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## Local Development and Freedom. Evidences From Italian Provinces

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LOCAL DEVELOPMENT AND FREEDOM. EVIDENCES FROM ITALIAN PROVINCES

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**ABSTRACT**

The point of departure of this work is the belief that the contribution made by important economists and international organizations to the aims of human development is extremely useful in identifying the most effective policies for local systems. Such contribution emphasises the role played by instrumental freedoms in giving individuals improved access to the opportunities for self-realization offered by the social context. On this basis I have carried out an empirical analysis and proposed a synthetic index of real freedom with reference to Italian provinces. The results have shown interesting territorial differences which cannot always be accounted for in terms of the centre-north/south divide. In the concluding section I suggest policies on local development that pay more attention to the social and economic participation of the individual.

## **1. LOCAL DEVELOPMENT, PHYSICAL CAPITAL AND SOCIAL CAPITAL**

The current debate on local development in Italy has highlighted the limits of the view according to which the presence/absence of physical resources is the driving force of economic growth. According to this view, the cause of delayed development is the inadequate provision of a resource which is notoriously scarce: physical capital. During the first decades after the second world war the prevailing idea was that economic development could be stimulated by concentrating an adequate quantity of physical capital resources in local/regional areas, which, thanks to its connections and the redistribution of income, would set in motion a virtuous process of accelerated and self-sustained growth (Hirschmann, 1958; Perroux, 1955). The resulting idea of territory was essentially neutral and indifferent to ongoing changes since the concentration of capital was thought to stimulate growth virtually anywhere. The policies introduced at the time conformed to these ideas, particularly as regards the industrialization of the South which interested the staple industry and the mechanical engineering sector. Those policies aimed at attracting the opening of factories of national multi-local and foreign companies, both private and public. The results of that season are probably not complete yet, but it can definitely be said that, apart from a few emergency situations still present in the South, (mainly in Campania and Puglia) the results have been more disappointing than expected (also given how many resources were invested) especially if we consider the ability demonstrated by these areas to sustain their own development (Trigilia 1992).

That interpretation of development processes and those policies paid the price of not having included the territory in their interpretative framework. To be more precise, it included it as a negative, inconvenience element, which should have been isolated from the leading company reducing the possibility of interference in and obstruction to the growth mechanism (Florio, 1991).

The territory and the context in which economic activities take place have more recently played an important role in the development debate. Starting with the seminal contributions of Becattini and Brusco on the districts and local production systems, the importance of external factors in productive activity began to emerge. The external economies of Marshall's model represented the first attempt to connect individual businesses with both territory and the specific advantages it offered outside the business and within the area it belonged to. Through external economies businesses can increase their competitiveness both in terms of cost advantages and innovation processes. Access to collective resources, such as skilled labour or infrastructures available to all, or only to some groups, as in the case of service centres to specific sectors, increases the potential for businesses to compete and innovate, whIRF reducing costs for the acquisition of strategic resources.

The availability of these strategic collective resources can increase for a number of reasons: co-operation between businesses and between businesses and local institutions, the ability of the people operating within a given territory to organize themselves, identify areas offering collective advantages and create new external economies. This implies the existence of networks of close social relations among all the players involved as well as the ability to offer those collective benefits which generate external economies which are adequate to the level of competitiveness of the local system.

The first way of understanding social capital was put forward by Putnam (1993) in his studies of local Italian economies, where social capital is defined as a cultural phenomenon which denotes the extent of civic commitment of the members of a society, the existence of social norms which promote collective action and the level of trust in public institutions. According to Putnam social capital has the same properties as a public economic good. Another way of interpreting social capital was proposed by Bourdieu (1986) according to whom social capital refers to investments made by individuals in social networks. In this sense social capital is a private economic good which allows the individual to obtain advantages in terms of status and “symbolic capital”. In this sense too, social capital can create positive external economies which facilitate collective action. The latter type of social capital is based on the notion of reciprocity in social and economic relations, rather than on universal moral norms and values. With both of these interpretations, social capital facilitates economic change, even though the mechanisms through which this influence is determined differ in some important ways. According to Putnam’s model of a functioning democracy, we are confronted with a type of social capital that can be classified as “formal” because it is accessible to all, independently of personal characteristics. In this approach there is a close relationship between the civicness of individuals, their participation in social life and the efficiency of existing institutions. Civic participation allows more stringent monitoring on the work of institutions, improves the definition of formal rules and contributes to a greater government responsibility.

According to Bourdieu’s approach social capital can be defined as “informal” because relational aspects prevail. Social capital can facilitate economic transactions between individuals, but this can often occur at the expense of excluded third parties. Being a member of an association for business people or of an exclusive club, for example, can mean getting better returns in terms of purely economic and/or social advantages, but the same association or club can play a role in corporate protection towards potential new members, limiting the growth of economic prosperity. So the effects of informal social capital on the overall performance of an economy are in fact uncertain and can even be negative.

Formal and informal social capital can co-exist, but they are not necessarily complementary. Informal social capital can have a more significant role when formal institutions are weak. Over time social relationships can progressively formalize and dense local networks can co-exist with a high level of civic participation and well-developed formal institutions.

Another important aspect connected with social capital, particularly that which we have defined as formal, is the quality and quantity of institutions which are created as a result of collaboration between private operators and between private operators and the public. Such institutions generate further collective goods and enhance the performance of external economies in a given area or community.

With reference to the less developed areas this kind of reasoning highlights how the absence of deep-rooted civicness has limited their development, while with reference to relational networks it highlights how in these areas family relationships, the relationships among club members and fellow townsmen can either increase social capital and economic development or limit cooperation strategies (Trigilia, 2005). In the latter case it is worth pointing out that the mafia itself takes advantage of informal family, clan and township networks for illegal trade.

