



**Sergio DESTEFANIS**  
DISES, University of Salerno

**Discussion of Bripi et al.,  
STRUCTURAL CHANGE AND FIRM DYNAMICS IN THE SOUTH OF ITALY**

IL MEZZOGIORNO NELL'ANALISI DELLA BANCA D'ITALIA:  
I DIVARI, IL CAMBIAMENTO STRUTTURALE, LE IMPRESE  
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# Précis #1



**Analysis of the structural change occurred between 2001 and 2018 in Centre North (CN) and the South (S) of Italy using both macro and micro data. Focus on implications for productivity dynamics and firms' decisions to hire and fire, enter and exit the market.**

**Three main results...**

# Précis #2



- Deindustrialization was nationwide, but in the S knowledge intensive (scarce) services increased less (more) than in the CN.
- Structural changes slowed down the productivity growth in only the CN, but not in the S. Role of within-sector external diseconomies in the S?
- Employment growth was driven in the CN by job creation among incumbent (larger) firms, in the S by turnover of young and smaller firms, especially in knowledge scarce service sectors.

# General Appraisal



- I applaud the focus and scope of the paper, and its use of macro and micro data.
- I concur to its main conclusions: the S is characterized by knowledge scarce services and smaller firms.
- The micro analysis of employment growth is more firmly grounded on internationally-based theory and stylized facts, than the macro analysis of productivity growth (service sector: difference between knowledge intensive and knowledge scarce services ).

# More in Detail #1

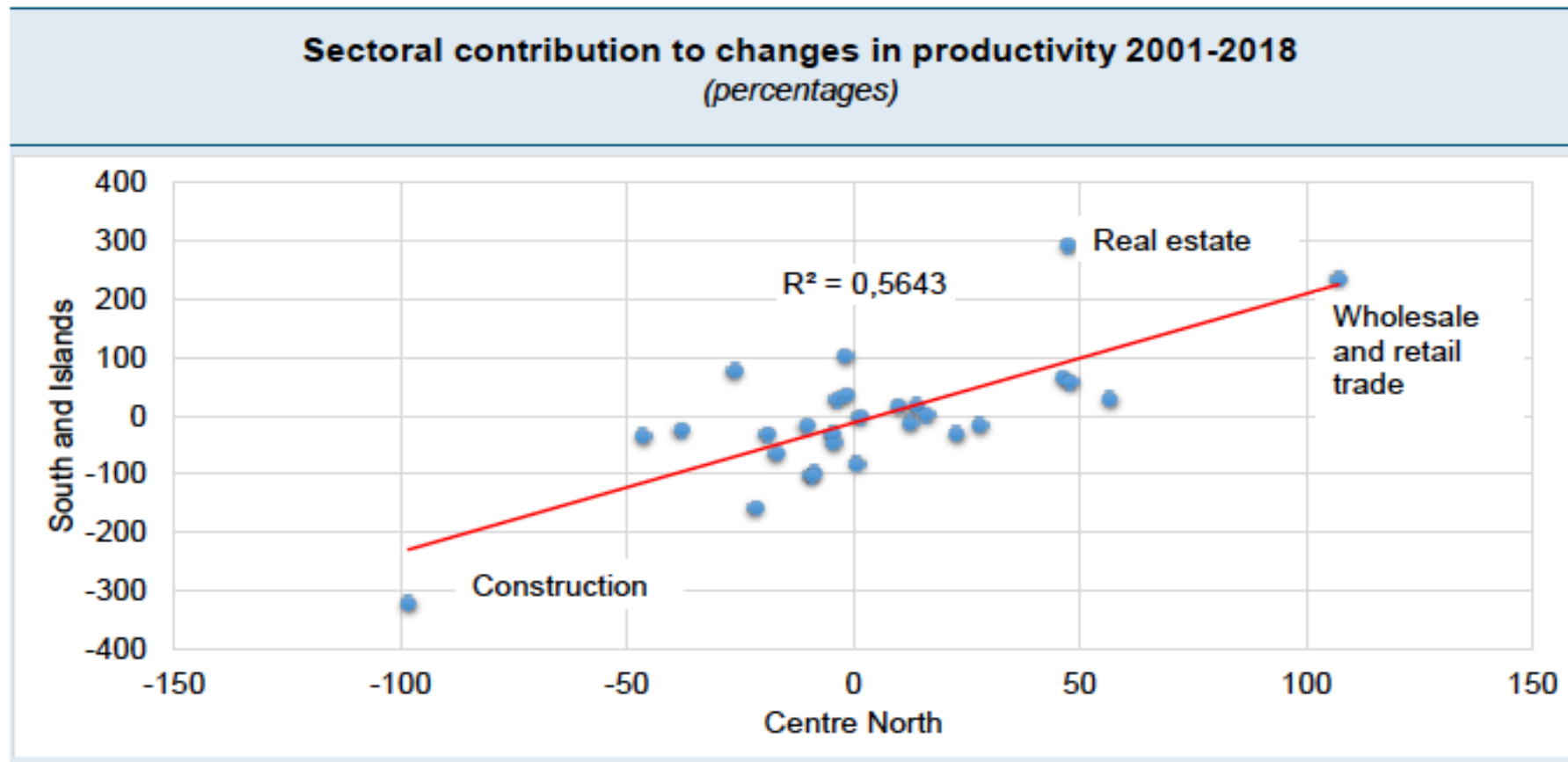


- Apparent contradiction between «the main drivers of productivity changes were rather similar in the two areas [Figure 9]» and «in the S the main responsible of productivity decline is the negative productivity dynamics within each sector [shift-share analysis]».
- I would have liked to see something more about the metrics and interpretation of Figure 9, where at any rate two sectors stand out:

# More in Detail #1



Figure 9



Source: Own elaborations from territorial accounts, ISTAT.



# More in Detail #2



- «In the S the drop of productivity within each sector was the main determinant [of productivity growth], suggesting ... the presence of the well-known external diseconomies that historically affect the area».
- OK, but what about the possible **role of capital deepening**? There is of course a data problem (**lack of official series for capital stock**). This problem was highlighted in a 2014 workshop at the Bank of Italy. Since then at the University of Salerno we collaborated with the IVIE (Spain) to fill this gap: Ph.D. thesis of Giulia Nunziante.

# More in Detail #3



Table 8

| Entry and exit analysis<br>(percentage changes) |              |                   |
|---|--------------|-------------------|
|   | Centre North | South and Islands |
|   | 2001-2007    |                   |
| Intensive margin                                | 1.7          | 2.0               |
| Net entry                                       | 0.4          | 2.3               |

- Is this very distinctive flurry of «net entry» in the S mainly linked to small and micro firms? What is the role of «change in class dimension» in big firms? [see Table 9]



# Further Points



- Role of I, K, infrastructure **and external trade**.
- Structural change and the role of policy: Paci and Pigliaru (1997), Percoco (2017), Coppola et al. (202?).
- Firm turnover and the role of policy: Vivarelli (1994 ...).
- CN: the North and the Centre. Both going South, but in different ways?