

A multiregional structural analysis of a dualistic economy: the italian regions over a decade (1995-2006)

Topic: Country case studies

Author: Renato Paniccia'

Co-Authors: Luca Cherubini

Two stylized facts have mainly characterized the Italian economic growth: the dualism between the two main macroregions of the country (North-Centre and South) and the different kind of industrial economic growth experienced across the most developed North-Central regions. While the North-West part of the country, which led the Italian take-off early in the last century, based its economic growth on the medium/large size enterprises; the North-Eastern and Central (NEC) regions mostly grew during the 60s and 70s following the economic district model based on small size firms. These different growth patterns imply a different set of structural parameters and so different responses to economic policies and exogenous shocks. By using a multiregional I-O model would be possible to catch this differential behaviour. Despite the strong and persistent dualism and different regional growth patterns, Input-Output modelling at regional and multiregional level has not found fertile ground in Italy, as in some other EU countries both at academic and institutional level, with the only exception of some particular period of time (for instance 50s' and 80's) and some research institutes.

This paper aims at partially filling this analytical gap by assessing the possible structural changes occurred in a decade (1995-2006), in the Italian regional economic system in terms of both technological and interregional/foreign trade patterns. The paper will be divided in three sections. In the first one a brief description of the methodology of construction of the multiregional model will be provided with a particular focus on the estimate of multiregional trade. Section two will be presented a structural analysis of the Italian multiregional system over the period 1995-2006. In the last section two simulations will be performed in order to test the behaviour of the regional systems in response to significant shocks.