La Questione Meridionale

Social capital as a tool to understand the development disparity between the North and the South of Italy

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Abstract

Since Italian unification, Southern Italy has lagged behind with respect to the North and for this reason it has been subsidized for a long time, by the Italian government before and the EU later. The fact that despite a huge amount of subsidies the South has not been able to reduce the development gap with the North has urged scholars to focus their attention on the capability of the society to improve its own situation which means to take into consideration sociological aspects with respect to economic development. The concept of social capital that refers to the types of relations between individuals, could represent one explanatory factor of the Southern backward situation. The purpose of this study is to understand the relationships between social capital and socio-economic disparities among the Northern and Southern regions of Italy.

Firstly, a historical description of the Southern situational is described to point out the long duration of the issue. Secondly a recent economic description of the chosen regions has been made to show the still significant socio-economic disparities between the North and the South. Thirdly a literature review about the concept of social capital has been made in order to personally define the concept and choose useful indicators for the purpose of the thesis. Finally, according to the author’s interpretation, the social capital situation of the chosen regions has been pointed out and considerations about it in respect with the economic development have been made.

According to the study, the two chosen regions represent different degrees of social capital. These seem to affect somehow the diverse economic development of the North and the South.

Key words: social capital, Questione Meridionale, South Italy, North Italy, regional economic development
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1. “La Questione Meridionale”

In Italy “La Questione Meridionale” is the way in which the poor economic development of the Southern regions is defined. It has long historical roots and has been tackled by different approaches from different levels of government: regional, national and European.

This chapter firstly shows the relevance of it in the European context and secondly how it has evolved from the Italian Unification until today.

1.1. South Italy as a backward territory in Europe

The South of Italy is one of the most underdeveloped regions amongst the richer States in Europe. Indeed all its regions belong or have belonged to the “convergence” objective of the European Structural Funds for lagging behind areas¹. In this objective are included all the European regions that present a gross domestic product (GDP) under 75% of the Community average (European Union, 2010).

For the Structural period 2007-2013 four Italian regions are included in the Convergence Objectives: Calabria, Campania, Puglia, and Sicilia (European Union, 2010). Another, Basilicata is classified as phasing-out, which means it would have been eligible for funding under the Convergence objective if the threshold of 75% of GDP was calculated for the European Union (EU) at 15

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¹ The Structural Funds and the Cohesion Fund are the financial instruments of European Union (EU) regional policy, that want to reduce the development disparities among regions and Member States. The Funds are: European Social Fund (ESF), European Regional Development Fund (ERDF), Cohesion Fund. They are used in the framework of three objectives: convergence objective, regional competitiveness and employment, European territorial cooperation. The Structural Funds were institutionalized at different time: ESF and ERDF respectively in 1958 and 1975, while the last one in 1994. They have been applied in different cycles of time: the first one between 1994 and 1999, the second one between 2000 and 2006 and the latter one, at the moment in act between 2007 and 2013 (European Union, 2010).
Members. While Sardegna receives funding from the competitiveness and employment objective (European Union, 2010).

**Figure 1: Eligible areas in the EU under the Convergence Objective and the European Competitiveness and Employment Objective**

![Map of eligible areas in the EU under the Convergence Objective and the European Competitiveness and Employment Objective](image)

Source: (European Commission, 2009)

Considering the fact that Italy is one of the founding Members of the European Economic Community (EEC)\(^2\), its regions have benefit from various Community subsidies for a long time. But according to Eurostat (2009) the South of Italy still has a GPD purchasing power parity (PPP) per capita of 16450 euro, that is closer to those of Czech Republic (18.300), Portugal (18.000), Slovenia (20.700) or Slovakia than that of the North of Italy (29.500).

To clarify the uniqueness of the Italian situation in the European context, it is useful to look at other big Member States with significant internal regional economic disparities such as Germany or Spain.

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\(^2\) EEC was established with the European Atomic Energy Community, in Rome in 1957 by Italy, Germany, France, Belgium, Luxemburg and Netherlands. The Maastricht Treaty has replaced the ECC with the European Union (EU) in 1992 (European Union, 2010).
According to the data of Cartocci (2009) related to the year 2002, 30.3% of the Italian population at that time lived in Convergence regions. Only Spain had more citizens (31.6%) in its respective convergence regions at that time. Furthermore in Italy the gap in GDP at PPP per capita between richest and poorest regions of the same country was equal to 10,288 euro, just 600 euro less than Germany that presented the highest one\(^3\).

Italy had the higher share of population that was living in richest regions (40%) while the second was Germany (38.1%). As Germany, Italy has all the convergence regions localized in a continuous territory.

So Italy presented the second higher gap of GDP at PPP per capita between the richest and poorest regions amongst the European Member States and the highest number of people living in its respective richest or poorest regions, i.e. 70%. Furthermore all the richest regions are localized in one territory, the North, and all the poorest in another one, the South.

Today Italy remains the most serious case of dual economic system among major European countries (Cartocci, 2009).

### 1.2. History of the problem

In Italy the poor performance in economic development of the South with respect to the North and other European regions is a well known situation since Italian Unification, 1861, and even before. Indeed at that time the Southern economy, extremely based on large estate agriculture, presented a low level of education, a higher incidence of poverty, poor equipment of transport infrastructure and a low level of industrialization with respect to the North (Felice, 2007)\(^4\).

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\(^3\) Cartocci’s data is based on Euostat data 2002.

\(^4\) It must be considered that even the North at the end of the 18\(^{th}\) century was late in the process of industrialization and modernization respect other countries as United Kingdom and Germany.
Several are the interpretations about the inability of the South to develop. At the end of the 18th century the idea was that the more evident development of the North was choking that of the South as the latter was like a subaltern of the former (cited in Felice, 2007). The State’s subsidies were directed especially to those areas that were better developed, i.e. especially the North West. Besides the South paid more taxes on farms income and on housing than the North; as Fortunato (1911) pointed out it was more easy to assess farms income than industrial or commercial ones, and the South was highly dependent on the agricultural sector; moreover the South was more affected by housing taxes as it was more urbanized. Instead the North had more rural houses that were not affected by taxes (cited in Felice, 2007). Another reason suggested is that with the Unification the customs tariff already used by the previous Kingdom of Sardegna, one of the more liberal states of Europe, was applied in all Italy. The local Southern manufactures were not able to compete in a open market as before they were always protected by their rulers, the Bourbons (Felice, 2007).

At that time the Southern problems were pointed out by the so-called Classic Southernism. It was based on liberal visions, great trust on the market and its power, on the long run, to pull ahead even the backward territories in the general growth. The development problems of the South were seen as national problems: the South was more affected by the difficulties of Italy as it was more weak than the North.

During the first decade of the 20th century the most influential thought in the Italian government was that to industrialize a backward economy it was not possible to trust neither the liberal market nor to create a uniform legislation everywhere in the country. But only because of the earthquakes at the

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5 The majors supporters of this thesis were: De Viti de Marco, (1929); Dorso, (1925, 1945); Fortunato, (1911); Nitti, (1990, 1904); (cited in Felice, 2007).
6 The Unification process was guided by the Savoia, the family rulers of the Kingdom of Sardegna.
beginning of the 20th century did the State started to apply special laws for the South8. Then the First World War came and all aid plans were stopped.

After the War the Fascist regime promoted a reclamation as main solution for the Southern problems. Moreover it started colonial adventures in Libya and in Ethiopia hoping to handle also the growing of the population, especially in the South. Despite all this the country’s population continued to grow while the incomes were decreasing because the autocratic regime favored the cultivation of wheat at the expense of specialized crops (Brunetta, 2009). To reconstruct, after World War II the State subsidized especially the already existing industrial structure of the North penalizing further the South.

The Southern problems were persistent and became more evident: in 1951, the GDP per capita of the South was 10% less than in 1938, while at the same time the GDP per capita of the North had increased by 22% and represented 63% of the national total (Brunetta, 2009). Then the State decided to start with the Extraordinary Intervention: the Land Reform and “La Cassa per il Mezzogiorno” (Casmez, the Cash for the South). The former was based on infrastructure and economic interventions, expropriations and reallocation of land. The latter was a specific institution to realize public works in the South9.

Casmez had cross-cutting skills, strong planning and organizational autonomy directly oriented on productive investments (Felice, 2007). Until the end of the 60s it had positive results: it built infrastructures that improved the structural and environmental preconditions for an industrial development. In its first period of application, i.e. between 1950 and 1970, the GDP per capita of the South increased over 5% and the labor productivity over 10% (Brunetta, 2009).

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8 Between the 1894 and the 1908 the South experienced strong earthquakes. The State applied special laws for: Basilicata, 1904; Calabria, 1906; Sicilia, 1907; South, 1908-1910 (Brunetta, 2009).

9 It was institutionalized with the national law n. 646/1950. It was designed by the Association for the development of the South (Svimez). Svimez was born in 1946 after the reflections made during the Fascist regime by important technician and public actors on the necessity for the South of a large industrialization process (Felice, 2007).
During the 60s the economic gap between the North and the South was reduced, partly because the intense migratory flows from the South to the North reduced the Southern population\textsuperscript{10}. However in the 60s the North was the engine of the Italian economic miracle, so the State promoted other special interventions for the South hoping to stimulate its industrialization: subsidized credits, grants and promotion of major industrial production in basic sectors. These new industrial centers failed and showed the incompetence of the Southern businesses. The first serious attempt to industrialize the South ended in the 1973 when the Oil Crisis stopped the Italian industrial growth favored by the North. The main sectors of the South industry, i.e. basic chemicals and steel, were seriously affected.

In the 70s the Casmez lost its autonomy because of intrusive central and local political classes, increasing skills and the rise of new competitors public institutions, i.e. the regions\textsuperscript{11}. The regions showed the low level of organization, finance, marketing and services of the local actors and the unreliability to handle public decisions (Brunetta, 2009). Favoritism, waiting for money from the State and the enterprise of criminal organizations taking advantage of them reduced strongly the ability and the usefulness of the Extraordinary Intervention.

At the end of the 70s the migration from the South towards the North was reducing but jobs in large industrial plants and expenditures on infrastructure was reduced, the unemployment rate was increasing and the small enterprises were not rising.

\textsuperscript{10} Four million people moved from the South to the North between 1946 and 1976 (Brunetta, 2009).

\textsuperscript{11} Indeed from 1965 the programs designed by the Casmez had to be approved by the Minister for special assistance of the South. The Casmez got more skills on different sectors, e.g. post-war reconstruction, social housing, construction of schools and universities. Furthermore the Italian regions institutionalized with the national law n. 853/71 had skills on different important sectors, e.g. agriculture, traffic, water networks, tourism, that overlapped the Csmez skills (Felice, 2007).
The Casmez should have stopped in 1980, but in 1986 another special national law allocated further money to solve the underdeveloped problems of the South\footnote{The Casmez was deleted in 1984, but it had been essentially replaced in 1986 by an agency (Agensud) to which were assigned skills on disbursing funds and promotion of partnership, while the programming function was left entirely to the national government (Felice, 2007).}. 

During the 80s the implementation of the European Single Market increased the funds for underdeveloped European regions and the European Commission held more negotiating powers with the Member States. So European legislation got more relevance than the national ones concerning backward regions. The Italian Extraordinary Intervention was reduced as it did not correspond with the approaches defined by the European Union.

Meanwhile the Italian Northern regions started to complain about the extraordinariness of the Southern problems and the high tax burden applied to all the regions by the State to solve them. In 1992 the Extraordinary Intervention ended and in the 1998 the Ordinary Intervention for the South began.

The Ordinary Intervention was designed to satisfy the new method of intervention for backward territories promoted by the EU. This method was implemented by the Economic and Social Cohesion Policy and the startup of the Structural Funds cycles\footnote{The Economic and Social Cohesion Policy was introduced by the Single European Act (SEA) in 1986 and was institutionalized as policy by the Maastricht Treaty (TEU) in 1992 (European Union, 2010).}. It is based on four principles: programming, identification of few and limited priorities; management, monitoring and evaluation of integrated multi-annual strategies; partnership, complementarily of community, national, public and private funds; additionally, common funds do not replace the national ones (European Union, 2010).
Because of the new approaches of intervention, the South was not considered anymore as a single and homogeneous territory but as a various one with diversified characteristics and potentialities\textsuperscript{14}.

