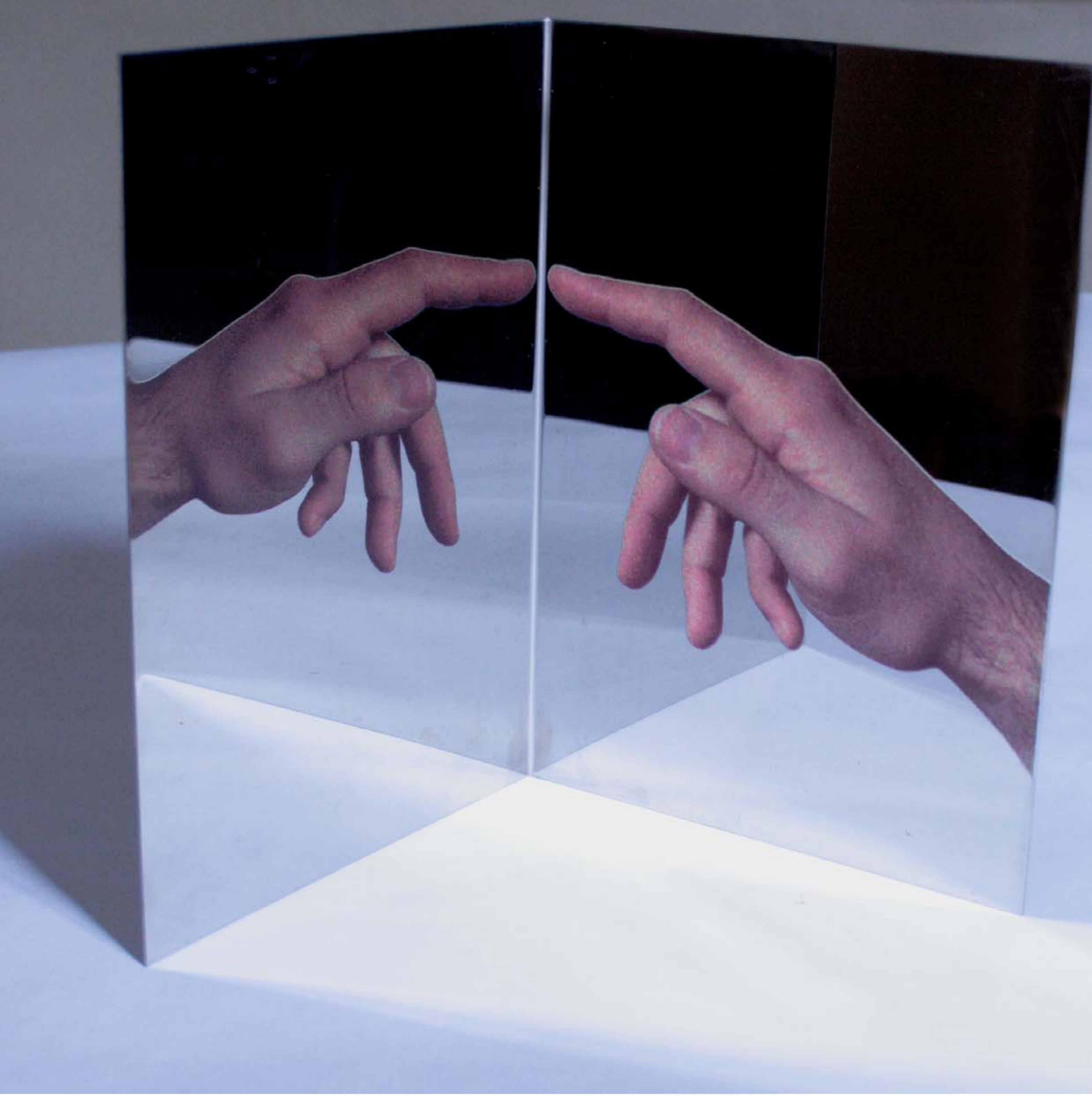

White paper on creativity

Towards an Italian model of development

Edited by Walter Santagata

Cover image:
Michelangelo Pistoletto "ConTatto" 1962 - 2007
Screen print on polished reflecting stainless steel, 22 x 16 x 23 cm
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Study commission appointed to draft the
Report on Creativity and the Production of Culture in Italy

Professor Walter Santagata, *President*
Professor Tiziana Cuccia
Professor Paolo Leon
Professor Severino Salvemini
Professor Irene Tinagli
Professor Michele Trimarchi
Professor Angela Vettese

Professor Stefano Rolando, *Secretary Coordinator*
Architect Pio Baldi and architect Erminia Sciacchitano
Dr. Annalisa Cicerchia
Dr. Giuliano Da Empoli
Dr. Gian Paolo Manzella
Dr. Emanuela Scridel

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The White Paper on Creativity is the result of a collective endeavor. It certainly would not have been completed without the enthusiastic cooperation of the authors and that of some friends that I would like to thank. Gian Paolo Manzella, who has been the first promoter of the Study Commission and has followed with care and competence the different steps of our project, Michelangelo Pistoletto who has admirably interpreted in images all the sectors of the creative industries that we have analyzed.

I wish to thank Sen. Francesco Rutelli who believed in the project and its political value, and Sen. Sandro Bondi, who has received the Report in its final version. I do hope he would accept this work, both for the policy recommendations and for the analysis, as a contribution to the policy of conservation and enhancement of Italian cultural heritage.

I am also grateful to Dr. Feleppa Alfonso, director of the Istituto G. Tagliacarne for the Promotion of Culture and Economy in Rome and Dr. Alessandro Rinaldi of the same Institute for their kind cooperation. I wish to thank, finally, the Compagnia di San Paolo di Torino, and in particular its President Dr. Angelo Benessia and its Secretary General Piero Gastaldo, for supporting this research during their approach, the English translation, editing and publication of results.

Foreword

The Study Commission appointed on 30 November 2007 to draft a Report on Creativity and the Production of Culture in Italy was established by a decree with the following brief:

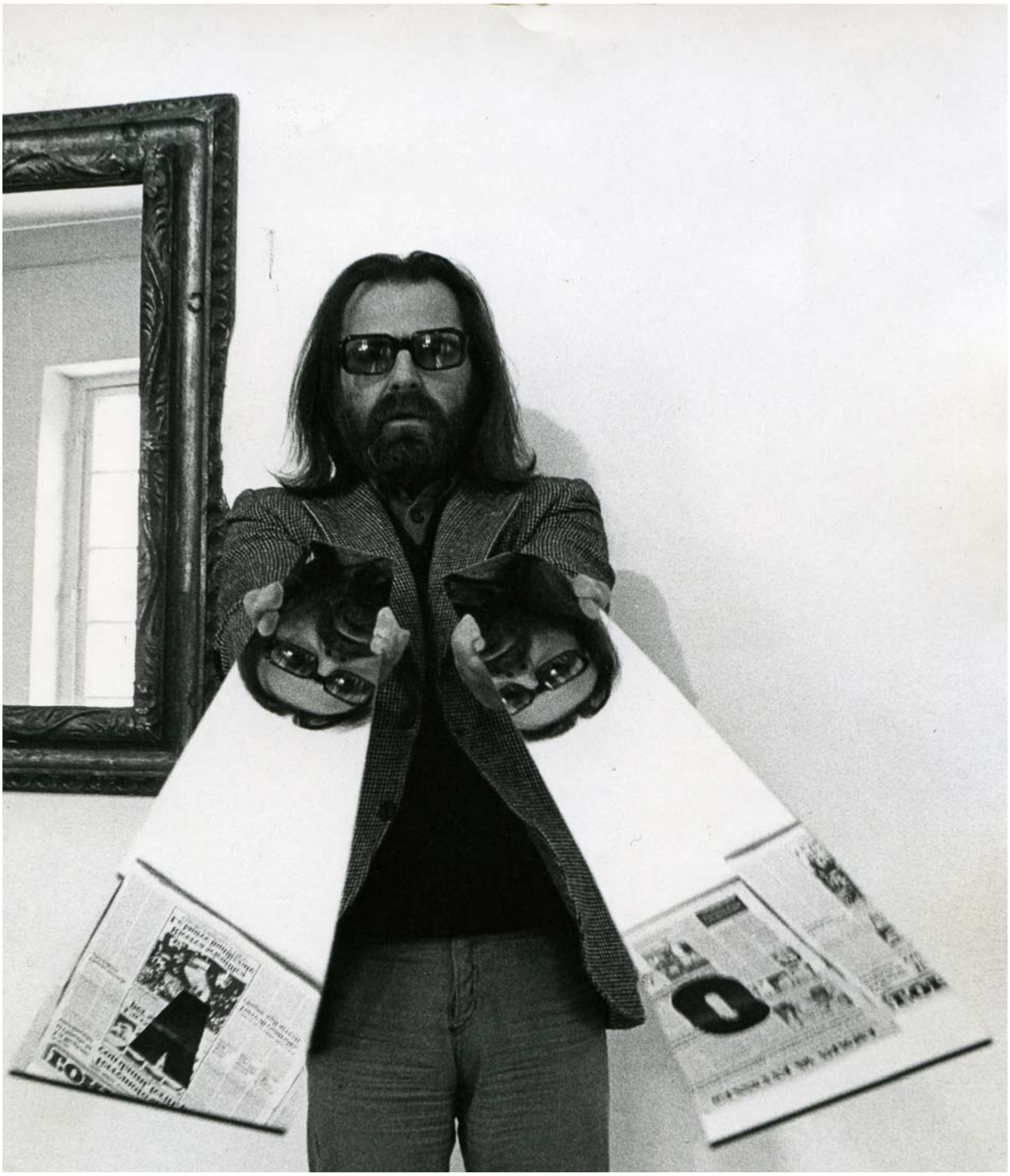
a) describe the features of an Italian model of creativity and cultural production
b) estimate the economic value of the Italian cultural industries
c) analyse and compare the cultural policies of the EU and its member states
d) make recommendations for revitalising the production of culture.

The White Paper on Creativity thus had two main objectives. Firstly, outline an Italian model of creativity and cultural production in the belief that creativity must be boosted to help the country develop and improve its position in the international context. Secondly, make a contribution to knowledge and define the macro sector of the cultural industries which, because of the geographical diffusion, cross-sectoral nature and intangibility of many of its components, does not have a clearly-perceived and evident statistical identity in Italy.
To contribute to the success of the Italian cultural industry, this White Paper also outlines some strategies for co-ordinated actions to meet the challenges and remove restraints which reinforce rigidity or weaken the sectors and contexts: i.e. creative cities, design and material culture, fashion, architecture, the knowledge economy, advertising, film, television and radio, publishing, the taste industry, contemporary art, the performing arts and the cultural heritage. The urgent need for action is almost a warning signal: we must achieve the same kinds of standards as the material and humanist culture of our past and not lose touch with the technological culture of the future.
Chapters 1 and 2 provide a theoretical and quantitative picture of the Italian model of creativity and describe the framework of European and international policies.
Chapter 3 adds a reference to creative cities, historically excellent examples of Italian creativity.
Chapters 4-14 address the issues in the various sectors. Firstly, however, they offer a theory of goods in art and culture, revealing specific factors often undervalued in traditional analyses. They then provide a picture of the various sectors, illustrating their strengths and weaknesses. These chapters are partly focused on the description of markets and partly on the issue of cultural production. The link between creativity and cultural production is often explicit and is carefully analysed. But at times there is also an implicit link in the socio-economic structures described, and here we also address the problems of strategy for those structures. Creativity is always the primary strategic prerequisite for success in all sectors.
The final chapter contains recommendations and suggestions for cultural policies that can be implemented in the long-term ("17 Key Decisions") and in the short term ("53 Actions") for the various cultural sectors.

We would like to thank Michelangelo Pistoletto for having selected the images for the cover and for the introductions to each chapter. His participation was an excellent example of the relationship between art, knowledge and social quality and at the same time a creative signal for all those who have collaborated in producing the White Paper on Creativity.

Part I

Chapter 1



Michelangelo Pistoletto - "Division and multiplication of the mirror" 1978
Action at the exhibition: *Division and multiplication of the mirror - Art assumes religion*, Galleria Persano, Turin 1978 - Photograph: P. Pellion

Chapter 1

Culture, Creativity and Industry: an Italian model

…one of the strengths of our country [is] the culture of creativity, which should make us realise that our enterprises and work have great potential. And in this new expression of Italian creativity we find the resurgent vigour of a tradition, heritage and sensibility to which we must devote much more attention.
Giorgio Napolitano 31 December 2007
President of the Italian Republic - Palazzo del Quirinale

1.1 Introduction

Creativity matters. It matters in art, science, culture and, not least, in the economy. In Italy the macro sector of the cultural and creative industries in 2004 accounted for just over 9% of the GDP and employed over 2.5 million people. The Italian culture macro sector is one of the most important in the world, and we can no longer overlook its overall unity and strategic value.

Although many studies have been conducted since the 1990s, there is still no widely shared consensus on definitions of the cultural and creative industry. This basic weakness has repercussions on identifying the sectors making up the field of the cultural and creative industries. In fact the number of sectors may vary according to the pre-established criteria and the way they are combined.

In the early 1990s, the UK Government and its Department of Culture, Media and Sport were the first to focus more closely on the creative industries.

"The creative industries as those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property. The creative industries include advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer services, television and radio."
Other definitions are more restrictive or wider-ranging.

Among the more restrictive definitions is the French version, which identifies the sectors of the cultural industries on the basis of

"the existence of the reproduction of mass goods and cultural services through industrial processes and communications techniques."

The approach adopted by World Intellectual Property Organisation (WIPO) is also narrower and the sectors involved are those protected by intellectual, literary and artistic property rights.

"*Those industries that are engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter*" (WIPO, 2003).

Lastly, we can cite the "content industries" (i.e. industries producing content), which bring together the functions of the conception, production and marketing of products. In this approach, proposed by the OECD (2005), the technological and telecommunications component play a large part.

Among the wider-ranging definitions is the one adopted in this study, which as we will see in the following paragraphs, adds a variant to the interpretation of the cultural and creative industries that is based on the production of content, their intellectual protection and the new communications technologies. This variant highlights the cultural value of the design-based industries associated with a model in which quality, tradition and material culture have a strategic role. The two interpretative models which emerge from combining the various definitions are not mutually exclusive but co-exist, especially in Europe, and arise with varying intensity in defining creativity and the cultural industries in terms of national experiences.

1.2 Creativity and social quality: building an Italian model

The unrelenting progress of the cultural and creative industries

The last two decades have seen a considerable growth in the importance of the cultural industries and the production of culture according to a chain of value production made up of the selection of artists, the conception of goods, conservation, production, marketing and consumption.

The cultural and creative industries have been driven by a growth in global demand, stimulated by the New Economy and, as we will see below, by a new qualitative phase in the economy of *material culture* or the economy of goods for people and their living conditions.

Figure 1.1 - Drivers of the demand for cultural and creative industries

The reasons for the growth in demand in the cultural and creative industries may be briefly summarised as follows:

1. The development of the New Economy driven by ICT and the Internet Economy, which have their origins in key scientific innovations (computer science, information and communication science, digitisation, the Internet and software applications). This has made it possible to produce instruments and equipment for the consumption of audiovisual culture which is available and accessible for billions of people worldwide at relatively low costs. The demand for culture, in turn, has recorded a very high growth rate following the development of education processes, new urbanisation phenomena, the creation of meta-cities, and the rise in income and individual wealth. This worldwide trend has driven the demand for content-industry goods (publishing, films, music, audiovisual products, museums and libraries) and the goods of other cultural industries and auxiliary services supplying the markets of cultural and creative goods (advertising, legal systems and education).

2. The international trade system has also developed new trends in terms of both increased exchanges and the variety of products traded. The concessions introduced by new trade treaties have made it possible to go beyond the old logic of trading natural resources and/or low-cost labour from emerging countries for high-tech goods or goods with symbolic value produced by advanced industrial countries. In particular, the enormous market for material culture goods, i.e. the market for all the goods and services produced for a person's survival, protection,

leisure, entertainment, culture and well-being, has not only been broadened and consolidated but has also become fairer and more open. The market for goods based on material culture is radically changing, thus shifting from competition based on low production costs to competition based on the quality of products, their symbolic value and the quality of the experience which they offer. Consequently, the immense production sector of material culture goods, which in Italy mainly corresponds to the so-called "Made in Italy" sectors (industrial design, designer fashion, house design and household goods, lifestyle, tourism, the wine and food industry, and light engineering), has been driven by a rise in demand for quality products expressing aesthetics, decoration, design and traditional knowledge.

The decision-making processes involved in consumer choices also tend to diverge: while in the model of creativity for innovation the prevailing logic is of rational choices based on optimising benefits, in the model of creativity for social quality the prevailing logic is of choices symbolically influenced by processes of identification with less stringent cost-benefit ratios (Santagata, 1998).

The two dimensions defining the reasons for the success of the creative industries, i.e. technological innovation and a focus on social and cultural quality, tend to combine and overlap: industrial design, for example, deals with new models of mobile telephones, while the online marketing of fashion products has carved out significant market shares. Technological culture and material culture at times crossover but are also successful as sectors in their own right.

Culture and Creativity

Culture is our history, our present and the gift we leave to future generations. Culture is our inexhaustible wealth. The more culture is consumed, the greater it grows and makes Italians grow, along with their identity and expertise. Culture is a consolidated universal good which we have always been so used to considering to be our own that we have overlooked the importance of developing and protecting it. And in particular we fail to measure it: we do not know its value in terms of the market and production.

To use some suggestive images, we would point out that creativity can be found in our culture, in our surrounding territory, in the quality of our everyday life and our products. It is not an end in itself, but a *process*, an extraordinary mean to producing new ideas. In this sense, creativity and culture are the pillars of social quality, seen as a context of a free, economically developed, fair and culturally lively community with a high quality of life. Creativity and culture are inextricably bound. They are a successful combination which can position our country at a time of strategic transition in the international process of globalisation. Italy knows how to look to advanced countries and their technologies, but also to developing countries and their great cultural traditions. With the former it shares history and institutions, and with the latter the presence of strong family, territorial and social bonds in which culture is mainly tacitly transmitted. Italy competes with the advanced countries, albeit with difficulty, in innovations and the knowledge economy, and with the developing countries it collaborates in enhancing the value of their culture and creativity.

Why producing culture is an indispensable objective

If we classify cultural policies in functional terms, we can distinguish at least four classes, the first two with negative values and the other two with positive values: on one hand are policies of *cultural destruction* and of *neglect* of cultural goods; and on the other are policies of *conservation* and *production* of culture (Santagata, 2007).
Unfortunately, Italy excels equally in all four classes. But we must now concentrate on reacquiring our capacity to produce new culture. In the meantime this concept has been extended to include – as stated in the new "Code of Cultural Goods" – all evidence of civilisation and every expression of the historic and artistic heritage.

We have conserved, managed and safeguarded our cultural heritage. We have also allocated a good deal of public and private resources to them. But the time has come to dedicate much greater resources to the production of new culture, to avoid destroying our landscape, and to go beyond neglect which does little for the education of the young or the progress of technological research. We have forgotten that things never stand still and that in the increasingly high performing world of creativity and the cultural industries only those who are ahead of the field way will be equipped to continue to be leaders.

The economic development of the cultural industries is strongly indebted to the phenomenon of creativity. Creativity is an asset in economic development for several reasons:

as an input of aesthetic, decorative and design processes, creativity has an impact on the intangible component, which includes intellectual property of products

- as an input of innovative technological processes, creativity has an impact on innovation, productivity and the technical quality of products

- by adding a symbolic dimension to products, creativity has an impact on demand and competitiveness

- creativity tends to lead to the reorganisation of companies around an "epistemological community" (Creplet et al., 2003) and a "community of practice" (Wenger, 1998). We thus find a kind of joint presence of an intellectual/artistic/aesthetic/cognitive spirit and a more economic spirit (focused on the market and organisational rules).

In short, great changes to society and culture have led to the transition from static systems to more dynamic, open systems, in which there is a more urgent approach to the issue of change, flexibility, and the capacity to tackle problems and deliver new solutions in decision-making.

A basic definition of creativity

Until neurobiology and psychology reveal the physical mechanisms (brain and body, mind and emotions) of the production of creativity (Damasio, 1994), we cannot rely on a general theory of creativity. For practical purposes, therefore, we will refer to creativity as a *process* and to its dependence on emotions and the outside environment.

Faced with a far from well-codified concept of creativity, various cognitive approaches were developed in the 19th and 20th century. Some researchers sought to measure it in terms of its economic value and defined the *creative economy* as the overall set of creative industries and services (Howkins, 2001): from the "content industries" to software and design. Others have analysed creativity through its interaction with the labour market and the urban social structure (Florida, 2002): who are the creative workers? What is their world like? What are the rules of the market? Some experts have investigated topics such as: the cognitive and psychological aspects of creativity (Amabile,1996; Legrenzi, 2005), the phenomenon of creativity with reference to the art and culture economy (Bryant and Throsby, 2006; Santagata, 2007) or with reference to linguistic processes (Chomsky,1968) or creative inferential learning mechanisms (Boldon,1991). Lastly, some studies have analysed the extraordinary dramatic biographies of artists in an attempt to map out the intellectual and psychoanalytical features of creative genius in behavioural variables such as the manic depressive syndrome, feelings of guilt, schizophrenia, etc. (Kris and Kurtz, 1934; Jameson,1984). The creative process of a genius seems to be neatly summed up in this context by the rather elitist vision of Pablo Picasso who claimed: "I do not seek, I find".

For the practical purposes of this White Paper we will initially refer to a working definition made by the Nobel prize-winner for economics Herbert Simon (1986) and to a specific feature of the relation between creativity and the outside environment.

We said that creativity is a way the mind works. We might add that creativity is an act of the human brain which takes the form of a process helping us to think and solve problems in a way that may be considered creative. For Simon, creativity basically lies in the capacity to solve problems. "*Acts are judged to be creative when they produce something that is novel and that is thought to be interesting or to have social value. Interesting or valuable novelty is the touchstone of the creative*" (Simon,1986). This non-substantive definition has the advantage of describing a *process* or a *procedure* involved in producing creativity. In fact, according to Simon to be creative, a person must *be trained*, *have expertise*, and *know how take risks*; and these objectives can be reached through the tacit or explicit transmission of knowledge.

The second distinguishing feature of creativity has been highlighted by neurobiological research on the relations between brain and body, and emotions and environment. In this view the emotions are seen as the vehicle for transmitting information and stimuli from the outside environment to our brain. Good emotions facilitate the generation of good ideas, and a culturally creative environment facilitates the production of creative ideas (Simonton, 1977; 2000). But the social, productive and educational environment is something which depends on people and the quality of their actions. As we will see, in Italy, the local territory, local institutions and local systems of small enterprises constitute a stimulating and creative environment for the production of material culture, but at times they may also curb and stifle creativity. What policies favour local (or glocal) creative development and what policies cause a process debilitating creativity? Answering these questions will be of vital importance for the purposes of encouraging the process of cultural production in Italy.

The world of creativity

To establish boundaries for the analysis in this study we must distinguish between two main environments in which creativity is expressed: the objective environment and the subjective environment.

At an objective level creativity can be either built into goods and services or built into a logical, organisational and productive process. To give some examples of positive incentives for creativity, we can cite the organisational structure of cultural districts, research enterprises, venture capital enterprises, departments of innovation, and social research institutes or companies. They are all organisational tools which generate elements of creativity within their own structure.

At subjective level creativity is analysed as an individual and human trait, which is socially and individually reproducible.

If creativity is a fundamental resource for post-modern society, which needs growing intellectual capital to face up to the challenge of the knowledge society, the question arises: can we produce creativity? And if it is possible to produce creativity, how do we maintain a high social level of creativity or, in other words, how do we transmit it to future generations?

The creative process is strongly influenced by the cultural milieu in which it develops. This is the key to the production of creativity. In fact, the freer and more interdisciplinary and stimulating a cultural environment (school or community) is, the greater the production of creativity and talent. Herein lies the importance of training creative human capital both in the educational system and through tacit learning in the field.

The subjective aspect of creativity thus informs the strategies for maintaining constant or increasing the *social level of creativity* by means of:

- academic educational processes (fine arts schools, design schools, drama colleges, music schools, etc)
- learning by doing processes in creative contexts, such as the city and

territory, a cultural district and a system of music production

- attracting talent from foreign countries
- reducing costs in the access to culture (entrance to museums, free access to cultural goods on the Internet, less tax on cultural products), so that the country attains, with the obvious addiction effects, a higher level of individual participation and involvement in creative activities; cultural goods, art and culture become an input underlying the development of future generations' creativity
- the application of the intellectual property rights and safeguards for creativity.

1.3 Styles and models of cultural production and creativity

Culture and creativity combine in diverse ways according to the historical conditions of the various countries, giving rise to partly different models. In some countries technological aspects prevail and technical innovations play a dominant role, in others economic aspects related to the development of markets and business prevail; in some, legal aspects and the application and development of copyright prevail and in others cultural aspects, based on tradition and social quality, are the dominant features. Although the differences between the various countries' models of creativity and of culture industries are expressed more in terms of shifts in emphasis than in content, we can, nonetheless, outline two distinct profiles. This is not a neutral exercise because each profile ultimately contributes to defining and identifying various sectors in the culture industry.

The first profile considers creativity and culture production as an *input of the knowledge society* (according to the strategy of the Lisbon Agenda, approved in 2000) *of communication technologies*, *of innovations* and *of the content industries*. This vision deeply informs the British and Scandinavian approaches and the approach commissioned by the European Union (Kea, 2006). We will call this model: **Creativity for innovation**. Creativity is defined in relation to innovation and to an industrial model of producing cultural content. The focus in this approach is on scientific research, markets, business, and marketing products and creative services. In a variation to this approach – elaborated by the WIPO and widely present in the American experience – the production of culture and creativity are enlisted in the development of the production of intellectual property. The cultural and creative industries taken into consideration become a subclass of those based on the assigning of copyright: the audiovisual sector, film, music, software, the performing arts and publishing.

The second profile conceives of creativity and cultural production as an *input of social quality*. We will describe this model as **Creativity for social quality**. It mainly refers to the products of culture and social life and the sectors expressing them. There is a special focus on the world of material culture, i.e. the set of goods and services which man has produced since the dawn of humanity to modify his relationship with nature and society as it developed. Today the notion of "material culture", a term originally from the field of anthropology, has been extended to sociological and economic analysis and embraces the enormous variety of markets of goods and services for people. Secondly, some important factors of progress in social quality include the growth of the content industries (film, radio and TV, publishing, software, and advertising) and the use and development of the cultural heritage (archives, libraries, museums, monuments, art, music and the performing arts). This approach enables us to identify an Italian model of creativity and of the cultural industries, characterised not only by the logical coherence between the sectors included in the analysis (for example, it explains the inclusion of the food industry) but also its capacity to go beyond considering the impact of the culture industries only in terms of markets and business in order to highlight their great importance for social quality

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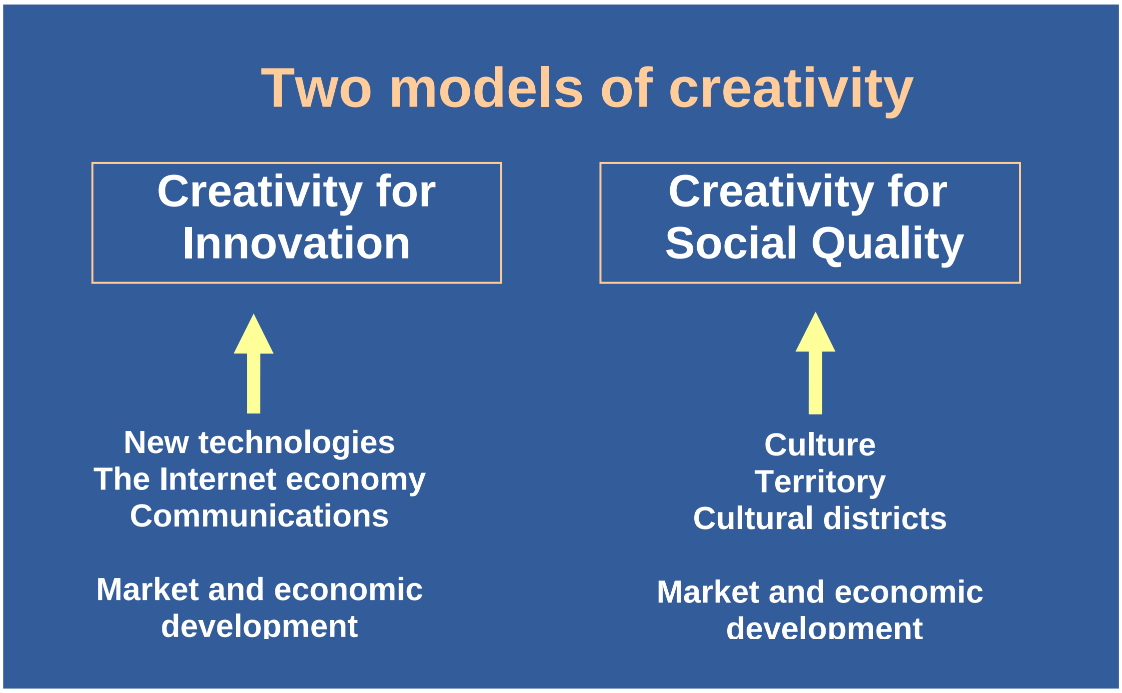
Figure 1.2 - Models of creativity



Social quality

Social quality may be defined as the extent to which people can participate in social, economic and cultural life and in the development of their communities in conditions, which improve well-being and individual potential. At the same time social quality may be defined as that which enables individuals to pursue variable combinations of actions both elementary (access culture and its various forms and the cultural heritage, access the fundamental goods of citizenship, enjoy good health and enhance human capital) and complex (participate in community life and increase capacity to realise life aims) (Torino Internazionale, 2005).
Culture is a major component in social quality. Primarily, because its daily production and consumption favours

the development of the social fabric in terms of tighter community cohesion, better-quality human relations, feelings of trust, willingness to co-operate, and a stronger sense of identity. All of this modifies the restraints and opportunities of daily life, making the former less stringent and the latter better and more numerous.

Creativity as a means and not an end

Creativity is an essential input in the production of culture. Yet creativity is not an end in itself. If it was an end in itself, it would simply be acceptable also as in-built in activities expressing values which are not necessarily shared socially. For example, creativity generates great novels, but also hundreds of weekly hours of junk television; the Mafia and organised crime express forms of sociably deplorable organised creativity.

If creativity is not an end, as a means it must be interpreted and filtered by the culture of the community in question.

Seen in this way, *creativity* is the way of pursuing socially shared objectives endowed with value, also in the cultural and technological fields.
Italy with its qualities and faults is arguably the country best placed to assess the production of new goods, creativity and innovations, also of a technological nature, through the filter of its culture, ethics, art and history. As in the case of "naked technology", originality or the abstract beauty of creativity are not enough.
To become social quality, creativity must pass the test of culture and art. The advent of atomic energy was an incredible leap forward for human creativity, scientific research and innovation, but to become social quality it must pass the test to guarantee human life is protected; and the ethical ends, which the atomic means can transcend, must be safeguarded through the refusal to accept destruction or a balance of terror.
Creativity, tempered by ethical, cultural and artistic values is, thus, an extraordinary means for producing new culture. Mass production and distribution of the new goods and services of the cultural industries and the continual search for and accumulation of material culture goods

and services enhance the quality of everyday life.

Both in terms of the variety and vastness of the phenomenon, Italy boasts one of the most important cultural macro sectors enhancing social quality in the world. In Italy creativity and the culture industries can rely on spatial and temporal conditions for success, especially in the creative spaces of its cities and its industrial districts and local enterprise systems.

Culture as history and local territory

At the heart of the Italian model is the bond between our creativity and cultural production with history and the local territory. Time and space are the historical dimensions of the extraordinary waves of creativity running through the history of Italy. Culture industries and creativity have been shaped by the local territory, which for the Italian model primarily means material culture production, the quality of urban space and the space of enterprise districts.

Culture is an idiosyncratic asset, specific to a spatially defined place and able to communicate its content to the whole world. Thus, for example, we have Hollywood for film culture, Murano in Venice for the art of glass making, Rome for the ancient historical heritage, and Paris for fashion. Or to cite to a case in dance culture, we could mention the Calle Caminito, a small alley in the poor Boca quarter of Buenos Aires, where the tango originated and then went on to become an international cultural phenomenon.

The territorial origins of a culture and of the goods and services of its consequent cultural production do not follow standard patterns (Scott, 2005) but after a chance beginning, grow and are expressed around a system of clustered economies. Our historic cities, many of our industrial districts, our performing arts and to a lesser extent our technological innovations have a long history of accumulating knowledge and experience.

a) Creative cities and creative spaces

Creative cities and creative spaces, which we will analyse in greater detail in the next chapter, represent in an exemplary and innovative way how space and time are at the origin and are the outcome of creative and cultural phenomena.

History is an accumulation of ideas, knowledge, mindsets, cultural atmospheres, identities and symbols. At each transition, successive generations leave enhanced creativity which for centuries has characterised the work and thought of the best talents. The context in which talents live influences the production of creativity and culture because the spatial phenomena of clustering have turned out to be important pre-requisites. These may include external economies, the production of trust and co-operation, and the strengthening of a sense of identity, of pride and of entrepreneurial energy (Scott, 2000). In other words, the city has been and partly continues to be the ideal framework for the production and social distribution of intangible cultural goods and flows of information and knowledge. Today's cities are still meeting places of culture, where dialogue provides vital new sap and energy.

A theoretical reconstruction of the value of local territory in explaining concentrations of creative talent has only been made relatively recently (Hall,1998, 2000). Hippolyte Taine was one of the first to speak of a "moral temperature" and the culture of the spirit which enables a talent to emerge at a given time and given place. The notion of a "creative milieu" was later then taken up by others and is based on the free circulation of ideas, the accumulation of knowledge and the development in specific places of special expertise or skills (Tornqvist, 1983).

Creative cities are also places in which culture and creativity show very high levels of social quality. This can be noted in lifestyles, the quality of consumption, the cultural offering, policies of social inclusion, easy access to the historic and artistic heritage, and the capacity to attract cultural tourism.

In Europe, creative cities are phenomenon of supreme importance. They are found not only in large metropolises, but also in small to medium-sized cities. In Italy the density of creative cities is at a maximum compared to similar international phenomena. Thousands of towns with ancient origins preserve the secrets of the strength of a local territory, its traditions, its capacity for social inclusion, and its communities.

In particular, the concept of space enclosed by walls, natural peripheries or defences, typical of the city dimension, is a notion now being replaced by that of unbounded space defined by the local territorial area. Thus we no longer have cities of culture, but culture is expressed in larger territories, which also give rise to creative and cultural experiences.

b) Cultural districts

The district areas, or clusters, with an industries or tourist attractions are another form of spatial experiences rooted in the territory which, because of their cultural features, express a strong creative vocation.

From the economic point of view, Alfred Marshall (1890, 1919) was the first to draw attention to localised industry, assigning five major prerogatives to industrial districts: a) the free circulation of information and ideas – "the mysteries of the trade become no mysteries, but are as it were in the air"; b) the rapid spread of technical innovations and processes and organisational innovations in general; c) the development of induced activities in neighbouring areas; d) the reduction of unitary costs and the greater use of machines following the introduction of highly specialised technology; e) the creation of a stable market for skilled labour due to the high concentration of companies.

From the sociological point of view and in terms of an economic reinterpretation, the Italian industrial districts have been analysed by

Bagnasco (1987, 1988) Becattini (1987) and Trigilia. Santagata (2000, 2002, 2006), Sacco and Pedrini (2003), Cuccia and Santagata (2004) and Valentino (2003) have studied the more strictly cultural content, while Antonelli (2007) and Rullani (2002) have dealt with aspects connected to knowledge and technological change.

The vast majority of Italian industrial districts, which produce design goods based on the local culture and tradition, are also cultural districts: from art ceramics at Faenza, Deruta and Caltagirone to string musical instruments at Cremona, textiles at Biella and jewellery at Arezzo, Vicenza and Valenza Po.

In addition to the idiosyncratic nature of the cultural component of their products, these districts are characterised by:

- the production of goods in which the significant intangible elements prevail – aesthetics, design, decoration and symbolic elements
- strong social cohesion generating trust and co-operation, albeit in a context of mutual competition
- a strong sense of identity
- intense free circulation of information about markets and technological innovation
- the development of positive external factors and their spillover
- tacit knowledge and learning-on-the-job phenomena
- an atmosphere which cannot be replicated elsewhere, i.e. outside the cultural and spatial context which produced it
- a local labour market characterised by a vast range of specialisations, flexibility, and to a large extent non-unionised, with medium to low wages and contracts for individual projects or limited in time
- a high concentration of small and micro enterprises which operate with no vertical integration but may be horizontally integrated in the same value chain of a given good, and bound by restraints of specialisation and by complementarity
- a trend for crafts to evolve into industrial design, thus offering both high quality and considerable quantities of products (Friel and Santagata, 2008).

Moreover, collective intellectual property rights are now enforced more effectively. This means that considerable incentives for increasing the quality of district productions can be made on the basis of the assignment and management of such rights. They mainly have information, management and identifying functions, which effectively inform about the quality of the product and the reputation of the producer, as well as building a stronger territorial identity. In particular creating categories of collective brands (Protected Designation of Origin-PDO, Protected Geographical Indication-PGI and quality certification) is a useful instrument congruous with the intangible elements of products. This creates a "productive club" within a circumscribed local territory, stimulating co-operation and collective action.

In these contexts, the most significant aspect of social quality pursued through the production of culture is cohesion and social inclusion, since the local social fabric encompasses cultural differences and develops relations of solidarity, favouring the individual and collective entrepreneurial spirits and the ability to pursue projects. This conjures up the picture of a society which does not exclude people on the basis of their physical, distinguishing or gender features but enables each to express their own ideas and potential.

In the typical dynamics of districts, projects evolve in the traditional settings of local knowledge and material culture. Moreover, a tightly bound society, based on inclusion and trust, encourages development insofar as it gives people more freedom to exploit opportunities that otherwise would be too risky or uncertain, and to introduce the necessary deep processes of industrial restructuring. Lastly, cohesion and social inclusion and the attendant forms of freedom are important factors in attracting new, different and unpredictable skilled resources.

We can list a number of other phenomena underlying the creative expression of a local territory (Hall, 2000; Scott, 2006):

- the presence of places of social and intellectual dynamism, i.e. a non-conservative community undergoing rapid social change

- the spatial concentration of knowledge and creative activities encouraging the achievement of individual career ambitions

- a special kind of relationship between enterprises, through horizontal or vertical integration.

Historical and spatial conditions alone are not sufficient requisites for a successful industrial culture. It must also be able to guarantee a constant high level of creativity, and here public policies can play an important role. In particular, Italy should repeat the success of its historic cities and its material culture districts in all sectors of the cultural and creative industries.

Technological knowledge and innovation as the cutting edge in the Italian cultural industries

Unlike what has happened in its material culture industries, in Italy the cultural industries have slightly lagged behind in reaching the cutting edge of knowledge – i.e. innovations in technology, information, content, communications and intellectual property as new strategic resources. Film, the audiovisual industry, videogames, publishing, and radio & television communicate content which Italian enterprise struggles to bring to fruition on the international markets.

As expression of the knowledge society, the cultural industries are based on innovations and technologies developed in the 20th century and which may therefore be considered relatively recent acquisitions. Yet in the Italian and international experience they too developed in clusters of enterprises, university resources or research centres. These knowledge clusters then required the construction of a demand for their products, a skilled labour market and a marketing industry on a worldwide scale. In this sense, the knowledge clusters share many aspects of the material culture districts.

As we will illustrate further in the chapter on software and ICT, the Italian situation is commonly underestimated, because it is mainly seen in terms of invading foreign technologies and of a vague picture of the evolution of the technological knowledge system. To go beyond appearances, we must bear in mind that in the last twenty years the cutting edge of knowledge has shifted to the fields of nanotechnology and biotechnology, and that computer systems, software and ICT are now mature, diversified industries. This is so much the case that we cannot grasp their significance without an accurate breakdown of hardware, software systems and applied software productions.

Interpreted in this way, the Italian situation shows a significant delay mainly in the fields of producing *operative software* and *non-personalised software applications*; in these fields markets are currently dominated by large foreign multinationals.

The *hardware* sector, on the other hand, has developed great potential in very recent years, mainly through the production of electronic semiconductor components by ST Microelectronics, the fifth leading company in the sector worldwide, which has driven the development of the Catania microelectronic district in Sicily.

The *software applications* sector, especially as regards business consulting applications (9 billion euros of value added in 2004) and tools of developments, also shows a fast growing trend. Again we can see, although there are some excesses, a link between creativity and social quality through the production of “mobile content” (multimedia content and digital entertainment services for mobile telephony and the Internet). In this sector the Italian company Buongiorno Vitaminics is a world leader.

In a certain sense, these success stories seem to suggest that the technological gap in the Italian economic model in now being closed, mainly due to the use of derived technologies, typical of “creative adoption” or “ absorptive capacity” phenomena.

“Creative adoption” – i.e. the acquisition of “process technologies built into fixed capital including original, innovative and locally ‘appropriate’ grafting” – played a very positive role in the years of the economic miracle, but gradually became less influential with the rise of the economy based on knowledge and innovative processes in the 21st century (Antonelli, 2007).

In the case of "absorptive capacity", the verdict on the Italian technological delay is tempered by the acknowledgement of an indispensable positive, innovative capacity to absorb knowledge technologies. The model based on the absorption of innovations is typical of countries whose industrial structure is founded on systems of small and micro enterprises whose development proceeds through the spread of innovation from one firm to another, thanks to a system or network and social capital (Rullani, 2002). Moreover, the capacity to explore new solutions in terms of innovations in processes, products or markets, means the adoptive process is not passive but is able, in turn, to generate subsequent stages in the creative re-elaboration of the innovations adopted.

In conclusion, a mixed picture emerges in which technological knowledge and innovation as the cutting edge for the cultural industries in Italy seem to show potential and developments which, if adequately supported, also by public projects, could make up a slightly alarming delay.

1.4 The Macrosector of the Cultural Industries and Creativity in Italy

The model of creativity and cultural industries has an equivalent in quantitative terms in a vitally important macro sector of the Italian economic system. This sector (henceforth referred to as the Macrosector) is often not considered in official documents, because of its cross-sector nature, which eludes statistical analysis, and because of its contemporary nature, still not subject to accounting and quantitative assessments. In fact because of its elusive nature, it is still difficult to make a complete economic analysis of the Macrosector according to the conventional classification of industry and services adopted by official statistic agencies.

In this paragraph, we will attempt an exercise in quantification which has still not been officialised in national accounting data, nor in the estimates of the Italian National Institute of Statistics (ISTAT). The data must therefore be interpreted with due caution.

Definition and method for studying the Macrosector

In line with the reports on creative and cultural industries produced by other countries (UK, 2007a, 2007b; EU, 2007; Hong Kong, 2003; US, 2006; France, 2006), the reconstruction of the economic value of the Macrosector of the cultural and creative industries in Italy may be divided into three stages:

- mapping out production sectors harnessing the twofold influence of creativity and culture
- identifying the value chain of creativity in the production process in each sector
- aggregating and estimating statistical data to assess the economic influence of the Macrosector, especially in terms of value added, jobs and productivity.

Mapping out the sectors

On the basis of the approach used so far in this report, we can identify three spheres in which creativity is involved in economic processes characterised by the production of culture.

Firstly, creativity is associated with a country's historic and artistic heritage, made up of both its cultural capital, the outcome of the creativity of past generations, and the artistic production of the current generations.
Secondly, creativity is an input in the production and communication of content in the cultural industries which supply goods and services with a high symbolic content. This is the sphere of the content industries.
Thirdly, creative processes strongly influence the sphere of material culture, which is the expression of a local territory and its communities. In this case creativity is mainly the outcome of a collective, local and cumulative process, in which the cultural element is an inextricably part of craft and everyday goods.

Table 1.1 - The Sectors in the Cultural and Creative Industries	
Material culture	Fashion
	Industrial Design and Crafts
	Food and Wine Industry
Production of content, information and communications	Computer & Software
	Publishing
	TV and Radio
	Advertising
	Films
Historic and artistic heritage	Cultural Heritage
	Music and Performing Arts
	Architecture
	Contemporary Art

According to this classification, we can identify 12 economic sectors characterised by creativity and the production of culture (Table 1.1). Each sector will be dealt with below in a specific chapter describing the main strategies in the sector and the related stakes.

The sectors related to material culture in Italy are *Fashion*, *Industrial Design and Crafts*, and the *Food and Wine Industry*.

The sectors of *Fashion* and *Industrial Design and Crafts* are based on historical experience, the accumulation of knowledge through various generations of creatives and on industrial district systems. In these sectors we not only consider the role of the designer and stylists but also the creative contribution of the material culture handed down through the generations and which constitutes a fundamental intangible input in most of the high-quality manufacturing and craft industries in Italy.

While the definition of the *Fashion* sector includes textiles and clothing, the *Industrial Design and Crafts* sector is more difficult to define. Stressing the value of the material culture, this sector encompasses economic activities mainly concerned with wood products, musical instruments, toys, art glass, ceramics, jewellery and household goods.

Similarly, the *Food and Wine Industry*, the expression of the Italian gastronomic tradition, is strongly bound to a local territory and its history. This sector includes high-quality wine and food products and tourism related to the food and wine industry. The economic value of this sector has been enormously enhanced by the capacity to develop symbolic attractions for the consumer-tourist.

The sphere of the production of content, information and communication embraces the classic cultural industries, associated with the capacity to conserve, reproduce and transmit, often in digital form, sounds and images (*Publishing*, *TV and Radio*, *Film*). This sphere also includes the sectors of *Computers and Software* and *Advertising*. The *Computers and Software* sector is strongly characterised by the creative content of products and the mass distribution of their content. The market value of these products is growing rapidly, as is demonstrated by the fact that the market value of videogames in 2007 outgrew that of the film industry. At the same time, this sector is characterised by creative processes involved in applying and personalising software and operating systems, which today is vitally important for the computerisation of processes and the digitisation of content.

Although never considered a cultural industry in its own right, *Advertising* is a sector in which creativity and the production of culture are crucial aspects. Advertising and communication techniques require a strongly creative personal input and, in turn, produce and communicate messages and content with high symbolic value. The culture produced by advertising is of a strongly relational type and is able to transform creative ideas into lifestyles and role models.

Lastly, the sectors of the historic and artistic heritage include activities and goods of key importance in the production and expression of culture and its economic use. Its production activities, however, are often not of an industrial nature.

The *Cultural Heritage* – with its art-history museums, monuments, archives and libraries – is a showcase for Italian culture and has a considerable impact on related economic activities, especially cultural tourism.

Contemporary Art and *Architecture* are also sectors which express cultural goods with high symbolic content. Their workshops and studios produce goods not according to the logic of the industrial system, but as services following a neo-craft logic. Aesthetics, art, form and geometry are the basic content of expertise in these sectors. Contemporary art, in particular, is pure creativity and the two terms are almost synonymous. When we enter the world of visual arts, however, we also discover how much social relations, the market, production and institutions are important and modify the very meaning of the concept of creativity.

The *Music and Performing Arts* sector is included in the sphere of the artistic and historic heritage, especially with reference to the cultural production of theatres and festivals. In this case, too, artistic expression and creation are extremely closely linked to economic processes allowing their spread and increasing their value.

Defining the creativity value chain

In addition to mapping out the Macrosector, this analysis divides up the productive sectors according to the stages in a common chain of value production.

The underlying idea in this approach is that a more detailed analysis of the stages of conception, production and marketing of products will lead to a better understanding of the various components in the supply structure of a given sector and its trends.

Figure 1.3 – The creativity value chain

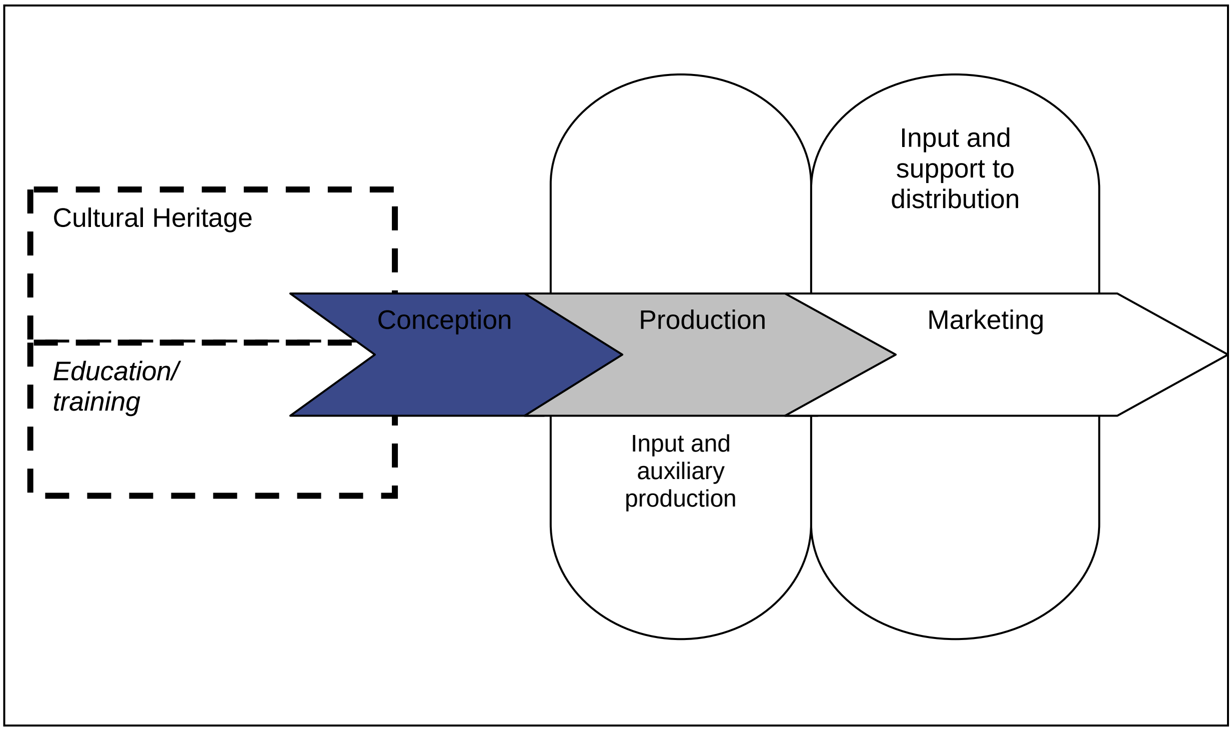


Figure 1.3 shows a simple model of value chain in the cultural and creative industries. The two rectangles represent the prerequisites for the existence and development of the creative and cultural industries and, according to the point of view, restraints and initial endowments. There is explicit reference to two fields: (1) the Italian cultural heritage accumulated over the centuries and an inexhaustible resource for new creativity and culture; (2) the education/training of human capital or the selection of artists and creatives. This field is of strategic importance in developing human capital and transmitting creativity to future generations.

Conception, Production and Marketing are the key stages in the generation of value:

- *Conception* is characterised by the invention or conception of products, their protection in terms of intellectual property, and violations in terms of illegal markets

- *Production* translates the creative content or a cultural good/activity into commercial goods and services

- *Marketing* is seen as a network for the distribution of products and services and relies on traditional and new-generation channels.

Lastly, a further two elements in the value chain may be considered. They concern activities supplying intermediary inputs and the activities connected to their production (for example, textiles for fashion) or sectors supplying auxiliary goods required for the marketing and consumption of cultural goods (CD players, radios, televisions and computers).

The decision to include these two elements in the value chain of the cultural industries meets the need to complete – depending on the sectors – the whole length of the chain from the conception of the product to the end consumer. In this sense, for example, if we failed to include textiles in the fashion chain, we would distort the definition of the district itself: i.e. we would overlook the fact that textile design already contains *per se* a strong creative component. Similarly, failing to take into account the production of DVDs in the software sector, would mean logically truncating the full extent of the end consumption of a large part of the content industry.

Aggregation and estimate of statistical data

Mapping out the sectors and providing a specific description of the structure of the value creation are two key stages required to arrive at an estimate and analysis of the economic value of the Macrosector of the cultural and creative industries in Italy at various levels of detail.
From this point of view, to define each sector we referred to ISTAT classifications of economic activities (ATECO 2002), which provide a relatively detailed description in terms of value added, jobs and productivity. Moreover, since the ATECO 2002 system is at the five-digit detail level, we can rely on more precise data, highlighting the economic contribution of the various stages in value creation in many sectors.

We must also stress that the ATECO 2002 classification provides a suitable degree of uniformity required to measure the economic value of the Macrosector and, as far as possible, make comparisons between sectors. Nonetheless, for some sectors – contemporary art, the cultural heritage and the food and wine industry – the data was gathered from other sources, which allow us to make estimates with a lower level of data detail or to complete the analysis of the production chain. The method, the source of data and the classification by sectors is described in the Appendix.

The economic value of the Macrosector

On the basis of data supplied by the Istituto G. Tagliacarne for 2004, we carried out a preliminary assessment of a number of variables in the Macrosector, in particular the value added and jobs.

Table 1.2 - Value Added and Jobs by sector in the whole value chain in Italy (2004)					
		Value Added (m €)	**Jobs** (in thousands)	**% VA of GDP**	**% Jobs in sector out of total jobs**
Material Culture	**Fashion**	38,024.2	1,112.6	3.04%	4.59%
	Industrial Design and Crafts	19,659.7	520.7	1.57%	2.15%
	Food & Wine Industry	5,054.8	125.1	0.40%	0.52%
Industry of Content, Information and Comunications	**Computer & Software**	14,641.4	282.7	1.17%	1.17%
	Publishing	10,781.8	224.9	0.86%	0.93%
	TV & Radio	4,070.8	89.4	0.33%	0.37%
	Advertising	2,405.8	64.9	0.19%	0.27%
	Film	1,929.8	37.6	0.15%	0.16%
Historic and Artistic Heritage	**Cultural Heritage**	7,811.0	105.4	0.63%	0.44%
	Architecture	6,683.5	172.3	0.54%	0.71%
	Performing Arts	5,186.2	120.2	0.42%	0.50%
	Contemporary Art *	357.2	15.0	0.03%	0.06%
TOTAL		**116,606.2**	**2,870.9**	**9.34%**	**11.85%**

Sources: our elaboration of Istituto G. Tagliacarne (Rome) data
*Elaboration and estimate by the Commission

Table 1.2 shows the estimated economic value of the cultural and creative industries in Italy. If we consider the whole production chain, the Macrosector was worth **9.34%** of the Italian GDP in 2004 and employed over **2.8 million** people.
The table highlights some specific features of the cultural and creative industries in Italy.
Firstly, the most important sector in economic terms in the cultural and creative industries is *Fashion*.

This figure is confirmed by the fact that the sectors in the sphere of material culture (*Fashion, Industrial Design and Crafts, Food Industry*) contribute over 50% of value in the whole Macrosector.
Thirdly, the *Computer and Software* sector has considerable importance in the content, information and communication industries, which shows how the Italian economy, although in some areas belatedly, is now oriented towards ICT.

Figure 1.4 - Value Added in sectors according to stages in the chain of value creation

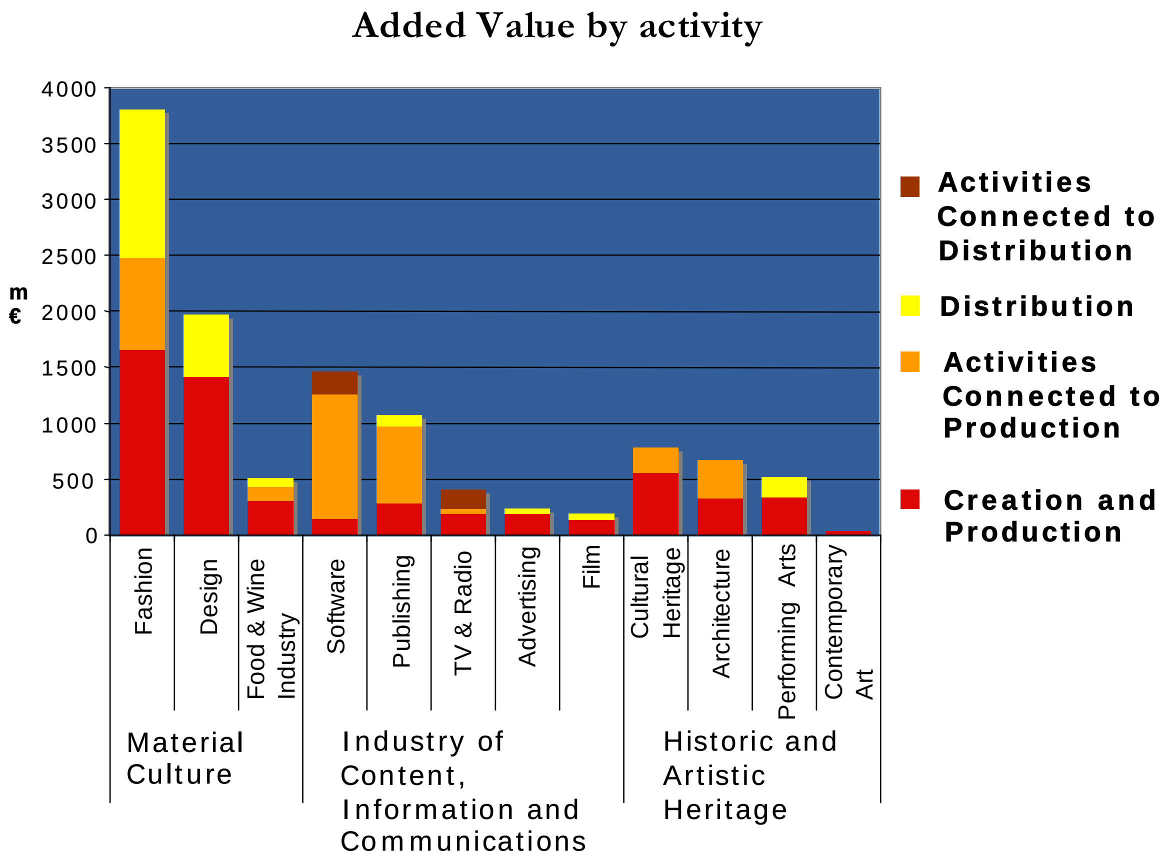


Figure 1.4 shows the data for value added in individual sectors, broken down according to the various stages in the creation of value.

In each sector or group of sectors, the chain of value production has its own specific features.

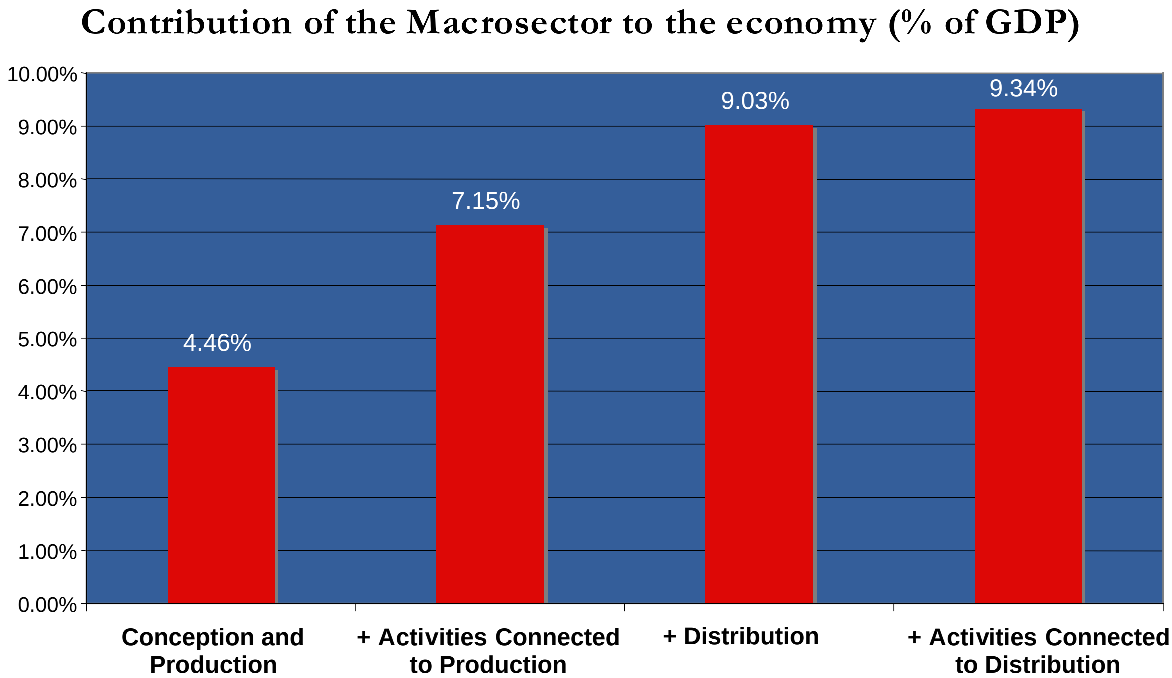
In the sectors linked to the sphere of material culture, and especially *Fashion* and *Industrial Design and Crafts*, marketing plays a key role, mainly due to models of consumption and the marketing system for goods produced in these sectors (e.g. clothing, furniture and jewellery).

Similarly, in the *Software* and *TV and Radio* sectors, direct marketing activities of content are almost negligible in terms of value added, whereas those associated with marketing – i.e. television and computer manufacturing – acquire greater importance.

The stage of marketing and its related activities are of little importance in the sectors of the *Artistic and Historic Heritage*, in which the use of cultural goods and services is more direct (as in the case of goods and activities in the *Cultural*

Heritage or in *Music and the Performing Arts*) or services supplied on commission (*Architecture*).

Figure 1.5 – Contribution of the Macrosector to the economy according to the stages in the chain of value production



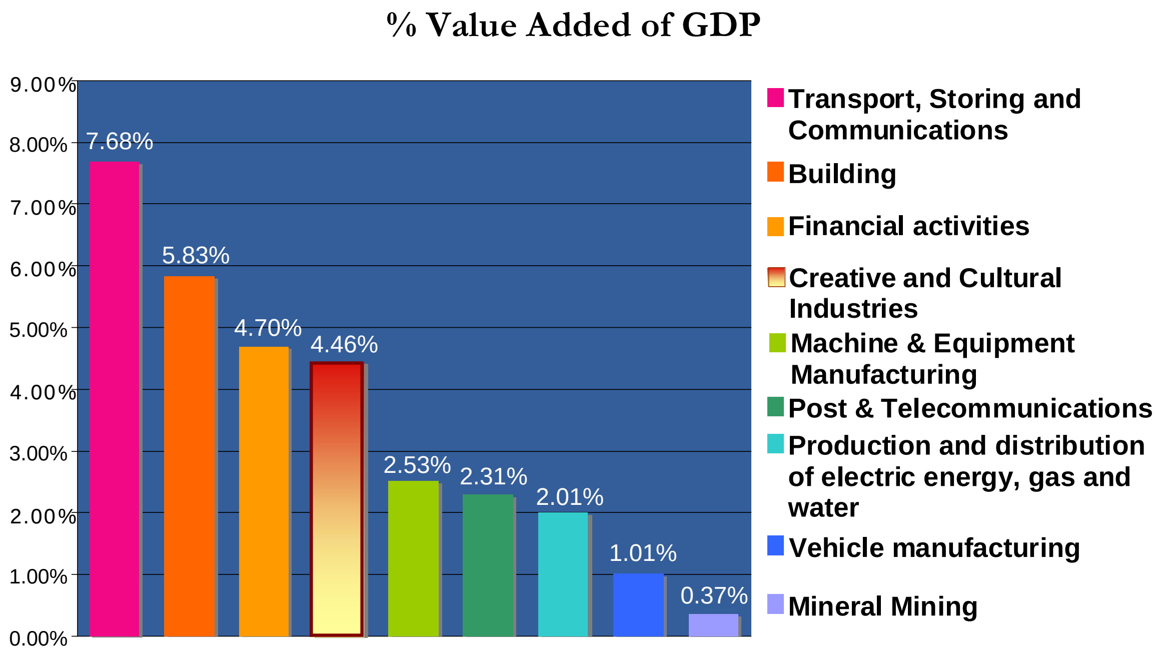
As highlighted by Figure 1.5, the stage of conception and production, the core of the cultural and creative activities, accounts for around 50% of the economic value of the whole Macrosector and has a significant weight per se on the entire Italian economy.

If we narrow the field of enquiry to this stage in the chain of value production, the activities in the cultural and creative industries in Italy account for **4.46%** of the GDP and employ around **1.3 million** people (Table 1.3).

