

Ökonomie und Gesellschaft Jahrbuch

Bislang erschienene Bände

- 34 Mindestlöhne – Szenen einer Wissenschaft (2022)
- 33 Sozio-Ökonomik der Corona-Krise (2022)
- 32 Ökonomie und Ideologie (2021)
- 31 Ökonomie in der Krise (2019)
- 30 Transformationsgesellschaften (2019)
- 29 Steuern und Gesellschaft (2017)
- 28 Bildung in der Wissensgesellschaft (2016)
- 27 Sozialökonomie – ein Zukunftsprojekt (2015)
- 26 Resozialisierung der ökonomischen Rationalität (2014)
- 25 Gender und ökonomischer Wandel (2013)
- 24 Entfremdung – Ausbeutung – Revolte (2012)
- 23 Keynes 2.0 (2011)
- 22 Religion@Gesellschaft (2010)
- 21 Macht oder ökonomisches Gesetz? (2008)
- 20 Sozialkapital: eine (un)bequeme Kategorie (2008)
- 19 Evolution in Wirtschaft und Gesellschaft (2006)
- 18 „Alles käuflich“ (2002)
- 17 Komplexität und Lernen (2001)
- 16 Facts and figures – Economic representations and practices (2000)
- 15 Unternehmungsverhalten und Arbeitslosigkeit (1998)
- 14 Nachhaltigkeit in der ökonomischen Theorie (1998)
- 13 Experiments in Economics / Experimente in der Ökonomie (1997)
- 12 Soziale Kooperation (1995)
- 11 Markt, Norm und Moral (1995)
- 10 Die ökonomische Wissenschaft und ihr Betrieb (1993)
- 9 Adam Smiths Beitrag zur Gesellschaftswissenschaft (1991)
- 8 Individuelles Verhalten und kollektive Phänomene (1990)
- 7 Die Gewerkschaften in der ökonomischen Theorie (1989)
- 6 Die Aktualität keynesianischer Analysen (1988)
- 5 Keynesche Fragen im Lichte der Neoklassik (1987)
- 4 Entwicklungsländer und Weltmarkt (1986)
- 3 Jenseits von Staat und Kapital (1985)
- 2 Wohlfahrt und Gerechtigkeit (1984)
- 1 Die Neoklassik und ihre Herausforderungen (1983)

**Jahrbuch
Ökonomie und
Gesellschaft**

HerausgeberInnen
Dr. Peter Bartelheimer
Prof. Dr. Lutz Bellmann
Prof. Dr. Gerd Grözinger
Prof. Dr. Arne Heise
Prof. Dr. Martin Hoepner
Prof. Dr. Jakob Kapeller
Prof. Dr. Wenzel Matiaske
Prof. Dr. Andrea Maurer
Prof. Dr. Werner Nienhüser
Dr. Silke Oetsch
Prof. Dr. Katja Rost

Redaktionelle Zuschriften und Manuskripte bitte an:
Prof. Dr. Gerd Grözinger, Europa-Universität Flensburg,
Sozial- und Bildungsökonomik, Auf dem Campus 1, 24941 Flensburg
groezing@uni-flensburg.de

ÖKONOMIE UND GESELLSCHAFT

Jahrbuch 35

The Political Economy of Italy and
the Centre-Periphery Perspective on Europe

Edited by
Ulrich Glassmann and
Claudius Gräbner-Radkowsch

Metropolis-Verlag
Marburg 2024

Bibliographic information published by Die Deutsche Nationalbibliothek

Die Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data is available on the Internet at <<https://portal.dnb.de>>.

Metropolis-Verlag für Ökonomie, Gesellschaft und Politik GmbH

<https://www.metropolis-verlag.de>

Copyright: Metropolis-Verlag, Marburg 2024

All rights reserved

ISBN 978-3-7316-1560-6

Contents

<i>Ulrich Glassmann and Claudius Gräbner-Radkowsch</i> Centre-Periphery Relations in Europe and the Political Economy of Italy. An introduction	7
<i>Philipp Heimberger</i> Italy's decline: A critical reassessment of prevailing explanations	25
<i>Claudius Gräbner-Radkowsch and Jakob Kapeller</i> Development models in the EU: opportunities and challenges	49
<i>Giuseppe Celi, Dario Guarascio and Francesco Zezza</i> From Miracle to Decline. Italy's long-term development trajectory between core and periphery	81
<i>Lucio Gobbi and Stefano Lucarelli</i> Public Debt and Inflation in Italy's Political Economy. Then and Now	109
<i>Martino Comelli</i> Old and hopeless: gerontocratic welfare, household indebtedness, and economic pessimism in Italy	135
<i>Valeria Cirillo and Jelena Reljic</i> The North-South Divide. A Structural Labor Market Perspective in Italy's fragmented Landscape	165
<i>Marius R. Busemeyer and Ulrich Glassmann</i> The regional variety of skill regimes in Italy: What is the citizens' view?	197

The North-South Divide

A Structural Labor Market Perspective in Italy's fragmented Landscape

Valeria Cirillo^a and Jelena Reljic^b

Abstract

This chapter analyses the persistent North-South divide in Italy from a structural labour market perspective. It traces the origins of this divide back to the pre-unification period and examines its development over the past fifteen years. The argument presented is that the southern regions are caught in a vicious cycle characterised by precarious employment, low wages, inadequate skills, limited productive capacity, and low productivity. The structural weaknesses of the Mezzogiorno are perpetuated by a self-reinforcing circle, which exacerbates inequalities and limits economic growth and social cohesion. It is argued that various crises, including the 2008 financial crisis, the sovereign debt crisis, and the Covid-19 pandemic, have worsened structural weaknesses in Europe and Italy, albeit in different ways. These crises have contributed to further fragmentation and weakening of labor. The chapter concludes with policy recommendations to address these disparities. It advocates for targeted and coordinated regional interventions, such as labor market, innovation, and industrial policies, capable of breaking the North-South divide.

Keywords: North-South divide; labour market; inequality; employment dynamics

^a Department of Political Science, University of Bari Aldo Moro.

Email: valeria.cirillo@uniba.it

^b Department of Economics and Law, Sapienza University of Rome.

Email: jelena.reljic@uniroma1.it

1. Introduction

More than a century and a half after its unification, Italy is still divided into two main areas characterized by different socioeconomic structures (Svimez, 2019; 2020). This dichotomy extends to a weaker economic performance compared to other European countries, as seen from a core-periphery perspective (Celi et al., 2018). More precisely, in parallel to the decline in Italy's relative overall performance compared to other European countries, a persistent intra-country divergence is observed between the north-center and the south (also known as the *Mezzogiorno*). At the same time, there are also important heterogeneities within each macro-region (Franzini, 2019; Prota et al., 2022), highlighting that the Italian *Mezzogiorno* cannot simply be reduced to a monolithic block (on this methodological issue, see also the chapter by Gräbner-Radkowsch and Kapeller).

In the broader context of advanced economies, regional disparities have been on the rise since the late 1980s. The 90/10 ratio within these economies, including the United States, reached nearly 1.7 in 2019, indicating that the 90th percentile region is on average 70 percent richer than the 10th percentile region in terms of real GDP per capita (Bluedorn et al., 2019).¹ Regional disparities in Europe are even more pronounced: the 90/10 ratio is 2.4 for the euro area, and nearly 2.8 for the EU (Hudecz et al., 2020). These figures suggest that regional incomes tend to vary tremendously within countries, with regions in advanced economies increasingly polarizing, resulting in a division between 'places that matter' and 'places that don't matter', with greater potential for conflict (Rodríguez-Pose, 2012; 2018).

This is particularly true in the European context, where growth in Central and Eastern EU Member States (CEE) has been the main driver of convergence in the EU over the last decade, while Southern Europe has suffered from economic stagnation and fallen into what has been

¹ The average 90/10 ratio is computed by dividing regional real GDP per capita in the region at the 90th percentile by that of the region at the 10th percentile within a country. The composition of the sample is described in the Annex Table 2.1.2 'Territorial Grid of Country Sample' of Chapter 2 'Closer Together or Further Apart? Subnational Regional Disparities and Adjustment in Advanced Economies' in the *World Economic Outlook*, October 2019.

defined as a “development trap” (VIII Cohesion Report, European Commission).

Goecke and Hüther (2016) show that regions in Eastern European countries are catching up due to the relative size of their manufacturing sector, while Southern European regions have diverged from the EU average, especially since 2011 (see also the chapter by Gräbner-Radkowsch and Kapeller). Although the EU Cohesion Policy has facilitated some convergence between Member States in terms of employment, social inclusion and health, the latest Cohesion Policy report underlines the persistence of structural challenges, in particular related to poverty and social exclusion, which affected more than one in five Europeans in 2019.