Despite all these new strategies of intervention the Southern regions still has significant socio-economic problems. For instance during the last sixty years the share of national GDP produced by the South has not been changed: in 1951 it was 23,9% and in 2008 it was 23,8% (Brunetta, 2009).

\textsuperscript{14} Today the South is subdivided in 8 NUTS II regions (European Union, 2010).
2. The South and the North compared

To underline the still significant socio-economic disparities existing between the South and the North of Italy, I have chosen to compare the regions of Campania and Calabria with the regions of Piemonte and Lombardia. Hereafter I will refer to the former two as Southern regions or simply South and to the latter two as Northern regions or simply North.

The decision to choose two regions as representative of the North and two as representative of the South was to simplify the work since it has reduced the amount of data needed to complete the experimental part.

Figure 2: Location of the Southern regions and the Northern regions

Source: Own Illustration

2.1. The Southern regions

After the Italian Unification, the Southern regions presented two different economic backgrounds.
Campania with other regions of the South showed dynamism on the main economic sectors, in line with the national average of that time\(^{15}\). According to Felice (2007), Campania was well predisposed to industrialize thanks to a vibrant environment of financial and commercial activities and to industrial sectors specified on engineering, shipbuilding and cotton. For instance at the beginning of the 20\(^{th}\) century its capital, Naples, was the fourth biggest industrial city in Italy\(^{16}\). However Campania was not able to take advantage of this condition and started to focus its industrial sector on large capital intensive industrial plants supplied by the State, surrounded by a variety of small industries unable to develop individually. Until the 70s it represented the highest employment rate in the industrial sector in the South; e.g. it was about 30\% in 1971. But today regarding this indicator it has been overtaken by other Southern regions\(^{17}\).

Until the 50s the economy of Calabria was characterized largely by agriculture, based on large estates and by grazing\(^{18}\). There was not a tendency to change, develop or improve these activities: neither from the tenant farmers that were directly responsible of the lands that were always ready to join different farming contracts, nor from the landowners as they got all the time the price agreed upon at the beginning of the crop year without care about the yearly production. This embeddings to that inefficient kind of agriculture limited considerable any sort of industrialization process promoted by the State during the 60s and the 70s. In 2001 Calabria still had the highest employment rate in the agricultural sector (12\%) in all Italy (Felice, 2007).

For the Southern regions the problem was the reluctance of the powerful actors to undertake innovative investments in the industrial and service sectors. Rather they preferred to invest in unproductive but less risky activities. The main reason for this was the extremely unequal distribution of

\(^{15}\) The other regions were Puglia and Sicily. For instance in 1891 the share of employees on the industrial sector of Campania was about 26\%, 1 percentage point higher than the Italian average and 1 percentage point lower than those of Piemonte (Felice, 2007).

\(^{16}\) After Milan (Lombardia), Turin (Piemonte) and Genova (Liguria).

\(^{17}\) Such as Abruzzo, Molise, Basilicata and Puglia (Felice, 2007).

\(^{18}\) In 1951 the employers on the agricultural sector were about 66\% (Felice, 2007).
wealth, money and knowledge\textsuperscript{19}, between the population: a large part of it was poor and this limited the growth of the internal market, while a small part of it was rich and held most of the resources. Without stimulus in the internal market those who were rich concerned only to protect their incomes and did not accept kindly the external efforts of innovation promoted by the State. For instance with the help of criminal organizations, they delayed the implementation of special laws. So the monopoly restricted heavily the market competition and the enhancement of production, favoring also criminal activities. Moreover the excess of unemployed offered to the rich a huge supply of labor forces.

Despite the timid recovery in economic disparities respecting the North, favored by the Extraordinary Intervention between the 50s and the 70s, after that the Southern regions were still affected by an economic decline that fosters social and income inequalities, illegality and patronage. In 2008 Calabria and Campania presented the lower levels of GDP per capita in Italy\textsuperscript{20}.

\noalign{\vspace{1em}}
\textbf{2.2. The Northern regions}

The Northern regions were the first Italian regions to industrialize after the Unification. Between the end of the 19\textsuperscript{th} and the beginning of the 20\textsuperscript{th} century the North, along with Liguria, constituted the Industrial Triangle that was the engine of the national industrial production.

According to Fenoltea (2006), in 1871 both the Northern regions were the main manufacturing sector and the food sector (27\%); for Lombardia the second one and the third one were respectively the textile industry (17\%) and the mechanical sector (12\%); while for Piemonte textile and mechanical

\textsuperscript{19}In 1911 about the 72\% of the population of Calabria and Campania was illiterate, while at the north this index was about 13\%. And still in 1951 the 27\% of the population of these regions was illiterate, while at the North was about 3\% (Felice, 2007).

\textsuperscript{20}Calabria was the lowest with 13.671 euro per capita and Campania was the second last with 13.497 euro per capita (Istituto nazionale di statistica, 2010)
industries were about 13% each one. Forty years later the situation was reversed: in Lombardia the textile sector represented 19% of the total production, the mechanical sector represented 18% and the food sector 15%; while in Piemonte the mechanical sector was the first (18%), then textiles (16%) and food sector (14%)\textsuperscript{21}.

According to Felice (2007), the success of the industrial sector was related with general advantages as natural resources\textsuperscript{22}, close location with the most developed regions of Europe of that time, development of an extensive network of financial intermediation in Milan and Turin. Because of these advantages the three main manufacturing activities were equally distributed, indeed none of these alone over passed the 50% of the regional production (Felice, 2007).

The two Northern regions, with Liguria, predominated the Italian manufacturing sector. For instance Fenoltea (2006) pointed out that the textile industry of Lombardia represented 36% of the total Italian production in 1871, 48% in 1901 and almost one half (49%) in 1911, while during the same year another 23% was covered by Piemonte. Before the First World War the Northern regions alone represented about 70% of the national production in the textile sector (cited in Felice, 2007).

The role of the Industrial Triangle increased further during both the World Wars because of the demand of mechanical equipments to supply the army. Moreover, after the World Wars, the State heavily subsidized those areas already industrialized to favor a rapid economic recovery. So this led to the maximum supremacy of the Industrial Triangle on the manufacturing national production in the 50s (Felice, 2007).

\textsuperscript{21} Piemonte’s mechanical sector was developed mainly by an entrepreneurial class of drive business, first of all FIAT, and by the nationalization of railways and the municipalization of tram system that increased the demand of mechanical equipment (Felice, 2007).

\textsuperscript{22} Linen and silk plus hydraulic energy provided by the Alps (Felice, 2007).
During the 60s the predominance of the Industrial Triangle slowed because the growth of the Southern regions and in the 70s because the growth of the Eastern regions. Despite all Lombardia today, still represents the second richest region of Italy, while Piemonte is also among the richest. Furthermore the Northern regions are still highly related to the industrial sector, indeed at 2008 their employment rate on the total employment on this sector was about 34%, 5 percentage points higher than the Italian average (Istituto nazionale di statistica, 2010).

2.3. Socio-economic situation of the South and the North

The two Northern regions together cover a surface equal to 49,262,7 km², where more than 14 million people live representing 24% of the total Italian population. Whereas the two Southern regions have a dimension just a little bit more than ½ of the Northern ones and host almost 8 million people that represent 13% of the national population. As it is quite evident the North and the South differ greatly regarding population and territorial dimension.

As the table 1 shows, in 2006 the service sector was predominant in the regional economy of the South as well as of the North. However the incidence of the service sector was more relevant in the South where also the incidence of agriculture was higher than in the North. Instead the Northern regions presented a higher incidence of proper industry and construction as they have a strong historical industrial tradition. The incidence on the national GDP of the secondary and tertiary sector of the

\[\text{23} \text{ In the 70s in regions such as Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Toscana started the well know phenomenon of the Italian industrial districts. From that time the scholars started to refer to these regions as the Third Italy (Felice, 2007).}\]

\[\text{24} \text{ In 2008 the richest Italian region was Valle d’Aosta (27.763 euro of GDP per capita) followed by Lombardia (27471 euro of GDP per capita). Piemonte was the eight (23.290 euro of GDP per capita), after Trentino Alto-Adige, Emilia Romagna, Lazio, Veneto and Fiuli Venezia e Giulia (Istituto Nazionale di Statistica, 2010).}\]
North was more significant than those of the South\textsuperscript{25}. This is partially because the great difference in territorial dimension of the North and the South.

Table 1: Share percentage of the main macroeconomic activities on the regional GDP 2006

<table>
<thead>
<tr>
<th></th>
<th>Primary sector</th>
<th>Secondary sector</th>
<th>Tertiary sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South</strong></td>
<td>2,9</td>
<td>16,0</td>
<td>81,1</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td>1,1</td>
<td>28,9</td>
<td>70,0</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2009)\textsuperscript{26}

So the economy of the Northern regions was more diversified between services and industry. Instead the economy of the South was based largely on the service sector which means it did not produce enough others kind of goods to support itself and then depended heavily by other Italian regions. Indeed looking at the share of export and import intra and extra EU, the Southern regions had a lower performance respect the North (table 2).

Table 2: Macroeconomic indicators 2008

<table>
<thead>
<tr>
<th></th>
<th>GDP per capita</th>
<th>Export</th>
<th>Import</th>
<th>Labor productivity %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South</strong></td>
<td>63,7</td>
<td>1,4</td>
<td>1,4</td>
<td>38,4</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td>119</td>
<td>20,1</td>
<td>22</td>
<td>49,2</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>45,8</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)\textsuperscript{27}

\textsuperscript{25} The secondary sector of the Northern regions represents a share of 8,3% on the National GDP, while the tertiary sector represents 20%. Instead for the Southern regions secondary and tertiary sector represent a share respectively of 1,4% and 6,9% on the national GDP. Regarding the primary sector, the situation between North and South is similar, the former represent 0,3% of the national GDP, while the latter the 0,2% (Istituto nazionale di statistica, 2010).

\textsuperscript{26} Primary sector: agriculture, forestry, fishing; Secondary sector: proper industry and constructions; Tertiary sector: trade, repairs, hotels and restaurants, transport and communications, financial intermediation, real estate and business activities, valued added taxes (Istituto nazionale di statistica, 2009).

\textsuperscript{27} Note: GDP per capita, Export and Import data are calculated on the index Italy=100. Import data refer to year 2007. Export and Import are ratio between flows of raw materials and manufactured goods to and from other EU countries (intra EU) and non EU countries (extra EU). Labor productivity data as regional percentage on value added per annual work unit at basic prices (Istituto nazionale di statistica, 2010).
Trade between regions is one of the most important aspects of the process of economic globalization. The analyses of export and import performance intra and extra EU are therefore keys element to monitor the competitiveness of regions and their degree of openness towards foreign markets. As the table shows, in 2008 20% of Italian exports derived from the Northern regions, the situation of the Southern regions was totally opposite: these regions originated 1.4% of Italian exports. Regarding the territorial differences about imports in 2007, the situation is similar to that of the exports.

GDP is the final result of goods and services produced by the resident production units. GDP compared to the resident population is the main indicator used in models of economic growth. In 2008 the Southern regions had levels of GDP per capita much lower than those of the North (table 2). Indeed the Northern regions had more than 25,000 euro per capita, while the Southern regions had less than 14,000 euro per capita (Istituto nazionale di statistica, 2010).

Labor productivity measures the amount of product obtained with the use of a unit of work. It indicates the capacity of production system to generate wealth and indirectly, incomes. In 2008 the Northern and Southern regions differed greatly in this indicator (table 2), indeed the former had almost 11 percentage points than the latter. The South also had seven percentage points less than the Italian average.
The employment rate indicates the ability of the labor market to use the human resources available and therefore is an indicator of the structural strength of an economic system. As table 3 shows, in 2008 higher levels of employment rates characterized the Northern (66.1%) regions which exceeded by more than 22 percentage points over the value of the Southern regions. Also gender differences in employment were significant: in the North almost 75% of the men were employed, while in the South it was 58%. The percentage of women employed was even more relevant: it was 29% in the South which means 28 percentage points less than in the North.

The unemployment rate is a key indicator for measuring the dynamism of the labor market, but is also useful as an indirect measure of income distribution. The differences observed between the North and the South were significant (table 3). In 2007 in the North’s unemployment rate was equal to 3.8%, while in the South it was 11.2%. The differences between the two regions about unemployed women were even higher; for instance in the Southern regions 14.5% of the women did not have a job, while in the Northern regions it was 4.9%.

