



**COLLANA DEL
DIPARTIMENTO DI ECONOMIA**

**KNOWLEDGE-BASED ECONOMY AND SOCIAL EXCLUSION:
SHADOWS AND LIGHTS IN THE ROMAN SOCIO-ECONOMIC MODEL**

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Working Paper n° 91, 2008

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Knowledge-based economy and social exclusion: shadows and lights in the Roman socio-economic model

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Abstract

The paper analyses the changed development path of the metropolitan area of Rome. It aims to analyse the evolution and modernization of Rome in the last thirty years and to examine whether or not the consequent cultural regeneration promotes social cohesion. To this end we 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 of bringing about economic and political change. Nevertheless, a new and more democratic local governance and sub-regulation mode have emerged during the post-Fordist era, which have allowed for the production and reproduction of new socioeconomic relations that in turn influenced a new economic model for the city. This new governance is an important leading theme; it brings about some interesting forms of “democratisation” that are difficult to find in other post-Fordist metropolises.

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, a new poor, and polarisation between the peripheries and central/high income districts, in a sort of multi-speed development. At the same time, the traditional bureaucracy and its connected “state bourgeoisie”, although still relevant, are no longer dominant. New service activities have brought about new agents, new powers and new institutions.

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

Keywords: urban modernization, knowledge-based economy, human development

JEL: O15, O18

¹ The authors would like to acknowledge the financial support received by the EU commission. This paper is an empirical result of the DEMOLOGOS (Development Models and Logics of Socio-Economic Organization in Space) project that is a research funded by EU, within the Sixth Framework Project (contract number: CIT2-CT-2004-505462). We would like to thank also dr. Luca Lo Bianco and dr. Fiammetta Curcio, *Comune di Roma - Dip.XV - Politiche Economiche e di Sviluppo*, for their help, suggestions and comments, and all the people interviewed for this paper, in particular prof. Pia Toscano. The Paper was presented at the Annual Conference of EAEPE, University of Porto, 1-3 November 2007. We would like to thank all the participants at that conference for their comments. The usual disclaimer applies.

"Any city, however small, is in fact divided into two, one the city of the poor, the other of the rich; these are at war with one another."
Plato, The Republic

1. Introduction

Over the last thirty years, Rome 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 city².

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),³ culture and R&D, i.e., the so called knowledge-based economy. Culture, in this model, is regarded as a key ingredient for contemporary urban regeneration (Garcia and Degen, 2007).

This allowed consistent growth in the city's economy. However, at the same time, the Roman model is characterized by forms of social exclusion and polarization between peripheries and central/wealthy districts in a type of multi-speed development. A new poor sector emerged, not only in the peripheries and in the lowest social classes, but also in the middle class. Weak parts of society did not enjoy the benefits of advanced tertiary sector growth. Insufficient attention is paid to the peripheral areas; poverty is not reduced; unskilled workers are affected by forms of social exclusion; the middle class suffers an increased cost of living; booming house prices exclude a large part of the lower-middle class from buying a house; renting a house is very expensive; inequality is rising, etc. These phenomena are also affected by central government policies introduced in the last ten years, such as the laws that contributed to "flexible" job contracts. This kind of contract affects in particular the young, women and immigrants who live in the peripheries. According to Jessop (2003) the results of all this change in social policies influenced by the neo liberal agenda together with the local private interests are now assuming a prominent role in urban development.

² A similar process characterises other cities, like Barcelona (Garcia and Degen, 2007).

³ 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.

Recent research commissioned by the regional government⁴ underlines the fact that a large part of the population is affected by a type 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,⁵ this kind of multi-speed development is, in a way, a consequence of the post-Fordist regime of accumulation, characterized by the knowledge economy and labour flexibility on one side, and by social exclusion and insufficient social protection on the other. Economically, those outside the dynamic advanced sectors, mainly the unskilled and/or older workers and migrants, do not benefit from the new economic model and its expansion.

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 in 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 new kind of governance and social innovation is very distant and, as we show in the fourth section, there is a dark side to the model’s positive lights.

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

⁴ 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.

⁵ We use the terms *Fordist* and *Fordism* as defined in Boyer and Saillard (1995).

Table 1: Periodization of Roman socioeconomic development

	National regime of accumulation	National mode of regulation	Local regime of accumulation	Local mode of regulation
<p>1947-1967</p> <p>Capital City of a late Industrial Country</p>	<p>Extensive accumulation;</p> <p>Rapid industrialisation country; late industrialization; Export-led late Fordism</p>	<p>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 governments (1947-1962); Christian Democratic & Socialists (1962-1976);</p>	<p>Persistent strong influence of feudal interests; 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</p>	<p>Weak local regulation; Passive local regulation; 1962 Master plan; Municipal utilities; Public infrastructures and services</p>
<p>1968 - 1985</p> <p>Transformation</p>	<p>Social and Political change; first germs of economic change; tertiarisation; Crisis of Fordism and socioeconomic restructuring; Development of Industrial districts; Crisis of big Industries</p>	<p>Nationalisation of private utilities; Housing policies; Communist Governments (1976-1985);</p>	<p>Social and Political change first germs of economic change; tertiarisation; Crisis of Fordism and socioeconomic restructuring in the Metropolitan area of Rome; Advanced Tertiariation; (R&D, finance, computer science, business for services);</p>	<p>Red Rome (left government coalition) - recovery of periphery; social movements; Cultural development and cultural policy; The first process of devolution: the "circostrizioni"</p>
<p>1985 - 1993</p> <p>Rome as a neglected capital: corruption and speculation</p>	<p>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</p>	<p>Emerging of neoliberal policies; Elimination/restructuring of Welfare State and "Cassa per Il Mezzogiorno"; Neocorporatist agreements (Protocollo di Luglio); Politica dei redditi, "income policies";</p>	<p>Strong connections among political power, financial groups and constructors; The development of the city between speculation and illegal growth</p>	<p>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</p>
<p>1993-2006</p> <p>Rome capital of the "second" Republic: the "centre-left" councils and the revitalisation of the city (plus new poverties and social exclusion)</p>	<p>"Gloca-lisation" (Swyngedouw 1992); Outsourcing and delocalization;</p>	<p>Consolidation of Neoliberal policies; Privatization; Liberalization; Deregulation/Devolution; Deflationary policies; Macro-Stabilization; Neo-corporativism; Maastricht criteria => €Market flexibility and job market deregulation</p>	<p>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</p>	<p>New electoral law (L. 81/1993); New way of government: the proactive role of the mayor; The Jubilee 2000: new funds and public; infrastructures; Cultural and architectural revitalisation; New master plan; From "circostrizioni" to "municipi": new and more democratic forms of governance; Housing policies; Transport/Mobility policies</p>

