the facilities for accommodating tourists and the infrastructures to support tourism activities, and both normal and special measures and operations are directed towards this.

The main measures are as follows:

- completion works financed by the Cassa per il Mezzogiorno, delegated by legal concession to the regions in accordance with Article 6 of Law 183 of 1976;
- investment projects in the production sectors which are eligible for the soft loan schemes granted under Law 183 of 1976.

The completion works concern the tourism sector, and comprise loans and grants for increasing or enlarging tourist hotel accommodation.

The estimated financial commitment is LIT 5 700 million.

The second type of assistance relates to industrial ventures for which the capital projects are in course of implementation; the total amount involved is approximately LIT 2 000 million and covers new production plants in the transport sector (LIT 600 million) and the clothing trade (LIT 1 500 million).

ISLAND OF ELBA		1	Year	Unit	Region	in % of the total							
Indicators						Mezzo-giorno	Italy						
Surface	total		1976:	km ²	243.66	0.08							
	of which: mountain areas												
Resident population	total		1951-71	Units	28243	0.05							
	in local author. areas > 50 000 inhabitants												
Net migration			1951-71										
			1951-76										
Employment	total		1971	Units	8760	0.05							
	in agriculture					1976	Units	1134	0.03				
	in secondary sector								1976	Units	2904	0.03	
	in tertiary sector											1976	Units
Registered unemployment	Classes I + II		1976	Units									
	all 5 classes												
Registered 'Special Law for the Young'			1977										
Redundancy payments in secondary sector ¹			1976	Hours									
GDP at market prices			1975	LIT 10 ⁹									
Consumption	private												
	public												
Gross capital formation													
Gross fixed capital formation in secondary sector													

¹ Ordinary system.

ISLAND OF ELBA		2	Year	Unit	Region	Mezzo-giorno	Italy								
Indicator															
Population density			1976	inh/km ²	116	161	187								
Level of urbanization ¹															
Activity rate (active popul./total population)			1971	%	33.4		36.6								
Unemployment rate ²			1976												
Employment per 1000 inhab.	total		1971	‰	318.0		347.8								
	in agriculture														
	in secondary sector														
	in tertiary sector														
Changes	of population		1951-76	%			-3.0	+12.2	+18.5						
	of employ- ment	total								1951-71			-2.0		-3.8
		in agriculture													
		in secondary sector													
		in tertiary sector													
GDP/inhab., current prices	absolute value		1975	LIT 1000											
	annual change		1970-75	%											

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

ISLAND OF GIGLIO		1	Year	Unit	Region	in % of the total	
Indicators						Mezzo-giorno	Italy
Surface	total	1976	km ²	23.80	0.01		
	of which: mountain areas						
Resident population	total	1976	Units	1720	0.003		
	in local author. areas > 50 000 inhabitants						
Net migration		1951-71					
		1951-76					
Employment	total	1971	Units	478	0.003		
	in agriculture				29	0.0009	
	in secondary sector				138	0.002	
	in tertiary sector				311	0.004	
Registered unemployment	Classes I + II	1976					
	all 5 classes						
Registered 'Special Law for the Young'		1977					
Redundancy payments in secondary sector ¹		1976	Hours				
GDP at market prices		1975	LIT 10 ⁹				
Consumption	private						
	public						
Gross capital formation							
Gross fixed capital formation in secondary sector							

¹ Ordinary system.

ISLAND OF GIGLIO		2	Year	Unit	Region	Mezzo-giorno	Italy	
Indicators								
Population density			1976	inh/km ²	72	161	187	
Level of urbanization ¹				%				
Activity rate (active popul./total population)			1971		29.6		36.6	
Unemployment rate ²			1976					
Employment per 1000 inhab.	total		1971	‰	279.4		347.8	
	in agriculture				16.9		59.9	
	in secondary sector				80.7		154.2	
	in tertiary sector				181.8		133.7	
Changes	of population		1951-76	%	-27.0	+12.2	+18.5	
	of employ- ment	total			1951-'71	-38.9		-3.8
		in agriculture				-83.1		-60.7
		in secondary sector				-53.7		+32.8
		in tertiary sector				-0.3		+44.0
GDP/inhab., current prices	absolute value		1975	LIT 1000				
	annual change		1970-75	%				

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

ISLAND OF CAPRAIA		1	Year	Unit	Region	in % of the total							
Indicators						Mezzo-giorno	Italy						
Surface	total		1976	km ²	19.26	0.01							
	of which: mountain areas												
Resident population	total		1976	Units	330	0.001							
	in local author. areas > 50 000 inhabitants												
Net migration			1951-71										
			1951-76										
Employment	total		1971	Units	119	0.001							
	in agriculture					1971	Units	6	0.0002				
	in secondary sector								1971	Units	11	0.0001	
	in tertiary sector											1971	Units
Registered unemployment	Classes I + II		1976	Units									
	all 5 classes												
Registered 'Special Law for the Young'			1977										
Redundancy payments in secondary sector ¹			1976	Hours									
GDP at market prices			1975	LIT 10 ⁹									
Consumption	private												
	public												
Gross capital formation													
Gross fixed capital formation in secondary sector													

¹ Ordinary system.

ISLAND OF CAPRAIA		2	Year	Unit	Region	Mezzo- giorno	Italy	
Indicator								
Population density			1976	inh/km ²	17	161	187	
Level of urbanization ¹								
Activity rate (active popul./total population)			1971	%	38.1		36.6	
Unemployment rate ²			1976					
Employment per 1000 inhab.	total		1971	‰			347.8	
	in agriculture						59.9	
	in secondary sector						154.2	
	in tertiary sector						133.7	
Changes of employ- ment	of population		1951-76	%			+18.5	
	of employ- ment	total					1951-71	-3.8
		in agriculture						-60.7
		in secondary sector						+44.0
		in tertiary sector						
GDP/inhab., current prices	absolute value		1975	LIT 1000				
	annual change		1970-75	%				

¹ Population in local authority areas > 50 000 inhabitants in % of total population.

² Persons seeking work in % of active population.

Annex 1

DEFINITIONS OF THE PARAMETERS USED
AND STATISTICAL SOURCES OF THE DATA PRESENTED

In the statistical schedules for the individual regions, the figures given for each indicator are based on the latest and most up-to-date statistics available. Thus, for most indicators the latest year quoted is 1976, while for other indicators, such as the labour force and the unemployment rate, it has been possible to make use of the first data for 1977. We enumerate below, for each indicator, the statistical definition and the source used.

Surface area

The total area quoted refers to the situation as at 31 December 1976 (Source: ISTAT, Population and census trends of the communes, publ. 1977).

The figure quoted for the area of mountainous zones refers to the situation as at 30 June 1976 (Source: ISTAT, Statistical summary for Italy, 1977).

Demographic indicators

The population quoted is taken from the census figures as at 31 December 1976 (Source: ISTAT, Population and census trends of the communes, publ. 1977). The population density and the percentage of the total population living in communes with more than 50 000 inhabitants (level of urbanization) are based on the same source.

The net migration quoted refers to the period from 1 January 1952 to 31 December 1971 (Source: ISTAT, Development of the population of Italy from 1861 to 1961, *Annali di Statistica*, Series VIII, Vol. 17, and ISTAT, Population and census trends of the communes, publ. 1973).

Employment indicators

The figures for employment in absolute terms (and per 1 000 inhabitants) are those estimated by the ISTAT within the context of national accounting, which differ from those inferred from surveys of the labour force in so far as they include both workers who live at their place of work and those working at home, and seasonal workers and helpers, who are not fully covered by sample surveys. The figures given refer to mid-1976, do not include persons on military service, and have been prepared in accordance with the system of classification provided for in the new European System of Integrated Economic Accounts (ESA) (Source: ISTAT, Numbers of employed in Italy, 1970-76).