Table 3: Employment and unemployment rates 2007 and 2008

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male &amp; female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>South</td>
<td>43.3</td>
<td>11.2</td>
<td>9.4</td>
</tr>
<tr>
<td>North</td>
<td>66.1</td>
<td>3.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Italy</td>
<td>58.7</td>
<td>6.1</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)

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28 The employment rate is obtained from the ratio between the employed aged 15-64 and population of the same age group. The unemployment rate is obtained as a ratio between the population aged 15 and over in search of employment and labor force totals. The latter represents the sum of employed and persons seeking for employment. The activity rate is derived from the ratio between the labor force in the age group 15-64 years and the population of that age group. Labor force is defined as the sum of employed and persons actively seeking work (Istituto nazionale di statistica, 2010).
Regarding both employment and unemployment rate the South was also far from the Italian average, respectively minus 15.5 percentage points from the former and plus 5.1 percentage points for the latter.

The level of activity rate largely reflects the distribution of employment rate and, inversely, that of unemployment (table 3). In 2008 the Southern regions were confined to below 50% of people actively involved in the labor market. On the contrary in the Northern regions the rate of activity was almost 70% in line with the Italian average. These figures confirm again the reliability of the employment situation in the South.

Table 4: Irregular labor units percentage in 2007

<table>
<thead>
<tr>
<th>% Irregular labor units</th>
<th>South</th>
<th>North</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>22.2</td>
<td>9.1</td>
<td>11.7</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)

The proportion of irregular labor units on total labor units shows again significant territorial differences (table 4). In 2007 in the South the share of undeclared work was almost twice that of the Italian average and more than twice that of the North. This situation can be related with the fact that in the South there are more activities prone to the black labor market, i.e. small firms, construction and agricultural sector.

Irregular labor units is an indicator of black labor on the market. It represents work performances carried out without compliance with existing tax and contributions legislation, therefore not directly observable in the enterprises, institutions and administrative sources. The indicator is constructed as a percentage ratio between irregular work units and total work units (Istituto nazionale di statistica, 2010).
Table 5: Science and R&D indicators 2007

<table>
<thead>
<tr>
<th></th>
<th>% Graduate in science and technology</th>
<th>% R&amp;D public expenditure on national GDP</th>
<th>% Work force in R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>9,7</td>
<td>0,8</td>
<td>3,8</td>
</tr>
<tr>
<td>North</td>
<td>14,4</td>
<td>1,5</td>
<td>14,7</td>
</tr>
<tr>
<td>Italy</td>
<td>11,9</td>
<td>1,2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)

The indicator for the graduates in technical and scientific disciplines is a close approximation of the presence of highly qualified people potentially available to work in research and development sectors. A small number of graduates can represent a disadvantage for a region on international competitiveness in high technology, due to the difficulty for the firms to recruit highly qualified scientific researchers. As the table 5 shows, in 2007 the Southern regions presented a value close to the national average and about 5 percentage points lower than those of the North (14,4%)\(^{31}\).

One indicator used to measure the commitment of the regions in pursuing technological innovation is the ratio between research and development (R&D) expenditure and GDP. In 2007 a large part of the expenditure on research was concentrated in the North. Instead the Southern regions expended less than 1% of the national GDP on research (table 5).

Another useful indicator to represent the role of human resources in the knowledge economy takes into account the number of employees in R&D. In

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\(^{30}\) The % of graduates in science and technology is constructed as the ratio of graduates in technical-scientific and residents in the age group 20-29 years per thousand inhabitants. The indicator of % of R&D public expenditure on national GDP is related to the value of the sum of GDP spent on R&D collected for enterprises, institutions, public and private non-profit and those estimated for the universities. The definition of work force in R&D includes researchers, technicians and other staff responsible for research and development of public administration, universities and public and private companies. In the formulation used here the employees are measured in full-time equivalent units compared to the average resident population in the year 2007. The percentage is made on Italy average as 100. The South index included also the region of Basilicata, while the North index include also Valle d’Aosta (Istituto nazionale di statistica, 2010).
2007, even the spatial distribution of human resources devoted to R&D presented the usual gap between North and South (table 5).32

Table 6: Poverty indicators 2007 and 2008

<table>
<thead>
<tr>
<th></th>
<th>Income inequality</th>
<th>Incidence of poverty per 100 individuals</th>
<th>Incidence of poverty per 100 families</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South</strong></td>
<td>0,326</td>
<td>28,3</td>
<td>25,1</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td>0,290</td>
<td>6,4</td>
<td>5,2</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>0,309</td>
<td>13,6</td>
<td>11,3</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)33

The income inequality indicator has values between zero, where all families receive the same income and there is a perfectly equal distribution, and one in the case of total inequality.

In 2007 in the North the families had more equal income than in the South. This indicator is a confirmation of what has been already suggested by the indicators of employment and unemployment rates (table 6).

Regarding the other two indicators of table 6, i.e. incidence of poverty per individuals and per families, the differences between the North and the South were quite evident. In 2008 about 28% of the individuals of the Southern regions were poor while in the Northern regions about 6% were poor. Similar was the situation concerning the poor families: about 25% of the Southern families were poor against 5% of the Northern ones. Furthermore the South presented an incidence of poverty double of that of the national average.

According to ISTAT (2009) to January 1, 2009 regular immigrants in Italy represent 7,1% of the total population, i.e. 4.279.000 individuals. The distribution of the immigrants on the Italian territory is uneven: in the North reside 61,8% of foreign nationals, while 13% in the South (La Stampa, 2010).

33 The index of income is expressed using Gini coefficient on family income that shows the concentration measurement of variables such as incomes, in order to assess how these are distributed among the population (Istituto nazionale di statistica, 2010).
Looking at table 7, it is quite evident that foreigners had more accessibility in the Northern regions than in the Southern ones, moreover those who lived in the North presented an activity rate about 10 percentage points higher than those of the South. Furthermore the foreigners in the North had a higher educational level than those of the South. It must be noted that these statistics also do not show the higher number of immigrants that worked in the black labor market in the South as opposed to the North. As the table 4 shows, black labor market is more significant in the South than in the North. In the North the immigrants seem to be more accepted and contribute regularly to the economy of the regions. In the South the foreigners are subjugated by irregular activities.

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Table 7: Foreigners indicators 2007 and 2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>2,4</td>
<td>2</td>
<td>64,6</td>
</tr>
<tr>
<td>North</td>
<td>16</td>
<td>13,6</td>
<td>74,2</td>
</tr>
<tr>
<td>Italy</td>
<td>100</td>
<td>100</td>
<td>73,3</td>
</tr>
</tbody>
</table>

Source: (Istituto nazionale di statistica, 2010)\(^{34}\)

\(^{34}\) The indicators used here are constructed by comparing the number of valid residence permits and concessions to foreign resident population to the total resident population of Italians (Istituto nazionale di statistica, 2010).
3. Social Capital: one approach to understand these economic disparities

Several factors can be used to help understand and explain why, in Italy, there are evident economic and social disparities between Northern and Southern Regions. Of course, on their own, none of these can be sufficient as they are all interrelated and together create the outcome.

Social capital, that refers to the relations between individuals, can help to understand these disparities. Depending on the characteristics of these relations an individual or a group of individuals can more easily obtain purposes that go beyond their possibilities and interests.

Each region is characterized by a typical link between itself and its population. It is possible to call this link the regional culture that is composed by behaviors, values, attitudes and constraints of the population that live in that territory. These features shape the relations between the individuals, and therefore the social capital of that region.

It is a well known fact that in each of the twenty Italian regions there are strong regional cultures. It is especially evident in the territorial cultural differences between regions of the North and of the South.

During the last two decades, economists can even agree upon the relevance of sociological aspects with respect to economic development. Since the Italian unification, Southern Italy has lagged behind with respect the North and for this reason it has been subsidized for a long time, by the Italian government before and the EU later. The fact that despite a huge amount of subsidies it has not been able to reduce the development gap with the North has urged scholars to focus their attention on the capability of the receiving society to take advantage of economic aids and to be responsible for its own situation.
Because of this I believe that social capital can represent one explanatory factor of the Southern backward situation.

### 3.1. Social capital: a conceptual analysis

With the term social capital being quite new, there isn’t much agreement on how to define it between the scholars.

According to Lin, Cook et al. (2001) the term “capital” is used because it refers to something that is durable and long lasting, it retains its identity even after different uses, it can be improved or destroyed (cited in Claridge, 03.02.10).

There are similarities and differences between social capital and other forms of capital (Claridge, 03.02.10). Social capital is similar to other forms of capital because: it can be invested expecting returns; it requires maintenance; it is convertible; it is appropriable. But at the same time it differs by other forms of capital because: it does not reside in the individual but it resides in social relationships; it cannot be traded on an open market but is embedded within a group (cited in Claridge, 03.02.10). Furthermore Putnam (1993) argued that more than one person can receive benefits from social capital and, the more it is used, the more its value increases unlike other forms of capital.

Instead, there is an agreement about the roots of the social capital concept that it came from the eighteenth and nineteenth centuries and is linked with authors such as Tocqueville, Durkheim, Weber, Locke and Simmel (Andreotti, 2009).

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\(^{35}\) Adler and Kwon (1999); Bourdieu (1986); Coleman (1988); Gant et al. (2002); Robison et al. (2002).
Probably the first authors that used this term were Hanifan and Jacobs. Hanifan, school inspector, in *The Rural School Community Centre* (1916) with Social capital relating to “goodwill, fellowship, mutual sympathy, and social intercourse amongst a group of individuals and families” (cited in Claridge, 01.02.10). Jacobs, urbanist, in *The Life and Death of Great American Cities* (1961) in discussing urban life, argued that “networks are cities' irreplaceable social capital” (cited in Claridge, 01.02.10).

In the 1970s the sociologist Pierre Bourdieu brought the term forward as he considered individual outcomes and his egocentric definition as applicable at the individual level of analysis: “(...) the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition or in other words, to membership in a group which provides each of its members with the backing of the collectivity-owned capital, a credential which entitles them to credit, in the various senses of the word.” (cited in Claridge, 01.02.10).

Bourdieu defined social capital as a productive resource that permits individuals to increase the value of other capitals: cultural, economic and symbolic (Cartocci, 2007). The more people one knows, the more social capital is available at his disposal. Of course the more wealthy these people are in the three different forms of capital, the larger the social capital is. From this point of view, the networks of relations between individuals are the products of strategies taken individually to create useful relations, in the short or long term.

The contribution of many authors on social capital has grown significantly during the last twenty years because of the attractiveness and multidimensionality of the term. The several meanings of the concept led to

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a huge amount of definitions and applications. Indeed it can be applied at different levels according to the societal structures taken into consideration: (1) micro, when it refers to individuals and their relations; (2) meso, when it refers to organization or association, (3) macro, when it considers regional or even national society (Andreotti, 2009).

To better understand the relevance of social capital about economic development it is useful to subdivide the studies related to the concept in three main approaches: political science, sociology and economy (Sabatini, 2004). In each approach the definition of social capital changes according to the social structure concerned; but even within the same approach the conceptualization of the concept can partially differ.

The political science approach considers social capital as social participation and trust’s distributor. The main author in this field is Robert Putnam.

The sociological use of the concept focuses mainly on networks of interpersonal relations and can be possible to divide into two main theories: the rational choice sociology and the new economic sociology. The main proponent of the former theory is James Coleman, while main exponent of the latter is Mark Granovetter.

The economic approach is influenced directly by the neoclassical theory of the social interactions\(^3\). This approach differs completely by the previous mentioned because it considers social capital exclusively as an individual resource and does not take into account the collective dimension. The same approach includes Douglass North scholar of the new institutional economy who concentrates his attention on the role of formal and informal institutions.

In the following paragraphs I will focus my attention on these three approaches to have a better idea about the different conceptualization of social capital made by political science, sociology and economics.

Furthermore I will study definitions considering especially the collective dimension of the concept. This is necessary since my work will consider social capital at a regional collective scale.

In doing so I could more effectively argue from my point of view and for my case study what are strengths and weaknesses of the different conceptualizations. Based on this I will give my own definition of social capital. My final aim is to formulate a set of indicators useful for evaluating social capital in my chosen regions.

