7 Social Capital and Regional Development: an Empirical Analysis of the Third Italy

Ron A. Boschma[1]

7.1 Introduction

Scientists from a wide range of disciplines, such as (economic) sociologists, political scientists, geographers, historians and anthropologists show considerable interest in the social foundations of economic development (Gambetta 1988; Fukuyama 1995; Landes 1998). Mainstream economics has ignored this cultural or non-economic dimension of economic growth for a long time. This is not to deny that some economists have highlighted its importance in the past (e.g. Arrow 1972). However, neo-classical economics regarded actors merely as individual persons who act independently and maximise their utility. As such, their actions are not affected by social context, such as norms, social networks and trust (Coleman 1990).

In development studies, however, there is growing awareness of the role social capital may play in the economic development of Third World countries and which forms of relationship among state, civil society and the market are most conducive to sustainable growth (World Bank 1997; Dasgupta 1998). Social capital is believed to be a major asset because it would lower transaction costs, favour the exchange of knowledge and stimulate the effectiveness and responsiveness of institutions of governance.

Economic geographers have eagerly embraced these ideas. It was the experience of the industrial rise of the Third Italy which began to be documented from the 1970s onwards (Bagnasco 1977; Bagnasco and Pini 1981) that made scientists realise that cultural and organisational factors may play an important role in regional development (Saxenian 1994). Not only is social capital often found in locally embedded communities that share values and norms, it is also best developed at regional level where a high intensity of interactions is likely to take place (Harrison 1992). In a world of globalisation with more complexity and competitive pressure, regions endowed with social capital help to lower costs that go along with an increasing need for co-ordination between more specialised firms. In this respect, Maskell (1999) claims that the competitive advantage of firms is increasingly dependent on social capital as a

R.A. Boschma and R.C. Kloosterman (eds.), Learning from Clusters: A Critical Assessment, 139–168.

valuable resource, because it is one of the few inputs besides labour that has largely remained heterogeneous (i.e. non-ubiquitous) and immobile. For these reasons, there is a growing recognition that regions are fundamental socio-economic units (Storper 1997).

However, despite these ambitious theoretical claims, social capital has remained a highly problematic notion both at the conceptual and empirical level (Bolton 1998). First of all, the notion of social capital encompasses so many diverse dimensions as social ties, networks, trust, institutions, cultural practices, norms and political contexts at different levels that it needs further conceptual refinement. Especially when social capital is defined in functional terms (as it often has been), it runs the risk of confusing the forms of social capital with its consequences (Woolcock 1998). Second, economists have associated social capital with economic development of countries in general (Knack and Keefer 1997). By doing so, they not only disregard the fact that it may constitute a resource in specific circumstances (e.g. in Third World countries), they also neglect the fact that different spatial levels (especially the sub-national level, as stated above) may play an essential role.

Third, it has proved difficult to measure accurately the stock of social capital. Few studies have been carried out to provide empirical support for theoretical statements concerning the importance of social capital for regional development. Many detailed case studies have addressed this topic and have provided insight in the actual relationship between trust and economic development on the local level. However, they often remain descriptive and do not allow for a comparison to be made between different areas.

An empirical study of Italy provides an excellent opportunity to deal with all these issues. Although generally portrayed as one of the few Western countries with a relatively low general trust (Misztal 1996), it would be a mistake to analyse its consequences at national level. Italy is not only a country with long-standing regional differences, the varying levels of regional economic performance have also been attributed to different stocks of social capital (Leonardi 1996). Moreover, it is important to acknowledge that social capital should be related to specific economic activities rather than economic growth in general. We therefore narrow our attention to its link with the particular form of industrialisation that emerged in the Third Italy in the post-war period, that is, the development of a lot of local networks of small and medium-sized enterprises (SMEs) specialised in craft-based industries. It has often been suggested that these industrial districts emerged on the basis of a distinctive social structure that encouraged interaction and co-ordination between local actors, which was largely missing in the South of Italy.

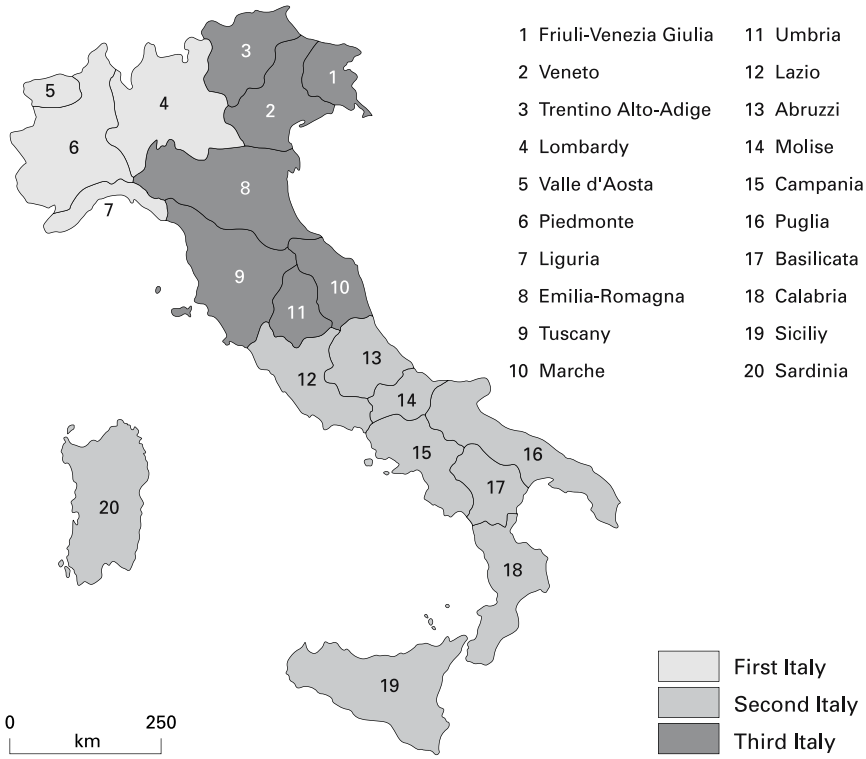
This chapter has three objectives. First, we explain how this type of industrialisation may be simultaneously related to various sources of social capital at different levels, such as the family, community and regional levels. These different forms of social capital are then conceptually linked through the notion of trust to regional development: social capital enables people to trust one another and this makes them co-ordinate economic actions in local networks resulting in economic performance. Second, our empirical analysis directly links social capital to the aforementioned form of industrial development in which it is expected to play a crucial role. This is in contrast to other regional studies on Italy that associated social capital with economic growth in general (Helliwell and Putnam 1995).

Third, this study attempts to fill the above-mentioned empirical gaps in the literature. We make an effort to measure social capital at macro-regional level (rather than the micro-level of individual districts). We determine the extent to which the Third Italy area could be considered a unique area with particular socio-cultural characteristics during its initial stage of development, as compared to the First Italy (the industrial heartland in the Northwest) and the Second Italy (the backward South). Finally, we examine whether social capital may have contributed to this type of industrial development across the Italian regions in the post-war period.

The chapter is divided into three parts. To start with, we briefly set out the main features of the particular type of industrial development that took place in the Third Italy during the post-war period. In particular, we focus attention on three features, that is small-scale industrialisation, a predominance of craft-based and engineering industries, and a spatially concentrated form of production in industrial districts. The second part links this form of industrialisation explicitly to the notion of social capital. We focus on problems of how to define social capital and the ways this may have an impact on regional economic growth. By doing so, we explain that social capital acquires a different and more direct meaning when linked to this type of industrial development. In the final part, we present the empirical results of the long-term spatial analysis.