Trust is therefore a fundamental element in most social and economic changes. In the local systems of less developed regions building trust becomes a key element for change, favouring a change from the prevalent family and community links to those based on extended trust, which includes trust towards institutions, which allows the creation and fruition of public goods.

A fragile institutional context which is prey to small economic and business groups is at the same time the cause and consequence of a growing detachment of citizens from the most basic forms of democratic participation and of the lack of trust towards the institutions. Economists are becoming more and more convinced that building a web of extended trust, not simply among family members and members of small communities, represents a necessary, but not yet sufficient condition for local development.

The lack of development is attributed to the absence or scarcity of social capital intended both as civicness and positive relational networks. In other words less developed regions do not grow economically because they do not have this important element, whose existence depends on the history and culture of these areas. The resulting policies are either inevitably weak or suggest the elaboration of local policies capable of setting in motion virtuous processes that favour the links among local subjects and the creation of social capital (Trigilia 2005). To introduce these policies important is the role played by a) local political leaders; b) favourable personal and institutional conditions; c) substantial financial resources to use as an incentive for initiating processes of cooperation; d) a competent, reliable bureaucracy; e) considerable autonomy from other political subjects and pressure groups; f) stability of the political leaders, the key players of change. All these factors and prerequisites presuppose the existence of a context characterized by a significant level of development and political, administrative efficiency, which, however, is independent of the availability of local social capital. If one of the outcomes of this analysis is that the economy of a country depends on

the context in which it operates, this also applies to political and administrative competences, which, by their very nature, are the result of a contextualised learning process. Also in this case the achievement of the studies on local development is that of the absence/presence of intangible assets, i.e. social capital. The resulting policies concerning less developed areas suggest a local political action which needs a minimum social capital, difficult to create “in vitro”.

## 2. LOCAL DEVELOPMENT AND INCLUSION

In the last few years a different way of looking at development has been explored by international organisations which have addressed the problem on a world scale by examining the diverse development paths of countries with profound cultural, institutional, economic and social differences. This line of thought has benefited from the considerations of theorists such as Amartya Sen and Paul Streeten, and has given rise, particularly in UNDP (United Nations Development Programme) to valuable contributions, which are published on the annual *Reports on Human Development*. According to this approach development can be viewed as a process of expanding the real freedoms enjoyed by human beings. “Fundamental for extending human choice is the development of human abilities, that is to say the things that people can be or do in life. The essential abilities for human development are to live a long, healthy life, to be educated, to have access to the resources for enjoying a decent standard of living, and to be actively involved in the life of one’s own community” (translated from Italian, UNDP, 2002, p. 29)

This idea of development has some important consequences. In the first place, it involves a departure from the concept of development based on the quantity of goods and services available to individuals (GDP). As we shall see, the income of an individual is not the only useful dimension to assess the real freedom enjoyed by the members of a community, region or country, but it is one of the means that contributes to human development, rather than its end.

Even social capital intended as both civicness and relational networks is an important factor, albeit not the only one or a crucial one.

Moreover, an important consequence of this approach concerns the resulting policies. In fact, conceiving development as expansion of essential freedoms means to focus on eliminating the lack of freedom caused by certain forms of deprivation - hunger, denutrition, evitable illnesses, premature death - by limiting the spreading of freedom linked to literacy and numeracy, the right to take part in political activities, freedom of speech and freedom of press, etc.

According to Sen (2000) human development depends on five non-exhaustive and interrelated distinct types of **instrumental freedom**:

1. **political freedom**, which refers not only to the formal right to vote for political representation, but also to political participation, critical capacity, control over political representatives, and ability to take part in wide-ranging discussions;
2. **economic infrastructures**, intended as opportunities to use economic resources to buy, produce and exchange goods and services. This type of instrumental freedom includes earned income and its distribution as well as the state of the market, the presence of trade barriers, credit access, transport and communication infrastructures, which affect the connection between territories and the participation to the process of creation and distribution of wealth.
3. **social opportunities**, that is to say health and education, which affect the freedom to live a better, healthier life with a high life expectancy and to participate actively and fully in economic, social and political activities;
4. **guarantee of transparency**, society functions thanks to public trust. The guarantee of transparency has to do precisely with the need to achieve a degree of openness which is reasonable to expect from the members of a community. At the basis of the network of relations among individuals there is always some form of guarantee of frankness and honesty just as, more generally, private and private and public actors play an important role in guaranteeing the right to information. Such guarantees fulfil a clear function against corruption, financial irresponsibility and negotiations under the counter. The opposite of transparency is found in the network of negative relations which generate underground economy, criminality, corruption and low transparency of the Public Administration;
5. **protective security**, towards the most vulnerable people or those who are the victims of severe deprivation owing to material changes which adversely affect their lives. What is needed to safeguard these cases of social insecurity is a network of social protection which prevents these people from being caught in the poverty trap. This is the area of intervention of social protection that concerns the social safety valve, the national pension scheme, social welfare, industrial accident insurance, family and young children.

Intervening in these types of instrumental freedom, thus increasing the possibility to actively participate in the economic and social activities of a society, is the prerequisite for achieving greater freedom and promoting development. Moreover, each instrumental freedom is intimately related to the others, this enhancing their effectiveness and affecting their evolution. Therefore, according to the idea of human development, an increase in wealth does not come before social protection, but it is the other way round, first come political, social and economic participation, then long-term development. This involves a U-turn of the prevailing paradigm, i.e. from strengthening the strong (growth poles, driving sectors, leading areas) to

including the weakest, who do not have knowledge, do not participate, do not own anything and are therefore forced to search for resources vital for their survival.

