

**Knowledge-based economy and social exclusion:
shadows and lights in the Roman socioeconomic model**

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Abstract

The paper analyses the changed development path of the metropolitan Area of Rome. The aim of the paper is to analyse the evolution and the model of development of Rome since the crisis of Fordism. We will focus on both structural and institutional change in Rome, trying to identify the main ruptures and continuities in the development path, as well as the driving forces of the new model.

After WWII Rome was generally considered to be a cumbersome capital city, with a heavy bureaucracy sector and without any strong “local” political forces and social movements, capable to bring about economic and political changes. Nevertheless, a new and more democratic local governance and sub-regulation mode have emerged during post-Fordism, which have allowed for the production and reproduction of new socioeconomic relations that in turn affected a new economic model for the city. This new governance, which brings about some interesting forms of “democratisation” that are difficult to find in other post-Fordist metropolises, is an important leading theme.

The new economic model is characterised, on the one hand, by the development of the advanced tertiary sector, i.e., knowledge intensive services, tourism services, business services, cultural industries, R&D activities. On the other hand, the Roman model is also characterised – in line with other national and global metropolises – by forms of social exclusion, new poor, and polarisation between peripheries and central/high income districts, in a sort of multi-speed development. At the same time, the traditional bureaucracy and the connected “state bourgeoisie”, although still relevant, are no longer dominant. New service activities have brought about new agents, new powers and new institutions.

In order to capture the driving forces of the new path of development, in addition to a review of the literature and the analysis of existing statistics, interviews with informed political leaders and economic and social actors of the emblematic moments of change were also carried out.

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1. Introduction

Over the last 30 years, Rome has experienced a dramatic change that has involved economic and social actors, political relations and power relations. A different agency framework shaped a new path of socioeconomic development. A new local governance and sub-regulation mode emerged during the 1990s. This led to the production and reproduction of new socioeconomic relations that in turn evolved into a new economic model for the city.

This new model is mainly characterized by a path of structural change that is more oriented towards information and communication technology, mass tourism, finance, advanced services, audiovisual industry (Comune di Roma, 2006a),² culture and R&D, i.e., the so called knowledge-based economy. This allowed the city's economy to grow consistently. However, the Roman model is at the same time characterized by forms of social exclusion and polarization between peripheries and central/wealthy districts in a sort of multi-speed development. New poor not only in the peripheries and in the lowest social classes but also in the middle class emerged. Weak parts of society did not enjoy the benefits of the advanced tertiary sector growth. The peripheries receive insufficient attention; poverty is not reduced; unskilled workers are affected by forms of social exclusions; the middle class suffers the increased cost of living; booming house prices excludes a large part of the low-middle class from buying a house; renting a house is very expensive; inequality is rising, etc. A recent research commissioned by the regional government³ underlines that a large part of the population is affected by a sort of “opulence-related distress” (*disagio da benessere*) (Regione Lazio, 2002). This means that although resources are abundant, many people remain excluded because of a lack of opportunities, social occasions, inclusive social relations, adequate local institutions, etc.

Although Rome was never a “traditional” Fordist city,⁴ this kind of multi-speed development is, in a way, a consequence of the post-Fordist regime of accumulation, characterized by knowledge economy and labour flexibility on one side, and by social exclusion and insufficient social protection on the other. Economically, people who are outside the dynamic advanced sectors, mainly unskilled and/or elder workers and migrants, do not benefit from the new economic model and its expansion.

² The Roman audiovisual industry includes the traditional movie district of *Cinecittà*, established by the Fascist government, the radio and television industry, and other multimedia firms,

³ Rome is within the Lazio region. Most of regional population and economic activities are concentrated in the Rome metropolitan area, encompassing the city and its labour district, i.e. the periphery, the surrounding hinterland, the southern and eastern manufacturing area.

⁴ We use the terms *Fordist* and *Fordism* as defined in Boyer and Saillard (1995).

At the same time, the traditional bureaucracy and the connected “state bourgeoisie”, although they still carry weight, are no longer dominant. The new socioeconomic model seems to bring new agents, new institutions, new forms of participation and social innovation. In general, this emerging economy and society is more democratically governed: experiments of participatory budget, socioeconomic forums (“Patto per Roma”), decentralization, multicultural policies, political rights for migrants (right to vote, active and passive, for migrants in the local councils), more democratic social and urban policies, policies for peripheral areas, etc. However, for many people, this kind of new governance and social innovation is very distant and, as we will show in the fourth section, shadows accompany the model’s positive lights.

The following table, to which we will refer throughout the paper, synthesises the periodization of main events and changes in Rome after Second World War.

[Table 1 about here]

2. The production structure of Rome during Fordism

After Second World War (WW2), Italy started a huge program of industrial reconstruction that led to the economic miracle of the 1950s and 60s. Public investment was crucial in that program. Rome was only marginally involved in this industrial restructuring and the Italian Government’s main task for Rome was to build a modern capital for the new republic.

The public capital focused on bureaucratic and administrative structures. On the contrary, the private capital, as Toscano (2006) described, focused on the small manufacturing sector. In particular, the South-Eastern part of Rome received significant investment in specific sectors such as the chemical, wood, pharmaceutical and building industries, at least until the 1970s when private investment started to move towards the more innovative and technological advanced tertiary sector (Toscano, 2006).

Until the 1960s, the Lazio region was still very heterogeneous in economic terms. A large part of Lazio was poor and agriculturally oriented. In this context, Rome was not an exception when compared with its region. Many neighbourhoods were poor and affected by environmental degradation. At the same time, the city was splendid and potentially very rich, with an overall increasing development trend.

The South-eastern part of the city was industrially dynamic and many investors decided to locate their factories there. Already before WW2, an industrial cluster⁵ was built in the area between Tiburtina and Prenestina (Eastern area of Rome). Private firms could choose to locate their factories there with some fiscal advantages. The war impeded the development of a true industrial district,⁶ and in general few results were obtained during Fascism in terms of industrial development in Rome and Lazio. After WW2, an effectual industrial cluster was rebuilt. In 1950, law no. 647 introduced incentives for firms in the South-eastern area.

In the south of Rome, during the 1950s and, even more, the 1960s, the industrial sector grew consistently. This area was covered by *Cassa per il Mezzogiorno*, the national agency for the development of Southern Italy (D'Antonio, 1997; Cafiero, 2000), which favoured industrial settlements (Almagià, 1976). This area will become very dynamic and the most industrialized one in the Lazio region.

In the period between 1951 and 1961, the economy of the province of Rome grew significantly. The Roman contribution to the national GDP was 5.7% in 1951 and became 7.7% in 1961. The Roman rate of economic growth was higher than the national one and, at the same time, the residential population of the province of Rome grew accordingly in the 1950s by 27%, while the average growth of the residential population of the other Italian provinces was 6.2% (Toscano, 2006). In particular, in the 1951-55 period, the economic growth of Rome was faster than the national one, while in 1956-1961 the trend was lower than the rest of Italy, but still very important (Pieraccioni, 1962).

