

# ***The role of the Cassa per il Mezzogiorno in water-resources development<sup>1</sup>***

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*From 1950, the Cassa per il Mezzogiorno was the tool with which the Italian state attempted to redress the dual nature of the national economy, the same dichotomy that earlier administrative, political and economic measures had failed to resolve satisfactorily. The various studies aimed at evaluating the outcome of the Cassa's activity have usually looked at the extent to which the differential between quantitatively measurable indicators of regional imbalance narrowed or failed to narrow during the period under consideration, mainly reaching the conclusion that the South-North gap was reduced only in terms of GDP per capita, and even there the reduction was insignificant. This paper has sought to contribute to an assessment of the Cassa's activity adopting a different perspective, examining the results achieved in a particular sector of intervention, the development of water resources. With regard to aqueducts and drainage, the main conclusion is that a blunt appraisal of the Cassa's extraordinary intervention is problematic due to the difficulty in distinguishing between the responsibilities of the different parties which intervened in the implementation and management of the works that were carried out. In any case, the Cassa's theoretical and practical efforts towards more rational mechanisms of resource-allocation have to be re-evaluated, as the experiment which it triggered was reprised only at the beginning of the 1980s, when the application of cost-benefit analysis became a constant practice within the Italian public administration.*

## **Premise**

In a previous paper published in this *Journal*<sup>2</sup>, we analysed water resources management and planning in Italy from a theoretical and

<sup>1</sup> The authors share the ideas and the responsibility for any conclusions contained herein. Sections 1, 2 and 5 are attributable to Silvana Cassar, and sections 3 and 4 to Salvo Creaco.

<sup>2</sup> S. Cassar and S. Creaco, "Water resource planning: the Italian experience", *Journal of European Economic History*, 34, 3 (2005), pp. 653-685.

historical perspective, pointing out the link between principles and practical problems. On the whole, we demonstrated that, at national level in Italy, planning and management methods have been progressively implemented since the 1950s, with the ultimate aim of ensuring both systematic land conservation and rational use of water-resources.

As a logical completion of the previous paper, this paper highlights the approach in water-resources development adopted in Italy by the *Cassa per il Mezzogiorno* (Fund for the South), henceforth referred to as the Cassa, a government financial agency set up in 1950 to stimulate economic and industrial development through a specific regional policy called “extraordinary intervention for the South”.<sup>3</sup> In this analysis, particular attention is paid to the Cassa’s activity, carried out by means of “special projects”, a system which was introduced in 1971 for changing both the quality and the composition of investments and for coordinating their location, size and timing. The role of “special projects” is illustrated, focusing on interventions regarding the inter-sectoral utilization of water resources.

## 1. Setting up the Cassa

1.1. The disparity in economic and social well-being between North and South is a long-standing political issue in Italy and one which scholars belonging to various social disciplines have studied increasingly. The end of the nineteenth century saw the spread of the belief that the perceived inferiority of Italy’s South was somehow linked to supposed racial characteristics of peoples from the South. This racist interpretation of the “Southern question” was strongly opposed by “leading representatives of democracy and socialism in the South”<sup>4</sup>, who

<sup>3</sup> The area targeted by the Cassa’s extraordinary intervention comprises eight regions: Abruzzo, Molise, Campania, Apulia, Basilicata, Calabria, Sicily and Sardinia plus the two provinces of Latina and Frosinone in the region of Latium and the island of Elba in Tuscany. When the extraordinary intervention started, Abruzzo and Molise formed a single region. Since 1963 Abruzzo has been a separate entity.

<sup>4</sup> F. Barbagallo, *Mezzogiorno e questione meridionale (1860-1980)*, (Naples 1982), esp. p. 30.

contended that the crux of the problem lay in the atavistic underdevelopment of the South and in the colonial relationship that tended to develop between industrialized and agricultural areas coexisting within the same economic and political unit. Other views claimed that the origins of the South's underdevelopment dated from the time of Norman feudalism, while others emphasized the role played by bad administration and inefficiency during the Spanish occupation.<sup>5</sup> Other views simply denied the existence of any North-South divide.<sup>6</sup> Alongside these polarized views, we also find a number of proposals that have examined this dualism more subtly, questioning an historical approach that is unbalanced in its methodology and grasp of time.<sup>7</sup> It is not the main aim of this paper to analyze the principal aspects of the "Southern question" or to express judgment on the various stances taken by scholars or on the means and tools used, over time, to examine the problem. From all points of view, it is obvious that the "Southern question" became a critical issue in the period immediately following the political Unification of Italy.<sup>8</sup> Thus, for both historians and economists, it is the period since 1861 which is of special interest in dealing with the "Southern question": not only because a certain quantity of significant statistical information is available from that date, but also because it was after Unification that the situation in the South clearly did worsen in terms of virtually all the conventional indicators of regional imbalance.<sup>9</sup> What effectively happened in the South after Unification was the logical outcome of a broad set of administrative provisions and economic measures.

In the period following Unification, the government did not immediately tackle the grave economic and social situation in the

<sup>5</sup> G. Pescatore, "Politiche e amministrazione dello sviluppo del Mezzogiorno", in AA.VV., *Studi per il centocinquantesimo del Consiglio di Stato*, vol. 2 (Rome, 1981), pp. 831-867.

<sup>6</sup> E.M. Capecelatro and A. Carlo (a cura di), *Per la critica del sottosviluppo meridionale: Antologia di scritti*, (Florence 1973).

<sup>7</sup> D. Novacco, *La questione meridionale ieri e oggi*, (Turin 1976).

<sup>8</sup> P. Saraceno, *La mancata unificazione economica italiana a cento anni dall'unificazione politica*, (Roma 1963).

<sup>9</sup> L. Saville, *Regional Economic Development in Italy*, (Edinburgh 1968).

<sup>10</sup> B. Croce, *Storia d'Italia dal 1871 al 1915*, (Bari 1928), esp. p. 46.

South with a series of specific actions or instruments. On the contrary, the new government's constant preoccupation was to create uniform administrative structures for all the Italian regions, for fear that special administrative intervention aimed at only some of the regions would severely compromise administrative unification and, indeed, the political unity of the new state.<sup>10</sup> The political decision to opt for a centralized government rather than a framework that would have granted space to local autonomy is proof of this preoccupation.<sup>11</sup>

Thus, the problems of underdevelopment in Italy's southern regions after Unification were not only not dealt with properly, namely, using a range of specifically differentiated policies that would have acknowledged and embraced the diversity of existing social and economic situations, but they were further aggravated by the central government's legislation which was essentially discriminatory in that it sought to apply the same treatment to regions that did not have the same degree of development.<sup>12</sup> The underlying conviction behind this political stance was that the social "backwardness" of many areas in the new nation was due to the absence of "civic institutions"; it was believed that the mere fact of introducing such institutions into regions which had none would be sufficient to catapult those regions towards progress and allow them to take their place among the more advanced areas of the country.<sup>13</sup> The result was a uniform, homogenous centrally-controlled organizational structure

<sup>11</sup> The unified government's initial decision to centralize could be seen in the fact that the regional project, supported first by Farini and then by Minghetti, was set aside. Once the Minghetti project had been rejected, discussion on the model of the new state was abandoned and legislators approved the nationwide extension of Piedmont legislation concerning local bodies, public assistance, public works, health services and political elections. The 1859 Rattazzi Law and the subsequent provisions on local finance passed between 1861 and 1865 represented important steps towards the adoption of a centralized administrative system. See: S. Cassar and S. Creaco, "Finanza e disavanzi degli enti locali dall'Unificazione al secondo dopoguerra", in G. De Luca and A. Moioli (a cura di), *Debito pubblico e mercati finanziari in Italia. Secoli XIII-XX*, (Milan 2007), pp. 713-741, esp. p. 714.

<sup>12</sup> F. Rizzo, *F.S. Nitti e il Mezzogiorno*, (Rome 1960), esp. p. 13, and B. Caizzi (a cura di), *Nuova antologia della questione meridionale*, (Milan 1962).

<sup>13</sup> M. S. Giannini, "Problemi dell'amministrazione delle regioni insufficientemente sviluppate", *Rivista trimestrale di diritto pubblico*, 12 (1962), pp. 552-578, especially p. 555.

which did very little to encourage the kind of particular action that the real conditions of the South called for.

The recognition that the North-South divide could not be overcome merely by means of a policy based on unification by decree led to important measures inspired by efforts to boost the economy, which aimed not only to level out different starting positions, but also to create conditions that would favour the South with respect to other Italian regions. In the late-nineteenth and early-twentieth century, the government passed special laws in favour of specific regions to manage and finance public works that were deemed indispensable for social and economic development, for which existing general legislation was inadequate. By widening the concept of “public works”, state intervention was extended from the traditional spheres of railways and roads to aqueducts and drainage. The state’s vicarious intervention was an attempt to act in favour of local bodies unable to cope with the financial burden that the law imposed on them for the execution of public works using their own resources; however, from the administrative point of view, the special legislation entailed recourse to direct control by the state: this resulted in a marked centralization of relations between the state and the local bodies.

The broad set of provisions adopted from the beginning of the century did not prevent the North-South gap from persisting until the end of the First World War. In the quarter-century between the two World Wars, new measures were consequently introduced.<sup>14</sup> In the sphere of public works, there was increasing application of the principle whereby the state was to free local bodies from the burdens imposed upon them by legislation with regard to carrying out public works and public services. In farming, laws passed in 1924, 1928 and 1933 introduced the concept of “bonifica integrale” or general reclamation, which was to have been most widely applied in the South. Equally important were the creation of the “Committee for Internal Migration”

<sup>14</sup> P. Saraceno, “La mancata unificazione economica italiana a cento anni dall’unificazione politica”, in AA. VV., *L’economia italiana dal 1861 al 1961*, (Milan 1961), pp. 691-715.

and other measures taken between 1926 and 1928, aimed at increasing employment among the underutilized workforce, especially in the South. Although wide-ranging in scope and application, this whole policy failed to have any significant impact upon real conditions in the South, as the main thrust of the actions taken was to satisfy the general needs of the national economy, rather than the particular requirements of the Southern regions.

On the whole, neither the Liberal Cabinets running the country before the First World War nor the Fascist Regime which came into power afterwards, were successful in their efforts to promote the South's economy. On the contrary, the gap between the two Italies continued to widen during the twenty years of Italian Fascism, despite the fact that the regime's official stance was that the Southern Question was "closed and solved". The North-South divide in Italy increased because the policy was always to favour much more developed areas, and economic and social situations which were already deemed to be more satisfactory. Especially in the 1930s, this trend was all the worse in the rural South where the effects of the world crisis, the increase in population, the fall in agricultural prices and the weight of agrarian contracts combined to aggravate the situation.

1.2. At the end of the Second World War, the problem of the North-South imbalance did appear to be unresolved. In 1950, the year in which the process of reconstruction was essentially completed, the country's economy was still characterized by a marked imbalance, which had long been its hallmark.

In the South, not enough had been done to trigger the accumulation of capital to the degree needed to ensure a certain level of economic growth; the backwardness and economic stagnation that had left Southern Italy chronically underdeveloped were still present. In the absence of effective industrial development, the South remained tethered to a backward agricultural system, in which the form of ownership – dominated by the tension between large estates and smallholders – continued to be the main impediment to any attempt at modernization or to boost productivity.

The post-war reconstruction effort, based on the restoration of pre-war production, had, in fact, worsened the dualism that existed between the two parts of the country. Furthermore, it was increasingly evident that the impact of industrial development in the North would not be sufficiently powerful to overcome, however slowly and feebly, the vicious circle of a fundamentally backward economy; indeed, it was clear that, in the absence of any mechanisms to correct the tendency to re-utilize resources designated for investment in those sectors and regions in which they were to be implemented, the dual nature of the country was inevitably destined to continue for ever.

In order to cope with the growth of the North-South dualism, it would have been necessary to intervene in the South with measures aimed at removing the institutional and environmental causes which prevented growth in agriculture, and with provisions aimed at promoting new industrial plants by creating conditions that would have encouraged their building. To meet these needs, the government formulated an agrarian reform and planned financing for work in the farming sector; in industry it approved financing meant to create the preliminary conditions needed for future development. For maximum speed, the implementation of these provisions was entrusted to a newly created agency, the *Cassa del Mezzogiorno*.

## **2. The first twenty years of the Cassa**

2.1. The Cassa was set up by Law 646/1950. With the creation of this agency, state intervention widened in scope, marking a significant break with the tradition of administrative uniformity and with what had been the prevailing view up to that point, namely, that the issue of Southern Italy was to be solved mainly through ordinary intervention. Thus, for the first time in Italy's history, the "Southern issue" was viewed not in the typically emotive and ideological terms of the past but in the light of the relative plight of the South as revealed in crude statistical data, and with a call for the solution to be found in long-term planning based on the preliminary identification of the goals to be fulfilled.

The law instituting the Cassa called for the formulation of a ten-year Plan for extraordinary works aiming specifically at promoting economic and social progress in Southern Italy". The Cassa was to be responsible for the implementation of this Plan, with initial funding allocated from the Marshall Plan to the value of 1,000 billion lire.<sup>15</sup> The Cassa had many distinct features that signalled interesting departures from the past. Its interventions were in addition to those of the ordinary public administration and were financed on the basis of a regular allocation of budget funds. This made for a considerable degree of elasticity and the possibility to take on commitments over longer periods. In addition, annual allocations under the long-term plans could be overspent as long as commitments over the whole period matched budgetary allocations and finance available from other sources. The agency was free of bureaucratic "bottle necks". It was intersectoral and supra-ministerial and therefore, in theory, independent of the highly compartmentalized activities of individual ministries. The drawing up of the Cassa's "General Plan of Intervention", as well as coordination with government agencies and departments which were obliged to earmark investments and supplies in favour of the South, were all the responsibility of the Interministerial Committee for the South (hereafter Committee for the South), formed by ministries with responsibility for those areas of public spending falling within the Cassa's scope for extraordinary intervention. Of the original 1,000 billion lire assigned to the Cassa in the first ten-year Plan, 77% was to be destined to agriculture, 11% to water supply and drainage, 9% to roads and 3% to tourism (*Table 1*).