7.2 The industrial rise of the Third Italy

As Map 7.1 shows, the Third Italy is located in the Northeast and the Central part of Italy, which includes seven of the twenty standard administrative regions in Italy. The First Italy concerns the old industrial heartland in the

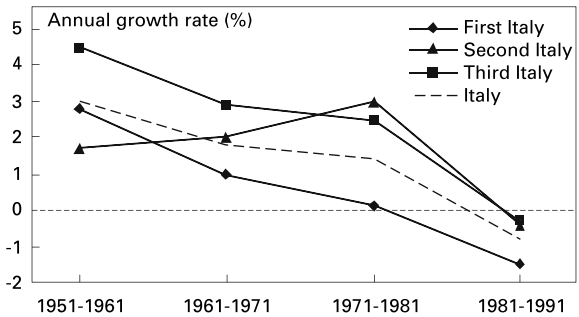


Map 7.1 The three Italies

Northwest of Italy, which consists of the regions of Lombardy (including the metropolitan area of Milan), Piedmonte (with the city of Turin) and Liguria (with Genoa). The Second Italy (or 'Mezzogiorno') concerns the remaining part in the south, including the region Lazio with the capital city Rome.

Figure 7.1 examines the post-war industrial development in the three Italies by comparing the annual growth rates of employment in the manufacturing industry. The Third Italy area enjoyed the highest industrial growth during the period 1951-1991 (with the exception of the period 1971-1981). In particular, the regions of Emilia Romagna, Marche, Tuscany, Veneto and Friuli-Venezia-Giulia demonstrated above average industrial growth levels throughout the whole period. Since the 1960s, the South of Italy has also done remarkably well (especially the regions of Lazio, Abruzzi-Molise and Puglia). By contrast, the Northwest (that is, the First Italy) performed quite poorly. However, in the 1980s, all areas, including the Third Italy (see e.g.

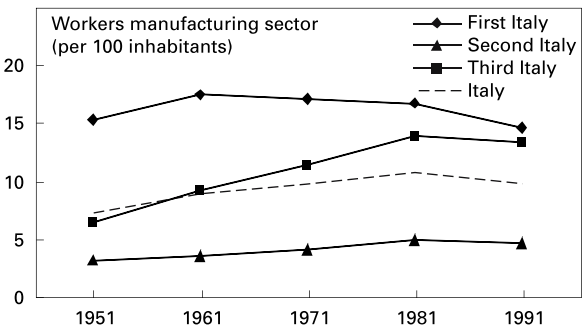
Cossentino et al. 1996; Boschma and Lambooy 2002) went through a period of industrial decline.



Sources: own elaborations from ISTAT (1951; 1961; 1971; 1981; 1991)

Figure 7.1 The annual growth rates of workers in the manufacturing sector in Italy by region 1951-1991

Figure 7.2 shows the degree of industrialisation (measured as the number of workers in the manufacturing industry per 100 inhabitants) by region throughout this same period. It clearly shows how rapid this process of industrialisation had advanced in the Third Italy area. The Third Italy had almost reached the same level of industrialisation of the First Italy by 1991. The South, however, continued to lag behind in this respect (with the notable exception of the region Abruzzi-Molise).



Sources: see Figure 1

Figure 7.2 The number of workers in the manufacturing sector per 100 inhabitants in Italy by region 1951-1991

Although the Third Italy experienced the highest industrial growth in Italy in the post-war period, this is only part of the story. This process of industrialisation has been associated with a particular form of industrial development described as 'flexible specialisation' or 'post-Fordism' (Piore and Sabel 1984; Scott 1988). In short, it has been based on the development of networks of small and medium-sized firms in mainly craft-based industries that were spatially concentrated in industrial districts.

First of all, a remarkable feature turned out to be the relatively small size of the industrial firms. The importance of SMEs for industrial growth was something quite unexpected. In the 1970s, SMEs were mainly seen as marginal (pre-capitalist) and inferior activities as compared to large firms in terms of technology, scale economies, access to capital, capability to export, etc. (Bianchi and Gualteri 1990). Our empirical data confirms that the Third Italy (like the Second Italy) is over-represented by manufacturing firms with less than 50 employees throughout the period 1951-1991. As expected, large-scale firms are over-represented in the industrial heartland of the First Italy. However, the South of Italy showed a remarkable increase in the importance of this latter category in the period 1951-1991, which is probably due to the massive transfer of branch plants from North Italy in the 1960s and 1970s (Giunta and Martinelli 1995).

Another feature of this form of industrialisation was its specialisation in design-intensive, craft-based industries, such as clothing, footwear, leather goods and furniture (Bellandi 1989). Table 7.1 confirms that the Third Italy showed the highest growth rates of employment in some selected traditional, craft-based industries as compared to the other two Italies for the period 1951-1991. This spectacular growth was quite remarkable since a poor future had been predicted for artisanal industries in Western countries: these sectors were believed to be most vulnerable to competition from low-wage countries as a result of their low rates of added value and low intensity of technology.

A third feature has been its spatially concentrated form of industrial organisation. This type of industrialisation often appeared in relatively small (often rural) areas in the Third Italy where the small firms formed highly dynamic and efficient local production systems that sometimes succeeded in conquering world markets. These networks of mostly small and medium-sized firms, characterised by extensive local inter-firm linkages, have been referred to as 'Marshallian industrial districts' (Becattini 1987; Bellandi 1989). The idea that the competitiveness of localities could be associated with a particular form of industrial organisation was in considerable contrast

with the then common view that economic performance of localities should be defined in terms of costs of transport and location.

	Leather goods	*Textiles*	*Footwear and clothing*	*Wood and furniture*	*Non-metallic mineral prod.*	*Metallic engineering*
First Italy	-0,2%	-0,8%	0,2%	0,3%	-0,1%	3,4%
Third Italy	8,4%	1,9%	3,8%	2,7%	1,3%	8,9%
Second Italy	3,2%	0,6%	-0,0%	2,5%	1,9%	6,6%
Italy	3,0%	-0,1%	1,3%	1,0%	1,0%	5,4%

** small and medium-sized firms: < 500 workers*

Sources: see Figure 1

Table 7.1 The annual growth rates of employment in small and medium-sized firms in some craft-based industries in Italy by region 1951-1991*

Several attempts have been made to estimate the number of industrial districts across the Italian regions (e.g. Becattini 1989; Sforzi 1989; 2000; Paniccia 2002). Brusco and Paba (1997) used four indicators to examine whether the 955 labour market areas in Italy could be related to a type of industrial development associated with industrial districts. In order to fulfil this condition, the scores of each area would have to be higher than the national average with respect to the degree of industrialisation, the rate of small-scale industrialisation (less than 100 employees), the degree of industrial specialisation and the rate of smallness of the industrial specialisation involved. They counted a total of 149 industrial districts in 1951, employing 360,000 workers (10 per cent of manufacturing employment). The districts were fairly evenly distributed among the Italian regions, including the south. However, the situation changed in 1991: the 238 industrial districts identified, employing 1.7 million workers (32 per cent of manufacturing employment) were mainly found in the Third and First Italy, as opposed to the South of Italy. A study by Sforzi (2003) confirms these outcomes. Table 7.2 shows that most of the industrial districts (both in terms of numbers and employment) are located in the Third Italy in 1996.

We should bear in mind that these studies are subject to serious drawbacks due to a lack of data. The most serious shortcoming is that these analyses do

not account for two of the most essential characteristics of industrial districts, that is the organisational and cultural dimensions. For example, they ignore the linkages that may have developed between SMEs: there is no distinction made between firms operating independently and firms that are part of a dynamic network.

