

WHY ARE Northern Italians richer than Southerners? Social scientists who are seeking a "Third Way" path of social development believe the answer to this puzzle helps them to define policies for Europe and North America in the post-Welfare State era. And they argue that the South was impoverished because of the absence of "social capital". Regions that are thickly endowed with social capital are blessed with civic institutions and co-operative behaviour which foster greater material prosperity. Thus, the North has money and the South has the Mafia.

A conference was convened in London last summer by centre-left academics to map out the Third Way. They heard a Cambridge history don, Dr. Simon Szreter, promote the need for building social capital. How? Through education, he said, echoing Premier Tony Blair's cure-all elixir - "education, education, education". Trust is at the centre of this vision of the penetration of civic institutions into people's lives - a concept most recently explored by Francis Fukuyama in the US.

A key text for this emerging school of political thought is the study by an American political scientist, Robert Putnam (*Making Democracy Work*, Princeton University Press, 1993). He explains the contrast in Italian prosperity by measuring the difference in the social institutions which distinguish the industrial regions of the North from the agricultural regions of the South.

Previously, scholars argued that land tenure was the main determinant of the underdevelopment in the South. Putnam plays down this thesis. He does cite authoritative research which supported this conclusion - "Some scholars emphasize agricultural landholding patterns as the crucial variable that explains mores, politics, social relations, and economics in Italy" - but he was not impressed. There had to be an alternative explanation for the richer fabric of the northern social system and the desperately

Social "Capital" and the Third Way

Fred Harrison

impoverished culture to be observed in the South.

He does not reject the land hypothesis altogether. "While not denying all significance to this factor, we doubt that it can account for the civic continuities we describe, in part because traditional landholding patterns in Italy vary in complex ways that are at best imperfectly correlated with those continuities, in part because of the unique role that Italian cities have played in establishing and maintaining those continuities, and in part because the postwar land reforms in the Mezzogiorno seem to have had little impact on its political culture as described here".

PUTNAM misdiagnoses causal connections because he is distracted by a partial understanding of the power that is attached to land. Along with most observers, he treats land as a physical entity rather than as a flow of income. This distorts his comprehension of how land wrecks its influence on people's lives when monopoly power is placed in the hands of a minority.

If he had approached the analysis in terms of the flow of rent he would have seen that land did, indeed, exercise the determining influence in creating poverty in the South and nurturing the relatively richer social fabric in the North. The different paths of social development can be summarised in terms of the polarisation driven by the contrast in the internal and external trends of the two regions.

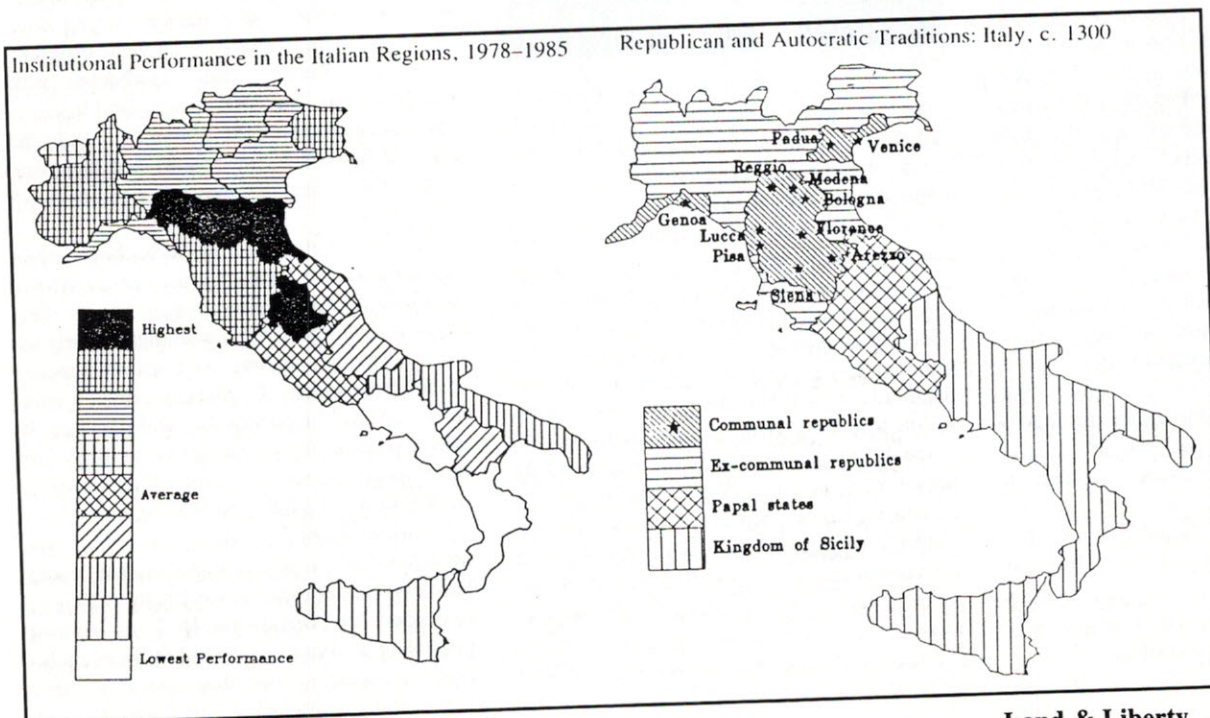
- **The North** Internally, rent was diffused. In external relations, the flow of rent was inwards.
- **The South** Internally, rent was concentrated. In external relations, there was an exodus of rent.