2.2. In formulating the ten-year Plan, the determining of interventions concerning "aqueducts and drainage" was greatly influenced by the

<sup>15</sup> One of many factors which influenced the creation of a special agency to promote development in the South was certainly linked to the need to satisfy World Bank requirements for reconstruction loans. Since World Bank loans were traditionally granted to the direct operators of investments and not to national governments, the setting up of an *ad hoc* agency was the direct and immediate answer. See: P. Saraceno, *Ricostruzione e pianificazione*, (Bari 1969).

inadequacy of available information. In 1950, officials had access to a number of government surveys of the country's aqueducts and drains, carried out in different periods. The most recent study at the time (carried out by the High Commission for Health and Hygiene, ACIS) showed that the situation in the South was better than the national average. According to the report, 83% of municipalities in the South had aqueducts, compared with a national average of 70%. This was hardly data from a depressed area, and, given such an existing context, the Cassa's action set out in the ten-year Plan would surely have provided a definitive solution.

A survey of water supply carried out in 1951 by the National Statistics Agency (ISTAT) found substantially similar results. According to this investigation (*Table 2*), in the South 2,005 municipalities out of 2,456 (81.64 %) had aqueducts, whilst the national average was 72.48%. 1,622 (80.9%) of southern municipalities with aqueducts had them in all centres, whilst the remaining 383 municipalities had them only in main centres: the corresponding national average was somewhat lower (69%).

The relatively more satisfactory data for the South were further confirmed by the fact that, of the 4,872 settlements in the region, 3,331 had aqueducts, that is, 68.37% of the total for the country as a whole, compared with a national average of 57.06% (*Table 3*).

As regards drains and sewers, the situation in the South was also more satisfactory: 963 southern municipalities had drains in all centres (out of a total of 2,456), or 39.21% of the total, significantly higher than the figure for other regions (21.17%); moreover, the percentage of municipalities without drains (13.34% of the total) was almost twenty percent lower than the figure for the other regions (*Table 4*).

2.3. If the figures emerging from official statistics were reliable enough regarding drains and drainage, a number of doubts arose over the accuracy of the data available for aqueducts. Actually, in 1950 the inadequacies of the water supply were far more serious than those officially recognised. Unable to rely on the accuracy of information given by local bodies to determine the real needs of the sector, the Committee for the South made an attempt to assess requirements in

cooperation with the Ministry of Public Works and its peripheral offices. The requests for action concerned 37 aqueducts for a cost of some 87 billion lire; of this sum, 35 billion lire were meant to be used for existing aqueducts. The remaining 52 billion lire were to be spent on building new aqueducts, with over half earmarked for aqueducts in the Campania region. The Committee was unable to consider the survey complete, and while it allocated 100 billion lire to be spent on the water-supply network, it also charged the Cassa to study the urban water sector in greater detail and to draw up a suitable action plan. The investigation revealed that water needs were significantly greater than those originally recorded. Financing to tackle these requirements was provided under the twelve-year Plan (177 billion lire) and the fifteen-year Plan (312 billion lire).

*Table 5* shows the situation emerging from the *Cassa's* inquiry. In the vast majority of cases where municipalities already had aqueducts, they were woefully "unfit for the purpose". The size, function and, above all, advanced age of existing water infrastructures required partial or total rebuilding and refurbishment in order to reach normal levels of water supply. Only 119 municipalities (4.80% of all Southern municipalities) did not require any kind of intervention, being able to satisfy both their current and future water needs: in other words, only a tenth of the number of municipalities that were fully supplied according to the ACIS survey.<sup>16</sup>

2.4. As previously stated, the decision to direct action for growth mainly on agriculture and infrastructures was justified by the fact that the

<sup>16</sup> Other data come from a summary estimation of water available for civilian use supplied by the aqueducts in individual regions; while normal water consumption requirements could be set between an average lower limit of no less than 100 litres per inhabitant/day and an average upper limit of 250 litres per inhabitant/day, the average daily quantity of water available ranged from 54 litres per inhabitant/day (for municipalities in the Basilicata region which had aqueducts) to a maximum of 144 litres per inhabitant/day (for municipalities in the Molise region equipped with aqueducts). See: G.E. Marciani, *La situazione delle utilizzazioni idriche nel Mezzogiorno*, (Milan 1976).

Southern imbalance was due mainly to a depressed agricultural sector, and to the fact that the region, lacking basic infrastructures, was considered unprepared for rapid industrialization. The acknowledgement that public spending on infrastructure yielded only part of the benefits that entrepreneurs usually obtain from operating in areas that are already economically developed, without, however, influencing the creation of those external savings that businesses benefit from through proximity to other, complementary, firms and industries, as well as from the availability of a qualified workforce, quickly led to a broadening of the goals in policies for the development of the South. The initial view that it was necessary to set in motion some form of “pre-industrialization” of the area, while waiting for the market to respond with a “natural” process of industrialization, was accordingly abandoned.

At the end of its first ten years of activity, the Cassa started a process of development through three significant measures: the extension of its activity from 10 to 12 years; the increase of its financial allocation from 1,000 to 1,280 billion lire; and the authorization to contract foreign loans to be used mainly to finance industrial activities. Through this last provision, the Cassa entered the field of financing industry, with the underlying possibility of playing a significant role in the guidance and control of the initiatives to be realized. When the Plan was extended to twelve years and allocations for the period were raised, spending priorities were slightly changed: “agriculture” and “tourism” saw their share reduced, whereas funding for “transport” and “aqueducts and drainage” was increased. Law 634/1957 extended the Plan to fifteen years and the Cassa’s financing increased to 2,078 billion lire. The change in allocations to the different sectors reflected a shift in thinking on policy for the South: “industry” represented 11.74% of the whole allocation, funding for “aqueducts and drainage” increased, whereas the contribution for “agriculture” was substantially reduced by almost 15% compared to the allocation foreseen by the ten-year Plan. Increased allocations to “aqueducts and drainage” reflected greater precision in determining real needs for the sector.

2.5. As far as “aqueducts and drainage” were concerned, the Cassa’s intervention was wide-ranging, in that it was meant to normalize urban water supply in all centres in the South, either by building new aqueducts or by restoring and/or completing existing ones. The work was supposed to be able to cover water requirements as forecast to the end of a fifty-year period.<sup>17</sup> Both the type and modality of this intervention were sufficiently varied to accommodate changes in the situation over time.

The Cassa’s intervention in water development was closely linked to its intervention in agriculture. This approach followed the need to build or to improve the basic water services of urban centres, and, secondly, to supply the countryside with drinking water, with the two-fold aim of boosting productivity through changes in the type of crops grown and of encouraging people to settle there. This inter-dependency between the intervention for agricultural development and for the improvement of aqueducts, drainage and roads led to the inclusion in the ten-year Plan of 53 urban aqueducts, directly or indirectly linked to the Cassa’s intervention in other sectors, alongside rural aqueducts for which 35 billion lire were allocated. The Plan also allocated somewhat lower expenditure for the construction of drainage works, both in large towns (Bari, Cagliari, Catania and Naples) and in some centres with a strong appeal or potential for tourism (Fiuggi, Capri, Anacapri, Amalfi and Syracuse).

The subsequent Law 949/1952 largely modified this criterion, freeing it from the obligation to be part of extraordinary intervention, thus

<sup>17</sup> When the problem of development in the Mezzogiorno was first approached in a comprehensive and concrete way in 1950, it soon became apparent that the system of water resources was one of the areas that required urgent action. Scholars and intellectuals had already grasped the problem prior to 1950, as can be seen in these remarks by Adolfo Omodeo to the VIIIth Meeting of the Italian Society for the Advancement of the Sciences (1916): “Our consideration of the utility of water must entail an overturning of the government’s policy, based essentially on intervention in riverbeds and embankments, moving away from a policy of defence and towards a policy of utilization”. See: *Società italiana per il progresso delle scienze, Anno 100° dalla 1ª riunione degli scienziati italiani. Un secolo di progresso scientifico italiano 1839-1939*, (Milan 1939).

making it possible to implement the criterion in favour of all southern municipalities which required intervention to restore or improve urban water services. The Law 634/1957, in addition to allocating more funds to finance this vast programme, went one step further and established that the Cassa could supplement the contributions of the Ministry of Public Works, according to Law 589/1949, for the construction and the completion of water and drainage networks which used aqueducts, and without which the huge efforts undertaken to bring an ever-increasing volume of water into towns and cities would have been rather pointless.

2.6. In essence, the intervention of the Cassa for aqueducts and drainage was as follows. As far as external networks were concerned, the Cassa decided to avail itself of the faculty accorded by Article 5 of the law that instituted it, and defrayed the entire cost of construction. As far as internal networks were concerned, the Cassa decided to finance them using the government contribution provided for in Law 589/1949. This contribution, which for the South and for such work amounted to 5% per year of the cost of the work over a period of 35 years, was usually issued reasonably quickly, capitalizing on annual payments at the rate fixed by the Cassa's Board of Directors and approved by the Treasury. Since the rate of capitalization established at the time by the Board of Directors was the same as the rate applied to loans from the Bank for Deposits and Loans (5.50%), the present value of the thirty-five year government contribution (5.50%) amounted to 76.95% of the cost of the works undertaken. Finally, pursuant to Law 634/1957, the Cassa undertook to cover the outlay that should have been the responsibility of those municipalities benefiting from ordinary grants under Law 589/1949 (in today's terms, amounting to 23.05% of the total), for the construction of internal running water systems and for the realization of sewage works in municipalities with up to 10,000 inhabitants, and for the construction of primary networks of aqueducts and drainage and sewer facilities in municipalities with between 10,000 and 75,000 inhabitants. *Table 6* shows interventions by the state and the Cassa to build internal networks, in terms of capitalized contribution percentages.

2.7. Generally speaking, despite significant innovations, the results obtained by the Cassa in the first fifteen years of its mandate were not fully satisfactory. The situation could not have been otherwise, given the time frame, which was too short to trigger an autonomous process of development that would have been able to reduce the gap between the South and the remaining part of the country, all the more so because the drive towards industrialization did not begin in earnest until halfway through the period. The funds available for the Cassa's supplementary action were modest compared with the goals to be achieved: Cassa expenditure never exceeded more than 0.8% of GDP.<sup>18</sup> There was a further negative aspect in the fact that the expenditure was "supplementary" in name only, because it effectively replaced spending on the part of the government, as a result of the constant practice of transferring to the Cassa tasks and responsibilities that should have been shouldered by local government and other administrative departments. Moreover, the co-ordination between the individual ministers within the Committee for the South and between this collegial organ and ordinary intervention - to be ensured by the Committee through the evaluation of the programmes provided by individual ministers and the communication to them of its own decisions - was, on the whole, ineffective. The way the funds were used also played a role in producing negative results for the first fifteen years of the Cassa's activity: as spending was directed, for the most part, towards realizing general infrastructures, based mainly on sums which, by their nature, yielded differed profitability, the outcome was that the regional multiplier was effectively limited.<sup>19</sup>

Lastly, the speed with which spending was implemented suffered from the complex problems that the Cassa encountered at all stages of its decision-making process, from planning to execution. Planning

<sup>18</sup> The expenditures of the Cassa, as a percentage of Italian GDP, over five-year periods, were the following: (1951-1955 = 0.75); (1956-1960 = 0.84); (1961-1965 = 0.75). See: G. Podbielski, *Twenty-five Years of Special Action for the Development of Southern Italy*, (Milan 1978).

<sup>19</sup> F. Pilloton, *Effetti moltiplicativi degli investimenti della Cassa per il Mezzogiorno*, (Milan 1960).

was hampered by the lack of information on which the Committee for the South could rely to draw up intervention proposals, especially in the initial stages of the Cassa's activity. In the light of this lack of relevant data, the General Action Plan reflected the broad outline of actions to be taken, without going into specific operational details. The choice of works to be undertaken was shifted instead to the annual action programmes which translated general directives into concrete interventions. The Committee for the South approved annual action plans on the basis of a two-fold appraisal: the Committee evaluated annual action plans' compliance with the general provisions of the Plan, as well as carrying out checks on the financial convenience and suitability of proposed operations. These checks were aimed at assessing the proposed works' effective capacity to boost economic productivity in the areas where they were to be implemented. In this way, the Committee could exclude any proposed expenditure that would not have stimulated real growth in local economies. The Committee set up a panel of experts, the so-called "Segreteria Tecnica", to carry out the necessary preliminary checks. This led, inevitably, to further delays in the decision-making process. Although special legislation did introduce significant innovations to established procedures, the already complex bureaucratic path to the actual realization of proposed works (planning, preliminary assessment, call for tenders and scheduling) was made all the more tortuous by persistent major obstacles that often caused delays, and sometimes even led to the suspension of the projects.

2.8. The previous general, and generalizing, evaluations took on new relevance in the various sectors where the Cassa was called upon to intervene. The impact of the Cassa's extraordinary intervention on local economies and communities, however, was influenced by attitudes and practices that lay outside the scope of the Cassa's decision-making powers. As regards aqueducts and drainage, the situation was the following. With the enactment of Law 634/1957, regarding contributions set by the Ministry of Public Works, as of 31 December 1961, the Cassa approved the additional expenditure indicated in *Table 7* for internal

networks. The figures show clearly that, at the end of 1961, the “normalization” of internal networks of aqueducts and drainage was still at the initial phase and was struggling to reach the next planned phase. Only 579 municipalities benefited from this additional expenditure, utilizing no more than 25.39% of the sums allocated.