	Number		*Employment*	
	Absolute	***%***	***Absolute***	***%***
First Italy	*59*	*30*	*884,829*	*41*
Third Italy	*123*	*62*	*1,223,019*	*56*
Second Italy	*17*	*9*	*66,053*	*3*
Total	*199*	*100*	*2,173,901*	*100*

Source: Sforzi (2003)

Table 7.2 Industrial districts in the three Italies in 1996

In sum, the Third Italy experienced strong industrial growth during the period 1951-1981. The evidence suggests that the nature of industrial development in the Third Italy is, to some degree, distinct from the two other Italies, although we have to keep in mind that the three Italies are anything but homogenous areas (Bianchi 1994). Despite its predominance of small-sized firms and craft-based industries, the South of Italy did not experience by any means the same development of industrial districts as the two other Italies. The Third Italy differs from the First Italy in terms of the importance of small-scale industrialisation in craft-based industries. However, the First Italy (especially Lombardy) is also well-endowed with industrial districts (Garofoli 1983). Below we will go into more detail as we consider the peculiar socio-cultural characteristics of the Third Italy. In this way, we will clarify the role social capital may have played in the rise of this form of industrialisation in the Third Italy.

7.3 Social capital and the Third Italy

The so-called Florentine school (Becattini 1987; 1989; Becattini et al. 2003) has interpreted the industrial rise of the Third Italy as an endogenous growth process. In essence, this growth process was achieved through interaction

and co-operation on the level of the industrial district based on economic, geographical and cultural localness. In particular, they stressed the advantages of the organisational features of these local production systems. The efficiency of the local networks was explained in terms of a combination of competition (stimulating innovation), specialisation (enhancing productivity) and co-operation between local actors (minimising uncertainty and opportunism, while stimulating transfer of knowledge) (Bertini 1994). In this way, the small, vertically disintegrated firms operating in industrial districts could benefit from the unique co-existence of (external) scale economies and flexibility (Piore and Sabel 1984; Fabiani et al. 1998). Therefore, they were particularly suited to respond to the differentiation of demand (that is, demand for more varied and customised goods, produced in short series) since the 1970s.

Many authors (e.g. Fuà and Zacchia 1983; Pyke and Sengenberger 1991) claimed that this endogenous growth process necessitated a particular socio-cultural structure which was typical of the Third Italy. This distinctive social structure provided a basis on which this form of industrial development emerged. It not only facilitated interaction and co-ordination between local actors, it also enhanced flexibility in many respects. We will explain how below. By doing so, we will relate this form of industrialisation to the notion of social capital. We begin with the problem of how to define social capital and in what ways it may have an impact on regional economic growth.

What is social capital?

There is much confusion about the notion of social capital, due to its intangible nature (Bolton 1998). Many broad and imprecise definitions have been given (Putnam 1993; Morgan 1997; World Bank 1997). These definitions tend to incorporate many aspects, such as networks, norms and trust that are hard to disentangle. This multifaceted nature of social capital makes it hard to separate the forms of social capital from their consequences (Woolcock 1998). It goes without saying that this makes it difficult to arrive at a 'tight conceptual and empirical definition' (Bebbington and Perreault 1999).

So, what is it then? We believe the 'social' part of the notion refers to a rather stable, cohesive structure of social relations between people in which (often unwritten) norms and values are shared. This social structure may exist at different levels, such as the level of friendship, the family, the community, the ethnic group, the organisation (or web of organisations), the country (e.g. the institutional and political framework), etc. In other words, contrary to other, more individual forms of capital, social capital resides in groups based on social ties, cultural practices or political contexts.

The 'capital' dimension refers to the fact that these social structures may perform an asset function or constitute a resource for people that belong to it (Coleman 1990). For example, they may shape opportunities or constraints for individuals seeking economic advancement. This is a complex process that needs to be unravelled. In a nutshell, (informal and formal) structures of social relations do, or do not, enable people to trust one another. Trust, in turn, allows these members to co-ordinate their actions for mutual benefit. Accordingly, trust is a mechanism that overcomes market failures which arise because of uncertainty (Ostrom 1990). In turn, this capacity to resolve collective action problems may bring about many advantages, such as economic prosperity, good governance and safety.

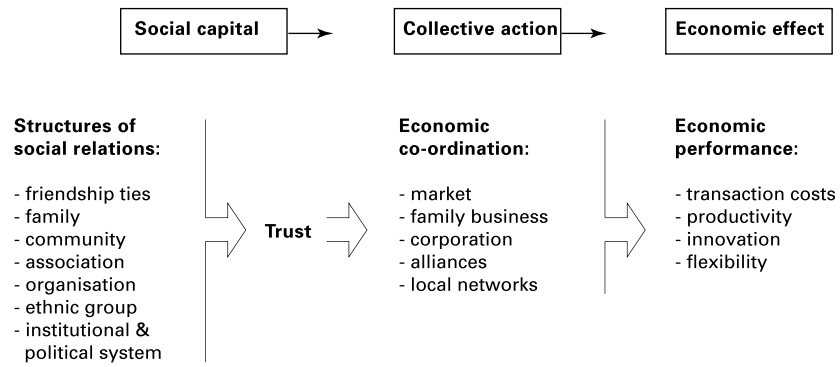


Figure 7.3 The 'asset' function of social capital in the economic realm

This asset function of social capital is summarised in Figure 7.3 for the economic realm. We realise this scheme is far from complete. For example, mechanisms of economic co-ordination may itself induce trust-building. Moreover, the more (societal) levels of social structures (beyond friends and family groups) are involved in generating trust, the greater the potential for economic development. We explain this scheme in more detail below when elaborating on the relationship between social capital and regional development in the case of the Third Italy.

What is essential here is that the availability of social capital (like physical and human capital) is unequally distributed. With a certain stock of social capital, one can save time and resources needed to build trust-based relationships between and within firms. In contrast, where social norms are not based on mutual trust, a low stock of social capital is likely to exist which cannot be called upon to undertake collective action. Italy provides an interesting case, because the persistence of a large economic gap between

north and south has been related to deep-seated socio-cultural differences. Leonardi (1996) has given the example of the South of Italy where individual actors are not likely to engage in co-operative agreements and, therefore, operate on an individual level because social norms of mutual trust are largely missing. Similarly, Putnam (1993) has expressed different regional levels of social capital in Italy in terms of two ideal types: vertical social structures based on authority relations in the south versus horizontal social relations based on trust and shared values in the north.

To provide a more comprehensive explanation of regional differences in Italy, it is helpful to make a distinction between various sources of social capital at different levels with different development potentials (Woolcock 1998). We believe three structures of social relations at different levels have supported the particular form of industrialisation found in the Third Italy: the extended family (kinship network), the local community at the industrial district level and the existence of a political subculture at the regional level.

Like the Second Italy, the first source of social capital, that is the (extended) family, is strongly present in the Third Italy as illustrated by the substantial number of family businesses in the industrial districts. However, a major difference with the South of Italy is that the Third Italy could build on various (mainly non-kin) sources of social capital that extended the family level. In this respect, the notion of 'amoral familism' introduced by Banfield (1958) has been applied to describe the socio-cultural environment in southern Italy (Leonardi 1996). Here, the poor economic performance is directly related to the fact that trust is limited to social relations based on family members and blood relatives, in addition to the Mafia with its devastating effect on the local economy (Gambetta 1993). There is a strong parallel here with studies on ethnic entrepreneurship in relatively poor communities. These studies observed that trust built on strong ethnic and tight family ties is not enough to generate long-term economic prosperity because this requires extra-group linkages (Woolcock 1998).

Harrison (1992) argued that it was through specific relationships between local partners based on repeated interaction and experience that trust-building evolved in the industrial districts. However, this is a very partial explanation. He largely ignored the fact that trust-based relationships between partners built on experience are generally accompanied by high sunk costs and thus a risk of lock-in (Maskell 1999). Hence, a source of social capital that exists at community level may be a more efficient and flexible solution. Trust-building at community level in the Third Italy takes place at the industrial district level. In order to be effective as an asset, the social structure at the district

level should be characterised by norms and values that exclude those that do not submit to these rules. Norms can only become effective when sanctions actually constrain the actions of actors that conducted deviant behaviour. This is true at the district level where misbehaviour soon becomes known to others. As a result, malfeasance by firms in such closely interwoven networks is almost ruled out because of the severe consequences.