I assume that the idea of human development is able to capture more accurately a dimension that in current debates on local development is largely ignored, that is the inclusion and equal access of all citizens to the fundamental rights of education, health, information, participation and transparency. From this perspective the delayed economic development of southern regions can be accounted for in terms of lack of individual freedom. In fact, in the areas of delayed development the participation in trade unions, associations and political parties is significantly lower comparing with more developed regions. Some scholars have identified in these differences the fundamental cause of dissimilar territorial development paths (Arrighetti-Serravalli, 1999). In many southern regions the fundamental right to vote one's political representatives is not effectively exercised in freedom: exchange of votes for favours, political patronage and pressure from organized crime distort what should be a distinctive, fundamental right of western democracy. Differences in per-capita income, employment rates and indices of spreading poverty indicate persistent gaps within and among regions. For many areas in the country the accessibility to the territory, adequate levels of education and training, infrastructures and health services is not yet equal. In addition, there is the danger of new forms of exclusion such as the digital divide and a persistent climate of low transparency and security in which to be able to carry out one's activities. These difficulties, unequally distributed nationwide, are associated with marked differences in public commitment as regards social security and the provision of services and transfers to obviate the uncertainty generated by low growth and cyclical crises.

But this line of reasoning could go even further. The recent history of the innovation processes taking place in Europe highlights the good performance of those countries of those countries with a higher level of social protection and economic equality such as Sweden, Finland, The Netherlands, Norway, Denmark (European Commission, 2003). This may suggest another possible link between greater inclusion and the innovative capacity of a local/regional/national system. In a competitive context significantly influenced by the knowledge asset, the economic systems that enlarge their active base of participation to the processes of acquisition, production, enhancement and distribution of this resource are also those that consolidate and transform their competitive position more rapidly. A restricted base where knowledge and income converge finds it hard to renovate and produce the right cultural vibrancy which is the prerequisite of innovation. Exclusion is the enemy of innovation, inclusion liberates quantitative and qualitative resources for more continuous processes of development and innovation.



### 3. CALCULATING AN INDEX OR REAL FREEDOM

Sen's proposed five instrumental freedoms which one needs to act on to increase the real opportunities for the development of individuals can be considered as a reference framework for elaborating territorial indices that provide initial measures of conditions of real freedom. The set of indices used in this study refers to the 103 Italian provinces and is made up of the following elements:

1. as a measure of the extent to which **political freedom** is exercised we have chosen two indices. The first is related to the election of political representatives and is calculated as the ratio of the number of voters to the number of electors at the 2001 elections of the Senate (source: our calculations based on data of the Ministry of Internal Affairs). The second index is related to the level of civic participation and association among citizens. It is measured by the number of artistic, cultural and recreational association per 100 thousand inhabitants (source: calculations of *Il Sole 24 ore* based on data provided by SEAT for 2002);
2. as we saw earlier, by **economic infrastructures** we mean the set of preconditions linked to income flow and the availability of financial and material resources. Despite the greater availability of data in this field we have decided to limit the analysis of this dimension to only two indices: per-capita GDP (source: our calculations based on data provided by ISTAT - National Statistical Institute – gross value added to base prices, 2002); a synthesis index of the availability of resources; and the index of the availability of infrastructures (source: Tagliacarne Institute, data referring to 2001).
3. To calculate the effective level of **social opportunities** in every province we have used a larger set of indices because within this macro-category there are at least two dimensions to analyse: education and health. For the former we have used two indices: the first measures the availability of educational structures and is calculated by the ratio of the total number of pupils attending primary, secondary and higher education to the number of available classrooms (source: our calculations based on data provided by MIUR - Ministry of Education, University and Research – for 2002). The second index, which measures the performance of the school education system, is calculated by the rate of non-completion of compulsory education by the population aged between 15 and 55 (source: ISTAT - National Statistical Institute – population census 2001). As for health we have chosen a structural index, i.e. the number of hospital beds per 1000 inhabitants (source: our calculations based on data provided by ISTAT - National Statistical Institute – territorial statistics, 1999-2001 average), and two performance indices, i.e. the life expectancy at birth for male and female newborns (source: ISTAT - National Statistical Institute – territorial statistics for 2002).

4. The **guarantee of transparency** has been measured by two indices which give an approximate measure of the level of lawfulness/lawlessness in each province. The first is the index of total criminality (total number of crimes per 100 thousand inhabitants, source: ISTAT - National Statistical Institute – territorial statistics, 2001-2002 average). The second index relates to a more restricted phenomenon, which effectively measures the degree of diffusion of crime that prevents carrying out economic activities. This is the number of extorsions per 100 thousand inhabitants (source: ISTAT - National Statistical Institute – territorial statistics, 2001-2002 average)
5. The degree of **protective security** has been measured by two indices: the number of non-contributory pensions (for visually and hearing impaired and people who are over 65 and have an extremely low income or who live only on their pension) per 100 thousand inhabitants; and the total number of pensions drawn (retirement, early-retirement, disability, welfare, survivorship annuity) per 100 thousand (source: our calculations based on data provided by ISTAT - National Statistical Institute – territorial statistics for 2002). These indicators seem to us the best possible measures of social protection in the territories. It is quite obvious, however, that both indices depend on the general economic conditions and the overall level of economic well being in those areas, as well as on their demographic structure. In order to lessen the influence of general economic conditions, we have preferred to use the total number of pensions rather than the value of their total amount.