There was one major cause for the scant use of the benefits made available by Law 634/1957, namely, the procedure required to apply for them. The fact that access to the additional funds was still bound up with the tortuous bureaucratic path established by Law 589/1949 created a great deal of difficulty for many of the municipalities which applied to benefit from the funds, because of their manifest inability to deal with the administrative complexities of the application in a coherent and timely manner. Equally limiting was the atavistic poverty of the South. The rationale of the Cassa’s intervention for aqueducts and drainage, as well as other important sectors such as roads, transportation, sanitation, schools and so on, always required that a certain amount of funding was supplied by local bodies (provinces and municipalities). The burden that such activities placed on the typical local administration in Southern Italy was immense, and was not always adequately tackled. In circumstances such as these, it was not surprising that some local officials were led to take a very dim view of developmental actions. Thus, Pescatore, the Cassa’s President from 1955 to 1976, when considering the initial stage of the extraordinary intervention for the South, lamented the fact that of the aqueducts located in several municipalities, only a few actually had systems of internal running water, the reason being that taking the water from aqueducts constructed by the Cassa and supplying it to local residents was at the local community’s expense.<sup>20</sup> Moreover, there were cases where local administrators refused to take formal responsibility for completed works because, at the moment of such a transfer of authority, the cost of their maintenance shifted to the local administration. The failure to enjoy the benefit of normalized external networks (in terms

<sup>20</sup> G. Pescatore, *Dieci anni di esperienze della Cassa per il Mezzogiorno*, (Rome 1961).

of additional water) was compounded by extensive wastage and by frequent malfunctioning of the urban distribution network (no water meters, irregularities and abuses of the system, lack of checks and so on) which was also under the responsibility of local authorities.

The aqueducts and drainage plans thus suffered because of the heterogeneity of two systems: the system of extraordinary intervention, implemented using means and procedures which were, at least notionally, coherently coordinated, and the system of ordinary intervention, which was implemented using regular means and procedures under the rather uncoordinated management of local bodies. As a result, the complementary action undertaken by the Cassa, which was supposed to be closely coordinated with work on external aqueducts, was undermined in the attempt to normalize these two fundamentally important urban public-health services.

2.9. The Cassa mandate expired in the mid-1960s. However, Law 717/1965 prolonged the Cassa's activity with an allocation of 1,660 billion lire to be spent over the period 1 July 1965 – 31 December 1969. This sum was further increased by 240 billion lire. Law 160/1969 allocated a further "additional" sum of 900 billion lire, extending the Cassa's mandate until December 1970. These legislative changes gave substance to a new planning framework for the Cassa's intervention, based on five-year Plans, reflecting the directives expressed by multi-year Plans for the coordination of public interventions in the South. In both cases, coordination was *ex ante*: the approach to coordination covered both extraordinary and ordinary intervention and ensured that the two did not overlap or create mutual interference, but rather interacted smoothly. Distinguishing characteristics of this new approach were, on the one hand, the effort to situate policy on Southern Italy firmly within the framework of wider national economic policy, which made a priority of narrowing the gaps that existed between different parts of the country, and, on the other hand, the affirmation of the principle of territorial concentration in order to maximize the positive knock-on effects it would produce. The year 1970 saw the end of the validity of the directives set out in the "First Multi-year plan of

coordination of public interventions in the South". *Table 8* shows the main financial implications. On the whole, the available financial resources were almost totally committed; at the same time, there was an increase in the annual allocation (560 billion lire), almost four times the amount allocated in the first fifteen-year period of the Cassa's work.

Law 717 also triggered considerable change in the direction of Southern economic policy. A cursory overview of the shift can be gained by looking at the decisions on how the Cassa's financial resources were spent (*Table 8*) and comparing these choices with those made over the period 1950-1965 (*Table 1*). In terms of allocations, and considering jointly the financial resources aimed both at the realization of infrastructures and the assignment of incentives to various sectors of activity, the importance of industry in the new policy was clear. Industry took over 48% of total funds, while agriculture suffered a drastic reduction of its funds (from 55,34% to 17,82%). In terms of annual allocation, "industry" went from 16 to 270 billion lire (+ 1587%), while "agriculture" only increased from 77 to 100 billion lire (+ 29.87%). On the whole, *Table 8* shows that the allocation of the Cassa's funds was aimed, on the one hand, at completing the activities included in the fifteen-year Plan in those sectors that the new regulation no longer considered as typically falling under extraordinary intervention, and, on the other hand, at continuing the Cassa's interventions in those sectors which were now considered important for its future action (such as the "aqueducts and drainage" sector).

2.10. For an overall picture of the actions implemented by the Cassa from its foundation to the end of its fourth five-year period (on 31 December 1970), *Table 9* shows the commitments made by the Cassa with respect to the resources that were allocated to it. The funds came from money set aside by law and from other resources (the government had allocated the funds to the Cassa to be used for issuing credit), as well as from matured interest and other assets. These sums were consolidated by money from foreign loans, which the Cassa had negotiated in order to encourage other productive investments in the South. With respect to overall available funds of 6,069 billion lire, the

commitments amounted to 5,842 billion lire (96.25%). *Table 9* also shows allocations to main areas of intervention as well as the corresponding value of induced investments. This latter information expresses the extent to which the Cassa favoured the expansion of total investments in the South through the realization of infrastructures and by means of incentives granted to various sectors of intervention. The final situation was the outcome of the criteria adopted by the Cassa in relation both to directives established by the Italian Parliament with successive legislation on refinancing and the implementation measures decreed in the first instance by the Committee for the South, and later by the CIPE (Interministerial Committee for Economic Planning). *Table 9* further shows that the total investments made or induced by the Cassa amounted to 11,100 billion lire at current prices over the whole period, of which 13.7% was for general infrastructures. Within this share, the “aqueducts and drainage” sector accounted for as much as 7.5%, thus receiving the most important contribution of the total infrastructure investment.

The comparison between the investments made or induced by the Cassa shows a wide range of values. In the field of public works (for example, roads, large aqueducts, ports and airports, and hospitals), there is clear evidence of where the Cassa shouldered the full financial burden. Initially 85.5% and 92% of land clearance and irrigation schemes were financed by the Cassa, a figure that subsequent legislation raised to 100%, as the works were considered to be of public interest. In projects dealing with infrastructure designed to boost industry by encouraging businesses to move to the areas in question, the Cassa shouldered almost the entire burden. The set of interventions aimed at promoting the investments of firms in agriculture, industry, fishing and artisanship was even more wide-ranging. With regard to internal networks of aqueducts and drainage, the situation was still complex, as the interventions implemented by the Cassa were defined in relation to the demographic make-up of settlements; sometimes the Cassa made up the rest of sums already allocated by the Ministry of Public Works. The figures in *Tables 6* and *9* referring to contributions paid for by the Ministry and by the Cassa during the first twenty years of extraordinary intervention, show that, while the Cassa shouldered the

full financial burden for expenditure on external networks during this period, its average contribution to financing internal networks shows a slight reduction for the same period.

### **3. Towards special projects of the Cassa del Mezzogiorno**

3.1. In providing the planning framework for the five-year period 1971-1975, Law 853/1971 gave substance to a new phase in the extraordinary intervention in the South, which presented many departures from the previous legislation.<sup>21</sup> In the first place, the new legislation was in keeping with the prevailing vision that bodies involved in national economic planning should be allowed to use the tools for controlling the economy, including specific tools, to ensure utilization in compliance with planned actions. The legislative framework also endorsed the role played by public spending within planning. The newly created Regional Authorities were given responsibilities both in the decision-making process underlying the formulation of extraordinary intervention policy and in the implementation of interventions, thus putting into practice the constitutional principle that obliged regional authorities to carry out those extraordinary interventions that came within their sphere of responsibility. The new legislation also further refined the nature of extraordinary intervention by means of both special projects which were designed to ensure that the extraordinary intervention was, indeed, in addition to, rather than a substitution of, ordinary intervention, and by restoring the Cassa's extraordinary status with regard to large-scale interventions, which also led to the abandoning of actions in areas of scarce economic importance. A final aspect of the new legislative framework was the consolidation of the tendency to intervene in the economic system, on the one hand, by means of the active participation and agreement of interested parties, and, on the other hand, through the increasingly wider use of specifically negotiated arrangements.

<sup>21</sup> F. Ventriglia, "La nuova legge per il Mezzogiorno", *Rassegna Economica*, 4 (1971); M. Annesi, *Nuove tendenze dell'intervento pubblico nel Mezzogiorno*, (Milan 1973).

The most important new aspect of this phase was the introduction of “special projects”. From a methodological point of view, the system of special projects represented a departure from the traditional extraordinary intervention practice in the South through the application of a development policy based on “planning by project”.<sup>22</sup> Involving the transfer of a wide set of economic functions to the regional authorities, Law 853/1971 redesigned the Cassa’s role by identifying a specific sphere and scope, with the aim of restoring the “extraordinary” nature of the Cassa’s work which had been progressively eroded as the body’s remit had been somewhat incoherently extended to include an ever-wider range of areas which, more often than not, involved “ordinary” intervention.<sup>23</sup> The definition of special projects in Article 2 of the Law was as follows: “Special projects involving comprehensive intervention in the Southern regions are of an inter-sectoral or inter-regional character, and aim at: the creation of large-scale general infrastructures or at facilitating the development of industrial infrastructures; the utilization and the safeguarding of natural resources and the environment, with the aid of initiatives of great scientific and technological interest; the realization of infrastructural works and services for metropolitan areas and newly, developed areas; comprehensive intervention to develop enterprise in specific territories and productive sectors. Special projects must observe the locations established by urban plans and, in their absence, by regional development plans”.

3.2. Although the formulation of the article did give rise to uncertainties and contradictions, the creation of special projects opened up new

<sup>22</sup> Special projects were the first attempt to apply the “planning by project” strategy envisaged by the *Preliminary Report to the National Economic Programme 1971-1975* (better known as *Progetto 80*), whose main aim was to define the planning framework, not as a regulatory tool, but rather as an operative tool for evaluating the logical coherence between strategic decisions and national objectives. In such a context, public projects were the planning actions of the Programme. See: Ministero del Bilancio e della Programmazione Economica, *Documento preliminare al programma economico nazionale 1971-1975*, (Rome 1971).

<sup>23</sup> G. Pescatore, “Dai <complessi organici> ai <progetti speciali>”, *Notiziario IRFIS*, 29 (1971), pp. 19-39.

prospects for considerable improvement in the methods of allocating extraordinary intervention. In fact, the logic underlying the technical workings of special projects reflected the Cassa's increasing efforts to consider jointly the range of different factors affecting the situation in the South. The awareness of the interdependency between the different aspects of a particular territory thus led the Cassa to improve the way it went about its own business in the field of public works by attempting to unite all the different aspects of this situation into a single vision. The need for an integrated view of all interacting aspects was particularly necessary in cases of intervention regarding the cross-sector use of water resources within river basins. In such basins, it was not enough to ensure that there was sufficient water available for civil uses; planning also had to provide for the construction and maintenance of hydroelectric power plants, flood control, irrigation and water supply for industry. In tackling these highly complex issues, the Cassa became increasingly convinced that the traditional approaches in the field of water resources management and planning, based on the break-down of the wider issue of the multiple use of water resources into a certain number of partial and independent issues, were not fully satisfactory and that there was a definite need to apply the methods associated with such modern techniques as econometric models and systems and cost-benefit analysis.

The first attempt to apply quantitative economic analysis and scientific procedure methods to solve the problems of investment choice (where constraints of a different nature are relevant) came in 1969. The opportunity for introducing such procedures and techniques arose in the course of the work carried out by a specially created Commission, composed of Cassa officials and directors and ENEL (National Electricity Board) representatives, which was charged with studying the use of water resources in a river basin in Southern Calabria. A cursory examination of the issues involved, which seemed not only unconnected but also not particularly well-defined, soon revealed the need to analyze simultaneously the various issues and the effects arising from a range of economical, financial and territorial constraints.

The basic issue was the search for alternative water utilization in an area with poor financial means and significant limitations to collecting

and transporting water. For the Cassa, solving these issues within a single solution to problems posed by programming was the initial step in systematically applying methods based on systems analysis. In order to further the use of such methods, a special task-force<sup>24</sup> was set up, its main aim being to apply the basic principles of systems analysis to projects involving extraordinary intervention, as was the case of the Cassa. With this in mind, the task-force's participation in a short refresher course held at Harvard University, where the Harvard Water Programme was being carried out, was promptly organized. At the end of 1970s, the Cassa set up the *Servizio organizzazione ed elaborazione dati* (Service for Data Organization and Processing), with the aim of ensuring a balanced evaluation of the objectives and sound coordination of all activities concerning planning, management and implementation of extraordinary intervention for the South. In this context, the *Ufficio per l'analisi dei sistemi* ("Systems Analysis Office"), working within the *Servizio organizzazione ed elaborazione dati*, was charged to study the problem of the use of water in the system comprising the more important river basins of Basilicata and Ionian Apulia.<sup>25</sup> Following this research, special project no. 14 was formulated. In the same period, other studies were carried out, leading to special projects no. 30 and no. 26.

A basic need emerged from this complex activity of study and research: setting up special projects called for a highly sophisticated process of project elaboration and for decision-making requiring a great deal of analytical effort and time to collect the information on the basis of which alternative options could be evaluated. In the case of a project for the development of water resources, this process entailed the following stages. Firstly, the decision on a special project had to be based on the recognition of its inter-sectoral or inter-regional character. Secondly, the project had to be coherent and rational in

<sup>24</sup> The task-force was formed by Petriccione (Cassa councillor), Piccioni and Valente (Cassa officials) and Ferrara, Grassetti, Leon and Trezza (academic consultants).

