

9. Young people and Subsidiarity: a strategic choice for the South and the whole Italy

Alberto Brugnoli

9.1 Introduction

At the end of this Report, this contribution means to offer an overview of the main thesis developed throughout the book and to propose a reference model for the identification of appropriate policies for the South and the whole Italy.

A favourable historical period which takes account of the plurality of actors

We are in a complex but also favourable historical period. The long period of the great crisis – as several data confirm – seems to have gradually been overcome and this has recently produced an upturn also in Southern Italy.

We should take advantage of this economic situation, which must be strengthened through specific policies that involve all actors and that – as it is stated in this Report – have as main reference point the wide and various younger population in the context of an effective development model.

Young people and subsidiarity

Investing in young people is a strategic choice, necessary not only for the South but also for the general relaunch of the Italian System. Thinking that there can be a development of the South without considering the whole Country, or that there can be a growth of the Country without the establishment of a cohesive model in the respect and the promotion of its characteristics, would be misleading. Thus, we must focus on young people and subsidiarity.

The South and the Mediterranean area

The establishment of a flexible and modern model, which rewards reformers and innovative actors (in public, private, profit and non-profit fields), is destined to reposition the South at the heart of one of the most interesting but, at the same time, worrying areas: the Mediterranean area. It is not a matter of establishing its hegemony, rather, of making clear again what history has left us as legacy: there can be no development in the South without considering it a reference point in the Mediterranean area, and there can be no balanced development of the Mediterranean area without considering the South a protagonist in Italy and Europe, in a Europe of regions. The centrality of the South is good for Italy and the whole Europe, for the Mediterranean area and for the whole Africa.

Collective responsibility

In this context, all the social, economic and institutional actors have the responsibility of supporting sustainable development paths with long-term integrated actions. In this direction, what is happening in the Mediterranean area, increasingly plagued by complex and tragic problems, suggests also how to realistically and reasonably tackle processes that appear to be inevitable.

9.2 The South in the Mediterranean area

A certified historical evidence

“The South in the Mediterranean area” is neither a rhetorical academic exercise nor a noble reasoning lacking references to sensitive data. On the contrary, except for contradictory and critical aspects, the impact of the South on that complex and strategic area – which is not a closed region but an ambitious platform on the global scene – represents a certified historical evidence.

Mare Nostrum is the hub which inspired the West; the latter has drawn moral, cultural and political values, fundamental for the development of society. And despite not being adequately taken into account, the South has always been the centre of the Mediterranean area, not only for its geographical position.

Lack of awareness

Italy has often found it difficult to see the South as a real opportunity for strategic development and for establishing relations in the Mediterranean area. A serious delay that has caused incomprehension and simplistic interpretations. Perhaps, we have not completely understood the possibility for the South to play a positive role in the economy and society of the area, as it has already done in the past, as protagonist of a an evolving civilization: flourishing experiences, intellectual and political dynamism, solid and innovative commercial relations. The gradual dispersion of this legacy, due also to internal obstacles, has determined division and underdevelopment, caused also by a widespread political short-sightedness.¹

The South between the National System and the Mediterranean area

A balanced relaunch of the Mediterranean area is not conceivable without a frontline and direct commitment of the South; also, its growth is not actually possible without a programmatic engagement of the overall National System.

The need for a climate of trust

History teaches that the South (and not only the South!) does its best in a climate of trust, rather than through welfarism.

The role of Europe

This serious issue also affects Europe. The Barcelona Conference (1995) introduced the Euro-Mediterranean partnership, that is, a free-trade area, based on security, stability and prosperity. At present, results are lower than expected, partly because, as it is well known, the area has dissolved. However, these “rifts” and a moment characterised by many uncertainties could not lead Europe to opt for a hesitant and cautious approach. Another undesired strategy is favouring bilateral agreements, rather than a unique charter.

A difficult but not impossible challenge

The Mediterranean area is still an important chance for development, which may lead to surprising results. Perhaps, its repositioning at the hearth of international maritime strategies, through the enhancement of the Suez Canal and the Chinese acquisition of logistic and port infrastructures, represents a great opportunity.

In this context, the South is invited to seize the challenge to avoid marginalisation. It is a difficult but not impossible challenge, especially if the awareness and responsibility of different territorial actors will be combined with adequate initiatives promoted by national and international institutions. Neither can the European union shirk this challenge for reasons of far-sighted awareness that concern the common good, well before political and economic interests.

9.3 The main social emergencies

Social emergencies rooted in the past

The social emergencies the South has to deal with and that the crisis has exacerbated are considerable. The various data and analyses by Eurostat, Oecd, Istat and Bank of Italy and their interpretations and re-elaborations, also recently proposed – among others, by Svimez (2017), Confindustria-SRM (2017a and 2017b), Invalsi (2017) and by all the authors of this Report, with in-depth studies about young people, its human capital and the socio-economic trends that involve them – confirm that emergencies mainly concern demographic crisis, human capital impoverishment, poverty and employment, especially in relation to the young population. In this regard, an overview of the present situation follows. The data belong to the different sources above mentioned.

Demographic crisis

In the last 15 years, from the beginning of 2002 to the end of 2016, the number of people living in the South has slightly increased (from 20.5 to 20.8 million people), thanks to the contribution of the foreign population (+ 659.000 inhabitants), but, during the same period, young people residing in the

¹ In this regard, see, among others, Trigilia, Viesti 2016.

South have decreased by one million (from 5.2 to 4.2 million). In the last two years, in line with the national trend, also the total amount of residents, which reached its peak in 2014 (20.9 million), is diminishing.

In the last 15 years, the birth rate and the average number of children per woman of child-bearing age have declined (respectively, from 10 per 1000 to 8 per 1000 residents and from 1.33 to 1.29) and the mean age of women in childbirth has risen (from 30.0 to 31.5). Even the contribution to the birth rate by the foreign population is not particularly significant (in 2016 less than 6% of the total number of births), especially in comparison with the national average (14.7%).

In the same period, the migratory balance in the South has always been negative (a total of – 792.000 individuals) – and it has worsened in the last two years (from -44.000 in 2014 to -51.100 in 2015 and then to -62.200 in 2016) – indicating that the number of those who have transferred their residence to other Italian regions is higher than those who transferred it in a Southern region. More than 72% of this negative internal balance concerns young people. Generally, the situation at provincial level varies, albeit always with negative balances. Moreover, these figures underestimate the situation, since they do not consider the part of population that move to the Centre-North of Italy, often for study purposes, and then remains and work in the new context without transferring its residence.

