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‘South and north Italy in the great divergence: New perspectives from the occupational structure’

How did the occupational structure of Italy evolve in the decades and centuries before its unification? The answer to this question has powerful implications for our understanding of the origin of current economic divides, both within Italy and between Italy and the rest of Europe and the world. Yet the literature has so far neglected Italy’s occupational structure before the unification, since the early national censuses are biased, with an agricultural labour share in southern Italy which is too low. Moreover, agro-towns in the south make it difficult to extrapolate agricultural labour shares with urbanisation. This paper reconstructs the occupational structure of the Italian provinces in the decades before the unification and in centre-north and southern Italy since 1300 using occupational and population data from censuses carried out by the regional states in the early 19th century. We show that these censuses do not suffer from the same biases as the post-unification censuses in the south. We estimate how agricultural labour shares match into urbanisation rates differently in central-northern and southern Italy. Combining these coefficients with urbanisation rates, we extrapolate the evolution of labour shares in agriculture and the urban sectors over the very long-run. Last but not least, we explore the economic implications of the trends that we observe. We look at wage sigma and beta convergence between 1800 and 1861. We use Groth and Persson’s (2016) microeconomic model to exploit Engel’s law and estimate the GDP pc in central-northern and southern Italy since 1300. On the eve of the unification, the agricultural labour share was higher in southern than in central-northern Italy, as southern industry and possibly commerce were less developed. During the Risorgimento we find hardly any change in the occupational structure within macro-areas. There was however, very slow wage beta-convergence within southern Italy and Italy as a whole, and faster convergence within the centre-north. We predict a significant decline of the centre-north/south GDP pc ratio between 1300 and 1861, particularly in the 15th and 16th centuries, as our series are consistent with long-term stagnation in the centre-north and slow growth in the south. Our series are consistent with the timings of the great divergence previously identified by GDP estimates for central-northern Italy, while southern Italy was different: it forged ahead China after and fell behind Britain before. Pre-modern southern Italy emerges as a middle-high income place.