While making up this set of indices we realised that the themes regarding development as freedom could have been analysed with measures which were more focused and significant compared with those we had to use since they were the only ones available at provincial level. An investigation carried out at regional level would have yielded richer descriptive data. Nevertheless, in our analysis, we have maintained the maximum level of disaggregation in order to obtain more detailed information about the different territorial realities. Further research in this area may lead to identifying empirical studies that can be useful in implementing the present work

The 13 indices illustrated above represent the basis for creating a synthetic index of real freedom (IRF), with the following formula:

$$IRF_p = \sum_i x_{ip} \quad \text{where } x_{ip} = [X_{ip} - \min(X_{ip})] / [\max(X_{ip}) - \min(X_{ip})]$$

$$0 < x_{ip} < 1$$

Where  $x_{ip}$  is the index  $i$  of province  $p$  and  $X_{ip}$  is the indicator  $i$  of province  $p$ . To facilitate the reading of this index, IRF is standardized using the previous formula, so that it varies between 0 and 1. A low value for the following indicators has a positive connotation (and vice versa): pupils per classroom; rate of non-completion of compulsory education, index of total criminality and number of extorsions per 100 thousand inhabitants. We have therefore subtracted one unit from the value obtained with the previous formula, for example, as regards the number of pupils per classroom, a high index value indicates not-crowded classrooms. The results of the analysis are summarised in Table 1 and Map 1.

Table 1

Italian provinces ordered according to IRF									
INDEX LEVEL									
HIGH	(1,00-	MEDIUM-HIGH	(0,79-	MEDIUM	(0,59-	MEDIUM-LOW		LOW	
0,80)	0,60)	0,60)	0,79-	0,40)	0,59-	(0,39-0,20)		(0,19-0,00)	
Trieste	1,00	Pordenone	0,79	Benevento	0,59	Matera	0,39	Foggia	0,16
Ancona	0,98	Bolzano (Bozen)	0,79	Pistoia	0,58	Trapani	0,38	Caserta	0,15
Siena	0,97	Livorno	0,79	Frosinone	0,58	Ragusa	0,35	Catania	0,15
Perugia	0,95	Mantova	0,79	Cagliari	0,56	Taranto	0,32	Caltanissetta	0,03
Firenze	0,95	Grosseto	0,78	Nuoro	0,56	Vibo Valentia	0,30	Napoli	0,00
Forlì-Cesena	0,95	Ferrara	0,78	Potenza	0,55	Bari	0,28		
Ravenna	0,93	Piacenza	0,78	Bergamo	0,55	Brindisi	0,26		
Parma	0,93	Savona	0,77	Aosta	0,54	Agrigento	0,25		
Terni	0,92	Ascoli Piceno	0,77	Campobasso	0,53	Siracusa	0,25		
La Spezia	0,90	Modena	0,76	Sassari	0,50	Crotone	0,21		
Pisa	0,87	Verona	0,76	Messina	0,49	Palermo	0,20		
Bologna	0,85	Alessandria	0,76	Lodi	0,49				
Arezzo	0,85	Udine	0,76	Lecce	0,47				
Pesaro e Urbino	0,85	Padova	0,76	Avellino	0,47				
Genova	0,85	Verbano-Cusio-Ossola	0,74	Cosenza	0,45				
Macerata	0,82	Gorizia	0,74	Reggio di Calabria	0,42				
Trento	0,82	Rimini	0,74	Latina	0,41				
L'Aquila	0,82	Lucca	0,73	Catanzaro	0,41				
Reggio nell'Emilia	0,81	Massa-Carrara	0,73	Salerno	0,40				
		Pavia	0,73	Enna	0,40				
		Treviso	0,73						
		Lecco	0,72						
		Belluno	0,72						
		Pescara	0,71						
		Sondrio	0,70						
		Milano	0,70						
		Vercelli	0,70						
		Cremona	0,70						
		Rovigo	0,68						
		Roma	0,68						
		Vicenza	0,67						
		Novara	0,67						
		Varese	0,67						
		Viterbo	0,67						
		Chieti	0,67						
		Rieti	0,66						
		Cuneo	0,66						
		Prato	0,66						
		Venezia	0,65						
		Brescia	0,65						
		Asti	0,64						
		Oristano	0,64						
		Teramo	0,63						
		Biella	0,62						
		Como	0,62						
		Imperia	0,61						
		Torino	0,60						
		Isernia	0,60						

The classification of Italian provinces on the basis of IRF shows a group of 19 provinces with a high index level (between 1.00 and 0.80). Almost all of them are situated in the centre-north of the country (except for L'Aquila). Among them the provinces with urban centres of average size dominate (the only exceptions being Bologna, Firenze and Genova). The

