

## The ERDF and the Mezzogiorno: The Case of Apulia (1972-1992)

*Antonio BONATESTA*

From the second half of the twentieth century, the coexistence of the European integration process and the regionalization of state systems has stimulated reflection on the ways sovereignty is changing and on the reorganization of nation-states. The decline of the Keynesian welfare state, seen as control exercised by central government over a society and an economy integrated into a national framework, was taking place at the same time as regional government in Europe was gaining power. Phenomena such as the growing role of the regions in Structural Funds, the creation of European networks for the representation of local interests in Brussels and the emergence of forms of cross-border co-operation seem to have totally altered the traditional pattern of institutional relationships within Europe.

This process, along with the increasingly important role of EC Regional/Structural Policy, led to the idea of a “Europeanization” of public intervention in territorial imbalances associated with a contextual emergence of Meso-Level Governance represented by the Regions.<sup>1</sup> An alternative point of view is that the ability of regional actors to play a role in Europe is very varied and Community funds – such as for instance the European Regional Development Fund (ERDF) – would only help the regions where regionalism was already solid.<sup>2</sup> In historical studies, this theme has emerged particularly strongly in the last fifteen years as a contribution to the understanding of the *fait régional* in European construction and, inevitably, the position of nation States in redefining the scale of public policies in Europe.<sup>3</sup> One of the main questions relates to the role that the so-called “Europeanization” of regional development policies, through the Structural Funds, has had in making it easier for institutions and groups of regional actors to occupy strategic positions in Community governance.

This paper tries to deal with the topic, focusing on the Italian case of the Mezzogiorno. This has been, and is still today, the most important macro-region characterized by underdevelopment in the context of the EC/EU. This distinctive trait is accompanied by the fact that the Mezzogiorno has been situated in a national dualistic economy, revealing a gap between Northern and Southern regions in terms of levels of development. From 1950, the national authorities tried to close this gap by means

1. P. LE GALÈS, C. LEQUESNE (eds), *Les paradoxes des Régions en Europe*, La Découverte, Paris, 1997; V. FARGION, L. MORLINO, S. PROFETI (eds), *Europeizzazione e rappresentanza territoriale. Il caso italiano*, Il Mulino, Bologna, 2006.
2. R. PASQUIER, *La capacité politique des régions. Une comparaison France-Espagne*, Presses Universitaires, Rennes, 2004.
3. M.-T. BITSCH (ed.), *Le fait régional et la construction européenne*, Nomos-Bruylant, Bruxelles, 2003; R. DE LEO, C. SPAGNOLO (eds), *Verso una storia regionale dell'integrazione europea. Fonti e prospettive di ricerca sul Mezzogiorno*, Liber Aria, Bari, 2012.

of a special form of public intervention, called Extraordinary Intervention (“intervento straordinario”), through a special development agency known as the *Cassa per il Mezzogiorno*, which acted separately from the ordinary ministerial administration.<sup>4</sup> During the two decades between 1972 and 1992, Italy witnessed the reorganization of public intervention in the South, sanctioned by state regionalization (1970) and the gradual removal of Extraordinary Intervention. This essay intends to investigate the character of this transition, focusing on a case study of the Apulia Region, one of the most important political and economic areas of the Mezzogiorno, looking at the aims and forms of ERDF spending as a result of historically on-going relations between different levels of power in Europe.

### Community regional policy from the early '70s to Maastricht

In the three years between The Hague and Paris Summits (1 to 2 December 1969 and 19 to 21 October 1972), EC Regional Policy attempted to intervene in territorial imbalances within the Community, gradually establishing itself as a vital piece of infrastructure of the economic and monetary union. In Paris, the Heads of state and governments faced this matter once and for all by coordinating national policies. Moreover, they decided to create the European Regional Development Fund (ERDF) by 31 December 1973, aimed at solving the problems suffered by areas which were economically backward or affected by industrial decline and under-employment. The Paris decisions responded to the ambition of the Nine to reduce structural inequalities within the Community, which had been long underlined by Italy and some directorates of the Commission, while trying, at the same time, to identify a mutually agreeable political line capable of satisfying Britain's negotiating demands concerning their participation in the Community budget.<sup>5</sup>

Around the middle of 1973 the implementation of the Paris mandate speeded up. Promoted by George Thomson, the new British Commissioner for Regional Policy, a Report on regional problems in the enlarged Community was prepared and in July 1973 the Commission formalized its proposals regarding the creation of the Fund, which was to be managed by the Regional Policy Committee (RPC), and regarding the co-ordination of EC and national funding to deal with regional imbalances. The

4. L. D'ANTONE (ed.), *Radici storiche ed esperienza dell'intervento straordinario nel Mezzogiorno*, Bibliopolis, Roma, 1996; G. BARONE, *Stato e Mezzogiorno. Il primo tempo dell'intervento straordinario*, in: *Storia dell'Italia repubblicana*, vol.I, Einaudi, Torino, 1994, pp.293-306.
5. B. OLIVI, *Il tentativo Europa. Storia politica della Comunità europea*, Etas Libri, Milano, 1979; W. LOTH, *Building Europe. A History of European Unification*, De Gruyter, Berlin, 2015. On EEC Regional Policy see e.g. A. VARSÖRI, L. MÈCHI, *At the origins of the European structural policy: The Community's Social and Regional Policies from the late 1960s to the Mid-1970s*, in: J. VAN DER HARST (ed.), *Beyond the customs Union: The European Community's quest for deepening, widening and completion, 1969-1975*, Bruylants, Bruxelles, 2007; G.P. MANZELLA, *Una politica influente. Vicende, dinamiche e prospettive dell'intervento regionale europeo*, il Mulino, Bologna, 2011.

Commission's proposals aroused conflict and reluctance among the member states, whose mutual solidarity was coming under increasing pressure from the economic and monetary difficulties in the early 1970s. In the two years between mid-1973 and March 1975, all of the negotiations on the ERDF were characterized by confrontation between "contributor" and "beneficiary" countries, and by the hardening of the French Gaullist position under Georges Pompidou's government; all elements that would prevent the development of a Community regional profile policy.<sup>6</sup>