In this millennium, the South balance has been negative, considering the emigration of Italian citizens abroad and their return (from a positive balance of 3.700 individuals in 2007 to a negative balance of 19.200 individuals in 2014), with increasing annual negative values, starting from the years of the great crisis. However, we have to consider that the percentage of expatriation (and repatriation) in the South, in relative terms compared with the Centre and the North, has been less significant in the last two years, falling by less than a third of the whole amount at national level. In this case as well, figures underestimate the situation, since an individual is obliged to report its transfer only if the time spent abroad exceeds the 12 months continuous period.

In conclusion, it is clear that the contribution of the foreign population in the last years is crucial for the demographic situation in the South, where, at the beginning of this millennium, only the 13% of foreigners registered in the civil registry in Italy lived, and in 2016 the 17% lives there. Within this foreign population, the percentage related to the people aged 15-40 is double compared to that of the Italian population (44.7% vs. 36.9%).

According to Istat data, (2017) the Southern population will diminish in the next 50 years, from 20.8 million people in 2017 to 15.5 million in 2066, with a sharper fall than the Central (from 12.1 to 11.5 million) and the Northern (from 27.8 to 26.4 million) population. In parallel, the mean age in the South will vary from 43.6 years in 2017 to 51.6 years in 2066, thus the South passes from being the youngest Italian area to the eldest (In the Centre from 45.5 years to 49.5 and in the North from 45.5 years to 49.5).

Human capital impoverishment

Together with the demographic crisis there is a high impoverishment of human capital: the data recorded in 2016 in the South as regards the national average of Invalsi tests (school year 2016/2017, class II, Secondary school) are the worst in Italy and Europe. These figures concern the learning quality in Italian and Math (196 and 198 vs. 200 and 200), the percentage of young people who prematurely leave their studies (18.4% vs. 13.8%), the number of young people with university education (20.7% vs. 26.2%), the percentage of graduates looking for a job 4 years after graduation (29.8% vs. 16.8%). We have also to add that, considering the negative internal migratory balance of the last 15 years, more than 27% of it is related to graduates and more than 20% to young graduates, and that those who emigrate abroad are mainly young people with a high education level.

Poverty

In the last three years (2014-2016), both the absolute and the relative poverty rates at household level have diminished in the South (respectively, from 8.6% to 8.5% and from 21.1% to 19.7%). However, the percentages are higher than in the Centre (respectively, 5.9% and 7.8%) and the North (5.0% and 5-7%) of Italy.

At local level, the situation varies: the absolute poverty is increasing in the suburbs of metropolitan areas and in municipalities with more than 50.000 inhabitants, while it is decreasing in the central municipalities of metropolitan areas (from 8.4% in 2015 to 5.4% in 2016) and, albeit less significantly, in municipalities with less than 50.000 inhabitants (from 8.8% to 7.8%).

In the whole country, the incidence of absolute poverty at household level is higher among individuals under 44, but in the South, data are actually worrying: in 2016, absolute poverty is 23.2% for the age class 18-34 and 24% for the age class 35-44 (respectively, “not available” and 12.3% in the Centre and 10.7% and 9.3% in the North).

Employment

In the third quarter of 2017, employment in the South has showed positive results (+108.600 individuals with respect to the same quarter of the previous year), stabilising above the threshold of 6 million employees and reducing the gap with the Centre-North of Italy as regards the employment trend, which had been systematically growing, especially since 2000 and after the great crisis. However, employment remains under the peak of the financial and economic pre-crisis (-230.000 employees), with an employment rate (20-64 years) of 44.8%, far from that of the Centre (63.2%) and the North (66.8%) of Italy and the worst in Europe. The unemployment rate, albeit in decline compared to the third semester 2016 (-0.7%), is still 17.9%, definitely higher than that of the Centre (10.6%), which corresponds to the Italian average percentage, and far from the EU 28 average (7.5%) and that of Northern Italy (6.6%).

At regional level, the situation varies: Campania, Abruzzo and, although less significantly, Sicily and Sardinia have experienced a substantial employment growth in the first nine months of 2017 (respectively, +34.800, +30.700, +20.200 and +18.700 employees); whereas, in Basilicata and Molise the employment rate has decreased (respectively, -3.800 and -1.100 employees). The unemployment rate in Calabria (22.4%), Sicily (20.4%) and Campania (19.0%) is higher than the average in the South; while, Basilicata (11.5%) and Abruzzo (9.7%) show the most positive results.

In the whole country, the young unemployment rate (15-24 years) is higher than the total rate, but in the South the percentage is even higher: in the third quarter 2017, it is 46.6% (29.4% in the Centre and 22.7% in the North), although it has decreased by 0.8% compared to the same period of the previous year.

Young people

Youth emergency. The data above mentioned have already proved it.

However, it is worth reporting other two aspects that confirm this emergency. The first is that in 2016, in the South, the number of Neets is 1.800.000 (nearly 60% of the national total percentage and 37.5% of young people aged 15-34 who live in the South); 45% of them has an elementary or secondary school certificate, but more than 11% has at least a bachelor's degree. The second element is that nearly 3 million young people live with both parents or one of them (67.5% of young unmarried people and 38.1% are looking for a job, 35.7% are students, 22.4% are employed).

9.4 The favourable economic situation

A climate of general recovery

The various data and analyses by Eurostat, Oecd, Istat and Bank of Italy and their re-elaborations and interpretations, also recently proposed – among others, by Confindustria-Cerved (2017), Svimez (2017), Confindustria-SRM (2017a and 2017b) and, with a focus on the role of companies in the South economic recovery, by Cellini (2018) in this Report – highlight that corporate system in the South – together with negative changes related to the crisis that are threatening to exacerbate structural elements in Northern Italy – is showing positive results in a climate of recovery which is affecting the majority of industrialised economies, albeit with considerable differences between territories, productive sectors and companies. In this regard, an overview of the present situation follows. The data belong to the different sources above mentioned.