The political science approach

The concept of social capital became more popular thanks to the political scientist Robert Putnam (1993) when in his book *Making Democracy Work. Civic Traditions in Modern Italy* (1993) he analyzed the institutional performances’ inequalities between the Italian regions during a twenty year period of time, from 1970 until 1990\(^\text{38}\).

Referring to “institutional performances” Putnam (1993) meant the efficiency of public regional governments in completing their tasks, taking into account the will of their citizens. Putnam (1993) stated: “Institutions are devices for achieving purposes, not just for achieving agreement” (p. 8). Public government has to act, not just decide; hence Puntam’s model of institutional performance can be simply translated and ordered as: society demands, policy interacts, government, policy choice, implementation. Moreover Putnam (1993) stressed: “A good democratic government not only considers

\(^{38}\) In 1970 the Italian regional governments were institutionalized. 1990 is the end of the so-called first Italian republic. In the 90s Italian politics was invested by a judicial inquiry named “Mani pulite” (*clean hands*) that showed corruption and bribery among big Italian politicians of that time. The media used to call it “Tangentopoli”.
the demands of its citizenry (that is, is responsive), but also acts efficaciously upon these demands (that is, is effective).” (p. 63).

Putnam (1993) argued that these institutional performances’ inequalities between Northern and Southern Italian regions were due to different political and economic contexts between the regions. Regions with low levels of social capital showed low levels of institutional performance and consequently poor economic development. Indeed the regional institutional environment affects the economic development since it redistributes wealth, invests public money, provides public services, decides how and where to spend the taxes of citizens. The conclusion was that mutual relationships between government and civic society represent the secret for the success of institutional performance and then economic growth.

Like most of the scholars, Putnam (1993) agreed on the fact that institutions affect politics and at the same time institutions are conditioned by history; but his conception adds also the influence of the social context on the institutions’ performances. For this reason, first Putnam considered the institutional performance and after the social capital of the citizens with the aim to understand how the latter affected the former.


After the institutional performance’s evaluation, Putnam (1993) defined and explained his conceptualization of social capital.

According to Putnam (1993): “Social capital here refers to features of social organization, such as trust, norms, and networks, that can improve the

At the level of the civic society, Putnam’s definition of social capital identified three components: generalized trust, norms of generalized reciprocity and networks of civic engagement.

Generalized trust means impersonal trust direct to other members, not close relatives, of the society about whom it is possible to have information. While generalized reciprocity is an exchange of goods and services between individuals where the giver does not expect an immediate reciprocal act of the same value by the receiver. Here there is the expectation that someone in future will provide goods and services when there will be the need. Hence it can be considered act of altruism in the short term and personal interest in the long term.

According to Putnam, of the three components, networks of civic engagement is prominent because it is thanks to it that generalized trust and norms of generalized reciprocity are spread out and institutional performance and economic development are beneficially affected (Andreotti, 2009). The same three components are intended as a public good and defined as “moral resources”: “(…) resources whose supply increases rather than decreases through use and which become depleted if not used.” (Putnam, 1993, p. 169).

Putnam (1993) argued that associations secured better public institutions and benefits for the collectivity, but showed that not all the types of associations create social capital. Indeed only associations focused on external relations with horizontal links and characterized by horizontal relations between individuals with other individuals are suitable, i.e. bridging relations. If strong internal relations maintained between individuals within a collectivity, i.e. bonding, prevail then there is the risk of magnify internal identity, e.g. Ku Klux
Klan, while bridging relations promote ties between people of different groups that mean openness and generalized trust.

Putnam’s conceptualization of social capital has been criticized for different reasons.

According to Lin (2003) Putnam does not explain what it is that causes people to associate (cited in Andreotti, 2009, p. 49). There is confusion because at the same time trust and civicness are considered sources and products of association. To solve this problem Putnam took into account the historical path dependence arguing that it is the historical culture of a society the main determinant of civicness and individual attitudes in general. But Bagnasco (1999) argued that in this way Putnam totally lost the importance of individual actions, interrelations of individual actions within a collectivity and mutations of these and of institutions in history (cited in Andreotti, 2009, p. 50).

Putnam does not recognize differences between the association’s mission: each kind of association (e.g. musical, sports, cultural, etc.) if it has horizontal structure can create social capital. Adreotti (2009) argued that: “(…) every association has its own interests and can even generate conflict, e.g. political movements that want change the system with violence.” (p. 51). Moreover the number of people that participate in associations is limited when compared to all the population of a State as well as is limited by the time spent within association activities.

Claridge (01.02.10) argued that Putnam, while popularizing the concept, led to a significant weakening of the conceptualization and operationalization of it. This is partially because, after Putnam’s work in Italy, many authors followed Putnam’s footsteps considering him as the foremost expert and for this reason Putnam’s replications have been applied across a variety of disciplines without rigor.
As with Bourdieu, James Coleman in the 1980s focused his study mainly on the role of networks of interpersonal relations. But unlike Bourdieu he used groups, i.e. family or community, as a level of analysis; for this reason his work represented a change from an egocentric to a sociocentric definition where the outcomes are collectives. Despite Coleman, scholar of the rational choice sociology, criticized the lack of attention about the influence of society on individual behaviors, he based his theory on the individuals’ rational choices (Cartocci, 2007).

Coleman (1994) argued: “Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors whether persons or corporate actors within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful to others.” (p. 302).

Moreover, Coleman (1990) argued that, for most part of the history, social capital finds its foundations on the social organization of the family, the clan, the neighborhood, and the community (cited in Andreotti, 2009). This kind of social capital is defined as primordial by Coleman and is the product of non intentional social organizations; for this reason it is spontaneous and its ties are strong and dense. Since the 19th century this primordial social capital is disappearing and has almost disappeared in the developed countries; in its place there is another kind of social capital represented by the rational organization voluntary that is composed by intentional collective actors: e.g. schools, health insurance, welfare agencies, etc.
Coleman’s understanding of social capital presents an atomistic conceptualization (Cartocci, 2007). Form the point of view of the individual benefits it is similar to the Bourdieu’s definition. Cartocci (2007) posited: “The [Coleman] starting point is that the society is composed by independent individuals; everyone of them acts and achieves independently his own goals, and the societal system works thanks to the combination of these independent individual acts (...). This assumption can be shortened with the expression: the whole is equal to the sum of the parts. ” (p. 25).

Coleman’s description of both sociological and economic aspects are considered as; Social capital is productive and can achieve goals that in its absence could not have been achieved. It does not reside either in the individuals, or in the physical elements of production (Coleman, 1994). The purposes are clearly individual, but the social capital is collective (Cartocci, 2007). In fact it is not property of a single individual and its effects are for all, and not only for who has invested in it. For this reason Coleman recognized the collective dimensions of social capital that are mostly represented by the results of interactions involving groups of people organized in voluntary associations.

Coleman’s definition (1994) is extensive; indeed he identified different forms of social capital: (1) obligations and expectations, (2) information potential, (3) norms and effective sanctions, (4) authority relations, (5) appropriable social organization, (6) intentional organization. These are considered forms of social capital because represent resources that contribute to the pursuit of individual and collective’s aims with economic importance.

(1) “Obligations and expectations” imply a relationship among two or more persons where man A does something for man B because A trusts that B will return the favor. A expects while B has an obligation to respect; of course it is not sure that B will or could observe its obligation. For this reason the main characteristic here is the level of trust. The more expectations A holds, the more capital he can receive back. Coleman
(1994) argued about the importance of the social and institutional context's elements, for example: the real need of the person who asks for help, the existence of other sources of institutional support, the level of wealth of the people who helped, the structure of relations. All these elements impact on the possibility of creating or not creating an obligation.

(2) “Information potential” represents useful information that facilitates actions provided by social relations. Examples of these are information passed orally mouth to mouth that can be useful to buy a car, a house, to keep informed by others about current events or other things. Here internet and media information are not considered.

(3) “Norms and effective sanctions” are for examples effective norms against crime or in general norms that indicate the prevalence of public good over private interest and encourage such behavior.

(4) “Authority relations” refers to the transfer of ownership of control and decisions on certain actions; for example if many individuals transfer to one single individual a huge amount of control rights, then this actor will have a large amount of social capital.

(5) “Appropriable social organization” refers to the existence of voluntary organizations created for a specific purpose, but then can also be used for other purposes. For example: a group of students is formed to maintain and clean the indoor school spaces, but after the group decides also to maintain and clean the outdoor school spaces.

(6) “Intentional organization” intends to the result of an explicit investment by individual or collective actors who have a common purpose and plan to make a profit from their investment. For example: a commercial organization is an authority structure composed by individuals that hold positions connected with each others by obligations and expectations.
Main critics to the Coleman’s conceptualization concern the composition of social capital in different forms and the individual interests’ dimension.

Lin (2003) posited that social capital’s forms identified by Coleman are too varied and that in this way each kind of element of the social structure is a candidate to become social capital (cited in Andreotti, 2009). Indeed at the same time Coleman considered individuals’ networks, norms, and organizations; this produces an overlapping analysis at many levels and makes the issue more complicated to measure social capital.

The network of society composed by individuals with their own interests stress the rational, instrumental and logical elements of social capital. According to Cartocci (2007) the main risk for Coleman’s conceptualization is to ignore those social capital aspects. i.e. values such as solidarity, friendship, disinterested cooperation, etc., that do not represent a useful, direct and visible benefit for the individual.

Coleman (1994) described social capital as a dimension solvable only thanks to individual advantages. This idea is clearly explained with the question “Why do rational actors create obligations?” Coleman (1994) answered: “(…) when I do a favor for you, this ordinarily occurs at a time when you have a need and involves no great cost to me. If I am rational and purely self-interested, I see that the importance to you of this favor is sufficiently great that you will be ready to repay me with favor in my time of need that will benefit me more than this favor costs me (…)”. (p. 309).

Cartocci (2007) criticized this perspective. Firstly, the atomistic point of view of Coleman is too optimistic: it is hard to assume that because everyone pursues his interest at the end the sum of all these individual interests will be translated to benefits for all the collectivity. Secondly, it is not imaginable that individuals act only guided by their personal interests; values can force the individuals to make choices and actions totally incomprehensible under the logic of rational self-interest. Then these values represent a constraint for the
action’s autonomy of an individual. Furthermore values could explain why people associate to reach public happiness.

As Hirschman (1987) argued when there are not self-rational reasons, the only cause that promotes participation can be the personal satisfaction and gratification that is the irrational element of the human condition (cited in Cartocci, 2007). In this perspective efforts of participation are no longer seen as costs but as benefits.

It should be noted that the theory of Coleman seems more comprehensive than that of Putnam. This fact can be attributed to the different disciplinary backgrounds of the authors. In contrast, the empirical researches of Putnam is simpler and clearer so much that because of their simplicity his indexes of civicness are widely used.

Despite the sociologist Mark Granovetter (1973, 2001) does not refer directly to social capital, his works deal with this concept. Granovetter is a scholar of the New Economic Sociology based on the idea that: “(...) many economic problems, which by tradition are seen as belonging to the economists’ camp, can be better analyzed by taking sociological considerations into account.” (Granovetter and Swedberg, 2001, p. 2).

In his works Granovetter (1973, 2001) studied the relevance of social relations on the economic activities. We have to assume that social capital is inlaid in social networks, but it is not represented by social networks. It is important to have this clear distinction.

With his article The Strength of Weak Ties (1973) Granovetter pointed out the relevance of information transmitted by social networks to find a job. In his idea social relations make up a specific social context that shapes economic activities.
According to different empirical studies, Granovetter (1973) formulated his theory: weak ties, such as work acquaintances or friends of friends, are basic element for individuals to get and change jobs.

For Granovetter (1973) society is structured in a highly connected cluster, e.g. kinship, or in very restricted circles of friends where everyone knows everyone. In such types of clusters the information is redundant.

Since weak ties are more likely part of different social clusters, their presence inside a network of relations means that there is the possibility to access more original information. Weak ties are particular because they represent a bridge between different networks; in this way they permit that information from one network to be diffused to others and vice versa.

Granovetter (1973) argued that individuals use more strength ties at the beginning of their careers; this is because of course the acquaintance on the world of employment is less. Afterwards moving ahead with the careers it is more likely that individuals use weak ties to get job opportunities; this is because social work circles increase and this means an increase in acquaintances, i.e. opportunity for personal contacts. Moreover Granovetter (1973) pointed out that weak ties are more relevant to get better quality and better paying jobs. However the case of the Italian district represents an opposite perspective: there strong ties were the success key for development.