What are the causes of these phenomena? To what extent have recent crises – the 2008 financial crisis, the sovereign debt crisis, the pandemic outbreak in 2020, the Russia-Ukraine war (Celi et al., 2022) – affected regional disparities in Italy? Is there a “development trap” or (more likely) a deep structural divide between Italian regions, in line with rigid production hierarchies across Europe? And how does integration into the European economy relate to core-periphery structures within Italy?

Different streams of research have highlighted that polarization patterns in the European Union can be explained by a combination of factors, ranging from path dependence in development trajectories to divergences in the accumulation of technological capabilities, which, in turn, has exacerbated structural dependence (Gräbner-Radkowsch, 2022). In this chapter, we address the above-mentioned research questions by focusing on the dynamics of labor markets, within the framework that links evolutionary economics to a structural analysis of regions. We propose a structural view of labor markets that is able to link, on the one hand, features of production in terms of sectoral specialization, technological development, and the nature of firms’ competitive strategies, with specific features of job quality – skills, wages, type of contractual arrangements – which in turn are related to social inclusion, household income, and, from a macroeconomic point of view, aggregate demand. Indeed, the labor market perspective not only reflects important changes in production structures but also provides insights into the capabilities accumulated by the workforce overtime, which co-evolve with the technological change.

We argue that various crises – the 2008 crisis, the sovereign debt crisis, Covid-19 – have exposed and aggravated structural weaknesses in Europe and Italy, albeit in different ways, leading to a further fragmentation and weakening of labor. The Covid crisis has exacerbated long-standing problems in Italy, such as sluggish productivity, a growing share of low value-added and low innovation productive activities, wage stagnation, a growing share of precarious work and, above all, the deepening of the North-South divide. The latter will be the main focus of this chapter, which is structured as follows. After reviewing Italian regional disparities from a historical perspective in Section 2, we present our conceptual framework in Section 3. In Section 4, we show the patterns of regional disparities in the labor market using several data sources. Finally, in Section 5, we present our conclusions based on the results of our analysis and provide policy recommendations aimed at reversing regional disparities and promoting a “virtuous circle”.

2. *From Pre-Unification to Today:*

At the roots of Italian regional disparities

Since its unification in 1861, Italy has been characterized by persistent regional divisions. The Kingdom of the Two Sicilies – the largest sovereign state in Italy in terms of population and size before unification, covering most of what is now the *Mezzogiorno* – and the central-northern states exhibited considerable economic disparities already in the 19th century. These were particularly pronounced in the agricultural sector, which was the main source of income at the time. Several scholars, including Cafagna (1989), Eckaus (1960; 1969), Esposito (1992), Saraceno (1961), have attempted to quantify this economic gap between the southern and northern regions, estimating it at between ten and twenty percentage points. However, the emergence and consolidation of a socio-economic divide between these regions became particularly evident at the beginning of the 20th century, reaching a gap of 20% on the eve of the First World War (Daniele and Malanima, 2007). Although significant disparities already existed between Italian regions, it was the process of industrialization that shaped Italy’s productive structure that further accentuated the heterogeneities between

northern and southern areas of the country. After the unification and throughout the industrial evolution, *la Questione meridionale* (the southern problem) emerged, representing a chronic disparity in the development of the two parts of Italy.

Several historians, warning that the differences between the Italian territories predated unification, have argued that progressive international economic integration, rather than the formation of a national market, was one of the drivers of economic divergence between these territories. While the northern regions exported agro-industrial goods, the southern regions lagged behind, especially in the context of opening up to international markets. Therefore, the unification period was largely characterized by a divergence between the two macro-areas.

A major discontinuity occurred during the “golden age” of economic growth (1950-1973), due to the favorable international economic environment and the policies implemented during the so-called “extraordinary intervention” that began after the Second World War and largely coincided with the first part of the life of the “*Cassa per il Mezzogiorno*” (1950-1984). Looking at the long-term performance of southern Italy, macroeconomic figures show that the only period of convergence of this region towards the Italian and European average took place between 1951 and 1973 (Felice and Lepore, 2017; Papagni et al., 2021).²

After the 1970s and the oil crisis, public intervention in the south gradually lost momentum and southern Italy began to fall behind the Italian and European average (again), a trend from which it has not recovered. In the 1980s and 1990s, factors such as the restructuring of the industrial system, the spread of unregulated liberalism, the introduction of the euro, and the 2008 financial crisis contributed to the widening of the South’s gap, further distancing it from the Italian and European “core” (Lepore, 2012). In particular, the creation of the EU single market has increased competition, while the EU regulatory framework has limited public interventions (e.g., fiscal stimulus and industrial policies) and depressed domestic demand, especially in the southern regions. This way it contributed to a further concentration of

² Several authors highlighted that during this period the *Cassa per il Mezzogiorno* was more efficient and successful: according to Martinez Oliva (2009), in those years the convergence of southern Italy (towards the Centre-North) was faster than the one observed in eastern Germany after 1995 (towards western Germany).

economic activity in the more advanced northern regions of Italy. Moreover, the negative effects of imposed austerity policies were more pronounced in less resilient areas such as the *Mezzogiorno* due to its structural weaknesses, perpetuating the core-periphery structure (Guarascio et al., 2023). Indeed, during the financial crisis and the subsequent sovereign debt crisis, Italy lost further ground compared to more advanced countries and the rest of Europe (Torrini et al., 2022). In this context, the *Mezzogiorno*, which was already struggling to keep pace with the rest of the country, progressively lost its economic weight. The Covid pandemic broke out when the *Mezzogiorno* was still suffering from the negative legacy of the double recession. The health crisis and the strong economic fluctuations that characterized the two-year period of 2020-21 were another shock of exceptional magnitude.

From a policy perspective, the different stages of development of the South have been linked to heterogeneous forms of public intervention, ranging from top-down policies, such as those promoted by the *Cassa per il Mezzogiorno*, inspired by the Big Push type of development approach (Rosenstein-Rodan, 1943), to bottom-up initiatives linked to the *Nuova Programmazione* season (1996-2005). Today, great expectations are based on the Italian National Resilience and Recovery Plan (NRRP), which provides for the allocation of at least 40 percent of total resources to the southern regions. However, major bottlenecks in the implementation of the plan are currently emerging (Viesti, 2023).

To some extent, the development pattern of southern regions seems to follow an inverted S-shaped trajectory rather than an inverted U-shaped pattern, as persistent divergences and regional disparities follow convergence³. For instance, Daniele and Malanima (2014) highlighted that in Italy per capita income levels diverged in a first long-phase of about 60-years (1891-1951), slightly converged in a second short period of about 20-years (1955-1975), and remained roughly stable in the subsequent period till 2000. If this was the case, Kuznets' prediction of income convergence after industrialization had not materialized, leading to a consolidated structural North-South gap over time.

³ The same inverted S-shaped pattern was also highlighted by Amos (1988) and, for the US, by Fan and Casetti (1994) pointing to the role of economic growth as a 'continuous process' in which regional convergence may be followed by divergence in a later phase.

From this perspective, theoretical approaches based on different theories of economic development that address the problem of divergence can explicitly contribute to the analysis of the North-South divide. As recently highlighted in Fanti et al. (2023), at least three approaches can facilitate the understanding of this divergence: (i) asymmetries in production structures, patterns of technological learning and heterogeneous specialization, as in the *structuralist approach* (Cimoli and Dosi, 1995; Dosi et al., 2009); (ii) *core-periphery* contributions that shed light on asymmetries among member states within the European Monetary Union (Storm and Naastepad, 2015; Landesmann et al., 2015; Celi et al., 2019) and uneven development along global value chains; (iii) power relations in the global economy due to productive specialization and terms of trade deterioration, drawing from *dependency theory* (Kvangraven, 2021; Prebisch, 1950).

3. *A structural view of labour markets: a conceptual framework*

The analysis of labor markets provides crucial insights into the state of production structures – which in turn are related to global value chains, sectoral specialization and participation in international trade – but also into the spread of inequalities. Blanchet et al. (2019) estimate that more than 75% of European inequalities are explained by the within-country component. Moreover, the within-country component of inequalities in Europe has increased over the past decades (Atkinson, 2015).