Some important positive signs

Among the main positive results achieved in the South in 2016, we have to highlight: the GDP growth, higher than that of the Centre-North (+1% vs. 0.8%) for the second year running and the modest reduction of the gap between the two areas (from 65.8 vs. 117.8 to 66.0 vs. 117.6, considering 100 the Italian datum) in relation to GDP per capita at Purchasing Power Parity (PPP); the increasing income of large manufacturing companies without refineries (+1.1%) and of medium manufacturing companies, higher than that of the Centre-North (+1.7% vs. +0.1%); the growth of value added, higher

than the Centre-North, especially in agriculture (+7.5% vs. +2%), constructions (+4.4% vs. -0.3%) and services (+0.7% vs. +0.5%); the investments growth, higher than that of the Centre-North (13.2% vs. 7.7%), especially private and industrial investments (+40% vs. +3.9%), which have contributed to reduce the gap arisen compared to 2000.

Other positive figures of the third quarter 2017 (compared to the same quarter of the previous year) are: the increasing number of active companies (which are nearly 1.700.000), higher than that of the Centre-North, which is still negative, (+0.4% vs. -0.3%) with the consequent reduction of the differential of this number with the Centre-North itself, for the fifth year running; the rise of corporations, higher than that of the Centre-North (+5.8% vs. +3.1%), which represent 17.9% of the total number of companies in the South; the growth of manufacturing exports, except for the transport and electrical appliances sectors (-4.2% and -10%), higher than that of the Centre-North (+8.6% vs. 7.2%), especially of refined oil products (+42.9%), chemical products (+21.6%) and pharmaceutical products (+9.4), towards Brics and the Med area; the fall in the number of companies in insolvency proceedings and with at least a protest, below the pre-crisis level; the slowdown in the growth of non-performing loans (only +140 million euro, compared to billion euro in the previous years); the increase in the number of companies in security and solvency conditions. In the end, in the third quarter 2017 the companies which adhere to network contracts are 6.000, with an increase of 17.6% in the last six months (as in the Centre-North).

Good resilience²

The good resilience of the South to the long crisis period is especially proved by two evidences: on the one hand, the positive trend in exports, in a period of a slowdown also in the international trade, on the other hand, the restart of the internal demand.

The impact of this performance on the overall Italian economy is so significant that the contribution of Southern regions to the Italian GDP growth in the 2015-2016 period has been nearly one third, considering that the share on the GDP of the area is less than a quarter. This evolution has been particularly important for the rest of Italy, considering also the high level of economic and productive interdependence between the South and the North of Italy, highlighted by several sources – for example, SRM-Prometeia (2014) – which causes that a shock (e.g. the exports) on the GDP in the South has a more considerable effect on the GDP in the Centre-North than in the opposite case and that an decrease in the final internal demand in the South leads to a substantial growth in production in the rest of the Country, especially in the North-West.

As to resilience, Cellini (2018) analyses the differences at provincial level, noticing a significant heterogeneity in behaviours. Referring also to a recent contribution by Di Caro (2017), he reports that the Italian provinces, and also the Southern ones, which have showed more resilience, are those characterised by a more consolidated presence of the public sector (which is less exposed to the effects of the macro-economic deflation), especially in the ability to promote public-private partnerships for the local development and that in those provinces the process of recovery after the crisis is slower. Moreover, in terms of ability to recover, the provinces with a productive (agricultural, industrial, service or tourist) structure more oriented to foreign markets are more responsive.

Small and Medium-sized enterprises (SMEs)

In detail, as far as SMEs are concerned, among the main data collected in 2015 compared to the previous year, it is worth highlighting what follows: the income recovery of capital SMEs, higher than the national average (+3.9% vs. +3.1%), especially that of the industrial sector, higher than the national average (+5.3% vs. 3.9%) and all the other SMEs, both compared to the South (+3.9%) and to the Italian total percentage (+3.1%); the increase in the value added, higher than the national average (+4.9% vs. +3.7%); the growth of gross operating margins, higher than the national average (+5.7% vs. +3.9%); the decreasing percentage of SMEs with a risky economic-financial profile (from 20.3% to 19.1%); the increase in SMEs with a solvent balance sheet (from 41.4% to 44.2%); the consolidation of the current profit before interest and taxes on income (3.6%).

Another element to be underlined is the re-composition of the production fabric: considering 100 the total amount of companies in the South, there is an increase in firms with 10-49 employees (+0.2%) and a decrease in firms with 1-9 employees.

² See, among others, Martin 2012 and Martin *et al.* 2016 for an in-depth study on the concept of resilience.

The tourism sector

As to the tourism sector, it is worth pointing out its important contribution to the South (more than 70.000 employees; more than 2.5 billion of value added) and its high potential; the growth of the local units, employees and value added (respectively, +4.0%, 3.0%, +8.9%, +7.7%), with percentages in line with or better than the rest of Italy; the increase in arrivals and presences of Italian and foreign tourists in 2016, higher than that of the Centre-North (+4.3% vs. +2.9%) and, in particular, in the first eight months of 2017, the increase in the presence (+7.8% vs -1.7%) and expense (+24% vs. +3.1%) of foreign tourists.

Innovative start-ups

The number of innovative start-ups is considerable: in 2016 they were 2.823, 833 located in Campania, 530 in Sicily and 527 in Apulia. The relative weight of these actors is lower than the rest of Italy, but their impact on the social and economic fabric is relevant, since they employ 5.400 individuals, produce revenues of 334 million euro and invest nearly 64 million euro. This type of company has assets for 425 million euro, a debt of 57 million euro and an equity of 150 million euro. The start-ups distribution in the South by innovation cluster is in line with the Italian one (Mobile and smartphone 31%, Eco-sustainability 18.4%, Biotech 15.5%, Software and Internet of Things 13.5%), but the distribution by innovation cluster of innovative SMEs is different from the national average, since the Eco-sustainability sector ranks first (32.7%) in the first case and second in the national panorama and it is the most capital intensive and it is characterised by huge investments but also debts. In the South, the other relevant sectors are Mobile and smartphone (27%) and Biotech (18% compared to a national average of 14.8%).

Companies run by young people

In 2016 the companies run by young people in Italy are mainly located in the South (250.000 units, 41.5% of the national percentage). In the top ten of Italian provinces with companies run by young people, six companies are in the South (Naples 2nd, 6.6%; Bari 5th, 2.8%; Salerno 6th, 2.7%; Palermo 7th, 2.3%; Caserta 8th, 2.2%; Catania 9th, 2.2%). In the other place of the ranking there are Rome (1st, 78.5%), Milan (3rd, 4.8%), Turin (4th, 3.7%) and Brescia (10th, 1.9%).