In his work *Economic Action and Social Structure: The Problem of Embeddedness* (2001) Granovetter argued that economic actions are embedded in the social context and are the key factors that generate trust and deter opportunism. His perspective criticized the classic and neo classic utilitarian theory.

Utilitarian theory stresses that behaviors and institutions in all societies can be understood as the result of the pursuit of individual interests by atomized
individuals. According to this perspective economic transactions are defined by rational calculations of individual gains. Granovetter (2001) instead argued that the level of embeddedness has always been and continues to be more relevant than economists believe.

Since the 70's economists were growing interested about the problems of trust and opportunism: the assumptions of economic theory state that individuals are motivated by a desire to pursue their own interests, i.e. self-interest, but this does not mean that they do so without deceiving others. How then can we guarantee order, i.e. no use of force or fraud, in economic life?

Economic theory believes that competitive forces, in a self-regulated market, are able to suppress force and fraud. But in reality, economic actors often move in contexts of imperfect competition, e.g. small number of participants, weak competition; so it cannot simply be the mechanism of competition to discourage opportunism.

Granovetter (2001) presented two other explanations advanced by the utilitarian tradition.

The first explanation including classical and neoclassical economics is based on undersocialized conception and considers individuals as atomized who are not influenced by social relations. In this view the fact that actors can have social relations is treated as an obstacle that inhibits competitive markets; through controls and punishments formal institutions discourage opportunism and fraud because make these too expensive.

The second explanation made by modern economists is based on the oversocialized perspective and considers individuals as hypersensitive to the opinions of others: they are obedient to the rules and values that have been

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developed and internalized by socialization. According to this view it is
requires a certain level of confidence to reduce fraud. To explain the origin of
trust it refers to the generalized morality, i.e. rules of behaviors that are
internalized by the subjects.

Despite the apparent diversity, according to Granovetter (2001), these two
concepts share the same conception of action and decision: i.e. atomized
actors. In the undersocialized perspective the atomization arises from the
pursuit of self interest. In the oversocialized perspective the atomization
arises from the fact that the behaviors have been internalized and that social
relations produce only marginal effects on the behaviors.

It is at this point that Granovetter (2001), scholar of the New Economic
Sociology, used for the definition of embeddedness \(^{41}\). In his perspective
personal relations and their structures have an important role in generating
trust and to discourage abuse, more than institutional structures or
generalized morality. Then network of relations and associations helps to
repair market failures because they diffuse information, reputation and trust
that means to perform control and punishment, even if in an informal way.

This is a less radical explanation of the two previous perspectives: it is
always possible that opportunism or lack of confidence happens since the
networks of social relations penetrate irregularly at different levels and in
different sectors of economic life.

Indeed according to Granovetter (2001) even if social relations are necessary
conditions for the confidence and the correct behavior they can still create
opportunities and means of prevarication. This is so, especially because of
three reasons:

\(^{41}\) Granovetter (2001) stated that this position is combined with the substantivist school in
anthropology (Polanyi, 1944) and with the idea of “moral economy” in history and political
science (Thompson, 1971; Scott, 1976).
(1) the trust created by social relations increase the opportunities for abuse of power: the more you trust a person, the less you will control him/her and then there are more possibilities for him/her to cheat you;
(2) the use of force and fraud are found mainly in groups linked by a strong inner confidence;
(3) the degree of disorder resulting from the use of force and fraud depends in large part on how the network of social relations are structured.

The economic approach

As I have shown in the previous paragraph, using different approaches sociologists and economists have tried to restructure the relationship between economics and sociology. One of these approaches is the New Institutional Economics.

This, unlike the New Economic Sociology approach presented above, argues that behaviors and institutions can be better understood as a result of the pursuit of self-interest by rational, more or less atomized individuals (Granovetter, 2001). The main scholar of the New Institutional Economics is Douglas North.

North, like Granovetter, does not refer directly to the term social capital, his work deals with this concept and it is useful for me to better understand the relationship between social organizations, such as volunteer associations, and economic development.

North (1990) considered the institutional structure of the economy as a result of rational maximizing behavior of individuals who pursue individual goals using social organizations, while institutions were considered as constraints that define and limit the set of individual choices (Sabatini, 2004). North (1990) described institutions as “the game rules of a society” referring to the
constraints that individuals have established to govern their relations (cited in Sabatini, 2004).

According to North (1990) institutions make history matter (Nilsson, 2010). North (1990) stated “Institutional change affects society’s evolution over time and is the key to understand history.” (cited in Sabatini, 2004). Then institutions incentives are political, sociological and economic trade.

North distinguished formal and informal institutions. The latter are part of the society’s cultural heritage; they arise spontaneously and are originated to solve problems of coordination through diffusion of information. They consist essentially in agreements or code of behavior sanctioned by society (Nilsson, 2010). These kinds of institutions do not change rapidly.

Instead formal institutions are represented by political, economic and juridical rules. Their task is to complete and enhance the efficiency of informal institutions to facilitate the political and economic trades reducing uncertainty and promoting dissemination of information (Sabatini, 2004).

Hence informal institutions promote the realization of organizations such as political parties and labor unions as well as universities and cultural, sport or religious associations. Instead formal institutions are represented by a tax system, labor market regulations, education system as well as property rights or capital market rules.

The institutional context has a decisive influence on the birth and evolution of formal institutions which in turn offer opportunities of relations and actions for the individuals.

According to Sabatini (2004) in North’s perspective formal and informal institutions affect each other and together represent social capital; but especially informal institutions are important because they shape the economy through social organization used by rational actors to pursue their
interests. Thus both formal and informal institutions, i.e. social capital, are public goods, features of the social structure that are produced collectively (Sabatini, 2004). Nevertheless Sabatini (2004) stressed that policy makers have no significant influence on them in the short term.

### 3.2. Conceptualization and evaluation’s problems

As the different definitions presented in the previous paragraphs have shown, the definition of social capital differs according to author, discipline, level and context of application. The sources and effects also determine different understanding of the concept. Because of this complexity and its popularization, a common definition of social capital does not exist.

Since it is possible to identify social capital at different levels, i.e. individual, community, regional and even national level, there are discussions among authors whether social capital: is an individual or a community attribute; is a public or a private good; produces always positive effects or even negative effects.

Just considering the three above mentioned approaches it is clear there is a variety of conceptualizations. For instance sources of social capital could be: social homogeneity, i.e. culture, ethnic, traditions, interests etc. (Putnam, 1993); human associations characterized by horizontal links (Coleman, 1994; North, 1990; Putnam, 1993); individual rational strategies (Coleman, 1994; Granovetter, 1973); indirect consequences of pursuit of individual interests and willingness of both formal and informal institutions (North, 1990, cited in Sabatini, 2004).

Even the effects of social capital vary as well as its sources. For instance consequences of social capital could be: individual opportunities such as useful acquaintance (Granovetter, 1973); collective benefits as high institutional performance and consequently economic development (Putnam,
collective benefits as collective expenditure reductions (Coleman, 1994); arrangement of market failures (Granovetter, 2001; North, 1990, cited in Sabatini, 2004). Obviously each kind of individual or collective advantages can have unfavorable impacts on other individuals or social clusters.

Another main difficulty is how to identify and evaluate social capital. It is an abstract concept, not physically visible; it exists on the relations between individuals, i.e. horizontal links, between individual and institutions, i.e. vertical links, and at various levels of relations, formal and informal. Because its multidimensionality it has many meanings; its forms as well as its sources and effects are quite different. It is hard, probably impossible, to measure it directly and without subjective interpretation.

Hence caution is necessary when trying to assess social capital due to the ambiguous and unreliable measurement methods as well as all the measurement techniques that attempt to evaluate abstract social aspects. For this reason the indicators used must be specifically designed for the particular context of investigation.

### 3.3. Definition of social capital

As it has been explained in the chapter before, the concept of social capital is still too far away to be clear and definite. Since there are all these different interpretations I would like to define social capital by myself in order to analyze as an experiment its degree of relationship with the economic disparities between the Northern and Southern Italian regions.

Before I argued about social capital as a collective dimension, I have to say that it is a resource that has been experienced by everyone in some way.

Social capital manifests itself in all kinds of human relations and its consequences could be advantages for one, for few individuals or for the public collectively. For instance to get free information about something is an
advantage for one individual; a group of mothers organized to control their children when they play at the park is an advantage for that particular group; an organization of people that take care and complain against air pollution is an advantage for all.

Despite social capital being recognized at different levels, I will focus my definition on those collective manifestations of it that affect regional economic development.

In my opinion, it can be understood as those moral values such as civicness, trust and reciprocity, translate into moral obligations that represent good starting points in order that people behave correctly in their own respect and towards their society.

A cohesive society where people have a high level of these values in each other experiments more forms cooperative units and is more able to solve common problems by itself. According to North (1990) these kinds of cooperation represent informal organizations such as associations which can to some degree compensate formal institution’s shortcomings and market failures (cited in Sabatini, 2004).

Bourdieu (1986) considers social capital as a resource made up by other forms of capital, i.e. human, economic or symbolic (cited in Andreotti, 2009). It is not enough to have a network of relations rich in these forms but it is needed something that joins these capitals and exploits them.

Even if I recognize that most of the time individuals act motivated by personal interests it is hard for me to admit the existence of social organizations as the only means to achieve personal interests (North, 1990, cited in Sabatini, 2004). Similarly it is hard for me to consider social capital as a sum of individual interests (Coleman, 1994).
When there is social capital, personal interests are traded with mutual aids that afterwards can evolve into altruistic actions. For the same reason I consider social capital as altruism in the short term and personal interest in the long term (Putnam, 1993). Moreover social capital manifests itself in different forms since it can be noticed into several kinds of human relations (Coleman, 1994).

Hence I consider social capital stems from interactions between people that, if guided and organized, amplify individuals’ possibilities to take advantages of the social context. Then the collective dimension of it and its capability to achieve goals that are too expensive or even impossible to achieve individually are significant (Coleman, 1994; Putnam, 1993).

When Putnam (1993) referred to civicness of a society he meant the responsibility’s values of the citizens towards themselves. The basic preconditions for the formation of these values is historical path dependence (North, 1990; Putnam, 1993). Of course behaviors and attitudes of today are shaped by past traditions and usually their change is appreciable on the long run, but nowadays these changes happen and occur quickly since our society is affected by huge technological changes that imply large networks of relations.

Indeed in societies of developed countries family and clan ties, i.e. strong ties, are losing relevance at the expense of more occasional ties, i.e. weak ties. For this reason it is relevant that the impact of weak ties on economic development (Granovetter, 1973). Nowadays individuals have the opportunity to explore more social groups and to get in touch with new information that is shared between the network of relations. Somehow, Coleman (1994) has this point of view when he stated that primordial social capital has been replaced by rational voluntary organization.

However this does not mean that social relations are now colder or less emotional than before. Strong ties still remain fundamental as starting point
of job careers and as insurance of support during all life. But it is also true that strong ties can represent a disadvantage; indeed an individual can remain trapped in the social circle of strong ties if oneself is not able to take advantage of the opportunity given it to him/her by the technology and the consequence of globalization.

Moreover even social relations characterized by weak ties promote trust and reciprocity as well as social clusters of strong ties (Granovetter, 1973). This is because organizations of weak ties, maybe more than strong ones, need informal rules that enable efficient exchange of information, control and punishment. In this perspective trust is based on the information that an individual can have about the others and it is seen as the capacity to predict and affect behaviors; this information is basically made by the reputation that each one has in the social group where he or she is acting.

As with Putnam (1993) I admit the importance of the culture of homogeneity to create social capital, but at the same time when there is social capital this could also foster to exploit advantages from diversity such as ethnic diversity. The main example is represented by the most famous local development of the Silicon Valley in California, where most of the workers were not born in the United States. As I have shown the scholars mentioned consider civicness, trust and reciprocity as main values that characterize social capital.

Since civicness includes different values and trust is more ambiguous and hard to identify, I will define social capital considering four values: (1) reciprocity, (2) sociality, (3) tolerance and (4) democracy. I see all of them as inputs to create social capital; when social capital is created the same values

\[42\] Like the case of Italian districts also in the Silicon Valley the individuals are not isolated and the concepts of reputation, identification and belonging are fundamental. But contrary to the case of Italian districts in the Silicon Valley the community membership is the professional community and not the local community; besides reputation and identification are based on skills and not on previous acquaintances such as kinship or close friends (Nilsson, 2010).
can enrich the concept and could represent a starting point to promote economic development.