Table 1.3 – Value Added and Jobs in the sectors, only taking into account Conception and Production (2004)					
		Value Added (m €)	Jobs (thou-sands)	% VA of GDP	% Jobs
Material Culture	Fashion	16,578.7	544.5	1.33%	2.25%
	Industrial Design and Crafts	14,179.1	345.9	1.14%	1.43%
	Food & Wine Industry	3,077.1	73.7	0.25%	0.30%
Production of content, information & commun-ications	Computer & Software	1,427.5	28.4	0.11%	0.12%
	Publishing	2,770.5	52.1	0.22%	0.22%
	TV & Radio	1,888.9	37.8	0.15%	0.16%
	Advertising	1,875.7	50.4	0.15%	0.21%
	Film	1,348.9	25.2	0.11%	0.10%
Historic and artistic heritage	Cultural Heritage	5,536.1	53.4	0.44%	0.22%
	Performing Arts	3,411.5	74.5	0.27%	0.31%
	Architecture	3,260.1	84.6	0.26%	0.35%
	Contemporary Art	357.2	15.0	0.03%	0.06%
TOTAL		**55,711.1**	**1,385.5**	**4.46%**	**5.72%**

These figures are further evidence that the Macrosector of the cultural and creative industries has a significant economic weight in the Italian economy. In fact, if we again limit the analysis to the activities of conception and production, the value added produced by the creative and cultural industries in Italy is equal to that of financial activities, double that of the sectors of machine manufacturing, energy, and post and telecommunications, and four times that of the sector of production of means of transport (Figure 1.6).

Figure 1.6 – Comparison with other industries in terms of conception and production activities



1.5 Conclusions

The final chapter of the White Paper contains recommendations and suggestions for cultural policies to be implemented both in the long term (18 Key Decisions) and the short-term (72 Actions) concerning creative cities, design, fashion, architecture, the knowledge economy, advertising, film, TV and radio, publishing, the food and wine industry, contemporary art, music and the cultural heritage.
The need for urgent action may be seen as a wake-up call. We must attain the standards of the material and humanistic culture of our past without losing touch with technological culture, material culture and the content industry of the future. In this sense the *White Paper on Creativity* also wishes be a sign of the changing times. We have set out to gauge a little-known situation but also to understand the Italian model of creativity marking the transition for policies designed merely to conserve culture (protection, restoration and management) to policies designed to produce culture. Such policies must provide solutions about how to select creative talents and how to increase the production of new ideas and transform them into new products to be marketed worldwide.

Chapter 2

Michelangelo Pistoletto - "Europa tra Mediterranei" 2009
Computer processing over manual processing

Chapter 2

The Italian model of creativity and international positioning

2.1. Italy's position in Europe and in the world

Possessing distinctive features both marks out differences and assigns an independent position. In the case of national states, the position a country achieves in a given field turns out to be politically significant because it will attract alliances and contribute to a subjective sense of identity.

In the field of creativity, the model of creativity for social quality positions Italy on the international scene alongside those countries who value the use of culture and creativity in improving the quality of individual and collective life.

By contrast, in Italy the concept of creativity as a phenomenon totally driven by the impetus of technological innovations is weaker.

Since Italy is one of the major industrialised nations, we must have a positive view of the component of technological creativity – certainly also a feature of the country but which only partially identifies its content.

The two models – creativity for innovation and creativity for social quality – are also an example of the North-South geographical divide of the creative issue which features on the international agenda. In fact, whereas the model of *creativity for innovation* and its insistence on technological aspects is typical of North European and North American countries, the model of *creativity for social quality* and its reference to culture, territory, society, cultural districts and creative cities seems to interpret better the trend of creative processes in Mediterranean, African, Latin American and Asian countries. In this division of the world according to models of creativity, Italy has an interesting bridging position between those who aspire to move the cutting edge of technological innovation towards even greater success and those who want the progress of creativity to be constantly informed by ethics, the aesthetic and social quality of collective life.

Lastly, both models acknowledge the potential of the creative economy to generate economic development, income, exports and jobs.

2.2 Creativity and the European Union : European policies for creativity and the production of culture

Over the last few years, in the main European administrations there has been a deep change to policy on culture. Firstly, the British experience, and then that of the Scandinavians immediately afterwards, made an important contribution to a shift in perspective which, in many ways is still ongoing. Culture in these countries has not exclusively been seen from the traditional point of view of conserving the heritage and promoting the performing arts, but more as a means to pursuing a qualitatively higher level of development. Hence the advent of the experience of the creative industries. This flexible concept has had the merit of linking the concept of culture to a series of activities – from fashion, to design and the engineering of computer games – previously considered outside the sphere of cultural policies.

Partly on the grounds of its important economic spin-offs, this new approach immediately won followers. As early as the end of the last century, various states and regions adopted programmes aimed at boosting creativity and introducing administrative organisations specifically dedicated to its promotion as well as setting up agencies with mixed public-private participation for piloting purposes.

Inevitably, given the growing interest shown in the question of cultural creativity in various experiences and their potential in terms of economic growth, the European Union also gradually became interested in this theme. And it did so through a change in policy almost configuring a different paradigm as regards the theme of culture. Although culture had received more attention in recent years (evidenced, for example, by the inclusion of a reference to culture in the Treaty of Amsterdam), it had never been conceived in forms strictly linked to current mainstream European policy and even less to economic policy. Previously, in fact, attention to the theme was basically focused on international programmes on identity. But these were very far from the complete inclusion of the subject in EU politics and economic policies.

The EU cultural policies were only given a legal basis with Title IX of the Treaty on the European Union introduced by the Maastricht Treaty. From this point, culture was raised to the status of "first-rate EU public interest". Before the reformulation of article 128 (now 151) of the Treaty, it could not be said there was an overall cultural project, given that the EU had no specific competences on the subject.

Thanks to the provisions made in the Treaty, cultural policies are no longer a simple corrective to the implementation of the other Community policies, but culture becomes a "first-rate EU public interest". Thus since 2002 the Council of the European Union has invited Member States to co-operate to enable the Commission to assess the application of article 151. The Council itself then appealed to Member States and the Commission to treat culture as an essential element in European integration.

When we move on to consider the forms of EU action in the sector, we discover that so far they have consisted of a series of financial actions for cultural activities: firstly, through specific programmes concerning the art-historical heritage (especially programmes in the sectors of audiovisual co-operation, research and technological development for the conservation of the cultural heritage) and, secondly, through programmes in the framework of social and regional policies.

From the first point of view, the actions were connoted in a promotional key: improving knowledge and the spread of culture and the history of European countries, support for non-commercial cultural exchanges, and encouragement of artistic and literary creation. The projects implemented so far have aimed to encourage European co-operation in the sector, developing specific actions and supporting cultural initiatives to favour cultural exchanges and eliminate obstacles to citizens' access to culture.

From the second point of view, through structural funds, projects were promoted with the aim of developing the cultural heritage in depressed areas or in areas undergoing deep economic decline.

Moreover, the Treaty establishing a Constitution for Europe introduced a clause (article 1-3), whereby the Union aims to respect cultural and linguistic diversity (the so-called "cultural exception") and to monitor the safeguarding and development of the European cultural heritage, especially in the case of agreements (in the sector of exchanges of cultural and audiovisual services) liable to undermine the cultural and linguistic diversity of Member States.

As far as cultural policies are concerned, the Treaty confirms the guidelines of the EC Treaty not only on encouraging co-operation between Member States and supporting actions to develop the spread of knowledge about peoples' culture and history but also in terms of state aid.

On the strength of this legal basis, the process of expanding the role of culture went through a number of distinct stages.

The first came in March 2000 when the European Council of Lisbon and the heads of state and government of the Member States agreed on the objective to make the European Union the most dynamic and competitive knowledge economy worldwide by 2010. In this context the interest in the theme shown by the Commission was highlighted by the linkage between culture, capacity for innovation and the knowledge economy. As the Commissioner Figel pointed out, "Art and culture are anything but marginal from the point of view of their economic contribution to the EU. Culture is the driving force of creativity, and creativity, in turn, underwrites social and economic innovation." The first study on the "economy of culture" commissioned by the European Commission (and presented by the Ministers of Culture of Member States in November 2006) must be seen in these terms. It highlights the importance of culture for economic growth and stresses its role in the framework of the Lisbon Agenda, especially as regards innovation and creativity scenarios in regional development.

The second stage was marked by the conclusions of the Presidency of the Council on 8-9 March 2007, which called for countries to boost "the potential of small and medium-sized enterprises, also in the cultural and creative sectors, considering their role as a driving force in growth, the creation of new jobs and innovation." In fact this statement sanctions the linkage between the policies for small and medium-sized enterprises and creativity with the European policy on growth and employment.

The third stage came in May 2007, when, in the "Statement on the European Agenda for Culture in a Globalising World", for the first time, the European Commission proposed a European culture strategy with significant references to creativity. The new strategy affirms the fundamental role of culture in the process of European integration and sets a cultural agenda for Europe and its relations with third countries.

This policy statement presents three major objectives, which together form a cultural strategy for European institutions, Member States and the cultural and creative sector:

1. promotion of the diversity of cultures and intercultural dialogue

2. promotion of culture as a catalyst for creativity in the framework of the Lisbon strategy

3. promotion of culture as a vital element in the Union's international relations.

To reach these objectives, the Commission suggests new forms of partnerships and working methods: the implementation of a structured dialogue with the cultural sector; the creation of an open method of co-ordination; and support for drafting policies based on the facts and integration of culture in all the relevant policies. With a resolution of 16 November 2007, the Council approved the three objectives, which will constitute a common cultural policy, and the principal working methods proposed by the Commission.

As a move in this direction, 2008 was proclaimed the *European Year of Intercultural Dialogue*, with the objective of laying the basis in the sector of intercultural dialogue for long-term strategic European initiatives meant to continue after 2008. The European Year highlighted, moreover, the importance of the new European agenda on culture in the age of globalisation. The actions on the agenda in favour of cultural diversity and intercultural dialogue constitute one of the three major objectives. Ten million euros were allocated to support an information campaign, finance enquiries and studies on intercultural dialogue and jointly fund seven European lighthouse projects and 27 national projects (one from each Member State) on the theme of intercultural dialogue through the European Union.

Since the EU has a favourable view of the application of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (Santagata - Foa, 2004), the Agenda also affirms the external dimension of culture in Europe.

The statement on the Agenda thus acknowledges the need for a European culture strategy open to diversity in Europe, and at the same time open to the world. It suggests measures to strengthen the importance of culture as a component in political dialogue with partner countries and regions in the rest of the world, promote cultural exchanges, and systematically integrate culture in development programmes and projects.

In order to support specific actions in ACP countries[i], the European Commission suggests creating an EU-ACP Cultural Fund as a joint European contribution to supporting the marketing, and in some cases the production, of ACP cultural products. This Fund will encourage the development of local markets and industries and will improve access for ACP cultural products to European markets. The European Commission has proposed allocating a Community contribution to the Fund of around 30 million euros for the period 2007–2013 and has invited the Member States to top up the fund with further contributions.

One key feature of the new policy is the proposal to introduce a more highly structured system of co-operation between Member States and the EU institutions in the cultural sector, based on an “open co-ordination method”, which was used successfully to organise collaboration between Member States and the EU in the area of education and training, youth and social protection.

The European Commission will then launch 2009 as the European Year of Creativity and Innovation, with the aim of promoting a wide-ranging action to boost this field.

In addition to the Commission’s role, the European Parliament has assumed an equally important stance. In 2003 Parliament put the topic on the agenda by adopting special resolutions on the cultural industries. Since 2003 and the recent Bono Report, the European parliament has continued to support the promotion of the cultural industries: i.e. those activities providing added value to existing activities and which have also contributed to the promotion of cultural diversity, more democratic access to culture, the European identity and integration. As a move in this direction, the European Parliament called for a structured policy on the development of the European creative industries as part of a European strategy for culture.

The Commission's strategy

In May 2007, José Manuel Barroso, President of the European Commission, stated that: "Culture and creativity touch the daily life of citizens. They are important drivers for personal development, social cohesion and economic growth. But they mean much more: they are the core elements of a European project based on common values and a common heritage which, at the same time, recognises and respects diversity. Today's strategy promoting intercultural understanding confirms culture's place at the heart of our policies." To a certain extent, this is the conclusion of the line of thought we have summarised here and it allows us to describe more clearly the strategic perspective of EU policy, which may be divided into the following points:

a) The importance of the cultural and creative sector

There is considerable awareness of the economic importance of the cultural industry in Europe (see the quantitative data presented in the next sections). With reference to a KEA study and given potential shortfall in the estimates of some economic variables, the contribution of the cultural sector to the European economy still turns out to be very significant in terms of share of GDP, employment and growth rates.

b) Culture, growth and employment

While the preceding figures have shown the quantitative importance of the sector, there are also some important qualitative effects due to the link between the cultural and creative industry and the Lisbon strategy for growth and employment.

A series of indicators reveals the linkage between industry and culture. Firstly, the importance of the sector in terms of employment. In this case, too, the qualitative trends are also very important. A significant initial figure is that 46.8% of people employed in the sector are graduates (compared to an average of 25.7%). Secondly, there is a large percentage of self-employed workers: double that recorded in the other sectors of the European economy taken as a whole. Lastly, intellectual capital is of fundamental importance as the real element of innovation for a knowledge society.

The contribution of the cultural and creative sector to European economic growth is not limited to the direct quantifiable impact, but generates important results in a host of non-cultural sectors, especially in the ICT sectors and those related to local development, thus indirectly contributing to economic growth.

There is a strong interdependence between the cultural and creative sector and the ICT sector. The latter's contribution to overall EU economic growth is estimated to be around 25%. The development of "creative content" and the expansion of the ICT sector are two sides of the same coin: the creation and improvement of technologies strongly depends on the attractiveness of content. This implies that if the EU wishes to be competitive, it must look to content and the capacity to create and innovate. They constitute a distinguishing factor and a real competitive advantage. Europe should thus concentrate on the development of non-replicable components and not focus only on the ICT industry, which can be easily replicated elsewhere by emerging countries, such as China and India, with considerable advantages in terms of costs.

c) The social function of culture

The EU administration's vision on the social function of cultural actions is particularly interesting. Cultural promotion is seen as a way of supporting the creation of an inclusive community capable of being a factor of integration.

Compared to other sectors in the economy, the cultural sector has an extra value. It not only generates value but also contributes to social inclusion, better education and strengthens the sense of belonging to a people.

The value of culture is linked to the fact that it is an instrument for transmitting values and promoting objectives of public interest. It thus has a multiple political and social function of key importance for spreading the European values of tolerance-democracy and diversity-pluralism.

From this point of view, "The opinion on the social dimension of culture" adopted by the European Economic and Social Committee on 15 March 2006 is very important. Starting from a broad definition of culture with an emphasis on acquiring knowledge about and understanding the wealth of "different cultural expressions", the Opinion points to the interdependence between cultural and social development, and argues that a conception of a systemic culture which does not divorce the social, environmental and economic aspects can, if logically applied to various EU policies, "establish a cultural unity for Europe, which lies in its diversity and in improving the living conditions of its peoples". The Committee thus criticises the insufficient emphasis on the cultural factor in the Lisbon strategy, the shortfall in support for the mobility of workers in the artistic and cultural sector and the absence of an "authentic economic development of the intangible" (Quadranti, 2006).

d) The strategic function

Lastly, there is also a line of thought linking action on culture to the question of the European role in globalisation. In this sense, action on culture is strategic in making Europe more competitive. Firstly, on the grounds of Europe's greater capacity for engaging in intercultural dialogue and therefore in international relations. And, secondly, because – going back to what we said about the Lisbon strategy – this functional approach is aimed at improving the quality of labour and ultimately the competitive edge of European industry.

The overall implications of the EU vision

Over the last few years it has been acknowledged that the cultural and creative sectors will play a key role in the thrust to reach the Lisbon targets for growth and employment. On this subject, the European Council of March 2007 called for a special focus on boosting the potential of small and medium-sized enterprises also in the cultural and creative sectors, given their role as a drivers in growth, creating jobs and innovation. The European Council of 24-25 May 2007 on Education, Youth and Culture adopted conclusions on the "contribution of the cultural and creative sectors in achieving the Lisbon objectives".

The various methods adopted so far by the EU to promote cultural actions in Europe include: EC programmes; programmes proposing the promotion of the use of foreign languages through specific cultural projects and the encouragement of personal experiences; programmes supporting multilingualism; programmes in the audiovisual sector; and programmes funded in the framework of other policies, such as the social cohesion policy and the information society policy.

The background to EU thinking is the awareness that cultural and economic objectives must be pursued in synergy in order to construct a competitive, inclusive system, strong at international level.

This is a crucial point. It is underpinned by the idea that a society based on innovation and inclusion must be a society in which culture has a determining role. As described in the Statement on the European Agenda for Culture, such a society "is a catalyst for creativity in the framework of the Lisbon process".

European Union statements not only illustrate the reasons for its interest in culture but also provide operational recommendations. They specify the need to construct European "creative cities", which invest in culture and creativity, and the need to work in the field of education, on the basis of the awareness that creativity can be taught.

On the point of synergy between cultural and economic objectives, the recommendations can be translated at national level and organised in the various domestic systems. In fact, European resources dedicated to culture are often spent through the European structural funds and therefore managed at national and regional level. Consequently, the EU recommendations should contribute to the drafting of guidelines to be followed at state and sub-state level.

On this point the recommendations concern the aspects of aims, organisation and function.
As far as the nature of the aims are concerned, they should lead – at national and regional level – to provisions for specific programmes dedicated to creativity and a greater effort to integrate cultural and economic objectives in planning activities.

In operational terms, the recommendations made by the EU administration highlight the need to channel national and European financial resources towards new aims – other than those connected with the straightforward recovery or restoration of goods – much more carefully tuned to fostering artistic talents, improving the quality of teaching and promoting the cultural industries. From this specific point of view, in the light of the European recommendations, special attention should be accorded to the question of creative cities and to raising the profile of creativity in school programmes.

Moving to the more strictly administrative level, and given the European Union's interest in the topic, it would seem the time has come to set up administrations responsible for this subject, opportunely configured as an interface with the EU administration and eventually to form a network of specialised administrations working closely together on these themes for mutual benefits.

The various aspects mentioned here take on a specific significance in the Italian system, especially given: the delayed response to the theme of cultural creativity; the at times inadequate organisation of the administration responsible; and the absence of a single co-ordination for the activities of cultural promotion, which are currently divided up and governed at local level without any overall co-ordination.

Action is thus required at the level of organisation. In particular, there is a need to create a more flexible structure making use of qualified specific competencies so that it can interface smoothly with the key figures in the European Union and the other European administrations responsible for the promotion of culture.

This more flexible administrative structure which, in line with the most advanced models should consult closely with the business world and universities, would carry out the following actions:

- benchmark the best practices at European level
- analyse the creativity sector at national level
- follow the progress of the Lisbon process in close co-operation with the competent administrations at state level
- provide assistance to the regional and sub-regional administrations in their programming and actions

- define a national position ahead of negotiations at EU level
- implement the initiatives planned for the European year of creativity in Italy.

2.3 Comparative analysis of approaches to creativity and the production of culture

The exercise of mapping out and estimating the economic value of the Italian Macrosector of the cultural and creative industries can be compared to various approaches adopted over the last decade by other countries and by international organisations. In this way we can arrive at a clearer idea of their content and define the position of Italy on the international scene.

Although the aim of the various models is the systematic measurement and understanding of the economic value of the cultural and creative industries, they offer a very mixed picture because of the differences in approach to establishing the boundaries of the cultural and creative industries and because of the methods of economic and statistical analysis used.

The Cultural Industries Model

The Cultural Industries Model is arguably the first to have emerged from an analysis of economic activities linked to the production of culture (Adorno and Horkheimer, 1947): industrialisation meant that goods with cultural content could be reproduced on a large industrial scale with mass distribution.
The main feature of the cultural industries, defined according to technical and economic criteria (reproducibility and communication function), is also associated with the legal criterion of the intellectual protection of copyright and cultural content. The sectors traditionally considered to be cultural industries are publishing, film, TV and radio, and press agencies. As such, the cultural industries offer a relatively narrow field for analysis, making possible an accurate collection of statistical data and a more detailed economic analysis of the macro sector. This approach was recently adopted by the Département des études, de la prospective e des statistiques in France and by Eurostat in the elaboration of statistics on cultural industries.

The Creative Industries Model (UK DCMS)

In Europe the so-called "Creative Industries" began to be mapped out in the mid-1990s by the Creative Taskforce of the UK Department for Culture, Media and Sport (DCMS).
The DCMS set about monitoring and analysing the economic performance of the creative sectors. This led to several publications: *The Creative Mapping Document* (1988, 1998 and 2001); the report entitled *Staying Ahead: the economic performance of UK's creative industries* (2007); and *Creative Industry Performance*,

edited by Frontier Economics for the DCMS, also published in 2007.

By mapping out the creative industries an attempt was made to identify those sectors of economic activity in which individual creativity, skill and talent are the main inputs in the production process and show a potential for wealth and economic growth through the development of intellectual property.
The creative industries are classified according to products. The British approach is very wide-ranging, and includes the traditional cultural industries and other sectors, such as architecture, advertising, software and videogames, performing arts, fashion, design, and the art and antiques market.

On the subject of the Creative Industries Model, it is worth mentioning the study on the creative industries in Hong Kong made by the Centre for Cultural Policy Research.
This study placed the emphasis on two further elements of creativity, which broaden and deepen the analysis of the cultural and creative industries. Firstly, the contribution of creativity in producing social and cultural meanings is made explicit. The creative industries generate externalities, which go beyond the simple economic dimension of their products and activities. Secondly, the Hong Kong approach concentrates on the definition of a "Creative Industries Production System", i.e. the cluster of economic activities making up the chain of value production generated by creativity.
From this point of view, economic activities are classified according to the stages of conception, production/infrastructure and distribution. This is a powerfully innovative approach since the focus shifts from a definition of the sectors in terms of goods and services to the various stages in the chain of value production. The sectors are no longer identified as being more or less creative, but may be distinguished by how important the conception stage is compared to the others.

The Copyright Industries Model (WIPO)

The approach adopted by the World Intellectual Property Organisation (WIPO) focuses on the analysis of intellectual property rights (especially copyright) linked to the creation of goods or services.

The sector of the Copyright Industries is mapped out on four concentric levels, according to the degree of importance which property rights have in the overall value of the goods. At the centre are products totally based on copyright. These core sectors are publishing, film, music, entertainment software, and TV and radio. A second level encompasses those industries producing goods which in part or in some aspects are covered by copyright, such as jewellery, designer objects and toys. The third level consists of the industries marketing material protected by copyright, while the fourth groups together the copyright-related industries, i.e. those industries whose

products provide the means for consuming copyrighted products, e.g. CD and DVD players, televisions and computers.
The main strength of this approach is the straightforward matching of the definition of the industries and the statistical classification used to measure the most significant economic variables at national level.

The KEA Concentric Circles Model

A study carried out by KEA for the European commission describes and analyses the economic contribution of the sector defined as the "Economy of Culture" on the European scene.

In this approach, first proposed by Throsby (2001), an analytical framework describes the Macrosector according to a concentric model. At the centre are more strictly artistic activities or those connected to the cultural heritage. Round this core are the traditional Cultural Industries, i.e. those involved in reproducing and commercialising cultural products generated by artistic activities. Beyond the Cultural Industries are the Creative Industries, which include activities such as design, architecture and advertising. Lastly, the outermost circle contains the Connected Industries, characterised by the production and marketing of supports for the fruition of goods and services supplied by the cultural and creative industries.
On the basis of this classification, the Economy of Culture approach is intended to be a synthesis of the Cultural, Creative and Copyright Industries models.

The UNCTAD Model

The model put forward by United Nations Conference on Trade and Development (UNCTAD) is the most recent approach to the subject and was launched with the *Creative Economy 2008* report.

This model identifies four main areas of the cultural economy and creativity: the Cultural Heritage, Visual and Performing Arts, Media, and Functional Creations.

The *Cultural Heritage*, seen as cultural capital, is the origin of all cultural and artistic expressions in a country. This area includes museums, archives, libraries, monuments and sites of cultural interest. The *Visual and Performing Arts* encompass those goods and services generated by artistic expression, i.e. performing arts and art objects. The category of *Media* groups together goods and services produced by the traditional cultural industries, i.e. books, films and music. Lastly, the group of Functional Creations include those services and goods which have both a strong symbolic content and a functional value. This group includes fashion and design goods, the services of architecture and advertising, software and videogames. The UNCTAD classification is based on the statistical need to measure the international trade of cultural and creative products, rather than a need to measure the sectors of economic and industrial activity.

Table 2.1 provides a summary comparison of the foregoing five models in relation to the model we propose in this work. As can be seen, some sectors considered in this White Paper are not contemplated or only partially included in the other reports. The food and wine industry, for example, is not considered in any of the other models. Moreover, the sector of the cultural heritage is not considered in the Cultural, Creative and Copyright Industries models.

Table 2.1 Classification of sectors in the six models of cultural and creative industries

1. White Paper on Creativity	2. Cultural Industries	3. Creative Industries	4. Copyright Industries (WIPO)	5. Concentric Circles (KEA)	6. UNCTAD
Material Culture Fashion Design Food and wine **Content Industries** Film Software Publishing Advertising TV & Radio **Historic and Artistic Heritage** Cultural Heritage Architecture Music and Performing arts Contemporary art	Publishing Cinema Music TV & Radio Press agencies	Advertising Architecture Art market Crafts Design Fashion Film Music Performing arts Publishing Software TV & Radio	**Core** Advertising Film Music Performing arts Publishing Software TV & Radio Visual arts **Partial copyright industries** Architecture Fashion Design Toys **Interdependent copyright industries** Audio-video supports Electronic products Musical instruments Paper production Optical and photographic instruments	**Core** Visual arts Performing arts Cultural Heritage **Cultural Industries** Film Publishing Music TV & Radio Video Games **Creative Industries** Fashion Design Architecture Advertising **Connected Industries** Audio-video supports Electronic products Production of optical and photographic instruments	**Cultural Heritage** Museums Monuments Historic sites **Visual and Performing Arts** **Media** Publishing Film TV & Radio Music **Functional Creations** Architecture Advertising Design Fashion Software and videogames

The differences in classification highlight how studies on the cultural and creative industries are strongly influenced by socio-economic assessments and the need for statistical measurements of the context analysed. The choice of a model obviously influences the assessment of the cultural and creative industries' contribution to the economy. In some cases, moreover, there is no exact match between sectors identified in the theoretical approaches and those considered in the economic estimates based on statistical classification.

Independently of the model adopted, however, there is no doubt that the cultural and creative industries play a major role in the economy of the countries considered.
Table 2.2 sums up the main variables of the cultural and creative industries in a number countries where approaches based on different definitions were adopted.

Table 2.2 - The main variables of the cultural and creative industries according to the studies considered

COUNTRY	APPROACH	YEAR	% OF VA	JOBS (% of total)	PRINCIPAL SECTORS
UK	Creative Industries	2004	7.30%	1,000,000 (2.7%)	Software Publishing
HONG KONG	Creative Industries	2001	3.80%	167,180 (5.1%)	Publishing Architecture
US	Copyright Industries	2004	6.48%	5,344,000 (4.07%)	-
FRANCE	Cultural Industries	2003	n.d.	256,350 (1.038%)	Advertising Publishing
EU25 (KEA)	Concentric Circles	2004	0.6-3.4%*	5,885,000 (3.1%)	-
ITALY	White Paper	2008	9.33%	2,855,900 (11.7)	Fashion Design

* Minimum and maximum % of the value added of EU states

According to the *Staying Ahead* report, in the **UK**, the creative industries contributed 7.3% of the GDP in 2004 and employed over 1 million people (to which should be added another 800,000 creative working in other industries). The leading sectors of the creative industries are software, computer games and electronic publishing, publishing, and TV & radio; together they account for around two-thirds of the creative industries.
In the case of **Hong Kong**, the creative industries contribute 3.8% of the GDP and employs 5.1% of the overall workforce. In this case,

publishing and architecture are the principal sectors, accounting for almost 50% of the creative industries. Moreover, two highly technological sectors (IT and related services and the Internet) were included in the estimate of the creative industries and account for 25% of the macro sector. An interesting inclusion is the Jewellery sector, also considered in terms of manufactured production, which although limited, plays an important role in the Hong Kong creative context.

In the **United States**, the Copyright Industries contribute 6% of the GDP and employ over 5 million people. This estimate only contemplates sectors producing goods totally or partially covered by copyright. If we also consider the connected industries and marketing activities, then the share of the GDP is around 11% with around 11 million jobs. These figures are higher than other major sectors in the US economy, such as the construction industry and health.

In the case of **France**, sales volume, rather than value added, was used as the economic variable. Consequently, comparisons can only be made in terms of number of jobs. Given the very restrictive definition of the Cultural Industries, the sector has around 1% of overall jobs. Publishing and advertising account for the lion's share of cultural production, since they record the highest sales volumes.

Lastly, it is more difficult to make comparisons with the overall situation in **Europe** because the KEA study concentrates on the aggregate value of the cultural industries in individual countries rather than a breakdown by sector. At the same time, the objective of establishing uniform statistical data from various heterogeneous countries inevitably led to a narrow economic estimate. In fact, the contribution to the GDP of the Economy of Culture varies from 0.6% (Malta) to a maximum of 3.4% (France). The biggest economic contribution in absolute terms is found in the largest countries (France, Germany, UK, Italy and Spain), which account for around 75% of the European culture and creative sector. As regards the number of jobs in the cultural and creative sector, the KEA estimate is almost 6 million, i.e. around 3.1% of overall jobs in the European economy; this figure also takes into account people working in the Cultural Tourism sector.

2.4 Conclusions

In short, an international comparison of studies on creativity shows how the model proposed in our research for measuring the creative and cultural industries in Italy does not depart from the statistics gathered for other countries. The Macrosector of the cultural and creative industries in Italy contributes 9.31% of the GDP, if we consider the whole chain of value production. If we focus on the stage more strictly involving the conception and production of goods and cultural services, the contribution to the Italian economy is around 4.6% of the GDP.

Lastly, we must stress the European Union's interest in policies to promote the creative industries and knowledge. Only ten years have elapsed since the Lisbon statement on the knowledge society in 2000 to the proclamation of 2009 as the European year of creativity and innovation, but the awareness of the importance of policies and actions promoting the creative industries has increased more than proportionally to the European delay at the time of the Lisbon statement. Today all countries have rearranged the ranking of their priorities and the debate on creativity has firmly placed it as a major issue on the agenda.

Charter 3

Michelangelo Pistoletto – "Newspaper sphere" 1966
Action by the students of the Fine Arts School, Bucharest 1997
Photograph: M. Scutaro

Chapter 3

Creative Cities and Territory

3.1 Changes to 20th-century urban systems

The recent trends observed in the urban systems of most advanced economies show that deep transformations are underway. Their main features have now been outlined but their repercussions are still far from being fully understood. In 1938 Louis Wirth wrote what was to become a seminal article for the *American Journal of Sociology*: "Urbanism as a way of life". This text had an enormous influence on the conceptions of contemporary urbanism not only among social scientists, but also architects and town planners. Wirth suggested that cities can be defined by three variables: size, density and (correlatively) heterogeneity. Half a century later, by the last decades of the second millennium, these criteria had become outdated in defining urbanism, even though so far no one else has managed to come up with such a neat interpretation. The population in large cities is declining everywhere, and, on closer examination, we no longer even know what area to use in measuring urban population size. Metropolitan density has diminished to such an extent that in the United States the density of metropolitan areas is equal to the overall density of countries like Italy. Heterogeneity is still an important element, but new segregation processes have emerged, no longer based on social classes but on different populations, especially nocturnal and diurnal populations. Cities worldwide are being affected by three macro-processes which are deeply changing the nature of urbanism: continually receding boundaries, which transform previously easily circumscribable entities into "unbounded territories" whose limits and size elude easy definition; the advent of "non-resident populations" (NRPs), especially commuters, who use new forms of mobility to distribute businesses in broad, low-density areas; and, lastly, phenomena linked to the diffusion of the media and mass culture, which have brought deep changes to the forms of governance and also to the commonly perceived image of social reality, thus contributing to the phenomenon of "double hermeneutics".

These major trends affect both the **macro-system** of housing, i.e. the physical setting of our homes, and the **micro-system** of dwelling, i.e. the internal organisation of homes and their relations with the outside world. The two levels are obviously interrelated but refer to different sets of variables. I will try to sum up the main issues in a series of points partly taken from previous works (Martinotti,1999, 2002, 2005) but integrated and further developed in this work.

The urbanisation of society and the metamorphosis of the urban object

Population trend estimates at the turn of the 21st century suggest that our age is witnessing a phenomenon on a worldwide scale: for the first time since it emerged as a physical product of human organisation 120 to 50 centuries ago, the urban population accounts for the majority of the world's inhabitants. And in the absence of unpredictable events on a huge scale, wars, epidemics or natural catastrophes, always possible even if not very likely, **this proportion will probably rise** and especially in the **less developed regions of the world**.

The final stages in this transformation were a feature of the 20th century, during which the world population **doubled twice**. To provide a comparative quantitative idea: the previous doubling of the world population up to 1.6 billion (the population at the beginning of the 20th century) took place 150 years ago in the 19th century. By the 1970s the population was 3 billion and after only 30 years, it rose to 6 billion, and over half of this figure were people living in cities. The common perception of this process is that country and city are like communicating vases, i.e. one empties while the other fills. But this is a misleading and ingeniously mechanical model. As happens in all living systems, change is an interactive phenomenon: as the "countryside" depopulates, its nature changes radically.

Only in the last 200 years, following the worldwide spread of industrialisation in increasingly large circles out from Britain, the ratio of urban to rural dwellers changed from the pre-industrial figure of 1:9 to the exact opposite of 9:1. As one geographer has pointed out "the people who live in today's European cities would like to conserve the countryside as the rural population left it. While some experts stress the need to keep enough farmers to conserve nature and the open spaces as they are, others accuse the farming industry of being one of the main causes of the demise of the landscape, the pollution of water-bearing strata, the destruction of river banks and the proliferation of buildings in the country." But when these accusations are levelled at farmers, urban dwellers forget that such situations are the result of their own growing numbers and the continually rising demand for low-cost food. "Urban dwellers would like the landscape to be the outcome of a rural society living harmoniously with itself and nature, immutable and forever frozen in a legendary Golden Age. In this kind of picture there is very little room for the modern rural landscape produced by contemporary industrialised farming practices (Staffan Helmfrid, *Dimensione metropolitana*, Il Mulino, Bologna, 1999, pp. 65 ff.).

Moreover, as the city grows, it is transformed beyond recognition, not so much for urban dwellers who experience and change it, as for all those who wish to describe and administrate it and are no longer able to keep up with the pace of change since they rely on outdated models of interpretation and governance. We were used to identifying the source of these changes in production transformations and of course this is correct. But this has led to focusing wholly on the visible aspects of the phenomenon – such as the opening up of huge gaps in the urban fabric due to the relocation or transformation of factories during the industrial transition – diverting attention from an equally if not more important phenomenon for the lives of millions of people: changes in dwelling practice. To take one example, the turn of the 1960s saw the largest internal migration of people from peripheries (countryside) to centres (cities) in Italian history and one of the largest migrations of its kind in the contemporary world. Most Italian observers – always liable to forego an understanding of the facts in the name of aesthetic or prescriptive judgements – stress the apparent foolishness of millions of domestic immigrants ready to crowd into crammed quarters on the city outskirts and metropolitan peripheries, abandoning a supposedly higher quality rural life. But few realise that the offer of a house with sanitary services and running water was irresistible for people who for centuries – when not actually living with animals, as was the fairly widespread case in the rural populations, especially in the south – had to satisfy their physical needs in all conditions of weather and health by going outside and crouching over a stinking hole. The bourgeois intellectuals, who had no experience of such problems, easily triumphed in their sarcastic attacks on the "white-clay civilisation", and even spread urban legends about *terroni* ("clods" – term of abuse for Southern Italians) who cultivated basil in their bathtubs (so what anyway?). Today, thanks to the careful studies by more objective, rigorous observers we know that the relationship between the body and the dwelling context and the complex interplay of intimacy and the public (an integral and apparently trivial part of our daily lives) actually conceal symbolic and prescriptive meanings in complicated effects. In pursuing the "art of living", we unconsciously comply to these meanings, which careful analysis reveals as being intermeshed in the overall social system.

As we will see, this is not the only case in which the internal *micro-sociological* order of the conditions of dwelling (structures, hygiene and building standards) are directly linked to the macro-sociological order (urban morphology and peripheral settlements) and if we fail to focus sufficiently on these links, we will be misled into writing off as banal and unworthy of the lofty interest of intellectuals those concrete phenomena which build up society from daily life and have major repercussions on the structure of our settlement system. We must not stop short at the purely quantitative/material situation, important as it is: the transformation of urban dwelling and city living cannot simply be accounted for by the fact that cities are larger. They are also different, and one of the great differences concerns dwelling, especially the relationship between the physical position and internal organisation of homes: in technical jargon, the relation between the "front" and "back" of our house.

Receding boundaries and the rise of the metacity

The most significant aspect of contemporary urban reality is related to the *changes to the physical and social morphology of cities* which took place in the 20th century. It is now clear that worldwide the traditional city and the "first-generation metropolis", which characterised urban life in the mid-20th century, have now given way to a completely different kind of morphology which is producing a series of what United Nations official reports call Mega Urban Regions (MURs). In these regions various forms of human settlements are inextricably woven, creating a new still ill-defined urban entity. For analytical reasons which I will mention below, I have suggested calling this new entity the **metacity**.[ii] This reflects the threefold meaning of an entity that has "gone beyond" (*meta*) and even well beyond the **classic physical morphology** of the "first-generation metropolis", which dominated the 20th century with its core and rings; the name also alludes to "going beyond" (*meta*) the **traditional administrative control** exercised by local authorities over the territory; and to going beyond (*meta*) the prevailing **sociological reference to the inhabitants**, with the development of the "second (and third) generation metropolis", increasingly dependent on "non-resident populations". [iii]

The traditional city had well-defined boundaries and a well-defined population, albeit in both cases with some variations to these definitions, but the concept was clear and widely held. The fact a population coincided with a well-defined territory is not only the outcome of original ancient urbanisation, mainly based on the idea of the city-state, i.e. the superimposition of *polis* and *astu*, of the social city and the built city, but also the consolidation of this matching through the rationalisation of the territory for administrative purposes, driven by the rise of the modern state. Even in linguistic terms bond, boundary, boundedness, and bondage (all terms derived from the German *bund*), describe both the spatial definition of a given social unity and its internal cohesion. Similarly, we

should also interpret the word *schaft,* as in *Gemeinschaft*, which refers to an idea of stem or shaft. Weber's concept of the *Verband*, or rather the *politische Verband*, alludes to this idea of community, which curiously has no equivalent in Italian, although the word *confine* (confine, border) does refer to a restriction, but mainly in the negative sense of loss of liberty (confining and confinement) rather than the bonding of solidarity.
In the early decades of the 20th century this matching or superimposition began to cease: the boundaries of the real city were configured on the metropolitan area, i.e. a functional regional entity made up of a "core" and a surrounding area – the "periphery" (rings, hinterland, *periurbain*). The functional unit is basically a commuter areas which has at various times been called the Daily Urban System (DUS) or the Functional Urban Region (FUR). The important feature of this development, which affected first the United States and then Europe, is the loss of any precise territorial limits to the "functional" urban unit. The core is normally defined by clear-cut administrative boundary, but the metropolitan area is not easily defined because it is in fact a functional and not a territorial concept which can vary over time. The boundaries of the system recede, move outwards, become less sharp and are difficult to define, although they never disappear completely. The city is thus dispersed in an uncertain space. This idea has fired the imagination for popular hyperbole, producing the "continent-city" and even the "world-city" or the unwitting oxymoron of the "infinite city" in bombastic tones that are inversely proportional to the clarity of underlying ideas. In the case of the new urban form, an accurate definition in good Italian was suggested by Michele Sernini in his excellent *Terre sconfinate* ("Unbounded lands")[iv] which eschews all bolstering rhetoric.

The demise of the validity of shared boundaries, such as the old communal administrative boundaries, replaced by uncertain city limits, only identifiable through statistical operations or other means of representation, has lead to some serious errors of assessment. For years popular (and less popular) literature described the flight from the city and return to the countryside. In recent years in Italy this phenomenon can be attributed to a rise in holiday homes, but in the past it was only the result of a spurious relationship between the growth rate and the position of the town of residence engulfed by urban sprawl.

In the traditional city – on which all current knowledge on urban life is still mainly founded – the inhabitants, the population *residing* in the city, almost entirely coincided with the population *working* in the city. The city limits enclosed both populations in a single territory: for centuries and until very recently, this space was surrounded by walls and was neatly separated from the rest of the territory. The industrial revolution did not change this situation. The production of goods in the secondary sector mainly involved moving raw materials, manufactured goods and capital, whereas the workers and managers basically continued to live in the urban areas. A radical change only eventually came in the 20th century. Observing the form of the city in the first half of this century, we see that mobility influenced the urban scene in terms of infrastructure, the creation of new distinct residential estates and radical changes to the old historic centres.

The new urban populations and the rise of the entertainment city

The urban transformations in the 20th century brought an important change to the social morphology of urban settlements. The emergence of *second and third generation metropolises* had major implications for the governance of urban systems. Once again we are dealing with new concepts and new approaches. For centuries the basis of the financial sustainability of the city was the wealth produced by its inhabitants. The residents or citizens were the prerequisite for various forms of taxation. Historically, some city-states had been very efficient in gathering taxes from those citizens. In the 15th century, city-states like Milan, Venice and Naples raised annual tax proceedings rivalling those of the whole of the Kingdom of France, Castile or a respectable chunk of the Ottoman Empire. Today the economy of cities is increasingly based on consumption by mobile populations who do not live in the same areas they work in. The growth in *city users* has led to the development of a model of the metropolis reflecting today's situation. This modern city is very different from what we are used to finding in popular and academic terms as the "second generation metropolis". Yet now a fourth metropolitan population is even emerging. This is a small but very specialised population of **metropolitan business persons** who come to city centres to do business and/or establish professional contacts: business persons and professionals who visit customers (therefore mobile by definition), consultants and international managers. This fourth population, relatively small but still growing, is characterised by large resources of private and company capital. They only usually stay for a few days, but at times also for longer periods, and spend part of the time working and the rest of the time using the city, albeit in a relatively upmarket way. This is a population of well-informed city dwellers. They tend to know what is going on around them. They are very selective in terms of shopping, restaurants and hotels, and attend high-brow events such as concerts and exhibitions, or visit museums but also saunas and gyms. High-class tourism and business thus increasingly rub shoulders.

City users and **metropolitan businesspersons** are a product of the tertiary sector. Unlike the secondary industries which moved goods, services mainly require the movement of individuals, and this aspect of the tertiary is still relatively unexplored. Although a growing portion of services can be supplied electronically, most of them still depend on personal contacts, even when final consumers are not involved, but B2B services. Consulting, public relations, sales, etc. are all activities requiring repeated intense face-to-face interaction. But more generally the new metropolis is becoming a great place for our "urbantainment" and **city marketing** becomes a key activity of the local urban government (Terry N. Clark [ed.], *The City as Entertainment Machine*, Elsevier, Amsterdam, 2004). Although self-evident, to avoid any possible misunderstanding, we must point out that the rise of the entertainment city does not bring happiness for everyone, nor does it eliminate marginality or conflicts, but coincides with the rise of an economic system based on the **commercialisation of places**.

In debates on the public sphere in contemporary society, these non-places are usually compared to earlier kinds of public space – the European square/piazza or American main street. But this comparison tends to be ideological rather than real. Can we be sure that the transformation of the late Roman city with the spread of basilicas did not arouse similar fears (Gombrich,1966)? What had happened to the reassuring rush and bustle of the classical temples? Where had the lively crowds of donors, dealers and officiants gone? The Olympian gods fed off the fumes of meat burned during sacrifices (hecatombs). What had happened to the animals used in the ceremonial sacrifice, giving off a permanent barbecue smell to whet the God's appetite with the aroma of roast meat? One of the jobs of the Vestal Virgins in the Roman temple was that of *stercoratio* (dung carting), a job which consisted in cleaning the rooms of the "fertiliser" left by cows which grazed around and inside the temples. I am convinced, therefore, that most of the negative connotations of non-places are due to an inaccurate characterisation, which, as happens with all generations, we have not yet come to consider our own. Unlike the relative, illusory stability of the natural environment as it passes from one generation to another, the urban scene is variable and especially during historical periods like the one we live in. Rather than being handed down from one generation to another, the built environment changes continuously and becomes alien to its older inhabitants.

New forms of the division of labour

As we have seen, the contemporary city is not only conceived for its inhabitants, but also for the non-resident population (NRP) and mobility. To observe places of radical modernity we must observe those places in which there is mobility. Private automobile traffic is one form of mobility. Naturally, traffic is not a place, and not even a space, but a "space of flows", according to the celebrated definition by Manuel Castells (1996). The daily traffic system is characterised by very special interactions taking up enormous quantities of resources (time, people, money, energy) in cities all round the world. But it is also a very special system of dividing labour. In fact it is one of the largest in the world and is characterised by the fact that millions of people are involved in a co-operative-competitive activity without any previous knowledge of their partners. And in a highly risky context in which reaching a specific objective – getting to a destination safe and sound – mainly depends on complying to essentially non-written rules and conventions, while everything takes place in conditions of extreme speed and unpredictability. Studies on driving have often focused on the psychological aspects and the aspects of perception, such as visibility and position of signals. Little attention has been dedicated, however, to social and cultural factors which affect drivers' performances, such as respecting rules and understanding the laws. And these factors are crucial, because much of the smooth working of the traffic system depends on them.

This simply means that our everyday experience of driving, with its attendant real dangers, is regulated by conventions and regulations whose comprehension is crucial for individual survival but which are not really considered systematically by decision-makers. All of this leads us to another aspect. The "space of flows" generated by the automobile system is part of the public space. We move through squares and streets not only on foot but also in vehicles. The driving space is thus one of those social environments recently shaped by modernity and which depend greatly on the public culture of each community. In turn, the ways we interact during these long hours as citizens of the mobile city, engaged in the co-operative and competitive exercise of the division of labour, reinforces customs and approaches to social relations. An average well-educated middle-class man may be transformed by road rage if his path is suddenly crossed incorrectly. But it is precisely the perception that a generally accepted rule has been violated by a cyclist or jaywalker which generates the highest level of aggressiveness, as can be seen when observing drivers. There is no room for doubt: the driver's etiquette reflects a larger system of customs and behaviour belonging to each specific place, within the regional or national culture.

In reality the interrelation between private and public is much more complex than appears. Public space may not only be an extension to or complement private space but may also be dialectically opposed to it. The final result may be obtained by subtraction, when public space is considered as what is left over from the private sphere of life. "Cities without civic communities" is a concept which has been discussed in depth by Yanis Pyrgiotis (Delors, 1994: 173), especially with reference to southern European cities, in which dressing up the city for foreigners is considered a waste of money and there is no interest in the "public eye" and its related consciousness (Sennett, 1992). The lack of a public eye or overall vision is probably a legacy of the ancient way of conceiving the polis, in which there was no public space, because the city was a sum of private residences divided according to family religions (Fustel de Coulanges, 1924) – a kind of pre-politicisation of individuals (Bairoch, 1985; Glotz, 1926).

Mobility technologies and information technologies

The current situation is the product of complex social processes, and in particular two **technological trajectories** (to use the more accurate term suggested by Alain Gras, instead of the much abused and loose "technological trend"): i.e. those of **transport** and **information**. Contrary to what is commonly believed, the powerful technological trajectory of information has not replaced the need for physical movement in space, but has been potently summed to it, thus allowing the development of a city widely diffused in space. Thanks to five processes identified by Bill Mitchell – dematerialisation, demobilisation, mass customisation, intelligent operation and soft transformation (DDMIS) – we can sum up the potential interactions for which a strong physical support is no longer required and therefore the physical structure of settlements can gradually be reduced. Demobilisation is in a certain sense the consequence of dematerialisation and consists in the possibility of reducing physical movements while continuing to engage in intensive actions. Mass customisation is possible thanks to the low-cost of controlling individual operations in the production systems and the flexibility low cost affords. Similarly, intelligent operation means adapting many processes, especially as regards utilities (water, electricity, but also processes such as sowing seeds) to the specific needs of each stage (see for example drip irrigation). This flexibility makes it possible for specific or soft transformations to take place instead of operations once carried out on a mass scale or in a devastating way. For example, the creation of the *plattenhausen* quarters can now be replaced by softer operations, such as the cabling of Siena.

The technology and culture of mobility

In traditional societies, movements and mobility were difficult, hazardous, costly or almost disadvantageous activities. But mobility and movements are necessary and positive features of contemporary life. What was once a dislike for travel has become the **tourist industry**. Important cultural movements like Futurism anticipated and encouraged the culture of mobility. Our culture is so intent on **mobility** that we basically overlook the undercurrents dragging us towards the acceptance and use of mobility as a value in itself. One important factor is the **drive to knowledge**, part of the *bildung* of each individual. It is increasingly the case that cultural events can attract thousands or even millions of people. This should come as no surprise: the "knowledge society" also involves the **mass consumption of cultural products** and the symbolic representation of a cultural product has not replaced personal first-hand experience; on the contrary, it tends to encourage the real experience.

In its various forms and connotations, mobility is a dominant social phenomenon, but whereas the movement of peoples across the face of the planet is one of the oldest activities of the human species, the city, and especially the contemporary city has undoubtedly furnished a cultural and physical environment in which the system of mobility has developed to a maximum. When we say the "system of mobility", we are referring to both technological systems, such as the infrastructure supporting mobility, and the fact that those systems are not only limited to the physical infrastructure (the hardware, so to speak) but also include economic, cultural and social components (the software). This point has been stressed by many writers, especially Alain Gras (Paris,1993) with his concept of *macrosystème*. Although it would be difficult to argue against this approach at conceptual level, it has not been widely accepted at the everyday level of problems in the transport system and metropolitan mobility, thus limiting its verifiability. The social and cultural aspects, and even the economic aspects are often treated as residual variables, gathered together under a single (vaguely defined) entry in the "demand" for mobility, thus overlooking the complementary aspect of mobility, i.e. **accessibility**, a dominant and highly valued requirement for contemporary social organisations.

The culture of mobility is interconnected with the spread of information and communication technologies (ICT). Unlike the widely announced expectations, the spread of home ICT tools has not led the city to the technological "playback" of the industrial revolution, transforming homes into a widespread constellation of "electronic cottages for teleworkers". Our homes have actually been transformed into a platform for a host of ICT machines, but *at the same time* (in a still not fully explain paradox), the cities continue to develop and transport systems are always under unrelenting pressure, despite (or rather in concomitance with) the spread of information networks. An analysis of what is happening in the large urban metropolitan areas in the world can help us clear up this paradox. Since the beginning of the third millennium the majority of the world's population has lived in urban areas and in many countries most people live in areas on the fringes of cities (periurban areas). For example, by 2002, 51% of the overall French population was living in the *periurbain*. Moreover, this figure cannot be considered independently from electoral events in that same year (Pumain and Godard, 1996).

From various points of view, the city is an intriguing phenomenon: it lies out there in front of our eyes, explicit and conspicuous so that each human being recognises it. Yet rivers of ink have been poured out in search of a lasting definition. The city is undoubtedly the place and seat of the most advanced expression of human civilisation and at the same time it is feared and hated because it alienates. It is the most important protective man-built structure against the adversities of nature for all human beings, but at the same time is seen as an unhealthy environment for everyday life. These contradictions are as old as the city itself and are not easily resolved, since they express a permanent quandary about the society we live in. The city is both intimate and occult and we are caught up in it. In every age, many layers of its complex reality mostly remain concealed. This is even truer of the sociological city behind the physical city. The city encloses many familiar images, each shows a specific facet of the physical city – of non-urban society. We see constructions, streets, cars and even people. But we cannot see urban society. No matter what kind of lens – infrared, radar or magnetic resonance (or any other kind of wave or chemical sensor) – we use to help us see the layers and layers of extremely detailed physical reality, it would not reveal urban society. To see urban society, like society in general, we must use a different kind of lens, an intellectual lens capable of revealing symbols, rules and symbolic or expressive behaviour (*Verstehende*). Urban sciences contribute to our understanding of not directly observable phenomena and enable us therefore to frame the hidden features of urban society. Yet in the last 30 years, changes have affected the innermost essence of the relations between social and physical phenomena, introducing radical innovations in the space-time interaction between human beings (and machines).

No matter how deep and radical these continuous changes, we should not expect the old city to crumble to pieces as if blown away in some Hollywood blockbuster. According to Anthony Giddens, the city has "*a specious continuity with pre-existing social orders*" (Giddens 1990: 6). Changes are continuous, they grow like stalagmites and we feel the immediate consequences first-hand, especially when they affect everyday urban practices, increasingly both hard to bear and indispensable. The yardstick for the fast pace of change is supplied by historical examples: when phenomena progress in a non-uniform way, the final results are only perceptible in leaps. "*Energy and information*", writes Herbert A. Simon, "*are two basic currencies of organic and social systems. A new technology that alters the terms on which one or the other of these is available to the system can work on it the most profound changes… the Industrial Revolution… changed a rural subsistence society into a urban affluent one. It is easy by hindsight, to see how these inexorable changes followed one other, how 'natural' a consequence, for example, suburbia was of cheap privately owned transportation. It is a different question whether foresight could have predicted the chains of events or have aided in averting some of their more undesirable* *outcomes. The problem is not that prophets were lacking – they have always been in good supply at all times and places. Quite the contrary, almost everything that has happened, and its exact opposite, have been prophesied. The problem has always been how to pick and choose among the embarrassing riches of alternative projected futures: and in this, human societies have not demonstrated any large foresight*" (Simon 1980: 420). On the contrary, as another Simon (Julian) remarks: "*a prediction based on past data is sound if it is sensible to assume that the past and the future belong to the same statistical universe*" (McKibben, 1998). This remark is particularly important in our case, because as we will see, changes have also affected the traditional tools of observation.

Now but not here: time, space and technology in the metacity. Receding boundaries and living in the Italian system

The most traditional-type remarks on trends in urban morphology, mobility, social exclusion and dwelling quality – in short the physical and social world – cannot be separated from the trends of and reflections on the "knowledge society". This is important in terms of the metacity. At times developments in information and communication technologies (ICT) are viewed as if they were separate from the physical environment of metropolitan systems. But in fact the relation between ICT – and especially everything concerning the Internet – and the visible environment is very subtle, mainly unexplored and in many ways more destructive of the previously established orders than is generally thought. The tangible and intangible components in the urban phenomenon are equally important. The city is a profoundly ambiguous object. Firstly, because it is large and complex, and therefore its components are difficult to summarise, but secondly, and most importantly, because in every city and in every general idea of the city there are two interrelated but separate objects. One is the "visible city", familiar to every city dweller in every age (the exclamation *Ei ten polin*, "the city is there" gave rise to the name of Istanbul). If we show the image of a city to someone, it will immediately be recognised as such, despite the fact there is an almost infinite variety of urban forms and typologies. But there is another city which cannot be seen, at least not by using physical wavelengths. This is the liveable city or the lived-in city: the urban society or sociological city which is not only as real as the visible one but is at the same time both generator and product of the visible city with which it forms an inextricable whole.

What kind of product then is the city, and what categories can we use to distinguish it from other complex systems? In a short essay on the production of mutant organisms, the biologist Glauco Tocchini-Valentini makes a useful distinction between a complex living system (whether bacteria or human) and other complex systems found in nature. Only organisms have the key feature of possessing an internal description or "design". This is the difference between organisms and environments. For example, the weather is a complex system that can be described by the laws of physics and these laws allows us to make forecasts about the evolution of the system. But we will never be able to find a place in the meteorological system containing its design.[v]

Cities are complex entities that can be classified both as living organisms and large physical systems. No city possesses a DNA automatically constructing its future development, although some cities, at the time of their foundation, were designed and developed according to a "plan". And the evolution of a city cannot be described by strictly physical laws, although there are structural limits which even the most spontaneous settlements are forced to accept. Therefore, to understand, forecast and to a certain extent influence the changes affecting cities, we must use two kinds of lenses: the lens of our eyes and an internal lens in the mind, which can only be used with the aid of words expressing concepts. This is why we must be very cautious in handling concepts and words to describe the sociological city and in relating what we see to what we think or imagine.

eGovernance. Administering the city in the transition to the third stage

In examining the claims of a proposed evolution towards a "network society", and from **eGovernment** to **eGovernance**, we must pay close attention to various aspects:

a) the connections between the various information systems and their capacity to communicate and to be used for strategic ends

b) the capacity, especially in the residential use of new technologies, to provide individuals with access to advanced uses; here even the technological aspects of connection are important – now what counts is the "last metre" rather than the "last mile"

c) The interactive use of network tools to link people to people and citizens to the administration.

In other words, completing what we have called the "transition to the third stage" (the knowledge society, i.e. following on from the society of objects and the society of services) requires a strong thrust in terms of infrastructure and support for the most innovative uses, involving the development of technical indicators to measure the accessibility to information in the field of **eGovernment**.

Here are some relatively little known examples.

- The extremely successful "Internet Saloon" organised by the Association of Metropolitan Interests in Milan (AIM) for elderly people was attended by over 6,000 pensioners in four years. The participants were greatly empowered in terms of social relations, especially when initially assessed on the basis of the qualitative observations (more accurate quantification is still ongoing); a similar initiative is now being organised in Rome.

- A great deal has been written about the spread of the mobile telephone and its trivial uses; even a high-ranking Catholic clergyman has spoken out against them. But almost no one knows that the infamous "mobile" has enabled deaf people (their incidence is one in a thousand on a world scale and there are 30-70,000 deaf people in Italy) to create or recreate remote communities and therefore to establish a communications world beyond the visual language of signs.

- In only a few years, from Seattle to Evian (1989-2003), thanks to the use of the web, a powerful grassroots political movement was created, capable of mobilising millions of people through a structure typical of the space of flows.

- The MIT has always been considered a kind of intellectual "factory", boasting that its professors were always in their studies, which was fairly unusual even for American universities. When the MIT introduced a very efficient wide-reaching wireless system a few years ago, the professors were suddenly no longer there. Using the wireless network to work with the laptops had freed both lecturers and students from the "tyranny of space". The classic spaces of the university – offices, lecture halls and libraries – also changed form, a laptop with a wireless connection was its own office. Although the system is always able to identify a wireless entry point, on grounds of privacy, this cannot be freely used. It requires renegotiating, which is currently ongoing, with the development of a software which obtains approval from each individual as regards his/her availability in terms of time, modes and choice of subject. In this way a network free from the tyranny of space can be reconstructed, but only on the basis of consent, after asking for directions from the system as regards the availability, for example, for a meeting of members of a research group, also suggesting the place, or portion of open space (which Frank Gehry has introduced in such abundance).

This example raises the issue of data and privacy. Bruno de Finetti, who anticipated the problems of the information society as early as 1962, suggested using new technologies not "to do better or more rapidly old operations" but "to do new operations for strategic purposes". Here greater attention must be paid to the *culture* of information and not only the *structure* of information. This strongly implies that the legitimate claims to protect individual privacy must not interfere with the use for the purposes of knowledge and exchanges of information which are a common heritage. As we saw in the MIT example, new protocols are required to regulate these new relations.

3.2 The "geography of creativity" and the role of cities

In the 1990s many observers believed that the enormous progress made in telecommunications and the dematerialisation of many business activities would have led to the "death of distance" or "the end of geography" – to cite titles which appeared at the time in major international magazines like the *Economist*, *Fortune* and some others.

But in fact none of all this has happened. The rise of the knowledge economy and creativity have, on the contrary, seen the emergence of some powerful geographical trends: some cities and regions have experienced very high growth rates and a social and economic renascence – for example, the re-flourishing of old cities like Boston, Chicago, New York in the United States or London and Paris in Europe – while others have fallen into more or less deep decline, which they have great difficulty in turning round (most examples – from Pittsburgh to Detroit – are found in the United States, where the more mobile population makes certain trends more obvious).

The phenomena of localisation and concentration of resources and business activities are clearly still very pronounced, but follow different criteria from those that had determined the development of some areas during the industrial age.

Whereas in the past the geographical concentration of business activities was more or less linked to their being close to certain natural resources, raw-material markets, suppliers or other highly specialised producers, today these features no longer seem sufficient conditions. The gradual fragmentation and globalisation of production processes, on one hand, and the growing preponderance of more intangible business activities, linked to creativity, knowledge and innovation, on the other, have radically reshaped the factors guiding the concentration processes of many businesses. What emerges today as the most critical element in the processes of development and innovation is in fact the proximity and access to a variety of forms of knowledge, ideas and highly-qualified professional skills. All this appears to be closely linked to the presence of elements such as universities, research centres, advanced services and a labour force which is more varied, better-educated and more international than that involved in traditional production processes.
That is why the urban environment, capable of bringing together the features of density and concentration but also the variety of diverse cultures and economic and social activities, is once more playing a leading role in the processes of growth and development. This role had had become weaker in the 1960s and '70s, when many cities became grey and dirty, dominated by industrial activities and offices,

widespread crime and poverty. The cities then gradually reacquired their central position as the economic system shifted its centre of gravity towards more intangible activities and creative and innovative processes.

The city in the age of knowledge and the rise of "creative cities"

As a place in which a large number of people live and work in close physical proximity, the city is already configured as a pool of people, activities and varied ideas that almost naturally lends itself to being a hothouse for the creation of new ideas, knowledge, interactions and the emergence of new economic and social combinations. This has always been a feature of the city, but it has only been exploited and developed in alternating phases in the course of its history.

Today the city's role as a "workshop of innovation and creativity" has been revived thanks to world economic trends and the renewed emphasis which experts, politicians and administrators give to factors such as innovation, creation and the diffusion of new forms of knowledge, information and creativity. All these processes benefit greatly from the physical proximity and the diversity which the cities – and especially large cities – are able to offer. That's why we often hear talk today of creative regions or creative cities.

But what is a creative city? How can it be defined, recognised or measured? And most importantly: how can we generate, nourish and maintain this "creativity"?

For many years creative cities were described *ex-post*: i.e. what were identified and studied were cities which in the course of history had stood out on the grounds of their high-standard artistic, cultural and intellectual production and about whose creativity there was wide-ranging, almost unanimous agreement.

On the basis of this definition, most research on the subject has studied and analysed the great creative cities of the past: Athens in the fifth century BC, Renaissance Florence, Victorian London and late 19th-century Paris (i.e. in the initial analysis by the philosopher of art Hyppolite Taine in 1865 up to the more recent studies by Peter Hall, collected in *Cities in Civilisation*, 1998).

These studies help us understand the trends and specific features of each city's development and, moreover, must be credited with having highlighting some very important features of creativity. Firstly, they show how creative cities and regions, although ultimately being identified with a few leading personalities or great works, especially over time, are, however, the fruit of a collective creative climate transcending the individual and characterising the social system as a whole. As Mihály Csíkszentmihályi writes, creativity can only be understood and studied by adopting a systematic approach, framing it in the social context in which it is manifested and of which it is part (Csíkszentmihályi, 1996).[vi]

Secondly, the studies also highlight how the conditions for the existence of these "creative climates" are not fixed and unchanging, but vary and typically dry up in time. In *Cities in Civilisation* Peter Hall speaks of " instant creativity" precisely to stress its changing and transitory nature (Hall, 1988).

Although fascinating and rich in useful ideas, these works have a major drawback for our purposes: they only identify the creative cities *ex-post* on the basis of an overall judgement considered to be unchallengeable (who could argue today that Renaissance Florence was not creative?). This inconfutable definition of a creative city is not very useful for the purposes of contemporary research. How can we assess and recognise the creative potential of today's cities. How can we manage that potential and guide their future development? Such works do not help us answer these particularly important questions raised by policy makers.
Some more recent works tend to assess creative cities not in relation to the results of the past, but on the basis of a set of conditions considered critical forms of a very different kind of creativity, more wide-ranging and diffuse compared to some individually excellent and very conspicuous artistic forms. These more diffuse expressions of creativity range from fields such as research and development to information technologies, engineering, biotechnology, science and multimedia.

Adopting an approach of this kind means being able to assess the creative potential of a city not only by acknowledging excellent outputs but also through activities and investments *ex-ante* which lead to the creation and spread of new knowledge through the presence of important research centres, an innovative business fabric, and cutting-edge communication technologies.

The American economist, Richard Florida, for example, suggests an approach combining various "system indicators" like those just mentioned. But he adds another concerning the presence in the city of what he calls a "creative class". The creative class includes people engaged in non-standardised, non-routine business activities in any industrial or commercial sector and who are continually asked to tackle and solve new problems and situations. They are professionals (architects, engineers, physicians, lawyers, researchers, scientists, computer experts etc.) but also managers and entrepreneurs – a broad group of people which includes but goes well beyond the still conventionally used limited notion of creatives as artists, writers and musicians (Florida, 2003).