<sup>25</sup> S. Petriccione and L. Piccioni, *La programmazione matematica nella progettazione di grandi sistemi di opere. Il caso del sistema idrico Puglia-Basilicata*, (Milan 1976).

terms of the economic and social policy objectives it was intended to attain as explicitly expressed by the central authorities. This, in turn, implied the choice of a particular social-welfare function stating the goals to be pursued. Finally, given the inter-regional character of the project, it was necessary to identify the specific level of water, resources allocation in the regions concerned, subject to a wide set of physical and technical constraints and compatible with the goals which had been previously established.

3.3. Cassa's effort to promote special projects is worth mentioning, given the methodological improvement over past methods of intervention in terms of more rational economic, timing and financial choices. However, problems of a different nature often prevented the attainment of the expected positive effects associated with special projects. These problems involved, on the one hand, the identification of the activities to be carried out, and hence the projects' specifications and, on the other hand, their effective implementation. In many cases, the planning stage was particularly long and often presented more difficulties than implementation itself. Moreover, the planning framework on which the special projects were to be based hardly existed.

Despite the complexity of these issues, over the period from 1971 to 1975 the Cassa commitments for special projects amounted to 1,893.2 billion lire,<sup>26</sup> of which not more than 55 % was used in the last year of the period because of the difficulties connected with the introduction of the new model for intervention (*Table 10*).

The special project concerning the "Inter-sectoral use of water resources" absorbed the largest share of financial resources.<sup>27</sup> In terms of commitments over the 1971-1975 period, the sector accounted for 42.2% of total spending. The largest share of this figure was assigned to Special Project no. 14 (*Inter-sectoral use of water in the Regions of*

<sup>26</sup> After 12.5 billion lire had been deducted for VAT in 1975.

<sup>27</sup> Special projects no. 13 "Inter-sectoral Use of the Tirso River Water in Sardinia" and no. 15 "Inter-sectoral Use of the Biferno River Water in Molise", were included as part of Special Projects no. 25 and no. 29 respectively.

*Apulia and Basilicata*), which turned out to be the first, and perhaps the most meaningful, attempt to apply fruitfully systems analysis to extraordinary intervention for the South.

The application of the special projects approach in the water sector became all the more important because it determined a greater degree of rationality in the work that the Cassa had been doing in the field of water resources development since the 1950s. With the advent of the special projects approach, the work that the Cassa had been doing in the field of water resources development since the 1950s became more rational and, at the same time, more involved and demanding. Having concluded the acquisition of springs and other water sources, and constructed the more easily achievable reservoirs, the Cassa now had to deal with situations which were both technically much more complex and of greater social and financial impact.

3.4. The future development of the Cassa's activity by means of special projects was greatly influenced by Law 183/1976, which governed extraordinary intervention between 1976 and 1980. In substance, this Law retained most of the essential features of the 1971 legislation. At the same time, it aimed at correcting some of the main defects and contradictions of previous regulatory provisions. The main novelty in the field of special projects was linked to a revision of the ordinary and extraordinary public intervention for the South, due to the fact that the newly created Regions were now charged with managing a share of the additional funds issued for those areas falling under their responsibility, and that the funds were meant to cover interventions that were, in fact, the responsibility of other bodies and institutions belonging to the central administration.

The fundamental aspect of the new discipline was introducing a medium-term programme for intervention in the South, which was firmly anchored to national economic policy, tied to general and specific goals that aimed at boosting employment, productivity and income and was directed at all types of intervention (both ordinary and extraordinary), closely coordinated with action from the regional authorities (Article 1).

This was the framework underpinning the choices made for the two main types of intervention that constituted the core of Cassa activity in this new approach to implementation. The two types of intervention were special projects and the promotion of industrial development, as well as the directives to ensure that the interventions were efficiently and effectively carried out (the task of the Cassa and its associated agencies). The decision to devolve, as it were, many aspects of the extraordinary intervention process to the regions seems a logical step in such a context. Law 183/1976 introduced new thinking regarding the organization of the decision-making process (Articles 2 and 3). A direct result of this new departure was that the responsibility for planning was entrusted to CIPE, while the Cassa exercised a more assertive role in the implementation of extraordinary activity in the South.

The main aim of the changes introduced by the new legislation on special projects was to restore a quintessential feature of extraordinary intervention, namely to reinforce a unified system of administrative and promotional actions that would serve as the framework within which a number of financial, territorial and time-related goals would be defined periodically. It was only logical, given such a framework, that Parliament would also set out precise guidelines concerning the procedure for updating and verifying special projects as they were carried out.

The need to validate decisions already taken was satisfied, not so much by Article 1, clause “e” of Law 183/1976,<sup>28</sup> as by Article 8, which highlighted the relationship between single interventions and the overall planning framework. The general definition of “special projects which are inter-regional in nature, or of significant national interest, call for the implementation of coherent, inter-sectoral interventions aimed at developing economic and social activities in given geographical areas and sectors of production” was followed by a more detailed,

<sup>28</sup> According to which, the Five-Year Programme envisaged “the updating and review of special projects which [had] already been approved, with particular reference to the action undertaken, to the goals set, to the expenditure and funds involved, to the time required and to the technical and implementation priorities to be observed”.

albeit not exhaustive, list of project contents, which underlined the overriding aims to boost productivity and employment, the priority given to the agricultural and food sector and the need to protect the environment.

The new Law thus regulated the provisions of the 1971 legislation concerning the fields in which they were to operate. These were defined by the Southern regions or by the Ministry for Extraordinary Intervention with project and technical specifications prepared by the Cassa and its associated agencies. The projects were submitted by the Ministry to CIPE which decided on the final location, timing and financing, established criteria and methods for their realization, safeguarding regional responsibilities as well as those of the main public and private bodies directly concerned with carrying out individual interventions. The Ministry approved the annual Cassa Programme for the implementation of special projects. The Cassa was entrusted with this implementation and carried out all interventions envisaged by the projects.

3.5. The implementation of extraordinary intervention through special projects, as defined by the new legislative framework, began in 1977 with approval of the "pilot programme" authorized by CIPE on 29 April 1977, in keeping with the definition of the Five-Year Programme. Before this date, Cassa commitments were limited to the management of existing projects. In May 1977, the Five-Year Programme was approved. Its general criterion was the wider transparency of decisions, in full compliance with the new dispositions which restored the Cassa's executive role and authority, while giving the regional authorities the power to take an active role both in determining the guiding principles underlying extraordinary intervention and in the political execution of public works in the South. The criterion was particularly significant in the regulation of special projects.

The review of special projects already underway in 1975 began with a preliminary examination, which established the projects' compliance with the definition set out in the new regulations. The Five-Year Programme underlined the fact that, while some projects had complex arrangements for public works of clear public interest, they did not

meet the criterion of significant national or inter-regional interest, nor were they sufficiently inter-sectoral in nature to justify their inclusion among the list of special projects. Given these goals, which were restricted to narrowly-defined areas, the Programme sought to exclude from the sphere of extraordinary intervention those special projects which were essentially residual in nature,<sup>29</sup> submitting final judgment regarding their validity and any decisions about whether they would be implemented to the relevant regional authorities and central government bodies.

The special projects which were found to be valid in general terms were then updated and revised through an evaluation of their compliance with the general goals of extraordinary intervention for the South and their ability to contribute to the fulfillment of these goals. The objectives to be achieved were their impact in terms of employment and their effects on the balance of payments. Furthermore, for the special projects that were confirmed, the evaluation also took into account other factors, such as their local impact on labour productivity, their contribution towards the better use of the area and its resources, and, finally, the social goals to be fulfilled.

As regards the two criteria set down by Article 1 (implementation time and technical and implementation priorities), the fulfilment of which was an important requisite for both the work schedule and the project's specifications, the multi-year programme pointed out the need for a more efficient Cassa, in order to ensure the best use of financial resources. With regard to the financial aspect, the Programme also determined that the information the Cassa had to provide was not only to show clearly the amount of expenditure involved, but also to show the benefits in relation to costs, as the sums in question had to be assessed, not only in purely financial terms but also in economic terms: in other words, taking into consideration the "social" impact of the works. A wide-ranging cost-benefit analysis was required in order to make possible an *ex ante* evaluation of the efficiency of the different types of public spending and its alternative use, taking

<sup>29</sup> Namely, special projects no. 16, 17, 18, 19, 20 and 27.

into account the effects on income and revenue, employment (especially the possibility of creating long-term jobs) and the consequences of links with foreign countries.

On the basis of these criteria for the review and updating of special projects, the next step in the Five-Year Programme was to assess the projects grouped by homogenous category. In the case of special projects falling within the sphere of “Inter-sectoral use of water resources”, the Programme once again referred to the need to achieve optimal use of water resources to further the economic and social development of the South and remarked on the Cassa’s progress in acquiring new traditional sources of water, before acknowledging that such projects were fully entitled to be considered among the list of “special” projects. Approval was granted, first and foremost, because the projects in question complied with a fundamental, indeed unavoidable, requirement regarding the search for new sources of water (including unconventional sources) in the light of predictable future uses of the water supply. Approval was also given because it was clear that the projects engaged with the search for new water sources did so in the full understanding that these new supplies of water affected different users, as it were, in different sectors, and that the optimal use of water resources entailed inter-regional solutions which perforce called for continuous and dynamic coordination and cooperation among the variety of diverse parties with simultaneous stakes in the utilization of water.

Obviously, while this “inter-regionality” did not apply in the case of special projects in Sardinia and Sicily, given the regions’ island nature, for other special projects this feature was present, together with the inter-sectoral character and the plurality of subjects playing different roles in water management and planning. Given the specific situation of special projects concerning the “inter-sectoral use of water resources”, the Five-Year Programme pointed out the need for their future revision on the grounds, not of their legitimacy but rather because of their content, in order to ensure the best balance and coordination between their objectives and the land-planning goals of the territory in which the works were to be carried out.

#### **4. From the “old” to the “new” extraordinary intervention for the South**

4.1. Between 1976 and 1980, the Cassa's intervention was undertaken according to programmes which were approved annually. These programmes foresaw both works aimed at ensuring a more rational approach compared with previous interventions, and activities destined to satisfy specific new demands in Southern regions. After 1980, the Cassa was kept going through a series of stop-gap provisions and additional funding covering short periods from as little as a year or three months until, in recognition of Parliament's exasperated rejection of yet another special provision, Presidential Decree 6/8/1984 effectively signed the Cassa out of existence, with winding-up beginning on 1 August. The Decree required the special administrator in charge of liquidation to draw up reports on the body's accounts and financial results up to 31 July 1985. Nevertheless, the suppression of the Cassa did not provoke the immediate suspension of the commitments that had already been made before liquidation began on 9 August.

This overlap called for the compilation of a financial budget showing the activities carried out in the first seven months of 1984 in compliance with regulations at the time in order to distinguish the accounts from the report regulated by Law 775/1984 which contained urgent provisions to ensure that extraordinary intervention in the South was continued. Financial reports for 1984 were thus divided into two distinct periods, 1 January-31 July, which referred to the activity of the now suppressed Cassa, and 1 August-31 December, which referred to the winding-up period under the special administrator. In 1985, Parliament determined the range of legislative measures needed to ensure full implementation of the “Completion Plan” set out in Law 775/1984. Following ministerial orders issued on 14 February 1985, the Plan was enacted for that financial year.

Law 64/1986 established the new organic regulations for extraordinary intervention for the South, defining the planning procedures and operational guidelines for the coordination at national level of the action of the public bodies engaged in Southern development. The new

regulations required that the implementation of the extraordinary intervention followed the guidelines of a three-year programme and its annual revisions. The Ministry for Extraordinary Intervention formulated the three-year programme according to the proposals put forward by the regions concerned. The programme called for “organic actions of intervention”,<sup>30</sup> the identification of the work to be carried out, of the parties that would carry out the work, the formalities for replacing parties that failed to comply, and the amount of funds to be allocated to the different requirements. CIPE approved the programme and, subject to a proposal from the Ministry for Extraordinary Intervention, adopted the measures needed to coordinate – at state, regional and local level – the actions of the various bodies charged with managing state holdings, as well as the actions of other public bodies, and those interventions financed by the then European Community.<sup>31</sup>

The operational effectiveness of the new regulations was subject to a range of implementation decrees, including the order to set up the “Department for the South”, which reported to the Italian government’s Council of Ministers. The Department had to assess the economic soundness of projects to be financed. It was also given responsibility for re-organizing the Agency for the Promotion of Southern Development (hereafter Agensud), which, in turn, was responsible for financing both interventions and the promotional bodies in which it played a part. The new legislation maintained the “additional” nature of agency-financing that was part of the old dispensation. The unified approach of the former legislation was also abandoned. Instead, “founded on an essentially decentralized vision, a range of stakeholders in the new-style extraordinary intervention emerged – central administrations, regional authorities, local bodies, public institutions and private bodies – all of which were entitled to financing for the interventions and other actions that fell within their remit as long as

<sup>30</sup> One of these organic actions concerned the “rationalization and development of water resources”.

<sup>31</sup> G. Marongiu and G. Di Gaspare, *Il nuovo intervento straordinario nel Mezzogiorno*, (Milan 1988).

such actions were covered by the three-year development programme and had been included in the “implementation plans” (subject to due economic and political evaluation), and that they were implemented in compliance with the provisions of the relevant legislation”.<sup>32</sup>

The Presidential Decree of October 1986 appointed the president and members of Agensud’s management committee. In keeping with Article 5 of Law 64/1986, from that time the period of special administration came to an end. The special administrator had to provide financial reports for the period 1 January-9 October, while reporting for the period from 10 October-31 December referred to management by Agensud. It is worth noting how two further, earlier Decrees ensured the ongoing implementation of extraordinary intervention before the ministerial orders regarding Agensud were issued, and that the agency’s scope was limited, by Law 19/1987, to the “completion plans”. An idea of the interventions carried out in the financial year 1986, may be had by examining the Agensud Budget for 1986 which showed the financial aspects of the activity conducted by the court-appointed administrator for the period 1 January-9 October. This budget listed the financial indicators related to special projects for the last time. According to the completion plan for 1987-1989, special projects continued to represent the lion’s share of Cassa interventions.