However, this is not at the expense of flexibility. On the contrary, firms in communities blessed with high stocks of social capital tend to have a minimal amount of relation-specific investments. As compared to the other means of building trust described above, social capital at district level is economically superior because it tends to lower investment costs and enhances flexibility. Breaking relations with partners when economic or other circumstances require such does not incur a heavy loss of sunk costs. Those communities are likely to accept this kind of behaviour "... as long as any decisions to discontinue old partnerships are carried out in a proper manner and in accordance with the community's beliefs of good behaviour. The risk of becoming a victim of a lock-in is thus greater for firms relying on built trust in network-arrangements only than for firms able to attain and utilise social capital through membership of a community" (Maskell 1999, p. 6).

In the case of the Third Italy, there is another source of social capital that extends beyond the district level. As described earlier, there is an abundance of industrial districts in the Third Italy, in contrast to the South of Italy. This is related to strong cultural norms of mutual trust and good governance institutions that are available in this part of Italy. Trigilia (1989), among others, has mentioned the existence of deeply rooted, cohesive 'political subcultures' that cut across social cleavages, regulate potential social conflicts and achieve political and social cohesion. More particularly, the Third Italy area was characterised, at least until recently, by two distinctive political subcultures, that is a red Communist-oriented one in the central regions such as Emilia Romagna and Tuscany and a white Catholic/Christian Democratic one in the north-east.

Despite their diverse political backgrounds, both movements were very active at the local level, establishing an intricate web of social relationships between organisations like unions, associations, co-operatives and local governments (Trigilia 1989). Dei Ottati (1994) emphasises the importance of these local institutions for social control in an industrial district that has a far more complex environment than a small, homogenous community. In this respect, local political subcultures reflect a fine balance between the state (at the local and regional level) and civil society that boosted, among other

things, the effectiveness and credibility of institutions of governance (Amin 1999). This shows a strong resemblance with ideas about policy models based on functional, participative and associative principles (see e.g. Schobben and Boschma 2000).

The above makes clear that social capital is unequally distributed between entities at various spatial levels. There is good reason to believe that these regional differences are likely to persist over time: social capital is essentially immobile. Due to its intangible and complex nature, social capital is - in contrast to other forms of capital -not a commodity that can be bought on the market. Moreover, although social capital may be rapidly destroyed, it cannot be easily created. It is almost impossible to imitate, replicate or substitute social capital due to its complexity (it consists of a complex web of linkages and relationships) and its time-consuming accumulation (in which asset mass efficiency plays a role) (Maskell 1999).

Social capital and regional development of the Third Italy

Above, we briefly introduced the notion of social capital. We have largely set out the social part of the notion referring to structures of social relations between people that may exist at different levels (e.g. the family, the community or the regional level). Moreover, we made clear that the availability of social capital is unequally distributed between regions, a statement that has been further illustrated by the case of Italy. By doing so, we have touched upon the capital dimension of these social structures, that is, the asset function of social capital. We will now elaborate on this topic.

As shown in Figure 7.3, structures of social relations enable people to trust one another. This, in turn, allows their members to solve collective action problems that arise because of market failures. We made clear above that there must be different sources of social capital present at various levels (e.g. trust among non-kin) before it generates economic development. Below, we explain four ways of linking social capital through trust to economic performance. We restrict our attention by linking social capital explicitly to the particular form of industrialisation in the Third Italy described earlier.

First of all, social capital reduces the costs that are involved in a transactional activity, such as search and information costs, bargaining and decision costs and policing and enforcement costs (Nooteboom 1999). When there is high trust, there is less need to specify all the details of a transaction in formal written contracts in order to reduce uncertainty and opportunism. There is also less need to put a lot of effort into controlling and monitoring the execution of the transaction. This higher efficiency of economic exchange

is essential for the functioning of industrial districts that are characterised by large numbers of transactions due to an extreme division of labour between the many specialised firms. Hence, trust lowers the costs of co-ordination between small firms and facilitates the exchange of commodities that may result in more deepening of the division of labour. In this way, social capital enables the small firms to reap the benefits of increasing specialisation, such as high productivity (Camagni and Capello 1999). In other words, social networks based on shared norms make co-ordination of transactions between local actors more efficient and, thus, less costly than explicit contracting and monitoring and makes them more effective than formal enforcement by the state.

Second, local relations of trust encourage the co-ordination and co-operation mechanisms that are so vital for the competitiveness of small firms. Generally speaking, small firms lack the resources to be successful on export markets, to do their own research, to negotiate with large banks for loans at favourable terms etc. The importance of relations of trust here is that they provide them the means to realise this (Dei Ottati 1994). As Harrison (1992) puts it, "firms are said to co-operate on getting new work into the district, in forming consortia to obtain cheap credit, in jointly purchasing raw materials, in bidding on large projects and in conducting joint research" (p. 478).

Third, trust among local actors favours the transmission and exchange of knowledge at district level. This is essential for small firms to learn and innovate. When firms can fall back on mutual trust, communication proceeds relatively smoothly (Lambooy 1997). This is especially important for the transmission of non-codified or tacit knowledge which is, by nature, much more difficult to communicate (Malmberg and Maskell 1997; Storper 1997). The notion of 'innovative milieu' has been introduced to explain the clustering of vertically disintegrated firms specialised in a particular techno-industrial field in terms of collective learning embedded in a regional context (Camagni 1991). Collective learning in industrial districts is achieved through the intra-regional mobility of human capital (as main carrier of tacit knowledge), the transfer of information via informal local networks and a common local culture of trust based on shared practices and rules (Boschma 2004). Hence, a large stock of social capital facilitates interactive learning and therefore innovation, which allow the many low-tech firms in districts to survive and prosper in relatively high-cost regions like the Third Italy (Morgan 1997; Asheim 1999). Empirical research tends indeed to show a high innovation rate in this area (Paci and Usai 1999; Evangelista et al. 2002).

Fourth, the existence of political sub-cultures explained earlier contributed to the particular form of industrialisation in the Third Italy in various

ways (Trigilia 1989). On the one hand, it boosted the flexibility of the labour market because it regulated potential social conflicts. The dynamic functioning of industrial districts demanded from labour a flexible attitude, which was enhanced in the Third Italy by a lack of labour militancy and limited class polarisation (high rate of social mobility). Social networks guaranteed a rapid flow of information about new job opportunities, while a social compromise between local interest groups (government, entrepreneurs, unions) often guaranteed a flexible work force. On the other hand, these political sub-cultures were based on civic norms which may have stimulated the effectiveness and responsiveness of regional governments in the Third Italy. An empirical study of Putnam (1993) indeed demonstrated a strong difference in institutional performance between the more civic-minded northern and central part of Italy and the less civic (more clientelistic) South of Italy. When institutional performance increases, positive economic effects are likely to emerge (Hillman and Swank 2000). Regional governments that are more reliable and trustworthy make it less risky for firms to engage in long-term investments and provide better and more efficient services (for which one does not have to pay individually) that match the particular needs of the SMEs in the districts (Brusco 1991).

7.4 The importance of social capital for the industrial rise of the Third Italy

Above we have clarified the role social capital may have played in the particular form of industrialisation in the Third Italy. We will now attempt to measure social capital at macro-regional level and empirically assess its importance for the rise of this type of industrialisation in Italy. This study is based on an extensive set of regional data. We will first explain how we measured social capital. Then, we will test whether the Third Italy is an unique socio-cultural area, as compared to other Italian regions. Finally, we will assess whether social capital has contributed to this type of industrial development across the Italian regions during the post-war period.

How can social capital be measured?

As set out in the introduction, few studies have been carried out to provide empirical support for theoretical statements concerning the importance of social capital for regional development. As mentioned earlier, it is difficult to determine what is actually meant by social capital. This is even more so when

measuring the stock of social capital (Bolton 1998). Maskell (1999) takes a rather pessimistic standpoint in this respect: the dimensions of social capital (he talks about its 'labyrinthine qualities') would be too complex to measure and would depend too much on the specific local context.