Putnam has less difficulty in tracking the

South's social problems, if only because the record is unambiguous. Over the centuries, rent remained in its primary form: the payments for the use of land. As recently as a century ago, he noted, "The southern feudal nobility - along with elements of the urban professional classes who had acquired common land and Church properties expropriated by the newly-forged Italian state - used private violence, as well as their privileged access to state resources, to reinforce vertical relations of dominion and personal dependency, and to discourage horizontal solidarity". Thus, landowners regulated the lives of peasants on the ground and manipulated the state to preserve their power.

A civic-minded Tuscan landowner, Leopoldo Franchetti, confirmed this power nexus when he analysed social conditions in Sicily in 1876. The landed classes, he noted, ruled a network of clientelistic structures for their private benefit. Every local notable was the head of a network of people from various social strata who depended on him for economic survival and social prestige. In return they provided legal, political and illegal support to defend his interests.

Is it surprising that this model should be copied by the social outcasts in the South? People excluded from land had no choice but to turn to sub-marginal activities. For so long as they could, they extracted the means of life by depleting nature (abandoning the sustainable ecological practices of their forefathers) or by depleting the communities around which they orbited (criminal activity). They were brigands who had no choice but to regard violence as the tool for survival. Trust was for people who prospered - or who had a fair chance of prospering - and who could develop friendship and community bonds to mutual advantage.



THE HISTORY of the North is more complex but can be best interpreted by following the rent trail. By doing so we unravel a historical puzzle - the dualism that created the "Southern Question". The income divide was a puzzle because, according to Putnam: "Conventional economic theory, in fact, predicts gradual convergence in levels of regional develop-

ment within a single country, only heightening the puzzle of Italian dualism".

The rent paradigm dissolves the puzzle by offering an explanation based on economics. Historians can track the diffusion of power in the North (which is associated with the distribution of rent, both through the private and public sectors) which fostered civic behaviour and encouraged people to co-operate to their mutual advantage. The component parts of Northern history need to be analysed separately, but they lead to the same conclusion: the relative prosperity of the North is to be found in the acquisition and diffusion of rent. This was achieved by various means.

In the 12th century the merchants of the Northern cities used credit as a vehicle to enrich themselves via two distinct routes. First, they extracted rental income from distant places (interest paid on mortgages is revenue that would otherwise be paid as rent to landowners). Second, their cities were strategically placed to take advantage of the Vatican as the centre of the Catholic world. They facilitated the collection of the Vatican's rents from the far corners of its empire. Part of the taxes, tithes and monastic rents that flowed to Rome were peeled off in Florence, Genoa and Venice.

By these means was rent sucked into the North where it enriched the urban culture, providing work for landless artisans as bricklayers or jewellers. These opportunities did not exist on a similar scale in the South, where the flow of rent was in the reverse direction - outwards!

A second significant difference was in the level of taxes, which were high in the South. Communities were relatively more impoverished because the burden on the taxable capacity of their economies was greater than in the North. This resulted in a lower level of spending on social amenities. This, in turn, afforded fewer opportunities to nurture the social bonds that encourage the co-operation that leads to the creation of wealth.

IN THE SOUTH it was peasant against peasant, and for good reason. Putnam cites one commentator who noted the divisive

impact among Southern agricultural workers who had to fight for a living on "a crazy-quilt patchwork of landholding... typified by the latifondo, or large estate, worked by impoverished peasants: 'the peasants were in constant competition with each other for the best strips of land on the latifondo, and for what meagre resources were available. Vertical relationships between patron and client, and obsequiousness to the landlord, were more important than horizontal solidarities'."