4.2. An illustration of the financial dimension of the activity conducted by the Cassa between 1971 and 1986 can be seen in *Table 12* which shows the formation of capital stock by area of intervention.

<sup>32</sup> M. Annesi, “Bilancio di una legge”, *Rivista giuridica del Mezzogiorno*, 2 (1989). This decentralized decision-making process, viewing the plans to be realized as the outcome of a wide set of independent choices brought together through mutual interaction between the various bodies that played different roles at various levels, was consistent, theoretically, with the procedures of project appraisal and planning outlined in the prevailing literature. See: D. Mayston and G. Muraro, “Project finance and decentralization in public investment”, in A. Williams and E. Giardina (eds.), *Efficiency in the Public Sector*, (Aldershot 1993), pp. 129-145. In substance, these procedures followed the allocation system for decentralized choices previously introduced into the Italian administration in the early 1980s.

In percentage terms, special projects absorbed over 50% of available resources for the period, further proof of the important role played by them in the extraordinary intervention for the South. Equally significant are the sums paid out for works on aqueducts and drainage, at 6.4% occupying a rather distant second place behind industry (23.3%). In terms of constant lire values, a number of interesting assessment factors can be seen to emerge over significant periods of time.<sup>33</sup>

For the purposes of our analysis, it is worth distinguishing between the initial five years of special, project activity, the subsequent period during which use of this tool was consolidated, and the closing years of the Cassa's extraordinary intervention.

During the initial five-year period, the resources allocated to these "first generation" special projects increased at a capitalized average annual rate of 83.22%. This particularly strong rate was given a special boost by figures for the second half of the five-year period, given the rather long lapse of time required for the definition and approval of projects and their effective implementation. For the same period, the Cassa's overall commitments for the formation of capital stock grew at a rate of 29.75%; this figure was also a consequence of the fact that the Cassa was authorized to complete projects that were already underway, even after responsibility for these projects had been transferred to the regional authorities.

In technical and conceptual terms, special projects matured considerably during the next five-year period. Special projects grew at a rate of 74.98%, whereas Cassa commitments to forming capital stock grew at only 8.64%. The lower growth rate in the next five-year period must be viewed bearing in mind that the passing of one five-year period to another coincided with a widening in the gap between the growth rates of the two terms of reference: from 53.47% to 66.52%. This figure derives from the lower level of commitments made in 1976 (863 billion lire in constant terms) which, in turn, is the result of the inevitable difficulties that arose with the transition from the "old" to

<sup>33</sup> The calculations at 1989 constant lire rates are based on the GDP deflator.

the new model for special projects. Clearly, the rates recorded during the last six years were influenced by the mood generated by the imminent closure of the Cassa. All the usual intervention sectors show negative values. Over the period 1971-1986, special projects grew at a capitalized average annual rate of 9.81%. Except for hospitals, all the other areas show negative growth, once again highlighting the pre-eminent role played by special projects in extraordinary intervention.

The most consistent share of overall special projects spending was allocated to water schemes. For the whole of the 1975-1986 period (*Table 12*), these projects absorbed 43% of overall resources during the period in question. Most of these financial resources were allocated to Special Project no. 14 (Inter-sectoral use of water resources in the regions of Apulia and Basilicata), no. 29 (Water utilization in the inter-sectoral projects for Southern Latium, Marche, Abruzzo, Molise and Campania) and no. 30 (Water utilization in Sicily).

4.4. Analysis of the Cassa's activity has so far been concentrated on financial aspects. Other assessments, especially of the results achieved in light of the huge amounts of financing involved, have been somewhat marginal and not necessarily detailed. An appraisal of the real impact of intervention in water-resource development must embrace an objective comparison of the situation as it was when the Cassa was founded and the situation as it developed over time.

As regards drainage, the comparison between the figures of *Table 13*, highlighting the situation existing in 1963 and 1987, with those shown in *Table 4* on the extent to which the service was available in the initial phases of the Cassa's activity, shows that municipalities with drainage (in all or in some centres) increased from 1,415 in 1951 to 2,420 in 1983, whereas for the rest of the country, the figure increased from 2,765 to 5,322.

For the period in question, Southern municipalities show an increase of 11.60% (from 18.33% to 29.93%), while for the remaining regions, the increase amounts to 30.39% (from 35.34% to 65.82%). For the same period, in South Italy there was a reduction of 11.84% in the municipalities without drainage (from 13.34% to 1.50%), while for the

rest of the country the reduction was in the order of 20.24% (from 33.10% to 12.76%).

As far as aqueducts are concerned, the comparison between the 1951 figures (*Table 3*), and those for 1963 and 1987 (*Table 14*) mirrors the changing situation. For Southern regions, the percentage of municipalities served by aqueducts increased from 25.69% in 1951 to 31.34% in 1983; the increase of 5.65% is much lower than the rate for the rest of the country (+19.72%). As a result, the gap between the different areas of the country became ever wider: an increase from 21.09% in 1951 to 35.16% in 1987.

Thus the growth recorded by Southern municipalities for aqueducts and drainage was lower than in other regions of the country, which fell within the sphere of ordinary intervention rather than under the Cassa's responsibility. For a better understanding of this aspect, other considerations of both a quantitative and qualitative nature can be added. In this regard, *Table 15* shows the distribution of drinking water in Italy in 1987, calculating loss/wastage occurring both in external and internal networks.

For Southern regions, losses from the external distribution network amounted to 8.81% of water collected, while for the rest of the country the figure was 7.10%. Losses in internal distribution for Southern regions amounted to 23.64% of the water introduced into the distribution network, compared with an average of 19.65% for the other regions. From collection to distribution, the loss of water in Southern regions was around 30.37%, while for the other regions the figure for water wastage/loss was 5% lower. Compared to the national average (27%), only Campania recorded a lower rate of loss (22.96%).

The differences in the loss rate can be explained by considerable differences in the amount of water distributed per inhabitant (*Table 16*). The average distribution of water per inhabitant for the country as a whole was 277 litres, 236 litres per day/inhabitant in Southern regions, and 302 litres per day/inhabitant in the other regions. Abruzzo, Basilicata and Calabria had rates higher than the national average. The index for Abruzzo (112) was higher than the average value recorded for all Italian regions (109). The differences in per capita availability of

water corresponded to the quantities available for the various uses. On the whole, the largest gap between the availability of clean water in Southern regions and the national average was for industrial use (-50 points), followed by housing and shops (-9 points), while the least significant gap was recorded in water for public uses (-4 points).

Another important aspect in the assessment of the aqueduct service was the capacity of the reservoirs used to provide water for urban use. In connection with the increased capacity of dams and reservoirs over time, it can be seen that financing was granted for the construction of new dams (with a capacity of 822 million cubic metres) as early as the first five-year period of special projects (1971-1975). This entailed a 43% increase in reservoir capacity achieved by the Cassa from 1950 to the mid-1970s.<sup>34</sup> Furthermore, the five special projects for intersectoral water schemes that reached the implementation phase in 1980 achieved 30% of final goals (in terms of cubic metres of water availability)<sup>35</sup> as an average for the whole of the South. In the 1975-1987 period (*Table 17*), when second, generation special water project schemes were at their peak, reservoir capacity in Southern regions grew at a higher rate than the rate recorded for first-generation special projects with a peak of 139.39%, more than three times higher than the corresponding value for the other Italian regions (+ 45.17%).

4.4. The substantially positive assessment of the role played by the Cassa in increasing the capacity of the reservoirs used as sources for water supply enables us to shift evaluation of the fitness of the water

<sup>34</sup> The dams financed during the five-year period were Monteleone Roccadoria on the River Temo, Monte Cutugno on the River Sinni, Conza on the river Ofanto, Carmine on the river of the same name, Cerasaro on the River Cimbia, Garcia on the River Belice, S. Anna-Lago Corona, Aderenza on the River Bradano, with total spending in the order of 112.3 billion lire. See: Cassa per il Mezzogiorno, *Bilancio finanziario 1975*, (Rome 1980), esp. p. 40.

<sup>35</sup> Given that the operational effectiveness of each special project was evaluated on the basis of project and technical data over an interval of twenty years, the first figure, which refers to the first 6-8 years of the intervention, was a credible indicator of the progress made in achieving expected results by means of special projects. See: Cassa per il Mezzogiorno, *Bilancio finanziario 1980*, (Rome 1982), p. 50.

service to the next phase, namely the distribution network. As we have seen, figures for loss/wastage from internal and external networks in Southern regions were consistently higher than in other regions which did not benefit from extraordinary state intervention but fell within the sphere of ordinary administration.

With regard to the losses (a clear sign of obsolescence or of infrequent maintenance of the systems), it should be pointed out that the Cassa took an immediate interest in the problem of managing works built using the body's own funds; the Cassa was convinced that the primary cause of the significant inefficiency of the large number of waterworks (including recently, built ones), was the lack of appropriate maintenance conducted by the bodies responsible for managing the networks (local bodies and maintenance agencies). This conviction became all the stronger in light of the considerable financial and economic implications underlying the due and proper maintenance of the network. It was acknowledged that a provider of clean water, which guaranteed the correct use of resources and manpower in the management phase, would also have been able to achieve balanced accounts and obtain financing for the works necessary to implement the expansion required to meet increasing demand. This was the case where the provider had not borne, or had borne only to a very small degree, the cost of building the works, which was the situation for new aqueducts built in the South by the Cassa and by central government.<sup>36</sup> Nevertheless, mainly in the initial phases of the Cassa's activity, the financial poverty of the South

<sup>36</sup> The need for the maintenance of water infrastructure to pursue rational solutions from both an economical and technical perspective was explicitly pointed out by the concluding remarks of the Second Seminar of the World Health Organization (Rome, 1951), according to which water services should be "grouped into sufficiently large and extensive organisms to be able to employ specialist personnel, in order to reduce running costs and achieve efficiency within the organism". Before the *Cassa* was set up, two large municipalized bodies and two maintenance Agencies were already working: the Ente Autonomo Acquedotto Pugliese (*Autonomous Agency for Apulian Aqueducts*), set up in 1919, subsequently extended to Basilicata in 1942; and the Ente Acquedotti Siciliani (*Sicilian Aqueduct Agency*), set up in 1942. Influenced in part by the pursuit of efficient solutions in water-resources management, the Ente Sardo Acquedotti e Fognature (*Sardinian Agency for Aqueducts and Drainage*) was created in 1957.

limited the local community's spending on maintenance, resulting in a damaging spiral of technical and economic obsolescence in water infrastructure. The search for sound solutions in the field of maintenance became still more complex at the beginning of the 1970s with the advent of the regional authorities. With the almost total transfer of responsibility for urban water-management to the regional authorities, the corresponding public works were assigned by central government or by the Cassa to the regions or to their appointed delegates. Some regions maintained full control over the work they took over (especially external aqueducts), while others delegated the tasks to third parties, splintering responsibility and management. Thus, the general management costs of urban water services were transferred to local communities which had widely differing socio-economic and geographical characteristics and variable range of running costs. For example, a main aqueduct which carries a modest volume of water over an extensive area has higher running, ordinary and extraordinary maintenance, and restoration costs than a shorter aqueduct carrying a greater volume of water. This factor meant that water supply across the country was uneven and discontinuous. Primary aqueducts fitted with pumps (generally located in the mountains) have much higher physical maintenance and running costs than aqueducts located in areas where water flows naturally due to gravity, which is usually the case for aqueducts at ground level or, in any case, at lower altitudes. This situation could only lead to further disparity in costs.

In the light of this particularly complex situation (with regard to management), it would be simplistic to use the statistical information upon which we have based our analysis to ascribe unequivocal assessments of the efficiency and effectiveness employed across the whole urban water-service in different parts of the country. It would be logical to assess the Cassa's work in both the drainage and aqueduct services in the light of the specific responsibilities of the various bodies who took on the, often enormous, costs of the works after their construction.

4.5. The new system of extraordinary intervention, planned to cover a period of nine years (1985-1993), was rather rigid, hampered by its own

procedures and dogged by slowness produced by a cumbersome bureaucratic machine. It also provided legitimate grounds for claims to financing from a host of parties for intervention covered by the three-year programme and included, after political and economic approval, in annual implementation plans. Thanks to this mechanism, extraordinary state intervention became little more than mere financing for micro-projects presented by different parties and selected by the central government. The real dismantling of the regional policy based on extraordinary public intervention took place in 1992 when the pressure of European integration made it impossible for Italy to persist in implementing clearly anti-competitive policies. Law 488/1992, concerning the re-financing of Law 64/1986, provided for the suppression of extraordinary intervention and its transformation into ordinary intervention, extending its geographical application to all depressed areas in the country. The Law also suppressed the Department for the South and Agensud. Later, Decree 96/1993 transferred the responsibilities of the suppressed bodies to other relevant administrative bodies in order to pursue implementation of ordinary intervention in depressed areas. The Ministry for the Budget and Economic Planning was given responsibility for the planning and supervision of state intervention in these areas which were implemented in agreement with the Ministry for Community Policy. Such cooperation ensured that ordinary national interventions were carried out in compliance with the regional, structural, economic and social-cohesion policy set out by the European Community Commission.