A slow recovery

However, pre-crisis (2007) values are, unfortunately, far: in 2015 companies' income is at -14.7%, investments are at -46%, employees are at -11.8%, the number of manufacturing companies is -33.000 and that of their employees is -150.000. Moreover, the decrease in the capital expenditure of the Public Administration, net of financial items (13 billion euro), weighs on this context - it is the lowest value of expenditure in the last 15 years and nearly the half of the level recorded in 2002 (24 billion euro) – due also to the slow launch of the new cycle of structural funds programmes 2014-2020 and to the use of the Fund for development and cohesion in the Masterplan for the South only since 2017. The level of subsidies granted to companies is at an all-time low, mainly due to the slow lunch of the programmes 2014-2020 and to the only recent introduction of the tax credit for investments in the South. In conclusion, the conditions established by the credit sector, although improving, struggle to satisfy the companies' credit demand, confirming that their financing is still a crucial issue in the whole area.

Significant differences between and within territories and sectors

As it was mentioned at the beginning of the paragraph, there are significant differences between regions, territories in the same region, between sectors, industries and companies. Some of them have already been analysed. Other may be easily found in the references above mentioned. It is not possible to provide adequate evidence of them here, but the last additional and synthetic figure that shows the high heterogeneity of territories follows: considering 100 the national average, in 2016 the GDP per capita in some regions is increasing, such as in Campania (+1.2%), Molise (+1.1%), Basilicata (+0.9%), Apulia (+0.6%); in other regions is unvaried, such as in Calabria (+0.2%) or is diminishing, such as in Sardinia (-0.2%), Abruzzo (-0.7%) and Sicily (-0.8%).

Perspectives for the near future

In this panorama, many points of view highlight that, on the one hand, what has been recently enacted by government (Super amortisation and Hyper amortisation, Credit tax for investments, Development Contracts, Resto al Sud, Bonus occupazione Sud, Special Economic Areas – ZES) and on the other

hand, the actual launch of the programmes 2014-2020, may encourage, in the near future, the entrepreneurial fabric in the South and underline the interesting opportunities for investments in this area.

The management of a cohesion policy from now to 2020 – which, considering the European funds 2014-2020 (30 billion euro), the national co-funding for programmes financed by ?(cofinanziamento nazionale ai programmi finanziati dagli stessi) (8-15 billion euro) and the Fund for development and cohesion (more than 40 billion euro), may be worth more than 85 billion euro for the South over that period – and the conception and development of this policy after 2020 may play a decisive role for the future of the territory. Perhaps, as it will be analysed in this Report, it is time to understand the actual priorities.

9.5 The underlying strategic option: investing in young people

Investing in young people

Considering the overview presented above, which underlying strategic option should we follow for the South development? Which goal should we focus on? Reality suggests following a clear direction: the underlying strategic option is for young people. The various contributions in this Report prove it from different viewpoints. Investing in young people is the main way.

The need for a real and equal intergenerational pact

The strategic option for young people has to be conceived and developed in the horizon of a real and equal intergenerational pact, deepening a collaborative and trustworthy relation which overcomes the significant but mere practice of the safeguard of protections. Whereas, up to now the relationships between insiders and outsiders have not been encouraged and this has led to a crystallisation of situations and a poor perspective vision.

According to this viewpoint, we should attribute priority to direct and indirect initiatives in favour of the human capital of young people in order not to lead the strategic option to foregone conclusions or to an academic exercise. However, we should also give importance to elder people, their human capital and the other capitals in the territory (social, economic infrastructural, environmental, institutional capitals), ensuring the equity of the intergenerational pact, for the benefit of all. We should do so not only because the intergenerational pact has to be equal also for elder people and the conditions of elder people impact on the opportunities, wellbeing and living quality of young people (generally sons and grandsons), but also because people who are young today will become the adults of tomorrow and the elderly of the day after tomorrow. Thus, considering how the territorial structure develops to guarantee opportunities, wellbeing and living quality of adults and the elderly of today, the young people of today will base their expectations on the opportunities, wellbeing and living conditions they will benefit from tomorrow.

Nowadays, the intergenerational pact based on equity principles is a need, not an option. No rupture in name of something new, since investing in young people is a good reason for all.

Human capital and development

First of all, it is worth investing in human capital.

The line of thought which states that any development path must be focused on human capital, not only because it is one of the fundamental capitals for the implementation of effective development paths, but also because it represents the reference point to identify effective paths³, considering that each human being is the ultimate objective of the development itself, is consolidated even though not universally shared.

The lacking awareness of the fact that there can be no development without a high attention to and strict investment policies on human capital leads to jeopardise even the most virtuous and innovative approach. This would generate serious problems over time, creating a gap increasingly difficult to fill.⁴

A new credit of trust from young people

In particular, an investment policy in young people's human capital with the above-mentioned features, is needed in a period still affected by the burden of the great crisis, especially in the South.

³ See, among others, Becker 1994, Sen 1999 and Nussbaum 2011.

⁴ See, in this Report, Montrasio 2018, Iaquina 2018, Taormina, 2018 and especially Ingrassia 2018 and Spallini, Viola 2018.

This policy may ensure more productivity and competitiveness in the South and in the Whole Country System in the middle-long term, perhaps also in the case that, as Bassetti (2015) has recently analysed, a number of young people leaves the Country either for short or long time intervals.

This policy may also boost, even in the short term, the recovery of a climate of trust (both of young and elder people), which faded a long time ago. However, this time we must pursue this path without backing out because, to some extent, the young is to the real economy as the saver is to finance and it is clear how difficult is to resume the thread of a normal speech when the confidence pact is betrayed (think of the relation saver-bank). From this point of view, the delay due to unfulfilled promises is not simple to recover and betraying another time young people's expectation would be a mistake, hard to forgive.

Therefore, at the level of a new credit of trust from young people, the Country System and the South have a lot to be done.

We need to get out of the evident "contributory negligence" (according to historical data) to decisively reiterate an unquestionable fact: there is future for nobody without young people. It is an imperative or better, the imperative. Thinking that we can advance without considering the crucial importance of young people is a vision destined to failure.

Moreover, the future mainly belongs to young people, thus we should not spoil it. Surrendering to this distorted mentality would lead the Country and the South to become old, from all points of view.

Young people in the South

The South can count on – and potentially invest in – a "demographic capital" of about 4.2 million of young people aged 18-24, mainly composed of Italian individuals who live especially in municipalities with 5.000- 90.000 inhabitants (between 20% and 21.2% of residing people, according to the dimensional class) and with 400.000 inhabitants (20.7%).