Negotiations on the ERDF plodded along, without reaching the goal set in Paris for a 1973 launch. There was intense confrontation in the second half of 1973 but the negotiations ground to a halt for much of 1974, and only finally finished in spring of 1975. The negotiations were conducted at different levels: as part of the European Parliament debates; as part of diplomatic exchanges in the Committee of Permanent Representatives (Coreper) and the Regional Policy Group set up within it, and in the work of the Council.<sup>7</sup> National resistance to the "communitarization" of regional policy was particularly evident as regards issues such as the coordination of the policies of individual states, the complementarity of Community resources compared to state resources and finally, the role of the RPC.<sup>8</sup> On the first two aspects, the identified solutions clearly favoured those countries which had already strong systems of intervention in regional imbalances, such as Italy. Therefore, they settled on a rather makeshift agreement involving the approval within the RPC of individual regional development programs proposed by the member states. The criteria of "complementarity", on the other hand, was guaranteed through an ERDF delivery mechanism based on the reimbursement of expenses already incurred in the area of national intervention.<sup>9</sup> On RPC, the European Parliament recommended that the representatives of regional authorities, trade unions and manufacturing organizations should be con-

6. The Germans, wary of the capacity of the partners, especially Italy, to maintain proper economic and monetary discipline, were reluctant to agree to new community initiatives for which they might have to bear the financial burden. On the other hand, the main beneficiary countries – Italy, the United Kingdom and Ireland – believed the facilities of the Fund proposed by the Commission were unsatisfactory, because based on a total budget of 2.25 billion units of account (ecu) for the 1974-76 trienniums. Italy stressed its inadequacy and the Foreign Minister Aldo Moro stated that regional policy "introduced a factor of Justice into the Community" and, for these reasons, could not be reduced to a mere symbolic commitment. See HAEU [Historical Archives of the European Union], BAC 014/1986 DGXVI Politique régionale, 1973-1979, b. 12, Commission des Communautés Européennes, Secrétariat général, 257<sup>ème</sup> session du Conseil, 15.10.1973; *Politique régionale – Rapport sur l'état des travaux*, 16.10.1973.
7. L. GRAZI, *L'Europa delle città. La questione urbana nel processo di integrazione europea (1957-1999)*, il Mulino, Bologna, 2006, here pp.128 sqq.
8. The RPC was placed halfway between the Commission and the Council. It gathered senior managers of national and regional policies to assist the Commission services in financing decisions exceeding 10 million ecu.
9. France and Italy particularly pushed in this direction, especially Italy who clearly intended to encourage spending plans already approved for the Mezzogiorno. See HAEU, BAC 014/1986 DGXVI, op.cit., Communautés Européennes, Conseil, *Note. Politique régionale: échange de vue générale sur les propositions de la Commission, 1721/73*, Bruxelles, 20.09.1973; Commission des Communautés Européenne, Secrétariat général, *Compte-rendu succinct de la 265<sup>ème</sup> session du Conseil consacrée aux "Affaires générales"*, SEC(73)4550, 03-04.12.1973.

vened to discuss regional development programs. Despite these solicitations, the assumed solution actually excluded the regional and local authorities and this was not resolved until the “great reform” of the Structural Funds in 1988 which gave them greater involvement.<sup>10</sup>

As a result, ERDF management had between 1975 and 1984 a distinct “national” character.<sup>11</sup> By the approval of Regulation n° 724 of March 1975, the Fund was distributed in national quotas and basically used as a transfer of financial resources from the Community budget in support of the intervention schemes already drawn up by individual member states.<sup>12</sup> Between 1977 and 1984, Antonio Giolitti, the Italian Commissioner for Regional Policy, tried to expand the margins of influence of the European Commission through two successive regulatory changes. In 1979, a modest “non-quota” section was established – equal to 5% of the total – and managed according to guidelines and priorities decided in Brussels. In 1984 a system of “forks” was introduced, a mechanism which tried to overcome the division of the ERDF into quotas by establishing margins of fluctuation in assignments to individual states, according to the higher or lower responsiveness to the objectives set by the Commission.

The Community relaunch of the mid-1980s also hit regional policy, especially with the signing of the Single European Act (SEA) and its coming into force in July 1987. Article 130, Title V of the new Treaty reinforced the goal of “economic and social cohesion” towards the creation of the European Single Market and enlargement in the Mediterranean. So, we can see a reform of regional policy, now called “structural”, based on increasing resources and with a greater emphasis on the role of the Community.<sup>13</sup> In June 1988 Regulation 2052/88 was approved and in January 1989 the reform of the Structural Funds of the European Community entered its operational phase.<sup>14</sup> The new regulations were based on “co-financing”, “concentration” and “partnership” criteria, which involved the abandonment of the ERDF “reimbursement” spending mechanism in favour of joint action funded in equal measure by the Community and national resources, a closer coordination of the Community's various financial instruments and a more precise delimitation of areas of intervention. Among the five priority objectives, the ERDF was especially focused on less developed re-

10. The Italians, Dutch and British declared themselves in favour of the involvement of the regions and social forces; the Danes, Germans, Irish and Luxemburgers remained critical, fearing that “the establishment of direct relations between lobbyists and Committee officials might raise institutional and political problems of a particularly complex nature”. The French delegation objected strongly, arguing that consultation with regional authorities should take place only at a national level. See *Communautés Européennes, Conseil, Note du Président du Comité des Représentants Permanents. Objet: Politique régionale*, R/319/1/75, 07.02.1975.
11. J.-F. DREVET, *Histoire de la politique régionale de l'Union européenne*, Éditions Belin, Paris, 2008, p.51.
12. G.P. MANZELLA, op.cit.
13. Commissione Europea, *Portare l'Atto unico al successo: una nuova frontiera per l'Europa*, COM (87) 100, 15.02.1987.
14. See Regulation 2052/88, in: *OJEC* [Official Journal of the European Community], L 185, 15.07.1988.

gions (Objective 1), on the areas affected by reconversion problems and industrial decline (Objective 2) and on the development of rural areas (Objective 5b).<sup>15</sup>

The “partnership” criteria, resulting from the principle of subsidiarity, was intended to lead to closer cooperation between the Commission, national bodies and regional/local authorities in the planning, spending and impact assessment of the EU funds. The selected actions between national and regional authorities within each member state were later a subject of negotiations with the European Commission as part of a long running intervention cycle: the CSF (Community Support Framework, *Quadro Comunitario di Sostegno*). With CSF, which replaced the old regional development programs, the Commission had the power to make financial and programmatic adjustments by shifting resources towards more efficient axes of a national CSF or even to the CSF of other countries.<sup>16</sup> These considerable changes had been partially tested within the Integrated Mediterranean Programs (IMP), promoted in 1985 to mitigate the impact of enlargement to Spain and Portugal in the Mediterranean regions already part of the Community.