The main deficiencies of Rome were the small number of large industrial firms, the weakness of the machinery sector, and the poor integration between agriculture and the industrial sector. In 1961, there were only two industrial firms with more than 1,000 employees in Rome (two machinery firms, i.e. Fatme and Fiorentini), 20 firms with more than 500 employees and 74 firms with more than 100 employees. Rome did not have an industrial heritage. The comparison with Milan –the leading industrial metropolitan area in Italy– showed the huge industrial fragility of the capital: 60,000 employees in the manufacturing sector in Rome versus 450.000 in Milan in 1961 (Orlando, 1964). The purchasing power of the citizens was very limited, therefore the internal demand was very constrained. The general industrial framework of Rome in the 1950-1960s was very fragmented, characterized by small enterprises, connected mainly with political lobbies and speculative activities, and therefore with little perspectives and aims to expand. The demographic explosion in Rome did not

⁵ For a definition of cluster see Porter (XXX).

⁶ The difference between a cluster and a district is illustrated by Bellandi (2003).

found appropriate economic structures such as large companies to balance demand and supply of labour, as occurred in North-western industrial cities like Milan and Turin. An important middle class consuming industrial goods took time to appear. A main problem was the backward agricultural sector that was not integrated with industry. Little profits and income in the countryside did not allow mass and industrial goods consumption (Lizzadri, 1954). As Séronde-Baboneaux (1983) stated, Rome was too “Southern” to be integrated into the more dynamic North and too “Northern” to be integrated into the South and to take advantage of it.

In 1964, for the first time after WW2, the composition of the income of the province of Rome started to change in favour of the tertiary sector. Agriculture and industry, respectively 4.7% and 61% of the GDP of the province of Rome, decreased while the public administration sector (22.6%) and the rest of services (11.6%) grew. This was the starting point of a process which will last until today and which, to some extent, is at the basis of the so-called “advanced tertiary” which is very important in the present-day Roman economy (Toscano, 2006).

3. The roots of the socioeconomic change: ruptures and continuities at the sunset of Fordism

The crisis of Fordism had different effects in Rome than in the industrial regions of Italy and Europe. Rome did not experience the industrial recession and consequently the restructuring which the North experienced. On the contrary, the economic growth of Rome during the seventies was still significant, while the rest of the Peninsula was in recession. In a bright sentence, Congi (1977) stated that Rome become modern without passing through development.⁷

Alongside the traditional housing sector, a modern service sector emerged in those years favoured by the expansion of tourism, the massive access to university, the expansion of the research sector, the birth of technological poles, and all the activities connected with these sectors. On the one hand, within the national context of peripheral Fordism, the Rome economy was only marginally interested by the industrial transformation, in the Southern and in the Eastern part of the metropolitan borders. On the other hand, the tertiary development of Rome in these years was strongly linked to its particular function within the Italian Fordist accumulation regime, which has been labelled “public neo-capitalism”. Rome, in fact, was the

⁷ Congi, evidently, refers to the mainstream concept of development as “economic growth *cum* structural change” rather than development as expansion of people’s capabilities.

headquarters for all the State-related economic institutions, such as the banking system⁸, the State holding system⁹, the telecommunications public companies¹⁰, public agencies for regional development¹¹, public and semi-public research institutions¹², and the national membership and trade union associations, together with a strong concentration of private professional consulting companies servicing such headquarters and feeding on State spending. This whole system, strongly integrated with the political administrative structure (ministries, parliament, political parties) constitutes what Pugliese (1979) has labelled the “Great State Bourgeoisie”.

From a socio-political point of view, at the end of the 1960s, the fragmented and weak working class became less heterogeneous and more important in the Roman context. The social change followed the economic dynamics (Congi, 1977). Students and workers after the experience of 1968’s movements could re-think new forms of organizations. The Roman working class built its identity, which was only partly linked to the industrial sector. As Congi (1977) stated, after 1968 the Roman working class broke its inferiority complex and understood that a working class identity and movement was still alive although the industrial sector was small. An heterogeneous working class together with intellectuals and students participated in an evolutionary process of social change which would have important effects on the future development model of Rome and, in particular, on the governance dimension of the city.

From an economic point of view, after the Italian economic miracle of the 1950s and 1960s, in the capital of Italy there were two path dependencies to consider. The first one was linked to the absence in Rome of a traditional Fordist regime that has been very useful for the actual socioeconomic development model of today’s Rome. In particular, at the end of Fordism, when in Europe and in many Italian regions a post-Fordist industrial transformation started, in Rome there were neither large industrial firms to transform nor recession to remedy. On the contrary, there was an active intellectual social group, an emerging workers movement, a number of skilled workers to employ in the promising tourism sector, a growing small manufacturing sector, together with the traditional bureaucracy and the housing sector which, however, did not ask for transformation.

⁸ Banca d’Italia, Banca Nazionale del Lavoro, Banco di Roma, Banco di Santo Spirito, Istituto Mobiliare Italiano, Medio Credito.

⁹ IRI, ENI, EFIM, ITALSIEL, ITALSTAT.

¹⁰ STET/SIP, RAI, ALITALIA.

¹¹ Cassa per il Mezzogiorno, FORMEZ, IASM.

¹² CNR, ISCO, ISPE, INEA, ENEA, SVIMEZ, ISFOL.

The second path dependency is linked to the State bourgeoisie. The new economic model of Rome which is knowledge- and services-oriented, can be considered to some extent an evolutionary continuity based on a system of public institutions such as banks, public research centres, parties and associations, etc. Hence, this second path-dependency could play a positive role in the further development of Rome, characterized by an advanced tertiary sector made up of: 1) the formation of a modern tourism industry; 2) the development of the audiovisual industry; 3) an exploding housing sector; 4) the evolution of the financial cluster; 5) the restructuring of the research and technology cluster; 5) the full development of a mass university pole represented by “La Sapienza”, the biggest university in Europe with almost 200,000 students in that period.

These two path dependencies described above seem to be the basis of the new socioeconomic model of Rome today. This seems characterized by two dimensions:

1. on the production side, a knowledge-based economy
2. on the political side, a more democratic governance.

The first one is expressed by the advanced service sector, the R&D sector and the combination of the financial and housing sector. These sectors produce most of the GDP of Rome.

The new governance model expressed by the two latest city councils is characterized by a more democratic approach, which, as said above, found its origin in the social movements of the late 1960s and the 1970s that allowed a democratic evolution and the integration of the “popular class” in the decision process.

These two dimensions emerged clearly after “the turn” of 1993 and seem to strengthen in the current government (a centre-left coalition) led by the mayor Walter Veltroni, known also as the “mayor of the community” (*il sindaco della comunità*). However, some shadows characterize this socioeconomic model. The shadows are represented by the fact that many people remain at the margin of either the advanced tertiary economy or the democratic process that involve almost exclusively intellectual elites and higher-educated people.

4. Transition towards post-Fordism

During the Seventies and the Eighties, a modernization process began in Rome. Private firms started to focus their investments on the tertiary sector, both traditional and advanced. This helped the Roman economy to grow significantly while the rest of Italy was in the middle of the Fordist crisis (Toscano, 2006).

The social and political transformation process experienced by Rome during this period affected, in turn, the economic growth path. The shift towards the tertiary sector not only supported the regional economic growth but also gave the area the aspect of a highly “tertiarized region”. Entrepreneurs during this period were more educated and with a wider cultural background than the first generation of entrepreneurs who were mainly landowners from the Fascist period. Social transformation in the educational system and values system during 1960-1970 also contributed to the change. Moreover, the rise of social movements and trade unionism in the 1970s discouraged investors from traditional industrial sectors whereas the advanced tertiary sector with more skilled workers was preferred.