Source: own elaboration

2. The production structure of Rome during Fordism

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

Public capital focused on bureaucratic and administrative structures. Conversely, private capital, as described by Toscano (2006), focused on the small manufacturing sector. The South-Eastern part of Rome, in particular, 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 and a large part of it 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 architecturally 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 factories there. Previous to WW2, an industrial cluster⁶ had already been built in the area between Tiburtina and Prenestina (the Eastern area of Rome). There were some fiscal advantages for private firms in choosing to locate their factories there. The war impeded the development of a true industrial district,⁷ and in general, there was little progress in terms of industrial development in Rome and Lazio during the Fascist era. After WW2, an effective industrial cluster was rebuilt, and 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 in the 1960s, the industrial sector showed consistent growth. 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). It became very dynamic and the most industrialized in the Lazio region.

⁶ For a definition of cluster see Porter (1990).

⁷ The difference between a cluster and a district is illustrated by Bellandi (2003).

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, rising to 7.7% in 1961. The Roman rate of economic growth was higher than the national one; at the same time, the residential population of the province of Rome grew by 27% in the 1950s, while the average population growth in the other Italian provinces was 6.2% (Toscano, 2006). In particular, in the period 1951-55, the economic growth of Rome was faster than the national growth rate, and although in 1956-1961 the trend was lower than the rest of Italy, it was 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. 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 in 1961 versus 450,000 in Milan (Orlando, 1964). The purchasing power of the citizens was very limited, therefore 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 limited perspective and ambition to expand. The demographic explosion in Rome did not lead to the founding of appropriate economic structures, such as large companies, to balance the demand and supply of labour, as occurred in North-western industrial cities such as Milan and Turin. An important consumer middle class took time to appear. A major problem was the backward agricultural sector and its non-integration with industry. Low profits and income in the countryside did not allow mass consumption (Lizzadri, 1954). As stated by Séronde-Baboneaux (1983), 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 income composition of the province of Rome started to change in favour of the tertiary sector. Agriculture and industry decreased, (4.7% and 61% respectively of the GDP of the province of Rome), while the public administration sector (22.6%) and other services (11.6%) grew. This was the starting point of a process that continues to this day and that, to some extent, is the basis of the so-called “advanced tertiary” sector, 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 effects of the crisis of Fordism were different in Rome than in the industrial regions of Italy and Europe. Rome did not experience the industrial recession and the consequent restructuring experienced in the North. On the contrary, the economic growth of Rome during the seventies was still significant, while the rest of the Peninsula was in recession. In an enlightening sentence, Congi (1977) stated that Rome become modern without passing through development.⁸

Alongside the traditional housing sector, a modern service sector emerged during those years favoured by the expansion of tourism, the massive access to university education, 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 Roman economy was only marginally interested in the industrial transformation in the Southern and Eastern parts 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 headquarters for all the State-related economic institutions, such as the banking system⁹, the State holding system¹⁰, the telecommunications public companies¹¹, public agencies for regional development¹², public and semi-public research institutions¹³, 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 into 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 both less heterogeneous and more important in the Roman context. The social change followed the economic dynamics (Congi, 1977). After the experience of 1968’s movements, students and workers could re-think new forms of organization. The Roman

⁸ Congi, evidently, refers to the mainstream concept of development as “economic growth *cum* structural change” rather than development as expansion of people’s capabilities.

⁹ Banca d’Italia, Banca Nazionale del Lavoro, Banco di Roma, Banco di Santo Spirito, Istituto Mobiliare Italiano, Medio Credito.

¹⁰ IRI, ENI, EFIM, ITALSIEL, ITALSTAT.

¹¹ STET/SIP, RAI, ALITALIA.

¹² Cassa per il Mezzogiorno, FORMEZ, IASM.

¹³ CNR, ISCO, ISPE, INEA, ENEA, SVIMEZ, ISFOL.

working class built up an identity that was only partly linked to the industrial sector. As stated by Congi (1977), after 1968 the Roman working class broke its inferiority complex and understood that a working class identity and movement was still alive despite the smallness of although the industrial sector was small. An heterogeneous working class, together with intellectuals and students, participated in an evolutionary process of social change which was to have important effects on the future development model of Rome and on the governance dimension of the city in particular.