The participation rate is calculated as the ratio of the labour force (taken from the ISTAT sample survey of 22 April 1977) to the whole population, while the unemployment rate has been calculated as the number of persons seeking work (either their first job or a new one) as a percentage of the total labour force.

Registered unemployment for Classes I and II (Source: Ministry of Labour and Social Security) consists of those who are unemployed as a result of the cessation of a previous job and of young people under 21 years of age, plus those discharged from the armed forces after completing military service, and other persons seeking their first job. Registered unemployment under the 'special

Law for the young' (Source: Ministry of Labour and Social Security) represents those who, in accordance with Law 285 of 1 June 1977 as amended by Decree-Law No 706 of 30 September 1977, have been placed on special employment exchange registers.

The figures on the hours authorized by the Cassa Integrazione dei Guadagni (redundancy payments) are taken from the INPS (National Institute for Social Security).

Economic indicators

The figures on income (GDP at market prices), consumption and capital formation are taken from UNIONCAMERE, Regional economic accounts, 1975, and G. Tagliacarne, Provincial economic accounts, 1970-75.

Annex 2

ADDITIONAL SUPPLY OF LABOUR UP TO 1980
IN THE VARIOUS REGIONS OF THE MEZZOGIORNO

1. The imbalance in Italy between the demand for and supply of labour during the next few years almost exclusively concerns the Mezzogiorno, according to the analyses already made in the course of the preparation of the Five-Year Programme.¹ These analyses show that as a result of demographic changes and changes in specific participation rates, the regions of the South, which contain 34% of the country's population, account for about 90% of the natural increase in the labour force of the entire country.

This estimate, which refers to the entire territory of the Mezzogiorno, needs to be broken down into figures for the individual regions of the South in order to determine whether the situation differs from one area to another and to take into account the latest basic statistical data provided by ISTAT.

2. Starting from January 1977, the ISTAT has made a number of changes to its criteria for the collection and analysis of statistics on the labour force. Certain categories of persons have been included in the labour force who had previously been taken into account only in special surveys carried out within the framework of statistics harmonized at Community level. These include, in particular, persons who although not actively seeking work would be disposed to accept it subject to certain conditions.

Although the changes made to the criteria for collecting statistics cause certain difficulties in comparisons with previous surveys (see Table 1),² they do allow more appropriate and accurate comparison with the data compiled and published by the other EEC countries.

It was therefore considered advisable, for the purpose of estimating the additional supply of labour in each region, to start from the latest ISTAT estimates and repeat the entire procedure (including forecasts of population by age-group, estimates of future specific participation rates and calculation of the supply of labour) rather than use the previous estimates (and thereby break down the figure for the Mezzogiorno on the basis of convenient criteria).

3. Thus, the procedure adopted has made it necessary to formulate forecasting assumptions on the future behaviour of the population as regards working activities: the estimated levels of the specific participation³ have been calculated on the basis of both the present situation in other regions which are at a more advanced stage of development and the planning indications on the school-age and pensioner populations.

On the basis of these assumptions, the total labour force of the Mezzogiorno (see Table 2) will increase during the period 1977-80 by 293 000 persons (172 000 men and 121 000 women).

1 Office of the Minister for Special Assistance in the Mezzogiorno, Five-year Programme for the Mezzogiorno.

2 Even between 1976 and 1977, these changes in the statistical criteria governing the definition, collection and analysis of data produced for the Mezzogiorno a change of 646 000 persons in the labour force (228 000 men and 418 000 women).

3 Defined as the numbers of the active population, by sex and age-group, expressed as a percentage of the total population.

Table 1

Comparison of data on the labour force for 1976 and 1977

	ISTAT 1976			ISTAT 1977 (April)			Change in the total labour force between 1976 and 1977
	Em- ployed	Persons seeking work	Total	Em- ployed	Persons seeking work	Total	
	<u>Men and women</u>						
Abruzzi	395	18	413	412	40	452	+ 39
Molise	111	4	115	119	7	126	+ 11
Campania	1 543	92	1 635	1 672	152	1 824	+189
Apulia	1 217	55	1 272	1 275	110	1 385	+113
Basilicata	200	10	210	215	16	231	+ 21
Calabria	576	54	630	595	80	675	+ 45
Sicily	1 328	72	1 400	1 406	163	1 569	+169
Sardinia	430	29	459	461	57	518	+ 59
MEZZOGIORNO	5 800	334	6 134	6 155	625	6 780	+646
	<u>Men</u>						
Abruzzi	277	11	288	287	17	304	+ 16
Molise	73	2	75	76	3	79	+ 4
Campania	1 148	63	1 211	1 204	79	1 283	+ 72
Apulia	852	36	888	893	45	938	+ 50
Basilicata	140	7	147	141	9	150	+ 3
Calabria	422	34	456	431	35	466	+ 10
Sicily	1 104	48	1 152	1 132	71	1 203	+ 51
Sardinia	341	18	359	358	23	381	+ 22
MEZZOGIORNO	4 357	219	4 576	4 522	282	4 804	+228
	<u>Women</u>						
Abruzzi	118	7	125	125	23	148	+ 23
Molise	38	2	40	43	4	47	+ 7
Campania	395	29	424	468	73	541	+117
Apulia	365	19	384	382	65	447	+ 63
Basilicata	60	3	63	74	7	81	+ 18
Calabria	154	20	174	164	45	209	+ 35
Sicily	224	24	248	274	92	366	+118
Sardinia	89	11	100	103	34	137	+ 37
MEZZOGIORNO	1 443	115	1 558	1 633	343	1 976	+418

Table 2

Additional supply of labour during the period 1977-80

Region	Men	Women	Total
Abruzzi	- 2	-	- 2
Molise	+ 5	+ 4	+ 9
Campania	+ 64	+ 36	+100
Apulia	+ 28	+ 27	+ 55
Basilicata	+ 11	+ 9	+ 20
Calabria	+ 44	+ 22	+ 66
Sicily	+ 18	+ 16	+ 34
Sardinia	+ 4	+ 7	+ 11
MEZZOGIORNO	+172	+121	+293

The region with the highest potential supply of labour is Campania, (100 000 persons), followed by Calabria (66 000), Apulia (55 000), Sicily (34 000), Basilicata (20 000), Sardinia (11 000) and Molise (9 000).

It is also evident that the supply of labour during the period 1977-80 both in the Mezzogiorno as a whole and in the individual regions will consist predominantly of young people between the ages of 14 and 29; in the Mezzogiorno as a whole, 66.3% of the available labour force consists of persons in this age group.

For the individual regions of the Mezzogiorno, the situation varies to some extent: in the Abruzzi, of the persons available for employment 83.8% are young people between the ages of 14 and 29, while in Sardinia they represent 77%, in Sicily 72%, and in Calabria 63%.

Table 3

Percentage composition by age group of the
additional supply of labour during the period 1977-80

Region	Men and women			Men			Women		
	14-29	30-64	65 +	14-29	30-64	65 +	14-29	30-64	65 +
Abruzzi	83.8	10.8	5.4	107.1	-21.4	14.3	69.6	30.4	-
Molise	55.0	45.0	-	55.6	44.4	-	54.5	45.5	-
Campania	61.3	37.0	1.7	63.2	33.8	3.0	59.5	39.9	0.6
Apulia	63.7	34.5	1.8	74.4	21.8	3.8	54.4	45.6	-
Basilicata	63.4	34.2	2.4	71.4	21.4	7.2	59.3	40.7	-
Calabria	63.1	35.1	1.8	64.8	31.5	3.7	61.4	38.6	-
Sicily	71.9	26.1	2.0	88.4	5.8	5.8	63.4	36.6	-
Sardinia	77.1	20.0	2.9	100.0	- 7.7	7.7	63.6	36.4	-
MEZZOGIORNO	66.3	31.7	2.0	74.0	21.5	4.5	60.5	39.3	0.2

Annex 3

STATISTICAL DATA ON THE FINANCIAL COMMITMENTS
FOR CENTRAL GOVERNMENT ASSISTANCE (NORMAL AND SPECIAL) AND
REGIONAL ASSISTANCE FOR THE MEZZOGIORNO AND ITS REGIONS
DURING THE PERIOD COVERED BY THE PROGRAMME¹

¹ This period coincides in most cases with the four-year period 1976-80.