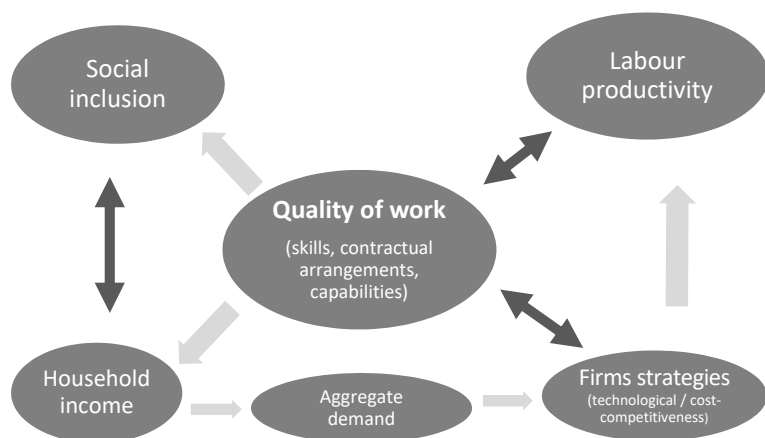
Income inequalities arise in labor markets, as they mainly concern market incomes (more than disposable incomes), which exclude the effects of public transfers and taxes, and are generated – according to the economic approach embraced – by a combination of supply and demand factors related to family background, ethnicity, gender, inequality of opportunities related to access to education and health care, as well as weaknesses in productive structures, low investment and lack of employment opportunities. Therefore, policies to address regional disparities and inequalities, such as those implemented by the EU Cohesion Program, aim to reduce regional disparities and strengthen social, economic and territorial cohesion, ranging from interventions for businesses, transport infrastructure to skills development and training

programs. However, these policies have demonstrated their inability to reshape the industrial infrastructure of European countries and regions, mainly due to the lack of well-designed industrial policies (Pianta et al., 2020), capable of addressing the recent digital and green transition (Pianta and Lucchese, 2020). Italy is one of the countries with the highest levels of inequality (Franzini and Raitano, 2019), with persistently low-growth regions located in the south. Several studies have examined how and to what extent differences in productive performance can negatively affect inequality and regional disparities between the North and the South (Viesti et al., 2011; Viesti, 2021). However, asymmetries in the labor market and inequality also generate and consolidate asymmetries in productive performance (Fanti et al., 2023). From this perspective, Svimez (2019) highlights the growing socioeconomic inequalities for the southern Italian regions over the last twenty years, together with a relatively higher risk of poverty and weaker overall working conditions. The fragmentation of labor markets, caused by a general weakening of productive structures, leads to increasing inequalities and social exclusion, which in turn are likely to affect industrial structures, productivity and regional disparities (Carpriati et al., 2023). The purpose of the present analysis is to examine these interrelated channels in more detail.

Adopting a structural view of the labor market that includes interactions between supply and demand side mechanisms, we argue that southern regions have been severely affected by a damaging vicious circle that goes from non-standard work – the accumulation of precarious forms of employment (part-time and temporary jobs) – to low wages, low skills, low qualifications, low productivity and, finally, low aggregate demand. The availability of precarious forms of employment, the result of a process of labour market flexibilization in response to the OECD's (1994) recommendations, has pushed firms towards cost-competitiveness strategies, especially in the South. A number of empirical papers have highlighted the links between job quality and production structures, suggesting that a higher share of temporary and part-time jobs is likely to create a negative vicious circle (Cetrulo et al., 2019; Pianta and Reljic, 2022; Reljic et al., 2023) and is aimed at maintaining profits at the firm level by reducing labor costs (Cirillo and Ricci, 2022). The concentration of low-quality jobs leads to lower incentives to adopt new technologies and capital-inten-

sive innovations due to the reduction in wage growth associated with the flexibilization of the labour market (Sylos Labini, 1984; Kleinknecht, 2020). From an evolutionary perspective, low-quality work is also associated with lower organizational skills and procedural knowledge of organizations, which in turn negatively affect innovative capabilities based on the long-term accumulation of tacit, firm-specific knowledge (Dosi et al., 2008; Teece, 2019). Moreover, from a macroeconomic post-Keynesian perspective, part-time and temporary jobs imply lower wages, lower consumption and lower demand (Vergeer and Kleinknecht, 2010; Lavoie and Stockhammer, 2012). Figure 1 illustrates these links between job quality, social inclusion, income, aggregate demand and firm/sector performance.

Figure 1. A structural view of labour markets



Source: Own elaboration based on Pianta and Reljic (2022)

To sum up, this chapter highlights the importance of creating “good jobs” in Southern Italy in order to promote social, economic and territorial cohesion and reduce regional disparities. In the following section, we document how the various crises – the financial and economic crisis of 2008, public debt (2011-2012), and pandemic outbreaks (2020-

2021) – have further exacerbated territorial divisions. These events have been accompanied by an impoverishment of investment strategies, especially in research and innovation, and a general lack of strategic planning and industrial policy (Felice et al., 2019; Pianta et al., 2020; Dosi et al., 2021; Guarascio et al., 2023). As emphasized by Fanti et al. (2023), the recent crises have further highlighted the importance of the North-South divide in terms of the capacity to absorb shocks, as pre-existing divergences have been exacerbated.

4. *Unravelling Territorial Dualism in the Italian Labour Market*

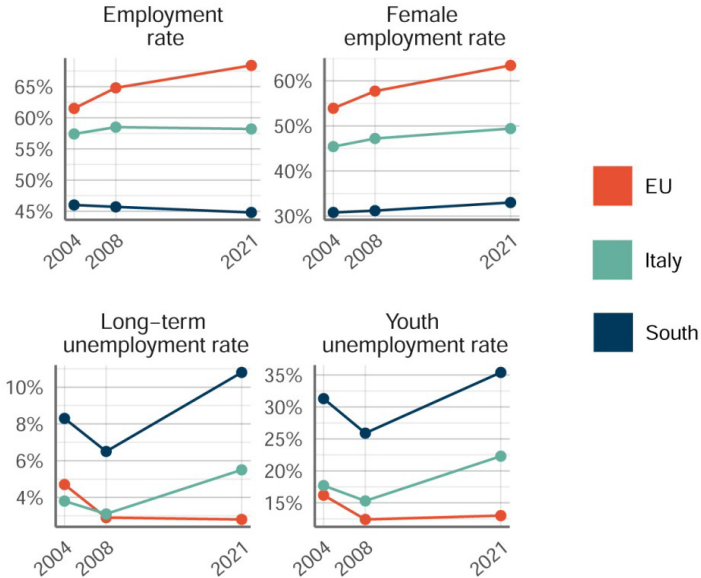
To understand the current state of the Italian labor market, it is imperative to consider not only its long-term evolution in the European context, but also the persistent regional disparities within the country. This will allow us to identify some of the most pressing challenges facing regional labor markets and their impact on increasing insecurity and the risk of poverty.

Figure 2 provides an overview of the selected labor market indicators. Looking back over the period from 2004 to 2008, we can observe an improvement in labor market conditions both in Italy and in the EU: increasing employment rates, decreasing gender gaps in employment, as well as barriers faced by the long-term unemployed and young people. However, despite these positive developments, all four labor market indicators suggest that Italy consistently lags behind. In 2021, Italy's employment rate was 10 percentage points below the EU average, indicating a significant divergence since 2008. The same is true for the female employment rate, which was 14 percentage points below the EU average. Moreover, Italy's long-term unemployment rate is almost double that of the EU, while the youth unemployment rate is nearly 10 percentage points higher.

A closer look at the *Mezzogiorno* reveals an even more alarming picture. Three out of four indicators show a deterioration between 2004 and 2021. In particular, the employment rate in the South is 24 percentage points below the EU average. In addition, long-term and youth unemployment rates are almost four and three times higher respectively than in the EU. Although the gap with the national average was

relatively small, the situation in the South was significantly worse, pointing to marked territorial disparities.

Figure 2. Selected labour market indicators



Note: Youth unemployment refers to population 15-29 years; the remaining indicators to population 15 to 64 years.

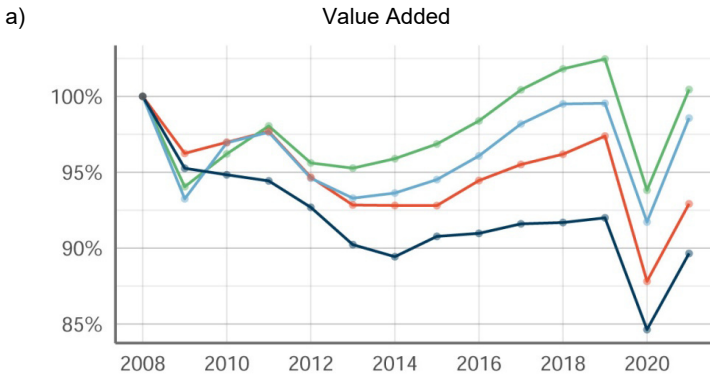
Source: Authors' elaboration based on Eurostat and Istat data.

To fully assess the territorial dualism that characterizes the Italian labor market, we need to go beyond standard labor market indicators and consider structural factors as the driving force behind these figures (Prota et al., 2022). The following subsections examine several developments related to the recent dynamics of the Italian labor market. Particular attention is paid to recent trends in value added and hours worked, industrial specialization, occupational structure and job quality.