All these factors enabled the Roman economy to be, already in the 1980s, a service-oriented economy, as most of the metropolitan areas in high-income countries are. An innovative model emerged where economic and extra-economic factors played an important role in mediating reproduction and mode of production. On the one hand, the Roman experience can be interpreted as a “territorial innovation model” (Moulaert 2006). On the other hand, Rome is a case where institutional forms as well as mechanisms and strategies of regulation, extra-economic factors, national law, agreements, informal practices, juridical-political regulation etc., influence the accumulation and the reproduction of the socioeconomic system and the emerging of the predicted new model (Jessop and Swyngedouw, 2006).

Many different advanced tertiary activities¹³ are located in Rome, which represents approximately 91% of Lazio’s tertiary sector. Furthermore, during the 1980s, and in particular in the following decade, the industrial cluster within Rome became bigger and the eastern axes along the Tiburtina road became the core of a technological pole, competing with the Rome-Latina southern axes which represented the Capital’s more traditional industrial cluster.

[Figure 1 about here]

[Figure 2 about here]

Figures 1 and 2 show the strong dynamics of the business services activity (almost 100.000 employees in 2001) and the computer services activity. On the contrary, financial real estate sector, an activity strictly linked to the more traditional building construction sector, is quite stable with less than 20,000 employees in 2001.

¹³ That are: financial and real estate activities; rent industrial machines and equipments; computer science activities; scientific research & development; business services for firms.

A comparison with the rest of Italy clearly shows the strong increase of the advanced tertiary sector in Rome and therefore in the whole region. Lazio's advanced tertiary sector is the second in Italy after Lombardia, the most industrialized region of the country. Lazio experienced a dramatic change during the 1980s and 1990s. The rate of growth between 1991 and 2001 was 52%, which is the second after Lombardia, while the rate of growth during 1981-2001 was the highest in Italy (Toscano, 2006).

5. The new socioeconomic model of Rome: multi-speed development, KBE and social exclusions¹⁴

The 1990s in Rome represent a decade of major change. The new municipal government made a huge effort to give to Rome a new look, new polity, and new development policies. As discussed before, the productive structure of Rome was already changing during the 1980s, when the advanced tertiary sector began to replace the traditional bureaucracy sector. Culture, audiovisual industries, R&D, universities, services to business and financial sector gradually became the main economic activities of the city and of the region.

Hence, as in the rest of Europe (Jessop and Sum 2005; Tickell and Peck , 2003; Jessop, 2001; Boyer and Durand, 1997.), during the 1990s a new but still unstable regime of accumulation emerged also in Rome. It is characterized by a flexible accumulation regime, and by a marked uneven or multi-speed development, with a crucial role assigned to information and communication technology (ICT) and to knowledge in general, with the emphasis reversed on the knowledge-based economy (KBE).

As Petit (2003: 20) pointed out, with the transition to post-Fordism, institutions are evolving and in particular the institutional forms of competition tend to prevail in the emerging regime. On this argument, Boyer (2005) says that in the "hierarchy of the institutional forms", the prevailing one seems to be, in the advanced economies, during the transition period, the finance sector (2005: 4), which shapes the other institutions (2005: 18). However, both agree that the KBE is a prevailing post-Fordist feature in Europe and in other advanced economies. The notion of KBE can be useful for the neo-liberal conception of territorial competitiveness,

¹⁴ This paragraph contains reference to the interview made to prof. Pia Toscano (20 October 2006) and to the interview made to dr. Luca Lo Bianco (Director of the Department of Economic and Development Policy , Municipality of Rome, 8 September 2006).

and can be functional for introducing policies and institutions oriented toward labour cost reduction, capital intensive production process, financialisation and terziarization of modern economies, with harmful impact on unskilled workers and with negative effects in terms of uneven development and inequality.

In Rome, it seems increasingly clear that two different cities are emerging. There is a growing empirical evidence of this dichotomy. One city is characterised by the KBE features described above. These features are represented by cultural events, social life in the city center, intellectual activities, political participation and civil society involvement, well paid jobs for skilled workers, etc. The second Rome is the so-called “lower Rome” (Smeriglio, 2006). In the lower Rome many (old and new) social problems can be traced: 1) labor flexibility, that means unstable and uncertain work, which increases poverty and insecurity conditions; 2) social exclusion; 3) long term unemployment; 4) housing problems; 5) very poor conditions for migrants; 6) decay of the city peripheries; 7) congestion of spaces; 8) criminality; 9) illegal work and black economy; 10) worsening of life quality (including pollution).

In particular, a recent research commissioned to Censis (an Italian think tank) by the regional government of Lazio points out socioeconomic disparities in Rome and in Lazio, building an indicator of socioeconomic intensity problems for each province and for each sub-municipality of Rome (Regione Lazio, 2002). The Socio-Economic Awkwardness Indicator (SEAI) is a composite index ranking between 0, (minimum problems) and 100 (maximum problems). SEAI involves a wide range of issues concerning the labour market, demographical aspects, local economy, services endowment, and socioeconomic problems (such as: drug addiction, immigrants integration, problems of elder people and of young people, etc). The methodology followed in this research goes beyond traditional analysis of GDP and employment dynamics. On the contrary, it is based on direct survey, with questionnaires and interviews. The results are quite interesting and reveal that in Rome a multi-speed development does exist. The celebrated model of Rome, based on knowledge economy and cultural events is coupled with a flip side of the city, which is characterised by emerging new poor, underground economy, housing speculation, homelessness, drug addiction, lack of immigrants integration, and social exclusion.

Most of these problems according to the SEAI are concentrated in the peripheral municipalities. Hence, while central sub-municipalities and some distinguished districts enjoy

all the benefits of the new model of Rome (i.e., Knowledge economy and cultural events) peripheral municipalities and poor districts suffer socioeconomic intensity problems and enjoy very little from the roman economic miracle. On the contrary, one could say that many people lost opportunities and income during the transition toward a not yet well-specified Roman model of knowledge based economy.

[Table 2 about here]

Fifty percent of people working in the housing sector work illegally and without protections. Illegal work is strongly connected with accidents on job places because of the bad working conditions. Rome is the first city in Italy for the number of deaths on job places. In 2006, 16 workers died. Underground economy in Rome is estimated around 25%, far above the national average. More than half of the new jobs created during 2001-05 are flexible and precarious jobs. It means that workers do not have social protection, full pension contributions, social rights etc. Local and national public administration in Rome employs more than 100.000 flexible and precarious workers (Sviluppo Lazio, 2006) as it happens in other metropolises which are experiencing similar transformation than Rome, such as Chicago, Manchester, Barcelona, (Taylor, 2002).

Migrants live in very bad conditions. There are several neighbourhoods in Rome inhabited mainly by immigrants. This created scarce integration with local population, despite the fact that the Municipality of Rome introduced in 2004 active and passive electoral rights for migrants. A huge part of migrant population works illegally and lives in very bad conditions sharing small houses with average of 10 people very often of the same country (Caritas, 2006). Thirty years ago the riverbanks of Rome was crowded of shacks where Italian migrants, mainly from the South, were living. Today, no Italians anymore are living there but still 4,000 people, mainly Roma are living in these new shacks on the riverbanks (Caritas, 2006).

The organisation of diversity in Rome, which constitutes one of the principal aspects of metropolitan life, actually seems to be developing in certain peripheries, which have long represented the places of segregation and exclusion of the lower classes from the urban centre. Today, these appear to be only partly reunited and integrated into an indistinct uniformity. Although there are residential neighbourhoods for the white collar middle class, in

the majority of cases the lower classes and the immigrants are even more segregated by dull and unwelcoming public housing projects that reproduce forms of isolation and marginalisation, where the hardship of a part of the city that is restless and unable to formulate a project for its own future unfurls.