### Italian economic trends between adverse shocks and attempts at stabilization

The first twenty years of the ERDF functioning in Italy coincided with prolonged periods of economic instability. Between 1969-1973 three adverse shocks profoundly altered the national development mechanism, based up to this time on a “neo-mercantilist” model of low salaries and promoting exports: the increase in wages, after the cycle of struggles by workers and trade unions in 1969; the end of the Bretton Woods system in 1971 and the oil shock in 1973, followed by a second one in 1979. As a result, in the early 1970s the Italian economy was weakened by phenomena such as inflation and disruption of the balances of trade and payments, due to increasing internal labour costs, the expansion of the welfare state and the rising price of materials on the international market. These factors coincided with a deceleration of world demand.<sup>17</sup> The economic difficulties contributed to political instability, with rapid changes in government – which signalled the collapse of the centre-left coalitions which had stood since 1963 – and the attempt in 1972-73 to re-propose the centrist formula with the two-party government led by Giulio Andreotti and Giovanni

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15. The remaining areas of intervention were represented by the fight against structural unemployment and vocational training of young people (Objective 3), the retraining of workers in areas affected by decline or industrial restructuring (Objective 4), and the adjustment of agricultural structures (Objective 5a). See a.o. R. SAPIENZA, *I problemi regionali nel mercato unico europeo. Raccolta di documenti*, il Mulino, Bologna, 1991.
16. G.P. MANZELLA, op.cit.
17. G. MAIONE, *L'economia internazionale negli anni Settanta: la transizione verso un uovo sistema*, in: A. GIOVAGNOLI, S. PONS (eds), *L'Italia repubblicana nella crisi degli anni Settanta*, vol.I, *Tra guerra fredda e distensione*, Rubettino, Soveria Mannelli, 2003, pp.173-196.

Malagodi, members of the DC (Christian Democrats) and the PLI (Italian Liberal Party) respectively.<sup>18</sup>

National authorities reacted with policies based on a mix of the devaluation of the lira – which fell by about 50% in 1974-1979 – and a decrease in labour costs. Inflation played a key role in containing wage levels and cauterizing the social struggle.<sup>19</sup> It financed a system of subsidies to enterprises through a massive fiscal drag, because of the increase in the workers' tax burden due to the nominal wage rise. Devaluation, inflation and subsidies were the means by which Italian capitalism in the early stages maintained high profits, put under pressure by the strength of the workers movement. This mechanism could not last long. In the first place, it was altered by the agreement between Confindustria – the main Italian employers' association – and the trade unions on the revision of the wage indexation system (the scala mobile, a sliding scale), signed in February 1975 and gradually coming into force by 1977. The consequences were that wages were bound to receive automatic protection against inflation. In addition, international economic institutions and European partners exerted pressure on Italy for its stabilization. These requests became particularly strong after the severe economic crisis of 1974-1975.

Some national economic circles and political sectors also pushed in this direction, hoping to regain control of the state-society relationship after the democratising process that had led to pension reform and the *Statuto dei lavoratori* (Workers Statute) of 1969, the establishment of the ordinary Regions in 1969-1970, and the creation of a national health system in 1977. First of all a cultural change took place, led by personalities such as the Governor of the Bank of Italy Guido Carli and influential economists Franco Modigliani and Beniamino Andreatta, an economic advisor to Aldo Moro.<sup>20</sup> The launch of “national solidarity” governments (1976-1979), with the involvement of the PCI (Italian Communist Party) in the parliamentary majority, favoured a policy of compromise with the DC and collaboration in efforts to stabilize the economy.

The goal of economic stability involved containing public spending, persuading the unions to reconsider their strategy and accepting a policy of moderation, and increasing productivity in certain sections of the system. These policies were pursued in the late 1970s and the early 1980s via significant steps: the three-year plan presented by the Minister of the Treasury Filippo Maria Pandolfi in 1978; Italy's entry into the EMS (European Monetary System) in 1979; and the “divorce” between the

18. P. SCOPPOLA, *La repubblica dei partiti. Evoluzione e crisi di un sistema politico 1945-1996*, il Mulino, Bologna, 1997; P. CRAVERI, *La Repubblica dal 1958 al 1992*, Utet, Torino, 1995.

19. For an interpretation of the relationship between devaluation, inflation and social conflict see in particular F. PETRINI, *The politics of inflation and disinflation. The Italian case*, in: M.-P. CHÉLI NI. L. WARLOUZET (eds), *Calmer les prix/Slowing down prices*, Presses de Sciences Po, Paris, 2017, pp.115-142.

20. Ibid.

Treasury and the Bank of Italy in 1981.<sup>21</sup> The first two measures cracked the “national solidarity”. The final measure brought about an escalation of the interest paid by the State to borrow money, obliging the government to enter into competition with other borrowers in order to finance the public deficit.<sup>22</sup> This was the main source of the explosion of the public debt to GDP ratio, which rose from 59.5% in 1980 to 120% in the mid 1990s.<sup>23</sup> The “pentapartito” coalitions, whose governments led the country from 1981 to the early 1990s, were unable to contain public debt, while inflation grew until 1984 albeit at moderate rates.<sup>24</sup> Nevertheless, in the second half of the 1980s the Italian lira entered the EMS narrow stripe despite the fact that the national economy was not ready. This was done in an attempt to convince its European partners that the country was making an effort to revitalize its growing debtor exposure, which was not in fact the case. It was in this way that the conditions for the collapse of the lira in September 1992 were laid.<sup>25</sup>

### The ERDF in Italy: inflation, public debt and reorganization of public intervention in the Mezzogiorno

How did the national economic conditions – characterized by high inflation and increasing public debt – influence Southern policies and the use of the ERDF in Italy between the mid-1970s and early 1990s? Was the establishment of the Regions a positive factor? Finally, what was the impact on the narrowing of the North-South divide? From 1972, influential Southern-oriented economists and political figures felt that social conflict damaged the efforts to overcome the dualistic structure of the Italian economy and denounced the impact of inflation on the Mezzogiorno. Circles favouring the South, faithful to an “offer-oriented Keynesianism” believed that need to resume investments for the expansion of the industrial base in the South was an

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21. The Pandolfi plan aimed at a deflationary bias, at cutting public expenditure and at a decrease in real labour costs. See M. SALVATI, *Occasioni mancate. Economia e politica in Italia dagli anni '60 a oggi*, Laterza, Roma-Bari, 2000.
22. G. GARAVINI, F. PETRINI, *Il "divorzio" tra Tesoro e Banca d'Italia: il vincolo interno e le origini del problema del debito pubblico italiano*, in: D. CAVIGLIA, S. LABBATE (eds), *Al governo del cambiamento. L'Italia di Craxi tra rinnovamento e obiettivi mancati*, Rubbettino, Soveria Mannelli, 2014, pp.39-72.
23. This decision was taken in July 1981 by Andreatta, Treasury Minister, and Carlo Azeglio Ciampi, Governor of the Bank of Italy. It proceeded to terminate the engagement, imposed on the Central Bank in 1975, to buy all the government bonds left unsold by the market. P. BATTILANI, F. FAURI, *Mezzo secolo di economia italiana*, il Mulino, Bologna, 2008.
24. A. GRAZIANI, *Lo sviluppo dell'economia italiana. Dalla ricostruzione alla moneta europea*, Bollati Boringhieri, Torino, 2000.
25. P. CRAVERI, *L'arte del non governo. L'inarrestabile declino della Repubblica italiana*, Marsilio, Venezia, 2017; Idem. (ed.), *Guido Carli senatore e ministro del Tesoro, 1983-1992*, Bollati Boringhieri, Torino, 2009.

