

The determinants of Italy's regional imbalances over the long run: exploring the contributions of human and social capital

The article aims to present and discuss estimates of levels of human and social capital in Italy's regions over the long term, i.e. roughly from the second half of the nineteenth century up to the present day. A new composite index of human capital for Italy's regions is presented, whose quality and composition change over time, for the period spanning from 1871 to 2001, along with estimates of social capital for the liberal age. The results are linked to newly available evidence for regional value added in order to begin to form an explanatory hypothesis of long-term regional inequality in Italy. More particularly, convergence in value added per capita across Italy's regions is tested (through both cross-section and dynamic panel regressions) in light of the neoclassical exogenous growth approach, which incorporates human capital and social capital as conditioning variables into a long-term production function. On the whole, the results confirm the importance of conditioning variables, i.e. of regional differences in human capital and social capital, but also suggest that their impact significantly changed over the twentieth century, thus supporting the view that, in different periods, conditioning variables are determined by technological regimes. Both for human and social capital, the main regional qualifications are also presented and discussed.