The public housing sector that built historic working-class neighbourhoods in Rome such as Testaccio, Garbatella and San Saba has also intervened in the periphery, with projects such as Tor Bella Monaca, Laurentino 38 and Corviale. Although often the site of isolation, abandonment, troubled youth and conflict, these peripheries can, when they are more indistinct and generic, fuel the organisation of diversity that in Rome takes place in the most unexpected places, namely in the periphery, almost as a reaction to the domination over the centre. But the presence of a growing isolation in the city produces yet another typically metropolitan phenomenon: it fuels fear, especially for the middle classes. Even in the Roman scenario, the need to close oneself inside of a private sphere within the city prevails over the need to create a safe city for the entire social community. Hence, the danger of the safety problem can give room for intolerance and can contribute to the failure of migrant friendly policies. At the same time this should push policy makers to understand that migrant friendly policies are more effective when they are insert in a global context of tolerance, of urban integration, of social oriented policies and of housing policy that avoid ghetto area and migrant isolation.

The vicious circle of fear is today, more than in the past, fuelled by the gap between the expectations of safety each person has, living in a society in which the level of civiness and respect for others has objectively grown and become more widespread, and the perception of a constant presence of violence in the metropolitan context, which does not allow the various areas of urban life to be controlled and safeguarded and, above all, the separation of and from those different individuals who appear to be threatening and dangerous.

The model of the fortress marks the contemporary city in the use of public areas, in the enclosures and gates, in the control of spaces like buildings and, above all, in the culture and in the daily behaviours. Even in Rome, like in other European cities, there is a growing culture of self-defence as an additional form of protection to combat the alleged gaps and organisational weaknesses in the police force system.

In other words, the principle of fortification, of separation and segregation but not yet intolerance, appears to have taken hold even in Rome, an open city by tradition and culture. However, life in a city based on relationships, encounters and on the experience that the many stimuli of a metropolitan area can offer still seems possible, especially for younger segments of the population.

The degradation of periphery is witnessed also by another recent research (Ferrarotti and Maciotti, 2006). According to Ferrarotti and Maciotti peripheries changed enormously in the last thirty years. However, social exclusions, poverty and social problems did not disappear. Instead they changed forms. People living in these peripheries, far from the city and from the main political economic and social centers, do not have any idea about the new economic model of Rome made up by KBE and political participation. They do not consume cultural events organised for the knowledge society. On the contrary they grow in an ugly cultural and social environment made of gender discrimination, criminality, precarious conditions of work, low income, and “bullish” behaviour, which affect very badly the quality of life. Cultural and social centers are unusual and education levels are relatively low in comparison with Italian average.

Municipal policies to face such phenomena are inadequate, fragmented and spot. There is no or little socio-cultural- plan of the city to cope with such problems. It seems that the new forms of social participation introduced recently by the municipal government, discussed above, do not reach such distant peripheries, and in fact the democratisation process basically stop at making them vote.

6. Local politics: between discourse and reality

The work of Rutelli, mayor of Rome between 1993-2001, was continued by the following mayor, Veltroni, supported by a coalition that includes radical left, moderate left and center-catholic parties. Veltroni was elected the first time in 2001 and was re-elected with a huge consensus in 2006. The success of Veltroni came from his capability to capture consensus among all social groups and classes. He managed in fact to promote and to sustain the high Roman bourgeoisie made up by financial and real estate capitalists, the small business, the intellectuals and the young people as well as the working class. He put forward rhetoric of Rome as a community, being him the leader-mayor of such a community. He creates also some political tools and progressive democratic form of participation such as elected

representatives of migrants in City Council, participatory budget, political forums etc. However, as we will see, a lot of shadows still remain around such a model of governance. In particular, Veltroni committed himself to promote his image among all the Romans, but not alike to improve participation and living conditions of lower classes in Rome. According to this critique (XXX), poor people, young precarious workers, migrants and citizens living in deteriorated areas remain at the margin of this model and get only minor benefits of the modernization of Rome. Nevertheless, the new mayor was able, through discourses, media, well promoted image of himself, participation in all the social events of the Roman public life, and organization of a well sustained cultural life in Rome, to create an imaginary of the city that is different from reality, and to capture consensus.

In fact, from a cultural-political point of view economic performance of Roman economy are accompanied by intensive discourses that find its essence in the charismatic leader Veltroni. He plays well its role within a progressive agency dimension and a (neo)liberal hegemony context. Veltroni discourse lies between “Kennedysm”, “Neoliberalism” and “Modernization”. The model of Rome, he says, is a model of growth, of change and of improving living conditions of people, keeping a balance between individual sphere and collective sphere (Veltroni, 2005). In other words, Rome aims at modernization and at growing within the KBE.

The KBE notion has become very fashionable in official discourses and documents. It conjures a world of smart people, with smart jobs, doing smart things, in smart ways, for smart money, increasingly open to all rather than a few. It has become the dominant economic strategy in Rome as in many countries, regions, and cities and is endorsed by many economic, political, and social forces. It has also been criticized for creating a digital divide, new forms of social exclusion, and restricting access to the intellectual commons (Jessop, 2000). Whilst some accept the idea that we are in, or moving towards, some form of KBE, others reject the very notion of KBE or consider its actuality and future deeply problematic. Others have agnostic positions or want to acquire more evidence. Whichever of these positions is most appropriate, there are questions that cannot be ignored.

Following Taylor’s work on European Metropolis Network Connectivity, one can observe that Rome scores, together with Berlin, at the 53rd place in the world and at the 18th place in Europe as regards Global Network Connectivity, which is an indicator drawn from the

number of service firms in a city having office elsewhere in the world. This ranks underline that, although Rome evolution towards global network is proceeding fast, the level of Rome global networking is still low (Taylor, 2002). However, as table 3 shows, Rome scores a bit better as regard Banking/finance connectivity, and in particular as regards NGOs network connectivity and Research network links. In the last two ranks Rome score in the top 25 cities in the world, respectively at the 18th and at the 17th place. These ranks are, to some extent, also a sort of measurement for the intensity of the Knowledge Society.

[Table 3 about here]

7. An outlook of Rome from an income perspective¹⁵

In 2006 the population of Rome was 2,663,182 per 1,350 KM/square of territory. Rome is the biggest municipality of Italy in terms of territorial extension and population. In 2004 the rate of growth of the GDP was 6.7%. In the same year the rate of growth for Italy was 1.9%, while the same data for the province of Rome was 2.7%. Rome's GDP in 2005 was 94,376 billion of Euros, which is 63% of the regional GDP and 81% of the provincial GDP. However, Rome population is 71% of the population of the whole province of Rome and 64% of the population of the Lazio region. In comparison with the rest of Italy, Rome during the last five years, 2001-05, was growing much faster (Censis 2006).¹⁶ Its GDP growth was 4.1% against 1.4% of Italy. Its GDP per capita is 30,500 €, while the Italian GDP per capita is 25,200 €.

[Table 4 about here]

The contribution on the national GDP was 6.3% in 2001 and it is 6.7% in 2005. The number of firms increased during the same period of 9.2%, while in Italy it increased of 4.5%. The same trend is observable as regards employment figures.