While the northern communes were being enriched by the inflow of rent, in the South the dead hand of foreign conquerors was scooping the lifeblood from the soil and carrying it off

community's net income, or taxable surplus, the rent of land and natural resources.

CRACKING the code to explain the North/South divide could assist policy-makers today by illuminating the source of some major problems.

Unfortunately, Third Way politicians are in a hurry. In the era of the soundbite, they have good reasons for supporting the notion that social capital is a function, in particular, of education. "More education" is a policy that does not threaten anyone and does not oblige us to peer under stones, especially those that support the social foundations.

Thus, "social capital" has become a mantra. It promises prosperity and social solidarity. It can even help to tackle crime. Writes Putnam: "In civic regions...light-touch government is effortlessly stronger because it can count on more willing co-operation and self-enforcement among the citizenry". This makes it easier to crush anti-social behaviour. In regions with weak social capital it is futile to address criminal behaviour, because heavy-handed government is enfeebled by the uncivic social context and therefore not so well equipped to deal with crime. "The very character of the community that leads citizens to demand stronger government makes it less likely that any government can be strong, at least if it remains democratic. This is a reasonable interpretation, for

example, of the Italian state's futile anti-mafia efforts in Sicily over the last half century." So instead of being encouraged to be tough on crime by being tough on the causes of crime, we are left in a state of despair. Weak social capital = weak community = weak government = incapacity to solve problems.

Putnam's study, which is gaining influence among social scientists, is a classic example of treating symptoms as if they were the causes. His misdiagnosis needs to be corrected, for it is helping to skew the attitudes of policy-makers who believe that profound and hitherto intractable social problems can be cured by yet more education.

SUICIDES IN SCOTLAND

INCOME distribution and civic institutions are not the only indicators of differences between regions within the same nation. Suicides identify fundamental differences, emphasising the abusive character of discriminatory social processes.

Scotland is the most exploited region in the UK.¹ Suicide rates in Scotland are the highest according to the Office for National Statistics. Scots aged between 15 and 44 are significantly more likely to take their lives than their English counterparts, and the gap is growing. In the early '80s, the rate was 25% higher than for the UK as a whole. It is now 50% greater.

For women aged 15 to 44, the difference is even more pronounced. In 1982, the rate was 35% higher than for the UK; by 1996 it was 70% higher. The rate among women aged over 45 is 60% higher than in England. Suicide rates among women aged 15 to 44 have declined in all parts of the UK except Scotland.

Within England, the suicide rate is highest in the North West. The lowest rates are in the South.

Does the concept of "social capital" help to explain the influences that shape people's life-chances in Scotland (which reverses the dualism into a South/North divide)? The evidence has been analysed by John Bryden, Professor of Human Geography at the University of Aberdeen. He concluded: "Clearly, feudal

structures and concentration of landed property are likely, on this analysis, to inhibit the creation of social capital.

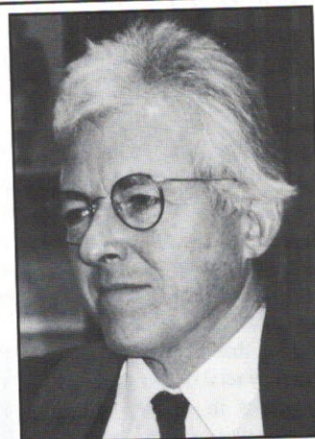
"With respect to collective action, we can note that this is not something which can be expected to be automatic, but which depends on the historical accumulation of 'social capital'...I want to stress that social capital formation is likely to be inhibited under conditions of concentrated land ownership and feudal structures".

Empowering rural communities can be frustrated "in many cases by our archaic pattern of land ownership and tenure".

In Bryden's view one of the solutions was "the just distribution of 'unearned increments' to land values and rents arising from public goods and public actions".²

1 "Caesar's Trap", *Land & Liberty*, Autumn 1998, p.4.

2 John Bryden, *Land Tenure & Rural Development in Scotland*, Perth: A.K. Bell Library, 1996.



■ John Bryden

to Paris, Barcelona or Vienna, depending on whether it was the Norman feudal autocracy that held dominion, or the Spanish monarchs or Hapsburg princes who happened to have incorporated southern Italy into their kingdoms.

While the residents of northern cities were able to associate the diffusion of power with the notion of citizenship, in the South the peasants were exploited as subjects by the landed aristocrats who assumed feudal control as royal power weakened.

Thus did social evolution take different paths, but each one was bounded by the possibilities latent in the distribution of the