(1) Reciprocity can be summarized as: one does something for help someone else without immediate payment back, but hoping one day in a time of necessity that favor will be returned. Generally in a region where people are reciprocal to each other, a society that will be more willing and able to help itself will be created; especially on those necessity inefficiently satisfied by traditional public services. In this way expenditures and time for the collectivity will be reduced. For instance a voluntary organization which daily takes care of the elderly represent for an elderly person and his/her family less trouble and more time to work, to study or to enjoy free time; the same can be said about a nursery. Or another example is an assistance organization for homeless: such a kind of organization helps these people to be reintegrated into society and then to return to be a potential workforce. It should be noted that a society full of reciprocity tend to be structured in a non hierarchical way that means more possibilities for the individuals to exploit their skills since there are more suitable and convenient aids during their life.

(2) Sociality represents the awareness of individuals to recognize the social attitudes, behaviors and norms of the society they are living in. To be able to live in society means for an individual to make the best of the opportunities provided by social relations following the society rules. In each kind of society, but especially in those in large scale, like in a region, the different personal ties compose different social groups interconnected to each other. The individual is able to move in-between these social groups will get more advantages (e.g. job opportunities, useful information and advantageous acquaintances for every kind of activities of his/her life) than those who spend most of the time inside the same social groups, such as relatives or close friends. For this reason those organizations that permit different
individuals to get in touch thanks to a common interests (e.g. sport and cultural associations) represent the easy and best way to catch the opportunities that human relationships have to offer, even from an economic point of view.

(3) Tolerance is the disposition that an individual has to understand and respect ideas and behaviors different from his/her own. In a region this disposition means to be less affected by local preconceptions and traditions that often represent obstacles to the development, including economic. A region where people demonstrate a high degree of tolerance is more willing to accept innovative proposals both from formal and informal institutions; it is also better prepared to adapt to a globalized world, i.e. to racial mixture and multicultural society.

(4) Democracy represents the sovereignty exercised indirectly by the citizens. In a country it is important for its development that citizens are active participants in public life at each level of government. A public decision is more useful, efficient and effective for everyone if there is strong public support for it. But to apply democracy does not mean only participate in public decisions, but also to take own initiatives. Citizens do not always have to wait for public institutions to solve their problems; if they are not satisfied with their situation and if they believe it is better and necessary they can operate on their own and exploit their resources, i.e. social, cultural and natural.

Then in my understanding at a collective dimension, social capital refers to those individuals’ relations that permit any group of people to produce common goods useful for them and even for those who have not participated in the production. The quality and the values of the cooperation are dependent on reciprocity, sociality, tolerance and democracy. Cooperation gives way to the possibility to reach goals in a more efficient manner, i.e. spending less time and effort, and to even reach goals otherwise impossible to achieve individually. Besides a community must be able to exploit each kind of diversity, i.e. it has to be open as much as possible to different
culture, ethnicity, and ideas. The relationships that characterize this community have to be based on information of reputations, that foster trust, and not to be bound only in kinship, ethnic or religious relations. The achievements have to improve directly or indirectly the quality of life of those who participate and those who are not involved. My definition does not refer those forms in cooperation that pursue crime and violence.

**Social capital indicators**

As I have previously shown, social capital, like all social sciences, is abstract, and difficult to measure even once a definition is found. I am aware that my interpretation of social capital is reductive because of the complexity of the topic, my lack of knowledge about it and also because of my conscious and unconscious preconceptions about the economic disparities between North and South of Italy.

The evaluation of social capital as I define it, does not seek to be all encompassing; it is an experiment without any presumption to describe reality. Regardless of the results that I will present, I am well aware that using other approaches and other indicators could possibly produce results to contradict my findings.

Returning to my personal interpretation of social capital, my intention is to evaluate social capital at a regional level then I should recognize in this level those informal values pointed out with my definition, i.e. reciprocity, sociality, tolerance and democracy; but because of methodological, practical and financial reasons it is almost impossible for me to identify such informal values.

For these reasons I have to be satisfied by the available indicators I can get that better represent a recorded track of individual behaviors and networks of relations rich of those values I have described.
I am aware of the difficulty and inaccuracy that develops when I try to evaluate an average of those values as regional characteristics. Firstly because behaviors such as collaboration or reciprocity are individual actions but their sum cannot represent the characteristic expressed by a region or a territory. For instance if a region presents to have high level of reciprocity and it seems to have a positive relation with economic development this does not mean that a high level of reciprocity at an individual level promotes a high income for that individual. Secondly because sample of associations represent a few units of sample if compared to the total population of a region; indeed few people participate in this kind of activities.

According to my definition of social capital I have chosen the following indicators:

- Volunteer associations as the expressions of moral obligation of citizens towards society;
- Sport associations as opportunities to socialize outside strong ties, to get in touch with information and to spread out own reputation and honor;
- Non Italian native mayors and female mayors as openness of a community towards globalization and gender equality to accept new ideas that represent potential advantages to be exploited afterwards;
- Interests and involvement in public activities as the visible and explicit participation of citizens at public businesses;

Table 8: Chosen indicators to evaluate social capital

<table>
<thead>
<tr>
<th>Indicators per region</th>
<th>Values</th>
<th>Why these indicators are good proxy for their values?</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUNTEER ASSOCIATIONS</td>
<td>Reciprocity</td>
<td>They help to solve collective problems and to compensate public inefficiencies through exchange of mutual aids.</td>
</tr>
<tr>
<td>- N° of volunteer associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPORT ASSOCIATIONS</td>
<td>Sociality</td>
<td>They enlarge networks of human relations that favor opportunities to get in touch efficiently with useful acquaintances and information</td>
</tr>
<tr>
<td>- N° of Sport associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Membership on sport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td><strong>NOT ITALIAN NATIVE AND FEMALE MAYORS</strong></td>
<td>Tolerance</td>
<td></td>
</tr>
<tr>
<td>- N° of not Italian native mayors;</td>
<td>They represent the direct acceptance of news and innovation that permit to keep pace with globalization and contemporary times.</td>
<td></td>
</tr>
<tr>
<td>- N° of female mayors</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INTEREST/ INVOLVEMENT IN PUBLIC ACTIVITIES</strong></td>
<td>Democracy</td>
<td></td>
</tr>
<tr>
<td>- Regional government elections turnouts$^{43}$</td>
<td>They represent the interest and involvement of the citizens regarding the community’s needs; this increase efficiency between institutions and citizens.</td>
<td></td>
</tr>
<tr>
<td>- N° of Pro Loco$^{44}$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own Illustration

Volunteer associations are based on the value of reciprocity. In this kind of association the participants share ideals to help other people, even stranger. Reciprocity refers to the expectation of future possible mutual aid; those who participate in volunteer associations does this because they believe in collective actions for collective benefits but also because they believe that the more they give the more they get back.

The indicator of volunteer associations represents the capability of a group of individuals to produce aids of public interests, for those who are not part of the same group. In a region a high number of volunteer associations represent a resource of informal organizations that support formal institutions taking care to ensure the most urgent and necessary citizens’ needs.

$^{43}$ I will use the turnouts of the last three regional government elections which took place respectively on April 16 and 17, 2000; on April 3 and 4, 2005; on March 28 and 29, 2010.

$^{44}$ ProLoco, i.e. “in favor of the place”, are volunteer grass-roots organization that seek to promote some particular places such as a town, or small towns together in a valley. Pro Loco’s main purpose is to organize, finance, advertise, and operate the local celebrations; it is especially at the service of residents but also it promotes the town's products for tourism; and in some cases supports publications, scholarly research, or the restoration of local monuments.
Associations in general are based on the value of sociality. Also in a community such as a sports team association, individuals share interests and purposes.

The indicator of sports associations represents the possibilities for an individual that is part of a group to exploit his/her relationships inside that particular group. But these relationships could also allow him/her to obtain benefits even outside the sports associations. The result in a region is the formation of social groups increasingly interconnected with each other; this could be a key factor to take individual advantages in a global society. In a region a high number of sports associations and especially a high number of memberships imply more non redundant information, more circulation of reputation and trust between actors. Moreover an individual that takes part in these kinds of associations learn how to live with others, to respect the rules, how to handle difficult situations; somehow it is a school of everyday life.

The indicators of not Italian native mayors and female mayors are based on the value of tolerance defined as the disposition of a regional community towards the change of old cultural traditions such that they can at least have an Italian man as first citizen or have the important public governmental functions performed by males; indeed preconceptions in favor of male gender are still present in Italy. Moreover having a mayor not born in Italy is an indicator of immigrant integration directly wanted by the hosting society.

These indicators note the openness of a region in respect of those phenomena such as immigration and equal rights that are affecting all the developed countries.

The indicator of interest and involvement in public activities is based on the value of democracy that is the citizens have the sovereignty and for this reason they should use it to determine their future.
The regional elections turnout indicators note the bottom up process through which citizens declare their needs or their discontent to the public institutions. Those who vote are more likely to feel part of that society and, for this reason, are representative of social cohesion. The indicator N° of Pro Loco represents the concrete responsibility and participation of citizens towards their community; indeed they can take their own initiatives acting as informal organizations if according to them the public institutions do not properly carry out their tasks. It is reasonable to assume that those who are members of a Pro Loco association are also active voters during government elections and feel themselves as part of the society.
4. Social capital in the North and the South

This chapter presents an empirical evaluation of social capital in the Northern and in the Southern regions, based on the indicators presented in the preceding chapter.

4.1. Reciprocity

Humans can exchange goods and services between each other even if these are not comparable from a monetary point of view and even if these exchanges happen at different times. The value of reciprocity represents those informal ways of behaviors of mutual aid between human beings. In this case it does not matter how much that good or that service costs for who is giving it: what matters is how much that good or service is needed by the receiver and how much the giver expects to get back one day. Reciprocity does not mean to be altruistic for free, but by pursuing own interests, such can be occupy free time for a retired person, satisfying interest or needs of others.

In part to supply public inefficiencies in a sector and in part because an increasing feeling among the people to take care of others, nowadays this value characterizes those activities of a private nature that produce public goods and services\(^45\). For this reason looking at the number of volunteer associations per region is an appreciable indicator for the value of reciprocity\(^46\).

\(^{45}\) These activities are named in different ways as the Third Sector, Civil Economy, Non Profit Sector, etc. They are not recognizable neither to the State nor to the Market. Examples are: not for profit organizations, non-governmental organizations, etc.

\(^{46}\) Italy does not have a strong tradition of volunteer associations if compared with other developed countries. Indeed, the research conducted by the World Values Surveys (Wvs) between the 1995 and the 1999 say that the individuals who adhere to volunteer associations (sport associations were not included) amounted to 26% in Italy, while in the
Regions with a higher number of volunteer associations per inhabitant can be seen as having more collective benefits promoted directly by the citizens themselves: indeed there are more individuals aware of the necessities of society, which could be social, economic or environmental.

Those who volunteer for these associations know that everything they do will benefit another being, even if in the short term what they do seems to be advantageous only for the other person, it can also help themselves.

Each Italian region has its own regional register for volunteer associations that is divided into provincial registers. In turn each regional register is articulated in more or less similar thematic sections such as social, cultural, civic, ecological, etc.

### Table 9: Volunteer association indexes

<table>
<thead>
<tr>
<th></th>
<th>N° Volunteer associations / 1000 inhabitants</th>
<th>Index percentage on the indicator average</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>0.227</td>
<td>62</td>
</tr>
<tr>
<td>North</td>
<td>0.501</td>
<td>138</td>
</tr>
</tbody>
</table>

Source: for the South, Volunteer Regional Register of Calabria (2009) and Monitoring Department of Volunteering of Campania (2010); for the North, Volunteer Regional Register of Lombardia (2008) and Volunteer Regional Register of Piemonte (2009).

United States it was 73%, in Great Britain it was 53%, in Sweden it was 68%, in Germany it was 49% (cited in La Valle, 2009).

47 Above these regional registers there is the national framework Law 266/91 that defines volunteer organizations as any organization composed freely by volunteers provided in a personal, spontaneous, free continued form. The regional register of Calabria has been institutionalized with the Regional Law n°18/1995; The regional register of Campania with the Regional Law n°9/1993; The regional register of Lombardia with the Regional Law n° 22/1993; and the regional register of Piemonte with the Regional Law n°38/1994.