## **5. Concluding remarks**

5.1. From 1950, the Cassa per il Mezzogiorno was the tool with which the Italian state attempted to redress the dual nature of the national economy, the same dichotomy that earlier administrative, political and economic measures had failed to resolve satisfactorily.<sup>37</sup> When De

<sup>37</sup> V. Zamagni, "Italy", in M.S. Schulze (ed.), *Western Europe: Economic and Social Change since 1945*, (Harlow 1999), pp. 321-335.

Gaspari presented to Parliament the draft law on the Cassa, he declared that he saw it as the right tool to meet “the need to create the necessary conditions so that the fraught Southern Question [...] could move towards a definitive solution open to future natural developments [...] by means of a wide-ranging organizational approach deriving from firm, long-term commitment from the state, and gives much wider scope to the planning of works, and the coordination of individual projects”.<sup>38</sup>

It was just this organizational approach that confirmed the need for coherent action and a law was drawn up which committed the Italian state to dealing with the Southern Question; for the first time the hegemony of the traditional approach, that sought to redress in a fragmentary way local government’s grave failings in planning and implementing public works, was broken.

The Cassa was thus a response to a multitude of needs: the need to abandon the ordinary nature of the practice and procedures underlying the decisions, implementation and controls carried out by the public administration; the need to experiment with the shift from the uniformity of intervention towards more specific, special projects that reflected local diversity; the need to bring a coherent approach to bear on implementing both simple action and complex inter-sectoral intervention; all with the ultimate aim of overcoming the North-South divide. It was also set up against the backdrop of a very special period

<sup>38</sup> Camera dei Deputati, Disegno di legge *Istituzione della Cassa per opere straordinarie di pubblico interesse nell’Italia meridionale* (Cassa per il Mezzogiorno), n. 1170, Seduta del 17 Marzo, (Roma 1950), esp. p. 2. The draft law drew harsh criticism from the Opposition, which complained that the law did not go far enough in terms of extraordinary state intervention in the South. Giorgio Amendola remarked that setting up the Cassa was simply another way for the governing party “to go about its propaganda manoeuvring” as the resources established under the ten-year plan represented merely “the government’s good intentions”. Whatever the case, the Christian Democrats’ propaganda office did not waste time; they were swift to cover the walls of towns all over the South with posters depicting the 1000 billion lire magically transformed into aqueducts, roads, and land clearance. The trumpeters began heralding the imminent arrival of the massive windfall of 1,000 billion”. See: *Atti Parlamentari della seduta pomeridiana di martedì 20 giugno 1950*.

in history, in the wake of a war that marked a political watershed in Italy as the country shifted from Fascism towards democracy. The USA were examining the lessons learned from the innovations of the New Deal and the measures adopted in social and economic policy (Tennessee Valley Authority); for reasons of international politics the country also had decided to shoulder some of the burdens of those countries it had helped to defeat in Europe (Italy and Germany), which needed help during the reconstruction phase. Italy, in defeat, needed to redress the great damage it had suffered during the war, distinguishing, however, between the North's need for raw materials and steps to restore what was left of industry and regain the productivity lost to Fascist autarchy, and the South's need for carefully planned intervention to raise the level of infrastructure (social capital stock), to review and modernize farming, and to boost industrialization in this backward part of the country.

5.2. The law that set up the Cassa also introduced the condition that extraordinary state intervention for the South required that the Plan and steps implementing the intervention had to be drawn up in advance. The Plan's ultimate aim was to encourage the economic and social progress of the South. This goal was not quantified in terms of a given growth rate (neither by the law nor by the Committee for the South, the political body created to implement it). The final goal of the intervention in the South was not to endow the region with an economy and social structure similar to those in Central and Northern Italy; the areas were too dissimilar in their environmental, demographic and natural make-up. The aim was rather to engineer the transformation of the local underdeveloped economy through the creation of the necessary external economies in a strategy designed to create not only "a principle of social justice", and in response to the need to achieve "a better distribution of wealth", but also to benefit the whole country, "because many of the materials required for the programme will have to be produced in other parts of the country, and as the South may require more goods, businesses elsewhere in Italy will benefit from the possibility of placing their wares there, thus benefiting from the positive

consequences of implementing the Plan which will be a source of wealth for the whole of Italy".<sup>39</sup>

On the basis of this general formulation of the Cassa's activity, the various studies aimed at evaluating the outcome of the extraordinary intervention have usually looked at the extent to which the differential between quantitatively measurable indicators of regional imbalance narrowed or failed to narrow during the period under consideration, mainly reaching the conclusion that the South-North gap was reduced only in terms of GDP per capita, and even there the reduction was insignificant.<sup>40</sup> This policy outcome has been judged in quite a different manner; some commentators have remarked that the very fact that the South kept pace with the North when the latter showed its fastest ever growth should be viewed as a considerable achievement.

In any case, the magnitude of the Italian North-South economic and social divide after the period of extraordinary intervention by the Cassa has led to a growing interest in a better understanding of the various causes that produced this unsatisfactory outcome.<sup>41</sup> But if the results were disappointing, given that the income gap between Southern Italy and the rest of the country remained substantially unaltered,

<sup>39</sup> Camera dei Deputati, Disegno di legge *Istituzione della Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale* (Cassa per il Mezzogiorno), *op. cit.*, especially, p. 2.

<sup>40</sup> R. Faini, G. Galli and G. Giannini, "Finance and development: the case of Southern Italy", in A. Giovannini (ed.), *Finance and Development: Issues and Experience*, (Cambridge 1993); F. Padoa Schioppa, *Italy: The Sheltered Economy. Structural Problems in the Italian Economy*, (Oxford 1993).

<sup>41</sup> The literature on this issue can be roughly divided into two very broad streams of perspective. The first stream of literature is of a more sociological nature. According to this school of thought, the scant success of the Cassa was largely due to differences in civic engagement and effective local government between the South and the Centre-North of Italy. Illustrative of this line of work is Putman's book *Making Democracy Work*, (Princeton 1992), in which he seeks to explain that local governments were more effective and efficient in Italy's Centre-North because they relied on the consolidated civic traditions of citizens in these regions. The second strand in the literature focusing on public, choice theory stresses, instead, long-term self-interest and the calculation of costs and benefits by utility-maximizing actors in promoting political patronage; that is, the supply of facilitation services and, in particular, the provision of jobs in the public administration. In order to understand how this

nevertheless, within the variegated Southern economy not all the regions shared an identical path. The most important exception is Abruzzo, where, indeed, the Cassa effectively acted as an important engine of growth. This region, once one of the most backward areas in Italy, from the 1960s onwards enjoyed quite steady growth, so much so that Abruzzo was the first of Italy's Southern regions to shed its "Objective 1" area status by the mid-1990s.<sup>42</sup> Thus, it would be worthwhile to re-think the overall Cassa experience with a view to re-examining, region by region, the impact of the whole regional policy, and thus to assess the soundness of the various theories that have been put forward to explain what happened in the South, taken into account that the results effectively achieved were not identical across regions.

This paper has sought to contribute to an assessment of the work of the Cassa, adopting a different perspective, examining the results achieved in a particular sector, the development of water resources. With regard to aqueducts and drainage, the main conclusion is that a blunt appraisal of the Cassa's work is problematic due to the difficulty in distinguishing between the responsibilities of the different parties which intervened, for different reasons, in the implementation and management of the works that were carried out.

approach refers to our experience, it is sufficient to remember that in Italy the designation of individual candidates by voters was provided for by the system of preference voting that existed from after World War II until the 1994 parliamentary elections. The provision of services by politicians to individual constituents was provided for by the system deliberately designed to enhance the chance of members of parliament being re-elected. The ability of individual politicians to claim credit for such services was provided for by the factional organization that characterized the ruling party, the Italian Christian Democrats (DC). In such a context, the Cassa was especially useful for supplying patronage. The systematic use of patronage throughout much of the Italian South, which began in the 1950s and continued thereafter, paid off. In the 1963 elections, when the DC's share of the national vote fell to 38%, the losses were concentrated in the North, while in the South the DC won 42% of the votes. See: M. A. Golden, "Electoral connections: the effects of the personal vote on political patronage, bureaucracy and legislation in post-war Italy", *Journal of Political Science*, 33, 2 (2003), pp. 189-212.

<sup>42</sup> E. Felice, "La Cassa per il Mezzogiorno in Abruzzo", *Global and Local Economic Review*, X (2007).

As far as special projects are concerned, it is especially important to point out that, from a general perspective, the efforts made to apply the new allocation system were considerable and some of the projects undoubtedly brought a methodological and operational improvement over past methods of intervention, producing more rational decisions related to economic and geographical aspects and timing. Due to the difficulties concerning their definition and implementation, however, only a modest share of the projects could be said to correspond fully to the real concept of special projects and the objective for which they were set up. While it is questionable to draw a clear-cut dividing line between what may have been considered fictitious and real special projects, there is wide consensus that projects concerning the inter-sectoral use of water schemes belonged largely to the latter category. The construction of a number of dams and reservoirs, the increase in water availability and the allocation of additional water for various uses and regions as part of social-welfare policy, which was to be maximized in the light of physical, economic and technical constraints, are all important features of extraordinary intervention.

The issue concerning the adoption of a highly sophisticated process of project preparation and decision-making founded on econometric models and systems and cost-benefit analyses has to be particularly emphasized. The introduction of the new allocation tool at the time was an important innovation which made planning more efficient, as the capacity of identifying, preparing, evaluating and undertaking projects was gradually improved. Moreover, the special-projects experiment had been preceded from the very start of the Cassa's work by intense research into finding ways to estimate the profitability of works included in the body's extraordinary intervention remit. The main insights of the study *Prospettive sui futuri effetti del piano dodecennale d'investimenti nel Mezzogiorno* (Perspectives on Future Effects of the Twelve-year Investment Plan for the South) were included in a note of equal importance to the Report on the Budget 1954-1955. This report was followed by many more studies which applied features of cost-benefit analysis in order to evaluate capital-product

ratios for public and private investments in sectors where the Cassa intervened.<sup>43</sup>

In our view, the Cassa del Mezzogiorno's theoretical and practical efforts towards more rational mechanisms of resource allocation have to be re-evaluated, as the experiment which it triggered was reprised only at the beginning of the 1980s when the application of cost-benefit analysis became a constant practice within Italian public administration.

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<sup>43</sup> For example, see: Cassa per il Mezzogiorno, *Costi e benefici degli interventi della Cassa per il Mezzogiorno nel settore delle sistemazioni montane* (Rome, 1956); *Stima della produttività degli interventi della Cassa per il Mezzogiorno nelle opere stradali* (Rome, 1956); *Studio sulla parzializzazione irrigua nel comprensorio del Fortore* (Rome, 1959).

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# *Appendix*

The role of the Cassa per il Mezzogiorno  
in water-resources development

TABLE 1. Cassa allocations (1950-1965) - Billion current lire											
Sectors of intervention	Ten-year plan		Twelve-year plan		Fifteen-year plan		Revised fifteen-year plan		Annual allocation		
	Value	%	Value	%	Value	%	Value	%	Value	%	
Agriculture	770	77.00	8	69.38	1,138	55.43	11	55.34	76,7		
Transport	90	9.00	190	14.84	261	12.71	260	12.51	17,3		
Aqueducts and drainage	110	11.00	177	13.83	311	15.15	312	15.01	20,8		
Industry					245	11.93	244	11.74	16,3		
Artisanship					5	0.24	5	0.24	0,3		
Tourism	30	3.00	25	1.95	56	2.73	57	2.14	3,8		
Fishery					5	0.24	5	0.24	0,3		
Education					30	1.46	43	2.07	2,9		
Social institutions					2	0.10	2	0.10	0,1		
<b>Total</b>	<b>1,000</b>	<b>100.00</b>	<b>1,280</b>	<b>100.00</b>	<b>2,053</b>	<b>100.00</b>	<b>2078</b>	<b>100.00</b>	<b>138,5</b>		

Source: Comitato dei ministri per il Mezzogiorno, *Relazione al Parlamento*, (Roma 1960).

TABLE 2. Municipalities with and without aqueducts in 1951								
Regions	Municipalities	With aqueduct				Without aqueduct		
		In all centres	in some centres	Number	Total %	Number	Total %	
Abruzzo	299	220	56	276	3.54	23	0.29	
Molise	136	66	16	82	1.05	54	0.69	
Campania	538	312	80	392	5.02	146	1.87	
Puglia	247	227	15	242	3.10	5	0.06	
Basilicata	126	113	12	125	1.60	1	0.01	
Calabria	406	243	90	333	4.27	73	0.94	
Sicily	370	228	73	301	3.86	69	0.88	
Sardinia	334	213	41	254	3.25	80	1.03	
South	2456	1622	383	2005	25.69	451	5.78	
Others	5348	2281	1370	3651	46.78	1697	21.75	
<b>Italy</b>	<b>7804</b>	<b>3903</b>	<b>1753</b>	<b>5656</b>	<b>72.48</b>	<b>2148</b>	<b>27.52</b>	

Source: ISTAT, *Rilevazione statistica sull'approvvigionamento idrico in Italia*, vol. I, Sistemi di approvvigionamento al 31 dicembre 1951, (Roma 1954).

TABLE 3. Number of population centres with and without aqueducts in 1951							
	With aqueduct		Without aqueduct		Total		
	Number	%	Number	%	Number	%	
Abruzzo*	606	4.48	192	1.89	798	3.36	
Molise	94	0.69	92	0.90	186	0.78	
Campania	780	5.76	426	4.18	1206	5.09	
Puglia	325	2.40	31	0.30	356	1.50	
Basilicata	148	1.09	19	0.19	107	0.70	
Calabria	586	4.33	254	2.49	840	3.54	
Sicily	479	3.54	351	3.45	830	3.50	
Sardinia	313	2.31	176	1.73	489	2.06	
South	3331	24.62	1541	15.13	4872	20.54	
Others	10,201	75.38	8,643	84.87	18,844	79.46	
<b>Total</b>	<b>13,532</b>	<b>100.00</b>	<b>10,184</b>	<b>100.00</b>	<b>23,716</b>	<b>100.00</b>	

Source: See Table 2.  
\*The municipalities of the Marche region targeted by the Cassa's intervention are included.