[Figure 3 about here]

[Figure 4 about here]

However, in comparison with other European capital cities, Rome has a GDP per capita lower than London, Frankfurt, Paris, Brussels, Amsterdam and Milan, while it is higher than Madrid and Berlin (Eurostat, 2005).

¹⁵All the data about Rome economy used in this paragraph are from Comune di Roma (2006).

¹⁶In this Annual Rapport Rome is defined as the engine of the Italian economic recovery.

[Figure 5 about here]

In 2005 the main contribution to the growth of value added came from the agriculture sector. However, the agriculture sector represents a very small part of the Roman GDP. The most important sector of Roman economy, the services, which represents 84.7% of the economy in 2005, grew by 1.4%, well above the Italian average growth (0.8%).

According to Censis (2006), the economic growth of Rome, during the last years was determined particularly by the following five factors:

1. an increase of the production, with reduction of the obstacles to entrepreneurship;
2. despite the decreasing public sector, Rome experienced an improvement of the tertiary sector. In particular, the advanced tertiary sector and the business services;
3. the increasing role of utility firms (energy, communication, gas, water, etc.), which have a big turnover and an high employment level;
4. the restructuring of the industrial sectors, with the strengthening of some manufacturing niches, such as electronic and biotechnology. The enormous growth of the construction sector and the financial sector linked to the *real estate*;
5. the new role of Rome as capital not only of mass tourism but also capital of new forms of cultural events, festival manifestations, cultural entertainments. Moreover, Rome became one of the most important European cities for education, research and development, knowledge poles.

8. An outlook of Rome from a human development perspective

The idea that the GDP is an absolute and reliable measure of development has been widely criticized by development economists (Morris, 1979; Sen, 1981; Sen 1999). Performances of countries in terms of GDP can be very different from basic development indicators (Noorbakhsh, 1996).

Starting from the difference between development and growth –and more specifically between human development and economic growth– we will try to investigate how the evolution of Rome described in the previous sections has affected people’s capabilities.

In order to know whether a real enlargement of people choices and substantial freedoms accompanied Rome’s positive economic performance in terms of traditional

indicators, we looked at some indicators of human development dimensions. If building a local Human Development for Rome may be a difficult task because of official data availability¹⁷, it could be useful to have a look at some indicators that catch different key dimensions of human development.

Firstly, we can examine the employment rate. Employment provides people with income that enables them to establish command over a range of goods and services needed to ensure a decent standard of living. Employment also means all ways of securing a livelihood, not just wage employment. People value their work for a number of reasons that go beyond income. Work allows them to make a productive contribution to society and often to exercise their skills and creativity. It brings strong recognition that fosters self-respect and dignity. It gives them the opportunity to participate in the collective effort and interact socially (HDR, 1996). Finally, a high level of employment also means a reduction in inequality between people that earn an income and those that do not.

Labour market dynamics looks much better in Rome than in Italy and other important European cities. In Rome during 2000-06 the employment rate increased by 6.5% compared with 5,9% in Lazio and 2,4% in Italy. 114.000 new jobs were created during 2001-05. The rate of employment in Rome in 2005 was 60.5%, compared with the Italian employment rate of 57.5% and the female rate of employment was 51.5% compared with 45.3% in Italy. At the same time, the unemployment rate went down from 11.1% to 6.5%, below the Italian average of 7.5% (Comune di Roma, 2006b).

[Figure 6 about here]

Secondly, we can examine data concerning education. Education is a critical key for promoting human development and improving the chance for enlarging people choices. According to UNDP (1990) «the good quality of education is so necessary for productive life in modern society. Literacy is a person's first step in learning and knowledge building. So if literacy figures are essentials in any measurement of human development, in a more varied set of indicators, importance would also have to be attached to the outputs of higher level of education». Therefore, if in a low-income country, it is important to read and to write in order to exercise one's freedom, in a richer country we have to consider reaching a high level of

¹⁷ There are a few attempts in this direction. Monni (2002b) ranked the Italian provinces in terms of human development. There, Rome appeared in 3rd place while in terms of GDP its position is lower, 13th place. At regional level, Lazio appeared in tenth place among European Regions (EU15, NUTS 2), while in terms of human development, Lazio was in 14th place among the same European Regions (Monni, 2002a).

education as an essential component of the exercise of freedom (Sen, 1999)¹⁸. Thus, following Sen and UNDP, in the case of Rome we should focus on data concerning secondary and tertiary education to catch a key dimension of human development.

Data on high education in tables 5 and 6 show that the percentage of people having a high degree (*BA*) passed from 8.6% to 13.3% from 1991 to 2001. Moreover, as regards gender perspective –another main aspect in human development– in 1991 60.4% of male had a *BA title* against 39.6% of female, while in 2001 the female population with *BA* in Rome increased up to 44.1% against 51.09% of male with the same title. People with secondary school degree were 28.5% in 1991 (48% male and 52% female) while in 2001 were 35.7% (46.8 male 53.2 female). Interestingly enough, Italian performance on education, showed in table 7, were lower than Roman's ones, for the same indicator.

[Tables 5 and 6 about here]

The brief human development analysis confirms that performance in term of growth in Rome was followed by an overall expansion of choices and freedom of individuals. Such positive trend concerns two main human development dimensions, such as knowledge and employment. A further issue is whether that expansion of choices regards the entire territory of Rome or not. In this sense the question is more complicate. A recent work of Passacantilli (2003) who focuses specifically on the human development disparities among neighbourhoods (i.e. sub-municipalities) of Rome, found that economic growth and human development performance in Rome are not homogenously distributed in the territory. Using a Municipal Human Development Indicator, Passacantilli found out that the level of human development in the 20 sub-municipalities of Rome varies significantly. Interestingly enough disparities emerged in the Passacantilli analysis correspond, with very few exceptions, to disparities pointed out by the Socio-Economic Awkwardness Indicator (table 2), that we presented in a previous section. In particular, the central-western neighbourhoods have lower

¹⁸ «[...] freedom depends on a person's ability to read and write. An illiterate person, for example, is not free to read newspapers and exchange ideas in written form. As thought is influenced by the ability to read and write, being illiterate conditions freedom of thought. Illiteracy is, therefore, lack of freedom". As illiteracy is not a common phenomenon in developed countries, it is clearly necessary to consider the standards in different countries. In a wealthy country where people suffer fewer privations, the tendency will be to use a different yardstick to assess whether or not a person has been deprived of freedom. Different layers of freedom can in fact also be identified with regard to education. At more sophisticated levels, for example, an individual may wish to obtain an academic qualification and justly consider himself deprived of a freedom if this should be denied to him» (Sen, 1999).

Socio-Economic Awkwardness Indicator as well as higher municipal HDI than the eastern and the peripheral sub-municipalities.

Differences are evident in terms of knowledge and longevity. In fact, eastern and peripheral sub-municipalities have worse access to knowledge and people there have higher mortality rates. Such a framework describes effectively the multi-speed model of Rome (table 8). It is important to notice that the income component of the municipal HDI (access to resources) show a narrow variance between sub-municipalities, while the other two non-income components (knowledge and longevity) show a much wider variance. That result confirms also for Rome two well know and related features: 1. the relation between income and human development is not bijective; 2. inequality in the space of income is generally different from inequality in the space of capability and can be lower. In the latter case, that is also the Roman case, an analysis in term of income could hide or underestimate important aspects of inequality.