According to Florida, then, the size of the creative class in a city (together, obviously, with other conditions of context) is one of the main indicators of the creative potential of a region.

The Harvard economist Edward Glaeser stresses, on the other hand, how the capacity to compete in the creative economy is in fact linked to the much wider and overall variable of the presence of a creative class, i.e. to the spread of education and concentration of well-qualified skilled people (Glaeser et al., 2001).

In following these wider-ranging and more holistic approaches we might seem to have lost sight a little of the relationship with culture and the creative industries. But that is not the case. The creative industries play a key role in the processes of growth and development of cities, just as the have a very important role in the development of many creative industries. This double-bonded link can be briefly illustrated through an analysis of two critical functions of the city affecting the cultural and creative industries: consumption, on one hand, but also new forms of production, on the other.
Moreover, in addition to the creative industries, culture in the wider sense is still a key element in organising more balanced local urban development oriented towards the quality of the growth processes to be pursued. As a number of Italian experts have written, culture becomes a platform of aggregation and social learning which helps the local community to approach ideas, problems, and life styles, which are outside familiar patterns, and to engage in continuous creative dialogue with them. Culture becomes a thoroughgoing cognitive infrastructure not only used to fill in leisure time but also to stimulate learning and investment in skills. It increasingly informs the meaning of daily life, shapes models for the quality of life, forges visions of the future with which the local community dialogues in a conscious participatory way, giving rise to an "industrial atmosphere" no longer based on a culture of the product but on a shared interest in the production and spread of knowledge (Sacco, Tavano Blessi and Nuccio, 2008). [vii]

3.3 Cities as places of attraction, consumption and sociality

The consumption of cultural goods and activities in cities – trends and features

Because of their high concentration of people in a relatively small space, cities have always been important places for trading and consumption processes. But these aspects have often been neglected by the academic literature, especially in economics, which has usually dealt more with the advantages that urban agglomerations brought for certain production activities (Glaeser, Kolko and Saiz, 2001).

Only in recent years have some economists acknowledged the importance and the influence of consumer activities on urban dynamics and the processes of regional development. This discovery has mainly been due to the extraordinary growth in specific consumption processes which have little to do with traditional goods and products but are related to intangible services and goods and to cultural and creative activities.

The growth in consumption linked to creative, recreational and cultural activities has been most often monitored and studied in cities such as London, New York and Toronto. The same trend is also found in Italy, however, where the consumption of many recreational and cultural activities has constantly grown over the last 15 years.

In addition to constant growth, an other interesting feature of the consumption of cultural, creative and recreational activities is its concentration in the cities, and especially the large or medium to large cities. Typically studied and analysed in a number of countries, this feature has emerged in a very similar way also in Italy.

By referring to SIAE figures on the consumption of performing arts in Italian cities, divided according to provincial capitals (which are usually medium to large cities and include regional capitals, like Rome, Milan, Naples, etc.) and all the other towns and villages, we can analyse how the consumption of performing arts is distributed between these two types of cities and towns. The survey shows the level of concentration of performances in provincial capitals to be very high (for example, 64% of classical music concerts take place in provincial capitals and only 36% percent in the remaining towns). But the figures are even more significant in terms of the number of consumers and especially in terms of money spent by audiences. In the same example of classical music: with 64% of all concerts in the provincial capitals, we find 80% of concert-goers nationwide and as much as 87% of the overall national spending on concerts.

This means that consumption of culture and creative activities is concentrated in the medium to large-sized cities. We must also highlight another feature: i.e. that the greater consumption in the larger urban contexts is not simply a question of higher population density, but a greater inclination of people to spend on this kind of activity (probably also due to the higher quality and value added of the performances and higher personal incomes). The average spending on shows per inhabitant in provincial capitals is several times greater than the sum spent by inhabitants in smaller towns. For example, in the case of theatre, the average spending per inhabitant in the smaller towns is just under 1 euro per year, whereas in the provincial capitals the equivalent figure is almost 7 euros, i.e. seven times greater (elaboration of SIAE data, *Quaderni dello spettacolo*, 2005).

These figures, although only a rough guide, do demonstrate how cities are able to create and maintain market conditions so that the creative industries can develop and prosper both quantitatively and qualitatively.

The cities and the new creative classes

The presence of many varied cultural and recreational activities is important not only because of their general economic impact on consumption, but also for their effect on some social processes in the city, as well as the attraction they exercise over some specific categories of people or categories of professionals.

Access to cultural and recreational activities helps make the urban environment particularly attractive for people with higher levels of education (Glaeser et al., 2001), and especially those people involved in intellectual and creative activities; in short, the above-mentioned creative class. And since these categories are the most critical for the development and growth of a place, the capacity to attract and keep them becomes a strategic objective for every city or region.

We must stress, however, that the capacity of places with a high concentration of amenities to attract creatives and highly skilled people is not only linked to recreational and consumption elements, but also to the social and economic value that these features take on for that category of people. In fact a high-density and wide variety of cultural activities offers the opportunity to come into contact with people with similar and/or complementary interests, objectives and backgrounds. These encounters potentially give rise to new ideas, new combinations of forms of knowledge and new opportunities for professional growth (Currid, 2007).[viii]

This is also one of the reasons why the movements and geographical distribution of the better educated population and the creative class follow very specific trends, such as the tendency to greater geographical concentration compared to the average population (Tinagli, 2008).[ix] For example, of the 360 metropolitan areas in the United States, seven alone bring together as much as 25% of all American talents: New York, Chicago, Boston, Seattle, Washington, Atlanta and San Francisco. [x] In Sweden, the top-ranking country for all classifications of innovation and competitiveness, around 60% of the creative class and 70% of all artists live in the three regions of Stockholm, Gothenburg and Malmö (Tinagli et al., 2007).[xi]

3.4 Cities as places of production and dissemination

Thanks to their capacity to attract and mix people with different backgrounds and with growing consumption needs linked to culture and creativity, cities also encourage the development of all those productions in which the creative, human and cultural element have a predominant role: from music to theatre, the visual arts, cinema but also fashion, design and all those processes using and developing cultural goods (e.g. museum systems).

As Peter Hall (1998) wrote on the subject of recreational and cultural activities which individuals seek in the city:

Culture, creativity and beauty are increasingly becoming elements of value – not only cultural but also economic and developmental value – and sources of new forms of enterprise and entire industrial sectors.

That is why understanding how creative industries are organised geographically and how their development is related to some specific features of the urban context is an important element when we come to devise growth strategies for these sectors. Below we sum up and illustrate some general features of the geographical distribution of production activities linked to the creative industries.

1) The creative industries least connected with manufacturing activities, such as advertising and branding, the creation of software and computer services, or film, are particularly highly concentrated and unevenly distributed geographically. Thus, for example, of the 103 Italian provinces only nine have film conception and production activities of any importance (i.e. with over 100 people employed in the whole province).
Publicity and marketing, although more substantial and widespread than film activities, show a similar trend: 51% of all jobs in conception and production activities in this sector are concentrated in only four provinces (Milan, Turin, Rome and Bologna).

2) Moreover, in these creative industries less closely linked to traditional manufacturing activities there is a very sharp trend to

concentrate in larger and denser urban zones, i.e. in provincial capitals rather than in the rest of the province.

3) The situation, on the other hand, is more complex and multifaceted for those creative industries in which, on the contrary, the production phase involves major traditional manufacturing industries, such as fashion or material culture. In these sectors the geographical localisation appears to be more widely distributed, less dense and less closely linked to large urban centres. But this is only true in aggregate form. If we look at the geographical distribution of the various stages, we note that the conceptual stage of ideation and design is distributed throughout the country in a much more uneven way than production activities (in the whole of Italy, only around 20 provinces have significant conception and design activities linked to fashion) and they tend to be more concentrated in the bigger cities than the other stages.

The message is that the conception and design stage is much more highly concentrated than the production stages in the provincial capital (on average around 40% of people involved in design are concentrated in the provincial capital as opposed to 18% of those in the production stage). We must stress that this "urban concentration" is, however, less than that recorded for the more dematerialised sectors mentioned at points 1 and 2. This demonstrates that the relationship between design and production in sectors with a strong manufacturing component is however a powerful bond, often presupposing the physical proximity of design to production and not only to the markets of human resources and end products.

4) Marketing activities for all the creative industries, from fashion to design, advertising and film show a certain concentration in urban contexts, which obviously offer much greater physical proximity to the end markets.

3.5 Beyond production and consumption: how to cultivate "creative milieus"

As some experts argue, cities with the greatest cultural traditions are not always the most creative, just as cities in which creative industries are most developed may not be the most creative (Hall,1998; Pratt, 1987).

There can be periods in the history of a city in which culture does not find the right social and economic climate to nourish effective creative processes, just as there can be times when industries which have developed round given cultural and creative products lose their roots and deepest sources of inspiration and of creative regeneration.

Although cultural tradition and market conditions are two major factors for any creative city, the existence and continuity of creative processes in a local urban context also depend on other factors which contribute to generate what in the late 1970s the Swedish scholar Gunnar Tornqvist described as a "creative milieu".

But what are the main features of a creative milieu and, most importantly, what contributes to its continuous renewal?

According to Tornqvist's definition, a creative milieu is characterised by four main elements: a) the presence of information transmitted between individuals; b) knowledge, which consists in the ways in which this information is absorbed by people; c) people's skills; d) creativity, or the way in which previous elements recombine and interact (Tornqvist, 1993).

This very broad and in some ways tautological definition raises the practical issue of how to create such multiform conditions.

There are many elaborate suggestions and interpretations. Tornqvist stresses the role of the size and diversity of cities (which encourage the exchange of ideas and information); Ake Andersson places the accent on what he defines as "structural instability", i.e. a condition of uncertainty and unpredictability which stimulates the creative process and brings people to confront new paradigms (1985). [xii] Peter Hall, on the other hand, through an analysis of the creative cities of the past, lists a series of common features of such places, from size to wealth and cosmopolitanism (Hall, 1988).

Despite the various nuances and differences found in studies on the subject, one element emerges as being fundamental in all approaches: the diversity and coexistence of variegated cultures, styles and backgrounds. We also found this aspect in more recent approaches, such as that of Richard Florida, who argues that creative communities are characterised not only by the presence of talent and advanced technologies, but also by open, tolerant social contexts (Florida, 2002).

Cultural openness towards different people and ideas is a crucial element in cultivating and sustaining creative climates: it is above all external influences that drive existing contexts to compare with others and regenerate continually, thus impeding the fossilisation of rules and habits which eventually become obsolete and stifle creativity. As Peter Hall pointed out in his study on past examples, at the height of their creativity and splendour, all the great creative cities were cosmopolitan and attracted talents from every corner of the world. They were places where different worlds and forms of knowledge crossed over and blended.

3.6 Risks and dilemmas for creative cities

The rise and development of increasingly creative cities attracting growing numbers of highly skilled people is not without dangers and negative effects which can often leave cities facing major dilemmas on the strategies to be pursued.

Both academic research and practical business experience teach us that urban renewal, high attractiveness and the presence of a flourishing market for cultural and recreational activities may end up producing undesired effects.

1) Firstly, the presence of amenities and a high attractiveness inevitably tend to push up house prices (a linkage between the presence of a creative class, talents, high immigration and high house prices has been demonstrated both in the United States and in some European countries). This phenomena may push out of the city some key players in the urban creative processes, such as young people, artists or university students, thus undermining the capacity to nourish creativity through new ideas and crossovers.

2) The renewal process and rising prices tend to encourage the processes of "gentrification", which often standardises the social fabric (and at time also the aesthetic and architectural feel) of many quarters, thus diminishing their authenticity and innovative thrust.

3) Lastly, the gradually splitting of the creative élites – i.e. those who manage to find mechanisms for social and economic recognition – from the groups who remain excluded from the creative economy, not only undermines the very foundations of development and long-term creative processes, but may generate dangerous social tensions and exacerbate regional problems and difficulties in managing the relationship between the creative centre and the increasingly excluded peripheries.

Some of these aspects of have already been observed and analysed by the theoreticians of the creative economy (Florida, 2002, 2005) and other experts who have highlighted the limits of one-dimensional development strategies focused exclusively on attracting "external" resources and talents (Sacco, Tavano Blessi and Nuccio, 2008).

The latter approach highlights how the harmonious growth of a city often requires multidimensional strategies which begin from or move on from its attractiveness, followed or accompanied, however, by other measures to encourage processes of social inclusion and capability building (along the lines of the approach elaborated and made famous by Nobel prize-winner Amartya Sen). Indeed many of the creative cities in the United States became success stories thanks to their capacity for combining diverse strategies.

Among the examples cited, we find Austin, the capital of Texas "which is gaining a growing status as an 'enlightened city' founded on an exemplary trajectory in which the first stage of attracting talent and resources effectively played a pre-eminent role. The second stage was then based on social inclusion and capability building introduced to avoid the creative gentrification of the city ending up transforming it into a ghetto for the rich. Other cities like Linz, in Austria, or Vancouver in Canada, successfully completely rethought their industrial past, giving life to container systems for creative industry in which cultural innovation and technological innovation gave rise to increasingly radical and unpredictable synergies. Other cities, like Denver in Colorado, or Gateshead (Newcastle) in the UK, gambled on training and motivating residents as a strategy for building a local base of profitable demand for the opportunities of cultural and educational services. In the space of a decade they became models of new knowledge societies, capable of reconciling economic growth with the quality of life" (Sacco, Tavano Blessi and Nuccio, 2008).

The challenge of creative cities, therefore, is to find a balance which, on one hand, supports development and the acknowledgement of creative forms, the value of culture and its exploitation, but on the other guarantees the conditions for the continuous regeneration of the "creative" urban ecosystem made up of diversity and crossovers.

3.7 Concluding remarks : Italian cities as a model of creativity

If the cities are once more playing a leading role in the new economic system thanks to their ability not only to attract talents but to be great lively workshops in general, bringing together history, beauty, culture and ideas, then Italian cities could really represent a model of creativity and be an example for the world. But just how far is this really the case?

The Italian cities definitely have some major features which make them an important asset for the whole country and a model for others. We can point to three of their most obvious strengths.

1) The existence of a host of historic centres and strong urban identities, which can be traced back to the mediaeval social structure of the Italian communes. Cities in other countries, such as the United States, struggle to reconstruct this system and cultural atmosphere in their attempts to renew urban centres which were emptied of inhabitants and stripped of identity in the 1960s and 1970s.

2) Italian cities' enormous artistic and architectural heritage enables them to rely on a very strong elements of "attraction" and thus in a certain sense they have a head start.

3) Very tightly bound social contexts, as celebrated by many Italian and foreign sociologists, provide the opportunity to develop successful systems of small businesses and cultural districts.

However, alongside these assets, there are also difficulties and problems reflecting a general situation in which many of our companies lag behind in establishing themselves on the international competitive scene. These difficulties require thought and action.
As analysed in greater detail below, the enormous heritage of Italy's cities and towns have given rise to fragmentation, parochialism and conflicts of power rather than translate into attractiveness and trigger off economic innovation. Consequently, what has emerged is a system of separate "islands", each with its own resources and important heritage but also with limits which alone they cannot overcome. The two most alarming consequences of this system are of an economic–functional type and a social-cultural type (Tinagli, 2008).

From the economic and functional point of view, the need for today's cities to deliver a certain quantity – and quality – of services and opportunities for consumption, recreation and cultural activities inevitably requires a certain critical mass, which the small to medium-sized towns (i.e. most Italian urban settlements) struggle to achieve. This problem makes the capacity to co-ordinate activities with neighbouring towns critical and points to the need to start thinking of planning no longer in terms of thousands of isolated small centres but as regions and areas operating in a synchronised and functional fashion (Florida, 2006;[xiii] Tinagli, 2008).

From the socio-cultural point of view, problems arise from the social structure of the myriad of small towns characterising the Italian countryside. On one hand, they have the advantages of compact, tightly bound communities but, on the other, often end up becoming worlds closed off to outside influences. This closure prevents the renewal of ideas, and generational and intercultural exchanges. The younger and more dynamic inhabitants feel trapped and are driven to seek their fortune elsewhere.

Moreover, the limited size of the social and economic context makes it difficult for creative young people to come into contact with markets and the demand for talent and creativity, which would provide them with the opportunity to develop personally and professionally.

The multiple aspects involved in generating and cultivating "creative milieus" (many are specifically linked to the local territory) make designing and implementing effective made-to-measure policies on a "national" scale particularly complicated.

In general, we should seek the greatest possible co-ordination between national and local policies, and optimal synergies between different kinds of action which will affect fields ranging from town planning to social cohesion and cultural, industrial and business policies.

Lastly, given the specific features of the Italian context and its cities and the creative industries in general, the following possible actions and measures have been proposed (they will be dealt with again at greater length in the Final Recommendations):

1) set up Local Agencies for Creativity to co-ordinate the efforts and investments of public and private stakeholders in socio-economic initiatives

2) create public and private funds to promote creative activities in the field of culture

3) create an interactive information system at national level to encourage collaboration and exchange of experiences between businesses, entrepreneurs, and creative workers

4) develop cultural goods and the potential of historic centres and create a special programme aimed not only at enhancing the decor and attractiveness of cities but also their liveability, functionality and connectedness with the surrounding territory so as to encourage the gradual development not only of individual cities but also of whole well co-ordinated functional areas.

Part II

Contemporary material culture: towards a theory of goods

Goods in the cultural and creative industries are systematically personalised because of their ascriptive features. This make them anomalous for markets with perfect competition but ideal as goods for non-competitive markets with continuously growing profits.
The transition from manufacturing and mass processing of raw materials to the intangible procedure of producing ideas, designs and information has generated enormous potential for attracting consumers. The symbolic content of goods offer the possibility to create segments and niche markets enabling producers to consolidate "brand loyalty" and thus make most of their profit from the end consumer. Producers who lead the way in global competition will very likely stay ahead because of the absence of falling yields in their production sectors.

The market leaders' distinctiveness and dominant position are the main feature of the cultural and creative industries, whose products are laden with specific identities, which divert consumers and producers from making rational choices based on cost and price. As we will see, what makes the success of a product can be a symbolic detail, a mimetic possibility or an interpersonal relation and other more market-specific characteristics.

The category of contemporary material culture goods is vast and of anthropological derivation. It embraces all goods which man has created and produced to make his natural habitat less hostile and more comfortable: from the first wooden ladle and obsidian arrow tips to the Ferrari Testarossa and the latest Armani suit.

Let us take fashion as an initial example. Fashion companies are increasingly turning to consumers not only to satisfy their needs. In fact, by soliciting consumer taste, they replace needs with desires and appeal to sensations, the features of taste and semiotic aspects acquire a much greater significance compared to the standard characteristics of economic goods. Even a fairly superficial look at the fashion market highlights phenomena not found to such a great extent for other goods: e.g. information cascades, herd behaviour, the importance of opinion leaders, the role of experts, the lack of logic between manufacturing costs and prices, the importance of images, communications and references to the cultural heritage.

The following list is not exhaustive, but sufficiently detailed to justify the premise that we are truly dealing with very special goods.

Symbolic goods

There is no rationality (*ratio*, calculation) without knowledge (*cognitio*). We have emotion, myths, plagiarism, generosity, symbolic belonging, chance and risk. Without knowledge, there can be no economic calculation of the costs and benefits of an action. But producing and using knowledge has its own costs.

A symbol is created when a vehicle of communication, the object, is not what appears, but the sign of something else. A symbol or sign, according to Peirce's definition, is "something that stands for something else to *someone else*" and is recognised not by gathering information about it (the signifier) or about something else replacing it (the signified), but by the *impression* left on the onlooker. The symbol is something with which we identify. The process of identification transcends the costs of information about the attributes of the goods.

Symbols influence behaviour because social actors react to the symbols they attribute to objects. In this sense, symbols guide actions. Symbols reinforce shared beliefs and common feelings of members of a community and therefore by extension, also influence all sorts of consumption behaviour, when consumption becomes ritual.

The symbolic component comes through in various fields. The meaning of identifying symbolically with a celebrity or a narrative, a ritual object, or an artistic, musical, figurative and audiovisual movement is clear. But the meaning of identifying with a consumer good is less direct. Identifying with means belonging to. And acknowledging a designer object as a sign of belonging to a culture, a lifestyle or a way of producing existential meaning is a comprehensible process. The identifying symbol is a kind of perfectly-fitting shell around the object, invisible or transparent, but capable of reflecting self images in a loved and desired world.

As for the good itself, what counts is its capacity to transmit a sign containing important information but with no information costs for the recipients. Consumers are persuaded to make the decision to purchase because a symbolic good has seduced them. There is no need to gauge the quality or quantitative content. What Umberto Eco says, elaborating Huizinga on the Mediaeval mindset, can also be applied to modern consumers seduced by identity-giving symbolic goods:

"Interestingly, the symbolist mentality was part of the Mediaeval way of thinking. It usually proceeded according to a genetic interpretation of real processes, according to a chain of cause and effect. There was talk of a short-circuit of the spirit, of thought, which does not seek the relation between two things following the spirals of their causal connections, but by making a brusque leap, as a relationship of signified and aim" (Eco, 1984).

The symbolic dimension and its capacity to capture and seduce the consumer's spirit by identifying the spirit with the message it represents, distances fashion goods from the paradigm of the rational consumer. The presence of a symbol modifies the classic terms of trade. Not only trade based on the rationality of the mechanism of prices and optimisation of profits, but trade presupposing an emotional and identity-giving choice, made independently of the calculation of the costs and benefits of an action.

Time-specific and space-specific goods

The economic behaviour of the market is, as we said, basically founded on non-specific timeless and spaceless goods. The market thus becomes an imperfect institution, as for example, when it has to regulate goods based on creativity, such as fashion, design and art goods. The more a good is time- and space-specific, the less the market works efficiently in regulating production and consumption. The more the good is time-and space-specific, the less the system of prices is able to offer relevant information and the less likely competition can achieve the expected results.

The reference to space/time inevitably takes us to the successive generations of artists and talents in given cities and areas. In fact many of the modern material culture goods are generational goods. The creativity of a generation of stylists is expressed in the time and space defined by a period or place or city. This anchoring to the generations and their evolution prefigures, as we will see, the problem of generational changeover as one of the great issues in the world of fashion and design.

Goods with semiotic characteristics: signs from matter

Material culture goods increasingly have semiotic features. In addition to their direct utility linked to the substantial features of a good, they also have an indirect utility as semiophoric goods, i.e. carriers of meaning.

The demand from clothing is primarily linked to the features of clothes as comfortable, light, resistant or aesthetic. We can immediately point out, however, that these criteria, especially if aesthetic, change in time. Moreover, alongside aesthetic features, or in relation to them, are features expressing meanings. Nike shoes are not only useful as footwear but signify that I am young, trendy, informal and informed and they have been designed to communicate these meanings. The demand for fashion is a demand for symbol and meaning, more than simply for practical clothing. Moreover, in our societies, the need for meaning may be more important than that for function – especially in the case of food or clothing – without this being a reason for considering it as a perverse or artificial demand.

Material culture goods as mimetic goods

The elimination of information costs because of shared conventions is a phenomenon found in imitative behaviour. The new cathedrals of consumption attract families as if in a modern rite, repeated without calculation or questioning. The large shopping centres and theme parks are chosen and "consumed" primarily for their symbolic value, then if they have discriminating features, for the upmarket effect; if they have competitive prices, for economic reasons; and if they become fashionable, for the bandwagon effect.

Mimetism, or "doing what others do", is not only a way of reducing the costs of seeking information about the quality of products, it is a means of choosing to enter a social group of people, who, for example, light up their houses according to the latest dictates of Milan design, or drink renowned wines, or dress according to the latest fashion.

Goods jointly produced by producer and consumer

The skills of many people are involved in making in material culture products: stylists, designers, chefs and winemaking experts who construct the symbolic values, the designers who research new materials and technologies, experts in marketing experiences, makers of media images and consumers.
The participation of the consumer in production is particularly obvious in the fashion sector. The consumer takes part in production, both for the initial input and the end consumption, in many ways, such as by assembling typical streetwise clothes and through innovation and functionality and original reuses of varied pieces of clothing.

Relational goods: from the individual to the group

Material cultural goods are also relational goods. The latest trend in fashion, design and cuisine is not decreed by an isolated individual. Trends are social phenomena. The demand for fashion or designer objects is a demand for a social symbol, which cannot be affirmed *a priori*, but will only be sanctioned at the end of a specific process. A good will be in demand not because it is considered a fashion good, but because the context we live in and in which the good will be used considers it to be a fashion good.

Fashion goods are relational goods, as are distinction goods. Individual judgements of taste are part of the social classifications of goods. Luxury goods or Veblen goods are bought by the customer because they are expensive or rather demand for them rises with increases in price. They are a case of conspicuous consumption mainly found in the category of elite luxury goods, such as dream cars and jewellery.

Material culture goods as goods of belonging: from generality to identity

In societies of individuals, tastes not only express the socialisation of individuals, but also their individualisation and therefore their specific identity, which distinguishes them from all other members of society. In addition to the demand for social distinction and social identity there is also a demand for individual distinction and individual identity (Barrère and Santagata, 2005). This endows the individual-good relationship with an idiosyncratic character.

Material culture and experience goods

Experience is our emotive and cognitive relation with the world and it takes place in a specific context. Places act both as the settings for experience and the contexts giving it significance. And places may naturally either be physical or virtual.

The economic importance of experience arises from the simple realisation that the value added of a product today is increasingly less linked to the functional dimension and more to the capacity to evoke unique and memorable experiences. A positive experience thus justifies the extra price paid by the consumer, strengthens brand loyalty (the consumer wishes to relive a memorable experience) and above all it encourages word-of-mouth, a fundamental form of viral marketing.

Moreover, experience places consumers at the centre, giving them a "name" and "role". Lastly, in a world with information overload, the only effective information will be that promising interesting and pleasant experiences. Since today the only truly limited resource is attention, we tend only to grasp those information items which promise positive experiences.

Each product or service must therefore convey to the consumer a memorable re-tellable experience. Often the reason we wish to experience something is to be able to recount it to friends, share it with others, possibly even eliciting a little envy.

Designing a (positive) experience means creating its functional aspects (services and content) to meet specific practical needs (which can be made explicit) or a deep desire that has not yet emerged but can be identified through specific techniques (e.g. so-called ethnographic observation). But it also means creating symbolic emotional activators able to spread usability and conjure up profound – almost archetypal – images creating an exciting, all-embracing and memorable experience.

Conventions of quality and material culture goods

For contemporary material culture goods, the appreciation of quality evolves in time because it refers to values, interpretative codes and the appreciation of exogenous objects. In short, quality depends on conventions dictated by a few leading players on the market in question.

For fashion goods, quality is not independent of the good–valuer relationship and is built on the goods–individual–community relationship. It is not exhausted in the discovery of pre-existing quality, precisely fixed *a priori*, but depends on a *judgement* made by consumers or users and this takes us into an economy of non-objective quality, with idiosyncratic features.

For industrial design goods, conventions of quality are defined by a system assessed by internationally recognised awards, such as the *Compasso d'oro* or specialised reviews, such as *Domus Academy*, *Abitare* or *Habitat* and a system of implicit hierarchies defined by the close circle of designers occupying the centre of the cultural space of design. Obviously, conventions of quality select promising young designers.

The "Parkerization" of wine is a good example of the evolution of a dominant social taste. Parker's modern American taste calls into question the aristocratic English taste underlying the 1855 classification of wine. By giving points, Parker drives sales up and creates standardised tastes based on his own, which in turn are in line with those of the new American consumers.

There are very few sectors in which the "Italia" brand continues to be a universally recognised leader, apart from some cuisine and wine productions and to some extent farm and food productions. In the international collective imagination, Italian food and Italian wine are often depicted as a kind of gift of nature, rather than the result of a long production process with very precise geographical roots, but also a great capacity to combine these roots with innovation in a system dominated by the creative component.

Goods based on taste

"Taste goods" are those in which the aesthetic and sensorial quality dominate, the classic example being food and wine.

The taste industries, i.e. those industries supplying goods whose characteristics are fundamentally based on individual aesthetic and sensorial preferences or taste in the widest sense, such as fashion, gastronomy, or the farm and food industry (wine products, cheese, etc.), are now undergoing structural transformations. The widening of the market has enabled suppliers of taste goods to increase production up to mass scale, changing the costs, the number of retail distributors and so on. You can buy a high-quality bottle of wine or a dish prepared by a top-notch chef, like Gualtiero Marchesi, in a supermarket in any corner of the world.

Goods based on taste belong to the category of cultural goods, even though the social and therefore cultural dimension of taste is usually – as ethnologists, historians and sociologists have demonstrated – concealed by a process of the "naturalisation" of taste.

The taste of food – deemed to be closest to nature and instinct – is the easiest to describe as an objective fact (taste), which perception would merely seem to register, more or less according to how refined the taste is (just as a deaf people do not perceive sounds, because they hear badly or partially). Taste certainly has objective dimensions (a dish is either salted or not salted) and there are innate perceptions (a baby will refuse salted, acid or bitter food). But overall perception is developed partly through learning and partly through heritage, culture and conventions. It appeals to sensations and emotions but also to reason: it is social and cultural.

Chapter 4

Michelangelo Pistoletto "Love Difference, Mar Mediterraneo" 2003-2005
Mirror and wood, 738 x 320 cm
In the exhibition Voltjeti Razlike/Amare le differenze, Zagreb 2007
Photograph: D. Fabijanic

Chapter 4

Design and material culture: an Italian blend

4.1 Towards a definition of design

Setting limits to the area of enquiry when discussing design is rather complex, partly because design activities easily overlap into other sectors such as art, fashion, advertising or communications. We must first attempt to understand what we intend to study under the word "design", given that there are many, varied definitions of this term (KEA, 2006, UK, 2007). We must also explain why we wish to associate design production in Italy with material culture, thus bringing together design production and those craft-type productions which draw on the tangible and intangible cultural heritage characterising our local areas, and which, as we will try to show, is a specifically Italian feature.

Design and its underlying creative component are certainly a key asset in the production of post-industrial economies, since quality and the unique nature of the product constitute the variables which provide a yardstick of competitiveness on international markets, along with technology and price. We can think of design simply as an aesthetic-type intervention aimed at differentiating a mass product by identifying those features which do not affect the function of a good, but only the way the consumer uses it, i.e. the symbolic values and the suggestion of an emotional message that the design conveys. In this case design works as a means of horizontal differentiation of mass production. In contexts in which price competition is a unsuccessful long-term corporate strategy, differentiation contributes to identifying specific market segments and enables firms to increase their profit margins by taking part of consumers' surplus.

This kind of design and innovation does not necessarily concern the product itself but can emerge in the communications campaign built up around the product and/or service activities, seen both as kinds of accessory services and as selected distribution channels giving a product extra value on the market. For example, Flou, a leading Italian manufacturer of beds and bedroom accessories has built up the image of the product by launching it at the medium to high segment of the market by selecting authorised dealers, integrating downstream and opening single-brand showrooms. Flou thus supplies not a simple product but a product-system, in this case the main product and a line of matching bedroom accessories.

But conceiving of design only as the shaping of the image and related services of a product (i.e. the intangible aspects) – although certainly reflecting more closely current trends, especially given the great changes in the design disciplines, driven also by technological changes – betrays the original meaning of design: the conception of an idea that is to be implemented by an action. In industrial design this means making an object, a product which lends itself to mass production. The activity of industrial design may be the only design action for a product, or the initial action which is then associated with the design of communications and related services. In the case, for example, of the many companies operating in the household furnishings sector (furniture, lighting, bathroom fittings) such as Artemide, Flos or Flou, the communications and services design are associated with work on new product catalogues, developed thanks to the collaboration of external designers commissioned to create individual works which will be launched on the market with two distinctive signs: the company brand and the individual "signature" of the designer, who is usually already well-established.

We can distinguish three categories of design contributing to the elaboration of a product system:

- **Product design**, which includes the conception of the product, whether industrial or craft in nature; in the fashion sector it is carried out by fashion designers, stylists, or couturiers, who create their line of top fashion and make special production lines on request from the big chain stores.
- **Communications design**, which includes the graphic artists working on the product's graphic look and related documents, including multimedia, web design, and designers involved in publishing the product in specialised reviews or popular press.
- **Services design**, which includes consulting on interior design, environmental design, the organisation of events and exhibitions which are the crucial end point in this production system; in the case, for example, of interior design, the designer brings together all the end consumer's requirements, thus optimising the use of household furnishing products (furniture, lighting, tiles, etc.).

All of these categories are involved in the designer's more general role as an integrator of skills. According to the overall definition made by the Italian Industrial Design Association – Associazione per il Disegno Industriale (ADI) founded in 1956 – "[industrial] design is a system which brings together production and users by engaging in research, innovation and engineering, to endow goods and services distributed on the market with functionality, social value and cultural meaning."

The specialised designers mentioned above are involved in reaching this objective, even though they require different skills, which can hardly be found in a single professional figure who must have the know-how to combine the requirements of the end consumer with products already on the market (interior design) or to interpret and summarise in graphics the message a company and its products wish to convey (communications designer), or even how to anticipate consumer requirements and, thanks to a baggage of interdisciplinary knowledge, deliver goods or services which are innovative in their external aspect but also in terms of functions created. They achieve this, if necessary, by resorting to new materials and new building techniques (product designer). This know-how must inevitably be acquired in suitable training paths. But it is often also the outcome of interactions between designers working at different stages of the product system and interactions between designers and other players involved in the production process who, purposefully or unwittingly, play a part in innovation, which is then interpreted by the industrial designer and product designer.

We wish to dwell on the product designer in this chapter, leaving aside the fashion designer, partly because this kind of design highlights more clearly the relationship with the material culture of a local area. In a context of district-type industrial development as found in Italy, in which the innovative process is widespread and draws on very deep roots and the identity of places, some very significant problems of analysis arise. In particular it is difficult to define the size of the design sector in Italy: in fact we can opt only to include in this category design studios, i.e. all those individual or collective businesses whose main activity is design, (this was the criterion used by the UK Department for Culture, Sport and Media in its Report of 2007), but this will not represent the full extent of the situation, or we can extend the category to include the overall economic data for businesses in sectors which we might describe as being highly creative and which in Italy will coincide with most of the so-called "Made in Italy" or export-driven sectors. The economic figure will certainly be too high, but as far as the Italian situation is concerned, we will try to demonstrate that this second solution is preferable.

4.2 The roots of Italian design

A large number of varied players are involved in the success of Italian design. Most people agree that product design in particular includes professionals who come into the official category of designers on the grounds of their training and work in specialised studios. But product design also involves a whole series of operators who do not simply implement design concepts but actively take part in shaping prototypes. We can thus argue that there are two operational segments in the sector: outright design and effective design (Maffei and Simonelli, 2002).

These two market segments include players with various degrees of awareness of their role and localised in different ways in the country. The first category, the designers – the "professionals" – are mainly localised in a few very large urban areas. The second category, craftsmen and technicians, are the tangible expression of the wealth of the Italian district-type areas and therefore work in neighbouring small to medium-sized cities, typical of the Italian districts.

The complementarity of these two categories constitutes the idiosyncratic aspect of Italian design. Design did not actually come into being in Italy but in the northern European countries, which had been industrialised earlier. It spread to Italy in the early decades of the 20th century paradoxically thanks to the fact that our industrialisation process was not very far advanced. What might have seemed a limit in the matrix of Italian design, "an object without an industry" (Brusatin, 2007) became one of its strengths, because design developed and was implemented thanks to the fundamental contribution of highly skilled craftsmen deeply rooted in the local territory, even though lacking high standards of education. Their intense industriousness led them to make not only prototypes but very often also to experiment with innovative solutions in terms of material and morphology. All of this was done either in agreement with the project creator or independently for purely emulative and competitive purposes.

Last, we might argue schematically that there are two categories of players (or two places) in which design production is organised: design of communications and services (in metropolitan cultural districts) and product design (mainly conducted in some industrial district areas) with specific problems for which different solutions must be found.

4.3 Design in the metropolitan cultural districts

Individual or associated design studios (increasingly more frequent because of the need to use an ever broader range of special skills) are highly concentrated in the big cities. In Italy the design system is still mainly identified with Milan for a number of reasons:

- **Greater national and international visibility**. A major city is a showcase not only for products but also for the people who invent them. This aspect is particularly important in the current stage of the globalisation not only of goods but also of services. We can define the supply labour market as an international market with the typical characteristics of art labour markets: a surplus of labour supply with particularly rewarding prospects especially in terms of remuneration and gratification, but only achieved by a limited number of big names or superstars. Just as in the fashion sector, design studios need to be localised in places where they can acquire the relational capital required to make a name for themselves and be appreciated.
- **Variety or scope economies**. In general they are a feature of large cities. The greater ease with which different ideas spread, are exchanged and, in turn, inspire innovative concepts, drives "creatives" to set up business in the cities, paradoxically just at a time when the latest technology enables them to draw on knowledge from anywhere (Lorenzen and Frederiksen, 2007). Only in the city and great metropolises, only if you live in some specific urban quarters, can you enjoy those positive externalities which derive not only from chance meetings, but also cultural experiences expressed in various art languages. This active participation in cultural consumption is one of the key inputs for the elaboration of new ideas and projects in the design sector.
- **The presence of institutions such as a National Design Council**. The Italian version (Consiglio Nazionale del Design) was set up in 2007 by the Ministry of the Heritage and Cultural Activities and the Ministry for Economic Development. The presence of other institutions is also important – archives and museums, whose purpose is to gather the material heritage of the past, can be the source of inspiration for new ideas – and the greater concentration of education facilities, universities and research centres. In the creative cities (Cooke and Lazzaretti, 2007), it is possible to benefit from the fundamental production inputs with minor transaction costs and greater guarantees for the quality of human resources if they have been trained in schools with a consolidated national and international reputation.
- The advantages in terms of **picking up early on new trends**, or the new cultural values which the designers must interpret and introduce into their projects.

All of these factors would be a good reason for locating activities not only in cities but in those few large urban centres in the world which give this competitive edge (London, New York, Milan, etc.). But at the same time we immediately realise there are potential costs and risks of access to this kind of market: high entrance barriers for the young, who encounter difficulty in being successful individually (with their own signature or brand, if an associated studio), international competition which requires a certain amount of capital availability to kick-start a business and to underwrite those periods spent abroad, which become an essential part of training and success on the market as a source of greater visibility and inspiration.

While these types of designers aim to pursue competitive projects on international markets of which they attempt to grasp the evolution in taste and trends, the designers who take up the profession in Italy (both Italians and a growing number of foreign designers) do so because they want to work with the deep-rooted craft tradition and the industrial system made up of small businesses concentrated in district areas able to express the essence of Italian style and flair in their productions.

4.4 Design in the industrial districts

Many successful Italian products, however, are not created from the contribution of design professionals but from the collaboration of various professional figures operating in the same company or in the vertically integrated production chains characterising the industrial districts. Innovation may thus be due to various factors:

- **An entrepreneur's own idea.** Thanks to the collaboration in the design phase of highly specialised technicians and workers, who share the same language and value system, the entrepreneur launches an innovative product.
- **Learning by doing within the firm.** This applies to professional figures directly involved in the production process (production managers, skilled technicians, workers), who through the processes of learning by doing can contribute to introduce into the production not only innovation for increasing productivity but also product innovation.
- **Collective local learning** transmitted through the formal and informal network of knowledge linking up the social, economic and institutional stakeholders in the area, but also involving the primary recipients, i.e. the increasingly demanding and qualified end consumer who can provide ideas for further improvements (learning by interacting).

This layered system of knowledge diffused in a local territory, whose forms are handed down – more in tacit than in coded form – from generation to generation, is embodied in the figures of craftsmen, specialised technicians and workers who are depositaries, often unwitting, of the material culture heritage of an area. But the possibility of drawing on this system is at the same time a strength and a weakness. It is a strength because the system expresses the idiosyncratic nature of Italian design; and it is a weakness because the transmission of the heritage of knowledge, constituting a local public good, raises problems of long-term sustainability as regards the conservation and development of heritage itself.
Historically, Italian design – in the automobile sector emblematic examples of brilliant designers are Pininfarina and Giugiaro – benefited from intense relations with local craft skills in the surrounding territory. In the specific case of the automobile industry, the relations were with the highly skilled local carpenters who built its models, and highly skilled local metal workers who made bodywork.

At this point we will identify the factors which might undermine the current production system of Italian design products:

Relocating some production stages, which occurs in the districts due to requirements to cut production costs and can have a negative effect on the exchanges between the various specialised figures involved in the innovation process and thus interrupt the collective design production, typical of district areas and particularly those specialised in export-driven ("Made in Italy") productions. Only in the industrial estates round Milan do we find the inverse phenomenon: many international designers studios are opening their offices in Milan and many foreign designers are attracted to the city not only because of the network of professional relations in the sector offered by the city but also because they can come into contact and interact with skilled craftsmen as they work on their projects. In Milan, according to the view of a young designer, you meet "business people, architects but also craftsmen. I have presented the weirdest projects and at times have been looked at very weirdly, but no one has ever said 'I'm sorry we just can't do this'. You won't find the kind of mental flexibility of those working in the Italian design district anywhere else in the world" (Urquiola, 2008).
A lack of awareness – not so much at individual level as at systemic level – of the importance of this widespread craft component as the distinguishing element of the quality of Italian design may affect the future prospects and possibility of transmitting local knowledge to future generations. Higher opportunity costs – i.e. the greater attraction exercised by other professions in terms of better wage prospects – could discourage the younger generations from investing time in acquiring local know-how and engaging in the same line of business (when not actually the same family

business) as most residents in their home area. This can give rise to the **problem of the generational transmission of knowledge** expressed in the material culture of an area, which given the high tacit component cannot be compensated by the entry of new labour resources from outside the area under consideration. To ensure generational transmission, the various local private and public stakeholders must make efforts at systemic level to encode tacit knowledge expressed in the local area and therefore make it easier to conserve and develop the heritage of such knowledge. To this end, it may be useful to intensify the recourse to specialised schools and training schemes as well as quality certification tools for local products, such as collective property rights (Cuccia and Santagata, 2004).
Crossover elements, which also derive from working on international markets and the growing interaction with foreign designers, must act as a further stimulus to reinterpreting the conventions of international design (at times it also seems to be yielding to a process of standardisation), on the basis of the local heritage of material culture. The adoption of instruments such as collective property rights, aimed at conserving the common heritage of knowledge associated with a local area, which does not preclude the possibility of making use of distinctive individual labels such as the signature, can be of help in this case too. The public and private institutions involved in assigning these distinctive labels to local businesses can protect local identity and also anchor external stimuli for innovation to what are deemed to be the essential features shaping the specific nature of local production. Moreover, the institutions can play a more effective role in preventing any attempts at product misappropriation (e.g. counterfeits and fakes) when intangible local cultural capital is implemented in the production of material goods which can be differentiated on the market.

4.5 Collaboration between designers and businesses

It is useful to analyse the relations – i.e. what kind of interaction and degree of collaboration – between the official figures of designers and the production context in which they operate.

On one hand, designers on the market wish to maintain their independence and pursue individual success, realising their projects by collaborating with the business world, while on the other, entrepreneurs seeking the collaboration of designers are willing to give them public acknowledgement by promoting the product made together with both distinctive labels (the company brand and the designer's signature), but only when the designer is already well-established. Otherwise, entrepreneurs may resort to in-house designers with whom they establish a more continuous working relationship, but prefer to keep their contribution anonymous. Thus, for example, in the catalogue of many businesses operating in the lighting sector, such as

FontanaArte, the objects made by well-known Italian and foreign designers are listed separately from those made by the FontanaArte Studio.

More generally, companies acquire designs in ways which vary according to the structural features of the production sector in which the designer will work (textiles, furniture, lighting, automobile, etc) and how the relations between these two players have evolved over time (Benghozi, 2005).

An initial model of **producer-designer** sums up the kind of relationship between designer and enterprise that has characterised many of the significant experiences in various Italian sectors: i.e. the same person simultaneously acts as entrepreneur and industrial designer.

To realise his own projects, this figure, who operates in niche markets, even takes on entrepreneurial risks (see, for example, Cappellini in the furniture sector, or Gismondi in the Artemide company, in the lighting sector). In this case a brand's success coincides with individual career success. This model may have contributed to the rise of designer products not only in Italy about also elsewhere (one historic example is surely August Thonet's chair). But in terms of policy making this model is not suitable for driving the development of the design industry because of the increasingly multifaceted nature of designers' interests, and also because of the inevitable barriers for young people starting out, especially in terms of availability of venture capital.

A second model, which we can call the **creator-designer**, involves the temporary collaboration of an entrepreneur and a designer on one or several specific projects. This collaboration is made explicit since the project completed by the entrepreneur carries not only the producers' brand name but also the signature of the designer or studio commissioned to work on the project. Famous examples are the designs by Philippe Starck in very varied sectors (lighting, household utensils, bathroom fittings, etc). Obviously only successful designers and superstars in the sector can enjoy the kind of contractual power based on the fact that their signature confers added value to the products made by the firm.

These first two models may coexist and develop into a third, single model, which we might define as the **manufacturer-designer**, although this only involves a small segment of highly renowned, strongly independent designers. In fact the designer may sign a contract with a manufacturer to realise a project, which will be labelled by both the company brand and the designer's signature. At the same time, however the designer may produce commercial goods and services in some ways complementary to the joint project, but only bearing his or her own signature or logo. As an example we can cite the case of some very famous Italian designers like Bertone, Giugiaro and Pininfarina in the car industry.

They may collaborate simultaneously with several car manufacturers, supplying them with integrated services but at the same time operate as independent entrepreneurs, strengthening their own individual brands and making products in the same sector (special car models, components, bodywork) or in very distant sectors from their specialisation but in some ways complementary to the original (accessories, clothing, eyewear, etc.). It is up to the designers to choose the distribution channel for the commercialisation of these products with their own brands. This strategy generates mutual benefits for the manufacturer-designers and the manufacturing companies with which they collaborate because their brands are reciprocally reinforced.

There is another kind of relationship between entrepreneurs and designers – the model of the **anonymous creators** – in which the contribution of designers remains "unsigned". They work on the basis of temporary or continuous contracts with manufacturing and/or marketing companies which, however, are the only ones to label their brand on the end product. The low visibility of the designer's original contribution makes this figure weaker contractually and easily replaceable. This has negative repercussions both in terms of remuneration and job security.

Depending on the sector, the extent of the production chain, and the scale of production of items with a high design component, we can also identify another model in which the design activity is stimulated and driven by the product marketing company rather than the manufacturers. This model may be described as **distribution-driven design** and can be divided into two different cases.

In the first case the distributor simply select a designers' and/or manufacturing company's creation in order to market it in their own network of showrooms. The products selected will have the distributor's brand and possibly that of the designer (this is what, for example, the international furniture chain store Habitat does).

In the second case, the distributors play a more active role in designing the product by proposing an idea to be developed by designers, who may be outsourced or hired temporarily by the company. In this case, the designers are less independent because they will have to develop an idea initially suggested by the distributors, who, because they work in closer contact with the public, believe they can anticipate consumer trends better than people involved in the production process. Once the project has been developed with the designers, the distributors turn to the manufacturers and ask them to include the product in their production plans, usually on a large scale. Examples of this phenomenon are the furniture and home furnishings for companies like Ikea, Carrefour and Emmelunga. In this case we are talking about industrial-scale design. This kind of relationship can give young designers a professional break and, most importantly allows them to "sign" projects.

The relations between designers and companies described so far concern external forms of collaboration mainly in the field of industrial design.
Some designers, however, do more than simply design the product. They may extend their activities to product-system consulting, and controlling and participating in the process from the development of the idea to its implementation and market communications, as well as during its whole life cycle. In such cases the company-designer relationship becomes more intense and continuous, and the entrepreneur may find it more economical – in terms of transaction costs – to hire the designer. Designers may thus have very varied roles within the company organisation. They may work in close collaboration with the R&D department, promoting, for example, research on new materials to be used in developing projects or on testing new applications for the outcome of previous research.

Designers may also work alongside the commercial services or acquire information on product sales trends from which to establish consumer preferences and predict consumer taste for the purposes of future product development.

Lastly, they may work in a self-contained company research centre, which interfaces with all other areas of the company (R&D, production and distribution). In this case the designer's activity becomes internal consulting on the product system. Depending on the size of the company, this activity may be carried out by internal staff or by external consultants who will also include professional designers and technicians or crafts people, but also operators in commercial areas, geared to design and able to share the same philosophy and corporate language.

4.6 An emblematic case: Milan and the designer actors in the furniture sector

Currently, there is only one area in Italy in which the various above-mentioned forms of collaboration between designers and companies can all be found: the so-called "metadistrict" district of Lombard design, which has developed in six provinces – Como, Milan, Bergamo, Brescia, Mantua and Lecco – with a total of 46,054 employees and 11 research centres (*Club dei distretti*, www.distretti.org). The estimated annual turnover of the metadistrict amounts to around 250 million euros and around 40% of production goes for export.

The term metadistrict refers to the specific nature of this vast area embracing the traditional furniture district, involving many towns in Brianza (i.e. Northwest Lombardy) with Milan for a hub, especially as regards the supply of integrated services which go from developing ideas and research to the end product, as well as marketing. In the towns of Brianza the main activities are not only in the furniture sector but also similar sectors, such as lighting and fabrics for furnishing, which are part of the broader category of "household furnishings".

A recent study (Bertola et al., 2002) reveals the presence of a striking number of firms, institutions and facilities in the Milanese metropolitan area:

- Over 80 of the 140 firms (almost 60%) in the overall Italian designer furniture sector; as market leaders (Cassina, B&Bitalia, Artemide, Flou, FontanaArte, to name but a few), they account for almost 80% of overall sales volume.
- More than 60% of design studios registered with the ADI (around 1,000) mainly involved in designing furniture, household objects, accessories and textiles, and in product communications (advertising and graphics).
- The Consiglio Nazionale del Design ("National Design Council").
- The main publishing houses producing specialist reviews on furniture and interior design (*Domus*, *Casabella*, *Abitare*, *Interni*, *Ottagono*, etc.).
- Celebrated Italian and international schools, universities and research centres (Domus and the Centro Studi Domus, Istituto Europeo di Design and the IED Research Centre, the Nuova Accademia di Bella Arti and since 1993, the Faculty of Industrial Design at the Milan Politecnico, etc.) – we will explore their programmes in greater depth in the section on education.
- The ADI, the Associazione dei progettisti in Architettura d'Interni (AIPI – Association of Interior Design Architects) and the Associazione dei Progettisti di Comunicazione Visiva (AIAP – Association of Visual Communications Designers), which groups together all operators in the sector of communications, traditional graphics and multimedia.

Milan is also the largest Italian trade fair centre and the fact the city is due to host the 2015 Expo will surely consolidate this role. Milan has a huge number of exhibition spaces (16 of varying size and importance) which accommodate a great variety of production sectors (from fashion to tourism). As far as events in the furniture and design sector are concerned, the biggest event is the Salone Internazionale del Mobile (International Furniture Show) held not only in the traditional trade fair centre but also in exhibition spaces in the city (company showrooms in the historic centre, cultural institutions and even professional studios). The *Salone* is accompanied by a host of complementary cultural events highlighting its communicational power.

Lastly, in the Milanese design system, renowned for furniture, advertising graphics and fashion, there is no lack of those institutions required to meet the needs of the historic memory and to act as a source of new ideas: private and public archives and museums, such as the Trienniale permanent design collection.

Designers collaborate with companies in various forms, along the lines of the models described above (Politi, 2007):

- In the "household furnishing" sector, companies more often have their own design activities, carried out by an in-house designer and with some specific projects outsourced to independent designers. Recent surveys on a sample of professional studios in Milan and its province (Politi, 2007) show that these design activities mainly concern the following sectors: furniture, advertising, graphics, lightning, exhibit installations, trade-fair stands, etc.
- In the advertising and graphics sector, design activities are usually pursued by independent professionals and concern all economic sectors, not only fashion and household furnishings. The design studios' customers are mainly Italian as far as communications are concerned, while with product design their customers are more varied: just over 40% operate in Milan and its province and the remaining just under 60% breaks down into almost equal parts of Italian and foreign customers (Politi, 2007).

A detailed description of the relationship between companies in the furniture sector and designers is provided by a study of a sample of almost 20,000 products from around 380 out of the 500 Italian manufacturers in the sector, accounting for at least 70% of the value of the furniture supply (Politi, 2007).
The study distinguishes between design companies (38%) which have a catalogue almost exclusively made up of products "signed" by designers; non-design companies with designer-signed products (29%) which have both designer-signed products and unsigned products in their catalogues; and lastly non-design companies who have no signed products in their catalogues but which, significantly, benefit on foreign markets from the positive spin-off generated by Italian designer products for all other products in the sector. A very large number of foreign designers are invited to collaborate, especially in design companies (around 45% of designers involved are foreign) (see Table 4.1).

Table 4.1 – Companies in the design segment and designers involved (with duplications)				
	Companies	Products	Signed Products	Total (Foreign) Designers
Design Companies	143	6,817	6,639	1,141 (519)
Non-design companies with signed products	111	5,123	3,256	313 (62)
Non-design companies with unsigned products	126	6,060	0	0
Total	380	18,000	9,895	1454 (581)

4.7 Italian industrial design in figures

It is difficult to assess economically the contribution of industrial design in terms of value added and jobs along the whole chain of value creation. The first problem we encounter is the very definition of design: a cross-sector activity of key importance in stimulating product innovation and process innovation in many manufacturing sectors, especially the so-called "Made in Italy", export-driven sectors.
A second problem concerns the way in which members of the professional category of designers are recorded in statistical sources. We can talk about "design and styling for textiles, clothing, footwear, jewellery, furniture and other personal and household items" (ATECO 74875), but this makes no distinction between stylists in the fashion sector and industrial designers. The resultant figures are thus inevitably an overestimation.
Hopefully the professional associations and the Consiglio Superiore del Design (the Italian Design Council) will set themselves the objective of drafting an annual report on trends in the sector, as happens in other countries, like the United Kingdom with its two bodies (British Design Innovation and the Design Council). The reports of the professional associations, however, only monitor their own members' activities, i.e. those who explicitly practice the profession and therefore are part of the "outright design" category. But other people working on design activities within companies at various stages in the value chain (core, manufacturing, distribution) are left out of these reports. In this case the contribution of design in terms of

value added and jobs is practically impossible to measure.
But in Italy this kind of widespread design activity characterises the manufacturing system in the export-driven industrial districts. Indeed their high performances can presumably be indirectly attributed to the indispensable contribution supplied by designers. This may be in explicit form, through the use of specific professional figures but also in tacit form, through the involvement of all the players engaged in the manufacturing process.
Aware of the risks, we believe it is useful, however, to cite some reference figures albeit to be considered with due caution on account of the above-mentioned drawbacks.
The designers' greatest contribution is clearly in the creation and production stage.
According to the estimates of the economic activities linked to the conservation and development of the cultural heritage (presented in Chapter 1), in 2004, the stages of creation and production in the "design and material culture" category generated a value added of around 19,659.7 million euros, the equivalent of 1.57% of the GDP. This category encompasses 28 economic activities, including that of designer, and many other production activities basically chosen on the grounds of their origins, normally rooted in the local material culture. Overall, in the conception and production stages of "design and material culture" 45,000 people are employed, or 1.1% of all jobs in Italy. On one hand, these figures may be too low since they do not include all production activities with a high design component, especially if located in districts; on the other hand, they could be too high since they assume that not only those working as designers but all the employees in the 28 production activities in the "design and material culture" category are engaged in a creative activity, independently of the specific tasks they are assigned.
If we dwell on those who declared they were part of the "designer and stylist" category, government censuses reveal there has been a rise in jobs. By comparing the census data of 1991 with that of 2001 (AASTER, 2007), we find that designer and stylist jobs in Italy have risen by 41.7%, i.e. from 6,862 to 9,721 jobs. The same study (see Table 4.2) breaks down the figure for "designer and stylists" according to regions and related to the number of businesses working in the export sectors (food and beverage, personal and leisure items, household furnishings and instrument mechanics) in which the contribution of designers and stylists is presumed to be particularly significant. At national level the incidence of design jobs in export companies has risen (from 1.8 to 2.7 jobs for every 100 export companies) by 0.97%. While the greatest concentration of designers is found in Lombardy, there is a significant increase in the share of designers on the national total in Piedmont, the Marches and Lazio. There are also significant variations in the Veneto, Emilia-Romagna and Tuscany; in 1991 there was already a high percentage of the overall jobs nationwide in these regions.

From an initial interpretation of these figures, it would seem that on a regional scale, despite the leadership of Lombardy in the design sector, well-informed companies increasingly resort to professional designers, especially in regions where the model of industrial development is along district lines.

We can thus infer that in these regions there is a need to integrate diffuse forms of design, typical of industrial districts, within a broader design action elaborated by specialised professional figures able to interact with and involve individual businesses in the district.

The growing role of designers in the regions with a district-type production can also be explained by changes in industrial districts from 1991 to 2001.

An ISTAT survey (2005) of industrial districts reveals that their number in Italy had fallen overall by 156 in 2001. The causes of this reduction may be explained either by the growing size of the manufacturing facilities which have transformed districts into local working systems of medium to large companies or a shift in the production structures towards services for businesses which also include designer services.

The specialisation of the industrial districts is confirmed as being that typical of the export-driven sectors, which we can group in the following categories used by the ICE to highlight their competitiveness on international markets: food and beverage, personal and leisure items (which also includes fashion), household furnishings and musical instrument mechanics (ICE, 2006).

Table 4.2 - Industrial district production specialisation and share of Italian exports

	District (2001)		Export share (%)	
	no.	%	2001	2005
Food and beverage	7	4.5	21.4	22.0
Personal and leisure items	71	45.5	51.6	47.6
House furnishings	32	20.5	38.6	38.6
Instrument mechanics	46	29.5	28.2	27.8
Total districts	156	100.0	38.1	35.6

Source: our elaboration of ISTAT-ICE data

Designers' services may be used in all Italian export sectors (even the food sector as regards packaging and advertising/communications) but they are certainly more widely employed for products in the categories of "personal and leisure items" and "house furnishings". Table 2 shows that in a situation in which total exports, although large, have fallen slightly (from 38.1 to 35.6 %), the products of the districts producing "personal and leisure items" and "house furnishings" are still leaders with 47.6% and 38.6% of production going for export, respectively, in 2005 . Especially as far as "house furnishings" are concerned, the districts' exports remained unchanged despite an international context characterised by a currency trend that should have penalised Italian exports. Although obviously not easy to demonstrate, we can argue that the growing role of designers may have had a positive impact on export-driven district productions.
Lastly, it is worth mentioning that the districts specialised in personal and leisure items also include the six districts working in the jewellery and musical instrument sectors, which more than any other kind of production have a craft character. Over the centuries these districts have achieved high-quality standards and high output levels, reconciling "mechanical and manual production, combining mechanical perfection with manual imperfection" (Friel and Santagata, 2007). This model may be described as "soft industrial design" and is competitive on international markets. It is estimated that over 70% of Italian jewellery exports are produced in the districts of Alexandria (Valenza Po), Vicenza and Arezzo-Cortona, while musical instruments from the Recanati district (Marches) account for 21.4% of exports in the sector. The competitiveness of these products may be a valid example and provide a development model that can be proposed in Italian and international production contexts beset by economic backwardness.

4.8 Training designers and safeguarding the profession

The rather vague and extremely variable profile of the professional designer, a recent creation but fast developing, has inevitably led to a demand for suitable education programmes.
When designers only used to be asked to design a single project rather than a product system, they could acquire the necessary technical expertise by attending programmes in specialised high schools and technical institutes with specific programmes linked to specialised local industries. Today's designers, however, are also increasingly required to elaborate business strategies based on design, and the necessary expertise involves acquiring not only technical and artistic skills but also managerial knowledge which can only be achieved by attending university degree and postgraduate courses.
In any case, the increasingly interdisciplinary nature of the

profession, which combines knowledge about material aspects and intangible values -now the basic elements in product innovation processes- inevitably requires a high level of university education.

The possibility of benefiting from this type of programme is only a recent achievement: in Milan the first course of industrial design was created in 1993. In 2000, after a university reform, the degree course was transformed into a Faculty of Design. Until then, university-trained designers were only ever engineers and architects who had specialised in design during their university career and obtained masters or post-grad degrees. In Italy most schools offering specialised courses are private and concentrated in a few big cities: primarily Milan (Scuola Politecnica del Design, Istituto Europeo del Design or IED, and the Domus Academy).

This situation made access to the profession difficult for all those who had completed a high school education in one of the many specialised art high schools or technical colleges throughout the country and wished to go on to university. For a long time professional designer was considered a career which could only be entered by an elite of people had had the opportunity (and at times also the economic resources) to attend courses organised by the few private schools in Italy (Milan and a few other large cities, such as Rome and Turin for the IED), which would enable them to go on to pursue a career as an independent entrepreneur. As a consequence of the 2000 university reform, the number of degree courses and design faculties have risen, as has their spread throughout the country. Currently, according to a study by Aldo Bonomi (2007), the greatest concentration of design graduates (from higher education institutes or university) from 1991 to 2005 was recorded in Lombardy and Piedmont: out of a total of 24,932 graduates, 15,545, or 62.77%, graduated or obtained their diploma in Lombardy, and 2,433, or 9.75%, in Piedmont. They are followed by university/high school graduates in Rome: 2,321, i.e. 9.30%. Dividing up the university/high school graduates according to various specialised fields (product or industrial design, visual communication, interiors and fashion), in 2005, over 40% of graduates were specialised in industrial design, 28% in visual communications, 17% in interiors and 12 % in fashion (Bonomi, 2007).

As far as access to the labour market is concerned, university graduates in design, whose number is growing despite a limited number of places, seem to have no problems finding job. The real problem is the quality and the relevance of education programmes to their work requirements. As in all sectors in which the creative and artistic component is crucial, finding work is based on acquired relational capital, i.e. the individuals' ability to make themselves known and to network, which can create opportunities for work on joint projects. This is even truer for designers, who unlike architects and engineers, have no professional register certifying the minimal qualifications for those wishing to pursue the profession. To prevent malpractice, work is now proceeding on establishing a code of practice, a project register and a Design Jury, whose arbitration in case of controversy takes on the value of an independent opinion in the civil law courts. The ADI also promotes the Italian design system through the "Observatory on Project and Product Innovation". Each year the Observatory selects products from various sectors deemed to be innovative and worthy of publication in the annual ADI Design Index, while every three years one of the products selected for the Index is awarded the Premio Compasso d'oro, an international prize.

4.9 Conclusions

The picture emerging from a description of the industrial design sector in Italy enables us to identify a number of key objectives and action strategies. Design is a distinctive element of Italian exports and as such its reputation at international level should be strengthened even further. Young Italian designers should also be encouraged, especially now that they have to compete on global markets. For this purpose, there is a need to supply adequate support and incentives to give them the opportunity to gain international experience and independent entry to the market. But we should not overlook the great strength of Italian design: the fact it is rooted in a local area and especially those districts where most Italian exports are made and which are the expression of our material culture. We must thus strengthen relations between designers, who mainly tend to work in big cities (especially Milan) and entrepreneurs, who work in the districts and could benefit from collaboration with designers at all stages of the production process, from conception to communications. It is also to be hoped that in other urban areas, located nearer the district-type industries, businesses can make use of typical designer services. The search for new product innovation must contribute to enhancing and interpreting in a different way those elements in the material culture which characterise Italian design and production. At the same time, through the joint action of public and private institutions (museums, historical archives, specialised schools and technical institutes, committees and local agencies) and the adoption of instruments, such as collective property rights, we must ensure that the local cultural heritage is not lost – it is of crucial importance, not only from the point of our identity, but also in economic terms – and continues to be handed on to future generations.

Chapter 5

Michelangelo Pistoletto "Venus of the rags" 1967
rags, cement and mica, 150 x 100 x 120 cm
exhibition at the Museo Pignatelli d'Aragona, Naples, 1977
Photograph: P. Pellion

Chapter 5

Fashion True excellence and great international visibility

Italian fashion is a remarkably successful sector which has attracted a huge variety of stakeholders – stylists, creators, dressmakers, couturiers, entrepreneurs, the business world, journalists, image makers, advertisers, semiologists, sociologists of dress and behaviour, economists of culture and industry – and consumers in search of dreams, quality and distinction. The explanation for all this interest lies in the complexity of fashion goods and their all-pervasive social presence. We have just outlined a theory of material culture goods and we can argue that all the models mentioned in that case can also be applied to the world of fashion and its products. We only have to look at daily life to grasp how much social anchoring there is in the phenomenon of fashion. Fashion is developing so fast and internationally that it no longer goes on a linear sequence in which one trend follows another, but many styles simultaneously crowd onto a very lively scene. Illustrating the main features of this world in a relatively short chapter is an impossible undertaking. We will thus mention the most significant aspects for the purposes of this White Paper

5.1 Fashion as a system of systems

Fashion is a phenomenon which occurs at the crossroads of two systems: a system of material needs, consumption and production (Barrère and Santagata, 2005) and a symbolic intangible system of creativity, signs (Barthes, 1967) and identity.