TABLE 4. Municipalities with and without aqueducts in 1951							
Regions	Municipalities	With aqueduct				Without aqueduct	
		In all centres	In some centres	Number	Total %	Number	Total %
Abruzzo	299	134	94	228	2.92	71	0.91
Molise	135	59	16	75	0.96	61	0.78
Campania	538	175	106	281	3.60	257	3.29
Puglia	247	113	20	133	1.70	114	1.46
Basilicata	126	77	14	91	1.17	35	0.45
Calabria	406	142	89	231	2.96	175	2.24
Sicily	370	176	80	256	3.28	114	1.46
Sardinia	334	87	33	120	1.54	214	2.74
South	2456	963	452	1415	18.13	1041	13.34
Others	5348	1132	1633	2765	35.43	2583	33.10
Italy	7804	2095	2085	4180	5356	3624	46.44

*Source: ISTAT, Rilevazione statistica sulle fognature. Situazione al 31 dicembre 1951, (Roma 1954).*

TABLE 5. Municipalities according to degree of intervention to normalize water supply in 1950							
Regions	Municipalities	Cassa's intervention					
		Not planned		Additional		Total	
		Number	Population	Number	Population	Number	Population
		(thousands)	(thousands)	(thousands)	(thousands)	(thousands)	(thousands)
Abruzzo	324	5	15.3	168	992.4	151	433.4
Molise	136			34	137.2	102	269.6
Campania	538	6	16.8	316	3480.5	216	848.9
Puglia	247			241	3205.9	6	14.5
Basilicata	126			73	418.4	53	209.2
Calabria	406	4	17.7	96	689.4	308	1337.3
Sicily	370	95	389.9	188	3309.2	87	587.0
Sardinia	334	9	22.0	177	896.6	148	357.4
South	2481	119	461.7	1293	13129.6	1069	4057.3

*Source:* Cassa per il Mezzogiorno. Dodici anni 1950-1962, vol. II, Parte I, Acquedotti e fognature, (Roma 1962).

<b>TABLE 6. Percentage contribution by Ministry of Public Works and Cassa for the construction of internal networks of aqueducts and drainage</b>						
References	Municipalities with 75,000 inhabitants		Municipalities to 75,000 inhabitants		Municipalities up to 10,000 inhabitants	
	Public works	Cassa	Public works	Cassa	Public works	Cassa
Urban networks of aqueducts and drainage (primary works)		76.95	76.95	23.06	76.95	23.06
Urban networks of aqueducts and drainage (primary works)		76.95	76.95		76.95	23.96
Drainage works		76.95	76.95	23.05	76.95	23.05
<i>Source: Cassa per il Mezzogiorno. Dodici anni 1950-1962.</i>						

<b>TABLE 7. Works eligible for contribution and contributions allocated by Cassa up to December 1961 for the construction of internal works of aqueducts and drainage (million current lire)</b>				
Works	Cassa contribution	Public works		Municipalities benefitting
		Value	%	
Urban network of aqueduct	1334	5257	25.39	
Networks and plants of drainage	2419	9504	25.45	579
Aqueduct networks and drainage plants	1007	3990	25.24	
<b>Total</b>	<b>4760</b>	<b>18748</b>	<b>25.39</b>	
<i>Source: Cassa per il Mezzogiorno. Dodici anni 1950-1962.</i>				

<b>TABLE 8. Cessa allocations and commitments 1965-1970 (billion current lire)</b>						
<b>Sectors and type of intervention</b>	<b>Allocabons</b>		<b>Commitments</b>		<b>Annual allocation</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>		
<i>Infrastructures</i>	1200	42.87	1185	42.63	240	
Agriculture	351	12.53	340	12.55	70	
Industrial areas and centres	151	5.4	151	5.43	31	
Tourism	42	1.50	42	1.51	8	
Aqueducts and drainage	321	11.44	319	11.47	64	
Roads	220	8.19	225	8.09	46	
Public hospitals	46	1.62	46	1.65	9	
Areas of particular depression	55	1.96	53	1.91	11	
<i>Incentives</i>	1503	53.67	1501	53.60	301	
Agriculture	148	5.28	148	5.27	30	
Industrial areas and centres	1194	42.62	1104	42.62	239	
Tourism	81	2.87	79	2.82	16	
Artisanship and fishing	52	1.86	52	1.86	10	
Aqueducts and drainage	29	1.04	29	1.04	6	
Other interventions	97	3.46	94	3.36	19	
<b>Total</b>	<b>2800</b>	<b>100.00</b>	<b>2780</b>	<b>100.00</b>	<b>560</b>	
<i>Source: Ministro per gli interventi straordinari nel Mezzogiorno. Relazione previsionale programmatica sugli interventi pubblici nel Mezzogiorno per l'anno 1971, (Roma 1970).</i>						

<b>TABLE 9. Cassa commitments and induced investments 1950-1970 (billion current lire)</b>					
<b>Sectors and type of intervention</b>	<b>Commitments</b>		<b>Investment</b>		<b>% (5=1/3)</b>
	<b>Value (1)</b>	<b>% (2)</b>	<b>Value (3)</b>	<b>% (4)</b>	
<i>General infrastructure</i>	1344	23.0	1520,4	13.70	88.4
Aquaducte and drainage	662	11.3	833	7.50	79.4
External networks	581	9.9	581	5.23	100.0
Internal networks (direct interventions)	35	0.6	48	0.43	72.1
Internal networks (additional grants)	46	0.8	204	1.84	22.6
Road works	439	7.5	439	3.95	100.0
Rail works and ferry-boats	108	1.9	113	1.02	95.9
Harbours	68	1.2	68	0.61	100.0
Airports	12	0.2	12	0.11	98.3
Hospitals	55	0.9	55,4	0.50	100.0
<i>Agriculture</i>	1743	29.8	2030	18.29	85.9
Soil preservaton	269	4.6	269	2.42	100.0
Land reclamation	1039	17.8	1061	9.56	97.9
Incentives for agricultural conversion	435	7.5	700	6.31	62.2
<i>Industry</i>	2023	34.6	6540	58.92	30.9
Infrastructure in industrial areas	113	1.9	120	1.08	94.3
Incentives for new sites	1910	32.7	6420	57.04	29.7
<i>Tourism</i>	257	4.4	420	3.78	61.2
Public works of tourism interest	96	1.6	96	0.86	100.0
Incentive for tourism sites	101	2.8	324	2.92	49.7
<i>Artisanship</i>	41	0.7	160	1.44	25.8
<i>Fishery</i>	52	0,9	170	1.53	30.4
<i>Technical And Civil Development</i>	140	2.4	200	1,80	70.1
<i>Civil Services In Depressed Areas</i>	51	0.9	60	0.54	84.8
<i>Other Interventions</i>	191	3.3		0.00	
<b>Total</b>	<b>5842</b>	<b>100.0</b>	<b>11100</b>	<b>100.00</b>	<b>52.6</b>

Source: Cassa per il Mezzogiorno. *Consuntivo degli interventi attuali* al 31 dicembre 1971, (Roma 1971).

<b>TABLE 10. Cassa commitments for special projects 1971-1975 (billion current lire)</b>		
<b>Special projects and Sectors of intervention</b>	<b>Value</b>	<b>%</b>
<i>A. Inter sectoral utilization of water resources</i>	798.8	42.2
S.P. 14 Inter-sectoral utilization of water in the Regions Puglia and Basilicata	717.8	37.9
S.P. 25 Finding and tapping of water resources in Sardinia		
S.P. 28 Inter-sectoral utilization of water resources in Calabria	0.6	0.0
S.P. 29 Water utilization of the inter-sectoral schemes of Southern Lazio, Marche (Tronto river), Abruzzo, Molise and Campania		
S.P. 30 Water utilization of the water schemes of Sicily	39.4	2.1
S.P. 13 Inter-sectoral utilization of river Tirso in Sardinia	23.3	1.2
S.P. 15 Inter-sectoral utilization of river Biferno in Molise	17.8	0.9
<i>B Agricultural development</i>	131.1	7.2
S.P. 23 Irrigation in the South	125.0	6.6
S.P. 24 Afforestation for productive purposes in the South		
S.P. 4/10 Intensive meat production the South	8.4	0.4
S.P. 11 Development of citrus-fruit production Sicily, Calabria and Basilicata	3.7	0.2
<i>C Equipping territory for important industrial development aims</i>	407.7	21.5
S.P. 1 First tranche of the industrial port-canal of Cagliari	56.2	3.0
S.P. 2 Infrastructures of the South-eastern zone of Sicily	150.7	8.0
S.P. 22 Equipment of the Tyrrhenian slope of the Province of Reggio Calabria (Gioia Tauro)	200.8	10.6
<i>D. General territorial plans</i>	80.6	4.3
S.P. 12 Road project in the hill regions of Marche, Abruzzo and Molise	31.4	1.7
S.P. 21 Inter-regional road network for the integration and development of avternal Campane	12.5	0.7
S.P. 28 Inter-regional plan of the Apennine ridge Rieti-Benevento	36.7	1.9
<i>E Safeguard of the environment</i>		
S.P. 3 Anti-pollution project for the Gulf of Naples	461.8	24.4
<i>F Various projects</i>	7.2	0.4
S.P. 16 Water supply for the islands of Elba and Giglio	5.5	0.3
S.P. 17 Creation of tourist port facilities in the Southern Thyrrhenen	0.0	0.0
S.P. 18 Creation of tourist port facilities in the Southern Adriatic	0.0	0.0
S.P. 19 Agricultural-tourist development of Sila and Aspromonte in Calabria	1.7	0.1
S.P. 20 Tourist exploration of the mountains of the Duchessa and Velino in Calabria		
S.P. 27 The creation of equipment for sporting activities in the South		
<b>Total</b>	<b>1893.2</b>	<b>100.0</b>

Source: Cassa per il Mezzogiorno, Bilancio per l'esercizio finanziario 0975 (Roma 1980), p. 46.

**TABLE 11a. Cassa commitments for the formation of capital stock 1971-1986 (billion current lire)**

Sectors	1971-1975					1976-1980					1981-1986					Total	
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985		1986
Industry	120	222	333	485	617	466	647	927	677	676	852	1,050	1,043	568	1,360	719	10,762
Agriculture	130	149	116	12	178	263	204	137	98	109	127	160	142	73	95	52	2,185
Aqueducts and drainage	65	95	119	160	247	233	381	178	178	210	194	233	221	99	228	121	2,962
Transport	66	110	88	210	211	121	353	93	143	111	192	186	203	100	387	157	2,731
Depressed areas	55	61	160	54	181	166	119	61	68	56	67	58	49	21	68	32	1,286
Tourism	20	25	16	25	47	44	68	30	24	35	36	22	27	19	17	10	465
Hospitals	4	8	6	7	49	244	50	28	38	50	84	82	117	59	2448	94	1,168
Various	28	64	34	31	36	27	40	35	41	39	134	101	71	13	110	62	866
Special projects	55	71	182	543	1,43	185	1,495	1,287	1,485	3,246	2,399	2,635	2,471	1,250	3,625	1,739	2,311
<b>Total</b>	<b>543</b>	<b>805</b>	<b>1,054</b>	<b>1,697</b>	<b>2,589</b>	<b>1,749</b>	<b>3,357</b>	<b>2,776</b>	<b>2,752</b>	<b>4,532</b>	<b>4,085</b>	<b>4,527</b>	<b>4,344</b>	<b>2,202</b>	<b>6,138</b>	<b>2,966</b>	<b>46,136</b>

**TABLE 11b. Cassa commitments for the formation of capital stock 1971-1986 (%)**

Sectors	1971-1975					1976-1980					1981-1986					Total	
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985		1986
Industry	22.1	27.6	31.6	28.6	23.8	26.6	19.3	33.4	24.6	14.9	20.9	23.2	24.0	25.8	22.2	24.1	23.3
Agriculture	23.9	18.5	11.0	9.0	6.9	15.0	6.1	4.9	3.6	2.4	3.1	3.5	3.3	1.5	1.7	4.7	
Aqueducts and drainage	12.0	11.8	11.3	9.4	9.5	13.3	11.3	6.4	6.5	4.6	4.7	5.1	5.1	4.5	3.7	4.1	6.4
Transport	12.2	13.7	8.3	12.4	8.2	6.9	10.5	3.4	5.2	2.4	4.7	4.1	4.7	4.5	6.3	5.3	5.9
Depressed areas	10.1	7.6	15.2	4.9	6.2	9.5	3.5	2.2	2.5	1.2	1.6	1.3	1.1	1.0	1.1	1.1	2.8
Tourism	3.7	3.1	1.5	1.5	1.8	2.5	2.0	1.1	0.9	0.8	0.9	0.5	0.6	0.9	0.3	0.3	1.0
Hospitals	0.7	1.0	0.6	0.4	1.9	14.0	1.5	1.0	1.4	1.1	2.1	1.8	2.7	2.7	4.0	3.1	2.5
Various	5.2	8.0	3.2	1.8	1.4	1.5	1.2	1.3	1.5	0.9	3.3	2.2	1.6	0.6	1.8	2.1	1.9
Special projects	10.1	8.8	17.3	32.0	40.3	10.6	44.5	46.4	54.0	71.6	58.7	58.2	56.9	56.8	59.1	58.2	51.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<b>TABLE 11c. c Cassa commitments for the formation of capital stock 1971-1986 (billion constant lire)</b>																	
Sectors	1971-1975						1976-1980						1981-1986				Total
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	
Industry	1115	1938	2568	3122	3408	2175	2546	3198	2026	1685	1791	1885	1630	796	1751	860	32494
Agriculture	1208	1300	895	978	983	1227	803	473	293	272	267	287	222	102	122	62	9495
Aqueducts and drainage	604	829	918	1030	1364	1087	1499	614	533	523	408	418	345	139	294	145	10751
Transport	613	960	679	1352	1165	565	1389	321	428	277	404	334	317	14	498	188	9630
Depressed areas	511	532	1234	541	889	775	468	210	203	140	141	104	77	29	88	38	5981
Tourism	186	218	123	161	260	205	268	104	72	87	76	40	42	27	22	12	1901
Hospitals	37	70	46	45	271	1139	197	97	114	125	177	147	183	83	319	112	3164
Various	260	559	262	200	199	126	157	121	123	97	282	181	111	18	142	74	2911
Special projects	511	620	1404	3496	5758	863	5883	4440	4443	8091	5044	4731	3861	1753	4667	2080	57645
<b>Total</b>	<b>5045</b>	<b>7026</b>	<b>8129</b>	<b>10924</b>	<b>14297</b>	<b>8163</b>	<b>13210</b>	<b>9577</b>	<b>8234</b>	<b>11297</b>	<b>8589</b>	<b>8129</b>	<b>6788</b>	<b>3087</b>	<b>7903</b>	<b>3571</b>	<b>133969</b>