48 For the region of Calabria the calculation of the index did not take into account the province of Catanzaro since it was not possible to gather the necessary data. The data from Campania is unofficial since the last update of the register is dated December 2004; The data used has been taken from the Campania Monitoring Department of Volunteering who is doing the update: approximately 1300 associations will be registered. Since volunteer associations are registered on provincial lists, I got the other data directly by each provincial social policy department: the data from Lombardia was gathered from a census in December 2008; the data from Calabria was gathered in April 2009; the data from Piemonte was gathered in December 2009.
As can be seen in table 2 the gap between Northern regions and Southern regions is significant: indeed the former have more than double the volunteer associations per inhabitants than the latter.

The value of reciprocity seems to be much more diffused in the Northern regions compared to the Southern regions; then it is possible to assume that in the North society has a tendency to be more cohesive and able to act by itself for the wellbeing of everyone. Thanks to the higher degree of reciprocity respecting the South, the Northern society propend to learn more about how to take their own initiatives to improve its social and economic conditions. Its network of relations promotes easily exchange of information and opportunities between social groups as tend to be composed most of all by horizontal links rather than vertical ones. So the Northern society appears to be more aware of the fact that the social relations shape the economic situation of their regions.

The Northern citizens considered as individual actors in the social-economic system propend more to recognize to be strictly interrelated to each other. For this reason they tend to be more conscious that every kind of human activity affects others and to be more responsible regarding their welfare; furthermore because of this they are more aware that to take care of financial and social problems of the society is advantageous and suitable for the entire regions’ communities.

This high level of reciprocity can support the Regional Governments in performing their duties or even on some degree compensates the public inefficiencies. Public services such as health, education and recreational activities are improved by the informal values of reciprocity inlaid in the social-economic relations of the society.

This result matches with those of Putnam (1993) when between 1970s and 1990s he evaluated that the Northern regions held more value of reciprocity, civicness and trust than those of the South. Putnam imputed these
differences back to distinct methods of government in the Middle Ages: at that time in the North there were several Communal Republics characterized by a considerable citizens participation to solve common problems using horizontal links; while the South was governed by the Norman Empire characterized by a rigorous hierarchical and autarchic structure of society with vertical links that fostered patronage, opportunism and exploitation. According to Putnam (1993) these past opposite peculiarities still influence the Italians’ ethos in the different regions.

4.2. Sociality

The value of sociality represents the awareness of individuals about the informal behaviors, attitudes and norms of their own society; consequently it means to be able to make the best of the opportunities provided by human relationships, even from an economic point of view.

This value is characteristic of all those associations formed by individuals who share the same interests; e.g. music, sports, art, reading, cooking, etc.

In general in those regions with a higher number of associations of interests and especially a higher number of members, it can be assumed that the individuals are more related and interconnected to each other. For each one of them there are more possibilities to get in touch with someone else that belongs to another social group in the society.

Thanks to a large network of relationships the social groups are more interconnected to each other and the individuals can more easily access information or establish useful bonds, e.g. for finding jobs or for buying houses at a cheap price.

Since to list all the kinds of interests’ associations in a region takes a long time, I have focused my census on sport associations.
The main important sport associations recognized in Italy by Italian National Olympic Committee (CONI) are National Sport Federations (FSN). FSN’s include also professional sport associations, e.g. from the youth system of AC Milan until the professional player. Hence FSN’s represent agonistic sport and the pursuit of excellence. But CONI also recognizes other kinds of sport associations, such as: Sport Promotional Associations (EPS)\(^{49}\).

These are amateur sport associations with recreational and educational purposes where individuals share the same interests; individual growth and the value of participation are more important than competition and glorified performances, for these reasons EPS represents “sport for everybody”.

Hence EPS promotes socialization and helps to reduce individual isolation and social fragmentation. Indeed EPS fosters the creation of human relationship, with both weak and strong ties.

The data presented below shows the EPS registered at CONI during the sport season 2001 – 2002\(^{50}\).

<table>
<thead>
<tr>
<th></th>
<th>EPS / 1000 inhabitants</th>
<th>Indexes percentage on the indicator average</th>
<th>Members of EPS / 1000 inhabitants</th>
<th>Indexes percentage on the indicator average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South</strong></td>
<td>0.505</td>
<td>72</td>
<td>40.5</td>
<td>71</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td>0.905</td>
<td>128</td>
<td>73</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Cartocci (2009)\(^{51}\)

\(^{49}\) EPS were developed during the Second World War and were unrelated to CONI, as they were free associations developed by individuals through free initiatives. Moreover they were especially promoted by political parties, but nowadays they have no links with political parties and are recognized by CONI (Cartocci, 2009). CONI (2010) officially recognizes fourteen EPS.

\(^{50}\) This data has been taken from a survey realized by Cartocci (2009) to define the level of social capital in all Italian provinces. I have chosen to use this data and not count by myself the number of EPS on the CONI website because Cartocci’s data also presents the number of memberships of these associations. Respectful to the number of EPS, the membership indicators better point out the participation in a region of the individuals in sport associations. For me, it was impossible to get this information, since to have it I should analyze every EPS, one by one, i.e. more than fifteen thousand.
In 2002 the North presented a higher number than the South of EPS per inhabitants. Like for the volunteer associations index, also in this index the two regions differ significantly.

The membership indicator is more relevant than the previous one since it measures the number of people involved and thus the efficiency of EPS to intercept the demand. Looking at this indicator the situation is the same: the North has a relevant number of members more than the South. Indeed it has more than seventy members per each 1000 inhabitants, while the South has forty.

In regards to the value of sociality, it seems to be much more present in the North than in the South.

In a region a high level of sociality means to have a larger and wider network of relations that contribute to shape the society with horizontal relations where people of different status and backgrounds interact with each other. In this way transaction costs, i.e. contracts and bureaucratic controls, are reduced; while dissemination of information and cooperation between actors are fostered. For this reason individual reputation is important as well as is important to be able to sell it on the labor market.

Besides, the larger the network of horizontal relations used, the more they go beyond the administrative boundaries of a region and so they can easily intercept other social groups which hold different knowledge and non redundant information.

Thanks to this there are less barriers of social classes that limit individuals to exploit their skills. In a region, an elevated number of actors virtually able to do their best and to exploit their knowledge into the socio-economic life

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51 The total amount of EPS’s members in Italy in 2001 – 2002 was of 4,403,763; the data considered 3,594,990 members because it was not possible to gather data about some EPS (Cartocci, 2009).
represents a high percentage of possibilities to develop activities economically profitable.

Even from this perspective the Northern citizens seem to be more aware than the Southern citizens about the fact that somehow the social relations shape the economic situation of their regions.

An explanation for the poor level of sociality of the South could be the ones of Banfield (1963) who argued that the Southern society is most of all based on family ties; these promote a mentality that prevents any kind of cooperation to achieve goals that go beyond the family interests (cited in Brunetta, 2009).

Another explanation are the ones of Felice (2007) who pointed out the poor level of civicness of the Southern society due to the low level of education when compared to the North from the end of the 19\textsuperscript{th} until the 50s\textsuperscript{52}.

4.3. Tolerance

Essentially to be tolerant means to accept what is different from your own point of view. In a globalized world different traditions and ways of thinking have more opportunity to get in touch with each other: for a region accepting new individuals is the starting point to exploit new ideas and opinions that represent the only way to keep pace with contemporary times.

As expressions of tolerance showed by a region it is possible to use indicators such as number of homosexuals or foreigners that work there. Since the lack of data for those kind of indicators, I have looked how many city mayors in the chosen regions were not born in Italy and how many are female\textsuperscript{53}. These indicators represent an adequate number of samples and

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\textsuperscript{52} For instance in 1951 in the Northern regions 3\% of the Italians were illiterate, while in the Southern regions were 27\% (Felice, 2007).

\textsuperscript{53} The data have been obtained by the official website of the Internal Affair Ministry of the Italian Government.
correspond to the will of a large amount of the population as mayors are elected directly by the citizens.

The non Italian native mayors indicator deals with a phenomena that is affecting more or less all the developed countries; high numbers of immigrants come from poorer countries to developed ones looking for a better life. This situation is well known in Italy which cannot plan its own future development without dealing with it\textsuperscript{54}.

For Italy it is important to integrate these immigrants into its society\textsuperscript{55}; this means offering them the same education and opportunities offered to the Italians.

Simply counting the number of immigrants working in Italy is not a suitable indicator of integration. Generally an immigrant could just work in Italy but does not really feel part and interact with the Italian society. Instead a better proxy could be to look at how many immigrants are directly accepted by the society. A useful indicator for this purpose is the number of mayors not born in Italy that have been elected by the citizens.

Regarding this, the data has not been shown since the difference between the North and the South are not significant: today in all of the four regions only one mayor was not born in Italy. This performance highlights the poor

\textsuperscript{54} According to ISTAT (2009) to January 1, 2009 regular immigrants in Italy represent 7,1\% of the total population, i.e. 4,279,000 individuals. During the same year 360,000 new immigrants have arrived in Italy for a migration rate equal to 6 per thousand, a little bit lower than 2008 when was equal to 7.3 per thousand. The distribution of the immigrants on the Italian territory is uneven: in the North reside 61.8\% of foreign nationals, in the Center 25.3\% and 13\% in the South (La Stampa, 2010).

\textsuperscript{55} The Italian population is aging: according to ISTAT (2010) data people over sixty are 26\% of the total population while youth under 15 are 15\%; moreover in Italy an individual has one of the longer life expectancies in the World: 78.9 years for men and 84.2 for women. Furthermore from 1984 to 2006 the average number of children per Italian woman was less than 1.5 and between 1999 and 2009 it was around 1.3. Instead non Italian native women fertility is 2.05. Since it is not possible that the fertility rate of the Italian women increases significantly the immigrants represent the factor to combat aging in the short term and provide people of working age (cited in La Stampa, 2010). According to Castiglioni and Zuanna (2009) to ensure the renewal of the population over the next 20 years approximately 300000 new immigrants need to enter per year.
integration of the foreigners into the Italian society\textsuperscript{56}. It should however be noted that the only non Italian native mayor is in one of the Northern regions.

The female mayors indicator is relevant because, Italian society is still male dominated, especially in those positions like the prominent public and private sectors. Most Italian families still preserve a patriarchal structure which means the women are housewives\textsuperscript{57}.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|}
\hline
 & Female mayors & Indexes \\
 & \% & percentage on the indicator average \\
\hline
\textbf{South} & 4 & 44 \\
\textbf{North} & 14 & 156 \\
\hline
\end{tabular}
\caption{Female city mayors indexes}
\end{table}

Source: (Ministero dell'Interno, 2010)\textsuperscript{58}

Just considering these indicators in both Northern and Southern societies appears to have a low degree of tolerance if considered with other countries. However, again it is quite evident the difference between the North and the South.

With 14\% the Northern regions have many more female mayors than the Southern regions, indeed the percentage of the former is more than three times bigger than the latter.

Even the value of tolerance seems to be more diffuse in the North than in the South, hence Northern society has a tendency to be more willing to change, to adapt itself to modern social condition as gender equalities.

\textsuperscript{56} Regarding immigrants, Italy seems to have a low degree of tolerance if compared with other European Union’s developed countries. Indeed to date January, 2008 in Italy the foreign residents were 5,8\% of the total population, while in Spain it is 11,6\%, in Austria 10,0\%, in Germany 8,8\%, in the UK 6,6\% (Euronote, 2010).

\textsuperscript{57} According to an indicator of the Gender Report of the World Economic Forum (2007) which is based on participation in economic activity, level of education, health indices and survival and political participation of women in 128 countries, Italy is in 84th place after Kenya, Indonesia, Uruguay, Mongolia, Ghana, Cyprus, Venezuela, Vietnam, Russia, Portugal, Estonia, Bulgaria, Sri Lanka (Italia Donna October 10, 2009).

\textsuperscript{58} To date January 1, 2010 the number of mayors in charge is 3662 on 3712 total municipalities (Ministero dell'Interno, 2010).
This suggests that the North could be more open than the South to catch new ideas and innovations that are peculiar characteristics of the globalization phenomenon and of the new age of technology. Furthermore a tolerant region like seems to be the North gives greater opportunities to go beyond traditional preconceptions and to enlarge its economy outside its local economic activities. Based on this the North is likely more willing than the South to integrate changes and to shape its socio-economic traditions with diversity.