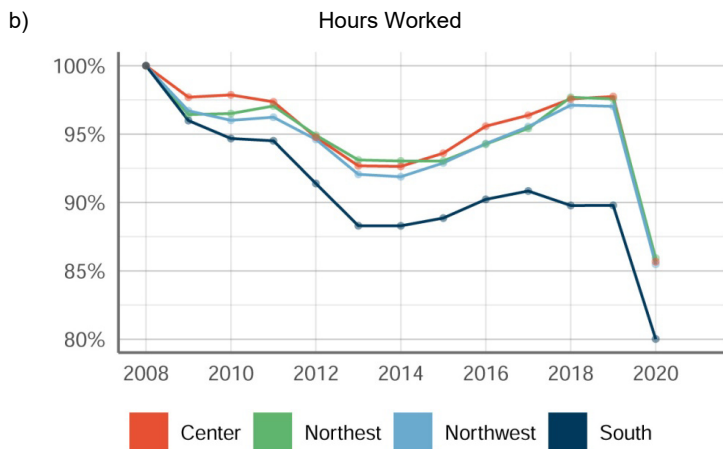
First, we focus on regional disparities in the level of value added and hours worked (Figure 3). Despite a fairly similar pattern of cycli-

cal movements, there are notable differences between regions, particularly in terms of value added. The data suggest that the level of value added was below its 2008 level throughout the period in all macro-regions, with the exception of the Northeast, which surpassed its 2008 level only ten years later. This reflects that the Italian economy has struggled to recover from the 2008 and sovereign debt crises, as well as the recent pandemic, highlighting its lack of resilience, especially in the South. Moreover, between 2008 and 2014, there was also a decline in hours worked in all regions, although the South experienced a relatively steeper decline. This was partly due to the impact of the negative shocks mentioned above, which led to the use of job retention measures such as short-time work schemes to prevent layoffs. Nevertheless, hours worked fell relatively more than value added and recovered at a much slower pace than value added, suggesting a “jobless” recovery. This phenomenon was particularly relevant in the *Mezzogiorno*, where hours worked fell sharply during the Covid crisis and temporary workers were pushed out of the labor market (ILO, 2022).⁴

Figure 3. Evolution of value added and hours worked by macro regions



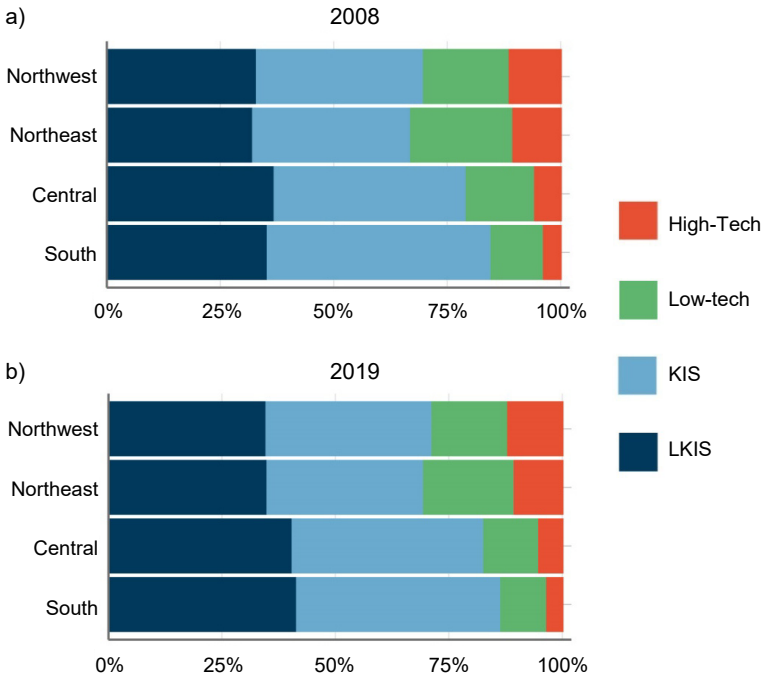
⁴ There are also significant differences within the North Central region, indicating that it cannot be treated as a homogeneous block. Regions characterized by a stronger productive structure, as shown in Figure 4, fare better.



Source: Authors' elaboration based on national accounts data (ISTAT).

Sectoral specialisation. Figure 4 illustrates the sectoral composition of employment in the Italian macro-regions in 2008 and 2019 according to technological intensity. It shows that the share of employment in services, ranging from low to high knowledge intensity, is considerably high. The share of employment in low knowledge-intensive sectors, typically characterized by lower value added and lower wages, has increased in all regions, employing almost 40 percent of the workforce in Central and Southern Italy in 2019. On the other hand, the manufacturing sector, especially the high-tech segment, remains concentrated in the northern regions, where the country's most dynamic production systems are located, including Emilia-Romagna, Piemonte, Lombardy and Veneto. Overall, these figures suggest that the regional disparities can be attributed, at least in part, to the asymmetric transformation of the productive structure between regions. This transformation has been characterized by deindustrialization and specialization in low-technology services.

Figure 4. Medium-high and high-tech manufacturing share

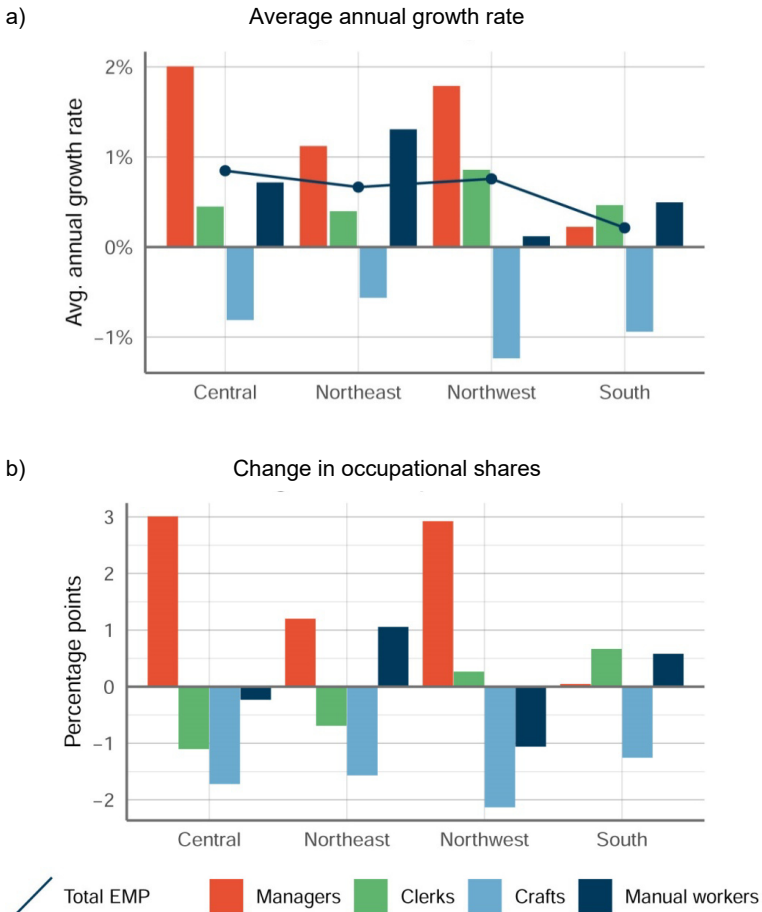


Source: Authors' elaboration based on the EU LFS.

Upgrading, downgrading or polarisation? The occupational structure of the Italian labor market has also undergone significant changes. Using the International Standard Classification of Occupations (ISCO), we examine employment patterns across regions and investigate whether there is a trend towards occupational polarization or upgrading towards more skilled occupations. To do so, we group ISCO 1-digit classes, based on the taxonomy proposed by Cirillo (2018), into four macro occupational groups, as follows: Managers (ISCO1 – Managers, senior officials and legislators, ISCO2 – Professionals and ISCO3 – Technicians and associate professionals); Clerical workers (ISCO4 – Clerical workers and ISCO5 – Service and sales workers); Craft workers (ISCO6 – Skilled agricultural and fishery workers and ISCO7 – Craft and related trade workers); Manual workers (ISCO8 – Plant and machine

operators and assemblers and ISCO9 – Elementary occupations). This approach provides a more accurate reflection of the occupational hierarchy in terms of differences in wages, educational requirements, diversity of skills and job tasks.

Figure 5. Change in employment growth and occupational composition (2012-2020)



Note: Figure 5a represents the average annual growth rates in employment for each occupational group, while Figure 5b refers to the changes in occupational structure.

Source: Authors' elaboration based on the EU LFS.