Source: Cassa per il Mezzogiorno, Bilancio finanziario (various years); Agenzia per la promozione dello sviluppo nel Mezzogiorno, Bilancio finanziario (1985 and 1986)

**TABLE 12. Cassa commitments for special project 1975-1986 (%)**

Special project	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	Total
Agriculture	9.37	10.20	38.98	20.94	7.65	32.59	10.55	16.76	22.72	23.36	19.96	16.36	20.60
S.P. 4	0.47	6.26	1.09	0.93	1.17	0.76	0.60	0.82	1.33	2.64	0.53	0.51	0.95
S.P. 11	0.17	2.11	0.18	0.61	0.84	0.66	0.94	2.70	3.14	4.65	1.30	0.52	1.48
S.P. 23	8.73	0.73	37.46	18.91	4.82	30.33	8.15	12.38	17.66	13.16	17.55	14.47	17.38
S.P. 24	0.00	1.10	0.26	0.47	0.81	0.84	0.86	0.87	0.58	2.44	0.50	0.86	0.76
S.P. 34	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.47	0.07	0.00	0.04
Internal areas	0.00	0.00	0.00	0.00	5.74	3.02	6.77	4.06	11.17	3.68	7.20	13.11	5.55
S.P. 33	0.00	0.00	0.00	0.00	5.74	3.02	6.77	4.06	11.17	3.68	7.20	13.11	5.55
Industry	10.55	18.20	11.94	14.39	14.64	11.33	10.86	6.62	7.02	10.05	17.32	7.17	11.30
S.P. 1	3.72	0.30	2.20	6.99	0.01	3.94	3.57	0.19	-0.19	1.40	3.29	0.08	2.25
S.P. 2	5.40	11.34	8.78	4.50	9.35	6.14	4.25	3.81	3.13	3.53	4.76	3.37	5.08
S.P. 22	1.42	6.56	0.96	2.91	5.29	1.25	3.03	2.62	4.07	5.12	9.26	3.72	3.97
Water resources	37.09	67.34	38.41	54.28	60.50	40.82	30.18	62.66	40.98	38.24	35.54	37.54	43.05
S.P. 14	33.26	47.29	18.24	24.99	20.57	14.10	11.97	29.12	20.54	23.28	9.69	10.83	18.36
S.P. 25	0.00	0.00	3.58	2.92	8.00	1.63	2.48	3.18	5.57	2.66	3.53	2.05	3.25
S.P. 26	0.05	0.55	2.59	6.95	6.45	5.42	1.75	10.65	3.28	1.02	3.68	7.41	4.73
S.P. 29	0.00	1.73	8.85	12.20	22.73	12.31	5.02	10.99	8.12	8.31	10.41	12.75	10.27
SP. 30	3.78	17.7	5.14	7.22	2.76	7.36	8.95	8.72	3.47	2.98	8.32	4.50	6.44
Urban areas	38.51	1.84	6.89	7.20	9.95	11.21	38.61	6.96	10.83	15.64	13.42	12.32	14.84
S.P. 3	38.51	1.84	6.89	2.91	3.64	4.01	33.46	3.43	5.98	13.53	8.00	5.57	10.19
S.P. 31	0.00	0.00	0.00	2.62	2.39	3.02	2.21	1.61	2.11	1.06	1.65	1.89	1.85
S.P. 32	0.00	0.00	0.00	1.68	3.93	4.18	2.93	1.92	2.73	1.04	3.76	4.87	2.80

continue

**TABLE 12. Cassa commitments for special project 1975-1986 (%)**

<i>continued</i>	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	Total
<b>Special project</b>													
Scientific research	0.00	0.00	0.00	0.08	-0.05	0.65	1.75	0.98	2.88	2.97	3.72	7.10	2.00
S.P. 35	0.00	0.00	0.00	0.08	-0.05	0.65	1.75	0.98	2.88	2.97	3.72	7.10	2.00
Other project	4.48	8.82	3.77	3.10	1.38	0.37	1.28	1.94	1.26	4.01	0.93	3.60	1.98
S.P. 12	0.52	0.11	1.76	0.22	0.75	0.13	0.51	0.52	0.26	0.45	0.15	0.63	0.46
S.P. 13	0.32	0.29	0.05	0.00	0.00	0.00	0.00	-0.01	0.01	0.04	0.01	0.03	0.02
S.P. 15	0.19	0.08	0.11	0.00	0.00	0.00	0.00	0.13	0.08	0.12	0.06	0.02	0.06
S.P. 16	0.28	0.12	0.03	0.13	0.03	0.03	0.02	0.02	0.02	0.00	0.00	0.00	0.04
S.P. 17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SP 19	0.06	0.11	0.01	0.02	0.20	-0.01	0.01	0.02	0.01	0.05	0.00	0.00	0.02
S.P. 21	0.70	3.28	1.11	2.21	0.05	-0.05	0.11	0.03	0.51	1.36	0.47	1.22	0.56
S.P. 27	0.00	5.28	0.00	0.22	0.21	0.05	0.08	0.95	0.01	0.00	0.00	0.00	0.19
S.P. 28	2.42	0.45	0.70	0.31	0.24	0.21	0.55	0.27	0.38	0.15	0.04	0.01	0.36
S.P. 36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.92	0.20	1.69	0.26
Different typologies	0.00	0.18	0.00	0.00	0.00	0.00	0.01	0.02	1.00	2.06	1.82	2.81	0.73
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Added Value Tax	0.00	-6.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources: Cassa per il Mezzogiorno, Bilancio finanziario (various years); Agenzia per la promozione dello sviluppo nel Mezzogiorno. Bilancio finanziario (various years).

Regions	Municipalities													
	1963					1987								
	in all, in centres		With drainage		Without drainage	in all, in centres		With drainage		Without drainage				
Municipalities	Number	%	Number	%	Number	%	Number	%	Number	%				
Abruzzo	302	176	87	263	327	39	0.49	305	189	115	304	3.76	1	0.01
Molise	136	92	11	103	1.28	33	0.41	136	100	36	136	1.68	0	0.00
Campania	543	227	104	331	4.12	212	2.64	549	308	234	542	6.70	7	0.09
Puglia	252	131	27	158	1.97	94	1.17	257	105	80	185	2.29	72	0.89
Basilicata	128	105	14	119	1.48	9	0.11	131	85	46	131	1.62	0	0.00
Calabria	410	217	99	316	3.93	94	1.17	409	215	193	408	5.05	1	0.01
Sicily	380	230	77	307	3.82	73	0.91	388	216	140	356	4.40	32	0.40
Sardinia	351	140	37	177	2.20	174	2.17	366	267	91	358	4.43	8	0.10
<b>South</b>	<b>2502</b>	<b>1318</b>	<b>456</b>	<b>1774</b>	<b>22.08</b>	<b>728</b>	<b>9.06</b>	<b>2541</b>	<b>1485</b>	<b>935</b>	<b>2420</b>	<b>29.93</b>	<b>121</b>	<b>1.50</b>
<b>Others</b>	<b>5533</b>	<b>2132</b>	<b>1804</b>	<b>3936</b>	<b>48.99</b>	<b>1597</b>	<b>19.88</b>	<b>5545</b>	<b>2095</b>	<b>3227</b>	<b>5322</b>	<b>65.82</b>	<b>223</b>	<b>2.76</b>
<b>Italy</b>	<b>8035</b>	<b>3450</b>	<b>2260</b>	<b>5710</b>	<b>71.06</b>	<b>2325</b>	<b>28.94</b>	<b>8086</b>	<b>3580</b>	<b>4162</b>	<b>7742</b>	<b>95.75</b>	<b>344</b>	<b>4.25</b>

Sources: ISTAT, Rilevazione statistica sull'approvvigionamento idrico in Italia - Situazione al 30 giugno 1963 (Roma 1967); ISTAT, Approvvigionamento idrico, fognature e impianti di depurazione in Italia. Anno 1987. Collana d'informazione n. 20 (Roma, 1991).



Regions	Water			Losses					
	Acquired (1)	Added to network (2)	Distributed (3)	Value (4=1-2)	% (5)	Value (6=2-3)	% (7)	Value (8=1-3)	% (9)
Abruzzo	215698	202741	142623	12957	6.01	60118	29.65	73075	33.88
Molise	51160	46727	29814	4433	8.66	16913	36.20	21346	41.72
Campania	628465	610853	484141	17612	2.80	126712	20.74	144324	22.96
Puglia	474255	406327	313654	67928	14.32	92673	22.81	160601	33.86
Basilicata	94496	80812	63759	13684	14.48	17053	21.10	30737	32.53
Calabria	340164	305512	239398	34652	10.19	66114	21.64	100766	29.62
Sicily	544471	525704	381086	18767	3.45	144618	27.51	163385	30.01
Sardinia	254212	194842	157968	59370	23.35	36874	18.93	96244	37.86
<b>South</b>	<b>2602921</b>	<b>2373518</b>	<b>1812443</b>	<b>229403</b>	<b>8.81</b>	<b>561075</b>	<b>23.64</b>	<b>790478</b>	<b>30.37</b>
<b>Others</b>	<b>5337886</b>	<b>4958756</b>	<b>3984222</b>	<b>379130</b>	<b>7.10</b>	<b>974534</b>	<b>19.65</b>	<b>1353664</b>	<b>25.36</b>
<b>Italy</b>	<b>7940807</b>	<b>7332274</b>	<b>5796665</b>	<b>608533</b>	<b>7.66</b>	<b>1535609</b>	<b>20.94</b>	<b>2144142</b>	<b>27.00</b>

Source: ISTAT Acquedotti e reti di distribuzione dell'acqua potabile in Italia. Anno 1987, collana d'informazione n°18, (Roma 1991).

TABLE 16. Water distributed per inhabitant 1987 (litre/day per inhabitant)									
Regions	Population	Homes and shops	Industry and others economic activities	Public uses	Total	Indices (national average=100)			
						Homes and shops	Industry and other activities	Public uses	Total
Abruzzo	1257988	226	35	48	309	106	88	200	112
Molise	334680	183	38	22	243	86	95	92	88
Campania	5731426	186	18	26	230	87	45	108	83
Puglia	4042996	163	24	25	212	77	60	104	77
Basilicata	621506	245	14	20	279	115	35	83	101
Calabria	2146724	255	25	24	304	120	63	100	110
Sicilia	5133670	174	13	14	201	82	33	58	73
Sardegna	1651218	224	23	13	260	105	58	54	94
<b>South</b>	<b>20920208</b>	<b>193</b>	<b>20</b>	<b>23</b>	<b>236</b>	<b>91</b>	<b>50</b>	<b>96</b>	<b>85</b>
<b>Others</b>	<b>36014927</b>	<b>225</b>	<b>52</b>	<b>25</b>	<b>302</b>	<b>106</b>	<b>130</b>	<b>104</b>	<b>109</b>
<b>Italy</b>	<b>56935135</b>	<b>213</b>	<b>40</b>	<b>24</b>	<b>277</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: ISTAT, acquedotti e reti di distribuzione dell'acqua potabile in Italia. Anno 197. Collana d'informazione n° 18, (Roma 1991)

Regions	1975			1987			Variations 1987-1975				
	Number	Capacity		Number	Capacity		Number	%	Value	Capacity	%
Abruzzo	801	205217		1005	304251		204	25.47	99034	48.26	
Molise	198	58774		237	75604		39	19.70	16830	28.64	
Campania	709	703224		1090	909322		381	53.74	206098	29.31	
Puglia	228	312825		324	2065160		96	42.11	1752335	560.16	
Basilicata	143	36817		358	226732		215	150.35	189915	515.84	
Calabria	861	282736		1203	475370		342	39.72	192634	68.13	
Sicily	805	516207		1126	954069		321	39.88	437862	84.82	
Sardinia	505	136965		694	382452		189	37.43	245487	179.23	
South	14250	2252765		6037	5392960		1787	42.05	3140195	139.39	
Others	15419	3580857		20169	5198354		4750	30.81	1617497	45.17	
Italy	19669	5833622		26206	10591314		6537	33.24	4757692	81.56	

Source: ISAT, rilevazione statistica degli acquedotti e dell'approvvigionamento idrico in Italia. Situazione al 31 dicembre 1975 (Roma 1980); acquedotti e reti di distribuzione dell'acqua potabile in Italia. Anno 1987. Collana d'informazione n. 18, (Rome 1991).