[Table 7 about here]

9. Conclusions

In this paper we argued that the Roman socio-economic model contains important elements of social innovation and democratic process such as power decentralization from the city council to the sub-municipalities, political rights to migrants, dialogue with social movements, participatory budget, the Pact of Rome, etc. This is mainly due to the important changes that the city has experienced over the last 30 years. The transformation, which is a consequence of cultural change, social movements and political change already occurred during the 1970s, and involved, above all, economic and social actors, political relations and power relations.

From an economic point of view, this new model is mainly characterized by a path of growth that is more oriented towards the advanced tertiary sector, i.e. knowledge, services, R&D, etc. This allowed the city's economy to expand consistently in the last years. The good economic performance is also accompanied by overall human development. However, the Roman model is at the same time characterized by acute forms of social exclusion and polarization between peripheries and central/wealthy districts, in a sort of multi-speed development. That territorial polarization reflects the polarization between different socio-economic groups and classes. In fact, large parts of society did not enjoy the benefits of the advanced tertiary economy growth. New poor emerged; forms of social exclusion affect

unskilled people; the middle class suffers the increased cost of living; booming house prices exclude a large part of the low-middle class from buying a house; renting a house is very expensive; inequality is rising. In other words, although resources abound, many people are excluded from opulence because of a lack of opportunities, knowledge, inclusive social relations, appropriate institutions, etc. In fact, when analysing Rome's economy through a human development perspective, although it shows in aggregate terms a GDP growth, we observed uneven human development and huge disparities between central-western and peripheral eastern sub-municipalities. Such disparities are overlooked when analysing the Roman model through traditional economic indicators such as aggregate GDP, labour market dynamics, and production indicators.

The new *renaissance* in Rome, boasted by the mayor Veltroni, is not for all the Roman residents.

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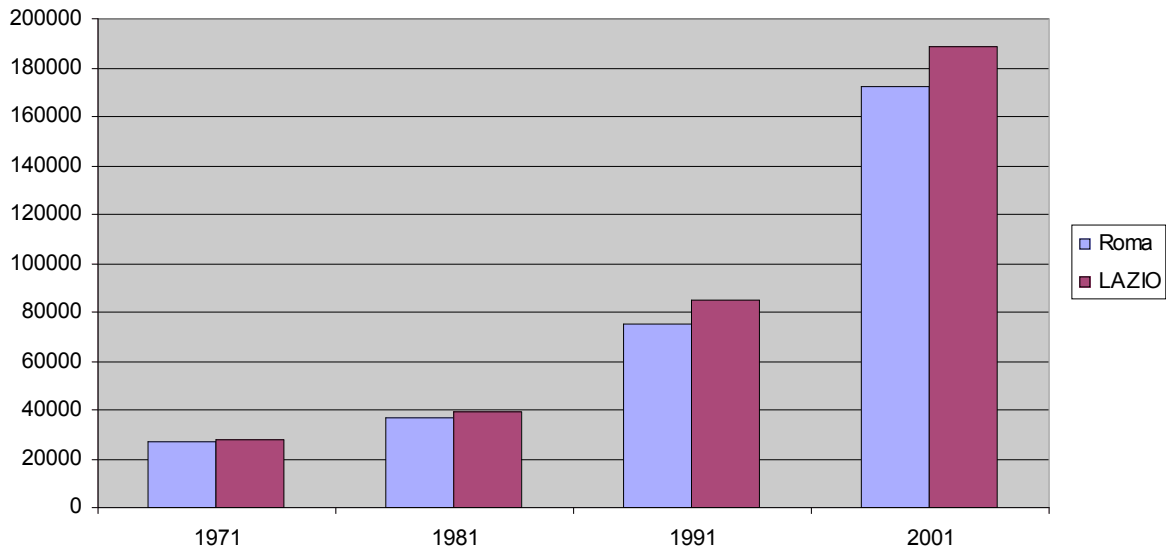
APPENDIX - Table and figures numbered in the text

Table 1 : ROMA Case study

	National regime of accumulation	National mode of regulation	Local regime of accumulation	Local mode of regulation
1947-1967 Capital City of a late Industrial Country	Extensive accumulation Rapid industrialisation country late industrialisation Export-led late Fordism	Art. 41-42 Italian Constitution ;Mixed Economy; Strong public interventionism of the State in the Economy; Keynesian policies; Social policies and Welfare State "Cassa per il Mezzogiorno"; Public companies; Industrial public groups; Christian Democratic government	Persistent strong influence of feudal inter Metropolitan Expansion; Big Industries; Public sector; land-owners rent-seeking Settlement of Large Manufacturing firms in the south east of Rome; Mass immigration of labour force;	Weak local regulation; Passive local regulation; 1962 Master plan; Municipal utilities; Public infrastructures and services;
1968 - 1985 Transformation	Social and Political change first germs of economic change ; tertiarisation; Crisis of Fordism and socioeconomic restructuring; Development of Industrial districts Crisis of big Industries	(1947-1962) Christian Democratic and Socialists (1962-1976) Nationalisation of priv utilities Housing policies Communist Government (1976-1985)	Social and Political change first germs of economic change; tertiarisation; Crisis of Fordism and socioeconomic restructuring in the Metropolitan area of Rome; Advanced Tertiarisation; (R&D, finance, computer science, business for services);	Red Rome - local socialism recovery of periphery; social movements; left local governments; Cultural development and cultural policy; The first process of devolution the "circoscrizioni"
1985 - 1993 Rome as a neglected capital: corruption and speculation	Highest Development of Industrial districts; Local development; Rise of north-eastern development models; Macroeconomic crisis; Public debt explosion; Economic Recession; Explosion of inflation The biggest devaluation	Emerging of neoliberal policies; Elimination/restructuring of Welfare State "scala mobile and Cassa per il mezzogiorno"; Neocorporativist agreements (Protocollo Luglio); Politica dei redditi, "income policies"	Strong connections among political power, financial groups and constructors The development of the city between speculation and illegal growth	The subordinate role of the local government to the central government; Public funds and the "Roma Capitale" law; The 1990 world cup: new infrastructures; The amnesty for infringement of building regulations
1993-2005 Rome capital of the "second" Republic: the "red-green" councils and the revitalisation of the city (plus new poverties and social exclusion)	"Glocalisation" (Swyngedouw 1992) Outsourcing and delocalisation	Consolidation of Neoliberal policies; Privatization; Liberalization; Deregulation/Devolution Deflationary policies; Macro-Stabilization; Neo-corporativism; Maastricht criteria => Market flexibility and market deregulation	Power of financial groups and land-owners are mitigated by extended forms of social participation to the government of the city; Advanced tertiary sector and KBE.	New electoral law (L. 81/1993); New way of government: the proactive role of the mayor; The 2000 Jubilee: new funds and public; infrastructures; Cultural and architectural revitalisation; New master plan; From "circoscrizioni" to "municipi": new and more democratic forms of governance; Housing policies; Transport/Mobility policies (new lines tram, filobus, metro B1 e C)