Although the capital of young people is considerable, the current situation and the future outlooks – analysed by Montrasio (2018) and Iaquina (2018) in this Report, and some of them proposed in the paragraph 9.3 of this contribution – suggest that young people in the South risk to become weaknesses rather than strengths of a social context that in the South and in the whole Country has increasingly been spoilt and – starting from the decrease in populations of inconvenient centres from the morphological and geographical viewpoint – a significant demographic ageing is expected.

In this panorama, the Toniolo Institute (2017) reports that young people in the South appear to be more motivated and ready to seize the challenges of job uncertainty, maybe because the context they live in provides less opportunities.

Territories on a young people scale: an overview

In the South young people's condition is characterised by various features, not always easily intelligible, according to different territorial contexts. An exercise, in order to classify the different provinces in relation to young people, has been conducted by Brugnoli, Montrasio (2018) in the Prelude of this Report, through the selection and quantification of 10 indicators aimed at understanding different elements of the situation. Although we must cautiously interpret these indicators and we cannot expect they are exhaustive, the overview they present is really interesting.

Considering the 10 indicators, only three out of 41 provinces in the South (Oristano, Carbonia-Iglesias and Medio Campidano) do not present a significant competitive advantage in any indicator, compared to the other national provinces which do not belong to the South; only two provinces (Brindisi and Taranto) have a significant competitive advantage only in one indicator; only three provinces (Cagliari, Sassari and Messina) have a competitive advantage only in two indicators; the other 33 provinces have a high competitive advantage at least in one indicator. In the top of the ranking, some provinces (Pescara, Chieti and Palermo) have a high competitive advantage in three indicators (and, in the central part, Cosenza as well) and they often have a significant competitive advantage in other indicators, and other provinces (L'Aquila, Teramo, Isernia, Matera, Catania, Bari, Avellino, Catanzaro, Naples, Benevento) have a high competitive advantage in two indicators (and, in the central part, Enna as well) and they often have a significant competitive advantage in other indicators.

Promoting territorial differences

As it is clear, the capital of young people in the South and the positive signs associated to them differently concern the various contexts.

We hope that these differences are carefully analysed and that the conscious choices of dynamic territories encourage a spirit of evolution and emulation, or of internal competition, especially against a generalised and recognised perception of deep historical delay and against inadequate approaches with regard to the social and economic emergencies. Everybody, especially young people, suffer from this (mainly cultural) restraint.

The strategic priority for the South: young people

In brief, the strategic choice for the South appears to be a structured and lasting investment in young people, differentiated according to the territory. This may produce competitive advantages in relation to other territories and, above all, an actual breath of fresh air, a change in opinion and trend: young people, central part of development, and the South as opportunities for a higher growth of the Country System. Undoubtedly, in the following years, the role of young people for the growth of the South and the whole Country will depend on the effective attention attributed to them and on the policies implemented for their adequate promotion.

9.6 An approach for development: the 3S-3M model

A sustainable, subsidiary, multisector, multiactor, multiscale development model (3S-3M)

From the approach viewpoint, the current national context and the considerable differences between the territories in the South, in a national context characterised by high territorial heterogeneity, support the hypothesis that the most suitable development model for the South is sustainable, subsidiary, multisector, multiactor and multiscale.

Sustainable development

It has been decades since the concept “development” was associated to that of “sustainability”. At first, especially starting from the United Nation Declaration at the Conference on human environment, held in Stockholm in 1972, only the environmental dimension was considered, without a common reference theoretical framework; then, in the Brundtland Report – Our Common Future – presented by the World Commission on Environment and Development (1987), a universally-shared definition of “sustainable development” was conceived and it involved all the other dimensions of the sustainability concept. Eventually, this term became the reference point for the identification of the United Nation Millennium Development Goals (2000) and then the development definition on which the Sustainable Development Goals of the 2030 Agenda (2015) are based.

Perhaps, it is sufficient this brief historical digression to justify the need for considering the concept of sustainable development as a reference point in order to satisfy personal and collective needs, avoiding injustice and bias, rather than pursuing goals and undertaking battles according to biased anachronistic logics.

Subsidiary sustainable development

It has been years since (vertical and horizontal) subsidiarity became one of the basic principles of the Italian and European Law.⁵ It acknowledges the importance and dignity of each individual and of all individuals, promoting the role of institutional and social actors closer to them, so that they can satisfy people’s needs in the most appropriate way. Therefore, people and institutional and social actors that represent them or to which they join, provide their fundamental contribution for the common good and thus for an adequate development. This is why, the subsidiary thinking is also a real inclusive model.⁶ The heritage that subsidiarity conveys through its series of historical evidences confirms its original imprinting and contemporaneity. And this is the reason why, it is interesting to think about how the subsidiary culture may attribute a brave, innovative and realistic aspect to the most important issue: sustainable development.

Freedom, responsibility and trust are the basic features of subsidiarity. There can be no real constructive action of the good for the individual and all people without these three elements, thus there can be no sustainable development.

⁵ Constitution of the Italian Republic, art.118, c.4; Treaty on European Union, art.5

⁶ See, among others, Brugnoli, Vittadini 2008.

The multisector dimension

“Multisectoriality” consists of actions which simultaneously refer to different types of capital (human, social, economic, infrastructural, environmental, institutional) and which produce impacts on different sectors (agriculture, industry, service) and on their sections, according to a variable combination of engagement of capitals and impact on sectors, in relation to the stock of existing capital and to the ongoing dynamics between capitals and sectors.

The greater the amount and the type of existing capitals in a territory, the wider will be the scenario in which generate process of subsidiary sustainable development. And the coherent, balanced and integrated growth of the six capitals according to a multisector view represents a decisive element for the development itself.⁷

The multiactor dimension

“Multiactoriality” derives from different roles and functions that public and private, profit and non-profit sectors and civil society perform in multistakeholder collective actions.⁸

The multiscale dimension

Multiscalarity results from the different levels of jurisdictional scales of the institutional Law (supranational, national, regional and local) and of the corresponding spatial scales in which the economic and social dynamics that affect the whole territory, its regions and its various local systems take place.⁹

The importance of systemic actors

In the current context, characterised by competitive dynamics which present, at the same time, both global and local elements, the role of systemic actors able to work in the target territory with a multisector, multiactor and multiscale vision, is increasingly relevant.