The fashion system must relate to both the production system and the creative symbolic system present in a given local region and consequently has a twofold mission:

- Supply a service to industry in terms of style, the creation of collective images and international reputation, archive assistance, experimentation with low entrepreneurial risks and training of specialised professional figures. Fashion is a symbolic image of the textile industry, clothes making and accessories. Fashion shapes the market of supply and demand and drives the product renewal.

- Offer an input of creativity and collective identity to a local area with economic spin-offs in terms of promotion and cultural development but also in generating income, jobs, and tourist attractions through the creation of international events (exhibitions and fashion shows) and the creation of specialised sales points (shops, industrial outlets, single-brand stores).

From this point of view, the whole chain of value production for a fashion good is of vital importance and in some ways may be seen as a single, closely interlocking system. A stylist's studio business cannot be separated from the manufacturing stage, because most of its style-making is incorporated and integrated in the fashion house and manufacturing company. Textile manufacturing cannot be considered in isolation, because its designs are powerful innovative inputs for creators of haute couture or prêt-à-porter. The stylist's job, in turn, cannot be separated from distribution which, being in touch with consumer tastes, variations and preferences, becomes a strategic prompter for the whole chain.
The following analysis of fashion goods thus takes in account the whole field, even though we will try – when statistically possible – to distinguish the various stages in the production chain.

5.2 Fashion and the production system

Italy has long-standing solid traditions of excellence in the field of fashion, clothing manufacturing and textile production, which in the recent past has made it a world fashion centre. All the stages in the chain of value contribute to the success of the sector: the creativity of conception and fashion design, the creativity of manufacturing models, such as the industrial districts, and the evolution of the distribution stage. The industrial districts of Biella, Milan, Alba, Prato, Florence, Carpi and those in Campania and the Marches are international centres for the creation and manufacture of textile fashion, men's fashion, women's fashion and accessories.

Internationally renowned brands continue the Italian tradition in the various sectors: textiles and wool production (Ermenegildo Zegna, Loro Piana, Piacenza, Lanificio Colombo and many more), haute couture and pret-à-porter (Armani, Dolce & Gabbana, Versace, Valentino, Gucci, Trussardi, Prada, Fendi and Missoni), lingerie and hosiery (Golden Lady, Sanpellegrino, Filodoro and Levante), sportswear (Robe di Kappa, Invicta, Asics, Fila, Lotto and Diadora), footwear, accessories, jewellery (in the Valenza and Arezzo areas) and eyewear (in the Agordo district, Belluno). This list of examples is obviously incomplete but gives an idea of the diffuse industrial presence throughout much of Italy.

5.3 Fashion and the world of creativity

Handing on creativity from one generation to another is a key objective in fashion industrial policy. The development of creativity is in fact the programmatic premise for any initiative attempting to produce and maintain a high social level of creativity and to describe, or even reinforce, the collective identity of a community, no matter how vast.

Examples of excellent creative phenomena tend to come in waves corresponding to generations of stylists who work in well-defined places and periods: Paris in the 1950s and 60s, Milan in the 1970s and 80s, Los Angeles, New York in the 1990s and 2000s. Generations come and go but there is no guarantee of maintaining the same level of local creativity, if not through suitable policies distinguished by at least one great idea in the field of economic organisation. It we look at the history of fashion and the creative waves over time we notice that in France the wave of the 1950s and 60s led to the combination of haute couture with prêt-à-porter, while the Italian wave led to forms of flexible organisation and agglomerations of industrial districts and the American waves saw the rise of marketing and logistics.

But the creative waves ebb and flow naturally in the course of time due to levels of creativity falling off in the system or in individual players.

At present we are experiencing a new French wave of fashion, which almost coincided with the death of some great Italian stylists (Versace, Moschino and Gucci), giving France a new competitive edge. In fact there is a thoroughgoing renewal underway in the traditional fashion houses which have sought and are seeking international talents (Tarlazzi for Guy Laroche, Montana for Lanvin, Lagerfeld for Chanel, and also Galliano, Tom Ford, Lacroix) often to penetrate new foreign markets and direct efforts towards the new market for luxury prêt-à-porter. LVMH (a group whose members include Louis Vuitton with Marc Jacobs, Dior Haute Couture with John Galliano, Dior mode masculine with Hedi Slimane, Givenchy with Alexander McQueen, Yves Saint Laurent with Tom Ford and Christian Lacroix) is the leader in this sector in which Italy is well represented by Gucci, Armani, Dolce & Gabbana and other designer labels.

While the most effective and traditional Italian method of transmitting and producing creativity is learning by doing, professional training and academic education are also very important. In this field, Italian expertise can rely on the evolution of universities and polytechnics (the Politecnico in Turin offers, for example, courses to train engineers specialised in textile production) and the fine art schools, private institutions, such as the Istituto Europeo di Design Institute (IED) in Turin and Milan, Polimoda in Florence, the Domus Academy and Istituto Marangoni Institute in Milan.

5.4 The quantitative picture: structures and trends

Fashion is the most important Italian cultural industry and accounts for around 2.6% of the gross domestic product and 4.6% of total jobs.

The chain of value production in the field of fashion is dominated in terms of value added by the manufacturing sector with 16 .5 billion euros, of which footwear accounts for 28.1%, i.e. 4.6 billion euros. Distribution is the second most important activity with 13.2 billion euros. This figure confirms the rise of distribution as a key sector in building the image and brands of fashion.

In the fashion world, the support provided to production is particular important, both in terms of value added (8.2 billion euros) and of the integration between the stages of pure creativity, production and distribution. Textiles, for example are a key input for stylists but also a model for integrated design.

Table 5.1 Fashion Value Added and jobs, 2004

	Value added (millions of euros)	Jobs (thousands)
Core (Style, creativity)	219.6	5.8
Production (clothing and e accessories)	16578.7	544.5
Support to Production (textiles wool, silk, cotton, linen, leather fixing, etc.)	8224.3	218.6
Distribution	13,221.2	349.5
Total	**3,8024.2**	**1,112.6**

Source: our elaboration of Istituto G. Tagliacarne data

According to the Federazione Imprese Tessili e Moda Italiane, Italian textiles and clothing manufacturing output consists of clothing (37%), knitwear (19%), woollen fabrics (12%), cotton (10%), other fabrics (9%) and other items (silk, hosiery, finishing). Textiles and clothing account for 7.5% of output (2004), 11.9% of jobs and 9.1% of exports in the overall manufacturing industry.

At world level (Table 5.2) Italy's Fashion sector occupies a leading position.

Table 5.2 – Italian Fashion in the world

Sector	Italian percentage of world exports		Italian world ranking	
	2004 (%)	2000-2004 (+/-)	2000	2004
Wool sector	31.7	-0.2	1	1
Cotton sector	9.3	1.7	4	3
Silk sector	17.2	-1.2	2	3
Linen sector	3.5	0.2	6	5
Clothing	8.2	1.1	3	3
Knitwear	6.1	-0.5	3	3
Hosiery	25.6	-0.7	1	1

Source: SMI-ATI (Federazione Imprese Tessili e Moda Italiane)

Because of the nature of the sector and fast-changing consumers' preferences, the economic situation is unstable and not always a good guide to development prospects for Italian fashion. From Cofindustria's "Report on the Trend of the Manufacturing Sector for 2006", we learn that the linen and cotton sector have been negatively influenced in recent years by a downturn in final consumption on the main export markets and the growing pressure of imports, especially finished products, from emerging countries. In fact there has been a reduction of 6% in turnover and an even heavier impact on the sub-sector of spinning. The linen sector has also experienced a similar fall, especially woven.

In the woollen industry, which contributes 10.2% of the overall sales in the textiles and clothing sector (2004), exports account for almost 62% of the sales and is the main export market for the whole fashion sector. At present the liberalisation of imports from China has not increased imports of woollen and textiles products from that country, which is the 11th supplier to Italy, with a share of around 3%.

The clothing industry has just come out of a five-year period of crisis (see Table 5.3) due, on one hand, to stagnation in consumption and an increase of imports and, on the other, a shrinking of exports to the main markets, such as Germany, the United States and Japan. Today the Chinese market still seems to be an opportunity only for a very few high-quality businesses, but almost impenetrable for the majority of small and medium-sized firms which, however, did record an increase in sales of 11% in the sector in 2006.

Table 5.3 – Value of exports (in millions of euro)

	Textiles	Clothing	Leather footwear	Fashion system
2001	15865	11872	14565	43302
2005	14036	12125	12696	38857
2006	14275	12908	13472	40656

Source: Filtea-CGIL study

Recovery, 2006-2007

The textiles and clothing sector experienced a five-year crisis but since 2006 the situation has changed. The crisis certainly led to an major downturn in some sectors (for example, spinning), whereas other sectors continued to be a driving force and generated profits (the woollen sector). Firms had to manage major restructuring and this meant a significant selection process, but if we look at the figures for 2007 we find encouraging signs of growth, i.e. a rise of 6.2% in the economic value from 2000 to 2007 (ISTAT figures on the foreign trade warehouse), an average rise of 12% in companies' sales volumes in 2007. Other figures highlight an overall rise in wool and textile sales in Italy of 2.4% compared to 2005, thus exceeding the ceiling of 6 billion euro (Camera di Commercio di Biella, July 2007). The most recent economic statistics suggest a picture of slow but substantial recovery: production investments in research and style are important measures to set beside recovery strategies, as evidenced by the history of the Italian industrial districts.

Fashion and local territory

Over 88% of Italian textile firms are located in five regions: Lombardy, Piedmont, the Veneto, Emilia-Romagna and Tuscany (SMI-ATI, 2006). According to the most recent census (Censimento dell'Industri e dei Servizi 2001), the region with most textile companies is Lombardy, followed by Tuscany and Emilia-Romagna.

Most of Italian textile and fashion manufacturing takes place within the industrial districts. The majority of the districts are involved in clothing and hosiery manufacture, although some of the stronger areas are specialised in

textile production (such as the woollen districts of Biella and Prato).
Piedmont, Lombardy, the Veneto and Tuscany are the most active regions in manufacturing both textiles and clothing (Tuscany and the Veneto have high-quality hosiery productions) and they are the regions with the greatest export capacity. The 45 Italian districts involved in the world of fashion are spread in almost all the Italian regions.

The main districts in the textiles and clothing sector, in terms of output, sales volume and jobs are listed in Table 5.4.

Table 5.4 - Districts in the textiles and clothing sector

District	Region	Sector	Firms	Jobs	Turnover (m of euro)	%Exp/Prod	Notes
Biella	Piedmont	Textiles	1500	25,000	4,000	50	
Castel Goffredo	Lombardy	Hosiery	280	6,600	1,150	50	The district accounts for 30% o European production
Gallaratese	Lombardy	Clothing	2,900		1,150	50	Enterprise Service Centres for exports technological transfer, innovation and professional development.
Verona Pronto Moda	Veneto	Clothing	185		2,800	18	Benetton, Stefanel, Lotto and Diadora, Marzotto and Diese
Sistema Moda	Veneto (Treviso)	Clothing			2,000		
Carpi	Emilia-Romagna	Knitwear	1,800	8,100	1,000	40	Blumarine, Avirex, Liu-Jo, Robe di Kappa, Marchese Coccapani
Prato	Tuscany	Textiles	9,000	50,000	6,900	70	
San Giuseppe Vesuviano	Campania	Textiles	3,000	10,000	10,000	30	

Source: Federazione distretti italiani, Guida ai distretti industriali 2005-2006, www.distretti.org

To complete the map of the Italian fashion system, we must also add the districts producing luxury goods. The most important include the jewellery districts of Valenza, Vicenza and Arezzo, those producing footwear and leather accessories (the Sportssystem district of Montebelluna in the Veneto, a world leader in sports footwear, and the districts of Valdarno and Santa

Croce in Tuscany) and those producing accessories (like the Belluno eyewear district).

5.5 The fashion design sector, from conception to distribution

The fashion manufacturing chain has been reconfigured over time and has lost its linear character as it has increasingly assumed the form of a cluster. Now it is based on a shared flexible combination of production inputs, mainly based on intangible and intellectual elements. This new form of organisation reflects the fragmentation of demand.

In this situation the strategic activities are product conception and distribution: intangible elements, like images, the symbolic dimension and identification, showrooms and spaces dedicated to sales, acquire growing importance. For fashion goods, in fact, creativity is the core of the chain of value production. The convention of originality – i.e. the requirement for novelty which characterises the trend in the sector – implies the forging of a sense of belonging: people like a particular garment if it is original and allows them to distinguish themselves and at the same time also develop a sense of belonging to a social group. Product conception and distribution contribute, therefore, to strengthening the distinction/belonging coupling.

At present the distribution of fashion products in particular is being transformed due to the emergence of new communications technology and the transformation of sales spaces. After a tentative start, many stylists and fashion houses have realised that the Internet can be an important means of extending their market. Thus in 2007 Giorgio Armani was the first to broadcast live a Paris fashion show featuring his haute couture collection, and others soon followed suit. *Sole 24 Ore* opened a site dedicated to fashion, and Luxury 24.it has broadcast the Cavalli and Gucci shows live.

Moreover, online sales are becoming one of the most profitable segments for fashion, with a rise in turnover of around 30% in Italy and the United States. Fashion and accessories have become some of the most important online acquisitions and can be purchased in dedicated portals (e.g. Net-a-porter, a major e-commerce site for clothing and accessories), while some blogs focus on urban living styles. Many companies are also investing in online sales – Gucci, for example – and the Internet has become a top performing business area (+67% in 2007), with sales second only to the Chinese market.

The other transformation which has been affecting distribution for the last three years is the close association of architecture with some forms of patronage. The leading haute couture showrooms have been designed by major world architects: Rem Kohlaas for Prada in New York, Frank Gehry for Issey Miyake in New York, Tadao Ando for the Teatro Giorgio Armani in Milan, and Massimiliano and Doriana Fuksas for the Armani emporia in Hong Kong, Shanghai and Tokyo. Showrooms have abandoned the strictly commercial spirit to become places for exchanges, culture, and arts which boost the brand image.

Chain stores, low prices, excellent design, low quality: the Italian weakness

The most successful segment in the distribution sector is that for young people, who are offered well-designed medium to low quality products at low prices. Examples of brands in this case are the Spanish Zara and Mango, the Swedish H&M, the French Promod, and the American Gap. However, they have met with relatively little success in the Italian distribution sector which, moreover, produced a leader like Benetton.

Exploiting a highly successful formula combining production and distribution, these large companies are able to very effectively monitor changes in young consumers' tastes and to supply peripheral sales outlets fast enough to capture and satisfy all nascent demand. The Zara business model has a number of specific innovative features. They include very fast lead times in the design of new products (around three weeks), continuous updating on proposed lines informed by the sales statistics and the almost total absence of any advertising campaigns. Employing over 200 designers, Zara is able to design, produce and distribute a collection to any shop worldwide twice a week. Sales are made in over 3,000 propriety shops in 64 countries, strategically situated in significant urban commercial areas, whose staff deal at most with the window dressing and the internal display areas. Zara has almost 70,000 employees. Retail brands like Zara and H&M could not exist without their distribution channels; today H&M has over 1,900 sales points in 22 countries and over 50,000 employees.

If we look at the European scene, we find no Italian company among the first ten in terms of brand value.

Table 5.5			
Brand	**Country**	**Sector**	**Brand Value Million euros**
H&M	Sweden	Clothing	10.3
Carrefour	France	Large supermarkets	6.6
IKEA	Sweden	House furnishings	6.5
Tesco	UK	Large supermarkets	5.6
M&S	UK	Large supermarkets	5.1
Zara	Spain	Clothing	4.1

Source: Interbrand

Benetton is a leading Italian global brand operating in 120 countries. The company produces over 110 million articles per year and its activities are divided in two separately managed areas:

- Casual clothing and sportswear plus accessories and shoes
- Sales of raw and semi-manufactured materials, industrial and advertising services.

The group owes its worldwide fame to a model of franchising, which was very innovative at the time, and its advertising campaigns by Oliviero Toscani.

Milan: a global fashion city

Milan is a world fashion brand. It has invented unforgettable symbols and is a place where strategies, ideas, information, projects, values, economic resources, investments in brands and high doses of creativity change hands at a very high rate.

The Milan area boasts some of the most prestigious fashion houses with top-quality, highly attractive brands: Armani, Dolce & Gabbana, Etro, Missoni, Prada, Romeo Gigli, Trussardi and Versace. Moreover, some of the major Italian design studios are also located in Milan: Boffi, B&B Italia, Cassina, Cappellini and Kartell. It is estimated that in the Milan area the creative sector has 200,000 jobs, 12,000 enterprises, 800 showrooms, 6,000 shops, 6,000 interior design companies, and 17 design research institutes (Reinach, 2006; Power and Jansson, 2008).

- **Promotional events**

One of the most important means of communicating with large buyers and consumers are the fashion shows, trade fairs and international fashion weeks.

These events, once the prerogative of Florence, give a good idea of how Milanese creativity works, how the fashion houses plan their production cycles according to the presence of buyers and how they attract highly-qualified flows of stakeholders to the world of fashion. Special events like *Milanovendemoda* and *Milano Moda Donna* or the shows organised by the Camera Nazionale della Moda Italiana ("Italian National Fashion Chamber") are among the leading world fashion events. For example, the 2006 edition of *Milano Moda Donna*, attended by 22,000 fashion business people, and 2,000 accredited journalists, featured 230 collections in 100 shows (Power and Jansson, 2008). These record figures are only also achieved by New York and Paris. Like the blockbuster exhibitions in the world of contemporary art, these events are a way of attracting an international clientele back to Milan and keeping media attention on Italian fashion production high.

Glamorous testimonials

The fashion system made up of stars, stylists, buyers, models, acclaimed designers and celebrities is an important component in constructing the image and reputation of the city. Creative geniuses like Versace, Armani, Dolce & Gabbana, Prada and many others have associated their name and brand with the city. The relation between the fashion leaders and the city does not only concern the creation of the image of a global fashion city, but also the extraordinary volume of private investments in centres, buildings, urban renewal schemes and initiatives which have made the great names of fashion also great patrons.

Showrooms

The latest consumer trend – involving the essential role of the "fashion experience" in the relation between buyer and producer – is based on fashion shops being a very effective means of communication. The new forms of fashion shops encourage consumers to enter an environment where they are emotionally involved. This emotional involvement may take the form of an improvised fashion show or seeing a stylist at work with a model or a party attended by leading personalities from the fashion design world, the media and culture. Of course people may also just drop in to explore the whole brand production range (design objects, food, publications, fashion accessories, and personal spa and coiffure services). In Milan, these experience-places – both single-brand venues and general stores – are the object of big investments: the Armani theatre and offices, the Gucci shop, Prada's redevelopment of a former industrial area and Dolce & Gabbana's refurbished former cinemas.

Advertising

Fashion appears in daily city life in the at times rather intrusive forms of advertising. Giant billboards, posters and advertising totems redesign the city's face. This form of direct marketing constantly attracts attention – in stations, airports, streets and squares – to the equation Milan equals fashion. Milan is also the Italian advertising capital with an elaborate system of players. Creatives, photographers, image-makers, consumer-trend gurus and fashion media directors throng the places promoting or launching the advertising for products and brands.

Industrial outlets, megastores and small creative emporia

From the geographical point of view, the Milan area is a large district of buying opportunities. This not only applies to the luxury shops in Via della Spiga and Via Monte Napoleone, but also the industrial outlets, shopping malls and small hip emporia in the Ticinese, Navigli, and Brera areas (Bovone et al., 2005) and major projects like the controversial *Città della Moda* ("Fashion City").

5.6 The fast-changing fashion market

Ethic fashion

Ethic fashion, i.e. fashion based on the selection and certification of material used to make clothes and investments in sustainable production systems, has been growing for the last 15 years, as demonstrated by an *International Trade Center* study presented at the ethical fashion workshop during the Rome fashion shows. In the United Kingdom, for example, the ethical fashion market, grew by 30% from 2004 to 2005 and is worth 43 million pounds, 2.1% of the overall fashion market.

According to the Italian Ethical and Environmental Certification Institute, Italy is ranked last in Europe as a consumer and producer of organic clothes (leading producers include Think Pink, with its Nature Lab collection, and Lifegate jeans). The use of organic textiles, transparent labelling systems and a more sustainable production chain can increase purchasers on a potential market of around 12 million euros. In the wake of this trend, over the past few years luxury ethical fashion is also growing: cosmetic products but also haute couture clothes (see for example Gattinoni's wedding dresses) made with material from renewable resources.

Fashion and technology

Technology and fashion are now an inextricable combination. On one hand, technology has entered textile and clothing manufacturing and, on the other, fashion has began to "dress" technology.

Let us look at both trends.

The production of textiles with a high technological component mainly came into being in the world of sport, in which tracksuits, but also bathing costumes and clothes in general guaranteed maximum comfort and optimal performances. From the world of sport, high-tech clothes spread to leisure wear and other fields. Some examples are jackets and T-shirts designed to contain iPods and headphones, clothes which release an electric shock if the wearer is attacked, clothes that can be lengthened at will, jackets complete with Bluetooth devices, clothes whose decorative elements move thanks to solar energy, and T-shirts that can charge up mobile phones and MP3 players by exploiting body energy. Although mostly prototypes, some of these items have become mass phenomena or promise to do so in the near future.

But fashion not only incorporates technology. It also dresses technology. In fact a very wide range of electronic accessories (mobile phones, MP3 players, televisions) have been designed by the best-known stylists. Mobile phones and MP3 players in particular are very much designer label objects with the obvious effect of increasing visibility for the brand, but also making products which are increasingly, especially for younger consumers, experienced as elements of distinction and identification.

5.7 The fashion houses and generational change

The issue of generational changeover concerns all sectors in which creativity is an input for the production of cultural goods and services. Everywhere we have generations of successful creators who disappear and subsequent generations who are not up to the standard of their predecessors. Solving the problem of how to guarantee at least a constant level of creativity is an objective found in every chapter of this book.
We can imagine the fashion world as a field of force in which new generations try to open up the way by opposing the dominant players. Consequently, the pace of change in the field fashion world is set by the success of new generations of creators. One strategic issue, therefore, in fostering vitality and productivity in the sector is to maintain the same high standards from one generation to another. Maintaining the same standards will safeguard a major brand’s reputation, market share and leadership.

A creative milieu is a crucial factor in enabling creative talents to emerge and develop. A milieu capable of accommodating new talents, also foreigners, can then draw on these resources to obtain the necessary sap for renewal, as we will see below in the case of the French fashion and luxury industry, which was arguably the first to tackle the problem of the generational changeover in haute couture.

Another important factor is the ability to maintain a reputation and high quality as an initial capital for subsequent investments, which reinforce and consolidate brands through, for example, the market launch of accessories – perfumes, eyewear, handbags – and prêt-à-porter production.

A last vitally important element for sustaining creativity over time is the succession of stylists at the helm of the ownership structure of the company. The French fashion houses have already made steps in this direction. The ownership of the large fashion houses is characterised by decline in the control by founders and their family. The fragmentation of the ownership through quotation on the stock exchange has meant that succession is a more routine operation. There is no longer a very powerful identification between the founder-stylist and ownership. This avoids the shock effect at the retirement or death of the stylist and even makes the succession of various stylists at the head of a *maison* a time of strength, innovation and development. Succession is more problematic, however, when the company is family run and strictly identified with the founder – the commonest situation on the Italian scene.

5.8 The luxury industry

As it developed, the European fashion industry crossed paths with the luxury industry and has taken it over. Paradoxically we are talking about modern luxury available for everyone. This industry has such a high intellectual value added as to subvert the usual hierarchy of the production of value. Luxury and creativity go hand in hand and together are a natural outlet for the whole sector. One classic example: a *maison* like Chanel makes 90% of its turnover from perfume sales, while the rest comes from accessories and haute couture, which were the origin of the brand's international reputation.
Luxury goods are those products which are perceived as such on the grounds of an image of distinction, quality and their special nature compared to normal goods for which they are a vehicle. But there is no unanimous agreement about the boundaries of the luxury industry. Items of particularly sophisticated manufacture produced in a limited series can be considered as luxury goods (handmade suits are an example) as can mass-produced goods, such as the 3 million bags made per year by Louis Vuitton, which satisfy criteria of top-class prices, difficult access, predominance of intangible components and symbolic, aesthetic and cultural values. After a historical period in which consumption of luxury goods was dominated by the aristocratic classes (luxury goods were consumed by an elite and beyond ordinary people's reach) today what dominates is an industrial model with mass-produced luxury goods to be consumed, at least once in a lifetime, by everyone.

In this situation the luxury industry depends on the creativity of haute couture. The growth of the luxury market has led to the need for a constant input of creativity to avoid products becoming obsolete and to contrast the volatility of demand. In this sense haute couture can become a simple "exercise" in creativity, showcasing luxury prêt-à-porter, i.e. the cutting edge of fashion innovation that transfers creativity to the rest of the production chain. Alternatively, haute couture can merge with luxury prêt-à-porter to create a more profitable industry.

The entry of international financial groups (LVMH, PPR, Richmond, Versace, Armani) into the luxury segment has led, on one hand, to a better use of our heritage of fashion houses, brands, and reputations which was previously underestimated, and on the other, to investments in research and marketing in order to contrast the volatility of demand and share out the entrepreneurial risk. The international spread of single-brand shops is mainly based on the offering of luxury accessory goods.

In Italy, the Fiera del Lusso, a fair of luxury goods held in Vicenza, attracts 250 exhibitors and over 60,000 visitors. It can thus justifiably claim to be the Italian shop window for luxury goods.

5.9 Intellectual property and counterfeiting

Fashion and luxury goods are, by their very nature, exposed to the phenomenon of counterfeiting and commercial piracy. The market for fakes and counterfeits is growing. According to OECD figures, the world turnover in fakes in all sectors, from music to luxury goods is around 200 billion dollars a year, i.e. from around 7-9% of total world trade. According to SOS Impresa, in Italy counterfeits have a turnover of at least 7 billion euros, of which over 50% in the clothing and fashion sector.

Combating illegal markets is an essential strategy in sustaining the development of markets for design, luxury and fashion products. Counterfeits and fakes can generate losses, especially for producers, who are damaged so badly economically that they are discouraged from investing in research, creativity and innovation. This is especially true when what is copied is not only the design, but also the original brands. The consumer, on the other hand, is in some ways is less affected by counterfeiting. Indeed how can consumers complain when they are offered lower-quality goods, if they cost much less than the originals or claim they have been deceived? Moreover, this also seems to be the line of thought of the Italian Supreme Court.

5.10 Fashion, museums and exhibitions

Every new season fashion shows are a key moment for presenting and commercialising the work of creators and stylists. The accompanying work sessions, social events and the presence of journalists and celebrities constitute an intangible value for fashion in transforming potential into business. But stylists' creations are also celebrated in temporary exhibitions and museum collections.

Worldwide there are around 90 museums dedicated to fashion, textiles and accessories, also taking into account the many national museums of decorative arts which have one or more thematic sections. Most of the fashion museums are located in the countries which have historically produced textiles and fashion (Italy, France, but also the United Kingdom and the USA). These museums were originally founded at the behest of collectors or sovereigns (this is the case with the costume gallery in the Palazzo Pitti, Florence, the Ratti Foundation in Como, but also the Victoria and Albert Museum, London) and/or due to the presence of local highly specialised manufacturing industries related to the sector (as in the case of most Italian museums) or fashion design schools, as in many US institutions). Museums may also be the result of a decision made in recent years to relaunch and sustain the local fashion industry and stylists (as in the case, for example, with some Spanish, Belgian, Dutch museums and the Marseilles Museum). In Italy most museum collections are associated with specialised local productions: textiles (silk and cotton), accessories (i.e. eyewear, hats, footwear), luxury items (jewellery and perfumes) and craft objects (lace and carpets). There are very few generalist collections or collections dedicated to individual stylists, which are more frequent in France.

In Italy there are no traces, at least not in their names, of museums explicitly dedicated to fashion. The main feature of most Italian museums is that of being associated with the world of manufacturing: they document the heritage of knowledge, techniques and creations of a local area, or a specific industry or specific designer. Specialist or corporate museums are the largest category of Italian design museums, which highlights the importance the country's economy of the textiles sector, clothing manufacturing and accessories.

The most important collections from the historical point of view and in terms of cultural policies are:

- Museo del Tessuto Italiano, Prato.
- Fondazione Antonio Ratti - Museo Tessile, Como;
- Civiche Raccolte d'Arte Applicata, in the Castello Sforzesco, Milan;
- Galleria del Costume di Palazzo Pitti, Florence;
- Museo Ferragamo in the Palazzo Feroni, Via de' Tornabuoni, Florence.

None of the museums, however, except for the Galleria del Costume di Palazzo Pitti in Florence, which also has strong links with the annual Fashion Fair and events held in the city, is a fashion museum in the strictest sense of the term. There are no collections explicitly dedicated to fashion, creators and innovations, but rather collections documenting the historical evolution of dress. What we would expect of a fashion museum in fact is that it would change over time by often renewing its content, gasping trends and innovations, suggesting paths for creativity and acting as a

support facility for young people, artists, creators and designers.
The so-called “Fashion Cities” seem to experience difficulty in taking off for financial reasons and because of contrasts between local stylists.

5.11 Fashion and professional training

Institutes offering training courses for a career in the world of fashion are found in abundance in France, the United Kingdom, the United States, Japan and Italy. We have considered some of them in order to understand the kind of programmes they offer, how they are organised and their potential students.

Italy boasts a rather long list of schools dedicated to the world of fashion, located in the main production zones. They include the Domus Academy, IED, and Istituto Marangoni in Milan, and Polimoda in Florence.

International and Italian design schools have a number of common features:

- collaboration with the business world
- interest in the international scene
- the inclusion in the training courses of notionsz of marketing, communications and business management
- combination of consulting activities with teaching
- in some cases a focus on the practical realisation of stylistic creations in workshops.

5.12 Conclusions

The picture we have outlined gives a good idea of the complexity of the fashion world. Our analysis has touched on some of the deep problems in the sector. Proposals for policies to strengthen it and contribute to its growth are included in the final chapter on recommendations.

Here we would like to stress that the fashion sector is vital for the economy of Italian creativity and also, in the stricter sense of the word, linked to the life of the creatives who have made it a success. The challenge over the next few years will be to ensure generational continuity through smooth positive changeovers and to make the new generations aware that they are an important part of contemporary Italian culture. Only by increasing awareness among stakeholders in the sector, only by offering support and incentives for organising and training talent and skills in the whole chain will it be possible to reach these objectives. Similarly, the economic challenges of globalisation require new marketing and commercialisation strategies to ensure that products made in Italy continue to be competitive on the international scene.

Chapter 6

Michelangelo Pistoletto "Wollen– the stitched-up apple " 2007
Polystyrene, wool, steel, 360 x Ø 300 cm
Casa Zegna Collection
Photograph: M. Piazza

Chapter 6

The Taste Industry

6.1 Taste, food and cuisine : Italian excellence in gastronomy

One of the most interesting examples of the successful distribution of "taste goods" is Eataly. The first large Eataly shopping centre was opened in Turin in the former factory of Carpano, the 18th-cenury inventor of Vermouth. Around 300,000 people visited in the first few weeks. The successful commercial formula of *Eataly* involves direct sales of farm and food products but also restaurant facilities inside the shopping centre. Inspired by the Slow Food philosophy, the products have quality and provenance certification and are moderately priced, except on special gala evenings when internationally famous chefs perform for the lucky few. Eataly also plans to open centres in other Italian cities and in New York.
According to the Accademia Italiana della Cucina, Italian restaurants are the most commonly found restaurants worldwide, followed by Chinese restaurants. The country with most Italian restaurants is Australia. As for the cities, Melbourne has 1,000 *ristoranti*, while Sydney, Montreal, New York have around 500, Paris – 400, Frankfurt – 200, London – 150 and, lastly, Miami and San Francisco – over 100. Although Italian cuisine has not yet made the UNESCO World Heritage list, it undoubtedly has an immense cultural value.
After years of experience in judging top world wines, the longest-standing classic wine review, the *Wine Spectator*, titled issue number 30 of November 2003: **"Perfection in Piedmont.** The 2000 Barolos and Barbarescos earn our first 100 points Vintage Rating." No Italian or French wine had ever previously received full marks in the magazine's rating. On a very fierce competitive scene, the Italian wine industry has made giant steps, to become a leader in terms of quality and aura.
This straightforward information highlights the economic importance of the sector but also its value in terms of identity and as a flagship for other Italian products in the world. The wine sector features among top national priority sectors to be protected, promoted and developed, partly because of its overall impact on the diffusion of Italian culture in the world.

The taste industry or rather taste system is only a recently acknowledged cultural field, which combines identity, tradition, local territory, history and landscape, but also creativity, research and technological innovation. The sector is growing and, even more than others, is characterised by its strong integration with local communities and cultures.
There are very few sectors in which the "Italia" brand continues to be a universally recognised leader, apart from some cuisine and wine productions and to some extent farm and food productions. In the international collective imagination, Italian food and Italian wine are often depicted as a kind of gift of nature, rather than the result of a long production process with very precise geographical roots, but also a great capacity to combine these roots with innovation in a system dominated by the creative component.

What we wish to a highlight in this chapter is the significant component of creativity pervading the Italian taste system, from the production of food to its preparation and consumption.

The evolution of Italian food and wine: tradition and innovation

In 2007 the Accademia Italiana della Cucina collected a "century of Italian menus". The reason why menus began to appear in official lunches and dinners, according to the Accademia, was a change in 1810 from French-style service (all the dishes were brought to the table at the same time), to Russian-style service (the various dishes were served in sequence). The lists of dishes, either separate or in menus, are fascinating documents illustrating the evolution of gastronomic culture. On reading the Italian menus from the late 19th century to the 1920s we detect a strong French influence in "high" and "official" Italian cuisine, evidenced not only by the names but also the abundant use of tartar sauce and frequent mention of dishes *alla Périgord*, after the Aquitaine area famed for its black truffles. *Aliguste* (lobster) and wild game were the favourites dishes at official dinners but were later replaced by the more straightforward roast beef. Dishes gradually became lighter as boiled fish and steamed vegetables replaced fatty gravies and greasy sauces. In the 1930s, the *minuta* (menu) was enhanced by dishes more closely associated with the Italian regional tradition, such as *cappelletti* or *tortellini* (stuffed pasta) in consomme soup and even *saltimbocca alla romana* (sauted rolled sliced veal). Among desserts, ice-cream triumphed, while *millefoglie* (mille-feuille) and *spuma* (mousse, preferably mocha) also began to put in an appearance.
Italian eating habits changed radically from the post-Second World War period on. In addition to the undeniable trend to globalisation and the arrival of exogenous elements, there has been a great return to roots and tradition in the name of high quality. A comparison between various European countries ranks Italy last in a classification of willingness to change eating habits (only 22% of interviewees were willing to change compared, for example, to 31% in Sweden).[xiv] Some changes are undoubtedly taking place,

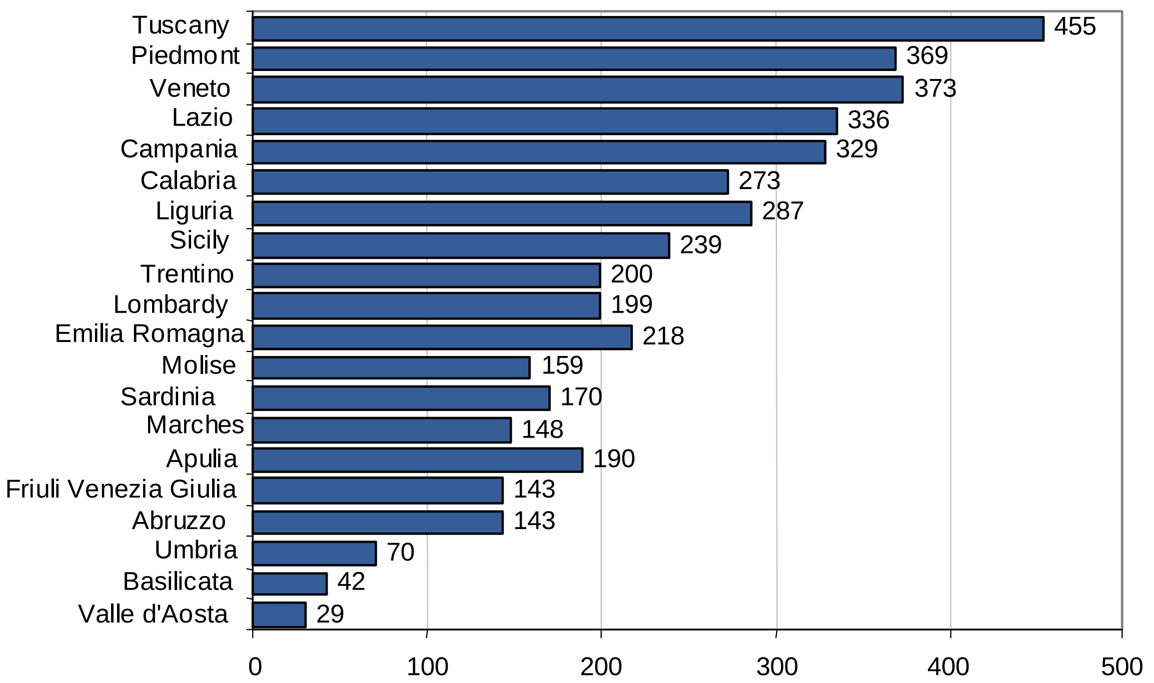
as for example, the reduction in pasta consumption, documented by ISTAT.
Italians' growing concern with personal and health care has stimulated innovation and boosted demand for higher quality. In the last three years, over 4,000 products have been reformulated to reduce cholesterol, saturated fat or salt content. According to a Censis survey, 66% of overall food industry sales consists of classic traditional Italian food,10% of typical and organic products and 24% of innovative products, especially ready to eat foods. In 2005, Unilever had a turnover of 760 million euros or 39% of the Italian frozen food market. After fish (34%) and vegetables (32%), 20% of its sales were for ready to eat dishes, i.e. the sector which has more obviously assimilated local or regional gastronomic influences. A significant figure as regards innovative trends in food concerns functional foods, a term coined in Japan for those foods which, independently of their nutritional value and pleasure, have beneficial properties. In Italy there are various examples in this direction. According to a Censis study, among the criteria used by Italians for choosing food products and wine, quality is the predominant factor for 39% of the interviewees, accessible price for 32%, and the impression of freshness for 10%.
Moreover, an emerging innovative phenomenon is food design, i.e. the discipline concerning the aesthetic and functional design of food, which is also taught at some Italian universities. Food and beverage are conceived as works of art involving culinary performances which can even take place in some rather unusual places, such as contemporary art exhibitions. A creamy espresso to be eaten with a teaspoon, called Espesso, created by Ferran Adrià for Lavazza, was decreed by *Time* as one the best inventions of 2006.
The so-called Slow Food experience deserves a separate chapter because of its influence on the development of the Italian gastronomic heritage and its creative approach to innovation. The Slow Food philosophy spread internationally as a new etiquette and education about food in the name of quality, loyalty to tradition and authenticity.
Originally called Arcigola, Slow Food was founded by Carlo Petrini at Bra (Piedmont) in 1986. Today the association has 35,000 members and 410 local sections called *condotte* in Italy. In 1989 Slow Food became an international association with its own national offices in Germany, Switzerland, the United States, France, Japan, and the United Kingdom. In 122 countries worldwide, Slow Food has 40,000 members and 800 *convivia* (chapters). Each branch, co-ordinated by a *convivium* leader, organises courses, food and wine tastings, dinners and trips as well as promoting local campaigns launched by the association aimed at implementing projects such as school vegetable gardens or participating in larger events organised by Slow Food at international level. The association's mission is to educate people to better taste, safeguard biodiversity and traditional food production, promote a new food model based on respect for the environment, traditions and cultural identity with the

aim of creating a virtuous network of international relations and shared knowledge. So far projects financed to safeguard biodiversity include the "Ark of Taste", the "presidia" and the Slow Food Award for the protection of biodiversity. The Ark of Taste researches, catalogues, describes and informs about almost forgotten tastes in danger of extinction worldwide, but which have real production and commercial potential. The presidia – around 200 in Italy and 90 in the rest of world – support excellent small farm productions in danger of disappearing. By directly involving producers, they offer assistance to improve the quality of products and return to traditional techniques. In 2003, in collaboration with the regions of Emilia-Romagna and Piedmont, Slow Food set up the first University of Gastronomic Sciences, based at Bra and Colorno.

6.2 The geography of taste

To understand the economic and social importance of the taste sector in Italy, we can begin by considering the fact that the farm and food sector is characterised by a remarkable diversity of biological varieties and typical recipes. In fact almost 4,400 traditional farm and food products[xv] were surveyed by the Ministry for Agricultural Food and Forest Policies (MiPAAF) according to the geographical distribution shown in Figure 6.1.

Figure 6.1. – Regional distribution of traditional farm and food products (2007)



Source: our elaboration of MiPAAF data, 2007.

For the purposes of mapping out quality taste products from this vast diversity of traditional products, the criterion used was that of protection and the existence of protected collective rights[xvi].

This is a subgroup, then, of a large system of invention, production and distribution as well as transmission and accumulation of knowledge. In this system excellence has driven production and continually guided consumption towards higher quality, also generating an integration almost unrivalled in other sectors of the Italian economy characterised by creativity.

From this point of view the taste industry is characterised by:

- EU-certification with products falling into three categories: Protected Designation of Origin (PDO), abbreviated as DOP in Italian (e.g. *caciocavallo silano*); Protected Geographical Indication (PGI), abbreviated as IGP in Italian (e.g. mortadella Bologna); and Guaranteed Traditional Speciality (GTS), abbreviated as STG in Italian (there is only one case – mozzarella)

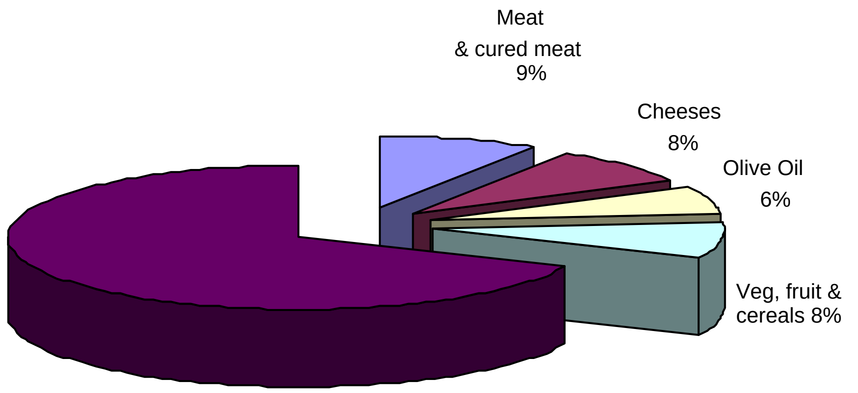
- Italian certification; in the wine sector there are three categories of certification: DOCG (Guaranteed Controlled Designation of Origin), DOC (Controlled Designation of Origin) and IGT (Typical Geographical Indication).

MiPAAF nationwide data for 2008 lists 694 products protected by the various categories – DOC, DOCG, IGT, DOP and IGP.

Italian wine certification breaks down as follows: 36 wines with DOCG, 324 with DOC, and 124 with IGT. There are 40 DOP and IGP oils, 56 DOP cheeses, and 59 fresh or cured meats. In protected areas alone, 475 typical products are made.

Figure 6.2 shows the percentage distribution of certified protected products by type.

Figure 6.2 – Protected products



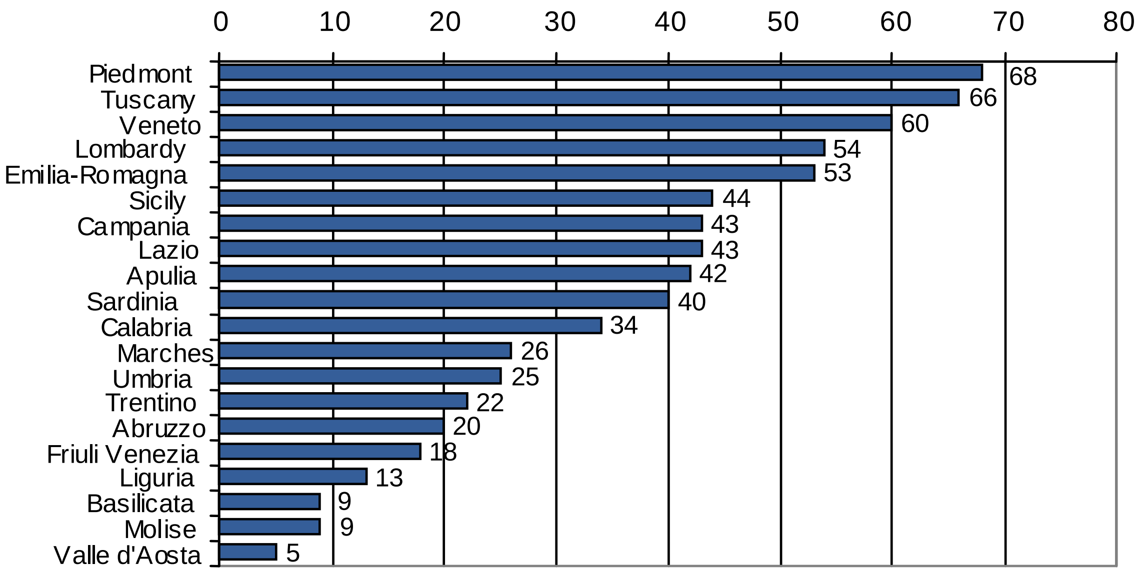
Source: our elaboration of MiPAAF data (2008)

The taste industry has visible effects on the geography of Italy, which now boasts 560 "Wine Towns", 300 "Oil Towns", 70 "Flavour Communal Areas", 127 "Prettiest Villages of Italy", 137 routes of wine, oil or flavours, 933 specialised wine outlets. Further, the food culture system has 787 typical dishes, 99 schools, 80 professions and trades with their own training courses, 123 museums, 40 magazines and an essential bibliography of over 500 books.

A more detailed look at the distribution of the system from the geographic point of view reveals some significant differences between regions and between macro-regions. Considering the number of products, there is sharp disproportion in favour of Northern regions.

Figure 6.3 shows the number of certified products (all categories) according to the different regions. The region with most certified products is Piedmont, with 68 labels, followed by Tuscany with 66. The regions with the fewest certified products are the Valle d'Aosta (5), Basilicata and Molise (9). These figures are clearly influenced by two factors: the size of the region and the incidence of wine. In relation to size, the region with most certified products per square kilometre is the Veneto (1 every 307 km2), followed by Campania (1 every 316 km2).

Figure 6.3 - Regional distribution of protected products (including wines)



Source: MIPAAF 2008

If wines are subtracted from the figure for the regional distribution of protected products, the regions are ranked differently: Emilia-Romagna (22) and the Veneto (22), followed by Lombardy (21), have the largest number of protected products, while in the last positions are Molise, Valle d'Aosta and Liguria, with 4, 4 and 2 products, respectively.

If we consider the figure for each region in terms of DOP-IGP as a ratio of each region's share of national agricultural sales, the leading regions are Valle d'Aosta, Molise and Tuscany, respectively.[xvii] Thus according to these results, the small regions, like Valle d'Aosta, l'Umbria, and Molise, benefit most from having protected products.

Separate mention must be made of the protected areas.[xviii] They account for 9% of the national territory and are ideal places for small high-quality productions with a strong local identity.

475 out of the over 4,000 typical regional products are produced in the parks and therefore account for 11% of the national total. Moreover, as many as 332 products come from protected areas and account for around 21.3% of the national total;[xix] 71 of these products have EU protected status.

A comparison of certified products and traditional food products in Italian regions reveals that although Calabria, Campania and Sicily have a low percentage of certified products, they have very high shares of traditional products.

6.3 The taste production chain

The taste production chain in Italy may be defined as the set of organisations (or businesses) and their flows of materials which contribute to the creation, distribution, commercialisation and supply of farm and food products and wine. The industry is still relatively little studied, partly because the data on the subject is wholly inadequate and excessively aggregated. We will thus try to highlight the role of excellent solutions in terms of creativity and innovation in the overall dynamics of the sector.

The industry of DOP, IGP and STG products has around 6,000 jobs[xx] in the stages of production and processing (this figure does not include creatives or jobs in distribution and communications). The figure accounts for 9% of jobs in the whole farm and food industry in the sectors considered.

The average farm-food business is fairly small, employs less than 10 people, and is usually family-run.

Products

The products we are referring to have important quality features, acknowledged through the certification of their protected status. From the economic point of view, they are becoming increasingly important. Today the sales volume of DOP and IGP products is in excess of 4% of the overall figure for the food industry.

In 2004, 741 tonnes of certified products were produced, a rise of 26.1% on the previous year.[xxi]

The main share of the sector is cheeses, which account for 56% of certified production, followed by meat-based products (24%) and fruit and vegetables (18%). On looking at the annual production for all categories of products (Table 6.1), we note that the fruit and vegetable boom is due to the certification of more products. In fact, the increase in sales coincided with a rise in the number of protected products.

Table 6.1 - Quantities of DOP and IGP certified products per food category (tonnes)			
Category	**2004**	**2003**	**% Variation 04/03**
Cheese	415,709	395,302	5
Fats and oils	5,005	4,299	17
Fruit & Veg	134,427	12,146	1,007
Meat-based products	180,848	172,161	5
Fresh meat	5,417	4,264	27
Total	**741,405**	**588,171**	**26**

Source: Ismea elaboration of Control Bodies and ISTAT data (2006)

As far as quality wine products are concerned, 483 wines are DOC, DOCG or IGT certified. The 324 DOC wines account for 67% of the total, followed by 123 IGT wines (25%) and 36 DOCG wines (8%). The geographical distribution shows a prevalence of quality wines in the North (28%), followed by the Centre (19%), the South (14%) and lastly the Islands (9%). The North has 40% of DOC wines, 53% of DOCG and 36% of IGT. In terms of regional distribution, the leading region is Piedmont, with 54 protected wines, followed by Tuscany, with 49 and the Veneto with 38. Sardinia has 35 certified wines: 19 DOC, 15 IGT and 1 DOCG.

According to ISTAT figures for 2004, quality wine production totalled around 15 million hectolitres, the equivalent of 57% of total Italian wine output, thus confirming the trend of the last decade. From a comparison with the figures for 1995, we see that quality wine production has risen on average by 4.4% annually. DOC wines account for 31% of the total, with an output of around 16.5 million hectolitres. Despite having considerably fewer individual labels, IGT wines account for 26% of quality wine production. Domestic consumption of certified wines, around 53% of total wine consumed, is growing at the annual rate of 3%. This is a particularly significant figure considering that overall domestic wine consumption (including "Table Wine") fell by 22% from 1995 to 2005. People thus drink less but better.

Businesses and jobs

From 2004 to 2005, the number of businesses involved in processing DOP and IGP certified products overall recorded only a very slight rise (0.5%) with heavy losses in the oil category – probably due to greater vulnerability of crops to bad weather conditions – and a massive rise in cereals and fruit and vegetable production (Table 6.2)

Table 6.2 – Variations (2004-2005) in the number of businesses and jobs in processing certified products			
	Number of businesses		
	2004	2005	% Variation
Meat and meat-based products	7,044	7,739	9.9
Cheese	18,025	17,546	-2.7
Fruit & veg and cereals	7,912	11,561	46.1
Extra-virgin olive oil	20,941	17,354	-17.1
TOTAL	53,922	54,200	0.5
	Land (hectares)		
Meat and meat-based products	-	-	-
Cheese	-	-	-
Fruit & veg and cereals	23,590	25,100	6.4
Extra-virgin olive oil	86,873	78,072	-10.1
TOTAL	110,462	103,173	-6.6
	Number of rearing		
Meat and meat-based products	8,049	8,550	6.2
Cheese	20,487	20,690	1.0
Fruit & veg and cereals	-	-	-
Extra-virgin olive oil	-	-	-
TOTAL	28,536	29,240	2.5
	Jobs in processing		
Meat and meat-based products	1,228	1,373	11.8
Cheese	1,883	1,920	2.0
Fruit & veg and cereals	584	620	6.2
Extra-virgin olive oil	1,850	1,575	-14.9
TOTAL	5,545	5,488	-1.0

Source: our elaboration of ISTAT data (2004)

The production of goods and services

The rediscovery of typical regional products has also encouraged the rise of a new kind of tourist, or a "gastronaut",[xxii] who travels in search of good food and fine wines.
Wine and food tourism is quantitatively a niche market

compared to traditional, now declining segments, such as seaside tourism, but has great growth potential. The appearance of this kind of tourism in the mid-1990s[xxiii] was basically due to the initiative of a number of pioneers, mainly associated with the large regional systems, such as the Slow Food *condotte* and *presidia* or the Città del Vino circuit. Subsequently, thanks to a greater involvement of the mass media and the exponential growth in food consumed outside the home, demand took off and the first attempts were made to regulate the sector. In the early years of the 2000s, through a process of imitation of best practices, well-developed districts and new businesses emerged on the Italian scene.

Food and wine tourism has been strongly supported by the media. There are currently 51 radio and television programmes on the subject. Food and wine tourism in Italy accounted for 2.5% of private spending on travel and tourism, with a sales volume of in excess of 2 billion euros. The average daily spending of wine tourists, which in 2005 was around 25 euros and in 2006 around 28 euros, shows an mean increase of three euros with peaks of seven euros spent on local wines (Censis data). The kind of accommodation which best meets the requirements of wine and food tourists is the "agritourism" (farm accommodation). Initially created to supplement farm incomes, this kind of activity offering food and accommodation has also become a way of caring for the countryside and reinforcing local rural identity. According to ISTAT, in 2006 there were 16,765 agritourism businesses operating in Italy (13,854 offered accommodation, 7,898 food and wine, while 2,664 had other activities). The number of agritourisms increased by 9.4% on the previous year and were distributed as follows: 45.7% in the North, 35.1% in the Centre and 19.2% in the South. Businesses with a restaurant licence grew uniformly throughout Italy (+9.7%) and account for 47.1% of all restaurants.

This trend is confirmed, on one hand, by the growing demand for food and wine tourism and, on the other, by a greater request for high-quality genuine products, such as those which can be found directly on farms.

The increased number of agritourisms has raised the question of establishing criteria for their service to provide guarantees to both consumers and businesses. The situation is complicated, however, by the fact that competence in this field lies with the Regions. In 2000, the Tuscany Region was the first to indicate the facilities and services on which to build the classification. On the basis of these features, the Region elaborated a system assigning a number of symbols ("corn ears"), from one to five, according to the quality of the accommodation. The same kind of system with similar criteria was also adopted by the Umbria Region. A few years later, in 2004, Tuscany revised the number of corn ears in the system and reduce them to three. Abruzzo also adopted the new three-corn ear system. A lack of uniformity in these systems might bewilder tourists when choosing facilities and there is clearly a need for guidelines to be shared at national level in order to produce a uniform classification.

A similar problem arises concerning the communication of the quality of food and services in the restaurant sector. Restaurants are an indispensable driver for the diffusion of excellent products as the ingredients in recipes and special dishes. We would stress that in the restaurant sector interesting mechanisms of cascade diffusion have meant that typical products from luxury restaurants are being adopted in more popular economical restaurants, thus bringing widespread success for products, such as *farro* (emmer and spelt), the *pomodoro di Pachino* (the Pachino tomato) and *lardo di Colonnata* (Colonnata lard), to cite three of the best-known examples.

The Pachino tomato and farro: two success stories

In the 1970s some vegetable distributors in the Pachino area of Sicily came up with the idea of highlighting the name Pachino on boxes containing local cherry tomatoes. Consumers thus began to associate the characteristics of that particular tomato with the name. The consortium protecting the Pachino tomato, now made up of 500 businesses, have identified some of the features which have made this product successful:

- taste
- consistency of the pulp
- shiny skin
- long shelf-life
- high content of vitamins (Vit. C) and antioxidants (lycopene).

Long shelf-life is one of the strengths of the tomato which is sold in sealed packages, in line with the product rules and regulations. This is obviously a great advantage when exporting the product.
The rise to international fame led to an inevitable proliferation of similar products, making it necessary to protect the Pachino tomato, initially through IGP certification. Today 500 tonnes of IGP cherry tomatoes are produced, while a further 700 tonnes have no certification. Considerable competition comes from Holland where protected crops yield 5000 g/ha compared to the 1000 g/ha in the original Pachino zone. The response to these "attacks" has been to raise the quality standards certified by the EU and to elaborate strategies aimed at promoting the product with the end customer. One company has even created a tracking system with information sent to mobile phones. To reassure customers who want information about the provenance of their purchases, the company site enables them to follow the various stages in the production chain by simply keying in a lot number. Pachino tomatoes are used in a vast array of recipes: over 19,000 can be consulted online in Italian and English.
The second example of a successful IGP food is the hulled wheat species collectively called *farro* in Italy (Einkorn –*Triticum monococcum;* Emmer– *T. dicoccum;* and Spelt – *T.*

Spelta). *Farro* is considered to be a traditional species and therefore endowed with a significant ecological value, especially for organic farms (there are over 2000 ha of emmer, *T. dicoccum*, and almost 500 ha of spelt, *T. Spelta*). Emmer, for example, was known to be used in ancient times, when it was part of the staple diet of Assyrians and Egyptians. Moreover, in ancient Rome, emmer was one of the few forms of sustenance for slaves and soldiers, who used to eat *puls* (a kind of porridge made of stone-ground emmer cooked with water). These kinds of wheats were used as the main ingredient for various other recipes consumed by higher-ranking classes. The best-known was certainly *confarratio* – a forerunner of the modern *pastiera* (wheat and ricotta cake) – prepared for marriage ceremonies. Since being recognised as a basic ingredient in traditional cuisine, these ancient wheat species were gradually replaced by common and durum wheat and eventually only used as forage. Today the rediscovery of *farro* has almost made it a luxury product, used in recipes in some of the most highly rated restaurants in Central Italy. The recovery of the image of *farro* began in the early 1990s when some farms began to invest to increase their crops of the cereal. They were then supported by the acknowledgement of IGP status for Garfagnana *farro* in 1996. At the same time there was a revival of old recipes using *farro* in the local gastronomic tradition.

The image of *farro* is also associated with simple genuine country life, partly because it is attributed with having beneficial properties which keep cholesterol levels down in the blood. This niche product was then adopted by the big supermarket chains, which launched it on the market in several different kinds of ready-made dishes. The increased production and massive investment in communications has transformed *farro* from a staple ingredient for so-called humble dishes into a luxury delicacy.

In Italy there are around 81,000 restaurants employing approximately 344,000 people (ASIA).[xxiv] The highest percentage (14.4%) is in Lombardy; Lazio, the Veneto, Tuscany, Campania, Piedmont and Emilia-Romagna have around 8% each, while the other regions have minor shares – Apulia, Sicily and Liguria (6-4%); the smallest have from just over 3% down to 0.6%.

The ISTAT figures only concern the number of restaurant businesses in Italy without giving any information about quality. Unlike hotels, but like agritourisms, restaurants have no national regulations dictating the criteria for quality indications. Some specialist guides, however, do indicate the quality of restaurants by using various symbols.

The 2008 Michelin Guide to Italy mentions 2,580 restaurants, 3.2% of the national total. The region with largest number of restaurants mentioned is Lombardy, with 435 restaurants (17%). By comparing the number of restaurants in the guide to the ISTAT regional totals, we find that the best represented regions are Trentino with 14.1% of its overall restaurants mentioned by the Michelin

Guide, the Veneto (13.6%) and Sardinia (8.3%). The guide rates restaurants by assigning from one to a maximum of five "knives and forks". In Italy 862 restaurants were given one "knife and fork", 1,379 two, 309 three, 28 four, while only two restaurants were assigned the greatly sought after five knives and forks – one in Lazio and the other in Tuscany. By considering only the high to top quality restaurants (i.e. those with a rating of 3-5 "knives and forks"), the region offering what is deemed to be the best quality is Piedmont, which has 19% of high to top quality restaurants. It is followed by Valle d'Aosta (18%), Lombardy (16%) and the Veneto (15%).

Italian cuisine in the world

A Doxa survey conducted from 2004 to 2006 shows that out of 2,400 foreigners interviewed 10.4% associated Italy with food and wine. Data for 2007 on the perception of Italian cuisine in the world gathered by the Accademia Italiana della Cucina through its 73 delegations in 40 countries, put Italian cuisine as first among those most represented in the restaurants in the country considered, with a percentage of 68%, as opposed to 40% for Chinese restaurants. Over half of the interviewees described Italian cuisine as being excellent because of the delicious flavours. The country with most Italian restaurants is Australia. The restaurants mainly employ Italian chefs who prepare traditional cuisine in 78% of cases. In 32% of the restaurants attempts at fusion were found, while innovative cuisine only features in 10% of cases. Thus Italian cuisine abroad mainly remains traditional. Respecting the original recipe and the use of high-quality ingredients are the critical points encountered most frequently. Pizza, tiramisu, lasagne, ravioli, and *saltimbocca alla romana* are the most frequently prepared dishes but at the same time are those which resemble less closely the original recipes and tend to be modified to meet local taste. The New York delegation summed up the situation by dividing the gastronomic offering into three categories of restaurants: 1) restaurants run by Italians who used Italian products and offer high-quality Italian cuisine closely in line with the tradition; 2) restaurants run by Italo-Americans, who prepare rather outmoded, often modified traditional dishes; 3) restaurants which sound Italian as regards the menu, but are not even run by Italians. The widespread presence of Italian cuisine in the world is also due to the greater ease of finding some products, used both in restaurants and at home. The same study revealed that in many houses in the world people cook Italian style and this is confirmed by the proliferation of Italian or even Italian regional cookbooks. There are a vast number of Internet sites dedicated to typical Italian regional cooking. Some contain a great deal of accurate information and enable readers to acquire a better understanding of traditional products and the areas they come from.

The Italian guidebook, *Gambero Rosso,* also selects the best restaurants, the equivalent of 2.2% of the national total. The guide has a three-symbol (forks) system for indicating quality. In absolute terms Lombardy is ranked first with 213 restaurants mentioned, followed by Lazio with 180 and Tuscany with 174. The calculation of the percentage of restaurants with Gambero Rosso forks out of the total restaurants in the ISTAT survey gives similar results to the percentage with Michelin "knives and forks": Trentino comes first (10.5%), followed by Sardinia (9.4%) and the Veneto (6.9%). The regions with the largest number of restaurants with forks are: Trentino (97% of restaurants mentioned in the guide have forks), Friuli Venezia Giulia (94%) and Liguria (89%). At the bottom of the classification, just under half the restaurants (approx. 48%) in Lazio, Calabria and Basilicata included in the guide are given a quality rating.

In the category of large international hotels, 50% offer Italian cuisine (Accademia Italiana della Cucina, 2007). In Italy itself the quality situation is much different. Very few luxury hotels can boast a high-quality restaurant recognised by the specialist guides. In Italy the only five-star hotel awarded the Michelin five "knives and forks" is La Pergola in the Hotel Rome Cavalieri Hilton in Rome. Eight luxury hotels have been given four Michelin "knives and forks": one in Alta Badia, one in Milan, three in Rome, two in Capri and one at Ravello.

Lastly, it is worth mentioning that the taste system can rely on an extensive network of associations (360 of various sizes on a national or local scale with diverse aims and interests, ranging from supporting producers to organising "academies" or cookery schools).

Distribution, communications and promotion

Distribution - Given the size of farm and food businesses (the average jobs per enterprise is 6.5),[xxv] most typical regional products are sold directly at the place of production.

The distribution system is basically organised in three channels:

- Direct sales
- Local shops, local eating facilities, agritourisms
- Speciality shops (outside the production area).

Almost all typical products are sent to regions outside the local and regional market.[xxvi] This means that the medium-size distribution channels are the most used. At times distribution appears to be somewhat inadequate since in many cases, contrary to expectations, quality products can not be found in local shops.