alternative to an increase in welfare state spending.<sup>26</sup> The latter, insofar as it ignored territorial dualism, inevitably ended up worsening it. That at least was the opinion of Pasquale Saraceno.<sup>27</sup> He also believed that inflation concentrated all available financial resources exclusively into increasing the productivity of the national economy, "shifting the flow of investments from regions where work is to be created to where it already exists".<sup>28</sup> This happened in a context already characterized by a fall in private investments, especially in connection with the sharp conflict in industrial relations in 1969-72 and 1975-76.<sup>29</sup>

However, the most important consequence of inflation was that the Southern economy, affected by public spending on the construction of infrastructure and government incentives, suffered a depletion in the supply of available money and a reduction in public investment in real terms.<sup>30</sup> The relaunch of Extraordinary Intervention with law n. 183/1976 was counteracted by the combined effects of a lack of financial resources and inflation.<sup>31</sup> On the one hand, Special Projects (*Progetti Speciali*) – the most important intervention line directly tied to the ERDF Italian quota – had only 3.620 billion lire against a need for 6.000 billion.<sup>32</sup> On the other hand, the drafters of the Five-year plan for the Mezzogiorno (the *Programma quinquennale per il Mezzogiorno*) – which set up the financial resources for the *Cassa per il Mezzogiorno* – had believed that the greatest threat to their plan would be inflation, which would have invalidated the objective-resources ratio established by law 183. Not surprisingly, when the plan came to the end of its time span in 1980, the Minister of Extraordinary Intervention was forced to highlight "the problem of fund integration [...] at least to the extent necessary to restore purchasing power destroyed by inflation".<sup>33</sup> This situation increased the importance of external funding. Saraceno, as early as 1977, had pointed out that the only way to counteract the reduction in the real value of available funds and to ensure the continuity of government programs

26. Meditating on the Mezzogiorno as a depressed area, these economists argued that a demand support would have favoured the already industrialized North and would not lead to a recovery in investment, but to inflation. It was therefore necessary to engage in the offer side, in order to extend the industrial base to the South. See P. SARACENO, *Politica Keynesiana e Mezzogiorno*, in: *Informazioni SV-IMEZ*, 11(1976), pp.540-541.
27. The Christian Democrat Minister of Extraordinary Intervention, Ciriaco De Mita, argued much more polemically that the general policies "privileged the working aristocracies of the North over all of the unemployed and marginalized of the South". See C. Monotti, *De Mita attacca le aristocrazie operaie del Nord*, in: *Corriere della Sera*, 21.04.1977.
28. P. SARACENO, *Il Mezzogiorno tra congiuntura e riforme*, in: S. CAFIERO (ed.), *Il Mezzogiorno nelle politiche nazionali e comunitarie*, Svimez, Roma, 1982, p.92.
29. NCEW [National Council of economy and work], *Rapporto Europa*, Roma, 1979.
30. M.V. AGOSTI, *Regioni europee e scambio ineguale. Verso una politica regionale comunitaria?*, Il Mulino, Bologna, 1976, p.39.
31. PA CD [Parliamentary acts of the Chamber of deputies], VII legislature, *Programma quinquennale per il Mezzogiorno. Presentato dal ministro per gli Interventi straordinari nel Mezzogiorno (De Mita)*, Doc. XLIII, n.1, 20.06.1977.
32. Minister for Extraordinary Interventions in the Mezzogiorno, *Programma quinquennale per il Mezzogiorno*, 1977, p.1/9.
33. PA CD, VIII legislature, *Bilancio della Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale. Esercizio 1977*, Doc. XXXII, n.3, 19.02.1980, p.26.

was to resort to foreign loans.<sup>34</sup> In 1979, a study of the NCEW (National Council of Economy and Work, *Consiglio Nazionale dell'Economia e del Lavoro*) recommended the importance of an integrated use of all Community funds.<sup>35</sup>

Nevertheless, at the same time inflation also played its part in the growing importance of Community funds and was one of the most important causes of their misuse. In fact, since 1975 the “Cassa” technocracy had taken charge of establishing the standard mode of use of ERDF resources, as a partial reimbursement of expenses already incurred by public authorities for infrastructure and financial incentives. This particular interpretation of “complementarity” policy, agreed at EC level and later extended to projects promoted by the Regions, would have to ensure a fast reintegration of Community resources and their reuse in interventions which did not yet have funding.<sup>36</sup> This mechanism did not work because of the effect of inflation, which led to “a fatal extension of execution times” in the infrastructure sector, causing a spiral of additional costs (supplementary appraisals, increasing public tenders, cost revisions) which contributed to the immobilization of resources and the destruction of their relative value.<sup>37</sup> In addition, this situation was also one of the breeding grounds for the emergence of the so-called “infrastructure party”, a conglomeration of interests across political parties and technical expertise concerned in maximizing spending and length of intervention for influence peddling. The serious phenomena of corruption began to characterize public spending in the Mezzogiorno and did not spare the “Cassa” headquarters.<sup>38</sup>

The effect of inflation combined with changed relations between the State and the Regions, which “currently also affect the manoeuvrability of almost all public investments” with delays in programming and implementation of public works.<sup>39</sup> Southern Regions were not able to cope with the complex responsibilities that had been entrusted to them, at least in the first few years.<sup>40</sup> Law 183, as an instance, settled the transition to the Regions of infrastructural works carried out or under construction by the *Cassa per il Mezzogiorno* in sectors now under regional competence. As the

34. HAI [Historical Archive of the IRI], Fondo Pasquale Saraceno, coll. 347.17, SAR. 2.5.1.17, Ministero interventi straordinari Mezzogiorno.
35. NCEW, op.cit, p.139.
36. AP CD, VIII legislature, *Bilancio della Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale. Esercizio 1975*, Doc. XXXII, n.1, p.36.
37. AP CD, IX legislature, *Bilancio della Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale. Esercizio 1982*, doc. XXXI, n.2, 27 November 1984, p.46.
38. In early 1985 Massimo Perotti, director and then liquidator of the *Cassa per il Mezzogiorno*, was arrested for extortion during the Icomec scandal. Its management was the object of severe criticisms by the Court of Audit and further investigation by the judiciary, with the suspicion that behind the price revision mechanism there were favours to entrepreneurship. F. SCOTTONI, *Indagine a tappeto della Finanza sui finanziamenti della Casmez*, in: *La Repubblica*, 27.01.1987. For the definition of “infrastructure party”, see e.g. A. GIANNOLA et al., *Per una rivisitazione dell'intervento straordinario. Trasferimenti, redistribuzione e interdipendenza Nord-Sud*, in: SVIMEZ (ed.), *La dinamica economica del Mezzogiorno*, il Mulino, Bologna, 2015, pp.185-220.
39. Ministero del Bilancio e della Programmazione economica, *L'economia italiana nel 1980. Relazione previsionale e programmatica*, Roma, 1979, p.172.
40. FORMEZ (ed.), *Problemi e prospettive della spesa regionale in Italia*, Formez, Napoli, 1978.