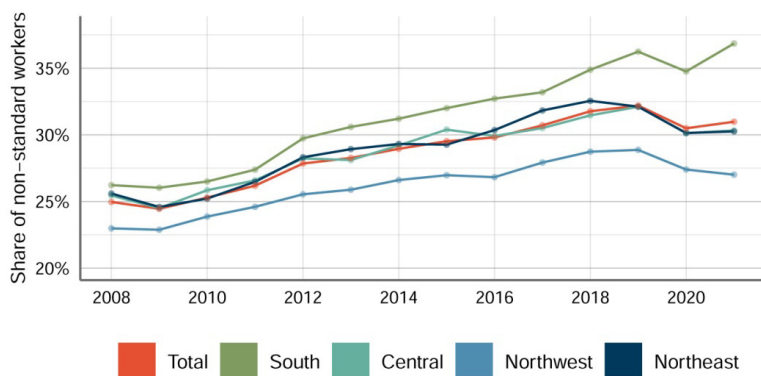
Looking at the average annual growth rates over the period 2012-2020, we observe an overall low (less than 1%) and asymmetric employment growth across regions, mainly concentrated in the north-central regions (Figure 5a). A decline in middle-skill jobs, including skilled agricultural, craft and related trades workers, is common to all regions, while managerial jobs – high-wage, high-skill jobs – increased everywhere except in the South. Despite an increase in manual jobs in Central Italy over the period 2012-2020 (see Figure 5, panel a), we observe a compositional shift towards high-skilled occupations (Figure 5, panel b). Similarly, a process of occupational upgrading is also taking place in Northwest Italy. In contrast, Figure 5a and 5b show a growing polarization of the skill structure in Northeast Italy, with job creation concentrated at the top (i.e. managers) and at the bottom (i.e. manual workers) of the occupational hierarchy. In the south, there is no clear trend, but we can observe what can be called a “downgrading polarization”, since only the share of managers has remained constant. These heterogeneous employment dynamics can be attributed to differences in the production system discussed above and in the technologies adopted by firms in different regions. This may contribute to increasing wage inequalities between regions, as workers’ skills are closely linked to their remuneration.

Non-standard work. The asymmetries in Italian regional labor markets are also evident in terms of job quality. Since the mid-1990s, Europe has witnessed a profound shift in the composition of employment in terms of contract type, marked by a significant increase in non-standard work (NSW). This phenomenon, which includes temporary and part-time work and, more recently, work performed through digital platforms, has been well documented by Reljic et al. (2023) and Hipp et al. (2015). The rise of NSW in Italy can be traced back to labor market reforms, first introduced as a means to combat unemployment and later as a “solution” to the negative effects of the 2008 crisis. The first set of reforms, including the *Treu Law* of 1997 and the *Biagi Law* of 2003, aimed to reduce employment protection legislation for new hires, thereby liberalizing the use of ‘flexible’ work arrangements (Tassinari, 2022). The second set of ‘structural’ reforms, including the *Fornero Law* in 2012 and the *Jobs Act* in 2015, aimed at reducing employment protection for workers on permanent contracts and facili-

tating dismissals (see Cirillo et al., 2017 for a review). However, a paradoxical situation has emerged in which the negative consequences of financial deregulation have been attempted to be addressed through further labor market liberalization. Contrary to what these reforms promised to achieve, a growing body of literature finds that the latter is associated with underinvestment in innovation (Cetrulo et al., 2019; Hoxha and Kleinknecht, 2021; Pieroni and Pompei, 2008; Pianta and Reljic, 2022; Reljic et al., 2023) and lower productivity growth (Lucidi and Kleinknecht, 2009; Lisi and Malo, 2017).

Figure 6 shows the overall deterioration in the quality of jobs created over the last two decades, with southern regions particularly affected. Between 2008 and 2008, the share of NSW increased on average by 10 percentage points, with one in four workers in Italy having a temporary contract, working part-time or both in 2008. This pattern was relatively similar across all macro-regions. However, the share of NSW has continued to rise steadily since then, exceeding 35% of employees in the South by 2021.

Figure 6. Evolution of non-standard forms of work

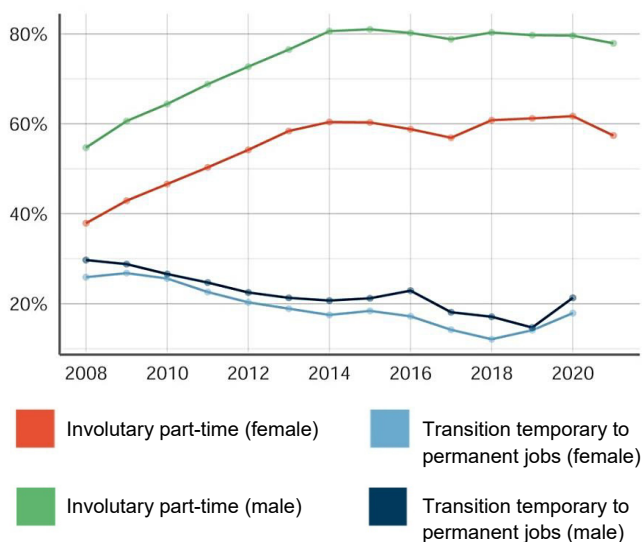


Source: EU LFS; authors' own computation.

We observe a slowdown in the use of temporary contracts in Italy, except in the South, following the introduction of the *Dignity Decree* in 2018, which aims to counter temporary employment (Tassinari, 2022). In the South, the share of non-standard workers is only slightly lower in 2020 due to the outbreak of the pandemic, which has led to the expulsion of the most precarious categories of workers from the labor market. This trend is not uniform across the southern regions, however, with Calabria, Sardinia and Sicily having the highest share of workers in non-standard jobs, at 40%. Such patterns risk exacerbating existing barriers to decent work and creating more atypical jobs, especially in the South.

Some argue that nonstandard work is not inherently negative, as part-time work can be beneficial for women by increasing their labor force participation (Barbieri et al., 2019), and temporary jobs can serve as a stepping stone to more stable employment opportunities. Against these arguments, in Figure 7 we plot the share of involuntary part-time work and the probability of moving from temporary to permanent employment, distinguishing between female and male rates. It provides compelling evidence that temporary jobs do not act as a “stepping stone” to “stable” employment, as the rate of transition from temporary to permanent employment has been declining since 2008. Specifically, the share of temporary contracts that converted to permanent employment was less than a fifth in 2019. This is in line with previous research suggesting that temporary jobs are often “traps” rather than “stepping stones” to permanent employment (ILO, 2016; Hoffmann et al., 2021). In other words, temporary workers are often trapped in a vicious cycle of low-quality jobs. In addition, the share of involuntary part-time workers increased over the reference period. As shown in Figure 7, four out of five men and three out of five women are in involuntary part-time work, which means that the likelihood of moving into full-time work is low regardless of gender. However, the involuntary nature of part-time work is more pronounced for men.

Figure 7. *Involuntary part-time and transitions from temporary to permanent jobs*



Source: Eurostat; authors' own computation.

Risk of poverty and social exclusion. Building on the evidence on labor market fragmentation presented here, we further enrich the discussion by examining how this transformation relates to the risk of poverty. In this context, we look at the relationship between an indicator of 'at risk of poverty' (AROP), measured as the share of people with an income below 60% of the national median income after social transfers, and several characteristics of regional labor markets.

As Figure 8 shows, at-risk-of-poverty in 2021 varies considerably across regions. The incidence of people at risk of poverty was significantly higher in the southern regions represented by the red dots (30% on average) than in the north-central regions (around 10%, ranging from less than 8% in Bolzano to 20% in Lazio). The share of people at risk of poverty was highest in Sicily and Campania, with an incidence of 38% (or almost 4 million people in absolute terms).

To develop effective strategies and policies aimed at reducing the risk of poverty as well as regional disparities in this regard, it is essen-

tial to understand its underlying drivers. To this end, we explore several dimensions related to labour market status that are likely to contribute to the risk of poverty: unemployment, inactivity, precarious employment and low work intensity.

First, long-term unemployment is an important factor that can contribute to a higher risk of poverty in the absence of effective social protection systems (Brülle et al., 2019). When people are unable to find a job for an extended period of time, workers' skills erode and their motivation and chances of being hired decline significantly (Heidenreich, 2022), leading to a higher risk of poverty for liquidity-constrained individuals. Indeed, we observe a positive relationship between AROP and the long-term unemployment rate in Panel a of Figure 8, implying that regions characterized by higher unemployment rates are also those with a higher share of people at risk of poverty. The stubbornly high long-term unemployment rate, particularly in the South, may also be related to the broader process of deindustrialization and technological change, which has led to a lack of job opportunities and a decline in the availability of stable and well-paid jobs. In addition, the lack of public intervention – smaller buffers, less fiscal space and public administration capacity – further reduces the chances of reintegrating the long-term unemployed.

Second, the labor force participation rate is another relevant factor to consider. The opportunities and choices that shape labor supply can have an impact on poverty risks (Brülle et al., 2019). The activity rate typically reflects the low participation of women in the labor market and the pronounced gender segregation of roles, which may make women more likely to be poor. Panel b of Figure 8 confirms that the activity rate is negatively correlated with the risk of poverty. This means that the southern regions with the lowest employment rates, such as Molise (49%), Sicily (50%) and Calabria (51%), also have the highest proportions of people at risk of poverty. On the other hand, northern regions characterized by relatively high employment rates, such as Valle d'Aosta (80%), Friuli-Venezia Giulia (79%), Emilia-Romagna (78%) and Marche (73%), have the lowest at-risk-of-poverty rates, below 10%.