3.1. Normal central government assistance

Table 3.1.1 - Public housing construction

Table 3.1.2 - School and university building

Table 3.1.3 - Civic building (hospitals, prisons, etc.)

Table 3.1.4 - Posts and telecommunications

Table 3.1.5 - Water schemes

Table 3.1.6 - Seaport works

Table 3.1.7 - Airport works

Table 3.1.8 - Italian State Railways

Table 3.1.9 - National Road Board

Table 3.1.10 - Undertakings with State participation

Table 3.1.11 - Plan for the restructuring and conversion of industry

Table 3.1.1

Multi-annual programme of public housing construction

(Cost in LIT 1 million)

Area	Subsidized	Covenanted	Assisted	Total
Marches	2 811	1 962	645	5 418
Latium	78 910	17 101	8 248	104 259
Abruzzi	68 243	12 207	3 766	84 216
Molise	18 108	3 418	1 574	23 100
Campania	450 529	63 713	25 852	540 094
Apulia	250 556	41 524	13 268	305 348
Basilicata	40 081	10 118	3 065	53 264
Calabria	224 181	26 336	10 851	261 368
Sicily	403 263	85 182	19 182	507 627
Sardinia	116 241	13 062	5 251	134 554
TOTAL	1 652 923	274 623	91 702	2 019 248

Sums fixed by Laws Nos 60 of 1963; 865 of 1971; 166 of 1975; 492 of 1975; and 513 of 1977.

The figures shown relate to investments still to be implemented with the assistance of the financing provided by the above Laws.

Table 3.1.2

Multi-annual programme of school and university building

(Cost in LIT 1 million)

Area	School building (a)		University building (b)
	Primary and secondary	Nursery schools	
Latium	153 376.064		
Abruzzi	38 768.219	157.500	
Molise	9 268.352	89.100	
Campania	246 848.799	927.150	45 044
Apulia	185 137.533	1 194.129	33 175
Basilicata	23 759.133	421.727	
Calabria	83 686.241	358.494	19 615
Sicily	187 103.584	595.260	56 585
Sardinia	79 305.232	420.150	17 113
TOTAL	1 007 253.157	4 163.510	171 532

(a) Appropriations provided for by Law 412 of 5 August 1975, for the period 1976-80. The appropriations for nursery schools are for the period 1975-78.

(b) Appropriations provided for by Law No 50 of 1976, for the period 1976-81.

Table 3.1.3

Multi-annual programme of civic building

Area	(Cost in LIT 1 million)		
	Hospital building (a)	Prison building (b)	Miscellaneous building (c)
Marches		1 380	
Latium	86 536	828	
Abruzzi	23 485	30 084	
Molise	15 064	5 520	
Campania	25 398	45 647	8 000
Apulia	42 410	17 871	
Basilicata	13 906	5 796	
Calabria	18 773	35 190	
Sicily	55 915	52 164	
Sardinia	26 521	5 520	5 000
TOTAL	308 008	200 000	13 000

- (a) Appropriation provided for by Law 492 of 1975, distributed between the regions of the Mezzogiorno by the CIPE (Inter-Ministerial Economic Planning Committee) on 30 March 1976.
- (b) Forecasts of expenditure for completion of the programme of prison building provided for by Law 1133 of 1971. This forecast expenditure is likely to be covered by the appropriation provided under Law 404 of 1 July 1977, of LIT 400 000 million for the whole of Italy.
- (c) This concerns the construction of the Palace of Justice in Naples and of the last phase of the Palace of Justice in Cagliari. There is as yet no Law to cover this requirement.

Table 3.1.4

Posts and telecommunications*

Investment projects in the Mezzogiorno provided for
in the Five-Year Plan for 1977-81

(Cost in LIT 1 million)

Region	Autonomous Administration for Posts and Telecommunications (a)				State Telephone Company (b)
	Plant for mechanization and automation	Operational buildings	Accommodation	Total	
Southern Latium	44 222	13 904	746	58 872	No regional data available
Abruzzi and Molise	34 675	36 971	1 854	73 500	
Campania	77 742	107 502	2 520	187 764	
Apulia and Basilicata	43 205	66 663	2 036	111 904	
Calabria	35 002	46 647	1 532	83 181	
Sicily	88 504	88 546	2 658	179 708	
Sardinia	35 286	26 252	1 224	62 762	
MEZZOGIORNO	358 636	386 485	12 570	757 691	500 000

* This table does not show the investment programme of the SIP (Telephone Services Management Corporation), since this is included in the programme of the undertakings with State Participation (IRI group) (see Table 3.1.10).

(a) Gross value of appropriations granted under Law 15 of 1974 and Law 227 of 1975.

(b) Gross value of appropriations granted by Law 227 of 1975.

(c) This includes accommodation for personnel on duty and low-cost housing.

Table 3.1.5

Implementation of water schemes of categories 2 and 3 falling
within the sphere of competence of the State
 (For the period 1976-80)

(Cost in LIT 1 million)	
Region	Construction, initiation, normal maintenance and associated expenditure
Latium	24 000
Abruzzi	16 000
Molise	13 000
Campania	104 000
Apulia	64 000
Basilicata	48 000
Calabria	112 000
Sicily	400 000
Sardinia	112 000
Total	893 000
Refund of VAT (12%)	107 000
OVERALL TOTAL	1 000 000

Table 3.1.6

Seaport works - 1976-80

(Cost in LIT 1 million)		
Region	Appropriations (a)	Multi-annual programme of operations not yet executory (b)
Campania	<u>30 304</u>	<u>95 000</u>
Naples	30 304	95 000
Apulia		<u>90 000</u>
Bari	-	40 000
Taranto	-	17 000
Brindisi	-	33 000
Calabria		<u>33 000</u>
Crotona	-	33 000
Sicily	<u>5 675</u>	<u>118 000</u>
Palermo	5 225	50 000
Catania	450	34 000
Augusta	-	-
Pantelleria	-	-
Mazzara del Vallo	-	10 000
Porto Empedocle	-	24 000
Sardinia	<u>10 150</u>	<u>70 000</u>
Cagliari	9 550	35 000
Porto Torres	-	22 000
Olbia	600	13 000
Carloforte	-	-
MEZZOGIORNO	<u>46 129</u>	<u>406 000</u>

(a) Appropriation fixed under Law 366 of 1974 at a total of LIT 210 000 million, including LIT 70 000 million for the Mezzogiorno. Law 492 of 1975 provided additional financing for the Port of Naples of LIT 18 000 million.

(b) Total appropriation of LIT 1 130 000 million.

Table 3.1.7

Airport works - 1976-80

(LIT 1 000 million)

Region	Works carried out by the Directorate-General of Shipping (a)		Works financed by the Cassa per il Mezzogiorno
	Additional financing as a result of cost reviews (b)	New works at certain airports (c)	
Abruzzi			<u>22</u>
Pescara			22
Molise			
Campania		<u>9.0</u>	
Naples		9.0	
Apulia		<u>4.3</u>	<u>35</u>
Brindisi		4.3	
Bari			35
Calabria		<u>2.5</u>	<u>13</u>
Reggio Calabria		2.5	
Lamezia			13
Sicily	<u>15</u>	<u>12.0</u>	
Catania	n.a.	7.0	
Trapani	n.a.	2.0	
Pantelleria	n.a.	2.0	
Lampedusa	n.a.	1.0	
Sardinia	<u>11</u>	<u>5.6</u>	
Cagliari	n.a.	3.4	
Alghero	n.a.	1.0	
Olbia	n.a.	1.2	
Mainland southern Italy	12	15.8	70
Islands	26	17.6	-
MEZZOGIORNO	38	33.4	70

(a) The total investment is LIT 150 000 million.