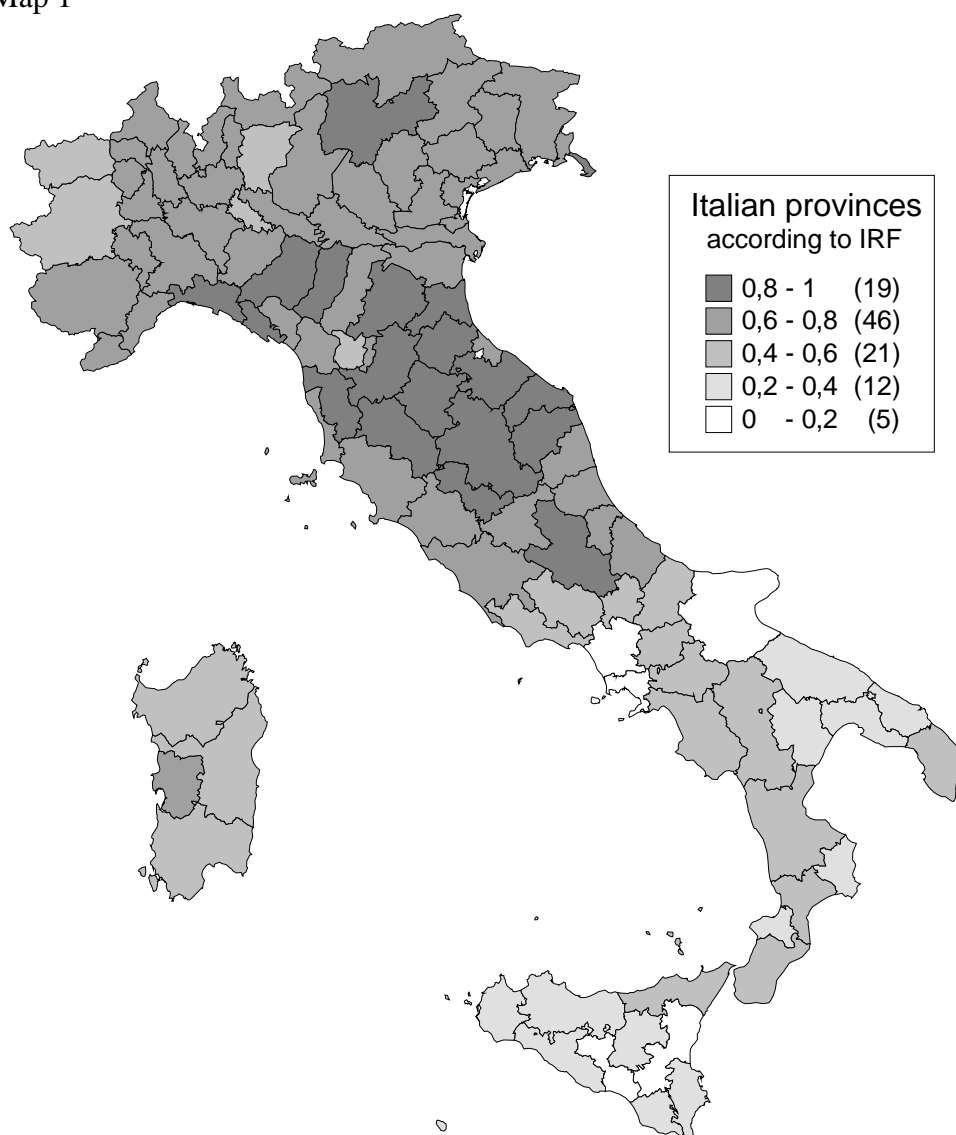
province which offers the best opportunities for the development of individuals is Trieste, followed by Ancona (0.98), Siena (0.97), Perugia, Firenze, Forlì (all at 0.95). The most represented regions in this head group are: Umbria (2 provinces out of 2), Liguria (2 out of 3), Marche (3 out of 4), Emilia-Romagna (5 out of 9); Toscana (4 out of 10). Totally missing are the provinces situated in three regions of the centre-north, i.e. Piemonte, Lombardia and Veneto.

The group of provinces with a medium-high index value (0.79-0.60) is the most numerous one as it is made up of about half the number of Italian provinces (48). In this case too the provinces situated in the centre-north of the country dominate, with the exception of Isernia and Oristano, as well as Pescara, Chieti and Teramo, which, together with L'Aquila place the entire Abruzzo region at medium-high levels.

The group with a medium IRF level (0.59-0.40) consists of 20 provinces, situated mainly in the south of the country except for Pistoia and Aosta (in Piemonte), Latina and Frosinone (in Lazio) and Bergamo and Lodi (in Lombardia). The regions represented in the top three bands are: Sardegna, with Cagliari, Nuoro and Sassari; and Molise with Campobasso.

Campania, Puglia, Sicily, Calabria and Basilicata have all their provinces between the medium, medium-low and low levels. The list is completed by two provinces in Sicily (Catania and Caltanissetta), two in Campania (Caserta and Napoli) and one in Puglia (Foggia). Significant is the presence in the bottom ten places of large southern Italian cities: Napoli, Catania, Palermo, Bari.

Map 1



#### 4. CORRELATION ANALYSIS

As we said earlier, the instrumental freedoms are interrelated. These relations can be captured by a correlation analysis of the 13 indicators used to calculate IRF (see Table 2).

Table 2 – Correlation indexes

	1ASSOC	1VOTAN	2INFRAS	2PILAB	31POSLET	31VITAF	31VITAM	32ALUNN	32SCOBB	4DELITT	4ESTORS	5PENSTO	5PENASS
1ASSOC	1	0,566	0,44	0,578	0,242	0,365	0,367	-0,015	0,553	-0,389	0,283	0,637	-0,218
1VOTAN	0,566	1	0,271	0,739	0,203	0,481	0,159	-0,078	0,57	-0,315	0,394	0,551	-0,559
2INFRAS	0,44	0,271	1	0,369	0,233	-0,05	0,024	-0,193	0,378	-0,489	0,108	0,257	-0,254
2PILAB	0,578	0,739	0,369	1	0,361	0,529	0,088	0,051	0,73	-0,364	0,51	0,582	-0,679
31POSLET	0,242	0,203	0,233	0,361	1	0,159	0,016	0,142	0,358	-0,145	0,102	0,254	-0,283
31VITAF	0,365	0,481	-0,05	0,529	0,159	1	0,562	0,099	0,583	-0,065	0,371	0,404	-0,182
31VITAM	0,367	0,159	0,024	0,088	0,016	0,562	1	-0,253	0,164	-0,111	-0,063	0,096	0,063
32ALUNN	-0,015	-0,078	-0,193	0,051	0,142	0,099	-0,253	1	0,36	0,239	0,063	0,423	0,112
32SCOBB	0,553	0,57	0,378	0,73	0,358	0,583	0,164	0,36	1	-0,19	0,464	0,724	-0,286
4DELITT	-0,389	-0,315	-0,489	-0,364	-0,145	-0,065	-0,111	0,239	-0,19	1	0,112	-0,137	0,24
4ESTORS	0,283	0,394	0,108	0,51	0,102	0,371	-0,063	0,063	0,464	0,112	1	0,402	-0,25
5PENSTOT	0,637	0,551	0,257	0,582	0,254	0,404	0,096	0,423	0,724	-0,137	0,402	1	-0,154
5PENASS	-0,218	-0,559	-0,254	-0,679	-0,283	-0,182	0,063	0,112	-0,286	0,24	-0,25	-0,154	1

\*\* Correlation is significant at the 0.01 level (2-tailed).  
 \* Correlation is significant at the 0.05 level (2-tailed).

