

# Draghi Will Find Out If He Has What It Takes to Save Italy's Poor South

Every Italian leader promises to fix the South, Draghi is staking his reputation on finally pulling it off

[John Follain](#) 6 giugno 2021, 06:00 CEST

Photographer: Alessio Paduano/Bloomberg

A half-ripped poster of Mario Draghi, his face crossed out in blood-red paint, greets visitors to a ruined housing estate in Naples that is a symbol not just of the Mob but of the hopelessness and despair that have plagued Italy's south for generations.

Le Vele, or the Sails, was inspired by French modernist Le Corbusier and built around the same time as the Barbican complex on the edge of the City of London. With the same concrete aesthetic and a shared ideal of modern living, one became a triumph of city planning, the other descended into an urban slum. The common walkways and staircases meant to recreate the vitality of Naples's old downtown were taken over by drug traffickers and inspired the book and film "Gomorra."

“A few years ago, no state representative could come,” says deputy mayor Carmine Piscopo, sipping an espresso that a local woman brought out to him and his guests. Behind him, a staircase is littered with broken glass, a discarded mattress and boiler. A child is crying.



An anti-Mario Draghi poster in Le Vele.

Photographer: Alessio Paduano/Bloomberg

Home to hundreds of poor families, Le Vele is being torn down and the area rebuilt on Draghi’s watch as part of a master plan to resurrect the fortunes of the so-called Mezzogiorno stretching out South from Naples. The man credited with saving the euro almost a decade ago is now taking on a political and economic endeavor that eluded the architects of unification 150 years ago: make Italy a cohesive nation from Sicily to the Alps.

Such is the scale of the task — decrepit infrastructure, corruption, chronic unemployment, Kafkaesque red tape — that you have to wonder why this time would be different. Every Italian statesman promises to sort out the South, where unemployment is almost twice that of the North, and GDP per capita is barely half.

What Draghi brings is an unprecedented amount of money and the experience to manage it well. He's staking his reputation as a fixer on pulling it off. The country is the biggest recipient of the European Union pandemic aid and he's devoting almost 40% of his 260 billion-euro (\$316 billion) recovery program to the regions left behind.

The issue is timing. Draghi's a technocrat prime minister and even though he's a heavyweight the direction of the political winds could mean that Italy is heading into one of its all-too-frequent elections within the next two years.

You get a sense of the challenge in Le Vele, with that defaced poster that disparages bankers and mocks Draghi's most famous pronouncement: "Whatever it takes." Investors may love him, but a resume that includes the European Central Bank and Goldman Sachs doesn't cut much ice in the deprived neighborhoods of the South where they've heard politicians making bold promises plenty of times before.



Carmine Piscopo near debris from the Green Vele demolished last year in in Naples, Italy, on May 10.

Photographer: Alessio Paduano/Bloomberg

In Berlin, in Paris, in Brussels, officials are watching closely. They've observed the jumps in Italy's debts over the years and the failure of successive efforts to knock the economy into shape, concerned that one day the European project could face a reckoning. Indeed, the upward creep of Italy's borrowing costs in recent weeks is "an ominous development" that highlights the risks of a fiscal crisis, according to David Powell and Dan Hanson of Bloomberg Economics.

"This is serious for the future of Europe," Draghi told the Senate in Rome in April as he laid out his plans and took ownership. "We will, in a certain sense, be responsible for winning or losing."

If Draghi succeeds in putting Italy back on a path of growth, he'll bolster the case for fiscal union by making the jointly-financed recovery fund permanent, said one senior EU official. If he fails, any argument for further monetary integration evaporates.

The Italian state itself is a big part of the problem, says Letizia Magaldi, whose family runs an industrial materials firm in Salerno near Naples. She wants the state to hire officials who understand new technologies to cut the two-year lead time on renewable energy projects. "We can't afford to wait that long," she says.



Letizia Magaldi outside her office in Rome on May 14.

Photographer: Giulio Napolitano/Bloomberg

To turn the situation around, Draghi has to solve the eternal riddle of the place Italians casually refer to as the

land of the blistering midday sun. In the Mezzogiorno the bureaucracy is maddening, the buildings are crumbling, and the state struggles to hold back the influence of organized crime — be it the Mafia in Sicily, the Camorra in the Campania region or the 'Ndrangheta in Calabria — whose presence is felt locally and whose tentacles reach globally.

It's easy to forget that Italy is a young country by European standards or that before reunification, the South was rich. Its quarrelsome states only came together in the late 19th century and sharp disparities between regions have plagued the peninsula ever since.

To address that inequality, Draghi has mapped out three new high-speed rail lines to connect more than 11 million people to the centers of activity as part of a sweeping package to modernize education, the state, the labor market, the energy system and, well, pretty much every corner of economic life.



Eugenio Mazarella

Photographer: Alessio Paduano/Bloomberg

He's literally trying to stitch the country together. Eugenio Mazarella, a philosophy professor at the Federico II university in Naples, reminds us that Italy is "still only 'a geographical expression.'" The former lawmaker is borrowing a famous historic put-down from the time when the first signs of Italy wanting to be one nation were bubbling up and the Austrian empire wanted to stamp out any spirit of independence within its vast borders.

"With high-speed rail, you weave Italy together," Mazarella says. "You achieve a real unification."

### **High-Speed Rail Plan**

The EU will fund fast trains to connect Italy's south

Sources: Italian State Railways, OpenStreetMap

That starts with *Le Vele*, the setting of the Italian crime series on HBO. Since 1997, four of the seven towers have been razed to the ground with residents moved to social housing. Two more are due to be demolished soon. In their wake, City Hall plans to build new housing, offices, schools, parks and sports facilities. The area has seen renewal plans before though, and it's still saddled with a 47% jobless rate.

"Our biggest challenge has been to win the trust of the local people," says Piscopo. The City of Naples is seeking 63 million euros of funding, with the backing of community leader Omero Benfenati.

"With the recovery fund money, we can create jobs, and we can create real jobs for people who've only found undeclared work," 42-year-old Benfenati said, while warning that "the money can go in the wrong direction."



Giovanni Lombardi near the seafront in Naples.

Photographer: Alessio Paduano/Bloomberg

A few miles away down on the waterfront, Giovanni Lombardi is optimistic.

He's hiring like mad at his energy consulting firm, Tecno, in anticipation of a surge in new business. Inside the 17th century palazzo where he's set up headquarters, engineers are modeling carbon emissions at stand-up desks and plans are afoot to double the workforce with 150 new hires.

"We have the brains, we have the universities," he says. "If we connect the South, then growth is possible."

— *With assistance by Caroline Alexander, and Hayley Warren*

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