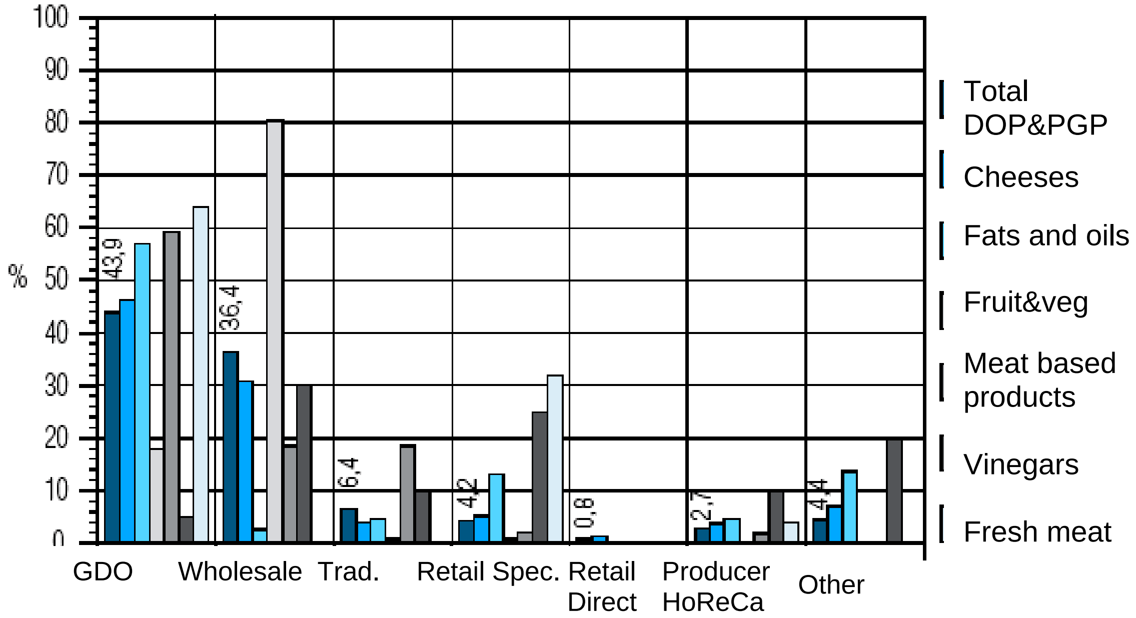
There are 56 publicly-run large wine cellars in Italy, mainly concentrated in the central and northern regions, the largest number being in Piedmont, while there are very few in the Marches, Umbria and Lazio.

In recent years, the development of the Internet has offered small producers more opportunities for selling their products (e-commerce). A large number of sites offer sales of typical products online. An initial survey came up with 379 sites (April 2008). The potential of the Internet is enormous, especially considering that with a very small investment producers can reach a truly huge market.

One example in this direction is Esperya (www.esperya.com), among the longest-standing best-stocked Italian portals on the Internet. The project to open an online shop was set up in 1998. Today Esperya has 4,000 visitors a day and 25,000 regular customers, who can choose from a catalogue of around 800 items. The products are selected according to the quality of the raw materials, the use of special packaging techniques, geographical location and suitability of the scale of production.

But looking at longer distribution channels, we find some interesting examples in the field of the large supermarket chains which are adopting typical products and distributing them on a national scale. This is the case with the brand Terre d'Italia (part of the Iper group), which has placed as many as 208 regional products on supermarket shelves, including many with DOP and IGP status. Figure 6.4 shows the distribution channels for products with European certification.

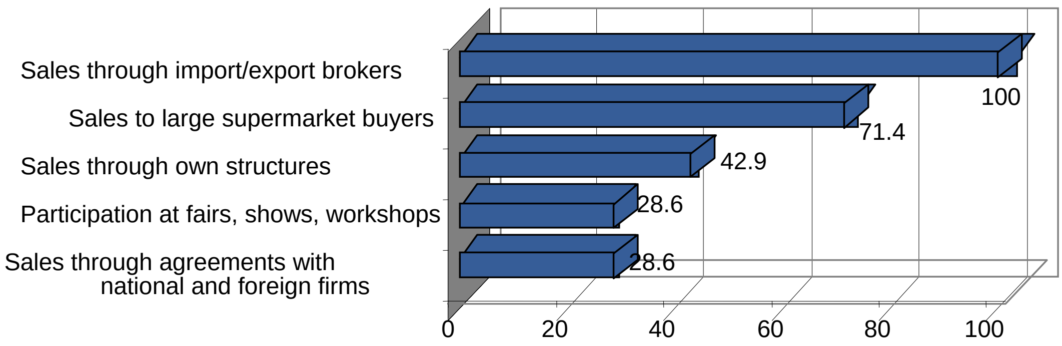
Figure 6.4 – Channels of DPO and IGP sales on the Italian Market (% volumes in 2004)



Source: Ismea elaboration of Control Bodies and ISTAT data

The wine sector, which more than others looks to foreign markets,[xxvii] has different distribution channels compared to the rest of the food and wine industry. Resorting to import-export companies is almost obligatory and the channels of the large supermarket chains are also greatly used. Many producers sell direct, even trading abroad. Online sales are not considered suitable for large-scale trading (Figure 6.5).

Figure 6.5 – Foreign sales channels for leading wine producers



Source: Unioncamere - Rapporto Vitivinicolo 2007

In wine distribution an other important supporting role is played by the so-called "wine routes" system (sign-posted and publicised routes, characterised by natural and cultural attractions, vineyards, visitable wine cellars, etc.).

Communications - Among the most effective communications tools used to support small entrepreneurs are collective brands. With the aim of guaranteeing high quality standards, they bring together companies producing the same products according to the same rules and regulations. Effective communication of the brands can bring benefits not only to a member company but also to the local area in which it operates.

An ANCI study, entitled *Il valore delle tipicità locali*, ("The value of typical local products") conducted in August 2006, focuses on the communicational effectiveness of typical product brands. The most interesting results concern the effects of good communications. For example, there was a rise in the real estate values of 30% due to typical products. The study also registered a 5% increase in employment. Positive effects were also felt in the trading sector with a rise in commerce of 19%. Overall the interviewees reported an increase in development of 13%.

An important role in the diffusion and promotion of food and wine products is certainly played by the trade fairs dedicated to the taste industry in all its forms. For example, the Salone del Gusto in Turin, organised every two years by Slow Food, meets with

considerable success: there were as many as 180.000 visitors in 2008. The idea of creating a fair for quality products is a model that has also been exported to France. In close collaboration with Slow Food, the Salon du Gout is now held in Marseilles every two years.
Another event bringing together producers and consumers is Vinitaly, organised by Veronafiere in Verona. First held in 1967, today this wine fair attracts 4200 exhibitors in an area of 80.000 square metres.
These events have the twofold purpose of publicising quality products and selling them directly to the public. The massive participation at the event by business operators signals the need for greater visibility felt by small producers and at the same time a desire to meet and exchange ideas and good practices in order to make the production chain more efficient. Another interesting project is *Italia del Gusto*, run by a network of journalists, who through area delegations express local needs and search for ways of satisfying them. The association organises meetings and ideas for itineraries featuring quality products with a greater focus on the lesser known specialities.

Business operators and training

In Italy there are 441 officially registered wine and culinary "schools". This category includes traditional-type Hotel-management institutions, courses open to the general public, and university and masters course.

Table 6.3 shows the regional distribution of courses, also specifying the number of university and masters courses.

Table 6.3

	Total courses	Degree courses	Masters
Lombardy	61	3	1
Tuscany	60	2	4
Lazio	46	2	1
Veneto	43	2	3
Emilia-Romagna	42	3	1
Piedmont	42	3	0
Campania	26	0	0
Trentino	22	0	0
Friuli Venezia Giulia	16	1	0
Sicily	16	1	0
Apulia	14	1	0
Umbria	12	1	0
Marches	11	1	0
Calabria	7	0	0
Liguria	7	0	0
Sardegna	7	1	0
Basilicata	5	0	0
Abruzzo	4	0	0
Molise	0	0	0
Valle d'Aosta	0	0	0
Total	441	21	10

Source: BAICR, 2008

Production, dissemination and transmission of knowledge

Thanks to the admirable work of gathering and organising knowledge conducted by the BAICR Sistema Cultura consortium and its site dedicated to Italian gastronomic culture, we can access online databases containing information on the history of food and wine (104 historical archives and archive sections; 232 museums on the wine and food heritage; 72 libraries or specialised library sections).

As regards publications, according to data available in March 2008, there are 259 specialised magazines in Italy: they range from publications popularising winemaking culture to the diffusion of recipes, the promotion of individual

products and surveys of specialised production techniques.
Food and wine culture has featured on radio and television for some time now. At present there are 51 programmes on food and wine and their local production areas. As a piece of interesting fun, the BAICR database also includes a hundred titles of Italian films "in which food and gastronomic culture appears in stills and dialogues".
Although there is no official data on the subject, we can report around 40 national and international events aimed at promoting wine, but also other quality food products, such as oil, bread and fresh pasta.
There are just over 1,000 sites promoting knowledge about the Italian taste industry with various thematic approaches, ranging from a focus on individual products (e.g. *malloreddus* and *fregola sarda*, www.puntodifuga.it/cts/mallo_def.html) to much more general sites, such as Italian Cuisine (www.italcuisine.it).
There are also many sites promoting knowledge about Italian cuisine in other countries, which often includes recipes for regional cooking. This kind of information actually encourages the updating of recipes considered to be traditional, such as *spaghetti alla bolognese* and, most importantly, can ensure a more rigorous interpretation of individual dishes.

6.4 Counterfeit food: adulteration and violations of certification regulations

On foreign markets, more than one "Italian" food product out of four is a fake. This claim is made by the Italian farmer's union Coldiretti, which also points out that "international food piracy involves making improper use of words, colours, localities, images, denominations and recipes alluding to Italy in the commerce of counterfeited products, which have nothing to do with Italy." In 2006 Italian food exports were worth 16.7 billion euros, which is only a third of the world market for counterfeit Italian food products, worth over 50 billion euros. In February 2008, the European commission ruled that "parmesan" sold in Germany violated the Protected Designation of Origin of the Italian *parmigiano reggiano* and therefore could not be sold under that name. At present, there are many ongoing investigations aimed at uncovering counterfeiting and violations of the regulations concerning the most famous Italian food products.
The fact of displaying a DOP label – certifying compliance with European regulations based on rigorous controls – strengthens consumers' trust in products. The wine industry is the sector with the largest number of protected products. Historically, a watershed for Italian wine production came in March 1986, when some consumers in Lombardy, Piedmont and Liguria were poisoned by wine

adulterated with methanol, an alcohol used to raise the gradation of very low quality wine. The industry as a whole responded by reinventing its own production system, cutting back on quantity and focusing on quality. Many vineyards and businesses underwent a thorough overhaul to meet the criteria of the European regulations for the DOC and DOCG certification. From 1990 to 2000, in Piedmont alone producers of DOC and DOCG wines rose by 12.6%. An analysis of the timeline of the attribution of certification reveals that in Piedmont a large number of areas were awarded protected status from 1990 to 1998. The same data highlights which regions have only recently began to produce quality wine. Whereas most regions obtained initial certification in the late 1960s and early 1970s, the first certificates in Campania and Molise only came in 1977 and 1983. Sicily is the region with the largest number of recently protected wines because of certification issued in the 1990s. The continual monitoring conducted by the *Guardia di Finanza* ("Customs and Excise") in collaboration with the *Ispettorato per il Controllo della qualità dei prodotti agroalimentari* ("Inspectorate for the quality control of farm and food products") has revealed that even today some wines adulterated with chemical substances are on the market. A control operation entitled *Vendemmia sicura* ("Safe Harvest") in April 2008 uncovered adulteration in around 20 large wine producers; many had also been involved in the methanol scandal 20 years earlier. Although this discovery shook the market, it did testify to the effectiveness of the work of the control bodies. Adulterating wine with harmful substances, however, only concerns the Table Wine segment and therefore the EU certified productions are not investigated. One excellent wine on the Italian market that has been investigated (2003), however, is Brunello di Montalcino, which is produced by a number major Tuscan vineyards. They were accused of "cutting" the wine made from Sangiovese grapes (according to the DOCG regulations, Brunello should be 100% Sangiovese), with 10-20% wine from grapes of French origin, such as Merlot or Cabernet Sauvignon. The introduction of the French-origin grapes was justified by the fact it had become impossible to meet the growing market demand and as an attempt to create a product reflecting tastes on the North American market.

6.5 Conclusions

A key feature of the Italian taste industry is the extraordinary number of products and their rootedness in the distinctive identity fabric of a local territory. Food and wine is a very complex sector combining economic weight with intangible features of the cultural heritage. The small and very small size of businesses is another distinctive feature, which has both elements of strength and points of weaknesses and vulnerability. Although the sector is not labour intensive, human capital plays a strategic role at the stage of conception and creativity in the strictest sense, but also in the productive processes and in building strong links with the local community. The close bond with the local territory makes quality food production a sustainable activity and, according to the figures, economically worthwhile. The transmission of knowledge from one generation to another, mainly based on non-formal components, seems to have been successfully combined with the introduction of procedural, technological and organisational innovations. This has encouraged the creation of new competent specialised professional figures and ad hoc training courses.

Despite obvious differences from one region to another (mainly due to a lack of protection in the South and arguably too much protection in the Centre and North), the taste industry tends to appear as a system potentially well-integrated throughout the production chain. Moreover, the food and wine industry has considerable capacities for synergies with neighbouring production sectors, such as tourism, and especially cultural tourism. In fact certified products convey a positive image which enhance the whole local area. By encouraging more integration between sectors, the conditions can be created for the development of external economies. The acquisition and transmission of innovations – whether they are new recipes, new food materials or new methods of preservation, packaging, distribution and consumption – happens very quickly and is a constant phenomenon running through the system (often in a two-way or circular fashion) from the highest luxury segment to the more popular local segment. Unlike fashion products, food and wine products do not show exorbitant differences between high and low price brackets, and quality products are well differentiated from non-quality products. This means it is very important to ensure that producers have a solid support system, especially in order to make communications to potential customers more effective. Moreover, the culture of quality food and wine should be linked and integrated systematically with policies developing other local cultural goods, such as those part of the historical, artistic and landscape heritage.

Part III

The content and information industries: towards a theory of goods

The content and information industries encompass the sectors of Cinema, Publishing, Radio and TV, Software and Advertising.
These sectors produce goods that share some specific features which, in turn, determine the production and organisational structure of the content and information industries.

"Nobody knows anything"

Content and information industry goods are primarily all experience goods. In the cultural content market, consumers' tastes and preferences cannot be known *a priori*. On the contrary, they are only formed through the experience of consuming the good.
Whether a film, book, advertising campaign, videogame or television programme, no one knows if a cultural product will be chosen by consumers, and therefore what its real value is, before it is launched on the market and distributed to the public. This is the fundamental principle of uncertainty of success for cultural and creative content which, for example, led the American author and screenwriter William Goldman to claim on the subject of the film industry: "Nobody knows anything."

The demands for these goods tend in fact only to be revealed after the product is distributed and used by consumers. Only at this point can the supply and price be matched with demand.
The success or failure of a product is mainly determined by the dynamics characterising the way the demand for the experience evolves in time. In this field cascade effects and viral advertising phenomena, such as word-of-mouth, are crucial in determining the success or failure of a product.
Consequently, the content industries must adapt to these dynamics to try and optimise the success of a product through launch strategies and advertising. The risk is that a film or book will disappear from distribution channels before the word-of-mouth information spreads among consumers, thus rendering vain the initial investments and creative effort. Not even a huge financial commitment involving the best technicians, screenwriters, directors, authors and creative advertisers can guarantee the commercial success of a work.
For example, independent films have achieved international success even on a very small budget. While, on the contrary, celebrated directors have at times failed to achieve the expected success, even when working with top collaborators. In the USA, the attempt to spread the entrepreneurial risk led to the development of the American film industry giants, whereas the European response to the high risk involved in film productions has been subsidies, which means some of the costs of the content industry are borne by society.

The superstar phenomenon

Why do even slight differences in talent of artists or in the quality of creative content products generate such a very strong demand for only a handful of artists, who become superstars? Is this only a question of consumer preferences?
The phenomenon of the superstar is mainly due to the limits of the consumer's time and partly explains the success of the content industries, strongly dependent on the success of the superstar component.
Consumers of content goods are not able to enjoy several products simultaneously, i.e. in the time required to consume a book, a film or a play. As a consequence, even though the global demand for these goods is growing due to rising incomes, the consumption time is still a scarce resource, inducing individuals to use it in the most efficient way possible, especially by demanding higher quality products. If there is not any great difference in price between a CD of an opera starring Pavarotti and the CD of an opera featuring a less talented tenor, consumer demand will tend to focus on purchasing the former, thus consolidating the superstar.

"Winner takes all"

A direct consequence of this phenomenon is that given the continuous production of new content and information, only a small part will be successful and bring a return on investment.
Consumer preferences are focused in the short term on a small number of goods. This is particularly true of cinema, where blockbusters take most of the proceeds from the ticket office or DVD sales. But the phenomenon is also found in publishing, where the distribution of books – in terms of copies sold – is dominated by a small group of best-sellers. This situation suggests that the economic success of new goods in the content industry is like a lottery in which a few successful products win the jackpot of consumer demand.
Success, however, evaporates rapidly since the demand for content and information goods tends to be volatile. After being launched, many goods in the content industries are used only once by consumers. Only very rarely is a ticket or a DVD sold twice to the same consumer, and likewise for books. Even in the case of an advertising campaign or television programmes, the initial impact is often what counts in determining the popularity and success of the content. That is why the period in which successful products manage to generate profits can be very short.

Consequently, it is inefficient and costly for producers of content to maintain long-term distribution of products, since after the initial wide diffusion, there will only be a demand for them from a very small number of consumers. Content goods will then circulate in secondary distribution channels, such as libraries and museums, also for the purposes of conservation.
This trend, which has characterised goods in the content industry for several decades, has become even more important with the digitisation of content and the advent of the

Internet. Digitisation enables a company to keep copies of a product at very low costs. At the same time distribution on the Internet allows the diffusion of content in digital formats at low costs and with no problems of access over time. Today, if it is difficult to find a film released only a few years ago in the cinema or video libraries, there will be a very good chance of finding it and being able to purchase it on the Internet.

Vertical disintegration and production flexibility

Content and information industry goods are normally complex creative products requiring various inputs, professional skills and economic transactions for their production. Large-budget films or television programmes are made through various stages of pre-production, production and post-production. All the stages are characterised by the creation of ad hoc work teams with specialised skills, employed for specific tasks, and a dense network of economic and contractual relations involved in making the final product.

For this reason, the content and information industry now tends to be disintegrated vertically. On one hand, we find large groups with considerable financial resources managing and co-ordinating the stages in producing creative content. On the other hand, there is a very dense undergrowth of businesses and professionals involved in the projects to make the product.

This configuration of the industry, characterised by flexibility and vertical disintegration, also explains the trend to geographical concentration, with agglomerations and clusterings of the more or less major players working in the industry.

Thus in New York or London we have clusters of international advertising agents, while the Hollywood film district contains not only the major film companies but also a large number of medium to small businesses working in special effects, animation and management of film services.

The high costs of creation

The uncertainty of economic success determines a strong risk for the industry producing and distributing content and information. This risk grows larger if the goods have high production costs, but low reproduction costs. Before the invention of printing, for example, the cost and effort of copying a literary work may be considered almost the same as creating a new work. Today, on the contrary, the new technologies drastically cut costs for the reproduction of content by making copies of similar or identical quality to the original.

The economic implications of this phenomenon are twofold.

Firstly, content and information goods tend to have features like public goods: they do not exclude or rival each other in consumption. Given the ease of reproducing and spreading content, everyone can use it without limiting its use by others. This feature is perhaps less obvious in films shown in cinemas where there is a danger of overcrowding, or in literary works, whose paper medium – the book – can only be used by one person at a time. But, if we consider television, film or book content on digital supports, then it is easy to see that such content can be rapidly spread and simultaneously used by many consumers.

Secondly, the high costs of content creation and low costs of their reproduction augment the risk of economic losses for the producers.
Investing in the creation of a new film or the launch of a new book is the largest cost for the content industries. But this investment cost is written off independently of the success of the work, since the investment is made before the market value of the product is known.
Therefore the many failures on the content and information market always mean losses for producers. And losses can only be recovered through greater profits due to the launch of a few successful products. In this sense, a key strategy for the content industries is to offer a vast and highly differentiated product portfolio.

Intellectual property

The goods in the content and information industries have a high creative content and are part of the sphere of intellectual property, especially as concerns copyright and related rights.
The easy reproduction and distribution of copies of works not only influences business models in the content industries but raises the question of how to protect the intellectual property rights of these goods.
Given that the investment in the production of new content is per se an irrecoverable cost which can only be covered by profits from successful sales, then the greatest danger for the content industry is digital piracy.
Precisely because reproduction and distribution costs of copies are minimal, the original producers could sell their goods at very low prices. But to ensure the creator has a return on the initial investment, the price of goods must be kept high.
The illegal distribution of copies of content can erode the possibility of making profits for the producers, thus reducing the incentives to invest in the creation of new works.
That is why the protection of intellectual property becomes crucial for the production and distribution of content goods.
We must not be led to believe, however, that greater intellectual protection always means greater incentives to produce content and therefore greater social well-being. The cause-effect nexus between the protection of intellectual property and the creation and dissemination of content is very complex and depends on various factors. Since the diffusion of content and information goods generates positive externalities in the subsequent consumption and underlies the production of new content, excessive protection of intellectual property may have positive effects on the illegal distribution of copies, but may also limit the positive externalities.

Chapter 7

Michelangelo Pistoletto "Who are you?" 1976
Videotape, b&w, running time 22 minutes,
Photograph: D. Garella

Chapter 7

Film

7.1 Italian cinema: a promising resurgence

The starting point of this chapter is the current state of the Italian film industry. Having marked a return to growth at the turn of the 21st century, Italian cinema has enjoyed a particularly brilliant period in the last two years. This resurgence has even suggested a full-blown renaissance may be underway and many causal elements show that the growth is not simply an unexpected positive trend. What is keeping the Italian flag flying high is not only commercial films or films for young audiences. Middle-brow and art films (such as *La cena per farli conoscere*, *Lezioni di volo*, *Uno su due*, *Centochiodi*, *Mio fratello è figlio unico*, *Saturno contro*, *Giorni e nuvole*, *La ragazza del lago*, *Milano-Palermo –il ritorno*) have also contributed to the overall success, which in some weeks saw Italian films take a share of over 40% of national box office sales.

In 2007, there were 120 million cinema admissions, a return to the kind of figures for 1986, and Italian films drove admissions up by 12% on 2006. In the first two months of 2008, the market share of Italian films was 36.3%, which is much higher than the figure of around 32% for the whole of 2007.

But how can we explain the success of Italian films over the past few years? And why have filmgoers shown greater interest in the seventh art, usually leaving cinemas well-satisfied with what they have seen? Here we will try to supply some answers to these questions by presenting the principal factors in the growth.

1. The emergence of a new generation of producers. After the previous generation's long period of "subsidised" survival and shaky, half-hearted entrepreneurship, producers are showing a greater sensibility towards the complex challenge of reconciling artistic products with the market.

2. The generational turnover of the community of artists (film directors and screenwriters) has led to a new focus on narrative: less intellectual, more open-ended stories, inspired by genres favoured by Italian audiences and anything but self-referential, are attracting much wider sections of the public.

3. Changes in public taste due to the enormous response by television audiences to the continuous offering of TV fiction. In the last three years television fiction has taken over the role of middle-brow films shown in cinemas. TV fiction is aimed at an undifferentiated target (whereas films on the big screen are increasingly aimed at smaller specific audiences) and resorts to many genres (police stories, sentimental films and melodramatic series) with storylines and characters with which people can identify. Imposed in a massive way by television networks, these fiction programmes have ended up shaping the taste of filmgoers who, wittingly or unwittingly, have turned to narrative in which images no longer have an independent logic or transcend the narrative, but are the means for telling the story.

4. More refined communications and marketing. This factor is already in the DNA of film projects. We are not only talking about the technicalities of product placement (which have still not yet made the kind of progress expected a few years ago and in future could bring in a considerable slice of revenue for producers striving to push down the break-even point for productions) but a series of hints in the film stories which, by playing on the "nostalgia" factor, manage to attract various generations of audiences. Similarly, a series of allusions highlighting typical behaviours of some sections of the population manages to emotionally involve specific targets. Some new types of promotion and advertising can be particularly effective (e.g. films for young audiences promoted by word-of-mouth, showing films in high schools in various towns, or presentations and debates with directors and authors). In general modern marketing strategy now offers audiences a range of diversified products which – unlike in the past – not only consists of comedies to be consumed during national holidays, but also art films.

5. Lastly, the restoration of the star system. According to many what was lacking in Italy compared to Hollywood was a star system. In the past few years home-grown "stars" have proliferated, obviously also thanks to the television effect of the various familiar detectives, doctors, nurses and police officers. Many actors have become part of the collective imagination thanks to television, which has given them almost overnight fame, rather like what happened at the time of the so-called "pink neorealism" of photostory magazines. In the stochastic lottery of the film economy, whose outcomes are always difficult to predict, hiring a celebrated actor, well-known to the wider audiences is one of the few elements which enables producers to lower the entrepreneurial risk. Picking the right name from the Italian star system may bring in enough proceeds in only few weeks to cover the production, guaranteeing reasonable box office sales and important secondary rights. If a film then manages to bring together actors in the format of a self-supporting familiar team (this was the case with Placido's *Romanzo criminale* or *Rose nel deserto* by Monicelli), the "choral effect" pays off and is a further point of strength.

In the last few years Italian cinema has made a last-ditch recovery which was unexpected even by the most optimistic forecasts. At times (for example February 2007) Italian filmgoers saw more Italian films (49.9%) than US films (41.7%) and this is particularly significant because it had already occurred twice in 2006 (in March and December) and once in October 2005; the previous time only being January 1997. But this is not only a feature of the Italian scene, since in neighbouring France, domestic films' share in the first four months of 2007 was 55% thus beating the US competition (in 2006 the overall share for French films was 50%). This phenomenon may also be due, however, to less attractive American products in recent months.

7.2 A change in business model

The trend in the last two years suggests that something different is happening, that some strong ideas are being consolidated and a solid base is growing. But it is also a warning for the professions involved that the time has come for new projects. If Italian cinema is to return to the creative role it played in the 1960s and 70s, there is a need for greater discussion on what cultural form it will take in three or five years' time, in a much different world from that of today. To do so, we must bear in mind three elements, which we can add to the factors mentioned above.

1. Firstly, a return to the policy of subsidised Italian films is no longer conceivable. The age of the state "cash dispenser" has definitely ended and the criteria for ministerial incentives have now been greatly reformed. The Italian film industry must stand on its own feet and accept a healthy managerial and entrepreneurial logic.

2. The film business has, however, become much more complex compared even to the late 1990s. Traditional cinemas have seen the number of competitors rise in the form of pay-TV, Internet downloads and now also mobile telephones. On the other hand, contemporary film consumption is increasingly focused on a few films attracting mass audiences and generating large proceeds, while the vast majority of films is practically ignored by the public. On this scene, the traditional quality Italian film is crushed by distributors increasingly forced to bow to the practice of distributing hundreds of prints simultaneously for the opening weekend. At the same time quality Italian films have been neglected by television and therefore pushed to the sidelines of the country's cultural life.

3. Given the increasingly fragmented nature of consumption, on one hand, but a growing trend to concentrate on a few products, on the other, there is only one possible answer: identify the ingredients for success, but correlate them to the different possible consumer formats and therefore attempt to vary as much as possible the portfolio of products offered in cinemas and post-cinema (and in some cases also parallel to

cinema). In this context, the question arises of how much we can or must contribute to the formation of audiences' aesthetic taste by accentuating the Italianness of films, especially those shown in cinemas. The policy of creating "Made in Italy" products cannot only be left up to the fashion and design sectors. Moreover, reinforcing domestic cinema may produce a "commensal effect" capable of re-launching the whole sector. In fact the history of the box office reveals that when there is a rise in tickets sold for Italian films, then home video sales/rentals also rise for domestic movies and more are also included in the schedules of generalist and pay-TV channels. Indeed the success of Italian films over the past few years may even drive overall cinema film consumption (of European, American and Asian films) towards new market peaks.

7.3 Clearer audience expectations

What has become clearer in our understanding of audiences' recent growing preference for Italian films is the awareness that filmgoers have their own tastes and expectations in terms of creativity.

Until a few years ago, a rather outmoded vision of film consumption suggested that filmgoers depended directly on what was offered. They not only adapted to the tastes of producers and cinema-owners but ultimately allowed their choices and tastes to be uniformly shaped by current production, basically becoming what the industry wanted them to be. But the fact is that the processes of film consumption in Italy today are becoming increasingly refined. Audiences are more variegated (we are no longer dealing with one audience, but several audiences). People's attitudes to viewing films are proliferating (also because of the increasingly wide range of distribution channels: cinema, TV, home video, computer, etc); consumption behaviour patterns are also diversifying (people may go out to the cinema or stay at home to watch a DVD, etc.). One background element seems to be growing more significant: going to the cinema is increasingly considered as an experience and, therefore, what is demanded of the "cinema experience" is that it is a more intense, memorable moment in life.

And it is from the perspective of the cinema experience that we can grasp some new trends.

Firstly, there is the issue of how Italian audiences experience Italian films. Surveys reveal that there is a request for greater "proximity" to real life. American cinema is distant from daily life, offering big stories which do not effectively make contact with the filmgoer's personal experience or only at an imaginary level. But what audiences want from Italian films are stories which they can identify with as their own, as possible or even experienced. The demand for greater proximity not only concerns the storyline, but also the setting, language and actors. This has twofold consequences. A director only pursuing his or her own expressive ends or who withdraws to a personal point of view is in danger of working in a vacuum. The refusal to dialogue with the surrounding world – both the director's own and that of the audience – will make him or her appear pretentious. In short, when there is "proximity", there is greater involvement. American cinema enchants; Italian cinema is shared. And audiences for these films perceive their own cinema-going as a kind of active contribution in constructing a "true" image of Italian life.

The need for proximity also has a few negative effects. For example, it tends to be associated with excessively conservative consumption patterns. Italian films appear to audiences as a product to be viewed in the "dear old old-fashioned" cinema. Not in a modern multiscreen facility, where they would seem out of place and not on new digital supports, where they would seem mummified. This reduces the scope for the circulation of Italian films. It is not surprising that in production chains such as DVD retail or pay and on-demand forms of viewing, Italian products struggle compare to the success enjoyed by American products. This has primarily hindered the development of more creative modes of consumption. Italian filmgoers, although very good at participating in the field of building a vision of citizenship, lag behind when it comes to developing new viewing rituals.

In short, Italian films struggle to survive outside the traditional cinema theatre distribution and consumers give little encouragement in this direction. Moreover, Italian filmgoers continue to consider a film as an "event-based" product. Consumers, however, can watch films at any time and whenever they like, thanks to the offering of Sky with its cinema bouquet (but also the offerings of other content distributors, such as Fastweb, Alice or Tiscali). Going to the cinema, however, for most people, although not an exceptional event, is always a little special. It is an experience slightly out of the routine and in this sense film and television fiction are still kept well apart in the consumer's mind (paradoxically, in production processes they are much closer than is normally admitted…).

But what does being an "event" mean today for the film industry? It means that its value is still linked not so much to simply being "entertainment" as to the possibility of being a "happening" (in the original sense of the word). The extent to which a film shown in a cinema challenges filmgoers and engages them will determine the pleasure of re-viewing and makes it "worthwhile".

Given this background, the strength of some of the more recently proposed solutions becomes very clear: I am thinking, for example, of the shift in the film festivals and events from being purely cultural occasions to "festive" occasions. This also makes the way forward easier to see. For example, there will be a greater balance between event-based moments and routine moments (film-going is after all still often a habit). And most importantly, good use may be made of the film heritage built up over the years, which still acts both at home and abroad as a sign of national identity and, as a true "symbolic capital", is just waiting to be exploited. Perhaps it will be precisely this return to the festive dimension that will bring the heritage back into play.

7.4 The film market

When discussing the film market we must first establish which market we are talking about, because unlike what happens in many other industries, the same film can be launched on various markets. The film sector is divided into a series of segments which coincide with the various distribution channels for films. In the past two years we have witnessed a proliferation in distribution channels: in addition to the traditional cinema-theatre, we have television, home video, pay-TV, video-on-demand and Internet viewing and other multimedia formats. The increase in consumer platforms has, on one hand, provided strong opportunities for businesses, which have discovered the value of the perpetual rights of their libraries. But, on the other, the sector has been further complicated by new organisational and strategic challenges for the effective management of the huge quantity of film rights. What becomes increasingly critical is the ability to exploit the opportunities offered by the new distribution channels through the effective integration of all the various skills in the production chain. To do so, three key elements for a film project must be established: the type of product, the target audience and the distribution channel. In other words, it becomes increasingly important to think in the medium to long term, attempting to understand what kind of film to make, the audience it is intended for, and what consumer platforms to use.

Before suggesting some action guidelines for successful film production in an increasingly competitive and complex context, it is worthwhile analysing the key features of the Italian film industry and how they have developed in recent years.

Films at the cinema: trends

The market for movies shown in cinemas is the first, most critical film market. On one hand, box office sales are still the largest part of overall proceeds for an individual film. A good showing in cinemas, moreover, produces an important springboard effect as it will significantly influence the film's potential for success in other distribution channels. The cinema-theatre market is characterised by a high degree of uncertainty and risk, since there is no entrepreneurial formula for predicting whether a film will or will not top the box office or simply meet with good reviews. Indeed, the film industry is studded with huge flops and unexpected successes. This high degree of uncertainty is due to various factors, including the difficulty of predicting filmgoers' tastes. In recent years, moreover, the offering of films at the cinema has grown further, and in Italy every year around 400 new films are distributed (on average more than one a day). Therefore it is increasingly difficult to capture public interest, which is continually bombarded with new titles.

The combined effect of these elements contributes to creating a very complex market for films in cinemas, as highlighted by the difficulties experienced by operators in the sector in attracting public attention and competing effectively. Understanding what kind of critical factors may exist to compete successfully thus becomes vital. It is equally important to understand the specific features of the Italian situation and if what happens in Italy is much different from what happens in the rest of Europe (or at least on its principal markets). These are some aspects we wish to explore in the following paragraphs, in which we will attempt to interpret and assess the future of Italian cinema in particular.

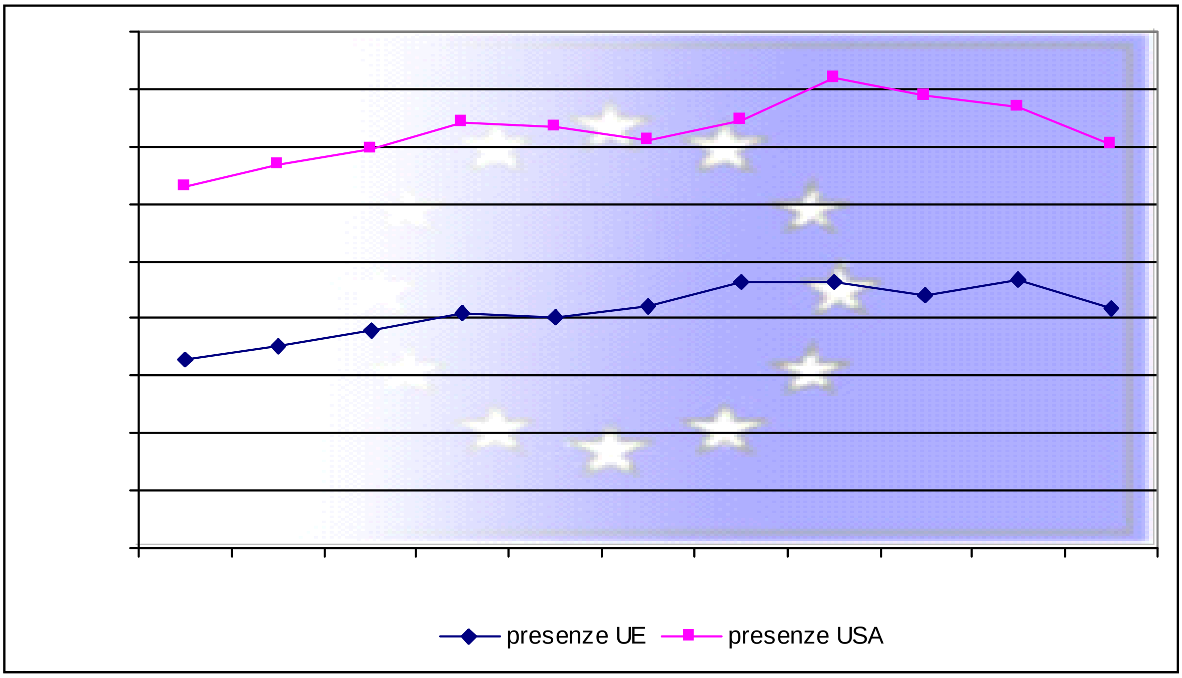
A look at the European scene

Before making a detailed analysis of the Italian market, it may be useful to take a brief look at the situation of the European film industry[xxviii] to try and understand how far Italy departs from the main European trends. As a reference time period we have considered 1995-2005.

In this period Europe recorded positive growth rates both in the numbers of cinema admissions and box office receipts. Proceeds rose from 3,138 million euros in 1995 to 5,026 million euros in 2005, an overall average increase of around 60%. This constant growth only dipped twice: in 2003 there was a fall of 6% and in 2005, a reduction of 10%. The number of cinema admissions shows a similar trend, rising from 682 to 860 million, an overall average increase of around 25%. As in the case of the box office, there were only very few downturns: 1999 (-1%), 2003 (-5%) and 2005 (-11%).

But if we compare the situations in Europe and the USA (see Figure 7.1), we note that despite a significant European growth in recent years, the US film market has a much greater economic weight than the European markets. For example, as regards the box office figures, while in Europe total proceeds were just over 5 billion euros in 2005, in the USA, 2005 was the fourth year in a row with overall proceeds of almost 9 billion dollars. To be precise, 2005 actually showed a slight dip compared to the previous three years, when proceeds were always over 9 billion dollars. The number of admissions also dropped in 2005 (around -9%), and the overall figure was 1.4 billion. In this case, however, the decrease was not exceptional, since the number of tickets sold in US cinemas had had a negative trend since 2002 (in the last three-year period there was an overall downturn of around 5%).

Figure 7.1 - Cinema admissions* in Europe and the USA (1995-2005)

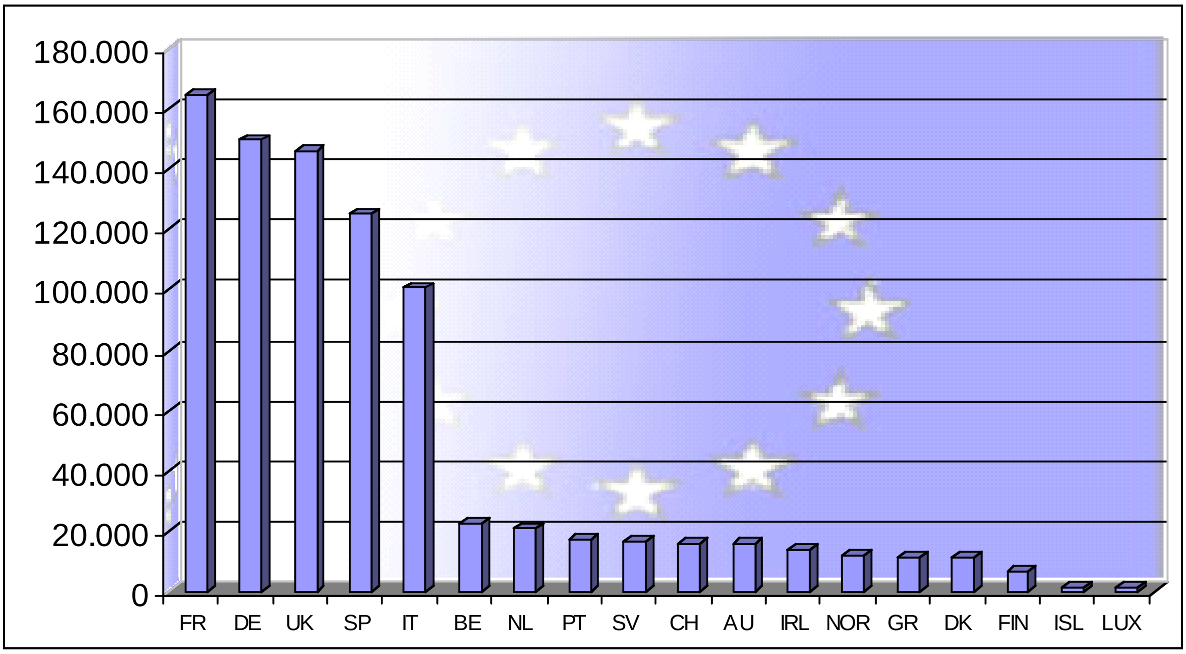


** In millions of tickets sold*
Source: our elaboration of MEDIA Salles data

From the point of view percentage growth, in the period considered, box office proceeds showed a similar trend (+60% in Europe, +63% in the USA), while admissions rose more in Europe (+25% as opposed to +11%). Yet although admissions grew at a greater rate in Europe, in absolute terms they are much lower than those recorded for the US market. The large gap between the two markets is due not to significant differences in average ticket prices, which indeed have risen more in the United States,[xxix] but the stronger demand for cinema typical of the United States. Admissions per inhabitant in the United States, in fact, are double those on the Old Continent. In 2005, for example, American filmgoers went to the cinema an average 4.7 times as opposed to 2.15 times in Europe. In this case, too, however, in percentage terms the annual per capita admissions grew more in Europe, rising from 1.77 to 2.15 (+21%). In the USA on the other hand, after steady growth from 1995 to 2002 (when there was a peak at 5.7), the annual admissions per inhabitant steadily fell to the figure for 2005, which is almost identical to that from ten years earlier.

Given this high domestic demand, the US film industry operators have organised a very broad offering, as highlighted by the large number of cinemas spread throughout the country. In this case, too, as we can see in the attached tables, there is a large gap between the United States and Europe: in the USA there are 38.852, screens, while in Europe the figure is just under 30.000 (in 2005 the exact figure was 27.942). Lastly, as far as films produced are concerned, the 19 European countries as a whole produce more films than the USA (in 2001, for example, 699 films were produced in the USA, while 1.017 were produced in Europe). This higher figure in Europe, however, must not allow us overlook the fact that the US production overall is much greater than any individual European country, which in the case of countries with the strongest film industries (France, UK, Germany, Spain and Italy) is around 100 films a year.

Figure 7.2 – Average cinema admissions* in Western European markets (1995-2005)

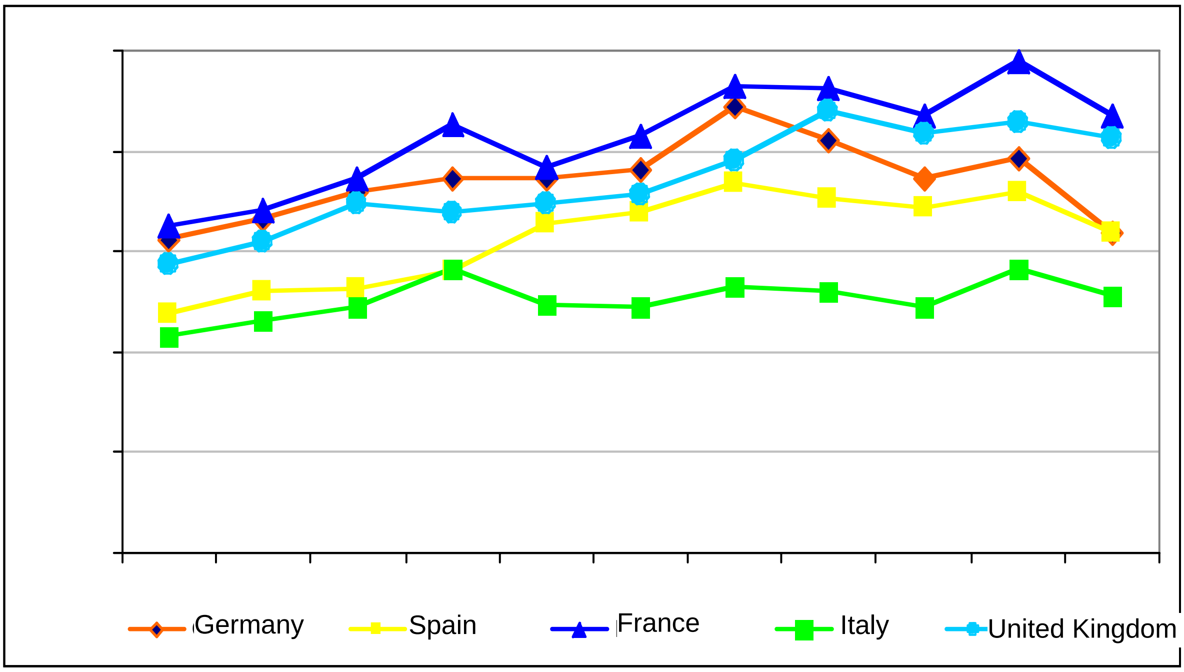


* *in thousands*
Source: our elaboration of MEDIA Salles data

As regards the situation of individual European markets, we note (see Figure 7.2) that France, Germany, the United Kingdom, Spain and Italy are the most important markets from the point of view both of admissions and proceeds. The gap between these markets and the rest of Europe is enormous. For example, Italy (the last of the five as regards number of admissions) has an average number of tickets sold almost 5 times that of the first of the remaining European countries, i.e. Belgium (the difference is 100 million as opposed to 22 million). There is a similar gap between the box office proceeds, where Spain (in this case the last of the five main markets) has average box office receipts almost 4 times higher that of the sixth European market, Switzerland (around 500 million euros compared to 141 million).
If we analyse the five main markets in greater detail, we note that the country with most filmgoers is France, which together with Germany and the UK, has more admissions than the average figure for the group of five. Italy is well below the average figure, even though

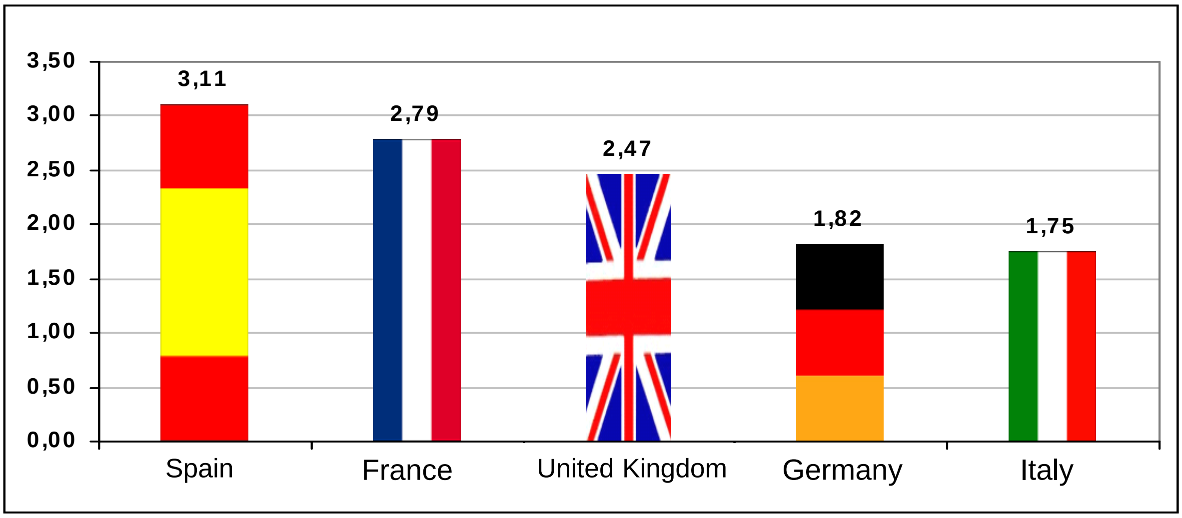
in the last ten years overall admissions have risen by 30.5%.

Figure 7.3 – Cinema admissions* on the five main European markets (1995-2005)



As in some other economic sectors, in which Spain has been forging ahead of Italy, in cinema, too, Spain overtook Italy in 1999 as regards number of tickets sold. From the point of view of the average box office proceeds, Italy is still the fourth European market, slightly ahead of Spain. But we may surmise that this advantage will not last, because since 2000 Spain has recorded higher overall box office receipts than Italy (since 2001 the total Spanish box office receipts have always been over the 600 million euro mark). The Italian decline is mainly due to the fact that our country has one of the lowest annual per capita admission rates in Europe. For example, in 2005 the figure for annual per capita admissions in Italy was only higher than those of Greece, Denmark, Finland, Liechtenstein, Portugal and Sweden. As can be seen in Figure 7.4, Italy's figure for annual admissions per inhabitant is much lower than those of the other main European markets, and almost half that of Spain. These figures seem to confirm that Italian cinema theatres are going though a crisis and have difficulty in attracting audiences.

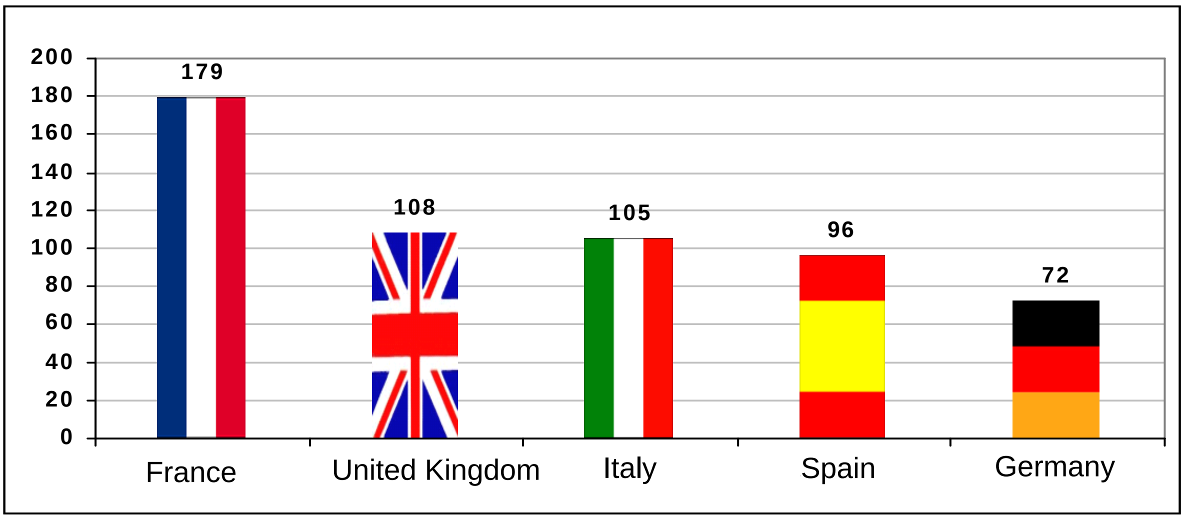
Figure 7.4 – Average admission per inhabitant (1995-2005)



Source: our elaboration of MEDIA Salles data

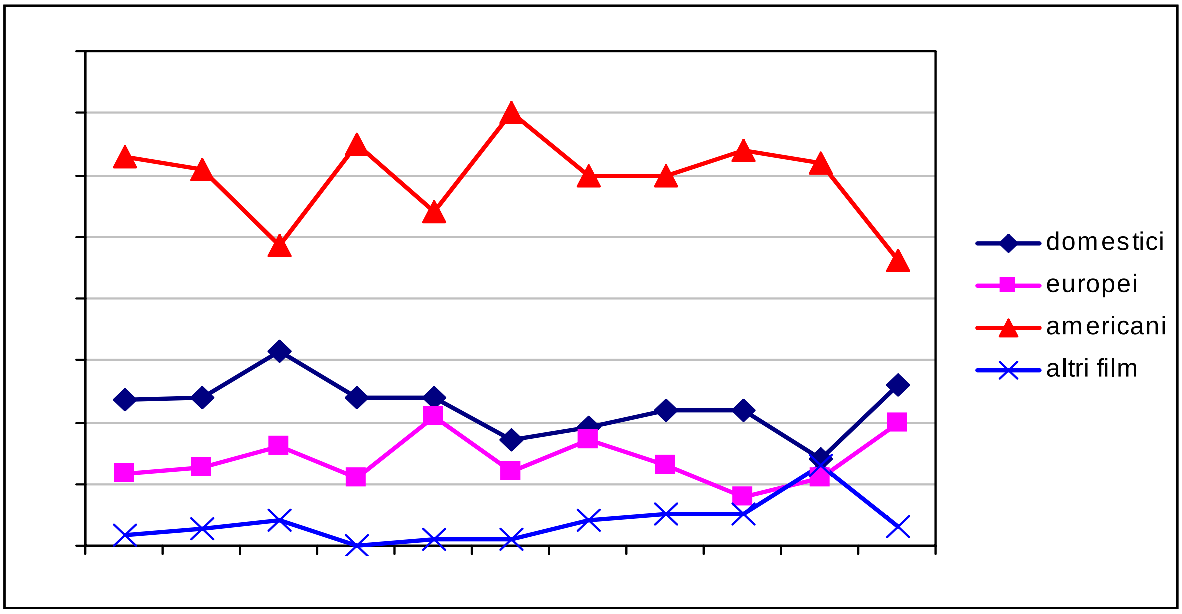
From the point of view of film production, Italy's annual film output is third only to France and the United Kingdom.[xxx] As shown in Figure 7.5, from 1995 to 2005 Italy produced an average of 105 films per year (with a peak of 138 in 2004), the UK 108 (with a peak of 143 in 2003) and Spain 96 (with a peak of 137 in 2002). France produced the largest number of films (an annual average of 179 films with a peak of 213 in 2003), whereas the smallest producer was Germany (an annual average of 72 films and a peak of 87 in 2004). As regards Italy, moreover, 2005 saw a sharp fall compared to previous years both in wholly Italian productions (-27,8%) and joint productions (-31,7%).

Figure 7.5 - Films produced (including co-productions): average figures for 1995-2005



Moving on to a more detailed analysis of the individual European markets, we note that US films still have the largest share of overall proceeds with an average figure of around 75%. Even the situation in the principal non-English-speaking countries (Italy, France, Spain and Germany)[xxxi] is in line with the rest of Europe. US films have the highest market share in Germany (the average annual share in 1995-2005 was around 80%) and Spain (71%), while in Italy and, especially, in France the US share is lower, with 60% and 54%, respectively. As we see in figure 7.6, the only films able to challenge the US supremacy at the box office are always domestic films of the countries considered. In France they obtain an average of 35% of proceeds, in Italy 22% and in Spain and Germany around 13%. That domestic films are the only competitors for US films is also demonstrated by the fact market shares of domestic films are inversely proportional to the share of American films. These trends highlight how successes of the national film industry directly cut into the box office receipts of American films. In other words, domestic films, when successful, do not seem to take audiences away from other European films, but from US films.

Figure 7.6 – Market shares of films (box office) in Italy[xxxii]



Moreover, this analysis confirms the difficulties encountered by the European film industry in distributing and winning recognition for their own films beyond national borders. On average, European films rarely achieve a share of over 10% on non-domestic markets (the only occasional exceptions are Spanish and Italian films). Often significant increases in successes for a country's film industry are due to the driving force of isolated cases of big hits, such as *All about My Mother* or *The Others* for Spain, *Life is Beautiful* for Italy, and *Run Lola Run* for Germany.[xxxiii] The only real exception in this situation is France: it is the non-English speaking country which continuously achieves the best results on non-domestic European markets.

The situation in Italy

After surveying the European situation, we now wish to focus on the Italian film market (see Table 7.1.

Table 7.1 – The Italian situation (2000-2005)						
Year	2000	2001	2002	2003	2004	2005
Admissions (in thousands)	97,819	105,538	103,768	98,037	112,903	102,464
Box office receipts (thousands of euros)	515,708	561,948	583,278	549,063	645,787	515,708
Average admissions per inhabitant	1.70	1.85	1.82	1.71	1.95	1.75
Number of screens[xxxiv]	2,948	3,112	3,353	3,566	3,610	3,794
Average ticket price (euros)	5.27	5.92	5.62	5.60	5.72	5.75

Source: our Elaboration of MEDIA Salles data

Summarising, we can say that the situation of Italian cinemas is characterised by growth in terms of both box office receipts and admissions. Growth is less, however, than that recorded for the other principal European markets (especially France) and means that Spain has overtaken Italy in terms of film-going. In greater detail, we see that overall tickets sold rose by around 5%, although there were also some cases of slight dips in 2002 (-1.7%), 2003 (-5.5%) and 2005 (-9.5%). Box office proceeds increased in percentage terms (+14%) more than admissions, but this was mainly due to an increase in the average price of tickets (around + 10%) and not the average admission per inhabitant (only about +3%). Lastly, the number of cinema screens rose by around 28%.

The second topic we wish to deal with is the seasonal nature of film-going. We have tried to check if this is a real phenomenon or only a kind of self-fulfilling prophecy. An initial analysis would seem to confirm the existence of a seasonal effect, since films released in the time window of the high season (see Tables 7.2 and 7.3) attract bigger audiences, on average statistically larger than those for films distributed during the rest of the year.

Table 7.2 – Admissions to Italian films as a function of period of release				
Season	**Films released**	**Average admissions**		
Low season (June-August)	101	81,935.38		
Rest of the year	309		244,019.38	
High season (November-February)	147			352,982.98

Source: our elaboration of CINETEL and Giornale dello Spettacolo data

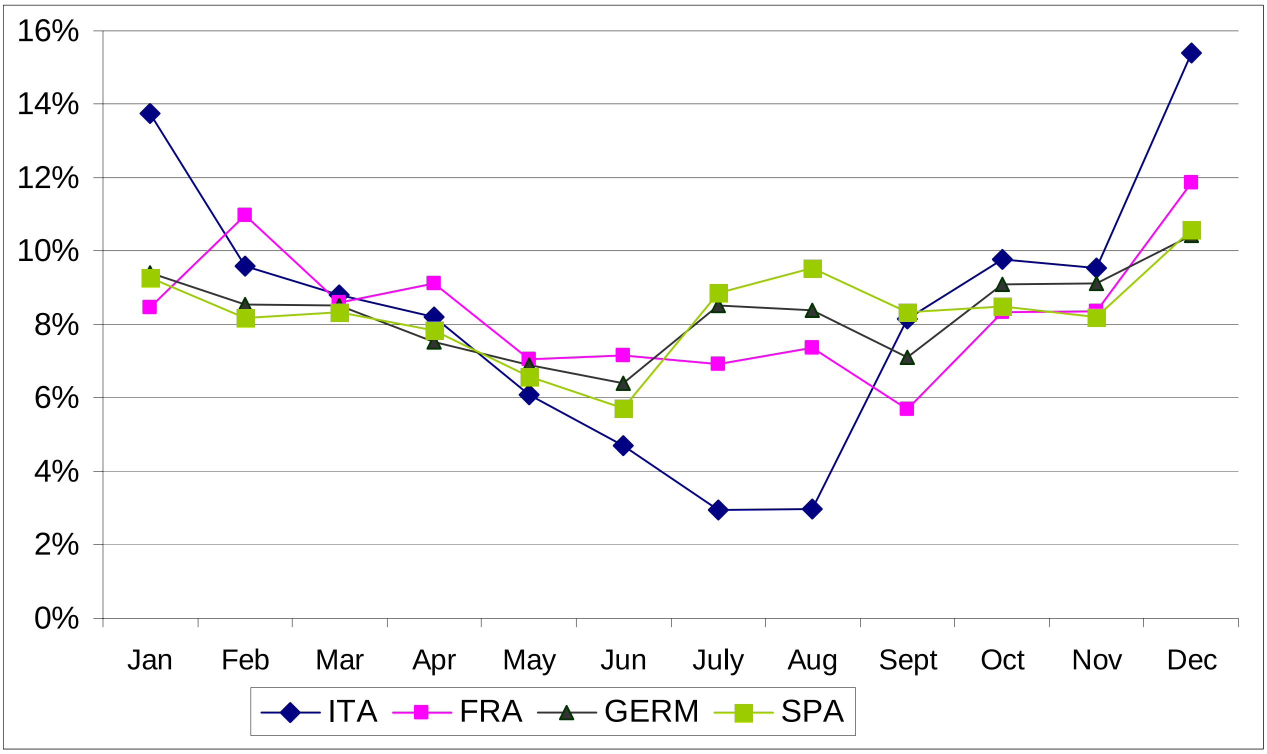
Table 7.3 – Admissions to foreign films as a function of period of release				
Season	**Films released**	**Average admissions**		
Low season (June-August)	526	81,935.38		
Rest of the year	623		244,019.38	
High season (November-February)	390			352,982.98

Source: our elaboration of CINETEL and Giornale dello Spettacolo data

A more detailed analysis, however, seems to support the theory that the seasonal nature of film-going is actually a self-fulfilling prophecy. Films released in high season have a far higher average initial investment (in terms of number of prints released in the opening weekend) than films distributed at other times of the year. For example, if we consider all Italian films released: during the high season almost 1 out of 5 is shown in more than 200 cinemas at the opening weekend, in other periods of the year the number of films with a similar investment from its own distributors drops off considerably. In other words, distributors do not seem to believe in the success of films released outside the high season and therefore tend to minimise investments to reduce risks. In this way, however, the possibilities of success are also reduced since, as we will see below, the initial investment by the distributor greatly affects the economic result of a film.

We are not saying that the period of release for a film is of little importance, since a film distributed at Christmas will certainly have a greater probability of success than a film released in August. But what we wish to highlight is the fact that box office hits are not necessarily released in the high season. If we consider, in fact the best 20 films in terms of tickets sold for each year considered (the so-called Top 20) we see that in 40% of cases the films were released in high season and 55% in the March-May period.[xxxv] Even if we consider the Top 20 films according to performance at the opening weekend, i.e. films with the best results in terms of admissions only for the weekend when the film was released, we see that in most cases (55%) these films were released in the March–May period. Seasonal film-going, therefore, seems to be a self-fulfilling prophecy. Films given little credence are distributed in the low season and receive little investment for promotion. The final upshot is that in the summer months (June-August), box office figures are very low, around 10% of the overall yearly proceeds. We must stress, however, that this is an exclusively Italian phenomenon. In fact as shown in Figure 7.7, in France, Spain and Germany the share of summer admissions is almost double the figure for Italy.

Figure 7.7 – Admissions per month (in percentages of the whole year) for 2000-2005



Source: our elaboration of MEDIA Salles data

Italy thus differs from other European markets because of its more highly concentrated film season, since admissions are much greater in a few months of the year, especially the winter months (November–January).

This phenomenon of seasonal film-going is a specifically Italian feature, since in other European countries the difference between low and high season is much less marked.

The importance of distribution

Being able to count on an effective distribution company is definitely a critical factor of success for a film. Distribution is a real bottleneck in the sector, since the principal distributors control large market shares in terms of the number of films distributed, box office receipts and cinema admissions. Moreover, in recent years, the number of film distribution companies operating on the market has steadily dwindled, which has further concentrated power in the hands of a few companies. Consequently, not all films produced reach the cinemas, while those released in a few peripheral cinemas, or in the low season and with a limited investment in the number of prints are destined from the outset to obtain very modest results. Thus for a film to succeed, it is very important to be strongly backed by a distributor in terms of promotional investments, number of prints, and effective marketing and communications methods.

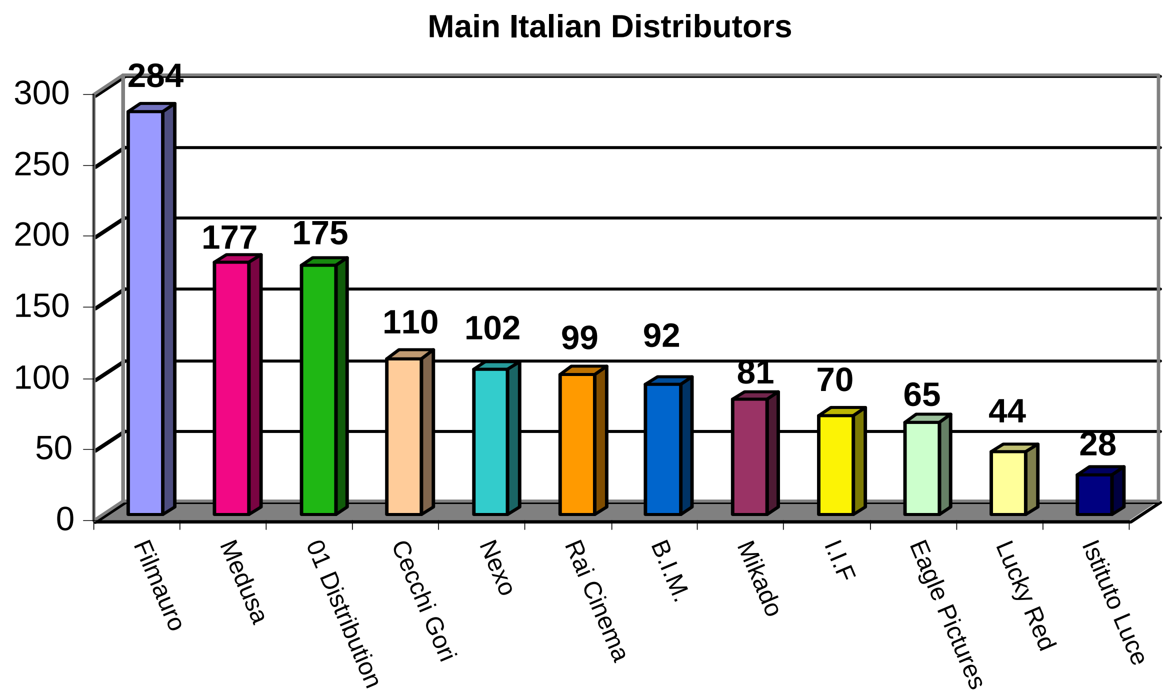
As far as number of prints released is concerned, recent studies suggest that the market is increasingly fast moving and very quickly "burns up" films, which thus have a drastically reduced time to establish themselves. If we consider the performance of the Top 150 films in 2007 (the data refers to figures published by the review *Box Office* for the period 1 January-22 October 2007), on average, on the first day of release a film brought in 6.36% of the total proceeds, on the opening weekend it reached 35.61% and in the first week over 50% of the total. Another interesting figure is that the Top 10 films were distributed in 684 cinemas, a very high number certainly affecting the speed with which the films were consumed.