For the economic development of a region it is important to keep abreast with these rapidly and revolutionary changes of today, otherwise it will be very difficult to support the standards of future economic progress.

Also the poor level of tolerance shown by the Southern regions can be on some degree explained by the high relevance of family ties in the South as pointed out by Banfield (1963, cited in Brunetta, 2009). Indeed if each individual care most of all about their own relatives then the society tends to be composed by more or less wide separated family groups that consider only their own interests and not the community ones proposed from outside.

And also the low level of education until the 50s of the South with respect to the North pointed out by Felice (2007) can have contribute to reduce the capability of the Southern society to open itself towards news and changes.

4.4. Democracy

The value of democracy represents the feeling of belonging to a community, and the concerns and interests that citizens have about public decisions. From a rational point of view an individual has no reason to vote since his/her singular contribution to the outcome of the vote is invalid. Instead there are reasons from a subjective point of view since the vote is the manifestation of an identity (Cartocci, 2009).
In a region this manifestation of identity can be analyzed looking at the governmental regional election turnouts. I will present the average of the last three government regional election turnouts to be able to analyze in a ten year period of time the degree of turnouts of the four regions\(^{59}\).

However, it may be that those who turn out to vote do only that and nothing more to improve the quality of their own life. For this reason it is relevant to analyze how many citizens actually make available their free time and their efforts to take care of their own region; that is how many citizens actively participate to develop their regions\(^{.}\) To analyze this it is relevant to take into consideration the Pro Loco organizations.

Pro Loco, i.e. “in favor of the place”, are volunteer grass-roots organizations that promote particular places such as towns, small parts of a town or a valley\(^{60}\). They are actively working organizations from the smallest village to the city that hands down their guard and folk traditions, protected historical, archaeological and cultural heritage of all Italians\(^{61}\).

Table 12: Regional government elections turnout indexes

<table>
<thead>
<tr>
<th></th>
<th>Average of the last three regional election turnouts</th>
<th>Index percentage on the indicator average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South</strong></td>
<td>64,7</td>
<td>96</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td>70,1</td>
<td>104</td>
</tr>
</tbody>
</table>

Source: (Ministero dell'Interno, 2010)\(^{62}\)

\(^{59}\) In this case it is possible to make a historical comparison of the data since these are collected and easily accessible from the historical archives website of the Internal Affair Ministry of the Italian Government. I was not able to do the same for the other indicators because for those I had to gather the data by myself.

\(^{60}\) In 1965 the State established the National Register of Pro Loco Associations, held at the Ministry of the Tourism and Entertainment. In the 70s the regions became responsible for the Pro Loco Associations (Calabria, 2004). Nowadays Pro Loco organizations are registered on provincial lists, the data about them has been obtained directly by the assigned touristic provincial department in all four chosen regions. Also in this case I will make a short historical comparison, since it was possible to me to gather Pro Loco data at a national level about 2002 from the Fourth Report on Tourism in Calabria (2004).

\(^{61}\) The first Pro Loco associations were founded in 1881. Actually, they represent the oldest tourist organization in Italy (Calabria, 2004).

\(^{62}\) The average has been made on the turnout of the governmental regional election dated 2000, 2005 and 2010. Must be said that in Italy types of election participation are declining, i.e. politics, European and referenda. According to Diamanti (2010) this decline started in
Looking at the percent average of the last three regional election turnouts the North still performs better than the South, but in this case the gap between the two performances, i.e. 5%, is not so relevant as for the previous indicators. Indeed in the North 70% of citizens go to vote against 65% in the South.

In the 80s and in the 90s the average of the Northern regions turnout was more than 11% higher than that of the Southern regions; but in the year 2000 this gap was reduced up to 7% and during the last regional elections it was 3% (Ministero dell'Interno, 2010). The resizing of the gap is due to the more significant turnout decline in the North: for instance in 2010 in the Northern regions went to vote 28% less voters than in 1980, against 20% less voters in the Southern regions. So even if before from the turnout point of view the North had a more cohesive and involved societies than the South, nowadays these regions have more similar performances.

Hence regarding this first indicator of democracy both the North and the South are losing voters which means the citizens care less about their own representatives on the regional governments. This fact can be explained by a general complaint of the citizens towards the politicians and their choices.

As I have said above to vote is not the only way to be involved in the development of a regions. Considering the number of Pro Loco per inhabitants gives an idea about the level of participation and efforts of citizens in favor of their own territories. In short, how people are involved in favor of their communities and territories.

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1979 when for the first time the non voter percentage was close to 10% of the voters. The phenomenon is also common in other European countries, but Italy has grown rapidly, despite this it remains one of the European countries with the highest voter turnout. At the last regional elections 15 million Italians did not vote. It is the highest post-war failure, whereas all major national elections since 1946 to present (excluding the referendum).

63 According to Diamanti (2010) fewer citizens go to vote because they are confused by: 1) the reversal and the continuous mixing of the party system; 2) the change and the diversity of electoral laws; 3) the customization of parties, the decline of identity in favor of trust, the decline of participation in favor of marketing techniques; 4) the change of the society and of the cultural context.
Table 13: Pro Loco indexes

<table>
<thead>
<tr>
<th></th>
<th>Existing Pro Loco / 1000 inhabitants 2002</th>
<th>Index percentage on the indicator average</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>0,12</td>
<td>89</td>
</tr>
<tr>
<td>North</td>
<td>0,15</td>
<td>111</td>
</tr>
</tbody>
</table>

Source: (Osservatorio del Turismo della regione Calabria, 2004)

Even in this second indicator for the value of democracy the Northern regions performed slightly better than the Southern regions.

However it means that in the Northern regions there is more relevance to the presence of informal organizations. Hence there the citizens tend to be more willing to cooperate and act on their own to solve the common problems.

Usually informal organizations better point out the urgent needs of a society as the citizens are organized to directly handle their own necessities and problems. Since the formal institutions are characterized by the slowness of the bureaucracy, somehow the informal organizations are more efficient in performing their duties.

Whereas with the value of democracy the Northern society seems to be more involved and organized to handle its own interests than the Southern society. Considering the decline of the turnout participation it appears that citizens of the North nowadays prefer to act directly by their own than wait for the formal institutions. Even if also in the South the turnout participation is declining, on the contrary there are those who act on their own do not compensate the low share of those who do not vote.

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64 Data used to calculate these indexes refer to year 2002 and they have been taken from the fourth report on tourism made by Observatory Department of Tourism of Calabria published in 2004.
65 As informal organizations it is possible to include also volunteer associations, hence the fact that these kind of organizations are more relevant in the Northern regions as it has already been shown (see chapter 4.1.).
One possible explanation of the poor level of democracy in the South can be found in Felice (2009). He argued that fundamentally extraneous and premature public institutions for the Southern society were applied in the South with the Italian unification; the consequence was that the Southern citizens have increasingly separated themselves by the public activities. Moreover, the unification process was established in opposition to the Catholic church which in the 19th century was perhaps the greatest civil institution in the South. Because of all these institutions forcing the Southern society, it has moved away from the public institutions basing its principles of behaviors outside the State’s rules. This condition has favored the development of crime organizations that in part have been able to replace the State as a source of trust.

4.5. Two social capital profiles

Using a spider diagram it is possible to appreciate an approximate representation of the pattern of social capital in the North and in the South.
Based on the indicators, it is quite evident that today the Northern regions hold more social capital values than the Southern ones; even if the difference is small in democracy. According to this result it is possible to assume that the North is richer in social capital than the South.

As for the social capital profiles, the same degree of gap between Northern and Southern regions has been pointed out on the current economic development (see chapter 2.3.). The discrepancies are particularly relevant on the indexes of GDP per capita, import/export, labor productivity, irregular labor units, unemployment and activity rate.

Social capital is strictly embedded in history as it is composed by attitudes, behaviors and traditions of a society; its changes occur slowly and are appreciable only in the long run. For this reason it can be assumed that the recent differences in social capital are similar to those of decades ago.\textsuperscript{66}

This fact indicates that the today’s economic development disparities of the studied regions could be related with their disparities on social capital.

For instance the high incidence of poverty observed in the South (see table 6) could on some degree be explained by the Southern society’s tendency to be more hierarchically structured which develops an evident distinction between the social classes. So individuals tend to spend most of their time with others of the same social class, favoring strong links between classes and jobs opportunities and activities. In this way those who are part of a low level social class have few odds to get information useful to get more suitable and higher paying jobs even if they have the skills to do those. For an individual does not have so many opportunities to get in touch with others of different life backgrounds means to be trapped into his own social status. The

\textsuperscript{66} For instance my results are similar to those of Putnam when between the 1970s and the 1990s demonstrated that the Northern Italian regions had higher degree of social capital than the Southern regions. The richer regions in social capital (i.e. Emilia Romagna, Friuli-Venezia e Giulia, Toscana, Lombardia was 5\textsuperscript{th} and Piemonte 6\textsuperscript{th}) were also among the more economically developed of Italy; while Calabria and Campania were the poorest in social capital as well as economically (Putnam, 1993).
fewer chances for the different individuals to mix themselves are also due to the smaller presence of social activities of interest. For the entire community the bad consequence is to not exploit all its own internal potentials represented by the skills and the ideas of every individual.

Moreover the Southern society has a tendency to be especially composed by different kinship groups with strong internal ties. This situation reduces further the opportunities for the people to catch useful information about economic activities as the possibilities for the individuals to create and maintain acquaintances outside their close relatives are lower.

So the South seems to have a society composed by separated social groups that discourage social cohesion. These conditions favor a high number of people without a job and low size of network of relations; these can be manifested by the higher unemployment rates and the poor economic trades of the South with respect to the North (see table 2 and 3).

Moreover the lower degree of social capital of the South can partially explain its high female unemployment rate (see table 3). Indeed this is symptom of the fact that women struggle more than in the North to have access to the labor market and especially on those job positions highly representative such as high public office, politics, important position in private companies. So most of them tend to be first of all workers in their own houses reducing their engagement on social activities outside the families.

Also foreigner integration, which can contribute to economic development, can be in part affected by the degree of social capital. Firstly the higher percentage of activity rate of the North with respect to the South suggests that the latter has less foreigners on which to rely for the exercise and development of economic activities (see table 7).

Furthermore for the foreigners of the South it is more difficult to enter in the labor market than for those of the North. Indeed since foreigners are usually
disposed to underpaid work and more hours than the native Italians, in the South they are usually caught by the irregular labor market as there the economy is more based on those sectors like personal services, construction, agriculture, catering and tourism, where inefficient production units can survive and are more likely to be affected by the black economy (see table 4). Most often these activities are controlled by criminal organizations so Southern foreigners tend to promote the criminal market, work irregularly and most of all with other foreigners which means few chances to integrate themselves into the Italian society; promoting social exclusion as the main consequence.

Moreover since these kinds of jobs do not require a high level of education, the foreigners in the South are less literate than those in the North. All these factors together worsen their ability to integrate, for example, to access minimum health and social services, decent housing and the cultural life.

Besides, the poor degree of social capital of the South could partially explain the low predisposition of those regions to changes, take the distance from preconceptions and explore new ideas. An example is their low investments on those sectors such as R&D that should enable them to advance economically (see table 5).

Concluding, it seems possible to assume that on some degree the different performance on social capital shown by the Northern and the Southern affect their own respective economic situations.

The low social capital performance of the Southern regions portends a less cohesive society, not prepared to break with preconceptions and accept a new labor force, composed of structured social classes and strong family ties that do not appear to be favorable for economic development.

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67 In 2008 in all the Italian regions of the North 39,8% of the foreigners have a high school diploma, while in the South only 26,5%. Furthermore in the South foreigners participate less (activity rate 64,6%) than in the North (activity rate 74,2%) in the regular labor market (Istituto nazionale di statistica, 2010).
On the contrary, the Northern society appears to have stronger cohesion than the Southern society in the sense that it is characterized more by horizontal relationships favoring the interrelation of the social classes which fosters the dissemination of information useful to facilitate economic trade. Also it seems to be more responsible of itself as it takes care of its own common interests and necessities; with its activities it is more able to support and even replace the formal institutions’ duties. All these characteristics seem to have a benefit on the economy of the North.
5. Bibliography

Literature


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