Indeed, a group of systemic actors generate an action able to involve, according to a subsidiary sustainable development, the different types of capitals located in a territory in a coherent, balanced and integrated way, engaging public and private actors who may also belong to a different institutional scale.

An integrated multisector, multiactor, multiscale planning

From the planning point of view, in this theoretical framework, the multilevel governance approach represents a benchmark in the management of territorial policies – especially in the context of current changes due to fluctuating process of institutional centralisation-decentralisation and tendencies to internationalisation and territorial rooting – since it acknowledges and legitimates the role of public and private actors who work at different levels with different competences at different scales. In this way, an actual contribution to the development process could not be easily generate under the logic of strategic plans implemented by a single actor, as it has already been introduced especially with negotiated planning instruments.¹⁰

In addition, the 3S-3M model requires that those instruments encourage the promotion of systemic actors able to take responsibility for developing a positive interdependence and a long-term agreement with the territory they operate in and through which they enter a global network. According to different models of relationships between actors, this also implies that where the participation of public actors compared to (profit and non-profit) private actors varies, solutions resulting in actual different instruments able to appropriately interpret the most important principles of integrated planning are conceivable. Thanks to the following financing methods, different in terms of public and private participation, those instruments may guarantee more significant impacts on the target territories.

The ability of attraction and pooling of financial resources

The effectiveness of a planning instrument also depends on the ability to mobilise financial resources. As a matter of fact, the implementation of an investment programme cannot ignore the availability of those resources that, if considered separately as amount coming from specific sources, are often unable to satisfy the necessary requirements to finance complex investment programmes.

⁷ See, among others, Stimson *et al.* 2006.

⁸ See, among others, Ostrom 2009.

⁹ See, among others, Van Kersbergen, Van Waarden 2004.

¹⁰ See, among others, Brugnoli, Cornacchione 2011; Bache, Flinders 2015 and, in this Report, Scrofani 2018.

In the model of systemic actors, this limitation may be overcome when there is a good capacity of resource attraction and financing pooling from multiple sources, besides the capacity of planning the territorial development.

The Figure 9.1 shows a schematic representation of the model.

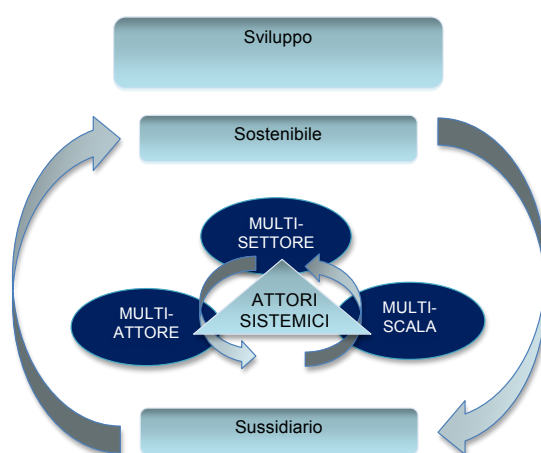
9.7 The priorities in the South

The need for a real and equal intergenerational pact

As it has been mentioned above, the strategic option for young people leads to an urgent implementation of a real and equal intergenerational pact. In the framework of this intergenerational pact and of the 3S-3M model, which acknowledges the importance of systemic actors, some operational paths to pursue this strategic option may be identified.

Some proposals follow, without claiming to be exhaustive.

Fig. 9.1 The 3S-3M model



The multisector dimension: investment in young people's human capital

The strategic option for young people must be pursued involving young people and directly investing in their human capital, across productive sectors, thus increasing the economic resources meant for that type of capital. In this regard, see, in this Report, Ingrassia (2018) and Spallini, Viola (2018). In this direction, the primary policies related to 1) birth rate 2) school; 3) university; 4) job market; 5) activation processes; 6) migrations; may be oriented towards the following goals.

Birth rate: supporting economically the families in poor conditions and those that belong to the middle class, in the prenatal and neonatal period, especially large and single-parent families.

School: strengthening basic skills; tackling dispersion and premature abandonment of studies; promoting processes of social inclusion.

University: supporting ways that increase universities autonomy; rising the competitiveness of Southern universities in terms of capacity of developing competences, also through the creation of intra-university regional networks; promoting the connections between university and territorial development actors to satisfy the professional demand of the local socio-economic system and of similar systems, facilitating partnerships and scientific and didactic innovation with the territory; promoting the creation of international research communities, with particular reference to the Mediterranean basin, and the development of specific identities in the fields of scientific research and education activities; promoting migrants' social and economic integration through appropriate development paths of the human capital.

Job market: facilitating the access to information and job opportunities of potential employees, through schools, universities and the networks of employment centres; facilitating the characteristics of the available workforce through the same channels.

Activation policies: starting processes of workforce qualification and re-qualification, through the active participation of workers and subordinating the initiatives of income support for unemployed people to these processes; developing ways of engagement to limit the growth and reduce the number of Neets; investing in constant training.

Migratory policies: promoting integration initiatives that guarantee social cohesion to ensure the productive inclusion of young people in the social and economic fabric.

The multisector dimension: investment in other capitals

At the same time, in a complementary and integrated way, the strategic option for young people must be pursued by investing, across the productive sectors, in the other (social, economic, infrastructural, environmental, institutional) capitals of the territory, considering young people, their human capital and the expectation for their future, through complementary policies which encourage the promotion of young people in the South and of those who may be attracted. In this regard, all contributions of this Report provide interesting suggestions about the different capitals; see them for the appropriate in-depth studies.

The multisector dimension: the primary integrated mixes

In the South, a proposal of subsidiary sustainable development which integrates capitals and productive sectors may be identified through three drivers.

In metropolitan urban areas and in medium-size cities – where the presence of universities, research and development centres, advanced tertiary sector, technological services and high availability of connectivity and accessibility is relevant – we should intervene in an integrated way on these elements in order to develop qualified urban hub able to attract and hold young people.

In industrialised areas – characterised by competitive manufacturing sectors, such as the automotive, aeronautic, clothing, agribusiness and pharmaceutical one – we should intervene to connect the supply chains, from a smart specialisation viewpoint and to link the infrastructural and logistic systems. In this regard, the High-speed train Napoli-Bari and its expansion represents a primary project, since it enables to increase qualitatively and quantitatively the exchanges between the two metropolitan areas and their productive systems.