Unfortunately, it is very difficult to find figures on investments made by distribution companies to promote films. Therefore we will use as a proxy for their marketing commitment the number of prints of the film distributed at the opening weekend. An analysis of these figures reveals that the opening weekend is of key strategic importance for a film at the box office. Films which make it into the Top 20 in the first weekend of release also tend to be in the Top 20 for the whole season. In 2000-2005 this did not happen in only 13% of cases, which confirms the widely held opinion that the film industry is a sector characterised by logic of "all at once or nothing", thus making the box office on the opening weekend a key indicator in assessing the overall performance of a film. The life-cycle of a film is characterised by a gradual decrease in admissions from the first week on. After peaking at the opening weekend, demand gradually tends to dwindle.

The promotional investments and communications techniques adopted by distributors to launch films is thus very important. A distributor's strength is not only measured in terms of investments in numbers of prints, but also the capacity to establish profitable partnerships with cinemas, by going beyond the traditional concept of relations basically based on bargaining which is not very productive in the long term. In other words, the success of a film seems to be strongly

correlated to the capacity of the distributor to adopt sophisticated modern marketing techniques, in terms, for example, of adequate investments, new communications methods and the capacity to collaborate with cinemas in building consumer loyalty and staging ad hoc promotional events.
However, the sector still seems to be characterised by certain degree of backwardness, as revealed by the low initial investments in Italian films: on average only 57 prints are released on the opening weekend. From this point of view, there is a substantial difference between Italian and US distributors. As we can see in the following charts, when the US majors distribute Italian films, on average, they can guarantee that more prints of the film will be released in more cities than the Italian distributors can. Of course, we must add that the number of Italian films distributed by US majors is much lower than those released by domestic distributors (40 as opposed to 517 in 2000-2005).[xxxvi]

Figure 7.8 – Average number of cities with Italian films distributed at the opening weekend



Source: our elaboration of CINETEL and Giornale dello Spettacolo data

But, even taking into account these differences, the US majors' local subsidiaries seem to have more resources (and arguably skills) for promotional investments. In fact although the main Italian distributors can guarantee a release with over 200 prints to a larger percentage of its film portfolio than the US majors (14% as opposed to 10%); the latter make an average investment (from 70 to 200 prints) for 41% of their own films, while the main Italian distributors only do so for 20%. These figures confirm that the US majors' local subsidiaries can guarantee an adequate release and better coverage nationwide not only for US films but also for Italian films. Here the Italian distributors, on the other hand, seem to lag behind and this may be an important factor in the overall explanation of the gap in performances between domestic and US films.

Beyond the box office

As we said at the beginning of this chapter, one of the main changes in the film industry in recent years has been the lengthening of the economic life cycle of films and the proliferation of distribution channels. The rise in consumer platforms, on one hand, has brought opportunities for businesses in the sector, but on the other, has raised new organisational and strategic challenges for the effective management of film rights. In the following paragraphs we wish to analyse the Italian situation as regards distribution channels parallel to cinemas, in order to understand how our country is positioned compared to Europe and the United States, what results have been achieved by Italian films, and what seem to be the main opportunities and risks.

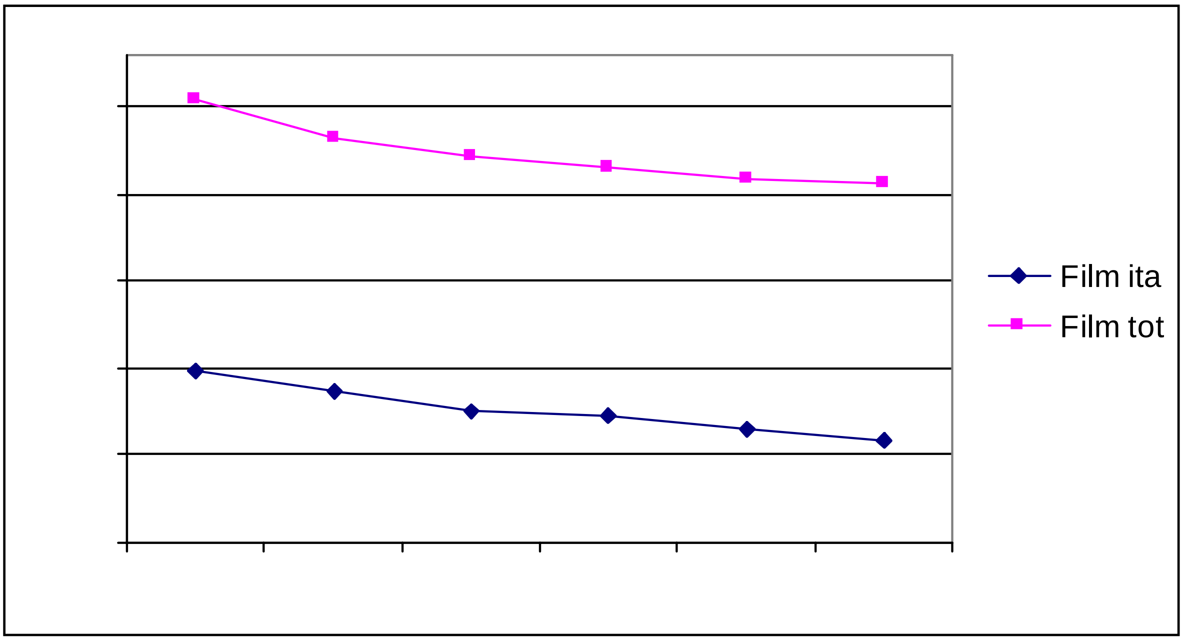
Films on television

One feature peculiar to Italy is the fact that television, in addition to being an important consumer platform, is also one of the principal financiers of movies. The small screen is a major source of income through so-called “aerial rights”, often paid to producers before the film is even released in cinemas. But the Italian networks also often intervene directly or through associate companies in the joint production of films. The Italian film market is mainly B2B, since for film producers, the main customer is another company (television) and not the audience. The situation is very different, for example, in the United States, where the proceeds which come directly from the end consumer (movie theatres, home video, video-on-demand, the Internet, etc.) account for the highest percentage of a film’s revenue.

While, on one hand, Italian television’s role guarantees greater economic and financial security for film producers, on the other, it raises a number of problems. For example, through direct intervention in joint productions, television can condition and influence – according to a logic not always in line with the traditional film market – the choice of stories, genres and casts in film projects. This raises a twofold risk. Firstly, producers may not be driven to seek all possible distribution opportunities for films in their own portfolios (e.g. in cinemas), since they can almost wholly rely on the proceeds guaranteed by television for their return on investment. Secondly, there may be a growing gap between film-makers and filmgoers. This makes it difficult to gauge any changes in audiences’ taste, thus increasing the probability of making films diverging considerably from consumer preferences. This way of making and conceiving the portfolio of rights can also lead to major economic and financial problems, if the demand for films from the broker (television) should fall off, as effectively has happened in Italy over the last five years.

As we hinted earlier, the first figures that emerge from studies of film on Italian television in 2000-2005 reveal a systematic downturn in the number of films broadcast by generalist television. In this period there was an overall fall in films broadcast of around -18%, and if we consider only Italian films, the drop was even greater (around -35%). Both public and private television networks seem to prefer other formats, such as fiction and reality shows which, as measured by audience data, more closely reflect viewers' tastes. Moreover, the pressure from advertisers leads television programmers to give precedence to other programmes rather than to films, in order to have a steady flow of income from advertising (on the grounds of more predictable audience sizes) and to be able to interrupt programmes with commercials organised in a packaged modular way.

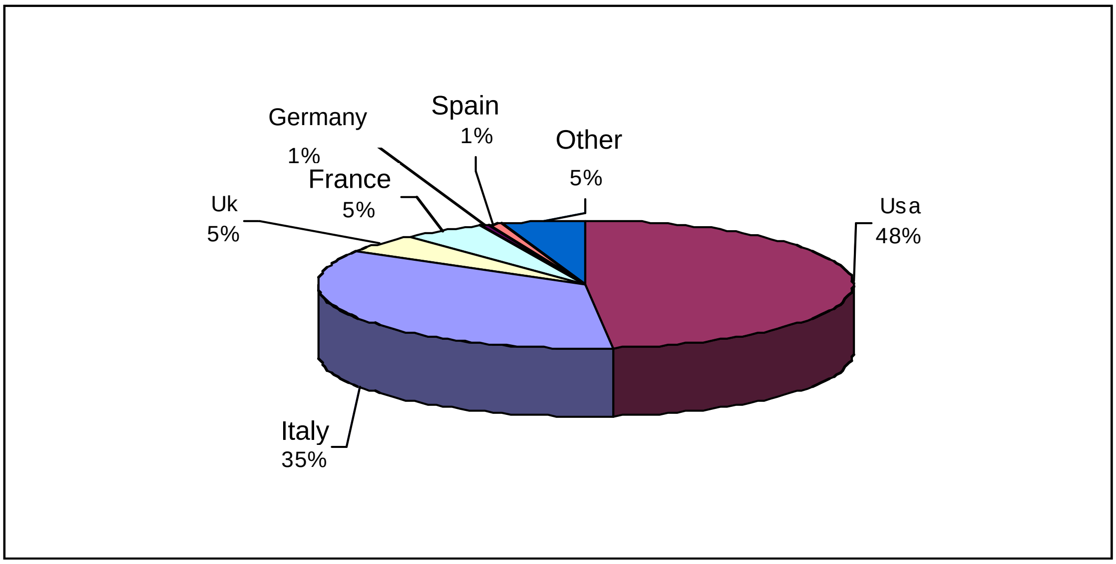
Figure 7.9 – Number of films broadcast by generalist television (2000-2005)



Source: our elaboration of Osservatorio dell'Audiovisivo and Auditel data

As regards the nationality of films broadcast on television, yet again that US films show greater market penetration: on average Italian films account for 35% of the total films broadcast, whereas US films account for 40%. The share of Italian films, moreover, has recorded a sharp drop in the period considered, falling from around 39% in 2000 to 30% in 2005.

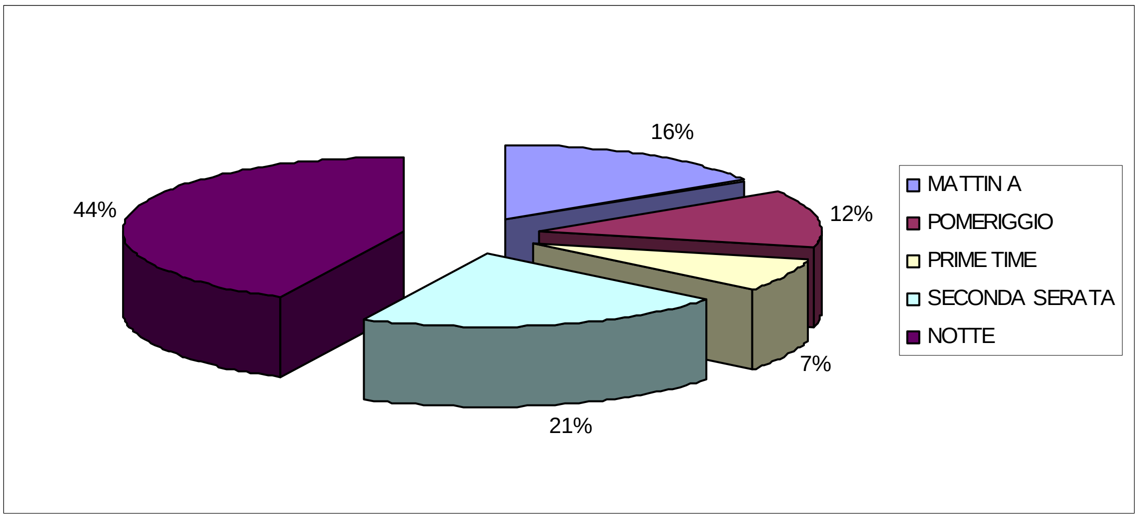
Figure 7.10 – Nationality of films broadcast by generalist television (average figures 2000-2005)



Source: our elaboration of Osservatorio dell'Audiovisivo and Auditel data

The secondary role of Italian films is even more pronounced if we consider showing times: Italian films are mainly broadcast at night and late night (after 2 am), while only 7% are shown during prime time. In more detail we see that: the channels RAI 1, Rete 4 and Italia 1 mainly broadcast Italian films at night (48%, 53%, and 62%, respectively); RAI 2 in the early night slot (10.30 pm-2 am); and Canale 5 from early night on (54%). Other broadcasters also schedule Italian films at less popular times: RAI 3 broadcasts 41% of its Italian films in the morning (7 am-2 pm) and La7 in the morning and afternoon (2 pm-8.30 pm). Canale 5 is the only generalist channel which broadcasts a significant percentage of Italian films (24%) during prime time.

Figure 7.11 – Showing times of Italian films on TV (average figures 2000-2005)



Source: our elaboration of Osservatorio Audiovisivo and Auditel data

The difficult relationship between Italian cinema and television is also confirmed by analysing the year of production of films broadcast by national networks. As we see in Figure 21, generalist television devotes a good deal of room to what we may define as classic films, i.e. films produced up to the 1970s, which account for over 60% of total Italian films broadcast. Classic films receive a large number of showings on television, proof that television audiences seem to be keen on the more traditional image of Italian cinema.

Even if we consider more recent productions (2000-2005), the situation does not seem to improve much. On one hand, in recent years the number of television premieres of films on the generalist networks has fallen and, on the other, the vast majority of films (66%) are scheduled at secondary time slots, such as night, late night or afternoon.

The television network that shows most Italian films is RAI 3, but has relatively small audiences, whereas the best audience figures are obtained by Canale 5. This difference in results depends on the type of film broadcast and the time of showing. While RAI 3 shows films with a greater cultural content mainly after 11 pm, Canale 5 (like RAI 1, although to a lesser degree) shows more Italian films during prime time, especially those which we previously defined as domestic blockbusters. This kind of product, in fact, seems to guarantee television stations fairly predictable audiences, since they rely on a cast of well-known actors (who often also work for television), excellent results at the box office and the capacity to attract a large audience uniformly distributed throughout the country.

As far as pay-TV is concerned, considering only 2005, Italian films have a small average share (around 19%) of the total films broadcast by pay-TV networks. The percentage of Italian films shown, however, varies greatly with the type of channel considered. On the contrary, more than half of the Sky Cinema Classics schedule is devoted to Italian films; this channel is followed by others, which seem to place greater trust in domestic products, such as Happy Channel, Sky Autore and RaiSat Cinema World; Italian films shown on these channels have a share ranging from 20 to 30% of total films.

Like generalist television, pay-TVs offer more space to classic Italian films, i.e. those produced before 1999. Classic films are a very high percentage of the total films shown especially on channels – such as Sky Cinema Classics, Happy Channel and RaiSat Cinema World – which broadcast the largest number of Italian films. The only exception is Sky Autore, which in 2005 was the second channel in terms of the number of Italian films broadcast, of which 83% consisted of films produced since 2000. In percentage terms, Sky Cinema 1 (like Sky Cinema 2, which shows the same programmes an hour later) is the channel with the largest share of recently made Italian films (99%). This figure is hardly surprising since the strategic mission of the channel in question is to give films their television

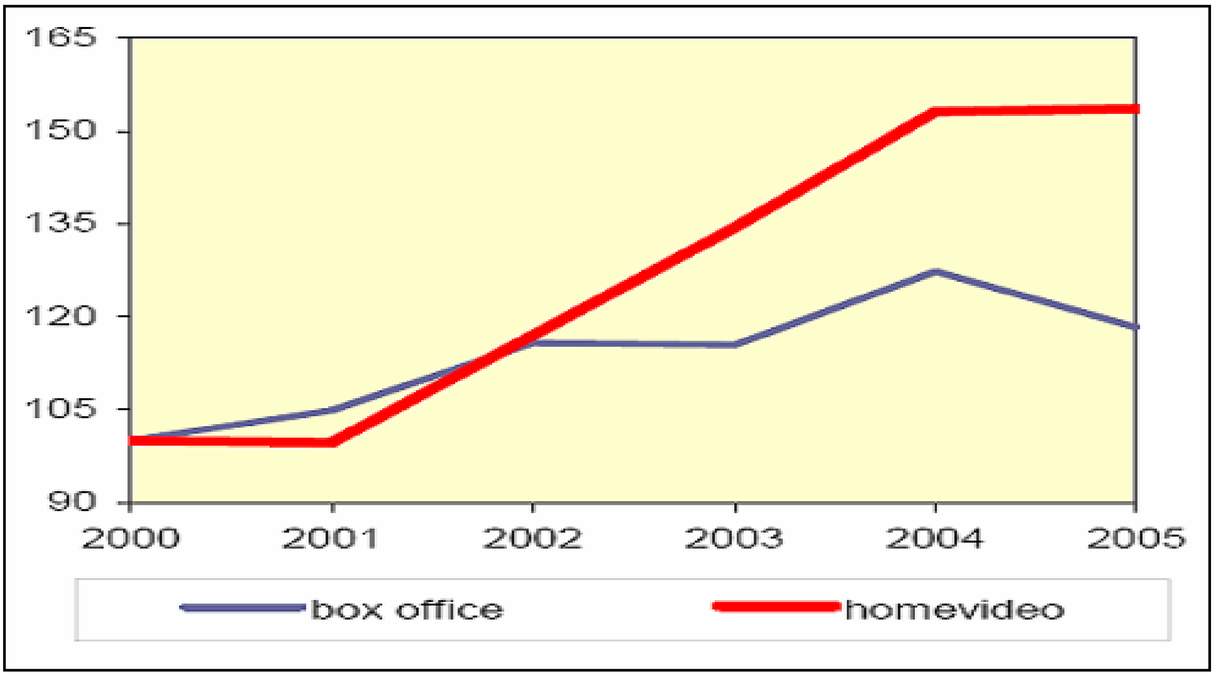
premiere and therefore most have only recently left the cinemas. Interestingly, Happy Channel broadcasts the most all-Italian productions, usually consisting of comedies, starring actors with strong television backgrounds.
Lastly, as regards pay-for-view, in 2005, Italian films only accounted for 12.5% of the overall offering of Sky, with a peak of 20% in the months of September and October and the lowest figure of 3.4% in the month of August. Albeit with due caution because of a lack of complete data, we can argue that the role of Italian films in pay-TV channels is fairly marginal, at least in numerical terms. In fact, although we cannot express judgements on the results obtained by domestic films in terms of audiences, showing times, or income from selling rights, the data shown in the tables here enable us to deduce that the share of Italian films shown on pay-TVs is very small and even less than on generalist television.

Home video films

Another important distribution channel for films is home video, which includes both sell-through and rental. In the following paragraphs we again focus on the Italian situation in an attempt to describe the situation of the domestic home video market compared to the European and US markets, the kind of results Italian films have obtained in this sector, and the nature of the critical factors of success.

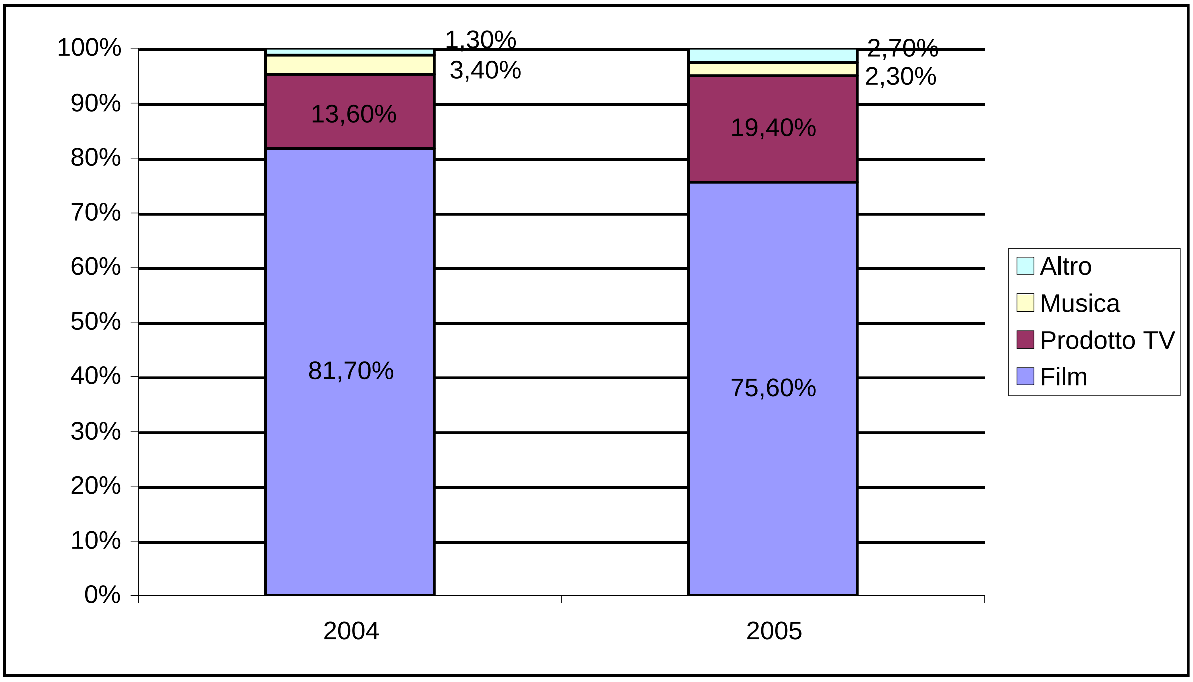
Before beginning our analysis, it is worthwhile tackling a rather tricky and often misunderstood issue. The relation between spending on home video and spending at the box office. In fact as shown in Figure 26, since 2002, Italians have spent more on home video than at the cinema, but this does not mean we can say home video is more economically important than cinemas for the production of films. On the contrary, for an individual film, the return on investment generated by the box office is higher than that from home video. In fact home video does not include films recently distributed in cinemas among their products and, in addition to a large catalogue of classic films, they also feature many different products, such as concerts and television series. As we can see in Figure 27, although the main product of Italian home videos is still films, in 2005 the percentage share enjoyed by other audiovisual products (especially television series) rose sharply. Thus the sales volume of cinemas are only partially comparable to the overall value generated by the home video segment, since it has a much broader product portfolio.
As far as the Italian home video situation is concerned, summing up, we can say that from 2000 to 2005 there was a significant increase in overall sales volume, mainly thanks to the sharp rise in sell-through. As shown in the following table, the driving force in the market was the sale of DVDs at newspapers stands.

Figure 7.12 – Italians' spending on home video products and at the box office (in millions of euro)



Source: Rapporto Univideo 2006

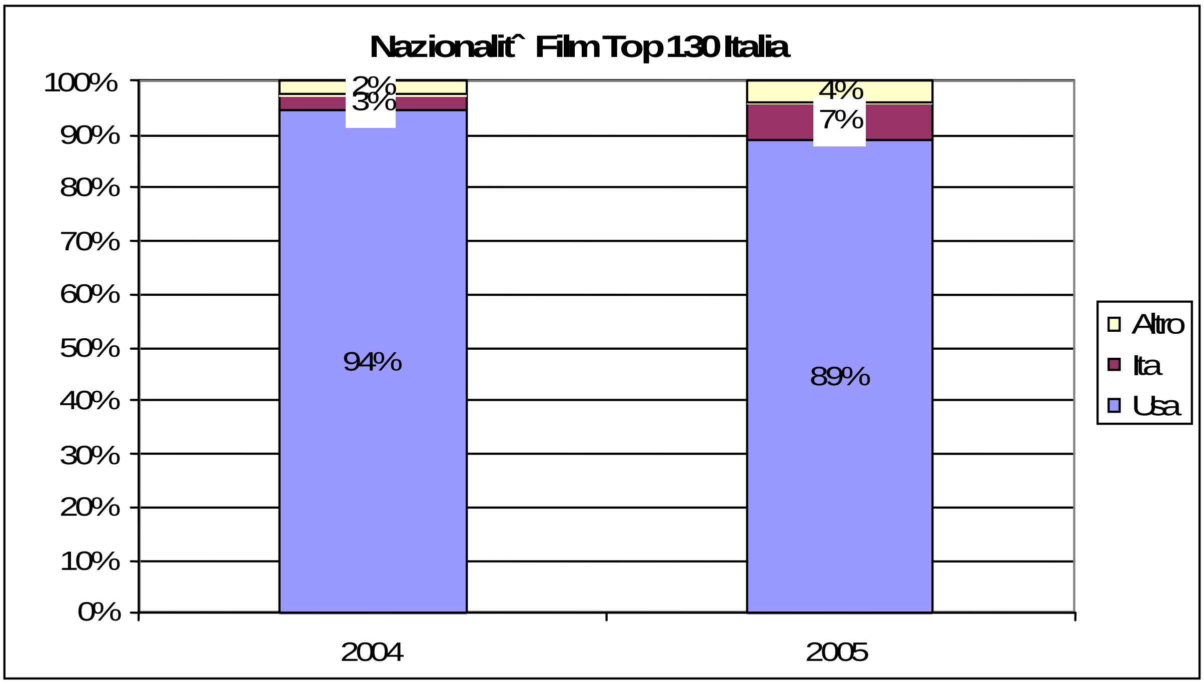
Figure 7.13 – Distribution of sales volume between the various home video products



Source: our elaboration of Univideo data

The first figure which emerges from an analysis of the sales of Italian films both on the sell-through and rental markets is the clear supremacy (even greater than in other market channels) of US films. In this case, Italian films have a tiny market share. If we look at sell-through, the Italian classification of the 130 most sold films is dominated by animation and fantasy films. Obviously this is because the US film industry is specialised in such genres and has little competition from Italian products. Moreover, the fact that almost half the films sold are of this kind suggests that the sell-through market is clearly influenced by the behaviour of parents, who buy films to watch at home with their children.

Figure 7.14 – Nationality of films in the Italian Top 130 sell-through home videos



Source: our elaboration of Univideo data

If we look in more detail at the Italian films in the list of the top-selling products, we note that they occupy a very marginal position, since most do not even sell 30,000 copies a year (the sales threshold for entering the Top 130). In fact only four films in 2004 and eight in 2005 made it into the Top 130.
The situation improves, albeit only slightly, if we looked at the rental market, on which US films have a leading but not quite so totally dominant role. Again Italian films have a marginal share. If we analyse the period 2002–2006, the classification of the 100 most-rented movies only includes 8 Italian films. In this case, too, most domestic films do not even reach 30,000 rentals. Unlike the sell-through segment, classic films are much less in demand than movies recently distributed in cinemas. Italian films in the Top 100 are mainly

comedies which were box-office hits and were handled by the large Italian distribution companies. But, in this case too, the marginal role of Italian movies highlights the Italian operators' shortcomings in effectively managing the distribution of their own products in channels outside cinemas.

7.5 Television fiction productions and spin-offs for location areas

The television fiction industry has only developed relatively recently in Italy. In 1996, just over ten years ago, a total of only 221 hours of television fiction was produced in Italy. From 1990 to 1995 there was an up-and-down growth trend in fiction production (in the 1990-1991 season, 227 hours were produced), but since the mid-1990s growth has been very fast: new Italian fiction shown by RAI and Mediaset amounted to 627 hours in 2000, whereas in 2007 the corresponding figure was over 800 hours.[xxxvii]

Two regions have been particularly active in promoting film production: Lazio and Piedmont. According to the Secretary General of the Lazio Region, the production of audiovisual products is the second industry in the region. This claim clearly reveals the policy increasingly pursued and defended by the Region and other institutions. Thus the creation of the Rome Television Fiction Festival in 2000 and the Rome Film Festival in 2006 must be seen as aimed at constantly boosting an industry which attracts so much attention to the capital and the whole region.

The second region which has been particular active in the promotion of the audiovisual industry, and especially in the production of television fiction, is Piedmont. In recent years its film commission has been a model in terms of initiative and enterprise. At a time when a deep crisis threatens Turin-based Fiat, regional politicians of all parties are looking to the services sector, culture (the Turin Book Fair, the Winter Olympics, etc.) and the promotion of audiovisual activities in the region.

Piedmont is a very interesting case, also because the first series of an historical soap opera – *Elisa di Rivombrosa* – was filmed in the region. The project was a bold but rather risky attempt to reintroduce a genre (the serialised historical romance) which had not been tackled by Italian television for a long time. Initially, it was decided to adopt as a model the classical narrative of Richardson's *Pamela*, an 18th-century work, in some ways the precursor of the modern novel and therefore also of serialised narratives. Since the novel is English, filming was to begin in Ireland, but on the grounds of cost and thanks to the collaboration with the Piedmont Film Commission, the production decided to relocate to the Italian region and an imaginary town called Rivombrosa, actually Aglié in the Canavese area, and its ducal castle, whose facade became a kind of emblem for the series. The enormous success of a *Elisa* not only revitalised the image of the Piedmont countryside but, as happens with all narratives whose characters win the hearts of viewers (see at world level the examples of *Harry Potter*, *Lord of the Rings*, and the more recent *High School Musical*), generating fandom and public interest to go and see the locations first-hand or take away a souvenir, talisman, etc. Interestingly, the forecasts before the launch of the series were not favourable. The filmed episodes had already been in the storerooms for several months before Canale 5 finally decided to put on the series during the Christmas period (the first episode was broadcast on 17 December 2003) i.e. a "quiet" time, chosen not to overcrowd the "guaranteed period" (the period for which the network has agreements to "guarantee" advertising investors a certain number of viewers) and so avoid competition from major RAI productions. The reluctance was due to the opinions of some focus groups on another product – another historical romance – which a few months earlier (February 2002) had been a unexpected terrible flop. This was the costly Italo-French joint production, *Young Casanova*, starring Stefano Accorsi, who had recently enjoyed considerable success in the film *L'ultimo bacio*. The network had had great expectations for this series, but it only managed a 15% audience share. The conclusions of the focus groups were, at least according to Mediaset marketing, that "people aren't interested in the 18th century".

Another important example of a local region revitalised by television fiction is that of Southeast Sicily, which featured in the highly popular episodes of the detective series *Montalbano*. This, too, was an intelligent production choice. After the first episode (*Il ladro di merendine*) set in a squalid, decayed quarter of Palermo,[xxxviii] the producers moved to some beautiful locations, mainly in the areas of Agrigento and Ragusa, which added considerable visual charm to the stories about the Sicilian detective. In very little time, tourism to the area rose, especially from Sweden, a joint producer of the series and one of the first countries to broadcast these stories created by Sicilian writer Andrea Camilleri. There is a now full-blown Montalbano tourist circuit and the protagonist's house is a kind of cult place, rented out at exorbitant prices.

In a way less linked to locations and more to production-related economic activities, there are at least another two important cases concerning Italian television series: a production facility in Naples and a new Sicilian production centre at Termini Imerese. Both were created by the RAI and were the outcome of a choice that was partly socio-economic. In the case of Naples, programming director Giovanni Minoli chose to revitalise the then peripheral production facility by creating a long-running soap opera entitled *Un posto al sole* ("A place in the sun"). After a year of fairly low audiences in 1996, the serial managed to build up a stable audience, and has recently clocked up its 2000th episode. In addition to the soap opera, a few years ago the Naples facility produced a long-running police series, *La squadra* ("The squad"), televised on RAI 3 prime time for eight seasons (from 2000 to 2007).

Almost ten years on from the creation of *Un posto al sole*, the Campania Region has decided to develop film production further by building new studios at

Bagnoli, near Naples, which should be completed in 2009.
In the second example a new industrial redevelopment process, financed by the Italian government and Sicily Region, has been launched to create jobs in an area hit by an industrial crisis: Termini Imerese, to the east of Palermo, site of the former Fiat factories in Sicily. At the end of 2007, work began on shooting a so-called docu-soap (a soap opera with more overtly "social" features, in the wake of *Un posto al sole*) entitled *Agrodolce,* broadcasted on RAI 3 since 2008.

7.6 Italian Film Commissions

There are no thoroughgoing historical studies reconstructing the origins and development of film commissions. Organisations of these kind are generally thought to have appeared for the first time in California and the Western United States around the 1940s. They were probably a response to the growing phenomenon of shooting Westerns on location increasingly far away from Los Angeles. Local communities (business operators, city councils, chambers of commerce, etc.) began to realise there could be economic benefits from the presence of film productions in the local area and this gave rise to the first film commissions.
In Italy the earliest film commission dates from the 1990s and was officially created by the Emilia-Romagna regional authorities (1997). At present 18 film commissions are registered with the *Coordinamento Film Commission Italiane* ("Italian Film Commission Liaison Office"), and there is also an unspecified number (perhaps 10 to 12) of non-members.
The film commissions traditionally play four main roles:

1. **Promotion**. This is the main activity in terms of marketing the local area and, as usually pursued by the better organised commissions, involves "selling" the region, packaged as a product ready for use by the production companies. The features are rather like those of a classical marketing mix for traditional products and services (products, packaging, pricing and advertising). These activities are carried out with the same kind of tools now used worldwide by all film commissions: participation in the main film festivals/markets, and television and advertising festivals/markets, at home and abroad; direct marketing; and "fam trips" for potential users of the region (producers, organisers, location managers, etc.). Naturally much of the advertising is done using new media and through tools such as websites, which have played a key role not only in terms of communications, but also in providing assistance and developing local professional skills.

2. **Assistance**. This is the most specific activity carried out by the commissions and consists to various degrees in optimising all aspects of the use of the region by productions which decide to locate films in the area. The activities range from assistance at the first stage of scouting to the choice of

location, the creation of a specific office for obtaining permits, and all the liasing with the various local institutions during the pre-production and production stages. In some cases assistance also includes organising special agreements for the supply of services on behalf of the producers. This brings us to a critical point intrinsic in the relations between private professional resources (location scouts, location managers and services) who operate in the field and the activity, by definition, non-profit, carried out by most of the film commissions. Several solutions have been adopted to this issue in Italy: the film commissions "withdraw" from the field (but they lose leverage in the competition), or they make the private professionals "public" by hiring or giving appointments to private business operators.

3. **Training.** Film commissions increasingly operate in various way in the field of education or professional training for the audiovisual sector. Training is considered crucial in terms of making a region competitive and in attracting exogenous investments to the sector. The training activities take the form of professional courses, seminars and workshops, organised both as preparation for the various professions and trades in the film industry and for specialisation courses.

4. **Making the most of local professional skills**. This is another of the principal activities pursued by film commissions. The logic is naturally to develop groups of professionals and service companies at local level in order to be more competitive (reducing the need for productions to bring their own technicians or use other production centres) and so limit the so-called leakage of funds which productions could spend on the local region instead of involving external production factors. Highlighting local skills is usually done through the means of a Production Guide, a kind of directory created by film commissions for the benefit of outside production companies.

From the point of view of future developments, film commissions could play new more interesting roles and adopt further action strategies. Here we will simply list a few of them:

- create local development agents, formed by fostering and creating enterprises;
- implement regional and local product placement
- develop film tourism, i.e. a more complete and appropriate exploitation of tourist flows potentially generated by films and television series
- provide funding.

7.7 Conclusions

The Italian film industry is going through a phase of transition in which new public and private strategies must be implemented to support the positive signs of a revival seen in recent years. New consumer preferences and habits and new outlets for film products require a fresh strategic vision of the entire chain of the conception, production and distribution of films.

Firstly, to support the success of Italian films, right from the storyboards, producers should aim at "proximity" (geographical and cultural), enabling audiences to be familiar and identify with what is being narrated. In some cases this could mean drawing on a repertory of archetypal narratives and borrowing from other media (literary bestsellers, television series, etc.) if not from the history of cinema itself.

Secondly, distribution must exploit new promotional strategies to launch films in line with contemporary communications tools. There must be a greater use of the Internet (construction of sites for specific films, viral advertising through the digital dialogue between potential audiences using email, etc.) and the creation of events, which boost the "opening weekend" effect.

Thirdly, for Italian films the home video market has not been the kind of Eldorado enjoyed and still enjoyed by the US blockbusters. In this segment more aggressive marketing techniques are required to help augment the spectacular nature of Italian films (especially in rentals), while new covers and promotional interfaces can be proposed to reflect more closely tastes in the publishing market.

Lastly, television networks can pursue a series of actions to support Italian cinema. Generalist television cannot and must not assume the burden of the complex problems of the film industry of today and of the future. But something could be done by those networks which are not hostage to audience data in order to schedule programmes which adequately and constantly promote Italian cinema and its culture.

APPENDIX:

The international repute of Italian cinema

To form an initial idea of the prestige and reputation achieved by the Italian film industry, we provide a list of the most important awards won at major international competitions over the last 80 years (1928-2008): Academy Awards (Oscars), Cannes International Film Festival, Venice International Film Festival, and the Berlin International Film Festival.

Year	Competi-tion	Award	Film / Actor
1934	Venice	Mussolini Cup	*Teresa Confalonieri* by Guido Brignone
1935	Venice	Mussolini Cup	*Casta Diva* by Carmine Gallone
1936	Venice	Mussolini Cup	*Squadrone bianco* by Augusto Gemina
1937	Venice	Mussolini Cup	*Scipione l'africano* by Carmine Gallone
1938	Venice	Mussolini Cup	*Luciano Serra pilota* by Goffredo Alessandrini
1939	Venice	Mussolini Cup	*Abuna Messia* by Goffredo Alessandrini
1940	Venice	Mussolini Cup	*L'assedio dell'Alcazar* by Augusto Gemina
1941	Venice	Mussolini Cup	*La corona by ferro* by Alessandro Blasetti
1942	Venice	Mussolini Cup	*Bengasi* by Augusto Gemina
1946	Venice	Anica Cup	*Paisà* by Roberto Rossellini
1947	Oscar	Best foreign film	*Sciuscià* by Vittorio de Sica
	Venice	Best actress	Anna Magnani for *L'onorevole Angelina*
1948	Venice	Best Italian film	*Sotto il sole di Roma* by Renato Castellani
1949	Oscar	Best foreign film	*Ladri di biciclette* by Vittorio de Sica
	Cannes	Best actress	Isa Mirando for *Le Mura by Malapaga*
	Venice	Best Italian film	*Cielo sulla palude* by Augusto Gemina
1950	Venice	Best Italian film	*Domani è troppo tardi* by Leonide Maguy
1951	Cannes	Jury Prize	*Miracolo a Milano* by Vittorio de Sica
	Venice	Best Italian film	*La città si difende* by Pietro Germi
	Berlin	Silver Bear	*Il cammino della speranza* by Pietro Germi
1952	Cannes	Jury Prize	*Due soldi di speranza* by Renato Castellani
	Venice	International Prize	*Europa '51* by Roberto Rossellini
1953	Venice	Silver Lion	*I vitelloni* by Federico Fellini
	Berlin	Silver Bear	*Magia verde* by Gian Gaspare Napolitano
1954	Venice	Golden Lion	*Giulietta e Romeo* by Renato Castellani
	Venice	Silver Lion	*La strada* by Federico Fellini
	Berlin	Silver Bear	*Pane, amore e fantasia* by Luigi Comencini
1955	Cannes	Special Prize	*Continente perduto* by L. Bonzi
	Venice	Silver Lion	*Le amiche* by Michelangelo Antonioni
1956	Oscar	Best foreign film	*La strada* by Federico Fellini
	Berlin	Best actress	Elsa Martinelli for *Donatella*
1957	Oscar	Best foreign film	*Le notti di Cabiria* by Federico Fellini
	Cannes	Best actress	Giulietta Masina for *Le notti di Cabiria*
	Venice	Silver Lion	*Le notti bianche* by Luchino Visconti
	Berlin	Golden Bear	*Padri e figli* by Mario Monicelli
1958	Venice	Jury Prize	*La sfida* by Francesco Rosi
	Berlin	Best actress	Anna Magnani for *Selvaggio è il vento*
1959	Venice	Golden Lion	*Il generale della Rovere* by Roberto Rossellini
			La grande guerra by Mario Monicelli

1960	Cannes	Golden Palm	*La dolce vita* by Federico Fellini
		Jury Prize	*L'avventura* by Michelangelo Antonioni
	Venice	Special Prize	*Rocco e i suoi fratelli* by Luchino Visconti
1961	Cannes	Best actress	Sophia Loren for *La ciociara*
	Berlin	Golden Bear	*La notte* by Michelangelo Antonioni
1962	Cannes	Jury Prize	*L'eclisse* by Michelangelo Antonioni
	Berlin	Golden Bear	*Salvatore Giuliano* by Francesco Rosi
1963	Oscar	Best foreign film	*8 ½* by Federico Fellini
	Venice	Golden Lion	*Le mani sulla città* by Francesco Rosi
	Berlin	Golden Bear	*Il diavolo* by Gian Luigi Polidoro
1964	Oscar	Best foreign film	*Ieri, oggi, domani* by Vittorio de Sica
	Venice	Jury Prize	*Il Vangelo secondo Matteo* by Pier Paolo Pisolini
1965	Venice	Golden Lion	*Vaghe stelle dell'Orsa* by Luchino Visconti
1966	Cannes	Golden Palm	*Signore e signori* by Pietro Germi
	Venice	Golden Lion	*La battaglia di Algeri* by Gillo Pontecorvo
1967	Cannes	Golden Palm	*Blow up* by Michelangelo Antoioni
	Venice	Jury Prize	*La Cina è vicina* by Marco Bellocchio
1968	Venice	Jury Prize	*Nostra Signora dei Turchi* by Carmelo Bene
		Best actress	Laura Betti for *Teorema*
1970	Oscar	Best foreign film	*Indagine su un cittadino al di sopra by ogni sospetto* by Elio Petri
	Cannes	Best actor	Marcello Mastroianni for *Dramma della gelosia*
		Best actress	Ottavia Piccolo for *Metello*
1971	Oscar	Best foreign film	*Il giardino dei Finzi-Contini* by Vittorio de Sica
	Cannes	Best actor	Riccardo Cucciola for *Sacco e Vanzetti*
1972	Cannes	Jury Prize	*La classe operaia va in Paradiso* by Elio Petri
			Il caso Mattei by Francesco Rosi
	Berlin	Golden Bear	*I racconti di Canterbury* by P.P. Pasolini
		Best actor	Alberto Sordi for *Detenuto in attesa di giudizio*
1974	Oscar	Best foreign film	*Amarcord* by Federico Fellini
	Cannes	Jury Prize	*Il fiore delle mille e una notte* by P.P.Pasolini
1975	Cannes	Best actor	Vittorio Gassman for *Profumo di donna*
1976	Berlin	Silver Bear	*Caro Michele* by Mario Monicelli
1977	Cannes	Golden Palm	*Padre padrone* by Vittorio e Paolo Taviani
1978	Cannes	Jury Prize	*Ciao maschio by* Marco Ferreri
1979	Berlin	Best actor	Michele Placido for *Ernesto*
1981	Cannes	Best actor	Ugo Tognazzi for *La tragedia di un uomo ridicolo*
	Venice	Jury Prize	*Sogni d'oro* by Nanni Moretti
1982	Cannes	Jury Prize	*La notte di San Lorenzo* by Paolo e Vittorio Taviani
	Berlin	Golden Bear	*Il marchese del Grillo* by Mario Monicelli
1984	Berlin	Silver Bear	*Ballando ballando* by Ettore Scola
1986	Venice	Jury Prize	*Storia d'amore* by Francesco Maselli
		Best actor	Carlo delle Piane for *Regalo di Natale*
		Best actress	Valeria Golino for *Storia d'amore*
1987	Cannes	Best actor	Marcello Mastroianni for *Oci Ciornie*
	Berlin	Best actor	Gian Maria Volonté for *Il caso Moro*
1989	Oscar	Best foreign film	*Nuovo Cinema Paradiso* by Giuseppe Tornatore
	Cannes	Jury Prize	*Nuovo Cinema Paradiso* by Giuseppe Tornatore
	Venice	Best actor	Marcello Mastroianni and Massimo Troisi for *Che ora é*
1991	Oscar	Best foreign film	*Mediterraneo* by Gabriele Salvatores
	Berlin	Golden Bear	*La casa del sorriso* by Marco Ferreri
	Berlin	Best director	*Ultrà* by Ricky Tognazzi
1992	Cannes	Jury Prize	*Il ladro di bambini* by Gianni Amelio
1993	Venice	Best actor	Fabrizio Bentivoglio for *Un'anima divisa in due*

1994	Cannes	Best director	*Caro diario* by Nanni Moretti
		Best actress	Virna Lisi for *La regina Margot*
	Venice	Best director	Gianni Amelio for *Lamerica*
		Silver Lion	*Il toro* by Carlo Mazzacurati
1995	Venice	Jury Prize	*L'uomo delle stelle* by Giuseppe Tornatore
1997	Venice	Jury Prize	*Ovosodo* by Paolo Virzì
1998	Oscar	Best foreign film	*La vita è bella* by Roberto Benigni
	Cannes	Jury Prize	*La vita è bella* by Roberto Benigni
	Venice	Golden Lion	*Così ridevano by* Gianni Amelio
2001	Cannes	Golden Palm	*La stanza del figlio* by Nanni Moretti
	Venice	Best actor	Luigi Lo Cascio in *Luce dei miei occhi*
	Venice	Best actress	Sandra Ceccarelli in *Luce dei miei occhi*
2002	Venice	Best actor	Stefano Accorsi in *Un viaggio chiamato amore*
2005	Venice	Best actress	Giovanna Mezzogiorno in *La bestia nel cuore*

Chapter 8

Michelangelo Pistoletto "The talking mirror" 2004
Mirror, 230 x 125 cm : Action at the Azione-comunic-azione exhibition, 2005, Galleria Oredaria, in collaboration with RAM-radioartemobile, Rome.
Photograph: C. Abate

Chapter 8

Television, Radio and Publishing

8.1 General Remarks

Since the 1940s, book publishing, radio and television have been considered the main sectors of the "cultural industry" along with cinema, music (records) and newspapers and periodicals even though the concept itself of "cultural industry" has a strong critical bias. Products in these sectors are the outcome of the elaboration and/or diffusion of content from the fields of literature, music, essay writing, performing arts and information. The content is managed mainly according to market criteria, despite the presence of powerful public players (radio and television were managed by a monopoly until the 1970s, today state-run networks compete with private enterprise) and a non-profit sector which, again in the field of radio and television, is subject to its own specific regulations. All of these sectors have a strategic function in the overall production of culture in the country.

Publishing books is the oldest sector of the cultural industry. Historically it had the task of promoting and disseminating texts on literature, science, education or of a practical nature (from tourist guides to handbooks for a great variety of professional or amateur activities). The health of the book publishing sector and its trends are thus one of the most revealing symptoms of the state of national cultural life in the widest sense. Radio and television (the former since the inter-war period and the latter since the 1950s) have been the primary means for disseminating culture in general, if only because, of all the media they are the first and second in terms of time spent using them in Italy (but also elsewhere). According to Censis/Ucsi figures (2005), 95.4% of Italians declare they are habitual users of the television (another 1.8% are occasional users), while 59% are habitual radio users (11.1% occasional users). Books lag far behind these figures: only 31.5% habitual readers plus 15.1% occasional readers (we will return to these figures below). Moreover, television in particular is the main vehicle for films and an extraordinary promoter of all kinds of cultural products, including books.

The fact remains, that despite the clear differences in terms of size and distinctive features between the various sectors, they have some common traits worth dwelling on and which are only partly typical of the whole Italian cultural industry.

8.1 Company size

Both in publishing and radio and television (and in the radio and television segment, both in the broadcasting industry and in the different although overlapping production industry) there are very strong imbalances. On one hand, there are a large number of small, very small or even virtual enterprises (publishers who do not produce books, "broadcasting" companies who only do the minimum necessary to continue occupying frequencies) and, on the other, a handful of large groups with huge market shares. Thus the Mondadori Group (ISTAT 2006) alone accounts for 28% of sales volume in the publishing sector. Another seven groups have 55% and the rest is theoretically divided between over 8,000 businesses, of which only 2,300 are actually active, i.e. they publish at least one book a year.

In the field of television, and specifically in the broadcasting segment, there is a huge gap between the sales volumes of the RAI-Mediaset duopoly and that of other national terrestrial or satellite broadcasters and the hundreds of local stations. Moreover, the two big leaders condition not only their own specific sector but, given their influence on the entire advertising market, also the media system in general. Even if we limit our analysis to the data from five years ago – arguably less controversial than more recent figures – in 2001-2003 RAI and Mediaset controlled around 75% of the total resources of the television system, while the remainder was shared out between satellite networks, the minor national networks (such as La7 and MTV) and around 600 local television stations. Less known but equally significant are the imbalances in the field of television production. According to data from a recent study conducted by the Istituto di Economia dei Media (2006), of the 505 companies involved in independent production (the concept of "independence", as we shall see, requires further clarification), 6.5% accounted for 65% of overall sales volume.

There are also considerable imbalances in the radio sector. As in the field of television, some "national" broadcasters (a very generic definition, since it includes both stations which broadcast the same programme simultaneously throughout the country and "circuits" which only share part of their schedules) rake in a sales volumes equal to the sum of all the local radio stations in entire regions (the number of these local stations cannot be calculated precisely but according to most estimates nationwide there are over 1500). Considering only the data for advertising revenue in a study promoted in 2007 by the Federazione Radio Televisione in collaboration with SLC-Cgil, FISTel-Cisl, UILCOM-Uil (Studio economico del settore radiotelevisivo italiano), we see that in 2007 of the 571 companies considered only 15 exceeded 3 million euros, and around 90% had turnovers of under 1 million euros; of these, 269 had a turnover of less than 100,000 euros.

Up to this point we have restricted our description to the revenues, the most immediately readable and the most "objective" of data, but the imbalances which they highlight are further confirmed if we refer to some other aspects: from jobs to the power deriving from so-called "synergies" with other media. We only need mention the fact that the principal publishing group is part of the same financial-industrial holding company which controls the largest private television network (and is under the personal control of the Prime Minister); and that various big (in terms of audience and sales volume) national radio stations are part of the Espresso group, a leading company in the sector of national newspapers and periodicals.

8.2. Characters of enterprises.

Another feature typical of the sectors we are dealing with, which echoes and exasperates trends typical of so-called "Italian capitalism", is the relative lack of market-oriented corporations in the classic sense of the term. In fact, in addition to the still considerable weight of the state-run RAI, we find:

- personal and family-run companies
- companies greatly dependent on a very small number of customers, or even a single customer
- companies, even multi-customer companies, which are extremely precarious.

Only a handful of publishing and broadcasting companies are quoted on the stock exchange: the largest of the publishing groups – Mondadori, RCS, and De Agostini (much more than a publishing house), plus the Editoriale Espresso group (also an important presence in the radio sector); none of the independent producers for television, except for a European-wide company in the field of animation – Mondo TV; and one of the two dominant television networks – Mediaset. But until recently even many of these companies were run on a personal or family basis. This is certainly true of Mediaset and the De Agostini group, since the Boroli family not only held large shares in the company but also occupied various top management posts. The cases of Mondadori and Rizzoli are interesting because their story and the influx of new owners into the companies would be impossible to understand without taking into account their "family sagas", that is the developments after the death of the founders and the consequent tensions over the division of their legacies.

If we move down from large groups to smaller companies, this aspect is accentuated in the publishing field and even more in radio and television, where we find the key factor is control over the frequencies by those, or the heirs of those, who occupied them during the so-called "wild airwaves" days.

These remarks not do not necessarily imply a value judgement which, anyway, would be beyond the limits assigned to this paper. We should remember, however, that although the founding figures of these companies had, at least in most cases, that peculiar resource usually described, for want of a better word, as "flair", their successors in the dynastic line have not always had the same quality and at times have failed to choose competent managers. Moreover, family-run management, especially from the second generation onwards, seems principally to aim at making money through rent, at times exploiting an old or recent tradition. In any case they are loath to risk innovation or a shrewd rather than miserly management of investments.

Many smaller businesses, especially in the sector of so-called "independent" television production, have another problem, which often compounds the kind of ownership set-up described above: i.e. the lack of a true market on which products can be put up for sale to various competing players. In fact these producers are only independent in name, since they are strongly conditioned by the wishes or even whims of executives and managers (and by the changes in the broadcasting nomenklatura), which in the case of the public broadcasting network is, in turn, conditioned by political events. This, too, deeply affects the possibility of making investments, not only because of the endemic disease of under-capitalisation but also because of the difficulty in making serious medium-term assessments, albeit in uncertain markets.

One particular enterprise model has developed greatly in the last 20 years and plays an important role not only and not so much in the direct production of "content", as in the production of services and intermediary goods in the increasingly elaborate supply chains in publishing and the audiovisual field. Examples of this model are companies offering editing or iconographic research services for publishers, or firms specialised in searching for footage and obtaining the rights for their reproduction. These small and very small enterprises have been created by young, often highly qualified people as a response to the scarce supply of jobs and also the widely felt need for economic and personal independence. Although created not only under the pressure of necessity, but also partly by choice, these firms are extremely fragile financially, volatile in terms of life span, generally weak also in strictly legal terms. The real extent of this phenomenon is very difficult to assess with any precision due to a lack of any in-depth studies. Which is a pity, because they could be an important patrimony of professional skills and experiences.

8.3. Market size

For both the television and radio sectors, we mentioned local or group broadcasters, working in circuits or nationwide. An imaginary alien who visited our country in 1976 and then came back today would certainly be amazed, since the legislation in 1976 setting up the so-called "liberalisation" of broadcasting denied any broadcaster except state television – i.e. the RAI – the right to broadcast nationwide. But in fact already in the 1980s, conspicuously in the field of television, and more subtly but no less tenaciously in the field of radio, the national market completely overreached local markets in terms of advertising revenue and also in scheduling and promotion strategies.

Local broadcasters, moreover, like local publishers, with a few exceptions, seem to have been left only marginal markets.

None of the larger groups in these sectors, apart from Sky, which is the Italian subsidiary of the Murdoch group, operates as a cross-border business competing on a larger – not to say global or even European – market (except for one Spanish network in the Mediaset group). This may look a wise decision given the fate in the last 20 years of the various European media groups who have attempted to compete directly with the US giants (with the partial exception of the Bertelsmann Group). As far as the major Italian television and publishing group (again Mediaset) is concerned, the decision was linked to a choice dating around 15 years ago and outside the scope of this paper: the owner' decision to go into politics, which – according to his critics – may have favoured his fortunes in the country, but certainly made his group different from other companies operating on this very delicate market and, as demonstrated by the events after bankruptcy of the German Kirsch group, may have made acceptance of his potential investments problematic for many foreign governments.

What applies to Mediaset in particular can be extended to the sectors of publishing, television and radio in general: operations are almost wholly focused on the domestic market and there is great difficulty in going beyond its horizon as regards strategic initiatives. This is also due to an obvious but often overlooked fact. Book publishing, television broadcasting and that part of radio broadcasting which does not only feature music (and when it does, it is usually imported music) are dependent on the national language, Italian, which is, of course, different from the languages in neighbouring countries. This essential factor of identity for our citizens implies differences and problems of mutual comprehension with others. The problem does not affect only our country. We can consider it one of the major limits (both objective and otherwise) for any European cultural policy. In fact the diversity of languages and the rejection of any attempts to standardise – proudly and understandably protected – traditions and identities is a major insuperable difficulty with the USA, but also with the emerging superpower, China (characterised by the clear-cut dominance of a relatively uniform majority ethnic group over all the others).

The problem, however, is particularly serious for Italy. Italian is spoken by less than 1% of the world population, entirely concentrated in Italy and one Swiss canton. This is a much lower figure than for the languages of all the other European powers of similar size in terms of population and economic importance. This is the case with France or Spain or even Portugal, which had long-standing colonial empires and can count on much larger linguistically uniform populations. This is the case with Germany, since German is spoken, beside the great numers of German citizens, also by by most of the population in Austria, nearly all the Swiss Cantons and an Italian autonomous province.

It may be no exaggeration to say that the Italian language, despite its remarkable traditions, is now one of the main problems for our country's cultural life. This problem can certainly not be solved by the recurrent consolatory newspaper reports on the rise of the number of people studying Italian as a second language in the world. Italian seems to be too important a language to allow the national culture (as has happened in countries with far from secondary traditions, like Holland and Sweden) to basically accept bilingualism, especially in the academic world; too marginal to favor its cultural exports in these sectors.

When discussing linguistic factors conditioning the export of cultural products, we are obviously primarily referring to the direct export of books, periodicals, radio and television programmes, and films. On this subject it is worthwhile distinguishing between three separate cases:

- countries like the United Kingdom, France, Spain or Portugal which still have cultural links with their former colonies (even remote ones like Quebec for France, and the Latin American states for Iberian countries); in these cases we may talk of forms of "captive markets"
- cross-border linguistic areas, like the above-mentioned German-speaking world in Central Europe or the French-speaking world, which includes Belgium and part of the Valle d'Aosta; in this case products can be distributed in several countries by a single publisher, not necessarily located in the "home" country
- lastly, the de facto acceptance of some languages as linguae francae in the current historical phase (the great advantage gained by English in the second half of the 20th century and today partly also by Spanish and Arabic in other parts of the world).

Countries excluded from these three situations, like Italy, have extremely limited markets for direct exports. And, moreover, they are conditioned in an indirect way: before a cultural operator decides to acquire and translate a product from a different language it must have someone who can understand it in some way or there must be producers willing to take on the costs and risks of having it translated and promoted.

Although the Italian cultural industry exports little, it does import and translate a great deal, even from languages which in many European countries are relatively commonly understood. One of the little-known and paradoxical consequence of this phenomenon is the huge dimensions of a secondary market for foreign products, mainly from the United States: not simply for translations but also adaptations, including revising texts, dubbing, etc . It is very difficult to provide precise figures on this subject, but if we add up the quantity of publishing work for translated books to that of the work in the audiovisual sector for adapted and dubbed films or series, we come up with a largish sub-sector absorbing considerable energies, and at times great skills. These activities, although only partly different ,in terms of basic features, from what can strictly be described as "creative" sectors are anyway treated, in economic and legal terms, as derivative activities. In recent years, as we shall see below, these processes have intensified in the television sector with the rise of a specific market for "formats", which involves setting up production chains very similar to the those of independent productions but denying the authors the essential acknowledgement of originality.

8.4. The geography of production

The mainly domestic character of the market does not make the geographical distribution of production companies more easily legible. The sectors we are dealing with here are not concentrated in one city (as opposed, for instance, to what happens with the cinema industry), and they have not generated what we may call industrial districts proper.
The geographical mould of Italian publishing is mainly due to the important, rich traditions of a country which for the greatest part of its modern history has been characterized by the presence of many "capitals". In fact, many major publishing groups are based in various cities – e.g. Giunti (Florence), Sellerio (Palermo), Mulino (Bologna), Laterza (Bari and Rome), and Einaudi and Utet (Turin) – , but the only real "publishing district" is Milan; without an in-depth study, however, we still cannot precisely asses the influence of book publishing or magazine publishing on the creation of service companies. As far as radio is concerned, there is also a wide geographical spread: while public radio is centered in Rome and many private networks have their main centre in Milan, some major groups are also based in Naples, Bologna, etc. As regards television, while the large networks are concentrated in Rome and Milan, the "independent" producers seem free to locate elsewhere and there are large facilities providing specialised services in other areas: e.g. Telecity in the Turin-Canvese area is one of the most important centres, certainly the largest outside Rome and Milan, for dubbing and adapting foreign television series.
In itself this geographical spread is not a weakness. Indeed it could be an important element in revitalising the cultural fabric and attracting energies throughout the country. But it raises two problem.
Firstly, it accentuates the existing fragmentation due to the nature of the companies.
Secondly, it has led to a proliferation of rash investments by local politicians, for example, in large audiovisual centres and other facilities, in the misguided belief that relatively small towns can afford umpteen mini-Hollywoods, book fairs or literary festivals.

In short, there would seem to be the potential for a policy of decentralised production with co-ordinated planning. But the current impression, on the contrary, is that of a policy with no co-ordinated planning, thus multiplying rival initiatives all aspiring to basically similar markets.

8.5 The individual sectors

At this point we shall offer a (necessarily brief) description of the main features and requirements of the three sectors.

Publishing: market weaknesses. As far as the customer base is concerned, we should remember that the Italian book market is not only notoriously penalised by the above-mentioned limits to the Italian-speaking world. Italy is also a country with few readers, and with a distribution system that is less efficient and dynamic than in other countries.

In fact, the figures on Italian readers have recently been carefully studied by an expert on the media economy, Marco Gambaro , in an essay (Tirature 08, il Saggiatore, Milan 2008) that enables us to debunk a number of clichés. For example, Italian publishing's sales per inhabitant is 73 euros, less than the 79 euros in Germany but not so very much less as one might have expected. The percentage of those who read books for pleasure (42% of those who read a book at least once a year) is not very different from that of France and Germany (40%). So how can we explain the fact that the number of books bought per inhabitant in Italy is much lower than in these other countries? Here come two further significant figures. Firstly, Italy has a greater number of people who do not read even one book a year (a consequence of lower levels of education): basically there is a larger percentage not only and not so much of "weak" readers as non-readers. Secondly, compared to other countries, Italy has a much lower percentage of people who buy handbooks and works on practical subjects rather than works for entertainment or school. This is a sector in which Italian publishing is greatly handicapped.

These remarks, which naturally are open to discussion, show on one hand how easy it is to fall into clichés and, on the other, the potential for achieving a more balanced situation, in a sector however weak, by for example boosting the handbook sector. On the other hand, one should not forget that manuals and handbooks require bigger investments than ordinary books, since the readers of these kinds of books generally demand well-edited and complete series, and they typically are long-sellers, which yield fruit over several years.

The distribution of books has also changed in recent years through a broadening of the customer base. In the 1990s the traditional bookshop, which was a great resource for habitual readers but often intimidated those not so familiar with books, has been flanked by chains of multimedia stores, both Italian (Feltrinelli-Ricordi, Coop) and foreign (Fnac). Moreover, an important new distribution channel for books has been their sale as newspaper supplements, a mass phenomenon now in decline. There has also been a constant growth of sales in supermarkets and other sales points (a rise of over 30% in the last two years) and on the Internet. These distribution channels encourage the sale of consolidated products rather than new works. As a manager in the periodical sector commented: "The books which we sell with newspapers are 're-run' products, already well proven and basically guaranteeing safe results." The supermarkets, on the other hand, have indeed increased distribution, but almost always only of bestsellers. And, we should add, almost only bestsellers promoted by the big media companies, especially television.

A view of the publishing industry focused only on the numerical assessment of sales and the generic promotion of reading presumed to be a value in itself is liable to underestimate the problem by seeing, for example, the sudden rise in sales in 2003-2004 in overoptimistic terms. If we wish to assess the sector as a creative industry, we must take into account this aspect, i.e. the risk that the strategies for rapid growth in sales and revenue actually only really favour less innovative products.

There is another figure which should give food for thought. In the last 30 years of the 20th century an important sector of national publishing life was encyclopaedic-style serialised "large works", which, among other things, made it possible to set up important research work in the field of human sciences and also in some sectors of natural sciences, and the popularising of new knowledge, often for non-specialised readers. The competition from the Internet, but also the cannibalisation of the "large works" by newspaper stands has led in the last decade to less willingness to invest in the sector by the publishing houses previously most involved in it. Although reaching a larger public, the "re-run" products sold at newspaper stands could have long-term negative effects on truly innovative productions.

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Publishing: the production chain. The production of books has changed even more rapidly than readership and distribution channels in recent years. Indeed, we can now argue that while the physical form of the final product (despite many predictions to the contrary) is basically still the same, the whole process of making it has changed. This is true at technological level, since digitisation has brought a previously inconceivable streamlining to all stages in the production processes: books begin as computer files and are usually sent to the publishers by email to be edited using the same programmes. They are then laid out, at times with illustrations, by using other software and then sent directly to the printers.

The technological streamlining, combined with intense efforts made by management (whose professional roots are often in industries other than publishing) to cut costs, has encouraged the widespread phenomena of outsourcing. Many activities previously carried out within publishing houses, from editing to proofreading, have been transferred to small firms, often highly skilled but economically fragile. Moreover, working on books may only be one of their businesses: others may include designing websites or services for magazines and quite often also corporate communications services. In-house publishing staff now mainly only deal with the task of selecting and liasing with authors, managing rights and promoting the brand name. Today most Italian publishers have from two to nine employees; only 254 companies have over ten.