(b) Additional financing provided for by Law 825 of 1973 for a total of LIT 60 000 million, including LIT 38 000 for the Mezzogiorno (LIT 12 000 million for mainland southern Italy and LIT 26 000 million for the islands).

(c) Financing for by Law 925 of 1973 for a total of LIT 50 000 million, including LIT 19 900 million for the Mezzogiorno (LIT 13 300 million for mainland southern Italy and LIT 6 600 million for the islands). There is also provision for further financing of LIT 40 000 million to be distributed between new works at airports not included (LIT 15 000 million), for fixed equipment and installations (LIT 13 000 million), and for special maintenance work to improve existing infrastructures (LIT 12 000 million); the proportion to be allocated to the Mezzogiorno is not yet known.

Table 3.1.8

Italian State railways investment programme for the Mezzogiorno

(Period 1976-80)*

(LIT 1 000 million)

	Investments			
	Third five-year plan (1)	Bridging plan (2)	Programme of special operations (3)	Total investments
Fixed installations	49	82	370	501
Rolling stock	11	45	385	441
TOTAL	60	127	755	942

* No regional data available

(1) Appropriations of LIT 700 000 million in accordance with Laws No 688 of 1967, No 574 of 1968 and No 1089 of 1968, of which LIT 602 000 million has already been spent.

(2) Appropriation of LIT 400 000 million in accordance with Law No 52 of 1973, of which LIT 265 000 million has already been spent.

(3) Appropriations of LIT 2 000 000 million in accordance with Law No 377 of 1974.

Table 3.1.9

Commitments and multi-annual programmes relating to works carried outby the National Road Board (a) - period 1977-80*

(cost in LIT 1 million)

	Commitments		Multi-annual programmes (d)	Total
	On capital account (b)	For maintenance works (c)		
MEZZOGIORNO	259 218	145 840	856 905	1 270 963

* No regional data available

(a) Ordinary budgetary allocation, in accordance with Law No 59 of 1961 and subsequent amendments, and Law No 187 of 1972.

(b) Item 505

(c) Items 261, 262 and 263

(d) Programmes of assistance (1976-80) in the maintenance sector aimed at restoring the network for a total sum of LIT 1 570 000 million, including LIT 865 905 million for the Mezzogiorno.

Table 3.1.10

Programme of investments in the Mezzogiorno by the
Undertakings with State participation
 (period 1977-80)

(LIT 1 000 million)

Sector of assistance	Group			Total
	ENI	EFIM	IRI	
Energy sources and related activities	1 325.6*			1 325.6
Non-ferrous metals		61.4		61.4
Iron and steel industry			1 198.7	1 198.7
Mechanical engineering	9.8	115.6	237.3	362.7
Electronics			204.3	204.3
Shipyards			27.5	27.5
Chemical industry	1 309.5			1 309.5
Textiles	18.8			18.8
Food industry		64.6	21.1	85.7
Miscellaneous manufacturing activities		235.4	31.1	266.5
Telecommunications			1 927.5	1 927.5
Miscellaneous service activities		136.4	25.5	161.9
Motorways and other infrastructures			58.7	58.7
Building			193.6	193.6
TOTAL	2 663.7	613.4	3 925.3	7 202.4

* Investments in the hydrocarbons sector (LIT 1 249 400 million) and the nuclear sector (LIT 76 200 million).

Table 3.1.11

Plan for the Restructuring and Conversion of Industry(Law No 675 of 1977)(appropriations authorized for the period up to 1980) (LIT 1 000 million)

	Mezzogiorno (1)	Italy
Fund for the restructuring and conversion of industry		2 630
Special fund for applied research		600
TOTAL	1 500	3 230

(1) No operational guidelines for the administration of this expenditure have yet been issued; however, on the basis of the reservation established in the Law, assistance for the Mezzogiorno should increase to approximately LIT 1 500 000 million.

3.2. Special central government assistance

Table 3.2.1 - Completion works

Table 3.2.2 - Special projects

Table 3.2.3 - Industrial infrastructures

Table 3.2.4 - Industrial incentives

Table 3.2.1

(in LIT million)

Assistance sector	Area				
	Marches	Latium	Abruzzi	Molise	Campania
Agriculture	367	4 427	2 392	1 448	4 301
Safeguarding of cultural assets		911	2 604	676	80 726 ^a
Road works	20 730	10 644	32 800	6 553	102 562
Water schemes	5 380	41 007	59 190	18 734	81 328
School building	111	1 584	1 722	564	10 265
Electrification	240	724	796	102	534
Hospitals and clinics	7 166	28 992	46 192	15 673	49 442
Vocational training			350	400	3 000
Tourism (loans, grants and credit for hotels)	2 028	8 937	6 494	1 118	21 526
Sports facilities		2 396	1 609	959	1 804
Other items					46 679 ^b
TOTAL	36 030	99 622	154 149	46 227	402 167

Completion works delegated by legal concession to the regions (in accordance with Article 6 of Law 183 of 1976).

^a LIT 80 000 million supplement under the special Law on the City of Naples (Law 7 of 27 January 1962).

^b LIT 15 000 million supplement under the Law on areas of Irpinia damaged by earthquakes (Law 1431 of 5 October 1962).

^c LIT 40 000 million supplement under the special Law on the City of Palermo (Law 21 of 5 February 1970).

^d For the balance of the LIT 1 465 000 provided for by the first paragraph of Article 6 of Law 183 of 1976, no figures are yet available on regional distribution.

Completion works

(appropriations broken down by sector of assistance sector and geographic areas)

	Area					TOTAL
	Apulia	Basilicata	Calabria	Sicily	Sardinia	
	726	10 008	2 414	11 958	1 594	39 365
	3 586	1 321	2 931	6 151	1 385	100 291
	33 911	5 705	13 290	18 984	26 900	272 079
	37 837		64 722	110 767	76 567	495 532
	1 276	11 728	4 386	6 696	2 380	40 720
	397	90	931	3 240	2 314	9 368
	52 818		40 910	20 810	5 409	267 412
	2 400			2 500	360	9 000
	11 709	5 002	25 204	29 341	11 298	122 657
	1 513	778	1 484	4 454	1 617	16 614
		513	871	40 866 ^c	20	88 949
	146 173	35 145	157 143	255 767	129 834	1 462 257 ^d

Table 3.2.2

	Irrigation and				
	14	23	25	26	
Marches	-	170	-	-	
Latium	-	18 279	-	-	
Abruzzi	-	55 041	-	-	
Molise	-	27 688	-	-	
Campania	-	13 513	-	-	
Apulia	134 550	201 238	-	-	
Basilicata	88 629	24 968	-	-	
Calabria	-	80 273	-	42 710	
Sicily	-	72 313	-	-	
Sardinia	-	111 329	61 262	-	
Inter-regional	-	4 470	-	-	
TOTAL	223 179	609 282	61 262	42 710	

¹ Commitments deriving from the skeleton programme, with adjustments and supplements.

	Equipment of the territory ²					
	1	2	3	22	Metropolitan area	
					Naples	Palermo
Marches	-	-	-	-	-	-
Latium	-	-	-	-	-	-
Abruzzi	-	-	-	-	-	-
Molise	-	-	-	-	-	-
Campania	-	-	88 000	-	-	-
Apulia	-	-	-	-	-	-
Basilicata	-	-	-	-	-	-
Calabria	-	-	-	41 890	-	-
Sicily	-	115 700	-	-	-	-
Sardinia	32 800	-	-	-	-	-
Inter-regional	-	-	-	-	-	-
TOTAL	32 800	115 700	88 000	41 890	-	-

² New proposals relating to the other special projects.