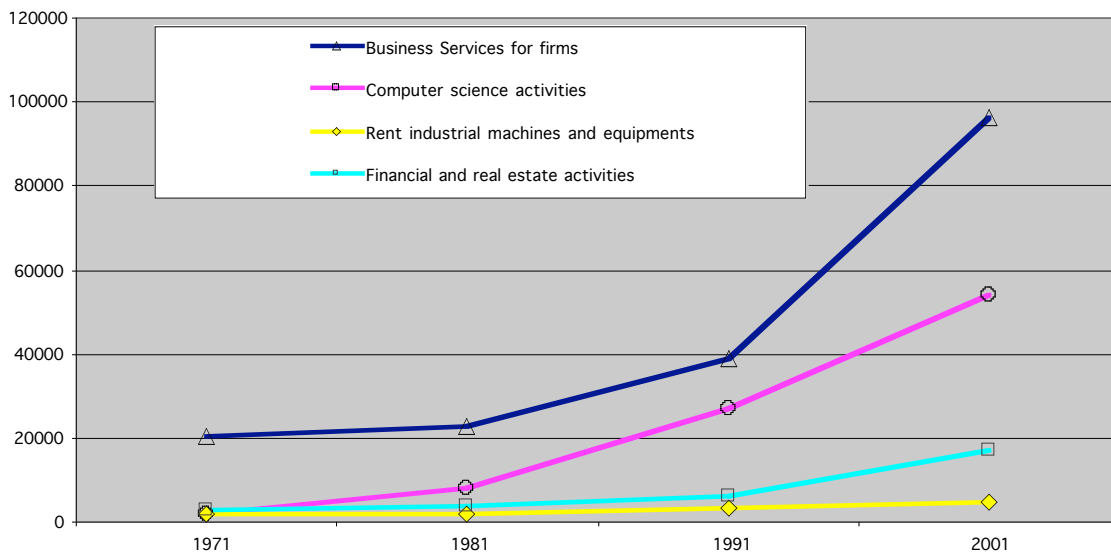
Source: own elaboration

Figure 1. Advanced Tertiary Sector in Rome and Lazio 1971-2001 per number of employees



Source: FITA (Federazione Italiana Terziario Avanzato)

Figure 2. Sub-categories of the advanced tertiary sector in Rome, by number of employees, 1971-2001



Source: FITA (Federazione Italiana Terziario Avanzato)

Table 2. Geography of the Socio-Economic Awkwardness Indicator and of the Human Development Indicator in Rome

Sub-municipalities	Socio-Economic Awkwardness Indicator (SEAI) Min 0 – Max 100 (the lower the better)	Sub-municipalities	Human Development Indicator (HDI) Min 0 - Max 1 (the higher the better)
2	29,9	2	0,875
3	35,3	3	0,825
9	40,8	17	0,805
11	44,4	1	0,779
12	45,6	16	0,756
19	49,2	11	0,754
20	49,2	20	0,747
1	50,8	9	0,742
5	51,4	12	0,741
16	51,8	4	0,738
17	52,4	19	0,716
18	52,4	18	0,709
4	57,8	10	0,662
10	59,7	13	0,658
6	61,4	15	0,658
13	62	6	0,653
7	65,2	5	0,613
15	67,1	7	0,613
8	73,6	8	0,556
Rome	52,6	Rome	0,702

Source: Regione Lazio (2002) for SEAI; Passacantilli (2003) for HDI.

Table 3. European Cities in the Top 25 Global Connectivities (numbers refer to world rankings)

Global network connectivity	Bank network connectivity	Media network connectivity	NGO network connectivity	Research network links
London 1 Paris 4 Milan 8 Madrid 11 Amsterdam 12 Frankfurt 14 Brussels 15 Zurich 19	London 1 Paris 6 Frankfurt 7 Madrid 8 Milan 11 Brussels 19 Istanbul 21 Amsterdam 24 Warsaw 25	London 1 Paris 3 Milan 5 Madrid 6 Amsterdam 7 Stockholm 9 Copenhagen 10 Barcelona 13 Zurich 14 Vienna 15 Oslo 16 Prague 17 Brussels 19 Budapest 21 Warsaw 22 Lisbon 23	Brussels 2 London 4 Geneva 9 Moscow 10 Rome 18 Copenhagen 24	London 1 Geneva 5= Paris 7= Berlin 7= Mannheim 7= Munich 7= Manchester 11= Amsterdam 11= Basle 11= Milan 11= Edinburgh 17= Oxford 17= Cambridge 17= Frankfurt 17= Dortmund 17= Rome 17=

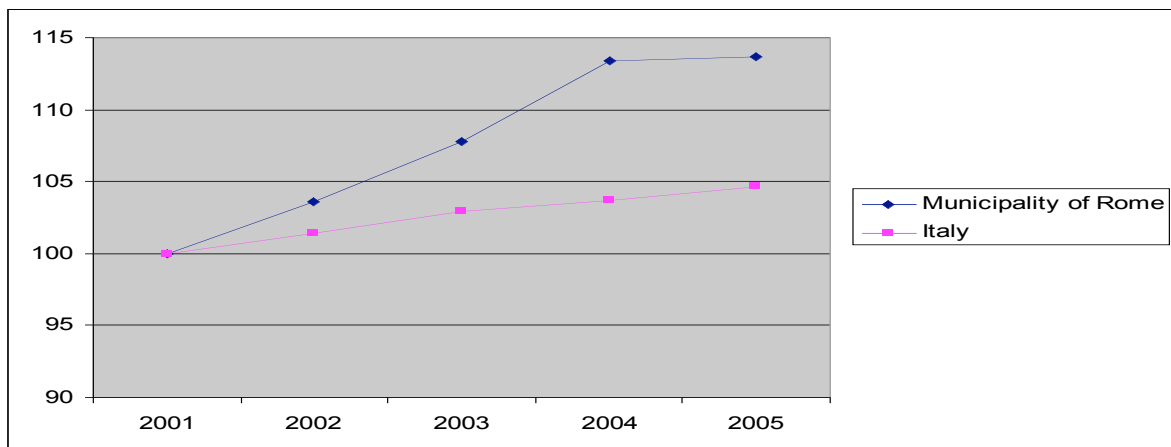
Source: Taylor, 2002.

Table 4. Per capita value added among the richest Italian cities (€)

	2004 rank		2001 Rank		1995	
Milan	30629	1	29452	1	22367	1
Bolzano	29953	2	26670	2	20235	3
Bologna	28332	3	26238	3	20225	4
Modena	27691	4	26053	4	20560	2
Florence	27585	5	24589	6	17937	12
Mantova	26873	6	22644	18	18710	8
Rome	26350	7	23121	11	17358	20
Parma	26024	8	25370	5	19139	7
Aosta	25024	9	23840	7	19700	5
Bergamo	24988	10	21667	23	17647	18
Italy	20761		18984		14457	