Nevertheless, a few efforts have been made. These empirical studies differ with respect to definitions of social capital, units of analysis, control variables, etc. (Jackman and Miller 1996; Schneider et al. 2000). A study done by Knack and Keefer (1997), based on the World Values Survey concluded that social capital has had a strong and significant impact on economic growth in 29 market economies over the 1980-1992 period, especially in poorer countries. Another study by Helliwell and Putnam (1995) showed that, while holding initial income constant, Italian regions with a more developed 'civic community' had higher economic growth rates in the 1950-1990 period.

But how was social capital measured in these studies? Knack and Keefer (1997) measured trust using the question of whether 'most people can be trusted', while 'civic norms' were assessed by the trustworthiness of the respondents. They were asked whether it is justified 'to claim government benefits which you are not entitled to, to avoid a fare on public transport, to cheat on taxes if you have the chance, to keep the money you have found and to fail to report damage you have caused accidentally to a parked vehicle'. Another study (Granato et al. 1996) made use of two cultural indexes capturing motivational factors: achievement motivation and postmaterialist values. However, these kind of studies suffer from several drawbacks. In short, the indicators taken from the World Values Survey are rather vague (Moore 1999), the presumed link with economic development is often hard to imagine (especially the mechanisms through which social capital influences growth remain unspecified), while the unit of analysis (countries instead of regions) is largely left unexplained.

In an empirical study of Italy, Putnam (1993) and Helliwell and Putnam (1995) constructed a composite index of 'civic community' at regional level. This index consisted of three dimensions. The first one is 'civic engagement', which has been associated with newspaper readership and turnout in referenda. The second refers to horizontal association or group membership, which is gauged by the density of sports and cultural associations. The third one is based on the incidence of preference voting at national elections which is regarded as a surrogate for clientelism and thus for the absence of civic community. Following Katz and Bardi (1980), they regarded preference voting as a measure of clientelism, in which political relations are based on securing self-interest and assuring individual benefits rather than expressing a policy preference.

However, the empirical work of Putnam may be criticised for several reasons (see e.g. Bagnasco 1994). First, preferential voting may be regarded as a positive element in civic involvement rather than the opposite (Tarrow 1996). Piattoni (1997) claimed that some clientelistic systems may even be beneficial to growth, as the Abruzzo region shows. Moreover, it remains unclear how the indicators of 'civic engagement' may be meaningfully linked to growth. Another weak point is that Putnam associates social capital with regional growth in general. As explained earlier, we believe social capital gets a different and more direct meaning when linked to the Third Italy type of industrial development.

We have selected three variables of social capital that can be meaningfully linked to the Third Italy experience. The main restriction we had to cope with was that we needed reliable data per Italian region during the initial stage of development of the Third Italy, that is, in the early 1950s (Zamagni 1993). The three variables chosen (i.e., co-operatives, associations and political subcultures) refer to different, but interwoven structures of social relations that are likely to reflect a culture of mutual trust at the regional level.

The first (economic) indicator concerns the number of economic co-operatives (consumer-oriented as well as producer-based). This type of economic organisation is often regarded as a form of 'organised but voluntary social solidarity' (Putnam 1993). The intensity of co-operative associations is likely to reflect a culture of mutual trust, because members have shown a willingness to collaborate in order to achieve mutually beneficial ends (Fornasari and Zamagni forthcoming). As a proxy for the co-operative form of economic organisation, we constructed the variable ECONCOOP, measured as the number of economic co-operatives per 10,000 inhabitants by region in 1951. We made sure that this indicator did not mix up cause and consequence of social capital: the overall majority of the 14,331 co-operatives in Italy in 1951 was found in activities, such as construction and agriculture, that had no relation whatsoever with the traditional, craft-based sectors associated with the Third Italy (SVIMEZ 1961).

The second (social) measure we use is the density of associations that include religious organisations, cultural activities, sport clubs, etc. Following Putnam (1993), this indicator is used as a proxy for civic sociability. A high intensity of associational activity reflects a high rate of social interaction that builds trust and co-operative habits between its members. The variable ASSOCIAT measures the number of recreational and cultural associations per 100,000 inhabitants by region in 1982 founded before 1960. Naturally, we would have preferred to measure this in the early 1950s, like the other

variables. We were unable to due to a lack of data. Making use of the 1982 Associational Census (Mortara 1985), this measure excludes associations that existed in the 1950s but which had disappeared in 1982. Despite this shortcoming, we believe it is an advantage that we have only included the durable and long-lasting associations in our analysis.

The third (political) indicator of social capital we use is the predominance of a red or white political sub-culture in a region. As explained above, this facilitated industrial development in the Third Italy for two main reasons. It not only achieved socio-political cohesion, it also enhanced institutional performance. At least till the 1990s, their existence could be illustrated by the enduring dominance of a political movement that was very active in local community life since the end of the nineteenth century (Coppola 2000). We make use of the variable POLCULT as a proxy for the predominance of either a white Catholic or red political sub-culture. This has been measured as the number of either white votes (for the Christian Democratic Party) or red votes (for the left-wing parties of PCI, PSI and PSDI) per 100 votes by region during the national elections of 1953.

Is the Third Italy unique with respect to social capital?

Previously, we concluded that the Third Italy was to a considerable degree a distinct area with respect to the form of industrialisation that emerged in the post-war period. We argued that social capital may have played a role. Now, we will ascertain whether the Third Italy was indeed an unique area during its initial stage of development with respect to the three social capital indicators described above.

Our objective is to examine whether it makes sense to split Italy into three main areas (that is, the First, Second and Third Italy) with respect to social capital. The literature often states that we should draw a sharp socio-cultural and political line between the Second and Third Italy. Others suggest there is a lot of diversity within both areas (Bianchi 1994; Piattoni 1997). It is also rather unclear whether the First Italy (the industrial heartland) should be treated as a homogenous and separate area in this respect. As demonstrated earlier, to some extent it developed a number of industrial districts. This may suggest it shares similar socio-cultural features with the Third Italy.

As described above, the pattern of industrialisation in the Third Italy was a rather localised phenomenon. Therefore, we would have preferred to measure social capital on the more disaggregated level of industrial districts (meaning areas smaller than the Italian provinces). However, a lack of necessary data

	ECONCOOP	ASSOCIAT	POLCULT	INDSOC
First Italy	2.60	3.63	45.32	1.16
Piedmonte	1.50	1.97	41.58	0.77
Lombardy	2.76	2.42	45.86	1.01
Liguria	3.53	6.51	48.53	1.70
Third Italy	3.12	2.41	51.40	1.09
Trentino Alto-Adige	0.92	2.20	45.16	0.76
Veneto/Friuli-Venezia-Giulia	2.28	2.12	52.80	0.96
Emilia Romagna	7.39	2.37	57.87	1.64
Tuscany	3.46	3.29	54.31	1.28
Umbria	1.80	2.24	54.41	0.94
Marche	2.84	2.27	43.84	0.99
Second Italy	2.65	1.85	39.30	0.87
Lazio	7.36	8.29	37.04	2.32
Abruzzi/Molise	1.53	1.25	42.54	0.68
Campania	2.37	0.71	36.13	0.65
Puglia	2.26	0.65	38.47	0.65
Basilicata	2.15	0.96	41.32	0.70
Calabria	0.94	0.59	40.69	0.50
Sicily	1.72	0.94	36.46	0.61
Sardinia	2.83	1.41	41.71	0.85
Italy	2.80	2.36	44.63	1.00

Sources: SVIMEZ 1961, table 382; ISTAT 1954, table 137; Galli 1968, tables 3, 4, 5 and 7; Mortara 1985, table 6.