President of the “Cassa” Gaetano Cortesi said in 1979, about 50,000 already tested works and 39,000 works in progress were still waiting to be transferred to the Regions.<sup>41</sup>

These delays in investment planning, in the realization, and even in the transfer of the management of public works were devastating for the expenditure of the ERDF in the Mezzogiorno. Actually, only in the first three years of ERDF experimentation the reimbursement mechanism succeeded in ensuring optimum levels of spending, thanks to the monopoly of the *Cassa per il Mezzogiorno* management and the availability of large infrastructure projects able to drain a large amount of resources, such as the PS14 (the *Progetto Speciale 14*, Special Project 14) regarding water schemes for Basilicata and Molise reservoirs and their supply in the Apulian region for industrial, agricultural and civil use.<sup>42</sup> This was possible thanks to some delays in the coordination measures between the “Cassa” and the Regions, that put them in a position to submit their ERDF applications only starting from the middle of 1977. Consequently, in the experimental period 1975-1977, the central organs of the Extraordinary Intervention were busy using a large part of the 325 billion lira provided by the Fund.<sup>43</sup> In the following period 1977-1980, the access of the Regions to ERDF funding involved an initial slowdown. Already in 1978 the Minister for Extraordinary Interventions, Ciriaco De Mita, pointed out the first delays by the Regions in ERDF spending.<sup>44</sup> In the first half of the 1980s, there were increasing and serious difficulties in Italy’s ability to spend ERDF contributions, with the appearance of a very large number of “dormant projects”. In 1982, the gap between contributions granted for Italy and payments made by the Commission amounted to 43%, against an EC average of 53%. However, while the levy rate for the “Cassa” projects amounted to 52%, the regional rate was only at 21%. In 1983, this situation pushed Commissioner Giolitti to speak expressly of “inaction” from the Italian Regions compared to the good performance by the *Cassa per il Mezzogiorno* in the use of community resources.<sup>45</sup> The same NCEW pointed out that “in times of inflation, collecting cash with delay means getting less”.<sup>46</sup>

41. PA CD, VIII legislature, *Bilancio della Cassa per opere straordinarie di pubblico interesse nell’Italia meridionale. Esercizio 1978*.
42. A. BONATESTA, *Il governo delle acque in Puglia. Dagli anni Settanta a oggi*, in: A.L. DENITTO (ed.), *Gli assi portanti. La Puglia. L’acqua*, Guida, Napoli, 2012, pp.101-161.
43. 92.5% of the quota earmarked for Italy had been employed in the projects presented by the “Cassa” and only 7.47% referred to applications for assistance from the Regions. Of these, almost half amounting to 11.2 billion lira, had been destined for the reconstruction of the areas of the Friuli-Venezia Giulia Region affected by the 1976 earthquake. See AP CD, VIII legislature, *Bilancio della Cassa. Esercizio 1978*, op.cit.
44. ARCA [Archive of the Regional Council of Apulia], Segreteria di Presidenza, b. 59, f. “Fesr”, De Mita to Rotolo, 14.04.1978.
45. APMO [Archives of the Prime Minister’s Office], Dipartimento per il Coordinamento delle politiche comunitarie, Fesr. Domande, contributi, concessioni, AA-18-2 117/Q, Car4/2015, Note of the Directorate-General for Regional Policy, European Regional Development Fund, XVI.b.2/GB/na, 01.02.1983.
46. CNEW, *Osservazioni e proposte concernenti il Rapporto Europa*, 1981, p.141.

The Extraordinary Intervention and regional system differed not only in cost performance but also in the different goals the ERDF was used for. While the “Cassa” was concentrated mainly on industrial investments and large inter-regional projects such as the already mentioned PS14 and the vast project of methanisation in the South with Algerian gas, designed by Eni (1979–82), the Italian regional authorities, since 1977, had been occupied intervening mainly in agriculture, tourism and artisanship.<sup>47</sup> Only with the ERDF reform of 1979 and the consequent slackening of the definition of “productive infrastructure”, initially imposed by the Council under the pressure of Northern European countries, was it possible for the Italian Regions to extend the range of interventions towards the transport sector, hydraulics and energy.

According to some commentators, regionalization broke the operational framework of the “Cassa”.<sup>48</sup> In the late 1970s, its activities entered into a phase of uncertainty and inefficiency caused by the lack of programmatic references, and a liquidity crisis that would lead to its closure in 1984. Two years passed between the termination of the “Cassa” in August 1984 and the adoption of a new organic discipline of Extraordinary Intervention in 1986.<sup>49</sup> The new set up aspired to give centrality to ordinary administration and to the Regions, acting on co-financing and coordination between institutions at various levels.<sup>50</sup> As a result, the role of the Presidency of Council of Ministers was played by two different structures: the *Dipartimento per il Mezzogiorno*, which had a guiding function, and the *Agenzia per la promozione dello sviluppo del Mezzogiorno* (Agensud), which replaced the “Cassa” and was intended as a “financial hub”.<sup>51</sup> It was an ambitious and complex project that required a large number of decrees, so that by the end of the 1980s it was yet to be completed. The results were so disappointing: the new Extraordinary Intervention registered managerial shortcomings, and financial and accounting mess ups: that it was likened to “an organism that moves as slowly as an old battleship”.<sup>52</sup> Anyway, the main cause of dysfunction was assumed to be the mismatch between the initial financial programming – about 9 billion lira – and the actual allocations of the annual finance laws in the second half of the 1980s, as well as the persistence in the South of a context confused and fragmented by public intervention.<sup>53</sup>