From an economic point of view, after the Italian economic miracle of the 1950s and 1960s, there were two path dependencies to consider in the capital city of Italy. The first was linked to the absence of a traditional Fordist regime; this has been very useful for the actual socioeconomic development model of the Rome of today. In particular, when a post-Fordist industrial transformation started in Europe and in many Italian regions, in Rome there were neither large industrial firms to transform nor a recession to remedy. On the contrary, there was an active intellectual social group, an emerging workers movement, a number of skilled workers available for employment in the promising tourism sector, a growing small manufacturing sector, as well as the traditional bureaucracy and the housing sector neither of which asked for any transformation.

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 as 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 seem to be the basis of the new socioeconomic model of Rome today, which appears to be 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 stated previously, found its origins 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 have strengthened in the current government (a centre-left coalition) led by the mayor, Walter Veltroni. However, there are some downsides to this socioeconomic model, represented by the fact that many people remain at the margins of either the advanced tertiary economy or the democratic process, which involve almost exclusively the intellectual elites and the higher-educated.

4. Transition towards post-Fordism: KBE and the new socioeconomic model¹⁴

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 regional economic growth but also gave to the area the aspect of a highly “tertiarized region”. Entrepreneurs during this period were better educated and possessed a wider cultural background than the first generation of entrepreneurs, who were mainly landowners from the Fascist period. Social transformation in both the educational and value systems 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, and led to a preference for the advanced tertiary sector with its more skilled workers.

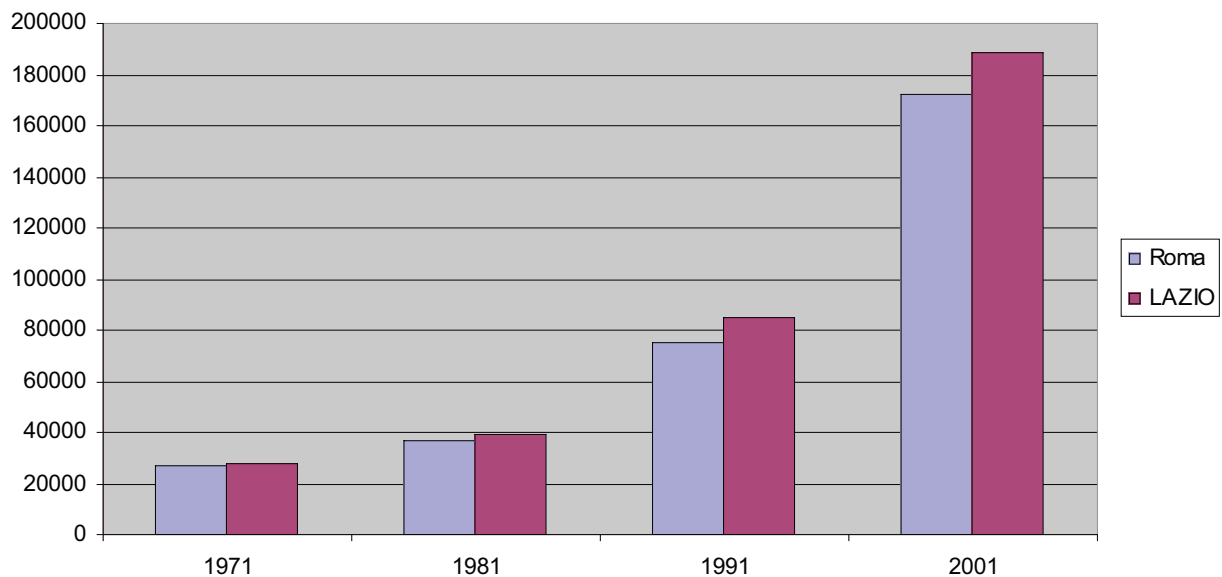
As early as the 1980s, all these factors enabled the Roman economy to become ,a service-oriented economy, as in most of the metropolitan areas in high-income countries. An innovative model emerged where economic and extra-economic factors played an important role in mediating reproduction and mode of production. On the one hand, the Roman experience can be interpreted as a “territorial innovation model” (Moulaert 2006); on the other, Rome is a case where institutional forms as well as mechanisms and strategies of

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).

regulation, extra-economic factors, national law, agreements, informal practices, juridical-political regulation etc., influence the accumulation and reproduction of the socioeconomic system and the emergence of the predicted new model (Jessop and Swyngedouw, 2006).

Many different advanced tertiary activities¹⁵ are located in Rome, representing approximately 91% of Lazio's tertiary sector. Furthermore, during the 1980s, and even more 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 that represented the Capital's more traditional industrial cluster.

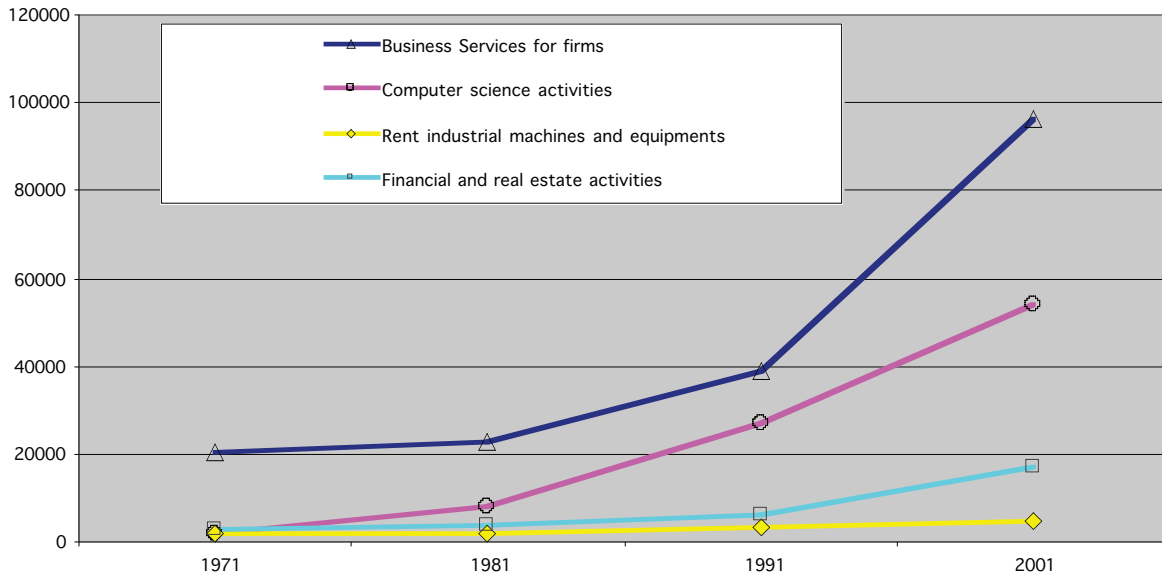
Figure 1. Advanced Tertiary Sector in Rome and Lazio 1971-2001 per number of employees