Annual programme for special projects 1977 - Region

(in LIT 1 million)

water schemes ¹			Promotional ¹			
29	30	Totals	4/10	11	24	Totals
600	-	770	-	-	-	-
1 900	-	20 179	-	-	-	-
20 400	-	75 441	-	-	-	-
15 150	-	42 838	-	-	-	-
108 602	-	122 115	-	-	-	-
-	-	335 788	-	-	-	-
-	-	113 597	-	-	-	-
-	-	122 983	-	-	-	-
-	83 168	155 481	-	-	-	-
-	-	172 591	-	-	-	-
-	-	4 470	77 250	39 850	41 016	158 116
146 652	83 168	1 166 253	77 250	39 850	41 016	158 116

Totals	Development of hinterland zones ²				Surveys and Studies	Total
	12	21	28	Totals		
-	7 800	-	-	7 800	-	8 570
-	-	-	10 000	10 000	-	30 179
-	17 000	-	-	17 000	-	92 441
-	-	-	10 000	10 000	-	52 838
88 000	-	18 500	-	18 500	-	228 615
-	-	-	-	-	-	335 788
-	-	-	-	-	-	113 597
41 870	-	-	-	-	-	164 873
115 700	-	-	-	-	-	271 181
32 800	-	-	-	-	-	205 391
-	-	-	-	-	25 000	187 586
278 390	24 800	18 500	20 000	63 300	25 000	1 691 059

Table 3.2.3

Industrial infrastructures

Area	Appropriations (LIT 1 million)
Marches	1 602
Latium	26 030
Abruzzi	18 478
Molise	8 037
Campania	31 740
Apulia	123 565
Basilicata	13 563
Calabria	33 952
Sicily	30 827
Sardinia	45 012
Others	81 000
TOTAL	413 406

Appropriations fixed by the annual programme for 1977 of the Cassa per il Mezzogiorno (Resolution No 5455/PP of 25 July 1977).

Table 3.2.4

Industrial incentives

(Financial concessions provided by the Cassa per il Mezzogiorno)

Area	Investment projects (LIT 1 million)		Estimated employment to be created	
	A	B	A	B
Tuscany	2 078		327	
Marches	17 463	4 867	1 240	203
Latium	168 941	39 916	8 194	1 786
Abruzzi	132 271	19 953	7 227	677
Molise	9 100	9 233	420	306
Campania	306 617	94 498	8 774	4 200
Apulia	242 894	31 867	5 318	1 472
Basilicata	10 728	41 764	583	805
Calabria	459 638	13 127	6 157	176
Sicily	265 004	61 465	6 001	1 412
Sardinia	1 038 904	351 299	6 290	2 966
TOTAL	2 653 638	667 989	50 331	14 003

A: Investment projects in course of implementation (loans authorized and already being disbursed);

B: Investment projects ready to be implemented in the immediate future (loans authorized and pending disbursement of the first instalment).

3.3. Regional assistance

Table 3.3.1 - Abruzzi

Table 3.3.2 - Molise

Table 3.3.3 - Campania

Table 3.3.4 - Apulia

Table 3.3.5 - Basilicata

Table 3.3.6 - Calabria

Table 3.3.7 - Sicily

Table 3.3.8 - Sardinia

Table 3.3.1

Abruzzi - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Irrigation (standard project)	140
- Provision of rural infrastructures (standard project)	80
- Preservation, processing and marketing of agricultural products (standard project)	18
- Development of stock-farming (standard project)	15.5
- Reafforestation (standard project)	53
<u>Industry and craft trades</u>	
- Itemized assistance in the craft trades sector (standard project)	17.6
- Development of forms of association (standard project)	17.6
- Processing of agricultural products (standard project)	16
<u>Tourism</u>	
- Sports and recreational facilities and cultural centres (standard project)	14
- Credit for the hotel trade (standard project)	10
Social infrastructures	
<u>Natural environment</u>	
- Disposal of solid waste (standard project)	135

Table 3.3.2

Molise - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Irrigation (regional project)	20
- Development of stock-farming (regional project)	10
- Afforestation (regional project)	7
- Processing and marketing of agricultural products (regional project)	5
<u>Industry and craft trades</u>	
- Establishment of the Regional Financing Institution (regional project)	4
- Assistance in the training sector (regional project)	5
- Provision of infrastructures for small industrial estates (regional project)	5.5
<u>Tourism</u>	
- Social tourism and agri-tourism (regional project)	5
<u>Social infrastructures</u>	
- Hinterland areas: guidelines for development (regional project)	20
- Urban renewal (regional project)	7
- Water-supply and sewerage infrastructures (regional project)	15
- University of Molise (regional project)	5

Table 3.3.3

Campania - Regional Government operations

(LIT 1 000 million)	
Production sectors	Estimated investment
<u>Agriculture</u>	
- Irrigation and land-reclamation (regional measure)	231
- Mechanization of agriculture (regional measure)	228
Social infrastructures	
- Health and social services plan	256

Table 3.3.4

Apulia - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Rural road system (regional Law)	35
- Rural electrification (regional Law)	25
<u>Trade</u>	
- Manfredonia fish market (regional decree-Law)	1.5
Social infrastructures	
<u>Water supply and sewerage networks</u>	130
<u>Transport</u>	144
<u>Social security and health</u>	
- Current expenditure	2 398
- Completion works in progress	53

Table 3.3.5

Basilicata - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Hinterland areas (development programme)	154.6
- Promotion and development of irrigation (development programme)	95.2
- Forms of association, cooperatives, agrarian credit and technical assistance (development programme)	76
<u>Industry and craft trades</u>	
- Provision of infrastructures for industrial estates (programme for industrial key-points)	10
- Areas with proper facilities for craft trade activities (development programme)	10
<u>Tourism</u>	
- Pollino programme (development programme)	20
- Provision of hotel facilities (development programme)	30
<u>Social infrastructures</u>	
<u>Environment:</u> - soil protection - protection of the natural environment - consolidation and transfer of centres of population	52
<u>Housing construction</u>	35
<u>Transport</u>	22.5

Table 3.3.6

Calabria - Regional Government operations

(LIT 1 000 million)	
Production sectors	Estimated investment
<u>Agriculture</u>	
- Development of citrus-growing (target programme)	5.7
- Development of stock-farming (target programme)	13.5
- Improvement of landholdings (target programme)	46
- Provision of rural infrastructures (target programme)	51
- Promotion of cooperatives (target programme)	32
- Technical assistance (target programme)	1.7
- Soft loans (target programme)	14
- Hunting and fishing (target programme)	1.3

Table 3.3.7

Sicily - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Soil conservation and afforestation (RL* 88/75)	100
- Provision of rural infrastructures (RL 36/76)	159
- Development of citrus-growing (RL 24/75)	82
- Development of stock-farming (RL 52/75)	0.6
<u>Industry</u>	
- ESPI, EMS and AzASI plans (RLs 76-77/76)	90
- Financing for small and medium-scale industry (RL 38/76)	29
- Operations for sulphur production (RL 42/75)	206
<u>Craft trades</u>	
- Assistance for craft entrepreneurs (RLs 41/75 and 22/76)	48
<u>Tourism</u>	
- Promotion of tourism ventures (RL 78/76)	50
- Creation of facilities for new areas (RL 78/76)	90
- Exploitation of the smaller islands (RL 71/76)	28
<u>Social infrastructures</u>	
<u>Social services</u>	
- Public works under commune responsibility (RL 56/76)	125.6
- Grants to building cooperatives and communes for the purchase of sites (RL 59/76)	40
- Rehabilitation of the historic centre of Ortigia (RL 70/76)	6.9
<u>Transport</u>	
- Reorganization of transport (RLs 43/76 and 7/77)	34.8

* RL(s) = Regional Law(s)