And the development of intermodal systems and of the logistics of goods linked to that route represents a high complementary element to strengthen that integrating approach. In this context, identifying the appropriate investments to participate to the ongoing integration processes at global level, such as the Belt and Road Initiative promoted by the Chinese government, is decisive.

In wide areas – where the recovery and strengthening of high-quality agriculture, which depends on the production of local food products, sustainable tourism, the enjoyment of the cultural heritage, the development of ecosystem services (water cycle, renewable energy, forestry service), together with proper services for the individual and the community, represent a driver for economic development – we should intervene in order to strengthen these virtuous cycles, full of entrepreneurial and job opportunities for qualified young people.

The multiactor dimension

In the South multiactoriality plays a decisive role from two points of view.

Firstly, a subsidiary sustainable development is not conceivable without the high involvement of the private sector, both for its increasing ability to mobilise economic and financial resources and for its exercise of constructive freedom and of assumption of responsibility, that deserves trust.

This is the right moment for a more decisive role of the (profit and non-profit) private sector in the development dynamics of the territory, starting from the most active actors, who already work in the cities, in their suburbs and in the local productive systems.¹¹

Secondly, the fundamental contribution of the Public Administration must be associated with huge investments in the strengthening of its competences, aimed at promoting a cultural transition which enables to face new challenges, also by radically innovating the consolidated processes.¹²

¹¹ In this regard, see, in this Report, Cellini 2018 and Scrofani 2018.

¹² In this regard, see, in this Report, Taormina 2018.

The multiscale dimension

In relation to the different spatial scales in the area, the key for subsidiary sustainable development of the South is the acknowledgment, on the one hand, of its importance in the Mediterranean area and of its role of connection between Europe and the MENA¹³ region and the Balkans, on the other hand of the existence of local initiatives (vocations) that suggest development paths suitable for their territory, that represent important opportunities of growth for their regions and that may integrate into a wider initiative (vocation) of the whole South.

As regards the institutional Law, on the one hand, we need to strengthen the integration of the vertical planning chain which operate, starting from the acknowledgment of the role of the South in Europe as a platform for the Mediterranean area, and on the other hand, ensure more institutional flexibility, leaving the opportunity for the different actors to demonstrate their vision and operational skills in planning and implementing a common development path.

The importance of systemic actors

In the development process of the South, the possibility that public and (profit and non-profit) private actors express their vision and suggest policy proposals, make their competences available, provide economic and financial resources, is increasingly crucial.

In this regard, the acknowledgment of universities, entrepreneurial organisations, actors of civil society and foundations of different nature as systemic actors may represent the distinctive element in planning and implementing a model in which the responsible role of the actors is the fundamental lever for subsidiary sustainable development.

Regarding the first driver identified above among the primary mixes of the multisector dimension, regions, provinces, metropolitan cities, medium-size cities, universities, research and development centres, science and technology parks, foundations and other non-profit organisations that operate at local level, socio-sanitary institutions, entrepreneurial associations, companies that operate in local public services and business networks play the role of systemic actors.

Regarding the second driver, regions, provinces, metropolitan cities, universities, research and development centres, science and technology parks, foundations and other non-profit organisations that operate at inter-regional level, infrastructural companies that operate at national and regional level, entrepreneurial associations and business districts/clusters play the role of systemic actors.

In conclusion, regarding the third driver, regions, provinces, associations of municipalities, parks, foundations, and other non-profit organisations that operate at local level, entrepreneurial associations, companies that operate in local public services and business networks play the role of systemic actors.

An integrated multisector, multiactor and multiscale planning

In a context as Southern Italy that, considering its peculiarities and the current historical moment, definitely needs an integrated approach to development from the sector, actor and scale point of view, the role of programming initiatives is increasingly important as connection between the different public and private sectors and as a reference point in orienting their actions.

Perhaps, we should not insist on prioritising processes of institutional reform over the implementation of strategic projects in the Law in force. What is needed to program and implement innovative projects, by promoting freedom and responsibility of all the actors involved, already exists.

From this point of view, in the recent past, the most virtuous territories have faced the challenges by developing forms of broad participation, especially within the local community, and by starting formal and informal processes of dialogue with local communities and economic and social actors.

The transition from a top-down to a bottom-up approach in the territorial system has enabled to include needs, traditionally not considered in the planning, and to overcome the mere implementing logic by virtue of a greater promotion of territorial characteristics. In the context of international competitiveness between different development models, these processes have played an increasingly decisive role for the generation of competitive advantages in favour of specific local systems; however, nowadays, more flexible characteristics have to be developed in order to manage the growing

¹³ The term MENA is the acronym of "Middle East and North Africa". Considering its minimum extension, this region includes Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Gaza Strip, West Bank, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Yemen with an overall population of nearly 380 million people, the 6% of the world population. Considering its maximum extension, it also includes Armenia, Azerbaijan, Cyprus, Northern Cyprus, Djibouti, Malta, Mauritania, Somalia, Sudan, Turkey, Western Sahara, reaching an overall population of nearly 520 million people.

complexity, to face unexpected events, to introduce the needed adjustments and not to restrain the responsible and free action of the actors involved.

Starting from the second half of the XX century, with the Law No 662/1996, the new negotiated planning developed in the whole Italy, South included.

The assumption at the basis of this new planning is that the negotiation should (between partially different interests) enable high-quality actions and strengthen positive impacts generated by those actions, maximising outputs and outcomes (effectiveness) and minimising costs – at least average unit costs (efficiency) – and ensure the long-term sustainability of the economic model (economy). This assumption aspires to something more than the simple aggregation for investments: it aims at proposing a holistic model of local development, able to include different types of actions, across sectors, that share the same economic-social goal. Moreover, in this way, the scale of the planning is wider since it is defined by the action boundaries, rather than by the territorial limit of the institutions involved.

The new negotiated planning has led several territories to achieve significant results but, over the years, in many contexts its main limitations have arisen, not due to the approach and the instruments used (Intese istituzionali di Programma, Accordi di Programma Quadro, Patti Territoriali, Contratti di Programma, Contratti d'Area, Contratti di Sviluppo), rather to the actors involved: poor strategic vision and inadequate planning and implementing ability, limitations that have inevitably led to formal processes with reduced cohesion between actors and thus to ineffectiveness, inefficiency and diseconomy.