Source: FITA (Federazione Italiana Terziario Avanzato)

¹⁵ That are: financial and real estate activities; rent industrial machines and equipments; computer science activities; scientific research & development; business services for firms.

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



Source: FITA (Federazione Italiana Terziario Avanzato)

Figures 1 and 2 show the strong dynamics of both business services activity (almost 100,000 employees in 2001) and computer services activity. Conversely, the 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.

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 second only to 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%, (second to Lombardia), while the rate of growth during 1981-2001 was the highest in Italy (Toscano, 2006).

During the 1990s Rome continued along the trajectory of socio-economic change started at the end of the seventies. Moreover, during the 1990s, the socio-economic trajectory was coupled with a political strategy which brought about a new governance model made up of wider social participation, an extension of social rights, a more democratic process and form of participation, decentralization at municipal level, a public forum where municipal decisions were supposed to be taken, etc. In general, the municipal government made a huge effort to give Rome a new look, a new polity, and new development policies. Rutelli (1993-2001) and Veltroni (2001-present) were the new mayors of the city during this period. However, much of this effort remained at the level of discourse and was insubstantial, as we

discuss in the next paragraph. The discourse itself also assumes a positive relation between successful economic competition with other cities and social cohesion within the city (Garcia and Degen, 2007)

During the 1990s, a new but still unstable regime of accumulation emerged also in Rome as in the rest of Europe (Jessop and Sum 2005; Tickell and Peck , 2003; Jessop, 2001; Boyer and Durand, 1997). 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, in the transition to post-Fordism, institutions are evolving and institutional forms of competition in particular tend to prevail in the emerging regime. Commenting on this argument, Boyer (2005) says that in the advanced economies during the transition period, the prevailing form in the “hierarchy of the institutional forms” seems to be 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, 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 a consequent harmful impact on unskilled workers and with negative effects in terms of uneven development and inequality.

5. Local politics: between discourse and reality

The work of Rutelli, mayor of Rome between 1993-2001, was continued by his successor, Veltroni, elected first in 2001 and re-elected with a huge consensus in 2006.

Veltroni propounded a rhetoric of Rome as a community. He created some political tools and progressive democratic forms of participation such as elected migrant representatives on the City Council, a participatory budget, political forums etc. However, as we will see, a lot of shadows still remain around such a model of governance. The poor, young precarious workers, migrants and citizens living in rundown areas remain at the margins of this model and gain only minor benefits from the modernization of Rome. Nevertheless, through discourse, the media, a well promoted image of himself, participation in all the social events of Roman public life, and the organization of a well sustained cultural life in Rome, the new mayor was able to create an imaginary version of the city that was different from reality, and to create consensus (AA.VV, 2007).

In fact, from a cultural-political point of view, intensive discourse accompanied the economic performance of Roman economy. The aim of this model, of which Rome is just one example, is to promote modernization and growth within the KBE.

The KBE concept has become very fashionable in official discourses and documents. It conjures up a world of smart people, with smart jobs, doing smart things, in smart ways, for smart money, increasingly open to all rather than to 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. However, it has also been criticized for creating a digital divide, new forms of social exclusion, and for restricting access to high education (Jessop, 2000). While 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 to be deeply problematic. Yet others take agnostic positions or want to acquire more evidence. Whichever of these positions is most appropriate, there remain questions that cannot be ignored.

Following Taylor's work on European Metropolis Network Connectivity, one can observe that Rome, together with Berlin, ranks 53rd in the world and 18th in Europe as regards Global Network Connectivity; this is an indicator drawn from the number of service firms in a city also having offices elsewhere in the world. These rankings underline the fact that the level of Roman global networking is still low, although its evolution towards a global network is proceeding fast (Taylor, 2002). However, as table 2 shows, Rome scores a bit better with regard to Banking/finance connectivity and to NGOs network connectivity and Research network links in particular. In these last, Rome scores in the top 25 cities in the world at 18th and 17th respectively. These rankings are, to some extent, also a measure of the intensity of the Knowledge Society.

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

Source: Taylor, 2002.