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47. ARCA, Segreteria di Presidenza, b. 43, f. “Comitato rappresentanti regioni meridionali”.
48. Many organisms and public authorities, once gravitated into the orbit of Extraordinary Intervention, now became the competence of the Regions. See S. CAFIERO, *Storia dell'intervento straordinario nel Mezzogiorno (1950-1993)*, Lacaia, Manduria, 2000, p.177.
49. M. ANNESI, *La “cessazione” della Cassa per il Mezzogiorno e la riforma normativa dell'intervento straordinario*, in: *Rivista trimestrale di diritto pubblico*, 1(1985), here pp.3 sqq.
50. M. CARABBA, A. CLARONI, *La legislazione per il Mezzogiorno e l'intervento straordinario negli anni 1950-1986*, in: *Rivista giuridica del Mezzogiorno*, 1-2(2011), pp.319-361.
51. S. CASSESE, *Il Dipartimento per il Mezzogiorno*, in: *Rivista giuridica del Mezzogiorno*, 1(1987), pp.95-100.
52. A statement by P. LEON, 1988. *Né solo forzare, né solo razionalizzare*, in: *Delta*, 35/37(1989), p. 232.
53. M.T. SALVEMINI, *La chiusura delle istituzioni preposte all'intervento straordinario. 1992-1993*, in: *Rivista giuridica del Mezzogiorno*, 1-2(2011), pp.363-380; S. CAFIERO, *Questione meridionale e unità nazionale. 1861-1995*, Carocci, Roma, 1999.

The consequences of the failed launch of the new policies for the South influenced the way Italy behaved in Brussels, where it traditionally focused on acquiring community resources rather than adapting Community regulations to fit the workings of the Italian administration. As confirmed by the Minister for Foreign Affairs Giulio Andreotti at the Chamber of Deputies in 1985, Italy's first concern was that the "system of forks" introduced in 1984, should not compromise the financial benefits acquired in the previous quota system.<sup>54</sup> This approach, already weakened by the inability of the Italians to spend ERDF funding, was bound to clash with the effects of enlargement to Spain and Portugal and the precarious condition of the Community balance sheet. Between the end of 1988 and the beginning of 1989 it was clear that Italy would have to give precedence to Spain for the allocation of ERDF, because Italy's total contribution to the Fund barely reached 20% against the 26% required by the Minister of Extraordinary Intervention Remo Gaspari.<sup>55</sup> Moreover, the Giolitti time now seemed distant and in the second Delors Commission, Italy had failed to get any of the most important portfolios.<sup>56</sup> Protests by Italian Commissioners Pandolfi and Carlo Ripa di Meana were completely ignored.<sup>57</sup>

Actually, the Italian authorities were fully aware that the ability to boast an optimal spending level was "the first bargaining weapon" at EU level, as Pier Luigi Romita admitted at the Chamber that same year.<sup>58</sup> The Italian ruling class did not remain insensitive to incentives coming from the launch of Structural Policy after the SEA. Law 183/1987, approved by Bettino Craxi's second government, pointed to a reorganization of the entire planning and spending mechanism regarding Structural Funds.<sup>59</sup> A "facilitator" role was given to the Department for the Coordination of Community policies, while a national Rotating Fund had to provide the co-financing quotas charged to national or regional administrations and public/private operators.<sup>60</sup> Even Law 183, superimposed on the new discipline of Extraordinary Intervention, ended up producing delays and uncertainties, leading to the lack of a united

54. AP CD, IX legislature, *Relazione sull'attività delle Comunità europee per l'anno 1984 presentata dal ministro degli Affari Esteri (Andreotti)*, Doc. XIX, n. 2, 31.01.1985, p.154.

55. *Per il Sud Gaspari batte cassa alla Cee*, in: *La Repubblica*, 20.01.1989.

56. F. GALVANO, *Poca Italia nella Cee. Quasi un direttorio franco-tedesco la Commissione dei prossimi 4 anni*, in: *La Stampa*, 17.12.1988.

57. Ripa di Meana in particular, speaking to the national press had even declared a "pedagogical obstinacy" against Italy from Brussels and European partners, in reference to the controversy on the EU fund's inability to spend. See F. GALVANO, *Meno soldi Cee per il Mezzogiorno*, in: *La Stampa*, 26.01.1989.

58. AP CD, X legislature, *Relazione sulla partecipazione dell'Italia al processo normativo comunitario e sul programma di attività presentato dalla presidenza di turno del Consiglio dei ministri delle Comunità europee*, Doc. XCVII, n. 1, 07.12.1989, p.34.

59. M. CHITI, *Il coordinamento delle politiche comunitarie e la riforma degli apparati di governo*, in *Associazione per gli studi e le ricerche parlamentari*, Quaderno n.1 Seminari 1989-1990, Milano, 1990, pp.235-254.

60. A. CAGLI, *La riforma dei "fondi strutturali" CEE: disciplina comunitaria e stato di attuazione in Italia*, in: *Rivista giuridica del Mezzogiorno*, 3(1989), p.921.

control board.<sup>61</sup> The Rotating Fund, which became operational only at the beginning of 1989, soon fell victim to the difficulties of Italian public finances and so was limited to agriculture.<sup>62</sup> The co-financing of the remaining sectors was to be taken from the budgets of individual national or regional administrations, suffering the financial instability common to many Regions in the late 1980s and early 1990s.

These issues inevitably affected the first Structural cycle in Italy. The Italian CSF implementation in the years 1989-1993 passed through three stages: between 1989 and 1991 it struggled to build its main policy components; between late 1991 and 1992, all programs showed malfunctions in their spending mechanism, aggravated by the public deficit containment measures and the devaluation of the lira; between 1993 and 1994 came the third and dramatic phase of the “rescue” of the Italian programs by the European Commission, which intervened to bring them to a conclusion. In 1992 Italy was in last place in the implementation of the CSF Objective 1 – the component most directly linked to the Mezzogiorno and the Extraordinary Intervention – stopping at 64.6% against 76.6% in France, 78.7% in the UK, 79.2% in Portugal and Greece and 80.3% in Spain. This data is particularly significant if compared with Italian performance in Objective 2 – mostly involving the central and Northern Regions – which showed a spending capacity of 86.8%. The Commission itself pointed out that the implementation of the Italian CSF had shown particular problems with the programs managed by regional bodies.<sup>63</sup>

In short, the economic and institutional context in Italy did not allow the ERDF to intervene in any useful way to resolve the problem of the North-South divide. After the crisis of 1974/75 the process of economic convergence between the South and the rest of the country, started in the previous decade, had entered a phase in which no progress was made. The dualistic dynamics of the Italian economy went through a stage of “interrupted convergence” in the mid-1970s and on to a substantial “gap constancy”, characteristic of the whole 1980s. In the first half of the 1990s, however, it went back to closing the gap.<sup>64</sup>

### The use of ERDF by the Apulia Region

For all of the 1970s and 1980s, Apulia remained one of the most dynamic regions in the South, albeit in a context of transforming its productive base and a non-closing

