

The debate on industrial and regional policy is now moving from the analyses related to the sectoral and regional effects of the Great Crisis to the definition of intervention strategies able to restart the real growth process. Overall, the academic and institutional debate highlights a renewed interest in the analysis of territorial and structural gaps and for the identification of "places" where change can take place and from which the growth process can start again. This field of study and analysis can only be accompanied by a revival of industrial and regional policies which may couple macroeconomic policies and their obvious limitations in pushing forward the growth process of Western economies. An approach which allows for multiple objectives in policy makings will, in the long term, provide far more fruitful results for the harmonious functioning of the economic and social systems.

The use of a new industrial and regional policy by decision-makers will also depend on scientific and methodological support that it can get inside the reference scientific community. Over the last three years the Italian Section of RSAI has addressed issues that have invoked several times between those crucial for the design of a new industrial and regional policy. The last conferences were dedicated to the declination of "smart" spatial development (in the triple sense regarding the specializations, the structure of the urban areas and communities that insist on them), the overcoming of geographical inequalities in income and well-being after the great Crisis and the transformation of the institutional framework in an environment increasingly characterized by the possible creation of new functional macro-regions and the development of intermediate territories. These areas, especially if close to the urban centers, showed the most significant catching-up processes in growth at the European level.

In this framework, the theme of the revival of investments is of paramount relevance for institutions and policy makers committed to identify virtuous paths of responses to the long period of crisis that has characterized economic and social Western economic systems.

The investment component has a crucial role for the revival of aggregate demand, in a context in which public spending in the current account is bound by restrictions imposed by the participation to the economic and monetary union and by pressing budgetary constraints. In addition, growth models driven by exports do not appear able to ensure adequate sustainability of the growth momentum, because of the small size of the export component in most economic and territorial systems, of the extreme variability of world trade growth and of the slowdown in the globalization process.

Though in recent years the consumption component has shown some signs of recovery, it is evident that, due to the structural change in the development paradigm caused by the Great Recession, only a sharp rise in productive investment, both public and private, can ensure a change in perspective in favor of the expectations of economic agents and, at the same time, a recovery in productivity. This, ultimately, will allow a shift of the aggregate supply curve of Western economies. A virtuous cycle of growth may then start by identifying new customer needs in the most advanced economies, thus determining the necessary adjustments and changes in production facilities allowing the creation of new specialized products and services. The strategy should simultaneously include both Keynesian and supply-side characteristics, focusing on productive transformations and changes in the composition of supply, especially in its sectoral and territorial structure.

As for the sectoral detail, new needs and new production prospects may arise in the transportation and communication services, in the use of cultural and touristic assets, in the improvement of health and lifestyles, in the training of human capital, in energy and environmental sustainability domains. In terms of strategy, it appears equally important the identification of an explicit mechanism of the (new) needs of citizens, as long as the conversion of enterprises from low-tech to higher added value productions, the

promotion of partnerships between public and private operators with a focus on both the administrative and the implementation sides, the identification of financial tools needed to feed the new investment cycle. A leading role should be taken by urban areas, true engines of knowledge creation and innovation, because of their ability to be connected with external nodes. Urban initiatives, however, should mobilize social communities in a bottom-up process where the activities of universities, research centers, enterprises, administrative institutions, financial actors and social institutions should be able to build a network system aiming at enhancing, in the first place, the potential for human capital existing in metropolitan areas.

The success of this strategy will depend on the degree of internalization by policy makers in a context of increasing overall uncertainty. New scenarios make the strategy more compelling. First, the world economy seems to be characterized by a slowdown in global trade and by a revival of nationalistic pressures that force governments to be concerned with the stimulus to domestic demand and with the reduction of inequalities across sectors and in the labor market. Second, macroeconomic and sectoral policies require a strong policy coordination, both among them and with the European Cohesion policy. In this sense we are experiencing, on the one hand, a movement of the European regional policy towards more horizontal assets which can re-orient the lagging regions towards smart specialization patterns. On the other hand, the attempt to centralize the national regional policies (in Italy they refer to the use of the Development and Cohesion Fund) through the definition of development "pacts" between central government, regional and metropolitan authorities requires the coordination of infrastructure initiatives already planned and still not realized, in order to determine an overall threshold effect that would fill the existing gap. In addition, investment is pushed forward by the Juncker Plan and by its potential leverage primarily focused on large projects as well as on government actions devoted to revitalize the manufacturing sector. In Italy, these initiatives are being directed toward the preparation of a Plan (Industry 4.0) which, through a variety of incentive tools, should allocate about 10 billion of additional and 7 billion Euros in research and development activities. Needless to say, all these initiatives, aimed at overcoming the growing difficulty at sectoral and territorial levels, require a coherent framework that defines objectives, priorities and synergies in both the short and long term. Thirdly, last but not least, the new industrial and regional policy may serve as a framework for lagging regions (i.e., southern Italy) since it aims at developing horizontal factors of production, first of all those becoming strategic in the digital revolution and in the new role of these regions inside the global value chain.

In this context, the contribution will try to evaluate the potential for a new industrial policy for the Italian South and other lagging European regions by considering:

- a) the change in the industrial and productive structure generated by the seven-year-period of crisis;
- b) the potential for the development of new industries related, both directly and indirectly, to the current specialization of the region;
- c) the possibility of making simultaneous use of cohesion, national and other European financial instruments in the same productive chain;
- d) the condition for compatibility and sustainability of the above strategies with outside economic and institutional constraints.