However, having a job is no longer sufficient condition for escaping poverty (Crettaz, 2011; see also the chapter by Comelli). Recent data show that the risk of in-work poverty is significantly higher for tem-

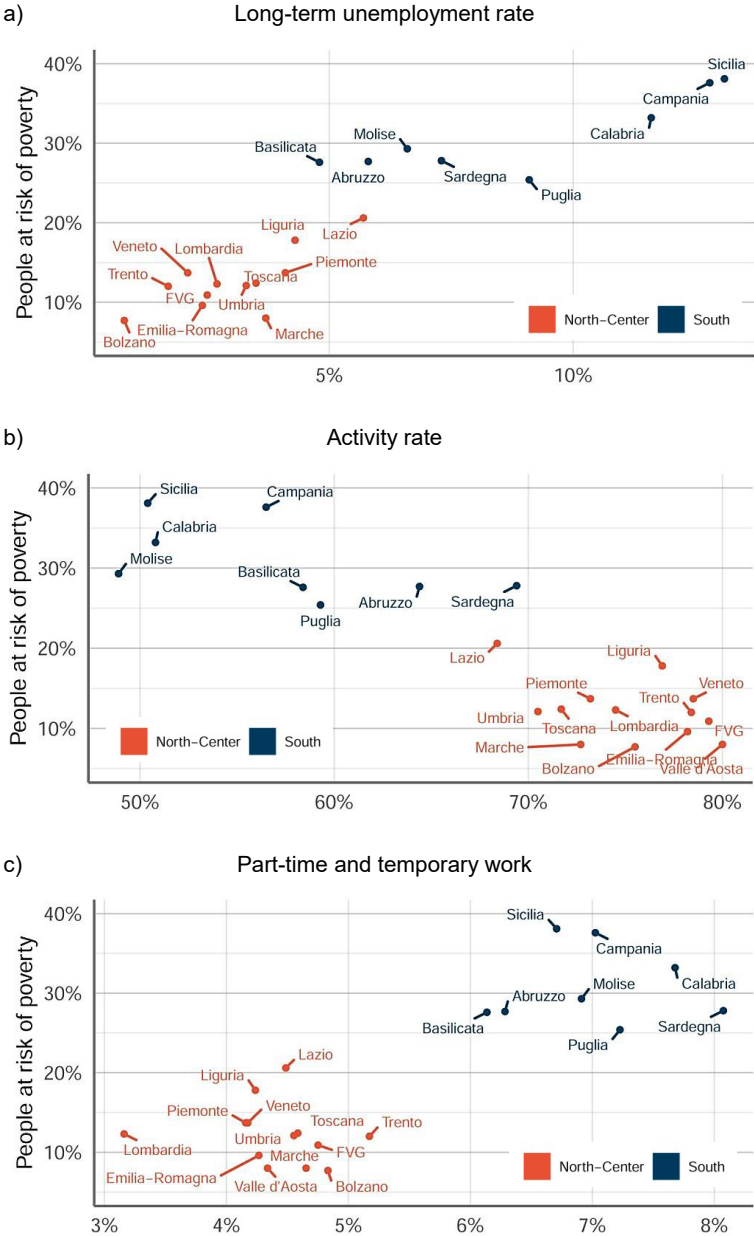
porary and part-time workers (Bavaro and Raitano, 2023). For example, almost one in four temporary workers and one in five part-time workers in Italy were at risk of poverty in 2021, compared to 8% (10%) of workers in permanent (full-time) jobs. Thus, the degree of precariousness in the labor market, as indicated by the share of part-time temporary workers, which reflects insecurity and earnings volatility with serious consequences for household income, may be an important driver of poverty (Heidenreich, 2022; Hoffmann et al., 2021; Svimez, 2019).

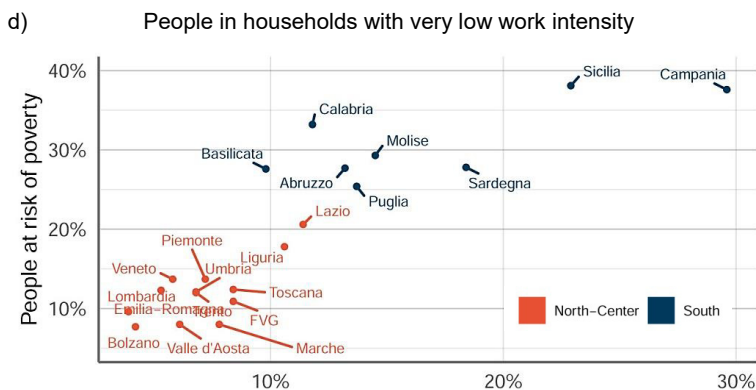
Panel c of Figure 8 suggests that two distinct clusters can be identified: the north-central regions, represented by the black dots, and the south – Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, and Sicily. The northern regions have lower levels of both precarious employment and poverty risk. The case of Lombardy is particularly virtuous, with the lowest degree of precariousness. Conversely, people in the southern regions are more likely to be in a precarious job and face a higher risk of poverty.

This worrying evidence has negative implications for workers, as an increasing incidence in low-quality jobs reflects higher levels of precariousness and poverty risk. Workers in precarious jobs not only receive lower annual wages, but also face problems in accessing social protection measures (Kalleberg, 2011). For example, the lack of an adequate unemployment protection system can perpetuate a vicious cycle in which individuals with liquidity constraints are often “forced” to accept the first job offer available, leading to a situation in which they become trapped in unstable and low-wage jobs (Ernst et al., 2022).

In this context, *work intensity* is another important factor to consider. We move from the individual to the household perspective by considering the share of people living in households with very low work intensity, where working-age members work equal to or less than 20% of their working-time potential. This can lead to income shortfalls and increased poverty risk, as suggested by the positive correlation between low work intensity and poverty risk in panel d of Figure 8. In 2021, this low work intensity rate ranges from 4% in Emilia-Romagna and Bolzano to almost 30% in Campania. It is worth noting that the high proportion of people living in low work intensity households in Campania is particularly worrying given its large population size, with around 1.7 million people affected.

Figure 8.





Data: Eurostat and EU LFS; authors' own computation.

The data presented here point to marked North-South divides. Regional labour markets are characterized by a strong division between 'insiders' (employed) and 'outsiders' (unemployed and inactive) and by an increasing dualism in the labour market between 'good jobs' and 'bad jobs'. The southern regions of Italy are characterised by highly segmented labour markets – highest long-term unemployment rates, lowest activity rates due to low female participation, highest levels of 'precariousness' proxied by the share of temporary part-time jobs and low work intensity/low wages – making them highly vulnerable to poverty risks.

The detrimental effects of labor market fragmentation, leading to increased social exclusion and inequality, have far-reaching consequences for industrial structures, productivity and regional disparities in Italy. Taking stock of the evidence presented here, it is clear that Italy is characterized by profound divisions that have become deeply entrenched over time. The southern regions of Italy have been particularly affected by a vicious circle of proliferating precarious forms of employment, low wages, low skills, limited productive capacity and low productivity. This cycle has incentivized the pursuit of cost-competitiveness strategies, exacerbating the region's economic challenges.

5. *Conclusion and policy implications*

The aim of this chapter was to discuss and analyze the North-South divide in Italy. Our descriptive analysis focuses on the last fifteen years, although, as reviewed in Section 2, the roots of such divide can be traced back to the late XIX century.

To this end, we argue that regional disparities should be framed within a more comprehensive context that links the economic and social dynamics of each region to the overall trajectory of the European economy in the global context. This is particularly relevant for *Mezzogiorno d'Italia*, whose analysis cannot neglect major geopolitical changes that have occurred in Europe and the ongoing shifts in the world economy (Guarascio et al., 2023).

As Viesti (2021) pointed out, ‘the destiny of any territory depends not only on what happens within it or in the country of which it is a part.’ Southern territories are regions within the national economy but are also part of a much more integrated European economy. Taking this perspective, regional disparities are rooted in a process of increasing divergence in the Eurozone, including technological capabilities, among the other factors (Gräbner et al., 2020). The latter are linked to the manufacturing base and, in turn, to the workforce composition and its quality. For instance, the history of the European Union suggests that the enlargement of the Union has shifted the industrial axis of the continent toward northeastern regions around the German manufacturing core (Stehrer and Stöllinger, 2015). This change has particularly affected Southern Italy, contributing to a reshaping of its industrial base and reinforcing processes of knowledge deterioration.

By adopting an integrated framework capable of linking sectoral features with labour market characteristics, we have highlighted that the North-South divide in Italy persists due to the path dependency of the technological trajectories and the accumulation of specific sets of capabilities (Dosi et al., 2021). In detail, our contribution suggests that southern regions are caught in a vicious circle of non-standard work, low wages, low skills, low productivity and low aggregate demand. This further entrenches the structural weaknesses of the *Mezzogiorno*, perpetuating inequalities and limiting the potential for economic growth and social cohesion.