6. An outlook of Rome from an income perspective: growth and modernization¹⁶

In 2006, the population of Rome was 2,663,182 per 1,350 KM/square of territory. Rome is the biggest municipality in Italy in terms of territorial extension and population. In 2004, the rate of growth in GDP was 6.7%; in the same year the rate of growth for Italy was 1.9%, and for the province of Rome, 2.7%. Rome's GDP in 2005 was 94,376 billion Euros, which is 63% of the regional GDP and 81% of the provincial GDP. However, the population of the city of Rome is 71% of the total for the whole province of Rome and 64% of the Lazio region. During the last five years, 2001-05, Rome was growing much faster compared with the rest of Italy (Censis 2006).¹⁷ Its GDP growth was 4.1% as against 1.4% for Italy; its GDP per capita was 30,500 €, while the Italian GDP per capita was 25,200 €.

¹⁶ All the data about Rome economy used in this paragraph are from Comune di Roma (2006).

¹⁷ In this Annual Rapport Rome is defined as the engine of the Italian economic recovery.

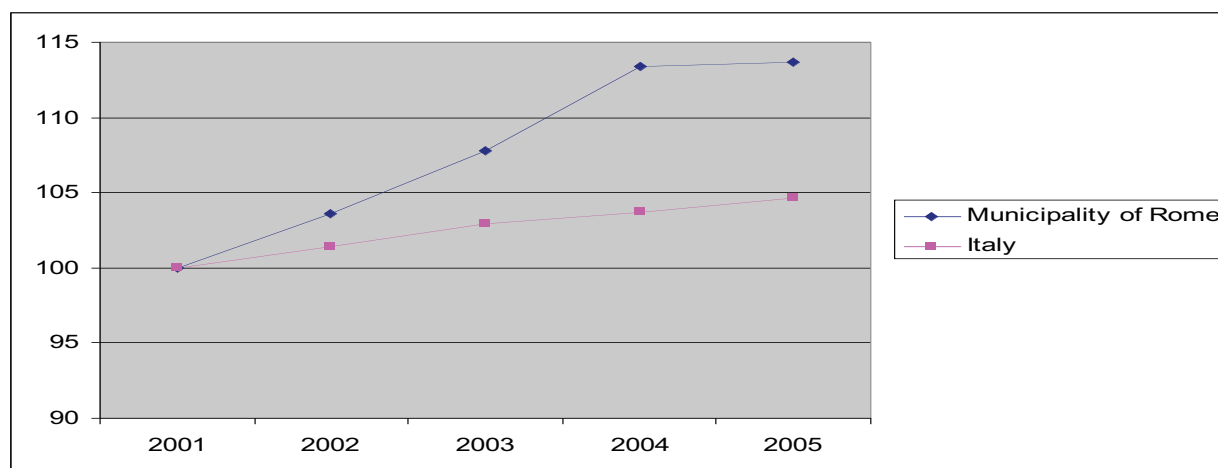
Table 3. Per capita value added among the richest Italian cities (€)

	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

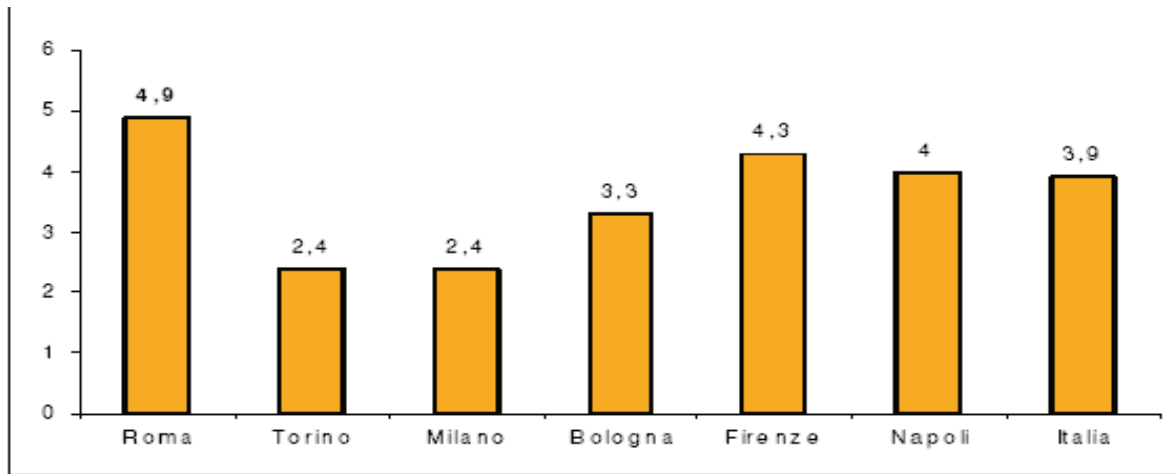
The contribution to the national GDP was 6.3% in 2001 and 6.7% in 2005. The number of firms increased during the same period by 9.2%, while in Italy it increased by 4.5%. The same trend is observable in the employment figures.

Figure 3. Employment trend, Italy and Rome



Source: Istat

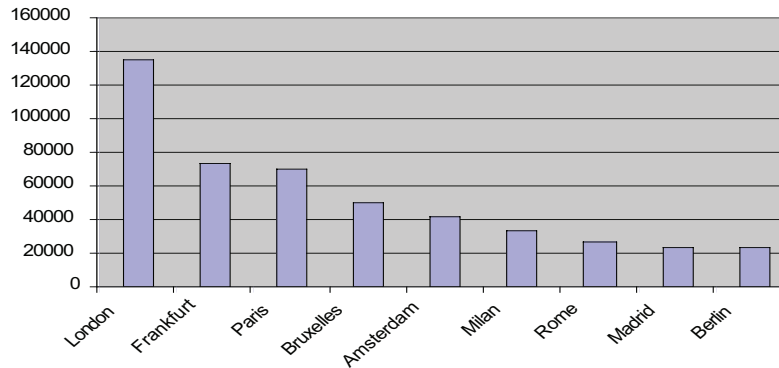
Figure 4. Value added, annual change 2001-2004, current prices, (%), main Italian cities