The average quality of books in terms of content has not deteriorated, but there are many complaints that editing standards have declined, mainly due to the speeding up of processes and also the disappearance of the figure of the in-house editor, who followed the book through all the stages: in short, there are more "printing" mistakes, less accuracy in translations, etc.

Broadcasting: some general features. Radio and television have a number of features which set them apart from the longer-standing sectors in the cultural industry, such as publishing, the oldest of them all. While the book is a physical product embodying a cultural value, radio and television distribute aural or audiovisuale flows of sounds– into which may absorb various kinds of materials, including advertising (a source of income) – and cultural products for which rights must be paid.
Broadcasting thus inevitably involves a complex, multilayered set of activities. Normally each broadcaster deals with production (at least of part of its programmes), scheduling, i.e. deciding the temporal order in which the various programmes, commercials, and linking flows of talk are structured, and transmission – the sending of programmes to receivers in homes or vehicles, workplaces, public places, etc.
Transmitting programmes has an eminently technical character and scheduling has strong socio-cultural implications, although not comparable to elaborating content, whereas production is certainly the most important activity from the cultural point of view. On the other hand, radio and television companies always transmit, and usually handle scheduling, which, however, in recent years has increasingly been carried out, wholly or partially, by special software. As far as production is concerned, broadcasters directly prepare only a part of their own programmes: this percentage, depending on the various formats and styles of the broadcaster, can in theory range from little more than zero to 100%. In terms of cultural activities, this means that the same definition ("radio or television broadcaster") covers players who produce only minimal content and others producing thousands of hours of content a year.
Who does the producing outside the networks? Again, we find here a very varied scene. In the field of radio we cannot really speak of independent producers, nor of a market for programmes: radio stations not affiliated to groups thus have to alternate music, obviously consisting of pre-recorded songs, possibly introduced by a presenter, to internally produced material (which in many cases simply means producing information, often the pure re-drafting of press agency releases, possible with the aid of the agencies specialised in radio news) . Some affiliated radio stations may adopt an intermediate model – although the formulas vary – based on the distribution of programmes (usually with pre-inserted advertising) from the head broadcasting station, or from the central offices of the network, to other stations.
In the field of television the situation is much more complex since internal production in the strictest sense of the word is very limited, again mainly to information and, for many local television stations, to the telemarketing sector, while production outsourced

from "independent" companies (as described above) is much larger as is the acquisition of foreign programmes to be adapted and films. As this brief picture reveals, however, original productions are a disproportionately small part of the total hours broadcast. This disproportion is further accentuated, if we exclude routine information production and commercial services, such as telemarketing, home shopping, etc.

The situation has been strongly conditioned by the peculiar beginnings of the private Italian radio and television sector and the specific features of the state-owned RAI. As far as the latter is concerned, we can briefly say that the company is not only literally occupied by the party political system and its related patronage. The very use of the term "company" is paradoxical, since the original project made provisions for an internal competitive system (between its own channels) in addition to – and even greater than – with players operating on the same market. This is further underscored by the fact there are no overall management figures who truly have more powers than the independent (theoretically subordinate) individual channel directors. There is also another paradox: the RAI receives revenue from licence fees for providing a public service, which should also actually include experimentation with innovative programmes and a special attention to so-called "quality" programmes (a very debatable concept because of the extremely subjective nature of value judgements on moral, aesthetic and technological aspects). In any case, there is a strong pressure from the press and public opinion calling for RAI to achieve the same audience share as the principal private companies, according to a logic that "if it doesn't interest anyone, why should we pay the licence?" (although we could equally reverse the logic: "since it can make money in the normal way from advertising, why should it receive licence money?"). The fact remains that the Italian radio and television "public service" is much less of a specific well-defined public service than most of its counterparts in other European countries. Moreover, if RAI operates as a creative industry, and it is certainly one of the largest if not the largest in the country, this takes place in a political and legal framework which does little to facilitate its task, indeed, makes it more difficult.

As far as the private sector is concerned, after the end of the ultimately unsustainable public monopoly, the occupation of frequencies by individuals and groups (the frequencies then became their property thanks to belated legislation, which left many important aspects totally unsolved) gave rise to a situation characterised by:

- widespread problems of transparency as regards ownership and the relations between networks;
- a widespread trend for local television stations to make money by renting the frequencies, or using them as a possible asset to eventually be placed on the market.

The frequencies market, however, is shrouded in uncertainty due to the transition to digital technology. On one hand, it has led to the entry of new players into the sector and, on the other, it has forced smaller companies to choose between further investments or closing down. This situation partly justifies the wait-and-see attitude by most operators in the sector, reluctant to make long-term investments, and also tempted by the possibility of broadening their portfolio and winning new audiences. This situation, in itself far from clear, has been compounded by the lack of clarity in the rules concerning aggregations of stations: terms such as network, group, syndicate, circuit or more recently consortium and even franchising are often used as if they were interchangeabole. Although the existing laws have tried to make some distinctions and to regulate each type of aggregation in a differentiated way, in practice they continue to overlap.

Any reflections on radio and television as creative enterprises must take this picture into account.

Radio. The fact that radio is the second medium in terms of audience in the country is now almost self-evident, a generally recognized trugh. But this has only been the case for a relatively short time, or rather since some conferences and newspaper reports in the early 2000s re-focused attention on a medium for long neglected by politicians, the media system in general and also advertisers. One of the main consequences, as far as we are concerned here, has been the growing pressure from advertisers on broadcasters to cut back audiences and broadcasting times deemed to be less appetising (the elderly and especially adolescents, a category which until the 1990s was a key component of most radio music audiences) and to concentrate more on the so-called "young adults", 20 to 35 year-olds, believed to be more attractive in terms of cash availability and inclination to consume. This has led to a greater focus on some music formats (such as the so-called "adult contemporary" format) and especially mixed formats combining music and news or even non-music talk shows and news, and to a comeback of stations based on the popularity of DJs and on spoken entertainment. In general the language of radio has been widening, partly because of the development of some types of community broadcasting (e.g. the activism of catholic radio stations as illustrated by the In blue circuit and the unexpected development of university radios), although the hopes of a return to new experimentation of genres of a kind now long disappeared, such as radio plays and documentaries, still appear a little premature.

In technological terms radio has also reorganised. Not only, and for the meantime not so much, because of the introduction of digital radio to replace analogue radio (digital audio broadcasting – DAB, or its successors) as because of the spread of mixed forms: radio transmitted via the Internet or web-radios, downloadable programmes to be listened to on portable devices (podcasting), and/or combined with video programmes on the Internet or on traditional television channels.

We are witnessing a kind of growing gap in radio production: on one hand, we have a "top" bracket of broadcasters (no more than ten public, private and community players – and not necessarily the most profitable) which are definitely the most dynamic in combining radio and other media businesses and have seen a rise in investments and diversification of languages; on the other hand, a "low" bracket of broadcasters (not necessarily the poorest financially) which are very conservative in their choices and tend to keep regular professional jobs to a minimum and spread costs over various stations usually differentiated only, or almost only, by musical style. Mainly based on volunteer work, community radio acts as a stimulus for the whole system, but this effect is limited because of widespread under-financing.

Television. For several years now there has been a widely shared piece of conventional wisdom that terrestrial analogue generalist television is due to go into terminal decline because of the rise of more specialised or thematic pay-TVs. In fact, first through satellite TV and then the development of some pay terrestrial channels based on the use of viewing cards, digital pay-TV has consolidated its offering of sport, film and some kinds of documentaries. But it is still not the prevalent television model. Moreover, pay-TVs in Italy (for various reasons including the fact that the monopoly satellite network is owned by an international group) offer very little innovation in the field of domestic production, apart from the occasional interesting experiment. So-called generalist television can offer an extremely wide range of programme types, quality of product and costs. According to some estimates, one hour of programming on a national network can cost from around 10,000 euros (e.g. for the repeat of well-known series) up to 1 million euros. It is very difficult, therefore, to formulate an overall assessment of the sector, and more advisable to reflect on some examples and cases.

As regards regional television stations, we have already noted how in general they have relatively few resources to face the large investments required today, not only for television production in general but also to adjust to the complete changeover from analogue to digital terrestrial TV, introduced by the so-called "Gasparri Law" (the application of the law continues to be postponed but will not be delayed beyond 2012). A study of local television stations in Piedmont, neither the poorest nor the least enterprising region in the country (see Osservatorio Culturale Piemonte 2007 – the chapter on radio and television is edited by Mediasfera), highlights the very limited extent and extreme prudence of investments in original productions. What these stations mean by "focusing on their local roots", is in fact focusing on home shopping, telemarketing, talk shows with local sportsmen and politicians, sports reports, and in some more adventurous cases local ballroom dancing, and so on. An additional type of programme offered by community television is documentation, at times even of fairly good quality, about the world of associations and volunteer work. But ultimately local television programming consists more than anything else of material bought on the market, and therefore almost entirely imported.

The two large national networks, RAI and Mediaset, are in many ways at the opposite end of the spectrum from regional televisions, both in terms of turnover and commitment to production. They are arguably the largest Italian companies in the field of cultural production, even though their so-called production of content is partly outsourced and most of their resources are dedicated to technical and administrative functions. Even though recent changes in their production and programming logic appear strategic, but have come in a relatively static overall situation, which in some ways is even deteriorating.

Without going into all the main types of programmes, we will consider one of the most relevant areas of productions: television fiction. This category includes more or less long series but also miniseries (from two to six episodes), of what in the USA are called "made-for-TV-movies". The main features of television fiction production were once very different from film, but are now becoming much more similar, and their are even cases of relatively interchangeable forms. In general, fiction production tends to be in the upper bracket of costs, although for some time now there have been forms of production reconciling low costs with attempts to preserve good quality using permanent sets with professional but relatively unknown actors, and teams of screenwriters well-trained to turn out a relatively standard serial production.

Italian television fiction production in the 21st century has grown considerably thanks to the decision made by both leading networks – without, however, giving up the enormous imports of foreign series – to invest in the original production of so-called "biopic" series featuring police officers, detectives, doctors, etc. But it must be said, despite the fact that there is no lack of high-standard screenwriters, audiovisual technicians and actors, recent Italian fiction has not been winning much recognition on the international market. This is mainly due to the Italian companies' rather facile approach to the logic of series (or other kinds of programmes) based on formats, which are purchased abroad and then applied with a few adaptations. In recent years, Italy has almost exclusively been an importer of formats in all fields (firstly from Holland and then a great variety of other countries, such as Quebec, Spain and the English-speaking nations), while the number of formats exported from Italy can be counted on one hand.

Format series are usually the lowest-cost segment of television fiction. But similar problems are also found in higher quality productions due to the often irrational division of labour between the commissioning companies and the producers. The latter will only begin production if the big networks guarantee they will buy their products and therefore there is little room for the elaboration of independent ideas, not to mention assuming the entrepreneurial risks for the production of even only partial products. In turn, the big networks will only commission products when they have the reasonable security of an adequate advertising investment, i.e. on the basis of pre-selling at least the idea, if not the product.

8.6 Conclusions

An analysis of the Italian publishing and radio and television industries reveals some specific distinctive features in these sectors which will be taken into account in the final Recommendations.
The first is the relatively little attention given until recently to specialised professional training. While in the film industry, Italy has had one of the most highly qualified schools in the world for around 70 years, and the training of journalists is, albeit very gradually, moving from the long-standing institution of the apprenticeship to more sophisticated professional schools (in parallel to the training of television journalists, it too relatively outmoded), the development of schools for publishing professionals has been much less well organised: there have been a few university masters degrees created in the last ten years, some initiatives by the Associazione Italiana Editori (Italian Publishers Association), and numerous privately run courses. In any case, as emerges from more recent studies, the most common model is still on the job training in the form of working alongside an expert. This obviously takes into account the still mainly artisanal nature of the sector but is in danger of encouraging a mindset of "we have always done this way", which is potentially detrimental at a time of great innovations like the present. As far as professions in radio and television are concerned, this aspect is even more striking, especially for all those skills that cannot be associated with consolidated models, such as the production of fiction (when bordering on film) or journalism.
The possibility of graduating with degrees in Art, Music and Performing Arts and Communications Sciences has partly encouraged a change in mindset on the subject. This has made careers in communications acceptable as a parallel training path to other consolidated models. These courses have proliferated in such an uncontrolled rapid way, however, that they have also generated a good deal of misunderstandings and, most importantly, seem not to have provided sufficiently solid training in the fields we are dealing with here. If they have done so, it has only happened in a small minority of cases.
The second anomalous factor in the Italian market in these sectors is the direct and indirect influence of politics. The state directly establishes regulations, especially in the field of radio and television. But there has been a wavering between state intervention, often conditioned by specific interests or the desire to combat them, and a far from neutral "abstentionism". There are also forms of direct promotion. The so-called "pre-acquisition" of institutional-type publications constitutes a very important segment in publishing activities in many areas of the country. The production of art and photography books in this segment, for example, also because they highlight aspects of the national heritage, is an important factor in giving Italian books greater visibility abroad. Politics condition the sector in two ways. Firstly, especially at local level, politics has given rise to full-blown political(-journalistic)-cultural complexes which often inhibit innovation. Secondly, democratic

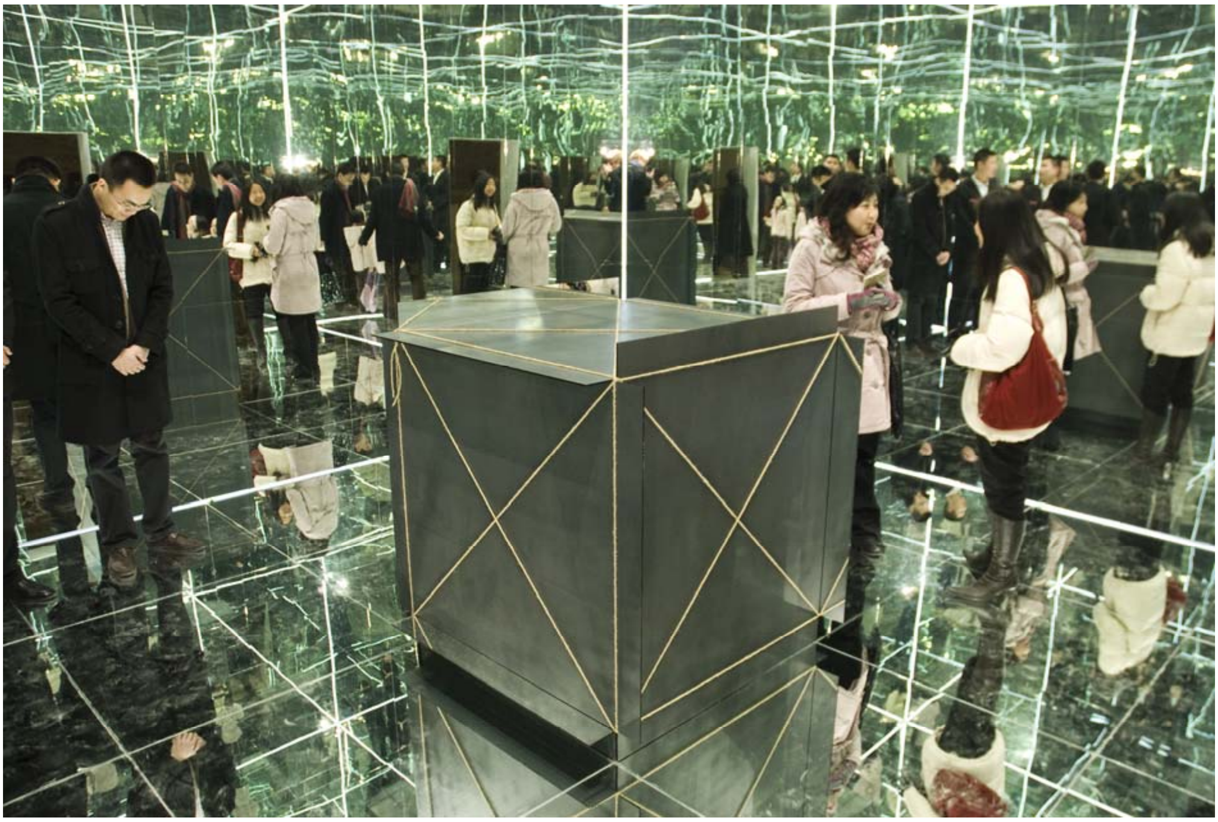
changes in political power become a factor of uncertainty, at times also strictly economic uncertainty. This is particularly evident in the field of radio and television, where an imminent change at the head of the state-run company can create situations of paralysis in decision-making which often drag on for months or even years, as has happened in Italy between 2006 and 2009.

Thirdly, given the financial fragility of these particular sectors in the culture industry (with the partial exception of larger companies) another critical characteristic feature is a lack of institutions specialised in the field and capable of assessing risks and investments which might be anomalous in other economic spheres.

Lastly, can an industry in which no one takes the risk of conceiving ideas before assessing their sales potential be rightfully called "creative"? Contrary to what is generally thought, for example, US television fiction gives a good deal of room to these kinds of processes, whereas, because of structural weaknesses and inveterate habits, the Italian model does not.

This is arguably an example whose significance goes well beyond the specific case of television fiction and helps us understand many of the processes described in this White Paper.

Chapter 9



Michelangelo Pistoletto "A cubicmetre of infinity in a cubic mirror room" 1966-2007
Mirrors, neons, plasterboard
500 x 500 x 500 cm
Courtesy: Continua Gallery/Beijing

Chapter 9

Software, Computer and ICT

The Italian model and a possible way to the knowledge economy: handcrafting software

9.1 Introduction

The last few decades have seen the rise of a new economic paradigm that has superseded the Fordist-type organisation which had characterised most advanced western economies in the 20th century. This new model is commonly described as the knowledge economy (Antonelli, 2008).

The rise of this model is based on two fundamental elements. On one hand, there has been an obvious process of structural change bringing a gradual loss in employment and value added in the manufacturing sector in favour of the tertiary sectors, i.e. the service sectors. On the other hand, the powerful impact in terms of productivity could not have been possible without the widespread adoption of the new information and communications technology (ICT) (Antonelli et al., 2007).

For both supply and demand sides, the new paradigm is thus based on the production of services with a high knowledge content rather than material goods. In this context, the capacity to

create and use new knowledge is considered the main form of competitive advantage for businesses (Nonaka and Takeuchi, 1995).

Moreover, traditional economic theory also acknowledged the importance of knowledge in the process of economic growth, by incorporating it in its analytical processes in the form of planned formal creative activities, such as research and development, and informal activities such as learning that generates dynamic economies of scale (Romer, 1986; 1990). At that time there was talk of "useful knowledge", as the whole set of those forms of knowledge which are part of the production process and increase its efficiency and may contribute to improving lifestyles (Mokyr, 2002).

New knowledge is produced by means of knowledge in a cumulative point process that can be summed up in the celebrated comment attributed to Newton: "If I have seen farther, it is by standing on the shoulder of giants".

New knowledge is the outcome of the creative efforts by economic players who are able to recombine external and internal inputs of both tacit and coded knowledge (Antonelli, 2001; Foray, 2004).

Creativity is the main driver in the process of accumulating new knowledge. Obviously, there are various types of creativity characterising human action, but only a few directly affect economic growth.

The forms of creativity which produce wealth through knowledge may be grouped together under the label of productive creativity. This in turn may be divided into distributive creativity and epistemic creativity. Only the latter is that capacity to create new knowledge or to combine forms of existing knowledge in previously untried ways (Mokyr, 2006).

In the new economic paradigm, therefore, epistemic creativity becomes an exceptionally important strategic factor, since it is the basis of the generation of new knowledge which enters the production process increasing its efficiency, both directly and indirectly, incorporated in intermediary goods and services. The features of the institutional and economic environment, with special reference to markets for productive factors, produce restraints which shape creative activity, channelling it into well-defined paths.

The crucial role of technological and organisational knowledge as the central factor of production and also the main product of the economic system in advanced countries raises new theoretical issues. Economic theory must tackle the central role of a good, or more precisely an economic activity, which is both an input and an output of the production process. This twofold nature is also found in identifying the sources of knowledge. On one hand, the generation and application of technological knowledge appears to be the outcome of deliberate action pursued by individual stakeholders. But on the other, the features of the economic and institutional system in which the action takes place assume a key role. Knowledge thus increasingly takes on the features of a collective activity.

The generation of new knowledge by individual players cannot forgo the possibility of accessing and using available knowledge at all times and therefore assumes all the characters of external knowledge, whose availability is determined by the institutional and organisational features of the system. At the same time, the generation of knowledge requires an individual effort from single players to develop their own specific internal skills through the development, again explicit and intentional, of internal learning processes within their organisational structures. The generation of knowledge, therefore, is a constant activity of recombining external and internal forms of knowledge. It is increasingly clear that an individual enterprise's capacity to generate new technological knowledge will depend on its capacity to be a system integrator.

Companies can only produce new knowledge if there are efficient interaction mechanisms between companies (competitive or complementary) in the supply chains created between users and producers, within businesses, and between businesses and institutional structures organised to provide regulation, education, training and a public research system. Industrial relations are of crucial importance in defining the capacity for individual companies to develop internal learning by doing and on the job learning processes.

The case of information and communications technology in this context may be considered emblematic, since the production of application software has a twofold importance. On one hand, it can be considered as an intermediary good incorporating a high knowledge content and, on the other, it is clearly an output. Software provides a good example of how ICT is a key factor in the transition towards an knowledge-based economy. The rest of this chapter is organised as follows: the second paragraph illustrates the origins of the process, outlining the key features; the third will analyse the specific Italian case, situating it in the international framework and exploring the restraints and opportunities due to its specific features: and lastly, the fourth suggests conclusions and implications for economic policy.

9.2 The origins of information technology

From an historical point of view, the creation and evolution of ICT can be described as a process of "creative reaction". This came when the US system responded to the gradual loss of its economic and technological leadership, which had characterised its economy since the 1960s. The gradual international spread of mass production methods, the increasingly intensive use of more efficient production technologies and the learning effects associated with the use of the applied innovations enabled new rival countries to be more competitive internationally (Baumol, Blackman and Wolff, 1989; Nelson and Wright, 1992). But the technological opportunities associated with the introduction of innovations and continuous improvements, mainly in the chemical, pharmaceutical and machinery sectors, which had driven US growth until then, were gradually being exhausted (Mowery and Nelson, 1999). The combined effect of these two parallel trends was the slow decline of the United States' comparative advantage at international level (Abramovitz and David, 1996). Towards the end of the 1970s, the United States began to feel the deep effects as European countries and, most importantly Japan, gradually caught up. On top of this came shock waves on the supply side, such as the rise in petrol prices in 1973-1974 and the consequent under-utilisation of the production capacity.

The deep crisis in competitiveness and efficiency triggered off a process of particularly far-reaching, intense creative reaction involving a large number of companies which explored new technologies in particularly flexible institutional contexts. Thanks to the effects of significant technological convergence and complementarity, this led to the introduction of a cluster of radical technological and organisational innovations based on the intrinsic features of the system.

The premises for the technological breakthrough were the strong endowment of scientific and technological resources in the US public research system, combined with a tradition of considerable interaction between public and private research, and the systematic inclusion of research activities in the organisation of large US companies. The fast growth in the supply of skilled labour with a high content of university-educated human capital, which previously had depressed white-collar salaries, facilitating a reduction of the variance in the distribution of income, became a crucial factor guiding the direction of technological change. The gradual slow introduction of a new technological system based on digital technologies favoured a greater use of a skilled labour force with a high content of academically-educated human capital. The new digital-based technological system, in turn, led to advanced forms of remote control over production processes and, most importantly, specialisation in the production of knowledge as goods (Antonelli et al., 2007).

The great creative reaction of the US economy was rewarded with overwhelming success. In the 1990s, the US economy experienced unexpectedly high growth rates, previously inconceivable even for the most advanced economies, at least according to the convergence model. But most importantly, the US economy developed a new benchmark model based on the knowledge economy. The economies of the UK and a number of Northern European countries, especially Scandinavia, quickly followed suit by creating the conditions for the constituent factors of the new model. Firstly, they rapidly abandoned manufacturing, which was gradually relocated to industrialising countries through the able orchestration of multinational companies already present in the system. Moreover, they achieved greater levels of specialisation in the production of services with a high knowledge content which could be exported directly outside the domestic markets of the large globalised companies.

But the real driving force of the great growth in output and overall productivity in the US economy in 1995-2005 may mostly, if not exclusively, be attributed to the very fast pace at which the new information and communication technology spread, especially in the services sector and, particularly, in commercial distribution, logistics and finance.

Some people even talked of a "Wal-Mart effect", as being the origin of most growth (over 80%) in the overall productivity of factors. On the other hand, the industrial sectors generating the new information and communications technology – i.e. those which introduced product innovations, which, in turn, became process innovations in the downstream sectors – partly on account of their small size, only contributed in a very small way to the country's overall growth, at least in terms of direct economically measurable effects.

In short, in response to Robert Solow's celebrated quip (1987) which nonplussed leading US economists for over a decade: "You can *see* the *computer* age *everywhere but* in the productivity *statistics*", Jorgenson (2001) demonstrated that computers *were* seen in the statistics but in those referring to users rather than producers. Moreover, as far as driving growth is concerned, the Italian case had always been a clear example of how the capacity to adopt and diffuse new technologies in the cultural fabric of user companies is much more important than the capacity to create them ex novo. From at least the 1950s until the early 1990s, the Italian economy showed a remarkable capacity for growth in output and overall productivity of factors, based on the capacity to adopt new technologies incorporated in intermediate and capital goods, often imported and in any case introduced by small-size sectors.

Closer study of the so-called "Wal-Mart effect" allows us to put forward some interpretative theories. In this case one of the largest contemporary companies adopted original software applications for its tens of thousands of outlets in an immense logistics network linking up production centres for durable and other consumer goods worldwide to its distribution network serving the main metropolitan areas in North America.

In this case the high costs required to design specific dedicated application software for Wal-Mart were spread over such a huge company that the unit costs were very low and the economic benefits were enormous and highly significant.

The Wal-Mart case thus represents the umpteenth proof of the importance of economies of density which in the case of information and communications technology become very important.

The conception, design, elaboration and implementation of application software has a particularly high cost. These expenses are paid in advance by the customer company and are spread out over activities of variable dimensions. Basically, there is a tenuous relationship between the expenses paid in advance and the effective dimension of the activities to which they are applied. More precisely, the advance payments do not vary as a function of the volume of activities, but rather as a function of their variety. The outlay for the initial introduction of an application software can be considered a very special form of fixed costs which do not vary with changes in quantity. But average costs, obviously, vary significantly with increases in throughput quantities handled by the same application software. This thus gives us the characteristic form of decreasing average unit costs with the equilateral hyperbola trend typical of fixed average costs.

In general, the case of new information and communications technology puts the issue of economies of density back on the agenda. Economies of density are a special form of rising returns due to growth in output with a constant input. Economies of density must not thus be confused with economies of scale. In the latter case the rise in returns comes from a more than proportional growth in output compared to growth in input. Economies of density arise from forms of capital indivisibility. But in this case they actually come directly from the specific nature of the knowledge economy. Knowledge is a very special economic good which is not consumed when used and whose reproduction and application costs are practically zero compared to its generation costs.
In this sense, from the point of view of economic analysis, application software has features like an economic good, which suggests it should be included in the category of quasi public goods such as knowledge.

Economic systems characterised by large and very large-size user companies enjoy the benefits of economies of densities arising from the basic similarity of software to the notion of knowledge as an economic good. The generation costs of an application software are very high, but its application to businesses with high throughput volumes leads to low and even very low average costs. Within large companies, control and co-ordination procedures are intrinsically uniform so that the repetition of protocols on a growing or enormous number of operations does not require changes to the software.

This explains the success of both the large users of software and, of course, also the big software companies which were capable of acquiring large user businesses as customers.

In countries with large-scale software users and consequently large-sized companies producing software, the benefits of adopting the new information and communications technology have been great and have facilitated their rapid diffusion.

9.3 The Italian case

A profound ongoing process of structural change and the rapid transition towards the knowledge economy along the lines of the US model have come at a time when the Italian system is experiencing a particular weak phase. In the second half of the 20th century Italy can be described as paradigmatic case of path-dependent growth, albeit at times original and interesting. For a long time Italy made remarkable progress in developing its manufacturing base by combining elements of extensive growth, also in geographical terms, and extraordinary intensive growth, clearly based on the model of creative adoption (Antonelli and Barbiellini, 2007).

Italian economic growth in the second half of the 20th century was mainly the result of the spread of process technologies developed thanks to particularly virtuous user-producer interactions which benefited both users and producers: the users had timely access to intermediate and capital goods incorporating advanced technologies; and the producers enjoyed the benefits of rapidly expanding derived demand. This led to accelerated processes of systemic specialisation in the division of labour, de facto well co-ordinated, also thanks to trends of clustering, enabling many sectors and regions to encourage virtuous processes in the supply chain by fuelling the growth of very technological-intense specialisation in all sectors from consumer good to capital goods production, and to occupy highly qualified niches in the luxury product markets.

An intersectoral comparison of the overall productivity of factors at regional level reveals that Italian economy is lagging behind on the international scene mainly because of a continuing industrial and geographical divide: in the Northeast and Centre the main contribution to productivity comes from manufacturing, whereas in the Northwest it comes from the service sectors (Quatraro, 2007).

Several factors undermine the efficiency of creative reaction processes in companies: the weakness of the scientific and technological system; a lack of structured relations between businesses and universities; the mainly tacit nature of available technological knowledge; the lack of systematic procedures for exploiting learning processes; the low level of formally educated human capital available; and shortcomings in internal organisational structures. Italian companies thus seem unable to tackle the great inconsistencies in the uses of the new information technology systems. Here, too, considerable geographical and sectoral polarisation led to a very asymmetric development and diffusion of innovative capabilities by companies still basically associated with the manufacturing sectors (Quatraro, 2008).

The Italian system thus appears to be stalled: it is still too closely bound to the post-war industrial model of development, and penalised by the mismatch between factor endowments and new-technology bias, which is particularly serious because of the combination of average to high absolute wages and the "wrong" relative cost of more highly qualified "digital" type skills.

To these remarks, we must add an important note on the specialisation characterising the Italian production fabric. If, as we said in the previous paragraph, the successful US model is based mainly on the capacity to exploit economies of density in adopting ICT and application software, then the size of Italian companies is certainly an obstacle, and so considerable commitment is required to introduce new specific trends of creative adoption.

In Italy in fact there is considerable fragmentation of both the production and distribution systems. The production and distribution of goods and services in Italy is based on a myriad of small companies with their own specific features, and therefore with high levels of diversity, operating on a variety of intermediate markets.

The diffusion of new operating software, on which a large part of the growth of the economy is based, appears to have been dramatically slowed down by the basic similarities of knowledge to software. Conditions are not right, then, for economies of density to develop their powerful effect in Italy. The obvious result is that the unit cost of application software underlying the adoption of digital technologies is much higher in Italy than in countries characterised by companies of a greater operational size.

Italian excellence – Etna Valley and ST Microelectronics

When ST Microelectronics opened a new factory at Catania in 1997, no one could have imagined what was to happen only three years later.
In this case the factory did not become the umpteenth Italian "cathedral in the desert", but an incredible driver for the whole industrial area, already baptised Etna Valley, because of the network of relations between high-tech enterprises, university research centres and training institutes, local authorities and the advanced services sector. This synergy between the stakeholders in economic development encouraged new businesses to locate in the area and since then around sixty companies have set up within a radius of a few kilometres.

Today some of those companies occupy important positions: in the field of telecomunications, for example, Antech supplies broadcasting networks Telepiù, Stream and Rai; Teleservice S.p.A. is a system partner of Matra-Nortel, Nextel and Albacom;

Zetel; SeaSoft S.p.A is a software house, which collaborates with the CERN and the Italian National Nuclear Physics Laboratory; and SistemiData S.p.A. and S.T.S. s.r.l. are leaders in software for engineering and labour accounting.
Etna Valley silicon provides employment for around 4,000 people and has generated induced consumption. The most striking example is the induced business created by StMicroelectronics: many local firms now supply the company with gas and equipment for making microchips, which had previously come from Milan or Germany. There are estimated to be over 1,000 micro-firms operating in this sector.

The pioneer in the Catania industrial zone, STMicroelectronics N.V., is an Italo-French company headquartered in Geneva (Switzerland), producing semiconductor electronic components. It was created in 1987 from the merger of Società Generale di Semiconduttori (SGS), an IRI-owned microelectronic company, and the semiconductor division of the French group Thomson.

The company is currently the fifth world producer of semiconductor electronic components, mainly used in consumer electronics, automobiles, computer peripherals, mobile telephones and the so-called "Industrial" area.
The multinational, which recorded net profits of 10 billion dollars in 2007, has five main operations areas: Communications (37%), Consumer (17%), Computer (16%), Automotive (15%) and Industrial (15%).
In the Nintendo Wii remote controller, for example, an accelerometer produced by STMicroelectronics enables users to identify the position of the controller in three-dimensional space. The transponder for the Italian electronic motorway toll collection system (Telepass), positioned on vehicle dashboards is also produced by ST.
72.4% of ST is quoted on the Milan, Paris and New York stock exchanges. The remaining capital is controlled by: the French multinational Areva (10.9%), deposit savings and loans (10.1%) and Finmeccanica (6.6%).

The group has around 50,000 employees,16 advanced research and development centres, 39 design and application centres,15 principal manufacturing facilities and 78 sales offices in 36 countries.

The situation appears even more paradoxical, considering that within the cultural and creative industries, the software industry is the third sector in terms of percentage of value added over GDP and in terms of percentage jobs (both 1.17%)[xxxix].

The production system thus does seem to have a base on which to graft the creation of a coherent and systematic supply side, at present inadequate because of weak growth in demand

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Italian excellence – Mobile Digital Entertainment

Since the early 1990s, the sales volume of the mobile digital entertainment sector has grown at an impressive rate, almost + 50% per annum from 2002 to 2006. In 2006, however, the growth in consumption slowed sharply: there was a rise from 253 million euros of sales in 2002 to 903 million in 2005, and **1,031 million euros in 2006**. The various types of content used on portable devices range from music (1.5%), video (11%), phone personalisation (30%), games (8%), SMS, MMS and other infotainment (41%).

On the international scene, Italy is definitely one of the major consumers of mobile phone content – from ringtones to videos there is a huge market. **Music** is easier to monitor – thanks to IFPI data under the entry: "Other content, mobile music (with rights)", in the Bocconi Report on music for 2007 – and we find that sales totalled **95.1 million euros.**

Table 9.1

		ONLINE	MOBILE
1	**USA**	67%	33%
2	**Japan**	8%	91%
3	**UK**	71%	29%
4	**South Korea**	63%	37%
5	**Germany**	69%	31%
6	**France**	39%	61%
7	**Canada**	58%	42%
8	**Australia**	55%	42%
9	**China**	27%	73%
10	**Italy**	43%	56%

Source IFPI, based on first half 2007 Industry revenues

"The main international digital markets highlight a split between **online music** (music files sold on the Internet) and **mobile music** (content for mobile phones; the IFPI figures only refer to full track downloads and truetones). While the United States and Japan are the leaders, another top consumer is South Korea with a very advanced market from the technological point of view, while the new entry China, like Japan, shows a much stronger preference for using mobile rather than online channels. Italy also makes a greater use of mobile channels for music consumption, as does France, albeit less markedly. The United States, the United Kingdom and Germany, however, continue to be the markets on which Internet distribution is relatively more important." ("Economia della musica" in *Italia Rapporto 2007*, Centro ASK [Art, Science and Knowledge], Università Bocconi: Andrea Ordanini [Co-ordinator] and Lorenzo Mizzau).

On this market, after its recent acquisition of iTouch, **Buongiorno Vitaminic** has become **world leader** in the sector of multimedia content and digital entertainment services for mobile telephony and the Internet. Operating under the production brand B! in Europe (Italy, United Kingdom, Spain, France, Germany and Austria), Latin America (Mexico) and the United States (Florida), the company distributes its own content to **70%** of Internet and mobile users, through commercial partnerships with telephone operators, mobile telephone retailers or local media groups.

The company has a technological platform of 170 servers capable of distributing over 300 million digital items every month to mobiles and on the Internet. At the hub of a network of media partners creating interactive mobile services, the company is also a major wireless application provider, thanks to partnerships with all the leading fixed and mobile operators in Italy and Europe.

As part of the services for end consumers, Buongiorno provides infotainment via SMS, MMS and WAP browsing, all kinds of ringtones and logos, and video files. They include, over 120 sms/MMS news services, entertainment and chat, more than 100 WAP/Imode sites, over 2,000 video clips, 150 multimedia games and over **210,000 pieces of music.** In 2006 the Buongiorno group delivered almost **1.4 billion digital objects** (ringtones, java games, wallpapers, etc.) to over **60 million end users** (single mobile phone numbers).

According to its financial statement of 31 December 2006, the Buongiorno Group had consolidated sales of around **191.8 million euros** and a consolidated net income of around 12.6 million euros.
In the financial year 2006, the Buongiorno group employed an average of **659 employees**, including 173 in the group head company; it has 38 offices, agreements in 53 countries with over 100 mobile telephone companies and provides access to over 2 billion people.

To offer a more accurate assessment of the potential base of business software users, it is worth analysing in greater detail the main features of the adoption of information technology by Italian companies, distinguishing between company size, geographical area and the use of IT. For this purpose, as an empirical aid will use the results of an ISTAT study (*Rilevazione sulle tecnologie dell'informazione e della comunicazione nelle imprese,* 2005).

Table 9.2 shows the figures for the diffusion of personal computers in Italian production companies. This figure supplies a useful initial approximation of the degree of computer literacy in the Italian production system. We immediately note that almost all companies own a computer, from 95.1% for small firms (up to 50 employees) to over 99% for average companies (50 to 250 employees) and large companies (over 250 employees). There are some differences, however, in the percentage of employees who use the PC. The figure for large companies (44.3%) is higher than that for average companies (around 38%) and small companies (33.3%). In general, the trend is for the percentage to increase with an increase in company size. But if we consider the percentage of employees who use the Internet, the figure is rather discouraging: only around 25% in all companies sizes considered. As regards geographical distribution, in Italy there would seem to be a clear digital divide, especially as regards the percentage of employees who use the Internet. The figure for the South and Islands is around half that for the Northwest and Centre. In general, figures for the South for all three items are much lower than the national average.

Table 9.2 – Diffusion and use of ICT in companies with at least 10 employees

	Companies with personal computers	Employees using computers	Employees using computers connected to the Internet
Company Size (No. Employees)			
10-49	95.1	33.3	24.4
50-99	99.2	36.7	25.1
100-249	99.6	39.4	25.4
250 And Over	99.6	44.3	25.0
Geographical Distribution			
Northwest	97.4	42.5	28.4
Northeast	96.1	35.5	22.7
Centre	94.0	42.7	27.6
South & Islands	93.4	25.3	14.3
Italy	**95.6**	**38.4**	**24.8**

Table 9.3 shows the percentage figures for companies using ICT, according to typology of use. In this case the company's size unequivocally influences the type of communication channels/connections adopted for these

technologies: 92% of small companies have email, 98% of the average companies and 99% of large companies; 95% of small firms have Internet access, as opposed to 98% of average companies and 99% of large companies. However, possessing an email address or Internet connection is not exactly what is meant by the diffusion of ICT in companies. In other words, these elements alone do not generate economic advantages or returns in terms of productivity. But what does is registering a domain name for the company website which can certainly bring returns in terms of visibility, advertising and communicating the brand image. In this case the difference between small and medium-large companies is fairly significant. Only 53% of small firms have a website, while the equivalent figure for large companies is 88%. The gap is even greater as regards companies with an intranet (27.4% of small companies) or an extranet (10% of small companies). These figures are particularly significant because they refer explicitly to tools requiring the engineering and implementation of a dedicated application software, designed to meet the specific features of the company. Moreover, a quick comparison of the data for average company size at national level highlights the enormous proportion of small firms in the aggregate figure. This is particularly clear in the percentage of companies with a website, intranet or extranet. The figures also reveal a strong geographical polarisation: in the South the percentage of companies which use each of these tools is systematically lower than the average national figure.

Table 9.3 – Companies equipped with ICT with at least 10 employees by types of activities/networks

	Email	Internet	Website	Intranet	Extranet
Company Size (No. Employees)					
10-49	92.3	95.5	53.2	27.4	10.1
50-99	97.5	98.7	76.7	53.0	24.9
100-249	98.1	98.9	82.5	68.2	35.4
250 And Over	99.0	99.3	88.2	83.5	55.4
Geographical Distribution					
Northwest	94.4	96.6	61.4	34.7	14.5
Northeast	93.9	96.4	60.1	33.0	12.7
Centre	92.3	95.2	54.8	32.1	13.8
South & Islands	89.6	94.6	43.7	23.2	8.9
Italy	**92.9**	**95.9**	**56.4**	**31.6**	**12.8**

Table 9.4 shows the percentage of companies according to type of Internet connection. In this case, too, company size plays an important role. The small firms mainly use slower-speed data transfer connections, such as analogue modems or ISDN lines, while broadband and wireless connections are mainly found in average to large companies. There is a similar trend to the previous table as regards geographical distribution: many more companies use slower-type connections in the South compared to the North, where advanced-type connections such as wireless and broadband are much more commonplace.

Table 9.4 – Computerised companies with at least 10 employees by Internet connection type

	Wireless connection	Analogue modem	ISDN	Broadband Connection Total	Broadband Connection xDSL
Company Size (No. Employees)					
10-49	6.7	31.2	40.8	56.3	54.0
50-99	11.4	24.3	34.3	77.5	72.9
100-249	18.6	24.1	35.0	84.1	75.5
250 And Over	26.7	29.3	32.0	93.0	76.7
Geographical Distribution					
Northwest	8.5	27.9	37.4	63.7	59.2
Northeast	8.0	30.5	41.1	60.3	57.6
Centre	6.9	31.7	39.1	58.4	56.8
South & Islands	6.9	33.6	43.9	51.1	49.3
Italy	**7.8**	**30.4**	**40.0**	**59.3**	**56.4**

Table 9.5 highlights the main uses of ICT. In general, the commonest uses are for access to financial or banking data and the acquisition of information. Much less use is made for training staff, or the acquisition of aftersales services. It must be stressed that the latter activity is very closely linked to the development of a dedicated application software able to provide the firms with ICT platforms to interact with players and well-defined virtual environments with regulated access. The sharp difference between small and medium firms, on one hand, and large companies, on the other, is not surprising, especially as regards the diffusion of the latter two technologies. In both cases the small firms are below the national average, albeit only just, whereas large and medium to large companies have much higher figures. As regards geographical distribution, interestingly the largest percentage of firms using the Internet to train its own staff is of firms located in the South, with one percentage point higher than the North. The situation is inverted, however, as regards acquisition of aftersales services, where the Northwest is the area with the highest percentage, closely followed by the Northeast and then the other areas.

Table 9.5 – Companies with at least 10 employees and an Internet connection by purpose of use

	Access to bank/ financial services	Education and training staff	Acquisition of info on markets (e.g. prices)	Acquisition of services and info in digital format	Acquisition of aftersales services
Company Size (No. Employees)					
10-49	76.3	12.4	63.4	45.5	24.3
50-99	88.7	16.7	70.3	61.9	32.4
100-249	89.2	22.5	78.4	67.3	35.3
250 And Over	85.6	30.0	83.5	74.1	36.1
Geographical Distribution					
Northwest	79.7	13.4	67.6	49.2	27.5
Northeast	81.0	13.7	62.3	49.4	26.7
Centre	77.0	12.1	63.2	46.1	24.4
South & Islands	70.6	14.3	64.5	45.6	21.2
Italy	**77.9**	**13.4**	**64.7**	**48.0**	**25.5**

Table 9.6 shows the use that companies make of the Internet as suppliers. For all sizes of business the web is widely used for advertising and marketing own products and services. The percentages fall sharply with more elaborate types of use. Only 50% of the large companies publish their own price list and product catalogue online. The percentage goes down to 9% for small companies. Only a very few companies also supply aftersales services in real-time through the Internet or in digital format. In this case, too, there is a wide gap between small-size companies and the medium to large-size companies.

Table 9.6 – Companies at least 10 employees using the Internet as suppliers by features of website

	Advertising & marketing of own products/ services	Online catalogue and/or price list	Site personalisation for habitual visitors	Transmission of services or information in digital format	After-sales services	Site access for fixed or mobile phones
Company Size (No. Employees)						
10-49	95.2	41.0	23.1	20.4	10.6	2.8
50-99	96.3	44.2	25.8	27.9	16.4	3.0
100-249	94.7	43.0	23.2	31.8	16.5	3.9
250 And Over	95.4	50.0	29.4	44.2	23.1	7.7
Geographical Distribution						
Northwest	95.7	42.1	22.4	23.7	12.6	3.1
Northeast	96.2	43.3	25.5	23.3	12.2	3.0
Centre	95.4	39.6	23.4	21.8	10.5	2.7
South & Islands	92.6	39.6	22.8	17.5	10.4	3.3
Italy	**95.3**	**41.6**	**23.5**	**22.3**	**11.8**	**3.0**

Table 9.7 highlights a very interesting situation: i.e. the distribution of online sales according to markets and type of customer. The figures reveal a rather different picture compared to what we have seen so far. In fact, small companies seem to be more inclined to trade internationally on the Internet, whereas the large companies are more focused on the domestic market. 15% of small companies' sales value comes from exports to the European Union countries and 13.3% to the rest of the world, whereas for the large companies the equivalent figures amount to 9.1% and 2.2%, respectively. The geographical distribution is also different compared to what we have seen so far. Companies in the Northwest are more focused on the domestic market, on which they make 92.9% of their Internet sales. The highest percentage of foreign Internet sales is in the Northeast (20.7% to the European Union and 11.4% to the rest of the world), followed by the South (13.4% to the European Union and 6.8% to the rest of the world).

Table 9.7 - Value of Internet sales for companies with at least 10 employees by market and type of customer

	Domestic	European Union	Rest of world	Other companies and public administration	Individuals and families
Company Size (no. employees)					
10-49	71.7	15.0	13.3	75.6	24.4
50-99	82.0	11.2	6.8	78.6	21.4
100-249	93.5	4.5	2.0	89.5	10.5
250 and over	88.8	9.1	2.2	94.3	5.7
Geographical Distribution					
Northwest	92.9	5.9	1.2	94.3	5.7
Northeast	68.0	20.7	11.4	86.1	13.9
Centre	88.7	7.1	4.2	82.6	17.4
South & Islands	79.8	13.4	6.8	50.8	49.2
Italy	**87.1**	**9.2**	**3.7**	**90.6**	**9.4**

Lastly, Table 9.8 shows the percentage of companies using corporate information systems. The use of platforms for managing orders and integrating various company functions is mainly found in large companies. Moreover, the highest percentage internet activity for small companies is for orders, whereas the percentages fall sharply (thus widening the gap with the other sizes of companies), as regards integrating company functions.

Table 9.8 – Companies with at least 10 employees using IT systems for managing sales/purchase orders and links to other company functions

	Companies using IT systems to manage sales and/or purchase orders	Purchasing of raw materials or semifinished products	Invoicing and payments	Production, supply of services and logistics	Management of relations with suppliers (for group companies, only suppliers outside the group)	Management of relations with customers (for group companies, only customers outside the group)
Company Size (No.employees)						
10-49	52.8	30.1	43.4	23.5	26.2	27.5
50-99	74.9	54.6	66.0	48.7	41.3	42.9
100-249	73.5	58.4	67.2	57.8	43.5	44.5
250 And Over	84.1	67.4	77.1	66.0	51.0	51.5
Geographical Distribution						
Northwest	60.3	37.1	51.8	30.5	30.0	31.7
Northeast	60.2	37.6	50.1	30.6	30.4	32.5
Centre	51.9	29.8	43.5	24.6	26.6	29.0
South & Islands	43.9	24.0	33.6	18.6	23.3	21.9
Italy	**55.6**	**33.4**	**46.3**	**27.2**	**28.2**	**29.5**

The Italian case thus seems to present a number of highly specific elements, distinguishing it from the structural features of countries which have successfully managed the transition towards the knowledge economy. The distinctive situation in terms of company size with a preponderance of small to average-size companies and sectoral specialisation still dominated by the manufacturing sector are features requiring further reflection.

This paragraph has highlighted a clear-cut gap between small and large companies. Although the adoption of basic technology, such as computers or an Internet connection, is not a distinguishing feature, there are considerable differences in the use companies make of technology. The figures concerning small companies' strategic use of ICT reveal an insufficient degree of computerisation of the productive system. Moreover, we must stress the phenomenon of geographical polarisation, reflecting the well-known divide in the Italian productive and economic structure. One positive note is the small companies' capacity to penetrate foreign markets by using the Internet, thus showing its potential as a useful base for new growth paths.

9.4 Conclusions

The transition towards the knowledge-based economy began in the United States in the 1990s and subsequently slowly spread to Europe, firstly to the Scandinavian countries and the United Kingdom, while other continental countries, and especially Italy, have lagged behind.

This process has been characterised by a gradual de-industrialisation, a growing specialisation of the production system in the services sector and the mass diffusion of information and communications technology. There has thus been a rise in productive systems specialised in supplying services with a high content of knowledge to the detriment of material goods production.

The production of knowledge is closely connected to the creative capacity of the players operating in the economic system. In particular epistemic creativity makes it possible to produce new knowledge, generating growth and well-being. The software industry, a specific content industry, is a paradigmatic case. On one hand, software may be described as a good incorporating a high content of knowledge and, on the other, as a particular requirement of ICT, which has contributed most to the success of the new model.

The great increase in productivity in the United States in the second half of the 1990s was mainly due to companies using ICT, rather than those which produced it. Adopting costly tools, such as application software to integrate functions in large companies led to considerable benefits in economies of density, which translated into a reduction of unit costs and increased productivity.

The importance of the question of company size raises serious problems for the potential of a transition towards the knowledge economy, unless this distinctive feature turns out to be a strength in shaping an original model. Moreover, this would reflect the excellent capacity which the system has already demonstrated in managing the complex phenomena of creative adoption.

The average size of Italian companies raises problems because it prevents exploiting economies of density and, therefore, does not allow companies to adopt a software with high costs for engineering, implementation and management. Moreover, fragmentation on the demand side has the immediate and inevitable consequence of fragmentation on the supply side. The variety and heterogeneity of users requires and

drives the variety and heterogeneity of producers.
In Italy, the creation and growth of an information services industry able to cope with the widespread heterogeneous fabric of potential users is an indispensable condition for closing the gap in the diffusion of new information and communications technology between Italian productivity and that of other countries which have benefited from digital economies of density.
The creation of platforms bringing together pieces of application software and, therefore, partial advantages in terms of economies of density, at least for the central components and interfaces of software programmes could encourage this process. In this case intellectual property rights are naturally very important and not surprisingly have been significantly strengthened in recent years. The spread of Open Source, seen as an organisational method, offers access to the source codes of application software models to communities of “application craftspeople”, making it possible to share incremental solutions. It could thus could play a key role in the diffusion of new information technology in the Italian economy.

Chapter 10

Cittadellarte - "Italy in Person-The cultural mission of the Italian product"
Project presentation at the Fiera Internazionale del Libro,
Turin, 2004 - Photograph: M. Scattaro

Chapter 10

Communications, Advertising and Branding

10.1 The background to Italian communications and advertising

When considering Italian creativity in the field of communications and advertising, those who remember sharing a long season in Italy's post-war Republican history will smile fondly on hearing a phrase once used in the upbringing of millions of Italian kids: "after *Carosello,* bedtime!" This phrase flags up the greatest factor binding television, consumption and new audiences in contemporary Italian history: a ten-minute television programme called *Carosello.*

Carosello was broadcast every day on the first channel of the Rai from 8.50 pm to 9 am from 3 February 1957 to 31 December 1976 – almost 20 years. The programme had a great emotive hold on audiences and was only ever suspended twice: the day John Kennedy was assassinated and the evening of the bomb attack in Piazza Fontana, Milan.

Carosello was a show combining Italian-style film comedy, cartoons, a forerunner of what was to become television fiction, together with nonsense, kids' games, and a new language (*Matusa & Capelloni*). The advertising message only came at the end of the sketch in the so-called *codino* (short coda). *Carosello* thus sent out two powerful contradictory messages: on one hand, it captured large audiences; and on the other, it set limits to the pure use of television as a factor in driving consumption.

This was in fact also the anomalous nature of the phenomenon. Italian political culture was wary about the central role of enterprise in public life (indeed the word "enterprise" is not even mentioned in the Italian Constitution) and, most importantly, very wary about transforming a vehicle of education (or rather "pedagogy"), like monopoly television (with its fast growing power, it was already as robust as the school) into a machine with too much emphasis on the function of expanding markets. But as regards the "communication process", *Carosello* became the workshop of a cultural industry (advertising) providing the opportunity to experiment with language, techniques and an "identitary culture", thanks to the extraordinary processor of the concise, almost flash-like format of a short show. The programme was supported by resources from outside television and therefore the large investments for the time were paid for by manufacturers and ultimately also consumers. The programmes involved countless talented actors from cinema, theatre, music, photography and animation, together with men of letters, poets, illustrators, choreographers and other creatives who did not disdain this form of professional earnings. Unlike today, there were no celebrity testimonials. Most of the creatives remained anonymous at a time when the intellectual world declared it was against television without, however, relinquishing its handy financial supplements.

Carosello had been launched in Italy just after the post-war reconstruction period. At the time the mass motorization market was beginning to grow (even though automobiles were still among the taboo products as far as television advertising was concerned). The programme ended – leaving advertising to insert commercials between programmes and then to "brand" and, ultimately, produce programmes – after the years of the energy crisis and therefore at the height of the structural re-organisation of the economy, which was becoming globalised and was gradually abandoning the domestic model of production and consumption.

An Italian profile of advertising and communications
Gianluigi Falabrino

Gianluigi Falabrino is one of the best-known historians of advertising in Italy. In this introductory note he responds to the question: "What is the most recognised and recognisable Italian profile characterising the creative aspect of advertising and communications through its story?"

"I don't think there is a single Italian profile in advertising, but there are (or were) three different currents, not usually intercommunicating and at times even considered antithetical. The first is the graphic approach to advertising, which goes from the 'revolution' of Campografico (1933), a journal of aesthetics and graphic techniques, to Erberto Carboni, Castiglioni, Huber and others till the 1970s. This developed into the second current mainly found in three companies: the RAI, Olivetti and Pirelli. Olivetti and Pirelli, together with Italsider, also stood out for their cultural vision of industry: hence their arts patronage (especially Olivetti), the high cultural quality of the three company magazines (very unlike the usual 'prestige' trade magazines) and the contribution they all made to the idea of 'industrial art'. The third, certainly most widespread communications current, involving the largest part of marketing advertising, was modelled on the Carosello *style, even after the programme had ended (1976). According to many experts and creatives,* Carosello *was a formula that not only revived* Commedia dell'Arte *with the comic spirit of a sideshow, at times using cartoon characters to recreate fables (e.g. Calimero as the 'ugly duckling'): it accustomed audiences to commercials with narratives or in series. So in the past decade on Italian television we have seen many latter-day examples: a series featuring a girl repeating ad nauseam on the phone 'Do you love me? How much do you love me?'; a never-ending scene (thanks to a last phone call) with a Foreign Legion execution platoon (revived again recently but less wittily); three girls, equipped with phones, sailing round Italy and eventually setting off in search of Neverland, and a host of others along similar lines."*

Of course advertising did not come into being in Italy in the period after the Second World War. It took off (after origins limited by the modest media spaces in the 19th century) in the first post-war war period with outstanding illustrators and creatives (including Leonetto Cappiello, Leopoldo Metlicovitz and Marcello Dudovich, who turned it into a genuine art form) and then grew quickly under the Fascist management of the media and propaganda (a subject requiring further study). Forms of advertising can be found, however, throughout Italian history and we can even reconstruct almost modern uses in the life of the ancient Romans with the help of some archaeological evidence from Pompeii.

Parallel to the history of advertising, communicational cultures grew in the relations between entrepreneurial systems and society. They included various other means for promoting corporate identity and especially the company's role in the relationship between local areas and their traditional industries, and later between the culture of innovation and professional prospects for skilled workers and the ruling classes. In the period from the 1950s to the 1970s, *Olivetti* (based in Ivrea but with marketing and advertising offices in Milan) constructed communication models informed by a mix of art, culture, publishing and design. For the nationalised industries, Rome was the centre for the experience of state-run groups: in the field of communications, IRI stood out thanks to its magazine *Civiltà delle macchine*, edited by Leonardo Sinisgalli, while ENI devised a very powerful original logo of pictorial origin and constructed a long-lasting visual identity which when implemented internationally coincided with the national identity.
Alitalia, part of the IRI group, created one of the first and most significant examples of co-ordinated communications, a field in which the leading Italian companies used the creative potential consolidated around a specific experience in the advertising world. But graphics applied to corporate processes, the media and publishing – with schools and expertise concentrated in Milan – also characterised ventures which are now exhibits in museums of design. This was a time of great masters unrivalled for their intellectual filigree even in more industrial contexts. Turin, the unchallenged capital of car design thanks to Fiat, was a powerful centre of communications spurring on an essential product on the domestic market. The forms and most importantly the images and control exercised by *Cinefiat* (Fiat's own film production company) was an unmatched advertising phenomenon. In the mid-1970s, state-run and leading private companies took part in an experiment called *Firma Italia* ("Signature Italy"). This was a touring exhibition of original creative work by great painters, sculptors, graphic artists, film directors and artists in general, totally focused on corporate communication. The exhibition visited museums in countries interested in industrial co-operation with Italy (from Iran to Brazil). This hands-on practical creative approach highlights an aspect of advertising processes which had

been little explored by countries with even more robust economies.

In this short introduction we obviously cannot tell a story requiring a systematic approach embracing all the application fields of the communications system. We will thus simply point out that, although university degrees in communications sciences were eventually introduced in Italy (decades late compared to the USA but also France), and developed very popular, still successful programmes, the creative workshops in the sector were already pursuing experimental methods with important contacts in industry (banks were to arrive late and fairly insignificantly in the sector) and professional contacts with architectural faculties, publishing, cinema and TV. This led to the construction of a set of models, semiotics and an economy that may be considered as having "specifically Italian features".

In the mid-1980s, when the institutions also finally decided to begin their own communications history (from public branding of a strongly symbolic, historic kind, usually developed in the name of tradition, to service communications, modernised forms of signage and full-blown social advertising campaigns), they drew on the recent past decanting its ideas, people and formats.

Today the entrepreneurial system, institutional system and system of social players consist of around 100 distinct professional profiles with an employment base (direct and consulting) of over 300,000 people. The resources are still growing at a moderate pace or at least evolving, due to the combined effect of a widening of the disciplines involved in the market and, most importantly, the influence of the technological evolution and the continual proliferation of new operational areas.

In 2003 the *Istituto Civicom* (Rolando, 2003) estimated that the professional communications markets (excluding the newspaper and publishing sector) employed a total of 260,000 people with various kinds of contracts. The figure of 300,000 jobs is thus based on the expected expansion throughout 2007. Jobs were divided into the following categories:

- Media relations: 16,000 (6,000 in the public sphere, 6,000 in companies, 4,000 in the area of consulting)
- Communications and advertising: 92,000 (2,000 in the public sphere, 40,000 in companies and 50,000 in the area of consulting)
- Web, networks and information counters (excluding call centres): 86,000 (41,000 in the public sphere, 20,000 in companies and 25,000 in the area of consulting)
- PR and events (including conference organisation): 38,000 (5,000 in the public sphere, 18,000 in companies and 15,000 in the area of consulting)
- Other sectors (including internal communications): 28,000 (3,000 in the public sphere, 7,000 in companies and 18,000 in the area of consulting).

These estimates thus yield the following total jobs per sector: 57,000 in the public sphere, 91,000 in companies, and 112,000 in consulting.

This data provides a more elaborate picture of employment than the figure in the official statistics for the sector contained in the table to which this Paper refers only for the category of "Advertising" with 64,900 jobs.
In the following paragraphs we will describe the current profile and trends in the sector.
The tradition mentioned here can still be found in some professional careers, schools, and reference models which are still significant in the framework of Italian creativity applied to communications profiles. The context of production players has deeply changed – as have the advertising scene, consulting agencies and supports – into a more globalised framework, more characterised by the less significant role played by the large companies. The consolidation of Web 2.0 has revolutionised the advertising and communications supply and demand logic and online advertising has gone beyond all experimentation, establishing new paradigms of advertising creativity, now supported by a changed profile of investments.
Public, political and social stakeholders have entered the field of communications. Fast growing regional marketing has created communication developments in synergistic relationships between local institutions and associations and economic and professional consortia. Milan's successful bid for Expo 2015 on 31 March 2008 demonstrated the strength of Italian communications and relational factors in the field of international competition.
Consumption has also undergone deep changes in style, choices, and the predominance of different products compared to those of the past. These changes mean that an analysis of the current situation cannot be compared with what we have called the *Carosello* years.
This report will thus the focus on the last decade, albeit taking into account the recent past in which there was little talk of the "economy of creativity", but a good deal of the "creativity of the economy".

10.2 Creativity and communications in Italy today

The *Carosello* period came to a close 30 years ago, and yet those working in advertising and especially advertising creativity, continue to refer to that particular model.
For most of them *Carosello* was a unique inimitable experience which paved the way to importing a consumer model into a country which had only just seen the advent of modern consumer society. While in the USA, large companies were sponsoring soap operas, in Italy Mira Lanza launched its famous competition involving the collection of swap cards. While great creatives like Bernbach and Ogilvy (1983; 1985) were theorising their activity and writing about it, in Italy we had the cartoon characters Caballero and Carmencita. And the list could go on. A lot of water has flowed under the bridge since then and yet in 2005 Lavazza, one of the major Italian companies and a leading investor in

advertising, re-launched one of the icons of Italian creativity in an operation described as retro marketing. And so Carmencita was given an Internet site (www.carmencita.it), in which she dispenses heartfelt advice to visitors. But Carmencita is also the heroine of a sitcom broadcast on Italia1 in the early evening and a virtual reporter for the online version of the daily newspaper *La Stampa*, in which she has a letters column.
Lavazza is not the only company to have taken the path of retro marketing. Thus we have the return of Calimero as a testimonial for the washing powder Ava (despite no longer being a product of the Italian company Mira Lanza, since the latter has become part of the Benckiser Group), after having been the star of so many episodes of *Carosello* together with the Olandesina (the "little Dutch girl"). How should we interpret the reference to the Calindri's *Carosello* in a recent Cynar commercial featuring the members of the cult band "Elio e le Storie tese" sitting round a table sipping the drink in the middle of the traffic in Milan? This ironic remake is undoubtedly tuned to a new target audience, but the citation is unmistakable.
Of Course Frosties' Tony the Tiger has been around for some time as has the Green Giant and Bibendum (the Michelin man). But they are "brand characters" representing corporate visual identity and do not change over time (or are only touched up when they require a little restyling, as in the case of the slimmer-looking Michelin man).[xl]
This is not a return to the past, then, but reflects the need for consistency in corporate communications. So why, after all these years, re-use icons of the past, and especially icons associated with *Carosello*? The answer may be found in the words of the people responsible for creativity in advertising agencies (*I quaderni della comunicazione*, 2003). They complain about the Italian advertising system's difficulty in cutting the umbilical cord with the past, and especially with *Carosello*, which is acknowledged as having been a moment of extraordinary Italian creativity (significantly, in recent years a number of exhibitions have been dedicated to the phenomenon, such as the exhibition *Carosello 1957-1977. Non è vero che tutto fa brodo*),[xli] but also as having stifled new forms of experimentation (Codeluppi, 2000).
But why do Italian advertisers resort more often to straightforward comedy rather than more sophisticated forms of irony? *Carosello* accustomed television audiences to slightly crude cabaret sketches. Was it to made up for an overabundance of fine sentiments? *Carosello* celebrated the happy family in a saccharine version of reality. And what can we say about the use of celebrities as advertising testimonials? *Carosello* was the first to offer its actors the chance of winning fame through television.
There were certainly exceptions also in the past, as is confirmed by the opinion of Mauro Ferraresi, even though he, too, begins with *Carosello*.