Table 3.3.8

Sardinia - Regional Government operations

(LIT 1 000 million)

Production sectors	Estimated investment
<u>Agriculture</u>	
- Rationalization of production structures	82
- Improvement of the productive system	50
- Agricultural pasturage areas	117
<u>Industry and craft trades</u>	
- Mining and metallurgical project	240
- Textile and clothing project	20
- Restructuring of firms	80
- Support for industrial activities	8
- Promotion of new undertakings	10
- Development of craft trade activities	80
<u>Tourism</u>	
- Improvement of accommodation facilities	18
- Supplementation of loans for the hotel trade	4
- Social tourism	6
Social infrastructures	
<u>Energy</u>	
- Reopening of the Sulcis coalfield	5
<u>Transport</u>	
- Railways	15
- Ports	7
- Airports	22
- Roads	40
- Management of internal transport	33

Table 3.3.8 (cont'd)

Social infrastructures	
<u>Land use</u>	
- Urban development schemes	21
- Afforestation	46
<u>Housing construction</u>	
- Covenanted and subsidized social building	127
- Improvement of the existing housing stock	7
<u>Health and social security</u>	
- Fund for hospital assistance	305
- Hospital building	72
- Prevention of social diseases	15
- Prevention of diseases caused by plants and animals	2
- Social security	48
<u>Education and vocational training</u>	
- The right to education	25
- Vocational training	31
- School building	337
- Pre-school building	7.5

1. Criteria for assessing supply and demand for labour adopted in the Regional Development Programme for the Mezzogiorno for the years 1977-80 prepared in accordance with Article 6 of the European Regional Development Fund Regulation.
2. Rules governing 'reservation' for the Mezzogiorno.
3. Objectives and measures of agricultural policy with special reference to measures designed to maintain a minimum population in the inland areas by way of a compensatory indemnity paid annually to farmers and farm workers in the areas in question (Directive 75/268 (EEC)).
4. Note on vocational training policy in the Mezzogiorno 1978-1980.

1. CRITERIA FOR ASSESSING SUPPLY AND DEMAND FOR LABOUR ADOPTED IN THE REGIONAL DEVELOPMENT PROGRAMME FOR THE MEZZOGIORNO FOR THE YEARS 1977-80 PREPARED IN ACCORDANCE WITH ARTICLE 6 OF THE EUROPEAN REGIONAL DEVELOPMENT FUND REGULATION

This note contains a brief summary of the method and criteria used in the regional development programme (ERDF), for estimating the effect of investment programmes in reducing unemployment in the Mezzogiorno.

This method requires two distinct estimates concerning respectively the labour supply in the Mezzogiorno over the years of the Programme (1977-80) and the demand for labour resulting in the same period from the public and private measures described in the programme.

1.1. The procedure for estimating the labour supply has been to calculate firstly population changes in individual regions of the Mezzogiorno for cohorts of five years.¹ Reference is made to more recent forecasts carried out by ISTAT at national level and by SVIMEZ at regional ('ripartizioni geografiche') level.² These estimates are based solely on natural increases.

It seemed preferable not to include any hypothesis on net migration in the estimate, in order to show more clearly the acute nature of unemployment in the Mezzogiorno and therefore the need for an exceptional effort to create new jobs in these regions. Finally it seemed reasonable to assume that migration from the Mezzogiorno to other regions of the country or abroad will no longer be possible on the same scale as in the past (net migration from the Mezzogiorno over the period 1951-76 was 4 million).

In fact the present crisis of the European economies (and therefore of the 'strong' region of Italy, that is the North) has caused a marked decrease in the rate of net emigration from the Mezzogiorno and in some cases, for example Abruzzi, reserved the trend.

According to the estimates, the population of the Mezzogiorno will grow to 20 700 000 by 1980, the corresponding annual rate of increase being in the range of 1.05%. Between 1951 and 1976 the overall rate of increase of the population, including net migration, was around 0.5%.

¹ The Mezzogiorno five year programme, approved by the CIPE 31.5.1977, already included an estimate of the growth of the labour supply by 1980. However in the context of the regional development programme prepared for ERDF purposes a further estimate has been made of the labour supply, which takes account of the relevant changes introduced in the meantime by ISTAT in the statistical criteria for defining employment and unemployment. As a result of these changes the figure for the labour force in the Mezzogiorno is some 650 000 higher than the original one, as it considers people not previously included in the active population.

² Cf. G. de Meo 'The resident population of Italy in 1986', to be published shortly by the Lincei Academy in Rome, 1977. For the SVIMEZ estimates see Franco Filloton 'Estimates of the future size of the labour market in the Mezzogiorno', a contribution presented to the Studies Seminar of the Feltrinelli Foundation, June 1976.

After obtaining an estimate of future population levels broken down by region, sex and five year cohort, the next stage was to make an estimate of the future development of the working population based on trends in activity rates.

In determining future specific activity rates, it was necessary to analyse precisely social, economic and legal aspects of the behaviour of the working population, taking account of the level of education attained by the young and the system of retirement pensions.

For the three years under consideration, a small increase in activity rate along with a slight convergence has been assumed for the central age groups, while for the young and pensionable age groups the hypotheses adopted took account of the falling rates observed in the past and of public policies.

The estimates of the labour supply in the Mezzogiorno show an increase of around 300 000 over the three years 1977-80 of which some 170 000 are males and some two-thirds are concentrated in the younger age groups (14-29 years).

This means that, if one takes account of the levels of unemployment recorded in April 1977 (some 625 000), in 1980 around 900 000 people will be seeking jobs in the Mezzogiorno, unless the level of employment changes.

1.2. In forecasting demand for labour, a realistic objective for the period of the programme could be set, halving the present number of unemployed in the Mezzogiorno. This objective would mean the number seeking employment in 1980 would be around 300- 350 000. To achieve this, a net job creation of some 500 000 over the three years would be required.

In reality, an approximate assessment of the effects of the programmes presented would only suggest a net increase in employment of 250-300 000.

This assessment is based on the following considerations:

- as regards the infrastructure programmes (both ordinary and special measures) it is calculated on the basis of suitable capital-labour ratios for different types of infrastructure that the increase in jobs could be around 170 000. However this is a 'theoretical' increase because it takes no account of the fact that a large part of the work involved in construction infrastructure may replace present activities, rather than be additional to them. Taking account of this, the net increase in employment could be no more than half this 'theoretical' figure;
- as regards industrial investment, attention was paid to the investment programmes of undertakings with State participation and of private enterprises, to be assisted in the programme period under the Laws governing incentives for the Mezzogiorno. These investments imply a possible expansion in employment of a further 170 000;
- the jobs indirectly created by these investments have been estimated on the basis of multipliers derived from past experience and amount to 150-200 000. In calculating the net creation of jobs, consideration must be given to the gross losses due to 'closures', a problem which in times of crisis like the present tends to become more acute than previously. Two elements (indirect job creation and closures) will tend to cancel each other out, or, as a more optimistic assumption, reduce the net employment increase to around 50 000.

In conclusion, the net creation of jobs resulting from the programmes presented, and therefore limited by the finance available as indicated, can be asses-

sed at 250 to 300 000. This means that if the assumptions turn out correct and the financial resources are limited to the amount given in the programmes, the most that could be achieved would be to provide jobs for the additions to the labour supply. In other words, there would be no change in the present serious level of unemployment. The objective adopted of halving this level between now and 1980 would be frustrated, unless further finance is made available for the programme.

2. RULES GOVERNING 'RESERVATION' FOR THE MEZZOGIORNO

2.1. Investment 'reservation'

The obligation of 'reservation' laid down by the Laws in force on investment expenditure in regions eligible for special assistance from the Cassa per il Mezzogiorno can be subdivided as follows:

2.1.1. Central government departments and State corporations ('Aziende Autonome')

A. The operations of central government departments and State corporations for the Mezzogiorno are carried out in accordance with legal provisions (Article 7, Law No 853/1971) which lay down that up to 31 December 1980 at least 40% of investment expenditure must be reserved for the regions in question.