Source: Unioncamere-Istituto Tagliacarne

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

Figure 5. GDP per capita NUTS 3 2002



Source: own elaboration on Eurostat data, 2005

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

According to Censis (2006), economic growth in Rome over the last years was determined by the following five factors in particular:

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

The Roman economy grew during a modernization process in the 1990s and 2000s. More recent economic growth confirms such a model. The Roman economy is no longer a cumbersome system based on bureaucracy and national politics, capital city and headquarters location of state-holding companies, as it used to be just after the second world war. However, as in other metropolises, the emerging regime of accumulation in Rome is unstable, and is characterized by a flexible mode of production with a crucial role assigned to the knowledge-based economy. Although such a mode of production was functional to the economic growth occurring over the past decade, it produced markedly uneven or multi-speed development, as shown in the next section.

7. An overview of Rome from a human development perspective: multi-speed development, and social exclusion

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

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

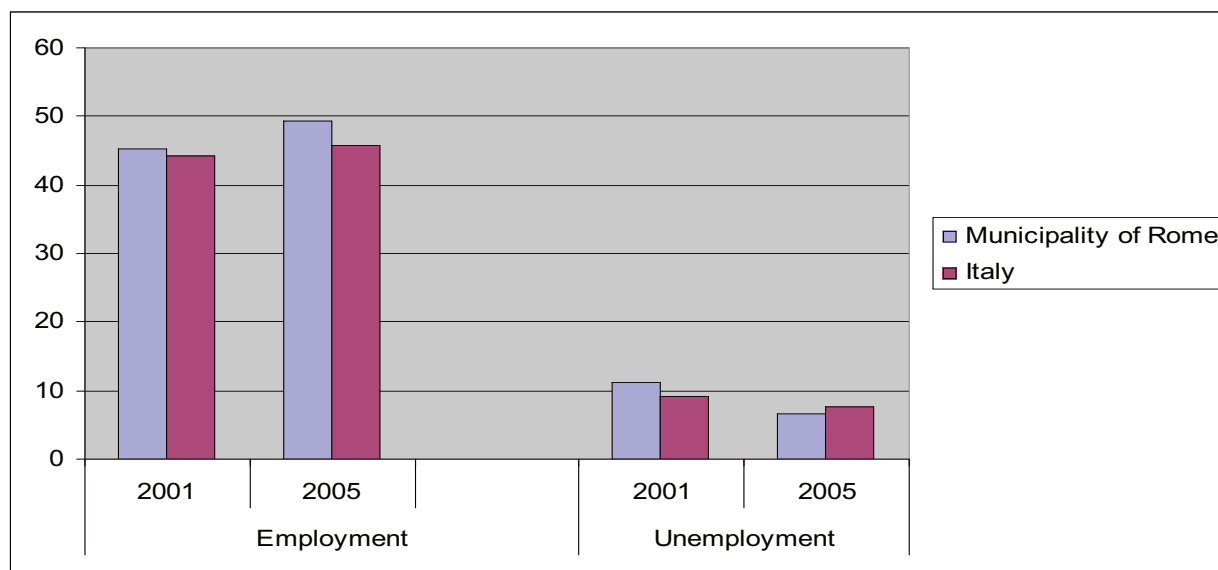
In order to know whether a real enlargement of people choices and substantial freedoms accompanied Rome's positive economic performance in terms of traditional indicators, we looked at some indicators of human development dimensions. However, since building a local Human Development index for Rome may be difficult because of the paucity of available official data¹⁸, it could be useful to examine other indicators that capture different key dimensions of human development.

Firstly, we can examine the employment rate. Employment provides people with income that enables them to establish the command over a range of goods and services needed to ensure a decent standard of living. It also encompasses 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 a productive contribution to society and an opportunity to exercise skills and creativity. It brings strong recognition that fosters self-respect and dignity. It gives the opportunity to participate in the collective effort, and to interact socially (HDR, 1996). Finally, a high level of employment also means a reduction in inequality between those who earn an income and those who do not.

Labour market dynamics look much better in Rome than in Italy as a whole, and in other important European cities. In Rome during 2000-06, the employment rate increased by 6.5% as 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%, as compared with the Italian employment rate of 57.5%, and the female rate of employment was 51.5% as compared with 45.3% in Italy as a whole. At the same time, the unemployment rate went down from 11.1% to 6.5%, to below the Italian average of 7.5% (Comune di Roma, 2006b).

¹⁸ 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).

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



Source: Istat

Secondly, we can examine data concerning education. Education is key in promoting human development and improving opportunities for the enlargement of choice. 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 education as an essential component of the exercise of freedom (Sen, 1999)¹⁹. Thus, following Sen and UNDP, in the case of Rome we should focus on data concerning secondary and tertiary education to capture a key dimension of human development.

Tables 5 and 6 show that the percentage of people having a degree (*BA*) increased from 8.6% to 13.3% between 1991 and 2001. Moreover, with regard to gender perspective – another main aspect in human development – in 1991 60.4% of males had a *BA title* as against

¹⁹ «[...] 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).

39.6% of females, while in 2001 the female BA population in Rome increased to 44.1% as against a male BA population of 51.09%. People with secondary school degrees constituted 28.5% of the population in 1991 (48% male and 52% female); in 2001 the figure rose to 35.7% (46.8 male 53.2 female). Interestingly enough, Italian performance in education, as shown in table 7, was lower than the Roman one, for the same indicator.