Table 7.3 Social capital in the Italian regions in the early 1950s

at this level made this impossible. Nevertheless, as demonstrated earlier, a majority of the industrial districts are located in the Third Italy area. This suggests that the impact of social capital extends well beyond the level of the district. In fact, as mentioned before, it might indicate that other sources of social capital, such as cultural norms of mutual trust (embodied in political sub-cultures) operate on a more aggregated spatial level covering the whole area of the Third Italy. We have taken the 20 standard administrative regions of Italy shown in Map 7.1 as units of analysis. Due to missing values, we have restricted our analysis to 17 regions. The small number of cases means we were, unfortunately, unable to use classification techniques such as

discriminate analysis to assign each region to distinctive groups concerning their scores on the three social capital variables.

Therefore, we will simply present the scores of all 17 regions concerning the three indicators of social capital in Table 7.3. We also constructed an index of social capital, INDSOC, in which the weight of each of the three indicators is treated equally. The outcomes suggest considerable differences between the three Italies in the early 1950s. The Third Italy, as expected, scores above average for all three social capital variables: it even shows the highest scores for two of them (i.e. ECONCOOP and POLCULT). As expected, it is also clear that the Second Italy has the lowest rate of social capital for all three variables in the early 1950s. By and large, the First Italy occupies an intermediate position at that time but shows the highest scores on INDSOC and ASSOCIAT (which is entirely due to Liguria).

The question is, to what extent these three macro-regions can be considered homogenous areas? The Second Italy was quite a distinct area with respect to social capital in the early 1950s, with one major exception: the Lazio region, with the capital city Rome, which is a markedly different and unique area. Is this also true for the Third Italy? Table 7.3 suggests it is (i.e. the major part of the Third Italy shows a high score for social capital) but still there are considerable internal differences with the regions of Trentino Alto-Adige and Emilia Romagna being the two extreme cases. The outcomes demonstrate that there is no justification whatsoever for treating the First Italy as a separate area. The Liguria region shows, quite surprisingly, a high score on all three indicators, the opposite is true for the Piedmonte region, while the Lombardy region occupies an intermediate position.

The importance of social capital for the industrial rise of the Third Italy

In the remaining part of this chapter, we will make an attempt to assess empirically whether social capital (measured in the early 1950s) has contributed to this Third Italy-type of industrial development across the Italian regions during the post-war period (1951-1981). In other words, we will analyse whether this form of industrialisation may have been rooted in regional stocks of social capital. By doing so, we will examine whether social capital has indeed constituted a basis for the industrial rise of the Third Italy during its initial stage of development. One should recall that, due to the small number of cases, we have not been able to employ regression techniques and check for other variables that may have influenced cross-regional variation in economic development over such a long period.

We will use the variable INDGROW that measures the annual growth rate in employment in firms with less than 500 people employed in traditional-artisanal sectors by region in Italy during the period 1951-1981. In doing so, we will cover two main features of this type of industrial development described earlier. The typical small-scale industrialisation has been accounted for by excluding firms that employ more than 500 people. The craft-based nature of this type of industrialisation was grasped by selecting manufacturing industries that could be considered traditional-artisanal: textiles, footwear and clothing, leather goods, wood and furniture, non-metallic mineral products (including ceramics, marble, jewellery) and metallic engineering. A shortcoming of this indicator is, however, that it does not account for the organisational dimension of industrial districts. Due to a lack of data, our indicator ignores the linkages that may have developed between the small and medium-sized firms involved. It was, therefore, impossible to separate SMEs that operated independently (which we would like to have excluded from our analysis) from SMEs that were part of a local dynamic network.

Due to the small number of cases, it is impossible to apply multiple regression techniques in order to assess the impact of social capital on the cross-regional variation in growth of employment in SMEs in traditional-artisanal sectors in Italy during the period 1951-1981. Therefore, in Table 7.4, we have simply put together two variables that measure the stock of social capital in each region in the early 1950s (INDSOC) and the economic growth rate with regard to the Third-Italy-type of industrial development for the period 1951-1981 (INDGROW). By comparing the regional scores of these two standardised variables we can carefully assess the economic contribution of social capital in each region as far as the Third-Italy type of industrial development is concerned. Unfortunately, we are not able to describe the regional evolution of social capital during this period, due to data shortcomings.

The outcomes presented in Table 7.4 seem to suggest some relationship between social capital and regional growth in employment in small-scale, traditional-artisanal sectors during the period 1951-1981. The Pearson correlation coefficient shows, however, a positive (0.198) but insignificant relationship between the two variables. Nevertheless, the empirical results provide some evidence of why the Third Italy, which is well endowed with a favourable socio-cultural structure, did much better than the South of Italy to develop the Third Italy type of industrial development. Although we have to be cautious, the low stock of social capital in the south in the early 1950s seems not to have provided a stimulus for this particular form of

industrialisation. This may well explain why small and medium-sized firms in the Second Italy often operate independently, whereas SMEs in the Third Italy co-operate and form dynamic networks (Fukuyama 1995). In the First Italy, the reverse situation is almost true: relatively good scores on social capital go along with very low scores on industrial development.

	INDSOC	*INDGROW*
First Italy	*1.16*	*0.54*
Piedmonte	*0.77*	*0.45*
Lombardy	*1.01*	*0.61*
Liguria	*1.70*	*0.08*
Third Italy	*1.09*	*1.94*
Trentino Alto-Adige	*0.76*	*0.78*
Veneto/Friuli-Venezia-Giulia	*0.96*	*1.89*
Emilia Romagna	*1.64*	*2.14*
Tuscany	*1.28*	*1.67*
Umbria	*0.94*	*2.11*
Marche	*0.99*	*3.16*
Second Italy	*0.87*	*0.75*
Lazio	*2.32*	*1.03*
Abruzzi/Molise	*0.68*	*1.07*
Campania	*0.65*	*0.67*
Puglia	*0.65*	*1.37*
Basilicata	*0.70*	*0.26*
Calabria	*0.50*	*-0.02*
Sicily	*0.61*	*0.42*
Sardinia	*0.85*	*0.77*
Italy	*1.00*	*1.00*

Sources: see Figure 7.1 and Table 7.2

Table 7.4 Social capital and industrial growth by region in Italy, 1951-1981

Taking a more detailed look at Table 7.4, we observe a slightly more complex picture. Table 4 reveals that the regions of Puglia and Abruzzi/Molise occupy a rather exceptional position in the south: they show a satisfactory score on INDGROW while doing quite poorly on the social capital index. With respect to the Third Italy, we witness three exceptional regions (i.e. Veneto/

Friuli-Venezia-Giulia, Umbria and Marche) where a relative modest score on social capital in the early 1950s is accompanied by a high rate of industrial growth for the period 1951-1981. As far as the First Italy is concerned, we can conclude that the observed values of INDGROW in the regions of Liguria and Lombardy are much lower than might be expected from their scores on social capital.

7.5 Concluding remarks

Although the rise and development of local networks of SMEs in the Third Italy has been widely documented, it is remarkable how few empirical studies have been conducted to provide an explanation for this. A large body of literature has mentioned a particular socio-cultural environment that may have provided a basis on which this form of industrial development could emerge. However, much theorising in this field has not been accompanied by studies that provided systematic empirical support for these theoretical statements. This certainly has something to do with the sheer complexity of this research field. There are several topics that deserve more particular attention in this respect.

To begin with, we need better dependent variables that make it meaningful to link explicitly social capital to economic performance at different spatial levels. Our dependent variable accounted for the Third Italy-type of industrialisation in which this socio-cultural factor was believed to play a crucial role. However, one shortcoming is that this dependent variable does not account for its organisational dimension (i.e., its local network form). For instance, Camagni and Capello (1999) observed that the Third Italy consisted of two parts (the north-eastern versus the central regions) with different degrees of co-operation between firms in the early 1990s, resulting in varying regional innovation paths. Moreover, it is more useful to analyse various sources of social capital at different spatial levels in order to provide a more comprehensive explanation for regional differences in growth. In our Italian study, we made use of regional data, for good reason. However, an empirical study on the more disaggregated level of industrial districts would lead to a more complete assessment of the economic impact of social capital.