Caption	
1ASSOC	= N. of associations per 100.000 inhabitants
1VOTAN	= Ratio of voters to electors
2INFRAS	= index of availability of infrastructure
2PILAB	= Per-capita GDP
31POSLET	= Hospital beds per 1,000 inhabitants
31VITAF	= Life expectancy for female newborns
31VITAM	= Life expectancy for male newborns
32ALUNN	= N. of pupils per classroom
32SCOBB	= Rate of non-completion of compulsory education (aged 15-55)
4DELITT	= Index of total criminality
4ESTORS	= Extortion per 100,000 inhabitants
5PENSTOT	= Non-contributory pensions per 100,000 inhabitants
5PENASS	= N. of pensions per 100.000 inhabitants

Four variables have a high number of significant correlations (indicated by two asterisks): per-capita GDP, rate of completion of compulsory education (ten cases each), percentage of voters and significance of pensions (nine cases each). More specifically, per-capita GDP has a significant and high correlation (more than 0.5) in seven cases out of thirteen: rate of associationism, percentage of voters, life expectancy at birth for female newborns, rate of completion of compulsory education, number of extorsions, welfare pensions and total number of pensions.

The education level correlates significantly, and with a high value, with rate of associationism, percentage of voters, per-capita GDP, life expectancy at birth for female newborns and total number of pensions.

There are few significant correlations in the case of number of pupils per classroom (1), life expectancy at birth for male newborns (2), number of hospital beds (4, none of which high) and the index of criminality (4, none of which high).

## 5. CLUSTER ANALYSIS

The 3 variables used in the previous analysis have also been used to verify the existence of homogeneous groups. One grouping which has provided satisfactory results is the one reported in Table 3 and represented in Map 2.

The three groupings have approximately the same number of provinces: 35 in cluster no.1, 36 in cluster no.2 and 32 in cluster no.3. The first grouping is made up of provinces mostly situated in the centre-north, the only exception being Pescara. This grouping includes all the provinces with the large urban areas in the centre-north. On the other hand, cluster 2 consists

of 36 provinces motly situated in the south, except for two provinces in Lazio, i.e. Latina and Frosinone. Finally, cluster 3 is made up of provinces situated in the centre-north (except for L'Aquila), all of them being of small and medium size. The three groupings present different features which can be described by the average values of the indeces. Cluster 1 has on overage a higher per-capita GDP, a high propensity to vote, a low incidence of extorsions and a high life expectancy at birth for female newborns. At the opposite end is cluster 2 with very low indices for the associative level, per-capita GDP and infrastructures, medium-low indeces for number of hospital beds, level of education, total number of pensions and IRF. The only indicator with a medium-high value in this grouping is the index of criminality (which denotes a low incidence of the phenomenon). Cluster 3 occupies a middle position with almost all the indicators, whose values are in between the two previous groupings.

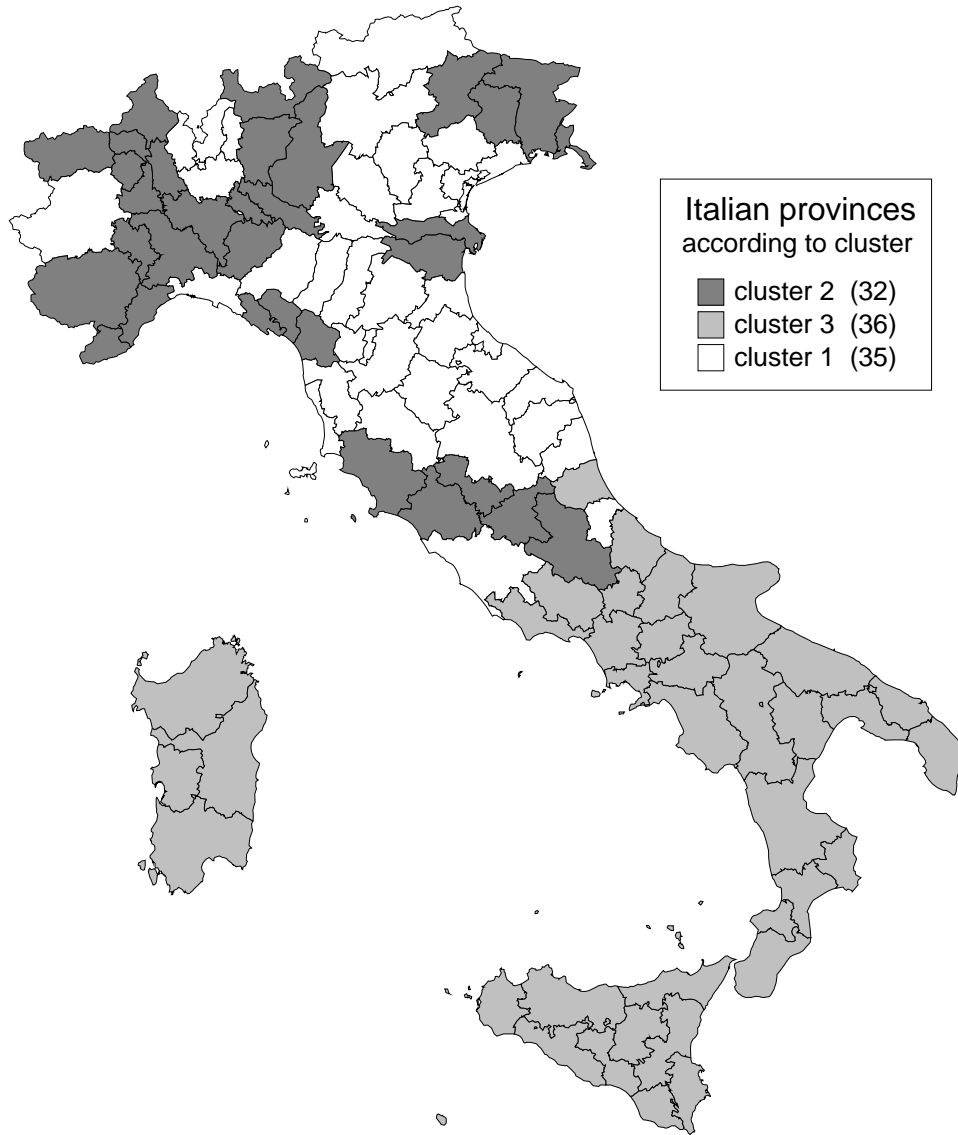
Table 3. Cluster analysis results and indeces of the variables used per province