Our analysis has some important policy implications. It is clear that addressing the underlying structural challenges of the North-South divide in the Italian labor market, disentangled here, will require a comprehensive policy approach across labor market, innovation, and industrial policies. The aim should be to promote regional convergence in line with the virtuous circle narrative proposed by Pianta and Reljic (2022). To achieve this, a set of policies must be put in place, including targeted regional interventions that focus on selective investment policies (vertical innovation and industrial policies) aimed at building productive and technological capabilities, particularly relevant in the context of the green transition (Fanti et al., 2023; Zezza and Guarascio, 2023). Long-term investments in social infrastructure are needed to remove barriers that women face in the labor market and thereby increase female participation rates (Reljic and Zezza, 2023). Investment in education and training to upgrade workers' skills is crucial in the face of technological change to ensure that no one is left behind. Finally, strengthening labour market institutions – i.e. reversing labour market flexibilization – is fundamental. Only policy coordination could help break the vicious circle of precarious employment and low innovation and productivity, and promote more inclusive and sustainable growth and development for the country as a whole. However, if national policies are constrained by EU fiscal rules in the absence of EU-wide policy coordination, the North-South divide is likely to persist, exacerbating existing challenges and limiting social cohesion (Guarascio et al., 2023).

In line with Gräbner et al. (2020) we claim that coordinated fiscal, labor and industrial policies will be needed to counteract the on-going structural polarisation process. Such a coordination is of utmost importance in the context of ongoing digitalization and green transitions, which are reshaping industrial ecosystems, production geographies and competition hierarchies. Without targeted and selected industrial and social policies, no convergence process will take place spontaneously.

Funding acknowledgments

Valeria Cirillo acknowledges the support of the Italian National Research Project – PRIN 2017 ‘Regional Policies, Institutions and Cohesion in the South of Italy’ (Project code 2017-4BE543; website www.prin2017-mezzogiorno.unirc.it), financed by the Italian Ministry of Education, University and Scientific Research from 2020 to 2023.

References

- Amos Jr., O.M. (1988): Unbalanced regional growth and regional income inequality in the latter stages of development. *Regional Science and Urban Economics*, 18(4), 549-566.
- Atkinson, A. B. (2015): *Inequality: What can be done?*. Harvard University Press.
- Balakrishnan, R., Ebeke, C., Firat, M., Malacrino, D., Rabier, L. (2022): Regional Disparities in Europe. *IMF Working Paper* WP/22/198.
- Barbieri, P., Cutuli, G., Guetto, R., & Scherer, S. (2019): Part-time employment as a way to increase women’s employment:(where) does it work? *International Journal of Comparative Sociology*, 60(4), 249-268.
- Bavaro, M., Raitano, M. (2023): Is working enough to escape poverty? Evidence on low-paid workers in Italy (No. 656). ECINEQ Working Papers.
- Blanchet, T., Chancel, L., Gethin, A. (2019): How unequal is Europe? Evidence from distributional national accounts, 1980-2017.
- Bluedorn, J., Lian, W., Novta, N., Timmer, Y. (2019): Widening Gaps: Regional Inequality within Advanced Economies. *IMF Blog*.
- Brülle, J., Gangl, M., Levanon, A., & Saburov, E. (2019): Changing labour market risks in the service economy: Low wages, part-time employment and the trend in working poverty risks in Germany, *Journal of European Social Policy*, 29(1), 115-129.
- Cafagna, L. (1989): La questione delle origini del dualismo economico italiano, in *Dualismo e sviluppo nella storia d’Italia*, Venezia, 1989, pp. 187-220.
- Capriati, M., Cirillo, V., & Divella, M. (2023): Productivity slowdown across European regions: does non-standard work matter? *Regional Studies* (forthcoming), <https://doi.org/10.1080/00343404.2023.2281428>
- Celi, G., Ginzburg, A., Guarascio, D., Simonazzi, A. (2018): *Crisis in the European Monetary Union*, Routledge.

- Celi, G., Guarascio, D. (2019): The Italian economy from WWII to the EMU: Structural weaknesses and external constraint, p. 18, in Marcuzzo, M. C., Palumbo, A., and Villa, P. (eds.), *Economic Policy, Crisis and Innovation: Beyond Austerity in Europe*, Routledge.
- Celi, G., Guarascio, D., Reljic, J., Simonazzi, A., Zezza, F. (2022): The asymmetric impact of war: resilience, vulnerability and implications for EU policy. *Intereconomics*, 57(3), 141-147.
- Cetrulo, A., Cirillo, V., Guarascio, D. (2019): Weaker jobs, weaker innovation. Exploring the effects of temporary employment on new products. *Applied Economics*, 51(59), 6350-6375.
- Cimoli, M., Dosi, G. (1995): Technological paradigms, patterns of learning and development: An introductory roadmap. *Journal of Evolutionary Economics*, 5(3), 243-268.
- Cirillo, V. (2017): Technology, employment and skills. *Economics of Innovation and New Technology*, 26(8), 734-754.
- Cirillo, V., Fana, M., Guarascio, D. (2017): Labour market reforms in Italy: evaluating the effects of the Jobs Act. *Economia Politica*, 34(2), 211-232.
- Cirillo, V., Ricci, A. (2022): Heterogeneity matters: temporary employment, productivity and wages in Italian firms. *Economia Politica*, 39(2), 567-593.
- Crettaz, E. (2011): *Fighting Working Poverty in Post-Industrial Economies: Causes, Trade-Offs and Policy Solutions*. Cheltenham: Edward Elgar Publishing
- Daniele, V., Malanima, P. (2007): Il prodotto delle regioni e il divario Nord-Sud in Italia (1861-2004). *Rivista di politica economica*, 97(2), 267-316.
- Daniele, V., Malanima, P. (2014): Falling disparities and persisting dualism: Regional development and industrialisation in Italy, 1891-2001. *Investigaciones de Historia Económica – Economic History Research*, 10(3), 165-176, <https://doi.org/10.1016/j.ihe.2013.07.001>
- Dosi, G., Cimoli, M., Stiglitz, J. E. (2009): *Industrial Policy and Development: the Political Economy of Capabilities Accumulation*. Oxford University Press.
- Dosi, G., Faillo, M., Marengo, L. (2008): Organizational capabilities, patterns of knowledge accumulation and governance structures in business firms: an introduction. *Organization studies*, 29(8-9), 1165-1185.
- Dosi, G., Riccio, F., Virgillito, M. E. (2021): Varieties of deindustrialization and patterns of diversification: why microchips are not potato chips. *Structural Change and Economic Dynamics*, 57, 182-202.

- Eckaus, R. (1960): L'esistenza di differenze economiche tra Nord e Sud d'Italia al tempo dell'unificazione. *Moneta e Credito*, XIII(51), 347-372.
- Eckaus, R. (1969): Il divario Nord-Sud nei primi decenni dell'Unità, in Carracciolo, A., Spaventa, L. (eds.), *La formazione dell'Italia industriale*, Bari, pp. 223-243.
- Ernst, E., Merola, R., Reljic, J. (2022): *Labour market policies for inclusiveness: A literature review with a gap analysis*, ILO Working Paper 78. Geneva, ILO.
- Esposito, A. G. (1992): Italian Industrialization and the Gerschenkronian "Great Spurt": A Regional Analysis. *The Journal of Economic History*, 52, 353-362.
- Fan, C.C., Casetti, E. (1994): The spatial and temporal dynamics of US regional income inequality. *The Annals of Regional Science*, 28(2), 177-196.
- Fanti, L., Pereira, M. C., Virgillito, M. E. (2023): The North-South divide: sources of divergence, policies for convergence. *Journal of Policy Modelling*, 45(2), 405-429.
- Felice, E., Lepore, A. (2017): State intervention and economic growth in Southern Italy: The rise and fall of the 'Cassa per il Mezzogiorno' (1950-1986). *Business History*, 59(3), 319-341.
- Felice, E., A. Nuvolari, and M. Vasta (2019): Alla ricerca delle origini del declino economico italiano. *L'industria*, 40(2), 197-222.
- Franzini, M. (2019): Le disuguaglianze nel Mezzogiorno e le loro conseguenze. *Meridiana, Rivista di Storia e Scienze Sociali*, 94(1), 87-98.
- Franzini, M., Raitano, M. (2019): Earnings inequality and workers' skills in Italy. *Structural Change and Economic Dynamics*, 51, 215-224.
- Goecke, H., Hüther, M. (2016): Regional Convergence in Europe. *Intereconomics*, 51(3), 165-171.
- Gräbner, C., Heimberger, P., Kapeller, J., Schütz, B. (2020): Is the Eurozone Disintegrating? Macroeconomic Divergence, Structural Polarisation, Trade and Fragility. *Cambridge Journal of Economics*, 44(3), 647-69. doi: 10.1093/cje/bez059
- Gräbner-Radkowsitch, C. (2022): Elements of an Evolutionary Approach to Comparative Economic Studies: Complexity, Systemism, and Path Dependent Development, in Dallago, B., Casagrande, S. (eds.), *Routledge Handbook of Comparative Economic Systems*, London and New York, pp. 81-102.