The 'Rendiconto generale dello Stato' produces a summary of the amounts appropriated and actually spent in the Mezzogiorno (for sums not used at the end of a five year period there is a transfer procedure, whereby amounts on capital account not spent will be transferred to the Cassa's special projects under Article 2 of the Law No 853/1971).

B. Until 1977, the Laws for adoption of the central government budget have delegated decisions on the detailed allocation of 'reservation' to the Treasury Minister acting by decree in agreement with the Minister for Special Measures in the Mezzogiorno.

The annual amounts spent by central government departments and by State corporations in the Mezzogiorno¹ for the years 1973-1977 as a result of various government decrees are as follows:

Years	LIT million at current prices
1973	266 000
1974	43 000
1975	270 000
1976	240 000
1977	367 000

¹ Exclusive of funds transferred on capital account to public bodies, of those with a regional or sectoral allocation, of those intended for financing Laws in course of adoption and of investment expenditures of the railways. For the latter it is confirmed that within the framework of measures laid down in the Modernization and Development Plan for the national rail network (Law No 52/1973) and of the Programme for this sector (Law No 377 of 1974) a 'reservation' of investments to the Mezzogiorno has been decided until 1980 of LIT 1 023 000 million (out of a total appropriation of LIT 2 400 000 million).

C. To remove certain constraints of a technical and legal character which limited until now a full application of 'reservation' principle as required by Laws in force (also hindered by the transfer of powers to the regions), the Minister for the Budget, in agreement with the Minister for Special Measures in the Mezzogiorno, has investigated the problem with departments concerned to select the most appropriate measures, even legal, for ensuring the implementation of the system.

2.1.2. Holding companies and firms with State participation

A. Law No 853/1971 laid down an obligation on any undertaking with State participation to 'reserve' 80% (compared to 60% laid down in previous legislation) of its total footloose investments (excluding replacement) for the creation of factories in the Mezzogiorno. This 'reservation' quota is to be calculated over a two-year period. At the same time the Law has fixed the reservation quota for the Mezzogiorno at 60% of total investments (including replacement) made by undertakings with State participation.

The holding companies ('Enti di gestione') must present annually programmes for the following five years showing investments and the relocation of administrative and commercial departments in the Mezzogiorno.

B. Investments made by enterprises with State participation in the Mezzogiorno in the manufacturing and service sectors (exclusive of those which do not have a specific location or of investments made in foreign countries, that is on average 20% of the total) can be summarized for the years 1973-1977:

Years	LIT million at current prices
1973	1 125 300
1974	1 016 700
1975	1 101 100
1976	1 164 100
1977	1 069 100

C. The Laws in force give a strategic role to the undertakings with State participation strengthening their contribution to the development of the industrial sector of the Mezzogiorno and to the urgently required creation of new jobs.

According to the Law 853/1971 (Article 7) the State participation system is not only obliged to reserve to the Mezzogiorno a large quota of new investment, but to establish above all a better spatial balance of the productive potential of undertakings within the system, which is largely concentrated in Central and Northern Italy. The Law, as well as raising the 'reservation' quota in favour of the Mezzogiorno, considers the system of State participation as an instrument of economic policy capable of acting as a motor among the various public measures and of correcting the effects of private investment in favour of the Mezzogiorno.

2.2. 'Reservation' on current purchases

A. Article 80 of DPR No 1523 of 1967 lays down that State administrations, public corporations and other public bodies, as listed in the Decree of the President of the Council of Ministers of 19 April 1966, must place at least 30% of contracts for goods and services with industrial and craft undertakings located in aided regions and zones.

Article 7 of the Law No 853 of 6 October 1971 extended this obligation to the public holding companies and undertakings with State participation ('Enti di gestione e aziende a partecipazione statale'), to Agricultural development agencies ('Enti di sviluppo agricolo') and to the Consortia for areas and centres of industrial development ('ConSORZI per le aree e i nuclei di sviluppo industriale') of the Mezzogiorno.

B. A special interministerial Committee was set up, attached to the Ministry of Industry, with the task of controlling the application of this 'reservation'. Unfortunately this control has not worked adequately. Nevertheless for the period 1974-76 better results were achieved than in the previous one.

These results may be summarized as follows:

	Amount of the 'reservation' (millions lire)	Amount of the 'reservation' as percentage of total expenditure
1974	650 898	28.5
1975	859 410	27.0
1976	652 722	21.0

The inadequate application of the 'reservation' as laid down by the Law mentioned above may be attributed both to the technical difficulty of determining which bodies and which items are subject to the 'reserve' obligation and to the absence of a system for extending this obligation to the undertakings with State participation.

To remove these technical and legal constraints, the Minister for Industry and the Minister for Special Measures in the Mezzogiorno are preparing jointly a draft bill concerning the whole matter of 'reservation' on public purchases, which will enable a more precise application of the legislation.

3. OBJECTIVES AND MEASURES OF AGRICULTURAL POLICY WITH SPECIAL REFERENCE TO MEASURES DESIGNED TO MAINTAIN A MINIMUM POPULATION IN THE INLAND AREAS BY WAY OF A COMPENSATORY INDEMNITY PAID ANNUALLY TO FARMERS AND FARM WORKERS IN THE AREAS IN QUESTION (DIRECTIVE 75/268 (EEC))

The Law No 984 of 27 December 1977 has been laid down with the purpose of co-ordinating public action in the sectors of stock-farming, horticulture, afforestation, irrigation, major Mediterranean crops, viticulture, development and valorisation of hill and mountain areas.

In application of this Law, the Interdepartmental Committee for Agricultural and food policy (CIPAA) has approved on 16 May 1978, the national agricultural plan for 1978. That plan, while dealing with the problem of population drain from inland areas (407 000 from these areas of the Mezzogiorno between 1961 and 1971, which is equal to 9.14%), also sets the objective of regenerating these lands. This recovery is a choice of economic and social policy both at local and regional and national level. Its aim is not only to assure the exploitation of existing resources but also a better balance of development among different areas of the country, the improvement of land (since the poor conditions in the hill and mountain areas have adverse effects on the plains and even on urban areas), and lastly the conservation of the environment.

Objectives for these areas are difficult to quantify accurately. Essentially, the task is to contribute to the recovery of the areas concerned by exploiting agricultural resources to obtain greater output and in consequence better returns for the local population. It is also to create the conditions required for new forms of production, including sufficient provision of public services.

Measures with high priority include, as well as land consolidation, the creation of infrastructures requested by the economic and social plans of the 'Comunità montane', such as local roads, electrical supply lines, aqueducts, service centres, etc. They include also the search for water, which strongly concerns the regions of the Mezzogiorno.

For these measures, almost exclusively the responsibility of the regions, the 1978 Plan allocates to the regions LIT 63 000 million (38 000 million to the Mezzogiorno) out of a total allocation of LIT 70 000 million for hill and mountain areas. For the period 1979 to 1982 the amount planned will rise to LIT 210 000 million annually.

These measures are essential conditions, till now unfulfilled, for applying the special rules laid down in Directive 75/268 (EEC).

In fact this directive, which in some ways is more innovatory and comprehensive than the previous three directives on agricultural structures, will only have its full effect if the area in receipt of aid has adequate infrastructure.

The solution to the problem of infrastructure - one of the conditions for Community involvement in this field and a requirement that cannot be satisfied under Regulation No 724/75 - must have first priority because of its obvious social, economic and financial implications.

It must be noted that, together with the measures of Law No 984/77, Directive 268/75 (EEC) can now be applied.

In fact, after the national Law No 352 of 10 May 1976, the complementary regional legislation is now being adopted and financial resources have been distributed to the regions which will administer the aid.