Cluster	Province	1VOTAN	1ASSOC	2PILAB	2INFRAS	31POSLETT	31VITAM	31VITAF	32ALUNN	32SCOB	4ESTORS	4DELITT	5PENASS	5PENSTOT	IRF
1	Torino	0,80	0,37	0,64	0,19	0,57	0,63	0,66	0,38	0,77	0,70	0,28	0,12	0,64	0,60
1	Varese	0,84	0,17	0,58	0,37	0,51	0,66	0,87	0,27	0,62	0,87	0,73	0,12	0,56	0,67
1	Como	0,87	0,16	0,54	0,20	0,39	0,55	0,76	0,47	0,62	0,91	0,78	0,11	0,52	0,62
1	Lecco	0,89	0,27	0,59	0,18	0,49	0,65	0,79	0,50	0,71	0,99	0,82	0,11	0,51	0,72
1	Milano	0,86	0,33	1,00	0,35	0,50	0,66	0,75	0,22	0,81	0,92	0,44	0,07	0,52	0,70
1	Mantova	0,86	0,40	0,72	0,13	0,33	0,58	0,85	0,52	0,60	0,89	0,92	0,34	0,74	0,79
1	Bolzano (Bozer)	0,83	0,54	0,94	0,07	0,75	0,65	0,81	0,45	0,69	0,98	0,83	0,00	0,39	0,79
1	Trento	0,78	0,49	0,66	0,09	0,43	0,69	0,95	0,45	0,90	0,93	0,89	0,31	0,53	0,82
1	Verona	0,89	0,27	0,61	0,21	0,68	0,68	0,92	0,41	0,70	0,97	0,73	0,17	0,52	0,76
1	Vicenza	0,83	0,17	0,66	0,16	0,34	0,61	0,90	0,48	0,72	0,93	0,80	0,18	0,45	0,67
1	Treviso	0,74	0,22	0,59	0,20	0,35	0,69	0,91	0,67	0,72	1,00	0,78	0,20	0,46	0,73
1	Venezia	0,80	0,32	0,60	0,43	0,45	0,54	0,79	0,42	0,69	0,90	0,52	0,16	0,49	0,65
1	Padova	0,90	0,24	0,61	0,28	0,60	0,76	0,87	0,57	0,75	0,93	0,65	0,16	0,43	0,76
1	Genova	0,69	0,63	0,51	0,49	0,70	0,62	0,68	0,39	0,85	0,94	0,41	0,46	0,90	0,85
1	Parma	0,80	0,54	0,71	0,16	0,64	0,64	0,92	0,46	0,79	0,92	0,74	0,56	0,86	0,93
1	Reggio nell'Em	0,96	0,42	0,70	0,13	0,32	0,77	0,97	0,38	0,64	0,89	0,75	0,34	0,76	0,81
1	Modena	0,98	0,41	0,88	0,17	0,27	0,77	0,94	0,18	0,62	1,00	0,65	0,18	0,73	0,76
1	Bologna	1,00	0,55	0,83	0,27	0,77	0,75	0,87	0,42	0,85	0,72	0,22	0,17	0,89	0,85
1	Ravenna	0,98	0,67	0,64	0,40	0,58	0,80	0,74	0,49	0,80	0,83	0,55	0,31	0,97	0,93
1	Forli-Cesena	0,96	0,77	0,65	0,17	0,52	0,86	0,99	0,43	0,75	0,85	0,73	0,36	0,84	0,95
1	Rimini	0,91	0,46	0,71	0,32	0,41	1,00	0,92	0,24	0,83	0,70	0,14	0,50	0,47	0,74
1	Pistoia	0,88	0,69	0,45	0,17	0,16	0,75	0,82	0,37	0,49	0,57	0,00	0,59	0,75	0,58
1	Firenze	0,93	1,00	0,76	0,35	0,63	0,98	0,89	0,28	0,72	0,85	0,51	0,25	0,73	0,95
1	Prato	0,92	0,68	0,64	0,26	0,23	0,98	0,84	0,08	0,44	0,76	0,63	0,20	0,45	0,66
1	Livorno	0,87	0,71	0,46	0,50	0,26	0,72	0,72	0,32	0,75	0,85	0,60	0,47	0,68	0,79
1	Pisa	0,89	0,90	0,53	0,27	0,63	0,85	0,61	0,43	0,59	0,88	0,75	0,40	0,68	0,87
1	Arezzo	0,91	0,63	0,48	0,12	0,27	0,86	0,80	0,54	0,77	0,84	0,86	0,36	0,83	0,85
1	Siena	0,91	0,84	0,52	0,10	0,64	0,95	0,95	0,51	0,68	0,75	0,83	0,44	0,92	0,97
1	Perugia	0,82	0,62	0,43	0,12	0,34	0,96	0,87	0,66	0,81	0,87	0,73	0,87	0,79	0,95
1	Pesaro e Urbin	0,79	0,50	0,43	0,13	0,28	0,76	0,81	0,58	0,75	0,88	0,88	0,72	0,77	0,85
1	Ancona	0,80	0,58	0,55	0,30	0,71	0,90	1,00	0,37	0,75	0,96	0,86	0,54	0,77	0,98
1	Macerata	0,76	0,41	0,41	0,11	0,51	1,00	0,94	0,53	0,59	0,79	0,82	0,46	0,81	0,82
1	Ascoli Piceno	0,79	0,41	0,41	0,11	0,44	0,96	0,90	0,47	0,67	0,71	0,79	0,45	0,68	0,77
1	Roma	0,69	0,57	0,67	0,42	0,87	0,61	0,56	0,25	0,88	0,75	0,29	0,35	0,33	0,68
1	Pescara	0,63	0,44	0,33	0,19	0,45	0,72	0,74	0,18	0,76	0,85	0,68	0,87	0,57	0,71
	<b>Media CL 1</b>	<b>0,85</b>	<b>0,50</b>	<b>0,61</b>	<b>0,23</b>	<b>0,49</b>	<b>0,76</b>	<b>0,84</b>	<b>0,41</b>	<b>0,72</b>	<b>0,86</b>	<b>0,65</b>	<b>0,34</b>	<b>0,65</b>	<b>0,79</b>