Second, it remains hard to develop indicators to measure social capital. Our study drew only limited empirical attention to the actual mechanisms through which social capital may determine economic performance. In common with other studies (like Putnam's) the explanations for observed

correlations are "... argued by analogy, inference, and theoretical realm rather than on empirical analysis of causal mechanisms" (Bebbington and Perreault 1999, p. 400). This is an epistemological issue that is, to some extent, a consequence of what Crevoisier (1999) called a 'homogenising' (instead of a 'particularising') approach. Nevertheless, it is true that we need more progress in specifying mechanisms underlying relationships between the state, civil society and economic performance that account for complexity in different spatial contexts, and which go beyond simple and broad classifications of low and high stocks of social capital.

Third, our study emphasised a rather static, positive relationship between social capital and economic performance. However, we have to be careful when treating social capital in such a static way (Trigilia 1995; Tarrow 1996). A reciprocal relationship is likely to exist between social capital and economic growth (Granato et al. 1996). Moreover, some point out that, in addition to too little social capital, too much social capital may have adverse impacts on economic performance (Boschma and Lambooy 2002). For instance, there is much debate on the impact of associational activity on economic growth. In contrast to Putnam, Olson (1982) claimed that economic self-interest of rent-seeking associations may exist at the expense of society's welfare at large, while Grabher (1993) argued that a rather conservative culture of co-operative relations between large corporations, public authorities and labour unions may actively oppose change in the event that the vested interests of the main associations are threatened (Boschma and Lambooy 1999).

Finally, a consensus seems to exist on the issue that social capital is hard to copy or imitate from successful places. However, this is less true for questions like how social capital may be created and what role the (local) government may play in this respect (Cooke and Wills 1999). For example, Fukyama (1995) claims that a trade-off exists between social capital and government, whereas others claim that the efficiency and effectiveness of government policy depends on the available stock of social capital. In this respect, the challenge for policy makers is how to invest in social capital formation and how to account for different pathways through which social capital may be built.

There is no doubt that these, as yet unsettled, issues will continue to be at the centre of debate for the next few years.

Notes

1 The author wishes to acknowledge the financial support he received from the Netherlands Organisation for Scientific Research (NWO) during his one year stay as a visiting researcher at the Faculty of Economics of the University of Bologna (Italy). He wishes to thank Aura Reggiani, Bert van der Knaap and Peter Nijkamp for making this all possible. The chapter benefited greatly from the many discussions I had with numerous interesting and friendly colleagues in Italy, of which there are too many to mention them separately. Finally, I wish to thank Alphons de Vocht for his valued support.

References

Amin, A. 1999. The Emilian model. Institutional challenges. European Planning Studies 7 (4): 389-403.

Arrow, K. 1972. Gifts and exchanges. Philosophy and Public Affairs 1: 343-62

Asheim, B. 1999. Interactive learning and localised knowledge in globalising learning economies. GeoJournal 49 (4): 345-352.

Bagnasco, A. 1977. Tre Italie: la problematica territoriale dello sviluppo Italiano. Bologna: Il Mulino.

Bagnasco, A., and Pini, R. 1981. Sviluppo economico e trasformazioni sociopolitiche dei sistemi territoriali ad economia diffusa. Milano: Fondazione Feltrinelli.

Bagnasco, A. 1994. Regioni, tradizione civica, modernizzazione Italiana: un commento alla ricerca di Putnam. Stato e Mercato 40: 93-103.

Banfield, E.C. 1958. The moral basis of a backward society. Glencoe: The Free Press.

Bebbington, A. and Perreault, T. 1999. Social capital, development, and access to resources in Highland Ecuador. Economic Geography 75 (4): 395-418.

Becattini, G., ed. 1987. Mercato e forze locali. Il distretto industriale. Bologna: Il Mulino.

Becattini, G., ed. 1989. Modelli locali di sviluppo. Milano: Il Mulino.

Becattini, G., Bellandi, M., dei Ottati, G. and Sforzi, F. 2003. From industrial districts to local development. An itinerary of research. Cheltenham: Edward Elgar.

Bellandi, M. 1989. The role of small firms in the development of Italian manufacturing industry. In Small firms and industrial districts in Italy, eds. E. Goodman and J. Bamford, with P. Saynor, 31-68. London/New York: Routledge.

Bertini, S. 1994. SME systems and territorial development in Italy. NOMISMA Working Papers No. 6. Bologna: NOMISMA.

Bianchi, G. 1994. Requiem for the Third Italy? Spatial systems of small firms and multi-regional differentiation of the Italian development. Paper presented at the European Regional Science Congress, University of Groningen, August.

Bianchi, P., and Gualteri, G. 1990. Emilia-Romagna and its industrial districts: the evolution of the model. In The regions and European integration: The case of Emilia Romagna, eds. R. Leonardi and R.Y. Nanetti, 83-108. London/New York: Pinter Publishers.

Bolton, R. 1998. A critical examination of the concept of social capital. Paper read at meeting of the Association of American Geographers, Boston, March.

Boschma, R.A. 2004. The competitiveness of regions from an evolutionary perspective, Regional Studies, october 2004, forthcoming.

Boschma, R.A., and Lambooy, J.G. 1999. Evolutionary economics and economic geography. Journal of Evolutionary Economics 9: 411-429.

Boschma, R.A., and Lambooy, J.G. 2002. Knowledge, market structure and economic co-ordination: the dynamics of industrial districts. Growth and Change 33 (3): 291-311.

Brusco, S. 1991. La genesi dell'idea di distretto industriale. In Distretti industriali e cooperazione fra imprese in Italia, eds. F. Pyke, G. Becattini and W. Sengenberger, 25-34. Firenze: Banca Toscana.

Brusco, S., and Paba, S. 1997. Per una storia dei distretti industriali Italiani dal secondo dopoguerra agli anni novanta. In Storia del capitalismo Italiano dal dopoguerra a oggi, ed. F. Barca, 265-333. Roma: Donzelli Editore.

Camagni, R., ed. 1991. Innovation networks: Spatial perspectives. London/New York: Belhaven Press.

Camagni, R., and Capello, R. 1999. Innovation and performance of SMEs in Italy. The relevance of spatial aspects. In Innovation, networks and localities, eds. M.M. Fischer, L. Suarez-Villa and M. Steiner, 181-214. Berlin: Springer Verlag.

Coleman, J.S. 1990. Social capital in the creation of human capital. American Journal of Sociology 94: S95-S120.

Cooke, P., and Wills, D. 1999. Small firms, social capital and the enhancement of business performance through innovation programmes. Small Business Economics 13: 219-234.

Coppola, P. 2000. The resurgence of regional and local governance. In Geographies of diversity. Italian perspectives, eds. B. Cori et al., 157-168. Roma: Società Geografica Italiana.

Cossentino, F., Pyke, F., and Sengenberger, W. eds. 1996. Local and regional response to global pressure. The case of Italy and its industrial districts. Geneva: International Institute for Labour Studies.

Crevoisier, O. 1999. Two ways to look at learning regions in the context of globalisation. The homogenizing and particularizing approaches. GeoJournal 49 (4): 353-361.

Dasgupta, P. 1998. Economic development and the idea of social capital. In Social capital. Integrating the economist's and the sociologist's perspectives, eds. P. Dasgupta and I. Serageldin, 1-48. Washington D.C.: World Bank.

Dei Ottati, G. 1994. Trust, interlinking transactions and credit in the industrial district. Cambridge Journal of Economics 18: 529-546.

Evangelista, R., Iammarino, S., Mastrostefano, V., and Silvani, A. 2002. Looking for regional systems of innovation: evidence from the Italian Innovation survey. Regional Studies 36 (2): 173-186.