Therefore, on the one hand, it is necessary to strengthen all the public and (profit and non-profit) private actors involved and, on the other hand, to identify and promote the private and public systemic actors, with a developed vision and competence, who can support the identification, planning and implementation of the most strategic actions.

The ability of attraction and pooling of financial resources

The creation of common project portfolios needs a deep renovation of services, of ways to access credit, of financial flexibility, of organisational simplicity and it cannot merely “justify” a financing need. In this regard, the development of common projects may represent (and in the best cases does represent) not only a final but only an intermediate results, since the creation of common projects support the fundamental precondition for the functioning of all the types of scale reaching, that is, the cohesion and the common project culture of the actors involved.

From this point of view, the negotiated planning tools may represent not only the context in which the different territorial actors share strategies and projects to achieve the economic and social growth, enabling the creation of significant investment portfolios, but also the context in which the appropriate financial structures for each project that belongs to the portfolio are defined. In this way, the development of funds and framework financial instruments (strumenti finanziari quadro) aimed at guaranteeing the coverage of financing needs which come from the total number of projects in a portfolio, rather than from a single project.¹⁴

In relation to the aspects linked to the financing process of integrated investment programmes for the local development, the model may be that of Figure 9.2.

The dashed lines represent the economic resources flows needed to finance an integrated investment programme, according to a logic coherent with the local development strategies shared by the actors involved.

The structure is organised on three levels, according to the “distance” from the target territory.

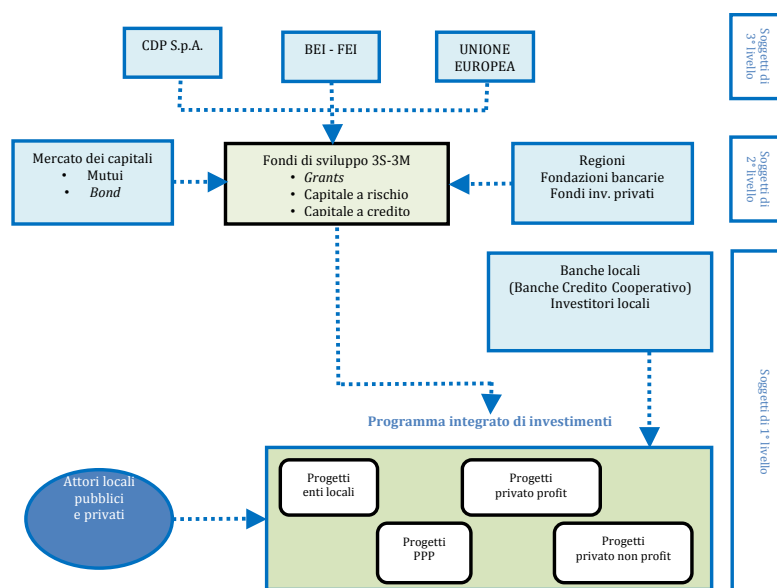
We may hypothesise the provision of investment funds (3S-3M development funds), which, at the same time, are able to gather, on the one hand, the different resources coming from institutional financiers (Cassa Depositi e Prestiti, European Investment Bank, European Investment Fund) and from the development programmes financed by the European Union (as third-tier financiers), and, on the other hand, the resources provided by the regional Administration, banking foundations and private investment funds (as second-tier financiers).

On the first level, the resources provided by 3S-3M development Funds – that would operate as “control room” of the management of available resources, also involving banks and local investors – may be used to finance integrated development programmes. In this way, these programmes may

¹⁴ In this regard, see Brugnoli 2011.

contain and balance all the investment needs, expressed at a level of wide areas, verify the most relevant options through a participative process and activate and use the resources.

Fig. 9.2 The 3S-3M model: financing process



9.8 Final remarks

The underlying strategic option: investing in young people

At the end of this Report, after the analyses carried out in the previous chapters, this contribution has meant to offer an in-depth study of the central issue on which the Report is based as a synthetic consideration and discussion: we need to invest in young people in order to recover the importance of the South in the growth of the Country System and Europe and to present the South as protagonist of the Mediterranean area, also considering the relations between Italy and Europe with the whole Africa. Figures, evidence and remarks presented throughout the Report inevitably lead to this direction. In such a complex and dramatic historical moment characterised by “structural” social emergencies but also by positive signs, we have to make a choice, a strategic option: directly and indirectly investing in young people’s human capital, which should be the reference point for the identification and implementation of all policies. It will be a benefit for all.

An approach for Southern development: the 3S-3M model

Aiming to a development based on subsidiary and sustainable culture means confirming the unquestionable importance of a real and equal intergenerational pact: a subsidiary sustainable development may exist only if mutual trust exists and if everyone, both in the present and future, has the actual opportunity to carry out what it is responsible for: they should be protagonists, not bit players.

The 3S-3M model, proposed for the South, enables to promote, within an integrated, solid and attractive planning, both the territorial peculiarities, through the inclusion of production chains in global value chains, and the “collaborative” dimension, according to which the actors are requested to be responsible protagonists of a possible and fascinating challenge. In this horizon, the role of systemic actors is decisive, that is, public and (profit and non-profit) private actors, able to operate in the target territory with a multisector, multiactor and multiscale vision, and able to mobilise financial resources with innovative methods to manage them.

The important role of national government and regional Administrations

The central role of the Southern growth in the Mediterranean area depends on the ability of the national government and regional administrations to show their credibility and authority in the European Union

in order to negotiate a role for the South in the Mediterranean area at a European level. This should be done not to claim an abstract or hegemonic privilege, rather to emphasise that striving for a Mediterranean Europe excluding the systemic actors who operate in the South would be unrealistic and incomplete.

At the same time, national government and regional administrations have the important responsibility to contribute to identify those systemic actors and ensure them the appropriate space to conceive, finance and implement development programmes with high territorial impact, within integrated and flexible planning instruments, which have young people as reference strategic objective.

A great opportunity

The South has a great opportunity. So, it cannot disappoint especially young people's expectations. Trust precedes GDP and determines it, perhaps more than economic models and collected data generally suggest". Thus, ignoring the opportunity to accelerate would be short-sighted. And investing in young people in the field of subsidiary sustainable development model means showing the maturity that history needs: giving everybody the opportunity to participate to a shared path for all. A serious and responsible commitment of a part of Italy that means to grow in the Country, for the Country, for Europe, for the Mediterranean area; that Mediterranean area which the Country has in its DNA and which the Country, especially through its South, desires to grow with.