Map 2



## 6. CONCLUSIONS AND POLICY RECOMMENDATIONS

Persistent, significant and in some cases increasing differences in the development of Italian provinces, lead us to think that, to date, the issues relating to the effectiveness of policies aimed at achieving territorial cohesion remain unsolved. After decades during which the success of economic policies was measured in terms of the quantity of resources allocated to areas experiencing difficulties, we have had an equally long season of policies which, with fewer resources and greater institutional uncertainty, have concentrated on building networks and alliances at the local level. One possible limit of the latter approach is that, despite greater consideration for social cohesion as an important element for the growth of social capital, not much attention has been given to the problems concerning the inclusion of the weak social groups in the socio-economic processes of production and redistribution of income as well as training, knowledge and democratic participation. When reflecting on local development, inclusion is implicitly regarded as a consequence of development rather than a means for achieving it. Particularly in southern areas, where the level of exclusion from essential social and economic activities, such as employment, minimum income, health and education is still high, the problem of full participation in one's own community is a prerequisite of development, not an event which will be favoured by the local system's capacity to create surplus thanks to economic growth.

Reflections on development arising from the contributions made by economists like Amartya Sen and Paul Streeten and international organizations such as UNDP seem to provide an alternative, useful reasoning framework, whose starting point is the simple consideration that income growth is a means for achieving development, whose aim consists in guaranteeing to all individuals the necessary conditions for living an active life, being able to take advantage of the opportunities offered by the socio-economic context which one belongs to. The present work has tried to provide an initial empirical estimate of the relative position of Italian provinces in terms of real freedom enjoyed and exercised by citizens in the fields of political participation, health and education, social welfare, security, available income as well as availability and interconnection of local infrastructures.

The figures have highlighted firstly a dichotomy between the provinces situated in the south and the centre-north. In particular the provinces situated in Abruzzo, Molise and Sardegna show a medium, and in some cases a medium-high level of IRF. Among the provinces situated in the centre-north those of small and medium size dominate, especially in Toscana, Marche, Emilia-Romagna and Umbria. Large cities such as Milano, Torino and Rome and the provinces of the three large northern regions, i.e. Lombardia, Piemonte and Veneto have medium-high and medium levels.

The present study has suggested the following policy recommendations. By assuming that local development and the territory's capacity to innovate cannot disregard the enlargement of

the real freedom of individuals *a different definition of priorities* is required, compared with the prevailing one. To ensure real socio-economic participation and more freedom implies a rapid, radical reform of the Welfare system, based on more resources being allocated to the strategic areas of health, education and security and addressed, above all, to the provinces where the deficit of services offered to the weakest citizens is most evident.

Equally important is *the extension of the areas of democracy and participation*: more active citizenship, more transparency and participation within political parties, trade unions and Public Administration, more information, more criticism and discussion.

One of the consequences of this shift in priorities is the need for *the crucial role of central government in directing its strategic and political choices*, especially in the area of fiscal policies, the reform of the Welfare system, together with the need for *stronger local leadership*, i.e. local authorities and socio-economic partnerships. This is the theme of multi-level governance and the distribution of competences among institutions, which should always be inspired by the principles of *subsidiarity and cohesion*, being well aware of the fact that excessive centralisation involves less transparency and less citizen democratic participation.

Equally important, in order not to create new and more profound differences among citizens, is to give a strong impetus to the activities of *training, innovation and research* so as to enlarge its reference base, particularly as regards young people. These activities are to be carried out following a model which is more consistent with the way knowledge is structured in our country. This is an economic strategy of growth and competitiveness based on quality and innovation in alternative to the prevailing one, which is based on low costs and flexibility of labour. This excludes rather than including the worker/citizen, it keeps him/her on the margins of the centres of production and knowledge, since it does not need his/her professional advancement nor does it need to make considerable investments in knowledge.

Furthermore, an approach based on real freedoms needs *fair policies on infrastructures*, which are not based on economic returns, but on the territory's capacity to include, by making infrastructures accessible so as to facilitate relations and exchanges. In our present globalised information society the effort in connecting people and institutions must concern also those investments, such as the broad band, which facilitate the circulation of information and the spreading of internet services.

Finally, it is worth pointing out that a policy of inclusion, both at local and national level, cannot be based on the privatization of essential public services since the private sector, by its very nature, having to rely on the system of market prices, tends to disregard those who are in difficulty, thus reducing social benefits, in direct contradiction to the aims of human development.

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