61. AP CD, X legislatura, *Decisione e relazione della Corte dei Conti sul rendiconto generale dello Stato per l'esercizio finanziario 1989*, Doc. XIV, n.3, Roma, 1990, p.268.
62. AP CD, X legislatura, *Relazione sulla partecipazione dell'Italia al processo normativo comunitario...*, op.cit., p.36.
63. COMMISSIONE EUROPEA, *Attuazione della riforma dei fondi strutturali 1992. Quarta relazione annuale*, OPOCE, Lussemburgo, 1994.
64. D. MIOTTI, R. PADOVANI, P. PIACENTINI, *Dati essenziali sull'andamento dell'economia nel Mezzogiorno e nel Centro-Nord dal 1970 al 1998*, in: *Rivista economica del Mezzogiorno*, 1(2000), pp.9-55.

of the gap with more advanced areas of the nation.<sup>65</sup> The huge petrochemical and steel-producing industry complex, placed in the central triangle of Bari-Brindisi-Taranto, stopped expanding while a spontaneous process of “slight industrialization” was advancing in new territories hitherto excluded from the basic complex allocation of the 1960s.<sup>66</sup> Nevertheless, issues regarding major infrastructure still remained unresolved, such as the inadequate supply of regional water and energy and the serious imbalance between inland areas, witnessing depopulation, and the richer lowland areas, which were facing problems of urban concentration.

The Apulian political establishment had to contend with all these transformations. The four regional legislatures that had alternated between the 1970s and 1980s since the creation of the Apulia Region (1970) were based on centre-left coalitions, except for the short period of “democratic solidarity” (1976-1979), in which the Apulian Communist Party had been included in order to obtain a majority. This was regionalism which did not upset the national political balance and the situation was helped by the presence of strong leaders such as Christian Democrat Aldo Moro. Between 1970 and 1979, in fact, the “morotea” faction of Christian Democracy had always held the regional presidency, first with Gennaro Trisorio Liuzzi and then with Nicola Rotolo.<sup>67</sup> It must be highlighted that in these years the regional political class could benefit from the presence of Carlo Scarascia Mugnozza, another Apulian follower of Aldo Moro, within the European Commission (1972-77). In this way, Apulia could rely on the internal solidarity of Moro’s faction to bypass the restrictions imposed by state authorities on direct contacts between Bari and Brussels. A striking example was, in June 1974, the visit to Apulia of the Commission’s President François-Xavier Ortoli. On that occasion, Ortoli met regional leaders, showing keen interest in establishing the project of a scientific and technological research centre to be set up in the region with the support of the ERDF.<sup>68</sup> In the 1980s, after the end of the political and human experience of Moro, the Apulian ruling classes had the Socialists Rino Formica and Claudio Signorile – who were to become respectively Ministers of the Treasury and of Extraordinary Intervention – as national reference.<sup>69</sup>

Despite its connection with national powers, Apulian regionalism was weakened by a “soft regional identity” and by rivalry between internal parts of the region. So, the regional establishment had the difficult task of mediating these internal conflicts,

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65. Throughout the 1970s regional GDP recorded growth rates above 4%. During the 1980s Apulian GDP declined. In 1981-1983 it grew by just 0.7% and in the second half of the decade it recorded a recovery of 2.9%. Finally, in the period 1992-93, the trend in GDP returned to recession with a 1.4% loss. The economic downturn was exacerbated by the end, even in Apulia, of the season of great migrations. In the three years 1975-1978, for the first time positive net migration was recorded, or 0.1%, compared with a negative balance of 4.1% in the 1970-1974 period and 10.1% in the 1960s. See D. MIOTTI, R. PADOVANI, P. PIACENTINI, *op.cit.*

66. L. MASELLA, *L'industrializzazione della Puglia. Una ricognizione storiografica*, in: *Annali di storia dell'impresa*, 11(2000), pp.125-150.

67. F. PIRRO, *Il laboratorio di Aldo Moro*, Dedalo, Bari, 1983.

68. The research centre aimed at improving Southern industry’s backwardness compared to more advanced manufacturing systems, see ARCA, box 109, f., *Visita del Presidente Commissione Cee*.

69. G. FORMIGONI, *Aldo Moro. Lo statista e il suo dramma*, il Mulino, Bologna, 2016.

which had especially emerged since the years of industrialization through “development poles”.<sup>70</sup> The regional ERDF expenditure had to cope with this situation.

In 1977, the Apulia Region submitted its first projects to the ERDF as Moro’s influence in the region came to an end. The many limitations to the ERDF in its debut stage would not have allowed financing the research centre project, illustrated in 1974 to Ortoli. Therefore, the first tranche of regional projects submitted to the Fund only proposed interventions in the agricultural sector within the depressed areas of the region (*Alta Murgia, Subappennino, Serre Salentine*). Some factors had certainly acted in this direction. First, within the “democratic solidarity” regional committees – which followed the national experience of “national solidarity” executives – the Communists and the DC were unanimously in favour of interventions in agriculture to address the serious imbalance between inland and lowland areas. Secondly, the Apulian Christian Democrat leaders outlined a specific strategy aimed at entrusting complex projects – such as water supply and land-use planning – to Extraordinary intervention, while aspiring to influence decisions pertaining these projects by bodies representing the Southern regions within the “Cassa”.

Regional interventions began to expand from 1980, following the first partial revision of the ERDF operation mechanism (1979) and the start of a new phase of regional policy, confirmed by the exit of Aldo Moro from the political scene, the consequent disintegration of his faction in Apulia and the end of the “democratic solidarity” phase. Between the two decades, regional action passed from a “global” programming, attentive to the goal of overcoming the internal imbalances in the regions, to a form of “selective and technocratic regionalism” aimed at promoting the integration of the metropolitan areas within the international market.<sup>71</sup> As a result, in the first half of the 1980s the projects submitted to the ERDF by the Apulia Region showed a slight shift from the agricultural sector to interventions in favour of the urban areas. In addition to traditional interventions for rural electrification and irrigation, the Fund’s contribution was actually required for road links, for the construction of sewage systems, for the upgrading of the port network and de-pollution of waters.<sup>72</sup> From a qualitative point of view, the characteristic of Apulian ERDF spending in the first half of the 1980s was the prevalence of a political negotiating scheme, aimed at distributing the most important interventions between the three electoral colleges in Apulia. An extensive depollution project for the Gulf of Manfredonia, addressed to the province of Foggia (1984), was financed by the European Investment Bank (EIB) loans and ERDF contributions. This was among the most important in-

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70. L. MASELLA, *La difficile costruzione di una identità (1880-1980)*, in: L. MASELLA, B. SALVEMINI (eds), *Storia d’Italia. Le Regioni. La Puglia*, Einaudi, Torino, 1989; L. GRAZI, *L’Italia e le origini della politica regionale comunitaria: il polo di sviluppo Bari-Taranto-Brindisi (1957-1966)*, in: *Annali della “Fondazione Ugo La Malfa”*, XXI(2006), pp. 85-112.