Fabiani, S., Pellegrini, G., Romagnano, E., and Signorini, L.F. 1998. L'efficienza delle imprese nei distretti industriali Italiani. Sviluppo Locale 5 (9): 42-73.

Fornasari, M. and Zamagni, V. forthcoming. Il movimento cooperativo in Italia. Un profilo storico economico (1854-1992).

Fuà, G., and Zacchia, C. eds. 1983. Industrializzazione senza fratture. Bologna: Il Mulino.

Fukuyama, F. 1995. Trust. The social virtues and the creation of prosperity. London: Hamish Hamilton.

Galli, G. ed. 1968. Il comportamento elettorale in Italia. Bologna: Il Mulino.

Gambetta, D. ed. 1988. Trust. Making and breaking cooperative relations. New York: Basil Blackwell.

Gambetta, D. 1993. The Mafia: A ruinous rationality. Cambridge (Ma): Harvard University Press.

Garofoli, G. 1983. Industrializzazione diffusa in Lombardia. Sviluppo territtoriale e sistemi produttivi locali. Milano: Franco Angeli.

Giunta, A., and Martinelli, F. 1995. The impact of post-fordist corporate restructuring in a peripheral region. The Mezzogiorno of Italy. In Behind the myth of the European Union. Prospects for cohesion, eds. A. Amin and J. Tomaney, 221-262. London/New York: Routledge.

Grabher, G. 1993. The weakness of strong ties: the lock-in of regional development in the Ruhr area, In The embedded firm. On the socio-economics of industrial networks, ed. G. Grabher, 255-277. London/New York: Routledge.

Granato, J., Inglehart, R., and Leblang, D. 1996. The effect of cultural values on economic development. Theory, hypotheses, and some empirical tests. American Journal of Political Sciences 40 (3): 607-631.

Harrison, B. 1992. Industrial districts: Old wines in new bottles. Regional Studies 26: 469-483.

Helliwell, J., and Putnam, R. 1995. Economic growth and social capital in Italy. Eastern Economic Journal 21 (3): 295-307.

Hillman, A.L., and Swank, O. 2000. Why political culture should be in the lexicon of economics. European Journal of Political Economy 16 (1): 1-4.

ISTAT. 1951. III Censimento generale dell'industria e del commercio. Roma: ISTAT.

ISTAT. 1954. Annuario Statistiche Italiano 1954. Roma: ISTAT.

ISTAT. 1961. IV Censimento generale dell'industria e del commercio. Roma: ISTAT.

ISTAT. 1971. V Censimento generale dell'industria e del commercio. Roma: ISTAT.

ISTAT. 1981. VI Censimento generale dell'industria e del commercio, dei servizi e dell'artigianato. Roma: ISTAT

Jackman, R.W., and Miller, R.A. 1996. A renaissance of political culture? American Journal of Political Science 40 (3): 632-659.

Katz, R.S., and Bardi, L. 1980. Preference voting and turnover in Italian parliamentary elections. American Journal of Political Science 17: 97-114.

Knack, S., and Keefer, P. 1997. Does social capital have an economic payoff? A cross-country investigation. The Quarterly Journal of Economics november: 1251-1288.

Lambooy, J.G. 1997. Knowledge production, organization and agglomeration economies. GeoJournal 41 (4): 293-300.

Landes, D. 1998. The wealth and poverty of nations. London: Little, Brown and Company.

Leonardi, R. 1996. Regional development in Italy. Social capital and the Mezzogiorno. Oxford Review of Economic Policy 11 (2): 165-179.

Malmberg, A., and Maskell, P. 1997. Towards an explanation of regional specialization and industry agglomeration. European Planning Studies 5 (1): 25-41.

Maskell, P. 1999. Social capital, innovation and competitiveness. In Social Capital Collection, eds. S. Baron, J. Field and T. Schuller, 1-17. Oxford: Oxford University Press.

Misztal, B.A. 1996. Trust in modern societies. Cambridge: Polity Press.

Moore, M. 1999. Truth, trust and market transactions. What do we know? The Journal of Development Studies 36 (1): 74-88.

Morgan, K. 1997. The learning region. Institutions, innovation and regional renewal. Regional Studies 31 (5): 491-503.

Mortara, A. ed. 1985. Le associazioni Italiane. Milano: Franco Angeli.

Nooteboom, B. 1999. Inter-firm alliances. Analysis and design. London: Routledge.

Olson, M. 1982. The rise and decline of nations. Economic growth, stagflation and social rigidities. New Haven: Yale University Press.

Ostrom, E. 1990. Governing the commons. The evolution of institutions for collective action. Cambridge: Cambridge University Press.

Paci, R., and S. Usai 1999. Externalities, knowledge spillovers and the spatial distribution of innovation. GeoJournal 49 (4): 381-390.

Paniccia, I. 2002. Industrial districts. Evolution and competitiveness in Italian firms. Cheltenham: Edward Elgar.

Piattoni, S. 1997. Local political classes and economic development. The cases of Abruzzo and Puglia in the 1970s and 1980s. In The political economy of regionalism, eds. M. Keating and J. Loughlin, 306-346. London: Frank Cass.

Piore, M.J., and Sabel, C.F. 1984. The second industrial divide. Possibilities for prosperity. New York: Basic Books.

Putnam, R.D., with R. Leonardi and R.Y. Nanetti 1993. Making democracy work. Civic traditions in modern Italy. Princeton: Princeton University Press.

Pyke, F., and W. Sengenberger 1991. Introduzione. In Distretti industriali e cooperazione fra imprese in Italia, eds. F. Pyke, G. Becattini and W. Sengenberger, 15-23. Firenze: Banca Toscana.

Saxenian, A. 1994. Regional advantage. Culture and competition in Silicon Valley and Route 128. Cambridge (Mass.): Harvard University Press.

Schneider, G., Plümper, T., and Baumann, S. 2000. Bringing Putnam to the European regions. On the relevance of social capital for economic growth. European Urban and Regional Studies 7 (4): 301-317.

Schobben, R., and Boschma, R. 2000. Governance in the European Union. Regional and Federal Studies 10 (2): 126-140.

Scott, A.J. 1988. New industrial spaces. Flexible production organization and regional development in North America and Western Europe. London: Pion.

Sforzi, F. 1989. The geography of industrial districts in Italy. In Small firms and industrial districts in Italy, eds. E. Goodman and J. Bamford, with P. Saynor, 153-173. Andover: Routledge.

Sforzi, F. 2000. Local development in the experience of Italian industrial districts. In Geographies of diversity. Italian perspectives, eds. B. Cori et al., 133-156. Roma: Società Geografica Italiana.

Sforzi, F. 2003. Local development in the experience of Italian industrial districts. In From industrial districts to local development. An itinerary of research, G. Beccatini, M. Bellandi, G. dei Ottati and F. Sforzi, 157-183, Cheltenham: Edward Elgar.

Storper, M. 1997. The regional world. Territorial development in a global economy. New York: Guilford Press.

SVIMEZ 1961. Un secolo di statistiche storiche Italiane Nord e Sud 1861-1961. Roma: SVIMEZ.

Tarrow, S. 1996. Making social science work across space and time. A critical reflection on Robert Putnam's Making Democracy Work. American Political Science Review 90 (2): 389-397.

Trigilia, C. 1989. Small-firm development and political subcultures in Italy. In Small firms and industrial districts in Italy, eds. E. Goodman and J. Bamford, with P. Saynor, 174-197. London/New York: Routledge.

Trigilia, C. ed. 1995. Cultura e sviluppo. L'associazionismo nel Mezzogiorno. Catanzaro: Meridiana Libri.

Woolcock, M. 1998. Social capital and economic development. Towards a theoretical synthesis and policy framework. Theory and Society 27(2): 151-208.

World Bank 1997. World development report. The state in a changing world. Oxford: Oxford University Press.

Zamagni, V. 1993. The economic history of Italy 1860-1990. Oxford: Clarendon Press.