- Guarascio, D., Heimberger, P., Zezza, F. (2023): The Euro Area's Achilles Heel: Reassessing Italy's Long Decline in the context of European integration and globalization. Working Papers in Public Economics 238, University of Rome La Sapienza, Department of Economics and Law.
- Guarascio, D., Reljic, J., Cucignatto, G., Celi, G., Simonazzi, A. (2023): Between a rock and a hard place. Long-term drivers of EU structural vulnerability. Working Paper Public Economics, Sapienza University of Rome.
- Heidenreich, M. (2022): *Territorial and Social Inequalities in Europe: Challenges of European Integration*. Springer International Publishing.
- Hipp, L., Bernhardt, J. Allmendinger, J. (2015): Institutions and the Prevalence of Nonstandard Employment. *Socio-Economic Review*, 13(2), 351-377.
- Hoffmann, E., Malacrino, D., Pistaferri, L. (2021): Labor market reforms and earnings dynamics: the Italian case. *IMF Working Paper*, 142.
- Hoxha, S., Kleinknecht, A. (2019): Do Trustful Labor-Management Relations Enhance Innovation? Evidence from German WSI Data. *Review of Social Economy*, 79(2), 261-285.
- Hudecz, G., Moshhammer, E., & Wieser, T. (2020): *Regional disparities in Europe: should we be concerned?* Publications Office of the European Union.
- ILO (2016): *Non-Standard Employment Around the World: Understanding Challenges, Shaping Prospects*. Geneva: International Labour Office. http://ilo.org/wcmsp5/groups/public/dgreports/dcomm/publ/documents/publication/wcms_534326.pdf.
- ILO (2022): *Global Wage Report 2022-23: The impact of inflation and COVID-19 on wages and purchasing power*, International Labour Office, Geneva.
- Kalleberg, A. L. (2011): *Good jobs, bad jobs: The rise of polarized and precarious employment systems in the United States, 1970s-2000s*. Russell Sage Foundation.
- Kvangraven, I. H. (2021): Beyond the stereotype: Restating the relevance of the dependency research programme. *Development and Change*, 52(1), 76-112.
- Lavoie, M., Stockhammer, E. (2012): Wage-led growth: Concept, theories and policies. Conditions of Work and Employment Series No. 41. ILO, Geneva.
- Landesmann, M., Leitner, S., Stehrer, R. (2015): *Competitiveness of the European economy*. Technical Report, European Investment Bank (EIB).

- Lepore, A. (2012): Il divario Nord-Sud dalle origini a oggi. Evoluzione storica e profili economici. *Rivista economica del Mezzogiorno*, 26(3), 389-410.
- Lisi, D., Malo, M. A. (2017): The Impact of Temporary Employment on Productivity. *Journal for Labour Market Research*, 50 (1), 91-112.
- Lucidi, F., Kleinknecht, A. (2009): Little Innovation, Many Jobs: An Econometric Analysis of the Italian Labour Productivity Crisis. *Cambridge Journal of Economics*, 34 (3), 525-546.
- Martinez Oliva, J. C. (2010): Riunificazione intertedesca e politiche per la convergenza. *Rivista economica del Mezzogiorno*, 23(3), 487-520.
- OECD (1994): The OECD Jobs Study: Facts, Analysis, Strategies; [unemployment in the OECD Area, 1950-1995]. Organisation for Economic Co-operation and Development.
- Papagni, E., Lepore, A., Felice, E., Baraldi, A. L., Alfano, M. R. (2021): Public investment and growth: Lessons learned from 60-years experience in southern Italy. *Journal of Policy Modeling*, 43(2), 376-393.
- Pianta, M., Lucchese, M. (2020): Rethinking the European Green Deal: An Industrial Policy for a Just Transition in Europe. *Review of Radical Political Economics*, 52(4), 633-641. <https://doi.org/10.1177/04866613420938207>.
- Pianta, M., Lucchese, M., Nascia, L. (2020): The policy space for a novel industrial policy in Europe. *Industrial and Corporate Change*, 29(3), 779-795.
- Pianta, M., Reljic, J. (2022): The good jobs-high innovation virtuous circle. *Economia Politica*, 39(3), 783-811.
- Pieroni, L., Pompei, F. (2008): Evaluating Innovation and Labour Market Relationships: The Case of Italy. *Cambridge Journal of Economics*, 32(2), 325-347.
- Prebisch, R. (1950): Crecimiento, desequilibrio y disparidades: interpretación del proceso de desarrollo económico. *Estudio Económico de América Latina y el Caribe*, Naciones Unidas Comisión Económica para América Latina y el Caribe (CEPAL), number 1110.
- Prota, F., Cirillo, V., & Reljic, J. (2022): L'evoluzione recente del mercato del lavoro in Italia e in Puglia. In *Le Conquiste Legislative Degli Anni '70 E Il Ruolo Del Movimento Sindacale In Puglia*. Edizioni Radici Future.
- Reljic, J., Cetrulo, A., Cirillo, V., & Coveri, A. (2023): Non-standard work and innovation: evidence from European industries. *Economics of Innovation and New Technology*, 32(1), 136-164.

- Reljic, J., Zezza, F. (2023): Breaking the divide: can public spending in social infrastructure boost female employment in Italy? Working Papers in Public Economics, University of Rome La Sapienza, Department of Economics and Law.
- Rodríguez-Pose, A. (2012): Trade and regional inequality. *Economic Geography*, 88(2), 109-136.
- Rodríguez-Pose, A. (2018): The revenge of the places that don't matter (and what to do about it). *Cambridge Journal of Regions, Economy and Society*, 11(1), 189-209, <https://doi.org/10.1093/cjres/rsx024>.
- Rosenstein-Rodan, P. (1943): Problems of Industrialization of Eastern and South-Eastern Europe. *Economic Journal*, 53(210-11), 202-211.
- Saraceno, P. (1961): La mancata unificazione economica italiana a cento anni dalla unificazione politica, in *L'Economia italiana dal 1861 al 1961*, Studi nel 1° centenario dell'Unità d'Italia, Milano, pp. 692-715.
- Stehrer, R., Stöllinger, R. (2015): *The Central European Manufacturing Core: What is Driving Regional Production Sharing?* FIW-Research Reports No. 2014/15-02.
- Storm, S., Naastepad, C. (2015): Europe's hunger games: Income distribution, cost competitiveness and crisis. *Cambridge Journal of Economics*, 39(3), 959-986.
- Svensson, S. (2011): Flexible Working Conditions and Decreasing Levels of Trust. *Employee Relations*, 34(2), 126-137.
- Svimez (2019): *Il Mezzogiorno nella nuova geografia europea delle disuguaglianze*. Technical report, Associazione per lo Sviluppo dell'Industria nel Mezzogiorno (Svimez).
- Svimez (2020): *L'Italia diseguale di fronte all'emergenza pandemica: il contributo del Sud alla ricostruzione*. Technical report, Associazione per lo Sviluppo dell'Industria nel Mezzogiorno (Svimez).
- Sylos-Labini, P. (1984): New aspects of the cyclical development of the economy. *PSL Quarterly Review*, 37(148).
- Tassinari, A. (2022): Labour market policy in Italy's recovery and resilience plan. Same old or a new departure? *Contemporary Italian Politics*, 14(4), 441-57.
- Teece, D. J. (2019): A capability theory of the firm: an economics and (strategic) management perspective. *New Zealand Economic Papers*, 53(1), 1-43.
- Torrini, R., Albanese, G., Accetturo, A., Depalo, D., Vacca, V. P., Messina, G., ..., Giacomelli, S. (2022): Il divario Nord Sud: sviluppo economico e intervento pubblico. In *Bank of Italy Workshops and Conferences series*.

- Vergeer, R., Kleinknecht, A. (2010): The Impact of Labor Market Deregulation on Productivity: A Panel Data Analysis of 19 OECD Countries (1960-2004). *Journal of Post Keynesian Economics*, 33(2), 371-408.
- Viesti, G., Pellegrini, G., Iuzzolino, G. (2011): *Convergence among the Italian regions 1861-2011*. Technical Report 2011/22, Banca d'Italia.
- Viesti, G. (2021): *Centri e periferie: Europa, Italia, Mezzogiorno dal XX al XXI secolo*. Gius. Laterza & Figli Spa.
- Viesti, G. (2023): *Riuscirà il PNRR a rilanciare l'Italia?* Donzelli editore.
- Zezza, F., Guarascio, D. (2023): Fiscal policy, public investment and structural change: a P-SVAR analysis on Italian regions. *Regional Studies*, 1-18.