

Regional policy and local TFP: evidence from Southern Italy

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Abstract

Total Factor Productivity (TFP) explains the bulk of the differences in income level across territories. A major policy issue refers to the ability of place-based policy to promote TFP growth for backward areas. We provide some evidence about the effect of the European Regional Development Fund (ERDF) on local TFP growth in Southern Italy. Although TFP growth is on average rather unresponsive to EU programs, we provide some evidence of a positive effect for ERDF infrastructure investments and for the areas characterized by higher institutional quality and population density.

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Keywords: ERDF programs, TFP, manufacturing firms.

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