

Lorenzo Incoronato wins award for best paper on public policies

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The young researcher has won the second edition of the award given by FBK-IRVAPP. He will present his work in Venice on Jan. 23 before participants of the International School on Impact Evaluation



Lorenzo Incoronato, a young doctoral student at University College London, won the second edition of the prize for [the best paper in the field of public policies](#) awarded by Fondazione Bruno Kessler's [Institute for evaluative research on public policies](#) with the article '**Place-Based Industrial Policies and Local Agglomeration in the Long Run**', written together with **Salvatore Lattanzio** (Economist at the **Bank of Italy**).

The challenges imposed by technological progress, globalization and climate change have led many countries to resort to industrial policies again. In response to the increase in regional inequalities, recent policies introduced in the United States and Europe have taken on a marked local dimension, proposing to create industrial clusters in well-defined areas. Despite this

spreading, how industrial policy impacts local economies remains unclear, especially in the long run.

Can government intervention promote sustainable economic development, or does it rather lead to inefficiencies and waste, ensuring (at most) temporary benefits?

To answer these questions, the article evaluates the long-term effects of an **industrialization scheme adopted in Italy in the 1960s and 1970s**, the so-called **Industrial Development Areas**, which were intended to favor the setup of industrial clusters in selected areas of southern Italy. The Areas were financed within the broader program of the **Cassa del Mezzogiorno (1950-1992)**, the largest and longest-lasting regional policy ever implemented in Italy. Government intervention in the Areas, in the form of business subsidies and infrastructure construction, amounted to about **90 billion euros (0.5% of GDP on average each year)**.

“The study – say the authors – combines historical census **data** for the period 1911-2011 with administrative data from INPS, and shows how the municipalities belonging to the Areas have enjoyed positive effects on employment and wages, not only during the years in which the policy was in force but also in the following decades. While the immediate effects of the intervention were concentrated in the manufacturing sector, to which the subsidies were directed, it is the services – in particular knowledge-intensive ones – that benefit most from the persistent effects of the policy. This was plausibly in response to the type of manufacturing activity promoted by the policy, which focused on high-tech sectors: this fostered the development of a skilled local workforce and ensured the accumulation of human capital.”

The identification strategy exploits a geographic discontinuity in the application of the scheme induced by legislation. **Comparison between areas that benefited from the scheme and neighboring areas that did not benefit from it shows a strong positive effect on the economic development of the beneficiary areas.** This effect persists even many years after the termination of direct benefits under the scheme.

The Areas experience does not coincide with that of other areas of the South, on which the Cassa also intervened, where the measures were effective in temporarily increasing those employed in manufacturing but did not generate long-term effects. This set of results suggests that interventions should be concentrated in a few regional hubs, such as the Areas, already suitable for industrial development and in which public intervention can trigger a multiplier effect. Conversely, government incentives in peripheral areas and with less favorable initial conditions are less likely to be effective and have persistent effects.”

Lorenzo Incoronato will present his work on Jan. 23 to participants of the **FBK-IRVAPP 2024 Advanced School on Impact Evaluation**, scheduled for Jan. 22-24, which will hit its fifth edition this year and will be held in Venice at the Veneto Institute of Sciences, Letters and Arts. The jury charged with examining the papers submitted for the award and naming the winner was composed of the School's teaching staff. Selecting the best work was a daunting task for the members of the jury, who were positively impressed by the high quality of the nearly **50 papers received and the relevance of the issues addressed on the topic of public policy.** The papers received were judged on two criteria: their methodological soundness and their

innovative approach, both methodologically and in terms of the research question undertaken.

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https://lincoronato.github.io/files/jmp_incoronato.pdf

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