Table 4. 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 5. 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

This brief human development analysis confirms that performance in terms of growth in Rome was followed by an overall expansion of choices and freedom for individuals. Such a

positive trend concerns two main human development dimensions, knowledge and employment. A further issue is whether or not that expansion of choices is applicable to the entire territory of Rome. In this sense the question is more complicated. A recent work of Passacantilli (2003), who focuses specifically on human development disparities among the neighbourhoods (i.e. sub-municipalities) of Rome, found that economic growth and human development performance was not homogeneously distributed in the territory. Using a Municipal Human Development Indicator, he discovered that the level of human development varied significantly within the 20 sub-municipalities of Rome.

Differences are evident in terms of knowledge and longevity. In fact, the inhabitants of eastern and peripheral sub-municipalities have worse access to knowledge and higher mortality rates. Such a framework effectively describes the multi-speed model of Rome (table 8). It is important to notice that the income component of the municipal HDI (access to resources) shows a narrow variance between sub-municipalities, while the other two non-income components (knowledge and longevity) show a much wider variance. That result also confirms two well known 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, as in the case of Rome, an analysis in terms of income could hide, or underestimate, important aspects of inequality.

Table 6. 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)

On the basis of this analysis using a human development perspective, it seems increasingly clear that two different cities are emerging in Rome. There is growing empirical evidence of this dichotomy. One city is characterised by the KBE features described above; these are represented by cultural events, social life in the city centre, intellectual activities, political participation and civil society involvement, well paid jobs for skilled workers, etc. The second Rome is the so-called “lower Rome”, in which many (old and new) social problems can be traced: 1) labour flexibility, creating unstable and uncertain work situations, which in turn increases poverty and insecurity; 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 a black economy; 10) worsening of the quality of life (including pollution).

In particular, recent research commissioned from Censis (an Italian think tank) by the regional government of Lazio, highlights socioeconomic disparities in Rome and in Lazio. It

builds an indicator of intensity of socioeconomic problems for each province and for each sub-municipality of Rome, which it calls the Socio-Economic Awkwardness Indicator (Regione Lazio, 2002). Interestingly enough disparities found through such an indicator correspond, with very few exceptions, to disparities pointed out by the municipal Human Development indicator (table 7). In particular, the central-western neighbourhoods have higher municipal HDI than the eastern and the peripheral sub-municipalities, as well as lower Socio-Economic Awkwardness Indicator. Such results confirm that the composite index, although based on the European average of Human development Index, varies consistently at local level; some peripheral municipals have levels of HDI lower than developing countries.

The Socio-Economic Awkwardness Indicator (SEAI) is a composite index ranking from 0, (minimum problems) to 100 (maximum problems). SEAI involves a wide range of issues concerning the labour market, demographical aspects, the local economy, services provision, 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 multi-speed development does exist in Rome. The celebrated model of Rome, based on a knowledge economy and cultural events is coupled with a flip side of the city, which is characterised, as in other metropolises, by an emerging new poor, an underground economy, housing speculation, homelessness, drug addiction, lack of immigrant 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 privileged districts enjoy all the benefits of the new model of Rome (i.e., Knowledge economy and cultural events) peripheral municipalities, poorer and less privileged districts suffer socioeconomic intensity problems and gain very little from the Roman economic miracle. On the contrary, one could say that many of their inhabitants have lost opportunities and income during the transition towards a currently inadequately specified Roman model of a knowledge based economy.

Table 7. Geography of the SEAI and of the HDI 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.

Fifty percent of people working in the housing sector work illegally and without protection. Illegal employment is strongly connected with accidents at work because of the bad working conditions. Rome is the worst city in Italy for the number of deaths at work; in 2006, 16 workers died. The underground economy is estimated at around 25%, far above the national average. More than half of the new jobs created during 2001-05 are flexible and insecure; workers do not have social protection, full pension contributions, social rights etc. The local and national public administration in Rome employs more than 100,000 workers in such flexible and insecure jobs (Sviluppo Lazio, 2006), as happens also in other metropolises experiencing similar transformation, such as Chicago, Manchester and Barcelona (Taylor, 2002).

Data concerning the Gini coefficient²⁰ for Rome confirms the downsides of the Roman development model. In the Province of Rome, the value of the Gini coefficient is equal to 0.47%, which is the highest percentage among the Italian provinces and in Italy as a whole (cf. table 8 below). At the same time, if we consider the median value of the income per-capita instead of the average income per-capita, we discover that Rome, in terms of GDP, is not the richest province in Lazio as it would appear from considering the average value. Frosinone and Rieti, relatively poorer in average income, are richer than Rome. A similar polarization is evident in the income disparities between women and men; the gap between them in Rome is one of the widest in the Italian province at almost 8000€, while the Italian average is 6.410€.

Table 8 – Income distribution, average and median among Italian provinces and in Italy. Private sector 2004

Province	Media	Mediana	Gini
Roma	19,512	15,259	0,476
Viterbo	13,905	11,869	0,429
Frosinone	15,275	15,278	0,371
Rieti	16,401	15,272	0,399
Latina	15,376	14,140	0,412
Milano	21,932	18,150	0,434
Torino	19,375	17,144	0,404
Bologna	19,163	16,974	0,391
Firenze	17,806	15,521	0,418
Napoli	14,783	13,440	0,408
Bari	14,089	13,125	0,393
Palermo	14,864	13,413	0,437
Italy	17,195	15,973	0.41%

Sources: INPS, 2005 (National Institute of Social Security)

²⁰ The Gini coefficient is a measure of inequality of a distribution. It is defined as a ratio with values between 0 and 1: the numerator is the area between the Lorenz curve of the distribution and the uniform (perfect) distribution line; the denominator is the area under the uniform distribution. The higher the coefficient, the higher the inequality of the income distribution.