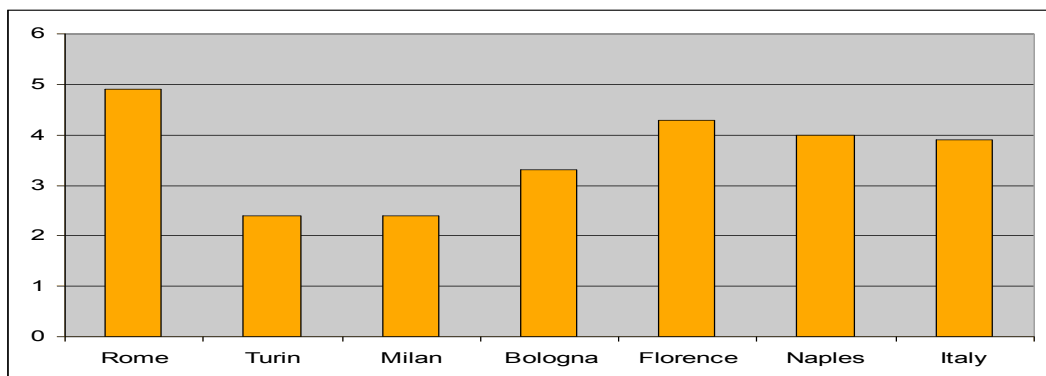
Source: Comune di Roma, 2006b

Figure 3. Employment trend, Italy and Rome



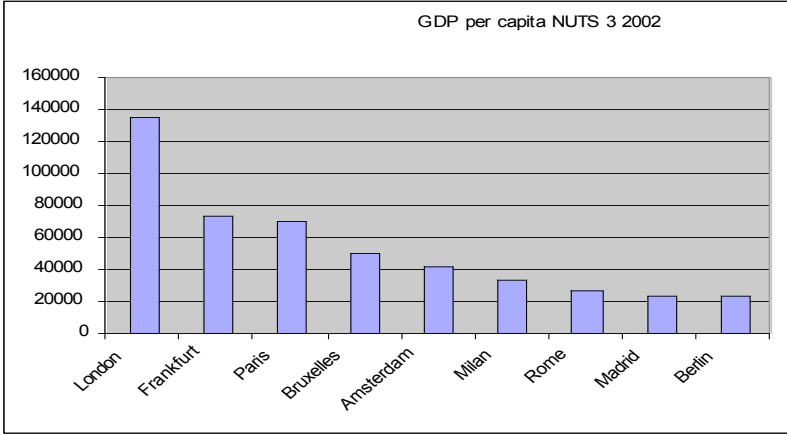
Source: Istat

Figure 4. Value added, annual change 2001-2004, current prices, (%), main Italian cities



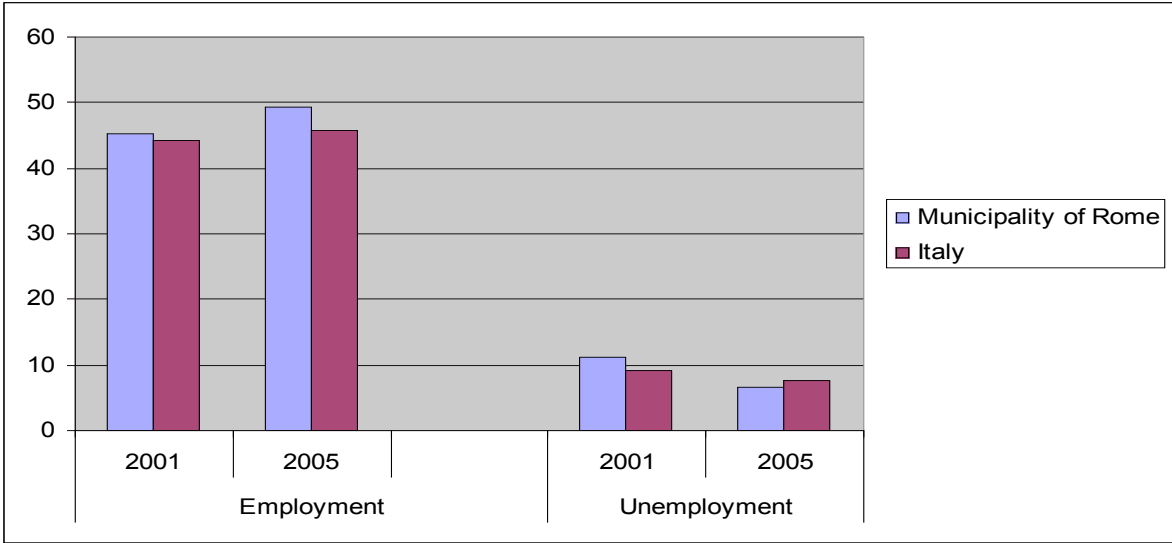
Source: Unioncamere-Istituto Tagliacarne

Figure 5. GDP per capita NUTS 3 2002



Source: own elaboration on Eurostat data, 2005

Figure 6. Employment and Unemployment Italy and Municipality of Rome (2001 and 2005)



Source: Istat

Table 5. Education in Rome and Italy from 6 years old, 1991-2001

Level of Education	Rome				Italy			
	1991		2001		1991		2001	
	v.a.	%	v.a.	%	v.a.	%	v.a.	%
Laurea (BA)	224760	8,6	320676	13,3	2,04763	3,8	3480535	6,5
High school (Diploma)	739765	28,5	862730	35,7	9937484	18,6	14485090	26,9
<i>tot.laurea + diploma</i>	<i>964525</i>	<i>37,1</i>	<i>1183406</i>	<i>49</i>	<i>11985114</i>	<i>22,4</i>	<i>17965</i>	<i>33,4</i>
Secondary school	782098	30,1	627792	26	16412499	30,7	16221737	30,1
Primary school	629153	24,2	427632	17,7	17405969	32,5	13686021	25,4
Alphabetic without title	204007	7,8	164412	6,8	6532658	12,2	5199237	9,7
Analphabetic	20072	0,8	12895	0,5	1145612	2,1	782342	1,5
Total	2559855	100	2416137	100	53481852	100	53854962	100

Source: Istat

Table 6. Education in Rome. Male and female from 6 years old, 1991-2001

Education level	Rome					
	1991			2001		
	Male	Female	Tot.	Male	Female	Tot.
Laurea (BA)	135.735	89.025	224.760	166.534	154.142	320.676
%	60,4	39,6	100,0	51,9	48,1	100,0
High school	354.825	384.940	739.765	403.495	459.235	862.730
%	48,0	52,0	100,0	46,8	53,2	100,0
Secondary school	396.182	385.916	782.098	316.433	311.359	627.792
%	50,7	49,3	100,0	50,4	49,6	100,0
Primary school	259.256	369.897	629.153	172.768	254.864	427.632
%	41,2	58,8	100,0	40,4	59,6	100,0
Alphabetic without title	83.913	120.094	204.007	68.401	96.011	164.412
%	41,1	58,9	100,0	41,6	58,4	100,0
Analphabetic	5.957	14.115	20.072	3.907	8.988	12.895
%	29,7	70,3	100,0	30,3	69,7	100,0
Total	1.236.109	1.364.246	2.600.355	1.131.769	1.284.868	2.416.637
%	47,5	52,5	100,0	46,8	53,2	100,0

Source: Istat, census 2001

Table 7. The Municipal Human Development Index in Rome

MUNICIPALITIES	Index of access to resource	Index of knowledge	Index of longevity	Municipal HDI
1	0,839	0,530	0,968	0,779
2	0,938	0,687	1,000	0,875
3	0,878	0,596	1,000	0,825
4	0,839	0,552	0,823	0,738
5	0,763	0,412	0,664	0,613
6	0,766	0,373	0,821	0,653
7	0,734	0,323	0,784	0,613
8	0,743	0,274	0,651	0,556
9	0,838	0,517	0,871	0,742
10	0,795	0,437	0,754	0,662
11	0,873	0,553	0,838	0,754
12	0,876	0,639	0,708	0,741
13	0,818	0,484	0,671	0,658
15	0,789	0,418	0,768	0,658
16	0,845	0,556	0,868	0,756
17	0,875	0,602	0,937	0,805
18	0,802	0,486	0,840	0,709
19	0,813	0,494	0,840	0,716
20	0,860	0,610	0,771	0,747
Rome	0,815	0,492	0,800	0,702

Source: Passacantilli (2003)