Under the criteria for this distribution in the period 1976-78 60% of the sums available under Law No 352 have been allocated to the regions of southern Italy.

4. NOTE ON VOCATIONAL TRAINING POLICY IN THE MEZZOGIORNO 1978-1980

4.1. The social and economic structure of the Mezzogiorno has always shown considerable potential demand for vocational training; the main causes, even more pronounced than elsewhere in the country, are these:

- the improvement in the technology and organization of enterprises;
- imbalances in the labour market;
- pressure by the trade unions for vocational mobility.

The present economic crisis has added another reason: the need to guarantee sufficient outlets for unemployed workers.

By comparison with this high potential demand, actual demand has declined continuously for a number of reasons related not only to the inadequate level of training facilities but also the lack of measures that accelerate real demand.¹

This has resulted in:

- concerns following a policy of self-sufficiency: modernizing, traditionalizing sometime with the help of internal systems of training, frequently just learning on the job;
- young people going in large numbers to university because of the lack of alternatives;
- preference for vocational mobility in the form of rotation and/or the reorganization of tasks;
- for workers made redundant no valid alternative exists but to prolonging their dependence on unemployment benefit.

4.2. More recently, so closely linked to the new possibilities for a contribution from the European Social Fund, a set of measures are being undertaken jointly by the Minister of Labour, the Regions, employers and unions. Their purpose is to influence considerably the type and scale of vocational training and effective demand, so they correspond better with potential demand.

It must be emphasized that training policy in the Mezzogiorno could be defined thoroughly for the three years 1978-80. In fact we are only beginning to implement various Laws on vocational training, the reform of higher secondary education and training programmes for senior managers and civil servants, applying Law 183 and the CIPE guidelines to FORMEZ.

However it is impossible to understand the nature of these training schemes without considering their results in relation to a more general context of ac-

¹ In particular the lack of demand in the private sector is widely connected with the structure of the system. In southern Italy there are a few large firms and a host of small (often very small) concerns. While the first category tends to self sufficiency, the smaller concerns do not take advantage of training facilities due to the character of management or because they cannot deprive themselves of their workers for long periods of time.

tivities and of economic and social investments. Indeed investment in training is not an independent activity, rather it has greater effect if associated with the need of qualifying social and productive functions.

It is with this background that several individual points may be made:

- (a) on vocational training as such;
- (b) on the links between vocational training and job-creation projects for young people;
- (c) on the effects of the Laws relating to industrial reconversion and restructuring vocational training;
- (d) on the reform of higher secondary education;
- (e) on training for managers and civil servants.

All this implies the integration of training activities in programmes such as indicated in the European Social Fund.

4.3. Vocational training, according to the Italian Constitution, is the responsibility of the regions. After the establishment of the regions in 1970, the Decrees of the President of the Republic (DPR) No 10 of 1972 and, No 616 of 1977 actually transferred the powers of the State in matters of vocational training to the regions. Many regions have already introduced legislation based on these decrees. However, Parliament is discussing a framework Law governing vocational training. This Law will lay down certain general principles and reserve to the State the authority for granting qualifications and defining criteria for following the various levels of vocational training.

Of special relevance is the fact that under DPR No 616 the regions, in addition to other responsibilities, will organize courses for instructors in vocational training. All this implies a range of educational and cultural measures by the regions requiring detailed organisation for special technical assistance. It should be noted that in Italy the Institute for Development of Professional Training of Workers (ISFOL)¹ performs this role.

4.4. Two recent Laws concern vocational training: No 285 of 1 June 1977 on the training of young people and No 675 of 13 August 1977 on industrial reconversion and rationalization.

The first Law provides for a training contract for young people recruited by industry, laying down that a certain period of each week (not more than 20 hours) be devoted to vocational training. If young people are employed in specific regional projects, the Law gives the possibility of setting up special vocational training.

In contrast, the second Law states that the retraining of workers not made redundant is the responsibility of their employers. Instead the region will arrange retraining courses for workers transferred from one concern to another.

¹ It is of interest for the future that ISFOL has already implemented over the two years 1976 and 1977 a training programme comprising 100 courses lasting two years (at a cost of 50% to the regions of southern Italy and 50% to the European Social Fund).

4.5. There is a close link between vocational training and the reform of higher secondary education which is currently being debated by the Chamber of Deputies. This reform will harmonise education programmes in general terms but will differentiate programmes dealing with vocational training. It can be assumed that a series of technical and professional tasks of vocational training will now be carried out by secondary schools. These will assume certain tasks for which the regions have been responsible, in accordance with the intentions behind the framework Law on vocational training.

All this will create special problems in the south since vocational training for young people is to be based on an industrial structure that is clearly lacking.

The training promoted by the programmes of the European Social Fund for young people has been followed by a period of waiting for work which is not always forthcoming in view of the social and economic situation of the Mezzogiorno.

It will be increasingly necessary to relate the form of vocational training both now and in the future to the process of economic development and so to investment.

4.6. Special attention should be given to the training of senior managers and civil servants. FORMEZ performs this role in the Mezzogiorno, almost always providing training for staff already employed in public administration or business. FORMEZ, acting according to Law No 183, organizes training according to requirements and aims of economic development and seeks to coordinate special measures (based essentially but not exclusively on special projects) with general and promotion policies.

In this connection FORMEZ liaises with bodies concerned with the development of southern Italy - regions and public administrations, small and medium concerns, more especially industrial ones, the Cassa per il Mezzogiorno and linked organizations - in order to determine priorities for vocational training.

4.7. In conclusion it can be affirmed that the system of vocational training in the Mezzogiorno, which is organically linked to the national one, is being developed, although requiring a very great deal of technical help, especially for the training instructors and of senior managers and civil servants.

The link with economic activities is required to provide an outlet for trainees and to avoid burdening the labour market in southern Italy with people trained to work but unemployed.

Moreover an analysis of the agricultural and industrial production process would certainly make clear the demand for training, on the basis of which programmes would be prepared. In fact, close examination of the various sectors might suggest the need for reorganization of training programmes or introducing new ones.

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According to Article 6 (1) of Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (OJ L 73 of 21.3.1975) 'investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme.' The programmes shall indicate the objectives and the means for developing the region according to the common outline prepared by the Regional Policy Committee (OJ C 69 of 24.3.1976).

This outline, proposing what regional development programmes should contain, is indicative and should be interpreted in a flexible manner. The programmes should have five chapters: economic and social analysis, development objectives, measures for development, financial resources, implementation.

The present regional development programme for the Mezzogiorno, prepared by the Italian Government in November 1977, was submitted to the Commission under the procedure provided for under paragraph 5 of Article 6 referred to before. The Commission is publishing it for the purposes of information and does not take any responsibility for it.

This programme covers the years 1977 to 1980 and will be brought up to date annually. It is in two parts; the first deals with the Mezzogiorno as a whole, the second individual regions and areas of the Mezzogiorno.

The Mezzogiorno constitutes a number of regions with similar problems of underdevelopment. It has a population of some 20 million; gross domestic product per head is more than 30% below the national and some 60% below the Community average. In consequence it is largely dependent on transfers from the exterior; more than 25% of the Mezzogiorno's GDP is constituted by net imports of goods and services.

The most serious problem for the Mezzogiorno is employment. This longstanding problem (in the twenty years 1951-1971 the Mezzogiorno experienced net emigration of 4 million, corresponding to 1% a year of its population) is severe now (when there are 600 000 unemployed - equal to 9.2% of the working population) but will be still more so in the future, with an additional 300 000 people seeking work in 1980 according to estimates.

Substantial resources have been allocated to the programme that will allow important measures in the various sectors and regions. These may alleviate the problem of employment to some extent. But the programme also counts on the Community making an important contribution to the realization of the measures planned, so helping to fulfil the goals of efficiency and equity simultaneously.

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