71. N. ANTONACCI, *Partiti di massa e forze sociali in Puglia tra Stato e regione*, in: L. MASSAFRA, B. SALVEMINI (eds), *Storia della Puglia*, vol.2, *Dal Seicento ad oggi*, Laterza, Roma-Bari, 2005, here p.176.

72. COMMISSIONE EUROPEA, *Fondo europeo di sviluppo regionale. Decima relazione annuale (1984)*, OPOCE, Lussemburgo, 1986.

terventions proposed and completely managed by the Region until that time. Bari and Taranto respectively were beneficiaries of two feasibility studies for land-use planning of their metropolitan areas, burdened by particular congestion phenomena. These two studies were assigned instead to the *Cassa per il Mezzogiorno*. This latter had also been entrusted with the completion of the water systems and the implementation of the applied research centre “Technopolis” (1983), which partially took up the old 1974 plan for a research centre in Ortoli. All of these interventions were beneficiaries of ERDF contributions. What differentiated them was the institutional competence they had been assigned to. This delicate balance, not only between provinces but also between various institutional levels, was affected by the inefficiencies that hit the “Cassa” operation in its final years. Consequently, they suffered serious delays, including that to the project for the Gulf of Manfredonia blocked by a judicial investigation into the awarding of contracts, witnessing that episodes of corruption now characterized all levels of public intervention.<sup>73</sup>

In the first ten years of operation, the ERDF had granted to Apulian territory a total of more than 436 million lira, of which 78% was for infrastructure and the rest for industrial incentives, services and artisanship. This contribution amounted to just over 8% of the entire sum granted to Italy (equal to 5.4 billion). The Apulia Region had managed less than 20% of this 436 million.<sup>74</sup> In 1980, spending on regional projects was already compromised with only 12.3% of commitments having been spent.<sup>75</sup>

The situation did not improve between the mid-1980s and the early 1990s. In this period, in fact, the political and financial situation in Apulia was getting progressively worse. After three years of stability characterized by the regional leadership of the Christian Democrat Salvatore Fitto (1985-1988), in the years 1988-1995 there were seven regional executives led by six different Presidents. Moreover, in the late 1980s, a large regional public debt was accumulated, which led to reorganization measures and the abandonment of any expansionary policies.<sup>76</sup> At the beginning of the 1990s, the condition of political and financial crisis in the Region was now full-blown. It influenced the use of EU funding, which represented the only resource available for public investment. The realization of the Apulia Operational Program (POP) 1989-1993, already undermined by a basic contradiction between the goal of increasing productivity and the fight against unemployment, was consequently largely compromised.<sup>77</sup> At the end of the first Structural Cycle, Apulia was able to use only

73. *La Regione Puglia blocca i lavori per disinquinare il Golfo di Manfredonia*, in: *La Repubblica*, 24.07.1985.

74. Fondo europeo di sviluppo regionale, XVI.b.2/GB/na, 01.02.1983, op.cit.

75. APMO, Italia. Domande Fesr Regionali – 1975-1980 al 31.12.1980.

76. The regional leaders pointed out that the government budget consolidation policies and containment of public spending had produced a strong impact on the financial condition of regional order, dependent on state financing. Other difficulties came instead from poor fluidity in transfers from the State to the Regions. See REGIONE PUGLIA, *Bilancio di previsione della Regione Puglia per l'esercizio finanziario 1989 e pluriennale 1989-1991*, 03.04.1989, here pp.5 sqq.

77. REGIONE PUGLIA, *Programma Operativo Puglia. Azioni operative 1989-1993*, Bari, December 1989.

19% of the ERDF allocated to it – reaching the penultimate place among the Italian Regions – and had to suffer the reallocation of its own ERDF resources to other more efficient national programs or regional interventions.<sup>78</sup> These measures, adopted by the European Commission towards the Italian government, involved both the loss of funding, assigned elsewhere, and its use on non-productive initiatives such as the restoration of the Petruzzelli Theatre in Bari. What not even the Commission seemed to realize was that spending all of the assigned funds was not in itself a guarantee that they were being used productively.

## Conclusion

The essay highlights the Italian difficulty in ERDF spending. This phenomenon, making Italy an easy target for press criticism, is actually to be placed in close relationship with the economic decisions of national government, especially those taken after the negative shocks to meet the internal demands of broadening the borders of democracy. Between the mid-1970s and the late 1980s, attempts to reform public intervention in the South were thwarted by the effects first of inflation and then of the public debt crisis. The importance of these factors to Southern policies and, therefore, to the use of ERDF in Italy goes some way to explaining why the process of the “Europeanization” of Regional Policy was limited, at least for the period under review. Furthermore, in the Mezzogiorno the ERDF had provided resources which, by Community rule, had to be “additional”, “complementary” to what was done only in a portion of the territory. This paper has shown how often this criterion – difficult to verify – was far from being respected by national authorities, who sub-financed or subtracted funding from the Extraordinary Intervention. Both the case of Special Projects in the 1970s and law 64/1986 show this. This consideration contributes in part to explain the differences in terms of spending capacity with Greece, Ireland, Portugal and Spain, in which the ERDF included almost the entire territory in a ministerial system of intervention.<sup>79</sup>

The entrance of the Italian Regions into ERDF was slow and complicated. The first fact to emphasize is their slowness in planning and investing, due to the weakness of their administrative apparatus almost for the first ten to fifteen years. Under these conditions they had to face the consequences of inflation and public debt, aggravated by the limits imposed by derivative finance. Moreover, the Italian Regions – like the local authorities of other member countries – were excluded from the most important negotiations on Fund governance, with tangible effects on the adaptability of these resources to the plans drawn up at regional level.

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78. At the regional level, the situation was diversified: the 40% in Sardinia, 39% in Basilicata and 30% in Molise, were actually in contrast with the 26% in Sicily, 22% in Campania, 19% in Apulia and 15% in Abruzzo.
79. G. VIESTI, P. LUONGO, *I fondi strutturali europei: otto lezioni dall'esperienza italiana*, in: *StrumentiRES*, 1(2014).

Finally, the case of Apulia has highlighted how the slow acquisition of a whole series of factors, such as its programmatic and operational capacity and the characteristics of Apulian regionalism – organic to national political balance and undermined by conflicts between the territoriality included within the administrative boundaries – have substantially effected the purpose and efficiency of the spending of Structural Funds.