Table 9 - Income disparities between man and woman, euros, 2004

<i>Provinces</i>	<i>Females</i>	<i>Males</i>	<i>Difference</i>
Roma	14,946	22,807	7,860
Viterbo	9,208	16,866	7,660
Frosinone	10,079	17,615	7,540
Rieti	12,627	18,173	5,550
Latina	11,055	17,244	6,190
Milano	17,319	25,38	8,060
Torino	14,435	22,896	8,460
Napoli	10,867	16,26	5,390
Bologna	14,892	22,708	7,720
Firenze	14,104	20,107	6,000
Bari	10,65	15,535	4,890
Palermo	12,068	15,983	3,920
ITALIA	12,967	19,424	6,460

Sources: INPS, 2005 (National Institute of Social Security)

Another negative aspect of the Roman polarization is the situation of migrants. There are several neighbourhoods in Rome inhabited mainly by immigrants, who live in very bad conditions. These concentrations inhibit integration into the local indigenous population, despite the fact that, in 2004, the Municipality of Rome introduced active and passive electoral rights for migrants. A large part of the migrant population works illegally and lives in very bad conditions with an average of 10 people, often of the same ethnicity, sharing a small house (Caritas, 2006). Thirty years ago the riverbanks of Rome were crowded with the shacks of Italian migrants, mainly from the South. Today, no Italians live there anymore, but 4,000 people, mainly Roma, now attempt to survive in new riverbank shacks (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; these have long represented places of segregation and exclusion from the urban centre for the lower classes, and today, they appear to be only partially reunited and integrated into an indistinct uniformity. There are residential neighbourhoods for the white collar middle class, but in the majority of cases the lower classes and the immigrants are even more segregated and exclude by dull and unwelcoming public housing projects that reproduce forms of isolation and marginalisation; here unfurls the hardship of a part of the city that is restless and unable to formulate a project for its own future.

According to Lucciarini and Violante (2007), there is a process of urban polarisation in Rome, which is well represented by “where social classes are residents”: businessmen are

concentrated in the innermost central districts of the city (No.1 and 2) and in the best residential areas (in the north part of district No.20); the working classes are mostly concentrated in the districts just outside the most central ones; the density of the elderly in the city centre districts is very high. Such data suggest that the urban polarisation process is a relatively new phenomenon, and this confirms our thesis concerning the polarisation of Rome's economy during the current transition towards so called "modernization". Finally, migrants (and in particular Chinese, Rumanians, Bengalis and Filipinos) are mostly concentrated in the worst parts of some peripheral sub-municipalities (5-7-8, in the East; and 10-12 in the South).

The public housing sector, which built such historic working-class neighbourhoods in Rome 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 sites of isolation, abandonment, troubled youth and conflict, these peripheries can, where they are more indistinct and generic, fuel the organisation of diversity that, in Rome, occurs in the most unexpected places, for example in the periphery, almost as a reaction to the domination of the centre. But the presence of a growing isolation in the city produces yet another typically metropolitan phenomenon: it fuels fear, especially among the middle classes. Even in the Roman scenario, the need to enclose oneself in a private sphere within the city prevails over the need to create a safe city for the entire social community. Hence, the perception of danger and the need for safety can open space for the growth of intolerance and so 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 applied within a global context of tolerance, of urban integration, of socially oriented policies and of housing policies that avoid 'ghettoisation' and migrant isolation.

According to Ferrarotti and Maciotti (2006), peripheries have changed enormously in the last thirty years. However, social exclusion, poverty and social problems have not disappeared; they have just changed in form. People living in these peripheries, far from the city and from the main political economic and social centres, have no concept of the new economic model of Rome, made up of KBE and political participation. They are not consumers of cultural events organised for the knowledge society. On the contrary, they survive in an ugly cultural and social environment, consisting largely of gender discrimination, criminality, precarious conditions of work, low income, and "bullish" behaviour, all of which have a bad effect on quality of life. Cultural and social centres are unusual and education levels are relatively low in comparison with the Italian average.

Municipal policies to combat such phenomena are inadequate and fragmented. There is little or no socio-cultural- planning to cope with such problems. It seems that the new forms of social participation introduced recently by the municipal government, and discussed above, fail to reach such distant peripheries; in fact the democratisation process basically stops with the provision of the right to vote.

8. 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. These are mainly the result of important changes experienced by the city over the last thirty years. The transformation, itself was a consequence of cultural change, social movements and political change that had 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 more oriented towards the advanced tertiary sector, i.e. research and higher education business services, cultural industry, etc. This allowed the city's economy to expand consistently in recent years. The good economic performance is also accompanied by an overall increase in human development factors. However, the Roman model is characterized at the same time by acute forms of social exclusion and polarization between peripheries and central/wealthy districts in a type of multi-speed development. This 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; a new poor stratum has emerged; forms of social exclusion affect the unskilled; the middle class suffers an increased cost of living; booming house prices exclude a large part of the lower-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 lack of opportunities, knowledge, inclusive social relations, appropriate institutions, etc. Analysing Rome's economy through a human development perspective showed GDP growth in aggregate terms, but also revealed uneven human development and huge disparities between central-western and peripheral eastern sub-municipalities. Such disparities are overlooked in an analysis of the Roman model, which uses only traditional economic indicators such as aggregate GDP, labour market dynamics, and production indicators.

The new *renaissance* in Rome, lauded by mayor Veltroni (2007), is not for all Roman residents.

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