Italian exceptions: Armando Testa, Emanuela Pirella and Gavino Sanna
Mauro Ferraresi

The last Carosello was broadcasted in January 1975 to an audience of around 19 million Italians, including almost 9 million children. It marked the end of an epoch and also the end of the Italian way to advertising creativity. Carosello was ingenuous, bureaucratic, a little stiff, but at the same time well-loved and it paved the way for new developments. The product advertised was only hinted at very remotely, since creativity was focused on the short story meant to capture the attention. When the focus shifted to the product (the so-called codino only lasted a few seconds at the end of a short scene or sketch often running to over a minute), the communication was a straightforward direct statement in anything but advertising style. It was pure and simple information.
Abroad they smiled at us, saying that is not how you advertise. When we eventually matured in advertising terms, we had to admit that the Carosello method no longer worked but we still had no new methods. And, with a few exceptions, that is still the situation today.
One exception is Armando Testa, the leading advertising agent at the time of Carosello, and his spirit lives on today in the Turin agency of the same name run by his son, who has taken up his legacy. Testa's creative style was more artistic than graphic. He thought advertising should almost take the form of a work of art (e.g. the Linus hippopotamus, the inhabitants of Papalla, and Caballero and Carmencita). It was vital for Testa to transform a creative idea into a character or artistic form. To give it body. The same thing happens today in the agency of the same name, which has produced such creative campaigns as the commercials for the supermarket chain Esselunga: vegetable, fruit and other Esselunga products are transformed into fantastic characters dreamed up by the graphic imagination of the creatives – a loaf of bread becomes the face of Tutankamen, a radish the head of the artist Raphael, a piece of garlic (aglio) a Halloween (Aglioween) witch and so on.
Another major exception is certainly Emanuele Pirella whose Bernbachian style is full of understatement. He successfully combines a typical Anglo-Saxon approach within Italian creative culture. Pirella is another advertising creative who does not disdain the art element in advertising.
Lastly, mention must also be made of Gavino Sanna, now happily retired in his native Sardinia (although he did enter the advertising ring again in 2006 for the Federfarma exhibition). During his time at Joung & Rubicam he forged a style also based on poster designing.
In short, we can argue that the Italian way to advertising creativity is still that forged by Testa 30 years ago. Italian advertisers are not creatives who resort to a raw material of concepts or word plays; they make little use of humour and even less of sarcasm; they do not relish shocking or scandalising (with the exception of Benetton and their campaigns by photographer Oliviero Toscani). The raw material of Italian advertising creatives are things and objects from which they construct new objects, forms and material using artistic and graphic skills.

Current creative practices

After this outline of the foundations on which current Italian creativity has been built and shaped in the field of communications, it is worthwhile taking a look at the results of a study promoted by the Italian Art Directors Club. By interviewing the managers of leading companies investing in advertising in Italy (ADCI, 2004), the study aimed to assess customer satisfaction with advertising creativity, especially given the dissatisfaction even found in the agencies themselves.

One of the indicators always mentioned as an example of "not complete adequacy" of Italian creativity is the lack of awards for Italian campaigns in international competitions (e.g. the Cannes Advertising Festival). A few years ago the Fiat "*Buonaseraaaaad*" campaign won the Bronze Medal at Cannes, while in 2002 the Gold Medal was awarded to the *Peugeot 206 "Sculptor"* television commercial (with advertising creativity by Marco Mignani)[xlii]. Both ads were remarkable humorous. But they are exceptions to the rule of award-winning commercials, like those of Nike and Budweiser or, in 2007, the downloadable *Evolution* commercial created for the web, which was part of the Real Beauty campaign promoted by Dove, a Unilever brand (Lombardi, 2007).

The Art Directors Club study reveals that, although the majority of managers appreciated the Italian creative style, 39.2% acknowledged that Italian creativity lags behind that of other advanced countries and the reasons for this in order of importance are: a reluctance to try out new methods/languages; lack of open-mindedness and a tendency to provincialism; over-dependence on the customer's requests; and a lack of education and cultural sensibility.

Their criticisms are understandable if we consider the recourse to the kind of "provincial cultural format" in some of the most frequently seen campaigns in recent years: e.g. the Lavazza *Paradise* commercial featuring the television presenters/comedians Paolo Bonolis and Luca Laurenti and the Tim mobile telephone campaign with comic film actor Christian De Sica. They are both serial campaigns divided into various episodes enabling audiences to instantly recognise the storyline. Both resort to the kind of comic quips found in slapstick films rather than irony and allusion, which are more difficult to understand and require further thought. Both star celebrities from Italian daily life in a form of comedy, which for simplicity's sake we can describe as being focused on "laughing at the misfortune of others", modelled on films like the *Fantozzi* series (the misadventures of an accountancy clerk). So this is nothing new compared to the model of *Carosello*.

One of the key points that emerges from the study confirms the now widespread practice by Italian managers of using tenders to choose an advertising agency (51.3% of the interviewees declared they used them) but which fails to influence the degree of satisfaction with the end result (only 25% declared they were very satisfied and the percentage did not rise with those who resorted to tenders). For their part, the creatives said they were against the practice of tenders: it forces them to produce many projects but they only ever implement a few or none. Similarly the agencies have to take resources away from ongoing projects to invest them in tenders and so in the long-run this practice is not even positive for the agencies. Taking part in a tender, in fact, requires time and resources and even when the agency has been chosen, it must automatically begin work on other tenders to win new customers and so cannot dedicate all its resources to the recently acquired customer.

The theme of choosing an agency is also linked to that of remuneration. Gone are the days of the famous 15% on return (i.e. the marketers pay the agency 15% of the overall cost of managing the investment, a percentage applied to the price, after quantity and promotional discounts have been subtracted), which currently only applies to 9% of contracts (Makno, 2005). Mario Abis – President of Makno & Consulting and a lecturer of *Sondaggi e ricerche sull'opinione pubblica* – stresses that "payment is still anchored to the specific features of the project and the time spent on it and not necessarily correlated to budget size".

This translates into gradually diminishing payments for creativity, which for the biggest investors has fallen from 6.9% of budgets in 2003 to 5.6% in 2005 (Makno, 2005).

But coming back to Art Director Club data, the picture that emerges is far from euphoric. There is widespread dissatisfaction mainly due to the mismatch between the real figure and role of the creative and the commonly found stereotype of an unruly inventive person in search of new solutions.

According to the managers interviewed, the skills attributed to creatives are concentrated on functions more associated with generating ideas and not strategic, organisational or productive situations.

Communications and creativity
Anna Maria Testa

Communications and creativity have a double bond: you cannot have one without the other.

1. There can be no creativity without communication. Creativity has always been expressed in the action of an individual who interacts with a historical and social context and within a community. Effective communication is a half-skill, a preliminary requirement for the success of any creative activity or innovative challenge in all fields: art, science, technology, etc

2. A creative action also takes the form of an act of communication at the very moment when it is manifested – in a work of art, scientific theory, invention, or enterprise – and understood.

3. The act of communicating also takes the form of a creative action: language is per se creative and generative (giving rise to infinite phrases and discourses which are expressed in infinite contexts, starting from a very limited number of signs or sounds).

Given this premise, it may appear paradoxical that managing communications creatively requires dedicated professional figures. But today it is less paradoxical, because managing the complexity of the various target audiences (and the multiple nature of the activities required for communicating), the media and the languages specific to each medium, requires special technical skills if objectives are to be reached.

Managing communication creativity professionally means knowing how to design processes and make communication products on behalf of the client, bearing in mind the objectives, restraints, resources and target public. At times creatives may also have to help the client focus on these elements.

4. Professional creativity: a professional may be described as creative when the processes and the products he or she makes effectively achieve the objective and show degrees of innovation in the form or in the process. The content belongs to the client. Professionals who allow their own vision to be replaced by that of their client may be successful in their own self-promotion but will not be doing their job well.

5. Fields: construction and maintenance of brand identity and image (if the client is a company), and of image (if the client is an individual); strategic planning; advertising; editorial support; press office; internal and external communications; promoting and sponsoring; packaging; marketing operations (viral and guerrilla advertising, etc.); and so on.

6. Specialisation: out of necessity and traditionally professional communications skills, in turn, are segmented and specialised according to area of competence: thus a packaging genius might feel uncomfortable with strategic planning, and vice versa.

7. Talents: each professional must have excellent linguistic skills, the knack of translating detailed analyses into brilliant summaries, a good all-round culture, the capacity to listen, interpret and negotiate, a fairly wide experience of the world, and a capacity to work hands-on. In addition to professional skills, a creative must know how to manage complexity and reason according to objectives bearing in mind the target public and contexts. Other things they must know how to do include: creatively integrate without misinterpreting content in new and effective forms which are attractive, understandable, memorable and convincing; and design communications suitable for the mass media and new media, taking into account the specific languages of each medium. All of this while meeting deadlines and being careful not to overshoot budget estimates. Piece of cake, isn't it?

The ideal creative must thus be a person with a good education and with little time for the rather romantic idea of innovative artistic spirit generating new ideas, which is the vision revealed in a 2004 survey conducted by Eurisko[xliii] on Italians' perception of creativity. According to university students in the sample, creativity was an individual aptitude and synonymous with impulsiveness, emotionality and imaginativeness. Being creative thus means having a "wayward attitude" and being "unconventional". The natural habitat for creativity is in art (literature, painting, theatre, film and music), because these are the only contexts in which innate creative capacities can be expressed. Moreover, science cannot be creative because engaging in it requires rules, discipline and hard work.
The same study, however, revealed that for over half the population, Italy is the country of creativity, but only in applied arts, such as fashion and cuisine, whereas Italy appears to be only a little or not at all creative in key areas for the development of the country (finance, economics, publishing, university, politics, teaching, marketing, technology, literature, industry and scientific research).

Media and creativity

Yet if we look at the contemporary advertising scene we find numerous examples of advertising that can be considered creative. Often we are talking about forms of creativity which are best expressed in the new media rather than the traditional media: e.g. interactive ads with consumers providing the ending, or Pirelli's long films advertising tyres, only found online. Other examples are the online and offline integrated marketing communications pursued by Kinder for one of its leading products: the surprise egg.

Creativity and communications in the new media

Alberto Abruzzese

Today the usual answer to the question of how creativity is changing after the advent of the new media is to emphasise the cross-media nature (multimedia and interactive) of their technological platforms but without going beyond the mindset of unidirectional communications paradigms.

This typical mindset – forward-looking but intent on continuity – is also the source for many statements on the new communicational potential said to arise from bottom-up rather than top-down or centre-down creativity, as are the calls for greater personalisation, on one hand, and more collective solidarity, on the other. But all these qualities are perfectly compatible – in the framework of a democratic Western tradition – with the transformations and also dialectic opposition contemplated by the development models of modern society, its powers, players and knowledge.

But if instead of referring to improvements to traditional communication strategies and the development of creativity practices incorporated in these strategies, we move on to circumscribe mainly or only forms based on web communications (boosted by Web 2.0) within the area of the new media, then the development model of the historical media of mass society seems to have reached an extreme limit or the threshold of disintegration.

Creativity is thus experiencing a twofold possible regeneration, or rather two ways forward have opened up but to uncertain outcomes. The first lies on the consumer side and is increasingly detached from forms of traditional media creativity, i.e. creativity inscribed in the modes of production, distribution and consumption. The second way forward sees the collapse of paradigms based on the opposition between top and bottom, centre and periphery. Dichotomies associated with them are also gradually disappearing: mind and body, knowledge and passions, individual and mass.

The modern world has convinced us that creativity is founded on talent or genius, excellence or development. But the new horizons opened up by the new media have brought forms of creativity which concern situations and processes, zones of instability rather than stability, overlapping fields instead of clear-cut borders, trends to de-civilisation rather than civilisation, opaque rather than transparent zones, a sense of the tragic and comic instead of comedies and novels, hybridisation of the flesh rather than control of the body, the corrosion of ethics, aesthetics and policies of belonging and identity, the cult of inhabiting but not in geopolitical spaces, the cult of doing and having but not of being administrated.

The new media may become creativity that is neither transmitted, taught or communicated but simply experienced. This means in some ways a creativity that is event-based, fluctuating, situational, oral, experiential, psychosomatic.

The new media have in some ways encouraged the advent of a more fluid form of creativity and have given non-specialists access to the world of advertising. A good example comes from what happened during the 2007 edition of the Super Bowl, the final of the American football championship which has the largest US television audiences of the year and the most costly advertising time. At the football final, Doritos, the snacks manufacturer, broadcast a commercial entirely made by consumers (who had been invited by the company website to take part in a competition): “Doritos demonstrated on the Super Bowl stage simplicity, anti-rhetoric, a video with a spontaneous zero-cost garage technique in a parodying, absurd, minimalist language brazenly directed at the product, typical of viral advertising seen on YouTube” (Lombardi, 2007). From the perspective of Web 2.0 and consumer empowerment (Mortara, 2007) the boundary between creator and user of advertising has practically dissolved.

Trends in corporate communications

Corporate communications, i.e. the set of all communication flows towards internal and external stakeholders, cannot forego the concept of integration. In fact integrated communications (Collesei, Ravà, 2004) refer to the company’s capacity to co-ordinate all communication tools – from advertising to public relations, visual identity (co-ordinated management of logo, branding and lettering) Internet sites, sponsorships and promotions – which must be orchestrated (Fabris, 2003) to achieve a unique distinctive image of the company to be impressed indelibly in the mind of the various stakeholders and customers. The most commonly used tools today are still advertising and public relations. This applies to all fields from corporate communications at the top of the system of integrated communications to corporate advertising, down to brand and product advertising mainly aimed at the end consumer. As has often been stressed, advertising is still the most effective way of “establishing in the mind of the consumer a distinctive and memorable identity for a product or a company” (Collesei, Ravà, 2003, p. 104), while public relations in recent years have evolved considerably and, from the point of view of the integrated management of corporate communications, they have taken on a key co-ordination and controlling role.

Public relations and corporate communications
Adriana Mavellia, President of the Services Group for Corporate Communication, Assolombarda

Corporate communications and public relations make a twofold contribution to the economy of creativity: they are used in corporate advertising and in marketing, but have also given rise to the communications consulting industry in addition to specific company departments.
The communications industry supplies professional consulting and services through agencies, integrated communications groups, professional studios, and individual consultants who work through professional figures and employees with strongly inclined to creativity either because of their educational background, ad hoc training or personal attitudes and skills.
From this we can easily understand how the educational chain entails acquiring skills in schools and universities (specialist degrees, master's degrees, professional courses, etc.).
The second element of creativity acting within the communications groups and smaller entrepreneurial structures lies in the design of corporate strategies: creative projects devised to solve the problems of external and internal communications of client companies. Here induced activities are generated by the supply chain of creativity specialists who often act by checking the feasibility of the projects. On the communications users side (public and private enterprise), there can also be a contribution to the economy of creativity, albeit to a lesser degree, through some profiles of company employees involved in communications management. When strategies and projects are implemented by the companies it generates a long chain of classic creativity (design, paper products, video, installations, stage designs, objects) or innovative forms of creativity (web, guerrilla advertising, etc.).
Lastly, although more difficult to quantify, we should not underestimate the creative contribution that corporate communicators make to company management, including products and services as a company's response to tuning into the requirements of society and the market.

Of course, including corporate communications in the framework of creativity applied to relational dynamics in companies is well circumscribed by the concept of "communicational competence" which describes "the set of linguistic and extra-linguistic abilities (the latter of a social and semiotic type), and consolidates in them all that is indispensable for efficient, effective communication" (Morelli, 2003).

Trends in public communications

Advertising it is not only concerned with promoting the name of a brand. There is also a well structured sector called **public communications** (Rolando, 2003), or communications of public utility (Rolando, 2004) or also non-profit communications, including "the set of communications activities implemented by a public or private player to promote non-profit aims"

(Gadotti, 2001, p. 16). This field includes public administration structures, government-controlled bodies, large institutions, political parties, associations, representative organisations and non-profit organisations.
These players are often flanked, however, by public or private companies, which thus operate inside the market on non-profit initiatives. Here, for example, we have support activities for social causes pursued by companies also through cause-related marketing (Dash/Abio, Pomellato/WWF, and Svelto/Comunità Sant'Egidio and Opera San Francesco, to mention but a few), but also activities aimed at raising public awareness on social issues (e.g. the Heineken campaign against drink and driving).

The objectives of **social communications** – mainly aimed at announcements of identity, increasing visibility, or fundraising and focusing public opinion on social issues and themes (values/rights) – are achieved by using tools typical of commercial advertising, the same media, and often the same advertising agencies.
In the 1990s public service announcements were given a legal framework (Law 241/1990 to Law 150/2000) and offices for relations with the public were created (Legislative Decree 29/1993). To understand the specific features of public communications we asked Roberto Grandi to describe the profiles of "creativity" in Italy in the sector of social, political and institutional communications.

Profiles of creativity
Roberto Grandi

The three sectors making up public communications are also diversified in terms of their profiles of "creativity".
As far as social communications are concerned, endowing the communication process with a healthy dose of "creativity" is considered a powerful way of enhancing communications. In this sector the activity refers to the stages of conceiving, producing and conveying the various texts. "Social" customers make it impossible to innovate – at times radically – the content, the means of expression and media used, and therefore marketing advertising and public relations, with a special focus on the media and the construction of events.
The communications of public institutions have very varied objectives – from service announcements to information for citizens – and are used by very different institutions (in terms of size, mission, and structures). This leads to a rather patchy use of creative communications tools. The creative profiles are thus involved in constructing campaigns, creating events and also organising participatory democracy through innovations in communications which lead to inclusive processes. Creative communication methods are used less in internal communications.

In Italy political communications are to some extent hostage to the climate of the permanent electoral campaign that has persisted already for several years. Political communications thus take the form of electoral campaigns which set various limits to creative profiles: short-term objectives, concentration of work in short intense periods with not settling down, and restraints imposed by specific laws on political campaigns.

There is no basic difference, therefore, between those dealing with creativity for the public sector and those involved in the private sector. If anything, the differences are found in investments.

Investments

A recent Eurisko study (Vita, 2008) provides data about the investments of Italian non-profit organisations: most are financed by private players (63.5%); public sector campaigns rose by 17% in 2007 on 2006; and, most importantly, there were 169 campaigns with an overall investment of 89,436,000 euros (an increase of 23,293,000 euros on the previous year). The rise in gross investments confirms the positive trend which began in 2005-2006 and shows a percentage increase of 11.1%. This data is confirmed by the *Osservatorio sul marketing sociale* (Sodalitas in collaboration with Nielsen Media Research) measuring **Italian companies' investments in social marketing** and documenting the CRM campaigns implemented in Italy.

The data gathered by the *Osservatorio* also highlights (Table 10.1) a general increase in all the means used, and especially the press (9% for periodicals and 6% for daily newspapers).

Table 10.1 - Media used for social communications

	January-September 2006	January-September 2007
Television	1.5%	1.7%
Newspapers	60%	66%
Periodicals	28.7%	37.7%
Radio	0.8%	3.1%
Billboards and the Internet	-	0.5%

Source: our elaboration of Sodalitas- NMR data.

By comparing these figures with the data in the *Primo Rapporto Sociale in Italia* (OCCS, 2005), we see that there has been a steady increase in net investments in social advertising, which in 2003 amounted to 327,040,000.00 euros. Again in 2003, the largest share of investments was for free social campaigns (especially on television, radio and in the press) which accounted for almost 50% of total investments, whereas just over 40% went on

ministerial-type campaigns. The remaining investments were for campaigns produced by private players.
We can form an idea of the differences in investments between social communication and business advertising by comparing these figures with those in Table 10.2 for overall advertising investments.
Despite the differences, it is in social campaigns, especially in the recent past, that we find attempts at creativity outside the Italian tradition, such as Oliviero Toscani's campaigns for Benetton (although not social advertising in the conventional sense), which were certainly non-traditional and non-conformist, and also the early information campaigns by *Pubblicità Progresso* (a public institution modelled on the US Ad Council) in the second half of the 1970s (with slogans like "If someone smokes, they'll also poison you. Tell them to stop." And "More blood is needed. Now you know.").
These communications used very strong direct statements, which were very far from the saccharine vision of reality in television commercials at the time.

Table 10.2 – Advertising investments in Italy (in millions of euros)

	2005	2006	2007
Daily Newspapers	1,625	1,662	1,770
Periodicals And Magazines	1,226	1,280	1,313
Trade Periodicals	170	170	300
Total Press	**3,021**	**3,112**	**3,383**
Television	4,916	4,999	5,081
External	750	777	807
Radio	555	567	601
Film	75	68	68
Total Classic Media	**9,317**	**9,523**	**9,940**
Promotions	3,620	3,751	4,217
Direct Response	2,271	2,314	2,372
Public Relations	1,842	1,927	2,014
Sponsorships	1,369	1,409	1,446
Internet	131	194	550
Total Enlarged Area	**18,550**	**19,118**	**20,539**

Source: our elaboration of UPA data

Table 10.2 highlights the clear-cut predominance of investments in television advertising, despite the imminent obsolescence predicted for the classic media, which do not allow interaction with the public and are less flexible and unable to adapt their codes and models to the changing requirements of the target audiences (UPA, 2007). A scenario of predicted trends entitled *Il Futuro della Publicità* ("The Future of Advertising") based

on research conducted by UPA (an advertising user's association) highlights the difference between the growth rate of the economy and the growth of investments in classic media as proof of their growing inefficacy.
On the other hand, we note the considerable increase of investments in the Internet, evidence of the advertising users' awareness that audiences wish to have an active role also in communications. The Internet has made it possible for people to take part in the "production" of information through the use of new interactive media and participatory formats (e.g. blogs and forums).
The UPA data also allows us to assess the percentage incidence of investments on the GDP (see Tables 10.3 and 10.4).

Table 10.3 – Growth rates and macroeconomic indicators

	2005	2006	2007	2008
Real Growth Rates	%	%	%.	%
Classic media (Including Production Costs)	**0.6**	**-0.1**	**1.5**	**-3.3**
Communication Initiatives	0.9	0.8	2.0	-0.9
Internet	16.5*	44.8*	38.4	21.5
Gdp	0.1	1.9	1.5	0.1

Source: our elaboration of UPA data
*: This data refer to the total investments in Interrnet without distinction between Advertising (ADV) and Non Advertising (Non ADV)

The **slight decrease of classic media** in recent years lends further support to the theory of the disinvestment in television in favour of investments in other non-conventional means and forms of communication (which rose by 3.1%).

Table 10. 4 – Advertising investments as a ratio of GDP

	2005	2006	2007	2008
Total Classic Media/Gdp	0.68	0.66	0.66	0.66
Total Overall/GDP	1.27	1.26	1.27	1.27

Source: our elaboration of UPA data

Data for 2008 confirm the recovery of investments in the sectors in the enlarged area and non-conventional forms of +3.2%. Investments on the web are also expected to rise (+30,2%), partly boosted by the spread of broadband and the increased possibilities offered by wireless connections which will also favour specific marketing initiatives.

Creativity and competitive identity

The area of **communications most concerned with the theme of identity**
– its construction and maintenance – requires separate treatment. Investments in this kind of communications are not easily measured, but nonetheless a growing number of companies, institutions and leading public and social players follow more closely the **management of their visual identity** as a precondition for any communication operations: i.e. which determines development strategies of a relational precondition contained in corporate communications. Crossovers between communications and marketing thus generate a vast application framework of techniques, products and services – both in the commercial and services areas – connected to the sphere of promotion.

In the field of identity various professional and disciplinary profiles are moving towards a synthesis. In Italy the field has a tradition and has developed fairly well, describing itself as the *creative value added* in the need to bring together social and identity research, the historical culture of tradition (both of institutions and local rootedness), culture of designing integrated communications, and reputation assessment (among users and external interlocutors). Players who have set up this kind of visual identity management (i.e. all large companies and now also some modern institutions, including the big cities aware of the importance of public branding) create an organisation to manage and control communications and advertising activities, constantly focused on highlighting (but also adjusting and re-orienting) *acquired symbolic assets*

Communications and corporate identity
Daniele Comboni

Although the accounting system adopted in Italy does not allow a brand to be capitalised, unlike an Anglo-Saxon brand (a kind a "storeroom" where a good is deposited and where the good is the expression of an intangible asset), in Italy, too, the themes related to branding and identity are beginning to form a well-defined segment of communications, with its own dignity, underlying professional system and recognised type of goods.

Branding conceals a world of values, symbolic recognition, and sense of belonging and identification which in fact is as old as the world (we only need a think of the value of

flags in the past). But as a segment of communication, this world only began to be acknowledged relatively late on, especially by the public system. The tourist sector, for example, with its "area brands" began to discover the value of branding (and recently often to misuse it). Tourism arguably also triggered off the process of branding for atypical "products". In this case the owner of the brand is not a private individual, or even a public administration in the literal sense, but a community of stakeholders, which have their own public and/or private functions (from residents to companies, retailers and administrations).
Behind a brand, a system can finally begin to take shape, consisting, on one hand, of training (through the definition of underlying professional and educational profiles) and the construction of communications (through the inclusion of branding in all private and public communication plans and assigning it human resources and making it an item in budgets), and, on the other hand, of self-narration (again we can mention flags and their symbolic but also historical transposition into identity brands of, for example, a local area). And, lastly, "competitive identity", according to Simon Anholt's neat definition making it the foundation of so-called "public diplomacy", i.e. the public competitive system between nations, regions and cities, in which the perceived value of the brand (and its dimension as dream, attracting visitors to go to a given country, region or city) is the keystone in the construction of the competitiveness of local areas.

10.3 Conclusions

The world of Italian communications and advertising is characterised by two different kinds of experience: the historical experience of *Carosello* and the contemporary experience focused on creativity, the new media, corporate communications, public communications, social advertising and competitive identity. Overall, according to official estimates, the sector accounts for 0.1 9% of the GDP and employs at least 64,900 people. It plays an important role in the content industries to which it is connected not only in intellectual terms but also practically because of its links with the film industry whose advertising sector offers essential tools, ideas and technology (special effects).
In the chapter on Recommendations we will deal with the policies and actions required to support and revitalise the sector.

Part IV

The historical and artistic heritage: towards a theory of goods

The historical and artistic heritage encompasses all those goods which make up the cultural capital of a country. They may have a material form (art objects, museums, monuments and landscapes) or an intangible form (contemporary arts, performing arts and folk traditions).

Museums, monuments and landscapes are goods which belong to everyone not only historically or on the institutional grounds of collective ownership. In fact these special goods, so-called "public goods", have no market for a number of substantial reasons. Their consumption, for example, does not reduce their supply capacity in quantitative terms or, in other words, an extra consumer modifies neither the cost of the production (or only marginally), nor the quantity supplied. This is the substantial requisite of non-rivalry in consumption. When a tourist views the Gulf of Portofino, he or she does not reduce the consumption for other possible tourists. Private goods, on the other hand, are characterised by rivalry in consumption. If I buy a fountain pen and use it, I have exclusive ownership, since it is a rival good.
Within the limits of its production capacity and according to the institutional rules concerning the type of access, the consumption of a public good does not reduce the supply or its non-excludability. Indeed, non-excludability of consumption is another property of public goods. Placing a Michelangelo sculpture in a public square does not exclude anyone from its visual consumption.

This, however, is a non-substantial property, since exclusion in many cases is possible, thus giving rise to a typology of mixed public goods, subject to congestion. Mixed public goods include, for example, museums or historical monuments where exclusion is easily achieved by setting up an entrance and establishing the price for a visit. When accessibility to goods is limited, the quality of consumption is modified because of the emergence of congestion costs connected with managing the disproportionate number of consumers. In other cases, for example the landscape, exclusion is almost impossible, and we are dealing with a pure public good.

The main consequence of this class of goods is the absence of a market on which supply and demand can meet, and the recourse to public supply. In fact, if we wish to offer a public good privately, then free-rider behaviour – i.e. the behaviour of those who conceal their preferences aware that in any case the production of a public good does not involve excludability – would make the voluntary contribution of individuals less than what society as a whole would effectively offer, generating situations of under-production of public goods. Hence the need for state action in supplying public goods in quantities which should meet social requirements.

Inverting the logic, we can see that ideas, the key element in a culture, are initially private goods, but once they have been revealed, they are transformed into a pure public good. One of the consequences of the rise of the intellectual and intangible component of goods is that the field of application of the concept of exclusive ownership has been modified. While we can exclude from further consumption everything that is material, simply by protecting, caring for and using it, the same cannot be done for intellectual goods: the shape of a clock, the innovation of the quartz mechanism – in short everything that can be reduced to an idea is a non-excludable public good, which can be copied and appropriated. You cannot "physically" protect an idea, because once revealed, it can be copied and used without the author's permission. And since we live increasingly immersed in a universe of ideas applied to and incorporated in material things which are part of our daily life, there is an ever greater risk of intellectual piracy and counterfeiting.

Another property of public goods is their capacity to produce *externalities* and positive and negative external effects. These effects elude market valuation and generate distortions in the efficient quantities produced and consumed. For example, the use of large museums and their related cultural policies increases the average level of education of the people in the city where they are situated. This positive effect is not usually taken into account as one of the material economic benefits of the museum. The sum of the benefits is based on tickets and accessory services sold, and therefore refers to a hypothetical balancing of sustainable costs and obtainable benefits. But this unduly limits the resources allocated to the museum. So yet again we find a good reason for corrective public action.

Cultural and art goods, moreover, have a use value and some *non-use values*, such as existence value (i.e. how much a community is prepared to pay for the mere existence of a cultural good), option values and the inter-generational value. These values elude recognition by the market and enhance the notion of externality.

The properties associated with the goods of the cultural heritage and art goods in general include that of being considered as *meritorious goods*. Their self-evident merit is to enrich culture and diffuse a sense of beauty and aesthetic quality. Yet citizens often fail to acknowledge this aspect: by refusing the logic of an implicit contract, they do not agree to the production of public goods. If we take, for example, a proposal to build a museum of contemporary art and ask a representative sample of citizens to express their opinion on where it should be funded, there will more against than in favour. The opportunity to have a museum is thus missed. But had the museum been built, in the future everyone will consider it as an important collective value. The implicit contract is thus managed by the state, counter to the preferences of citizens who are short-sighted or unable to grasp the future value of current choices. This line of reasoning can be applied to all goods in the historical and artistic heritage.

Lastly, the intangible goods of the historical and artistic heritage – such as those in the performing arts – have strong connotations of meritorious public goods. Public intervention or private donations thus seems to be one of the most appropriate strategies for the optimal production of these goods.

Performing arts, for example, are victim to "Baumol's cost disease", i.e. rising wages for work with stagnant productivity in response to wage rises in sectors with growing productivity. When performing a concert of classical music, an orchestra has the same productivity today as in the 19th century. But over the years musicians have been awarded pay rises not on the grounds of productivity, but simply because in one overall intercommunicating labour market increases in productivity in one sector (e.g. manufacturing) spread to non-progressive sectors (e.g. music) by simple contact, because of the egalitarian union policies and the presumed effect of the mobility of workers. This phenomenon thus leads to continually rising costs in the sector of performing arts with stagnant productivity. That is why the production of many performing arts – such as theatre, opera or concerts of classical music – may not be very profitable or make losses. In fact, several of the performing arts are heavily subsidised by public authorities in almost all countries. Without this aid, many forms of art would be greatly impoverished or would even disappear.

Chapter 11

Michelangelo Pistoletto "The visitors" 1962-1968
Painted tissue paper on polished reflecting stainless steel, 2 panels, 230 x 120 cm each
Galleria Nazionale d'Arte Moderna, Rome

Chapter 11

The Cultural Heritage
From creativity to the production of culture

11.1 Creativity, the cultural heritage and the cultural industry

The national heritage as a resource for creativity

In the chain of value production in the cultural industries, creativity acts as an intermediate good for technological innovation and the development of social quality, the two models analysed as the interpretative background to this work.

The cultural heritage, in turn, is a resource for creativity and its contribution affects the whole chain upstream, fuelling economic innovation, historical and artistic research, changes in taste, and the techniques for maintaining, restoring, safeguarding, reconstructing and reproducing cultural goods. In other words, the historical and artistic heritage accumulated by all past generations is an essential part of that cultural contest which, capable of generating positive stimuli, interacts with individuals' capacity to learn. By communicating with the individual's sensorial reception system of emotions, the cultural and social environment is thus one of the key factors in producing creativity in the individual sectors of the cultural industries considered here.

Italy's cultural heritage is primarily consolidated in the national education system, which brings together progress made in the fields of the arts and scientific research and the Italian humanistic school tradition. The traditional programmes of art colleges and music schools do not seem, however, able to foster creativity in the young generations, despite various announced reforms. For this purpose, explicit programmes are required to encourage the development of talent, skill and creative competence in students and teachers right from primary school. Joint work and the stimulus of respective imaginative and creative qualities has yielded good results in the British experience both for students and teachers (DCMS, 2006).

Nowadays young people are involved in creative lessons which help them to explore and recognise their capacities in environments outside the traditional school classroom. New techniques are also used for creative expression. In this way individual aspirations and a fresh attention to future opportunities are developed. Pedagogical uses of museums, archaeological areas, churches and castles are an equally powerful means for fostering creativity. While the Italian institutions traditionally intended to provide artistic and creative education, such as art colleges, music schools, professional design schools, and art high schools are now the subject of inevitable and hard-won reforms, what is particularly interesting is the museum context and the use of interactive multimedia learning. One example is the learning opportunities offered by interactive audio guide tools, capable of providing young visitors with an enjoyable and stimulating educational experience. In a certain sense, this is the equivalent in museums and cultural events of the entrepreneurial phenomenon of learning by doing. Learning on the job is an excellent feature of the Italian entrepreneurial model and can also provide extremely interesting solutions for the world of cultural creativity.

Creativity and new technologies

New technologies can also play role in a fresh creative approach to the cultural heritage. In fact while the heritage is a resource for developing creativity, the inverse is also true, i.e. creativity is a very valuable tool in constructing pieces of our heritage. Moreover, bearing in mind that creativity can be incorporated in objects, technologies and economic organisations, its use in developing technologies and new organisational forms for cultural goods becomes particularly significant.

The creation, management, safeguarding and development of the cultural heritage is generating a flourishing market mainly involving small and medium-sized companies with high technological content. New materials, innovative construction techniques, measurement and diagnostic tools, 3-D modelling and digital platforms are some practical examples. Our cultural heritage is becoming a thoroughgoing creative workshop for developing very innovative technologies, materials and methods. There are many examples: from "patina-eating" bacteria to white cement containing nanomolecules of titanium which does not dirty, neutron accelerators able to radiograph statues and reconstruct their interiors, the recent innovations in the digital sector (navigable satellite maps, portable geo-referenced systems, radio-frequency tags to track objects); from restoration to the design of Internet portals, but also the renewed diagnostic toolbox, new materials and technologies for the construction of visionary buildings (future cultural goods), sensors science and new building installations systems. Naturally, we would also add the fast developing variegated world of the cultural industry with the diffusion of new digital technologies and the advent of new media.

In Italy all this know-how is often dispersed and fragmented. It thus requires processes of co-ordination and aggregation. That is why absolute priority must be given to a new overall economic approach highlighting not only the auxiliary museum services and tourist flows but the system of enterprises engaged in the creation, management, safeguarding and development of the cultural heritage.

One far from negligible aspect of this sector is its *exportability*. Italy has a very good international reputation in this field but it has not developed exports as in the classic export-driven sectors (fashion, design, food, etc.) and certainly has a potential waiting to be developed. Only a systemic vision, however, will enable us to exploit this great opportunity.

By making use of the new technologies, institutions involved in conserving, exhibiting and managing cultural goods can attract public interest in the heritage and increase its value.

We can basically identify six most critical technological areas involved in the field of the cultural heritage:

- materials (for protection, restoration and refurbishing)
- diagnostic systems
- sensors and technical installations (air conditioning, furnishings)
- systems for the construction and structural consolidation of buildings
- safety and security systems
- digital technology for enhancing exhibits and various uses.

Through the scientific and creative management of these areas, Italy can aspire to be an international leader in the sector.

11.2 The national heritage as a cultural industry

If we consider the Italian historical and artistic heritage from the point of view of the cultural industries, the main issues are its efficient management, growing demand, the exploitation of economies of scope, especially in the production of cultural tourism, and the capacity to increase the positive socio-economic impact on the system of the local economy and its development.
In the following paragraphs, therefore, we will look at some aspects of economic policy applied to the cultural heritage. We will not discuss the themes of its development, management and protection, since they are well-known and have recently been reconsidered by the laws on the landscape modifying the "Code of Cultural Goods". After a brief introduction on the current state of the Italian cultural heritage (size, public, exhibitions, festivals, landscapes, etc.), we will tackle three problems of outlook concerning:

- cultural tourism and the art cities
- the economic impact of culture
- the growing visitor demand.

The size of the Italian historical and artistic heritage

The size and quality of the Italian heritage is proverbial, even though there are no complete official data.
The only updated statistics on the subject, provided by Sistan (MiBAC), only refer to state-run museums, monuments and archaeological areas: i.e. 402 museums, monuments and archaeological areas which in 2006 attracted around 34.6 million visitors and generated gross revenues of just over 104 million euros.
These figures, however, only refer to a small part of the national historical and artistic heritage whose real size is reliably estimated in the following table.

Table 11.1 – Cultural institutions in Italy

Source-Year	Type	Number
A – 1999	Archives (historic, local bodies, company)	11,000
B – 1994	Libraries (public and private)	9,900
C – 2007	Museums	3.969
D – 1991	Zoological, Botanical and Natural Gardens and aquariums	102
E – 1995	Archaeological and monumental sites	2,100
F – 1999	Church heritage: churches built before 1880	55,263
	Church heritage: monasteries and convents	1,500
	Church heritage: sanctuaries, sacred mounts, bishop's palaces, *viae crucis*	3,000
	Church heritage: libraries	3,100
	Church heritage: historic archives	29,000
G – 2004	Private historic stately homes	12,000
H – 2005	Historic centres in cities and towns	22,000

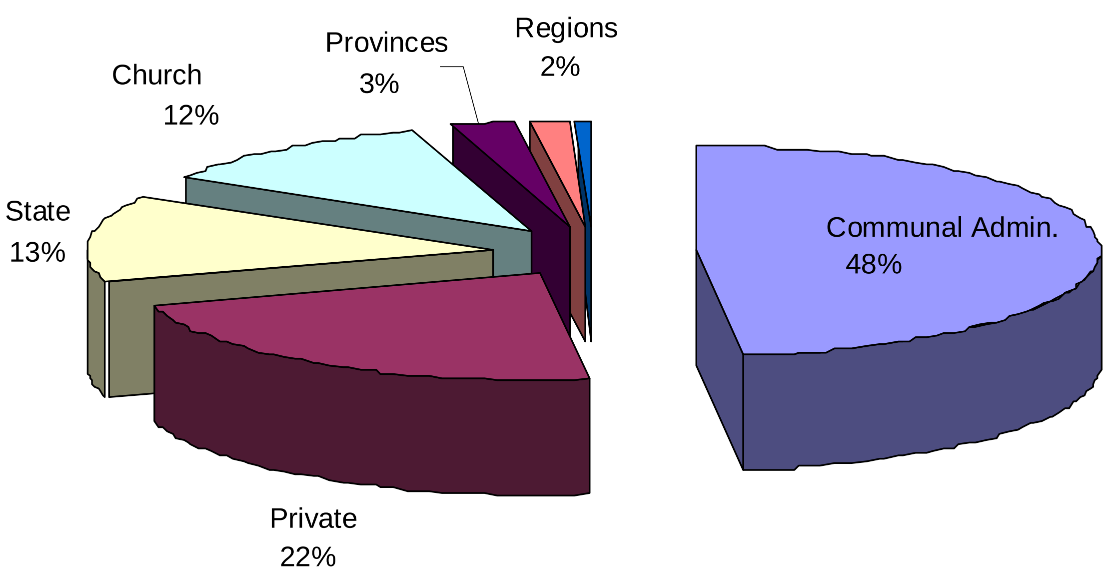
Legend of sources: **A:** Direzione Beni archivistici MIBAC 1999; **B:** AIE on ICCU data 1994 (excluding 3,100 church libraries and 8,000 school libraries); **C:** ISTAT, *Indagine sugli istituti di antichità e d'arte e i luoghi della cultura non statali*. 2008; **D:** D. Primicerio, *L'Italia dei Musei*, Electa, 1991; **E:** D. Primicerio, *Dossier Archeologia*, no.3/4, 1995; **F:** G. Guerzoni and W. Santagata, "Economia della Cultura", *Enciclopedia Treccani*, 1999; **G:** Associazione Dimore Storiche Italiane 2004; **H**: ICCD 2005.

The cultural heritage not only includes museums and monuments, but also libraries – over 9,000 (including 46 state-run) and archives. These are thoroughgoing cultural facilities at the service of the resident community.

In addition to this, we have the immense assets and property of the state land agency (Agenzia del Demanio: 20,000 managed buildings, 10,000 landed properties, 2,500 goods with considerable development

potential in 153 communal administrations),[xliv] the Church heritage and all the "temporary" part of supply in the form of exhibitions.
In Italy over 1,600 exhibitions of a cultural nature are held annually (obviously excluding those in commercial galleries and spaces), to which we should add trade fairs and shows (dedicated to books, cuisine, visual arts, antiquities, etc) festivals, courses, prizes, competitions and conferences.
Even when we focus only on the museum sector, we see there is a great dispersion in terms of ownership and geographical distribution, whereas quality and visitors are highly concentrated. This generates serious problems in co-ordinating policy for the system (Fig. 11.1).

Fig. 11.1 – Ownership of Italian museums



Source: Corte dei Conti, 2005

A second consideration – more relevant than ever and partly connected to the problem of quantifying the Italian cultural heritage – relates to the present state of the auxiliary services (audio guides, bookshops, gadget sales, cafeterias, booking, pre-sales, self-service restaurants and guided visits) and their capacity to generate income.
Although the Italian institutions are also equipping themselves to meet the growing requirements of the public and ever higher international standards, Italy still seems to lag behind other countries in this field.
In 2006, of the 402 state-run museums, monuments and archaeological areas, only 97 had bookshops and 137 booking/ticket pre-sales services.
More advanced services, like nurseries or even simply online booking, were offered by very few museums and the same is true of itineraries specifically designed for children or the disabled.
The following question still remains unanswered: if in the state-run museums, monuments and archaeological areas auxiliary services, and primarily bookshops (around 22) bring in 40 million euros a year, what happens in the other 3,000 museums?

Exhibitions, art fairs and a great absentee: the landscape

Various phenomena have characterised the evolution of the Italian and international cultural offering in addition to changes in consumer trends. One of the most interesting is undoubtedly the phenomenon of temporary exhibitions.
In summer 2007, what has been labelled the "Italian exhibition factory" turned out at least 650 exhibitions. In 2006, temporary exhibitions were visited by over 7 million people. Despite this, there were only a few big successes, considering that the top 10 exhibitions alone attracted a total of around 2.7 million visitors.
All of this has led to a change in the traditional role of museums, since they have had to rethink and readapt their structure and organisation to a proliferation of new functions. At times there is a dialectical involvement with or rediscovery of permanent collections, but often museums simply function as containers for "other content".
The art fairs, a relatively new form of cultural distribution, are also going through a phase of great expansion, especially in the contemporary arts sector. The major fairs are held at Verona, Turin, Bologna, and Milan. Each of these has its own specific features and attracts around 30,000-40,000 visitors a year in only a few days. One very successful example was the first edition of the Rome fair entitled *The road to contemporary art*.[xlv]
With a few exceptions, this phenomenon yet again mainly concerns the art cities and major urban conurbations. Thus while the cities are full of cultural events, in a vortex of increasingly fierce competition but often not associated with the logic of the integrated promotion of places, the landscape, one of the most typical and specific elements in the Italian cultural offering, is often neglected.
The countryside and cultural landscape, which "testify to the creative genius, social development and imaginative and spiritual vitality of humanity",[xlvi] is an enormous capital for Italy in terms of

image and a primary source of inspiration for artistic creation.
The landscape is a changeable, evolving element and, precisely because of this, offers a host of cultural and educational functions. This "territory expressing identity", on one hand, lends itself to hosting art works – see, for example, sculpture parks or land art – and therefore to being a cultural context and active container and, on the other, is the object "contained" in cross-regional and transnational cultural projects, becoming a unifying element through its diversity.
This is the case with the "Cultural Routes", and numerous projects to develop the vine and wine landscapes or transhumance roads, to mention only a few examples.
In 1992 the World Heritage Convention became the first international legal tool for protecting cultural landscapes, including those on the list of the UNESCO World Heritage sites, but in Italy the complex legal regulations whereby local areas, environment and landscape are governed by different laws and different bodies have allowed the neglect of the landscape to continue.
A positive signal, however, has come with the approval of the Legislative Decree no. 63 of 26 March 2008, integrating and correcting the "Code of the Cultural Heritage and the Landscape". Thanks to this measure, the concept of the landscape has been given a new unified definition and the system of responsibility for its protection has been better balanced by giving responsibility back to the state, albeit in co-operation with regional authorities.

11.3 Cultural tourism and art cities

Tourism in art cities: foreign and domestic markets

It has now been widely recognised that cultural resources – whether tangible or intangible – are an important input for the tourist industry.
Cultural tourism – a phenomenon which is not easily defined[xlvii] – is an increasingly important form of travelling and holidaying, especially in Italy whose image is strongly linked to the concept of culture seen not only as the artistic and historical heritage but also as design, fashion, folk traditions and typical food productions.
According to a survey conducted by Doxa, Mercury and the Touring Club Italiano on Italy's attractiveness for foreign tourists, on a scale of 1 to 10, the category of "culture, art" has the highest score (8.28) followed by "cuisine, wine" (8.11) and "countryside" (8.10), while of the best known Italian places internationally the large art cities are cited first: Rome (64.3%), Venice (35.9%), Milan (27.5%) and Florence (23.4%).[xlviii]
To mention only a few figures, in 2006, of the 308 million overnight stays in tourist resorts in Italy, 92 million were in cities with historic and artistic interest (33 million arrivals) with an increase in the period 2001– 2006 of +22.5% arrivals and +13.4% overnight stays.

Cultural tourism versus creative tourism: what future developments?

But how is cultural tourism evolving and what linkage is there between the cultural heritage, tourism and the creative industries? Summing up, we can say that the linkage is on two levels: a first level concerning the creation/integration of destinations and the second more closely associated with the offering of services for tourist purposes.
Cultural tourism continues to expand with an increasingly diversified demand. Competition is growing and the supply is also becoming more specialised, generating new sub-markets: from more traditional tourist uses towards innovative forms of consumption of contemporary culture. Thus we have literary tourism, architectural tourism, which increasingly drives public administrators to hire so-called *archistars* (celebrity architects) to renew the image of their city, or film-tourism, which is not a recent phenomenon but has become increasingly popular in recent years thanks to collaboration with a growing numbers of film commissions.[xlix]
In this way new destinations are created in a process in which creativity and the creative industries increasingly enable places apparently less well-endowed with historic attractions to enter cultural tourism circuits, or destinations on the wane are redeveloped and their offer enhanced.
Even museums, typical symbols of traditional cultural tourism and elements characterising the cultural supply of a given destination, are undergoing a process of change involving their classic functions, as demonstrated by the great proliferation of "exhibition-events", or the creation of new museums such as the Bologna Museum of Modern Art (Mambo), Bolzano Museum of Modern and Contemporary Art (Museion), the Triennale Design Museum, Milan, or the many corporate museums.
The museums sector is witnessing a process of specialisation and thematic diversification of its offering, no longer necessarily linked to the traditional artistic, archaeological and scientific categories and featuring new themes such as enterprise, gastronomy, contemporary history, etc.
Cultural tourism is thus changing deeply and moving towards what Richards calls "creative tourism": more experiential forms of consumption, no longer focused only on the past but also the present and the future, with interests ranging from highbrow culture to popular mass culture, fashion, design and architecture.[l]
The second level of relations between the creative industries and tourism involves all those products and services which the creative industries supply to support the cultural tourist experience. They are even more important from the economic point of view, if we consider the traditionally higher spending power of the cultural tourist compared to other categories of tourists (an average of 106 euro per day compared to around 74 euros in 2005).
Publishing and multimedia are the sectors whose products are most directly at the service of cultural consumers – as we mentioned, museum bookshops proceeds totalled 22.6 million euros in 2006[li] –- but advertising and communications are equally

important for the success of a destination or a cultural tourist attraction.
Lastly, we must remember the two-way relationship between tourism and architecture. Over the centuries, many architectural works have become tourist attractions and since the late 19th century tourism has driven architectural renewal and development in technical and aesthetic terms: examples are the eclectic style of the first grand hotels, the creation of bathing establishments (e.g. the Stabilimento Roma at Ostia designed by Giovan Battista Milani) and spa centres such as Montecatini.
On this subject, it is worth mentioning a recent trend in the hotel sector, strongly linked to the themes of creativity: designer hotels, full-blown art places which have revitalised the design of hotel facilities, changing customers' traditional perception of the function of hotels as they become places communicating not only a style but also individual brands.

11.4 The economic impact of institutions and cultural events

Cultural events: from a burden for the collectivity to productive resources and development driver

Institutions and cultural events make an important contribution to the economic development of their local areas. In some cases, the success of cultural events, from high-standard exhibitions to cultural festivals, radically change the perception of places, the sense of being in and belonging to a community, and bring spin-offs in communications: how many hundreds of thousands of your euro would local authorities financing major successful events have had to pay to buy the kind of space the media have dedicated to their local areas in recent years thanks to the events?
From this point of view, impact analyses are often used to assess cultural projects ex-ante and ex-post. They provide decision-makers, financiers and organisers with tools for measuring, communicating and negotiating, and are capable of persuading public and private stakeholders who may understandably be sceptical when faced with blithely presented figures. Indeed there is a general situation, even outside Italy, in which the rhetoric of figures, increasingly given randomly, carries the day over any other form of sensible reasoning. In fact the diffusion of the "festival" format or "exhibition" as a commercial product has degenerated to pathological levels.
Here we must seek to understand if the – actually rather few – successes are linked to factors not usually found in other geographical contexts (this is the current writer's opinion) or if the same formats can be used in other situations, acknowledging that cultural events are thoroughgoing "packaged products". What is urgently required is product engineering to filter out from the national scene the large quantity of imitations which bombard and confuse the public, whose tastes should at least be better understood before being criticised.
In Italy, in fact, the debate on cultural events has taken on polemic tones due

to ideological positions or rather poses. On one side are the apocalyptic supporters of Debordian prophesies, pop fanaticism and the triumph of midcult and, on the other, the enthusiastic fans of the apotheosis of popularising, of “anything is better than nothing” and the revenge of the exhibition and festival culture vultures – people who actually have rather elitist social profiles, from the point of view of their education, although in Italy, as is well known, they are not always positively correlated to income levels

For some time now these problems have gone beyond the critical threshold, since the phenomenon tends to take the form of an increasingly confusing “event mania”. The number of initiatives is incalculable, partly because of the high birth and death rates of what are often local events. Any attempts to survey accurately the enormous number of events in our country and to understand their effective extent are thwarted not only by the generic nature of the “festival” formula or the term “exhibition”, which makes comparisons problematic, but also the spin-off aspects of their success.

Yet the time has come to attempt to tackle these issues, especially since there is an abundant high-standard international literature on the subject.

The starting point for an understanding of the impact of institutions and cultural events on local areas is twofold. On one hand, the institutions and cultural events make an important contribution to economic development and jobs in the areas in question. They are capable of attracting hundreds of thousands of visitors, diverting huge tourist flows, sustaining various economic sectors, slowing down intellectual emigration and encouraging the development of local human capital, etc. But on the other hand, the same institutions and events can create congestion to the detriment of the cultural heritage, increase the costs sustained by communities and local authorities, upset the balances in the property market and in commercial activities, encourage situations of living off rent, exercise negative social impacts, etc..

The key issue is in fact linked to an accurate assessment of positive and negative impacts, given that the final figures provide undeniably important information and elements for negotiation. It is no accident that in the last 30 years a growing number of cultural institutions have commissioned detailed impact analyses: the Tate Modern (2005, with the London School of Economics), the MOMA (2006), the Guggenheim (which pioneered the “Bilbao effect” assessed in 1999 by KPMG), and the New York Metropolitan (2007), not to mention festival organisers who for decades have commissioned similar studies.

To offset the partial nature of these estimates, various public and private research centres have conducted very interesting counter-analyses, thus opening up a clear debate on the pros and cons of a very useful tool of social, cultural, political and economic policy.

What is measured?

To quantify the size and positive or negative nature of economic impact, we must follow a very precise procedure, which in the initial stages involves a

meticulous process of gathering qualitative and quantitative information, since cultural events generate various kinds of impacts: cultural, social, economic, fiscal, occupational, environmental and property.
Of these, the economic impact is one of the most important measurements since cultural events are strongly connoted as public goods and are often guaranteed by the action of public bodies or third parties (for example former bankers' foundations) who are keen to know what kind of results have been obtained from the resources supplied.
Although it is rare for cultural events to produce a directly measurable economic return, recourse is often made to cost-benefit analyses, theories of meritorious goods, estimates of positive externalities, or models of economic evaluation in which the total economic value is obtained from the sum of direct use values, indirect use values and non-use values.
These values can be estimated using various measuring techniques in order to justify the expenses sustained by public bodies and non-profit third parties, whether for projects concerning permanent structures, such as museums, exhibition centres, theatres, libraries and archives, or for temporary initiatives, such as exhibitions, concerts, festivals, etc.
Although acknowledging that economic criteria must not dominate the definition of policies in the cultural field, it must be admitted that their absence makes it impossible to compare decisions made. This allows resources to be wasted and prevents the establishing of clear goals that can be monitored in time, such as an increase in jobs, the slowing down of intellectual emigration, the creation of private companies working at local level, the development of human capital, etc. Using an economic impact analysis, on the other hand, we can calculate the effects on the surrounding territory due to the presence of cultural events with a good level of approximation, which rises with decreases in the duration of the project monitored, the size of the geographical area in question and the level of competition with other events.
This value should not only be seen in terms of income. Economic value is also generated by increases in jobs, rising house prices, greater local tax revenue or the increase of incomes and retail sales in the area considered.
The basic hypothesis is that it is possible to start from the direct spending of institutions/ organisers (the organisation of even an average-size festival or exhibition involves spending whose spin-offs must also be partly considered) and the number of visitors (in terms of admissions, other cultural consumption, transport and parking, spending on hotels, restaurants, objects and souvenirs, shopping, and the acquisition of other cultural services).
Starting from this initial outlay of economic resources, through appropriate calculations we can also reckon the indirect effects. For example, we can calculate the amount of money spent by local economic players to acquire, often from wholesalers, a greater quantity of goods and services in order to satisfy the increased demand from the institutions/organisers and participants at the events considered.
But impact analyses also calculate a third level of effects: the

implementation of a new permanent or temporary cultural project and the rise in correlated economic activities enabling residents, and those directly or indirectly involved, to make additional income, which they spend – often lavishly – as they wish in their local area. This additional income and the consequent spending on consumer goods and services makes up the third level of induced activities which, when added to the previous two, gives the overall value of the economic impact of an event.
But impact analyses can go even further, since they can estimate the rise in sales, added value, income and jobs, thus enabling us to understand how many new enterprises have been created, how far the intellectual emigration has been halted (keeping in the local area skilled resources otherwise missing or destined to emigrate), the effect of activities on enterprises and their employees, and how far wholesalers gather additional resources which they may spend, thus triggering multiplicative mechanisms. The sum of the three impacts (direct, indirect and induced) corresponds to the increases in sales, incomes, value added and jobs in the area due to an event and can help us understand the benefits for the local economy from an investment made by public, private or mixed stakeholders in order to stage that event.

The diffusion of studies on the economic impact of institutions and cultural events

In Italy, economic impact studies mainly focus on the tourist sector, even though there is almost a complete lack of them in the cultural field. Initial attempts (P. Leon, Cless; P. Valentino, Civita) were aimed not so much at assessing the impact ex post of investments in the field of culture as assessing their profitability ex ante in order to select projects. The focus was thus not so much on the direct impact on local society, but rather the direct impact on the possible ways of exploiting museums, parks, castles, etc.
The lack of studies may be explained by methodological backwardness, opaque, rudimentary accounting systems in cultural institutions, the scarcity and inaccuracy of visitor surveys, and an unwillingness by public and private stakeholders to finance feasibility studies for initiatives deemed to have few economic benefits, combined with a lack of available data and surveys on which to base research projects.

Outside Italy, the situation changes dramatically: impact analysis is a key part of any cultural project, which is thus endowed with a positive, powerful and attractive tool capable of convincing public and private stakeholders, often – understandably – sceptical when confronted with bold declarations basically unsubstantiated because of disarmingly vague figures.

According to the latest Americans for the Arts survey (2004), in the United States the arts sector generated revenues of 234 billion dollars: 80.8 billion were spent by visitors on related consumption (restaurants, hotels, parking, transport, fuel, retail items, souvenirs, etc.); 53.2 billion were invested (e.g. in new buildings or technological equipment) and spent by cultural institutes to acquire goods and services of various kinds, to which must be added the figures for the acquisition of works and collectable items.

These figures are in line with the estimates for the New York district made by a leading consulting society, McKinsey and Company, which in 2002 carried out an important research study on behalf of the Alliance for the Arts.

Similarly a study commissioned in 1998 by the Bilbao Guggenheim from another consulting giant, KPMG, claimed that in its first three years of life the Spanish museum had pushed up the GDP of the area by 0.4 7% (with an absolute value of 140 million euros, against 85 million invested in the project) as well as creating 3,816 jobs and increasing tourist flows to the Basque Country by 54% (these figures were cut by more than half in a Plaza survey from 1999 to 2000). The Spanish institution radically changed the image of the city and has greatly contributed to its tourist success, attracting over 1.3 million visitors per year in the first three years to a city of 950,000 inhabitants. The position of Bilbao in an area including San Sebastian, the European surf Mecca, and Pamplona, famed for its *fiesta*, makes it very difficult, however, to separate out the effects due to the sole influence of the museum on the local economy.

If we analyse the number of visitors after the opening of the Guggenheim, however, and compare it to the historic series of tourist flows to the Bilbao area, we can determine the extra numbers ascribable to the opening of the museum and the seasonal nature of visits, which enabled the Spanish researchers to calculate relatively accurately the impact on the surrounding area.

The success of this approach and its resonance in the media have convinced other institutions to follow suit. Thus in 2004 a London School of Economics study presented at the British National Museum Directors' Conference, which had commissioned it, revealed that "the overall impact of the NMDC 'sector', including indirect and induced effects, is in the range £1.83 billion to £2.07 billion". Similarly the Tate Modern, again in collaboration with the LSE (2005), claimed to have created in five years "between 2,000 and 4,000 new jobs, about half of which are located in the Southwark area" (Travers and Glaister,2004). According to an impact analysis survey conducted by the Audience Research and Analysis for the MOMA, in 2006, from 2005 to 2007, the museum generated an economic impact on the city of New York of around 2 billion dollars.

The Metropolitan did not stand by watching, and in concomitance with the opening of the new "Greek and Roman Galleries" in spring 2007, began systematic studies of the economic impact of the museum and its exhibitions (entrusting them to the Museum's Visitor Services Department in collaboration with the Office of Market Research). The results show that the re-opened galleries generated an impact of around 270 million euros in six months, compared to 250 million generated by two major exhibitions – *Americans in Paris, 1860-1900* and *Cézanne to Picasso: Ambroise Vollard, Patron of the Avant-Garde* – held the same year.

Even relatively smaller sized institutions have grasped the strategic value of impact analyses: the Locarno Film Festival in 2004 was the subject of a detailed economic and social impact analysis based on standard multipliers and 4,000 direct interviews which showed that the effect of the film festival is at best around 14.6 million euros against a budget of 6.29 million.
Similarly, in 2006, the Salzburg Festival, the largest and most famous opera festival in the world, had a programme of 36 days with 207 events in 14 different venues attracting 244,269 opera-goers from 65 different countries. Of these 75% come regularly and 61% have been at least 10 times. Average daily per capita spending outside the festival is 283 euros (with the cost of tickets included, this figure rises to over 513 euros). Not surprisingly, the overall economic impact of the event was in excess of 225 million euros. The festival created 190 full-time jobs and has 2,000 seasonal employees, while tax revenue alone was worth three times the public funding received.

But apparently niche events also command very respectable figures. According to a survey conducted in 2005 by the Moore School of Business, University of South Carolina, on the Spoleto Festival USA, which attracts a highbrow audience to Charleston every year, 39,000 attendees had an overall economic impact of around 35 million euros and created 729 full-time jobs. Thus even the so-called minor festivals generate significant impacts.

11.5 Growing visitor demand

For at least 20 years in Italy from several quarters there have been calls to provide free admission to museums and to allocate more public resources to culture so they reach at least 1% of the national budget (currently 0.26%). But such requests have fallen on deaf ears. Some money has been found and enormous progress made but the narrow "economistic" approach focused on the practice of selling tickets has persisted regardless. This deep-rooted notion is part of a vision that refuses to contemplate anything other than money in economics, such as efficient rules and recognition of the economic and capital value of culture at least for the above-mentioned indirect and induced effects.

In praise of free admission[lii]

Museum ticket offices and cinema and theatre box offices, wherever they exist, are barriers to access. Whoever pays enters and whoever does not want to or cannot pay stays out. If tickets were abolished then an alternative source of income would have to be found. This is the essence of the dilemma of free admission or paid tickets for museums.
Museum managers are generally of the opinion people should pay, but for citizens the museum is a fundamental part of a shared culture and we all have the right to culture. It is one of our positive freedoms, a social right, and as such is part of welfare policies. The advocates of free admission consider public education as one of the main functions of museums. They see growth

in cultural consumption – also through a widening of the consumer base for museums – as a positive value. In any case they believe that making people pay for consumption of a collective good with almost zero marginal use costs – i.e. an extra visitor costs virtually nothing – is a discriminatory and short-sighted policy.

The issue of free access to museums is nothing new. It was first discussed in liberal British and American circles and has been taken up again in various ways in recent years with positions in favour and against: see the Musei Civici Milanesi, before the recent introduction of paid tickets or the study on "Napoli Musei Aperti" (Santagata and Signorello, 2000).

In the USA, where the free admission policy has a very longstanding tradition, the predominant idea is that the widespread diffusion of culture is required to develop the democratic process and full social integration. Museums are considered on a par with libraries, archives and schools.

The arguments for and against free admission inevitably remain deeply entrenched. What is lacking is a new outlook which grasps the motivations – also psychological – of visitors and potential financial contributors and embraces the idea that museums are key elements for the mass communication of culture, creativity and ideas. Naturally, this new outlook would not overlook the role of museums as a place for assembling a culture of excellence as an undeniable emblem of Italy's national identity or international image and commitment to multicultural integration.

The argument against free admission

The advocates of paid admission consider the main functions of a museum to lie in the collections, the gathering of works, and their conservation, management and study.

There is a rather narrow-minded and slightly abused line of argument against free admission which may be summed up as "what is free does not count or have any value". This equivocal argument can be swept aside immediately. Can it be said that enjoying a marvellous walk has no value? Or that the world art in the British Museum in London and the experience of cultural enhancement from a visit to it has no value because admission is free? The answer is clearly no. The economistic experts will have to think again. Free admission, which does not imply the absence of a voluntary contribution or other forms of funding, is a good objective for cultural policy. If anything, the problems concern the methods and techniques for funding museums.

It is claimed that our museums already offer many opportunities for free admission and that this is enough for their social function. But if we go into this argument a little further, we immediately see its weaknesses: people are free from commitments on Saturday and Sunday, so offering free admission on the first Tuesday afternoon every month is sheer hypocrisy.

It is claimed that free admission would benefit foreigners most and that Italian citizens would have to pay for foreign visitors. But foreign visitors are very welcome if they bring wealth to our tourist industry, which alone accounts

for 12% of the GDP. How many Italians live off foreign tourism? And, as we will see below, foreign cultural tourists can contribute through the introduction of tax measures concerning the hotel industry.
Lastly, it is claimed that museum services are mixed public goods and when there is congestion, tickets can ration consumption. But it is equally true that the system of queues or bookings, as we will describe below, is a well-tried method of rationing which prevents, without excluding visitors in terms of spending power, overcrowding at the Uffizi or the Colosseum.
In 2006, revenues from tickets sold in state-run Italian museums was 104 million euros. This figure is the sales volume of an average to small company. The ministerial fund for the performing arts (*Fondo Unico per lo spettacolo*) is around five times larger. Moreover, the money from visitors per se is not enough to solve the financial problems of museums. According to the opening times and type of museum, admissions cover from 5 to 15% of management costs. Is it worth using such a potentially discriminatory tool in exchange for little or nothing? In 2006 there were 34.5 million visitors, of which only 16.3 million were paying visitors. The distribution of visitors is very disproportionate geographically. This means that the proceeds from ticket sales de facto only really concern three cities: 5.3 million visitors paid in Naples, 9.7 million in Rome, and 5.2 million in Florence. In the rest of Italy paying visitors were less than a million per city.

Free access to permanent collections

In Italy people pay to visit the permanent collections and state museums, apart from some concessions for young people and pensioners. Temporary exhibitions are a cultural service with paid admission, and therefore do not come into this discussion. Local administrations adopt various stances: Milan seems to regret the choice made in favour of paid admission a few years ago, while Bologna seems to be satisfied with its policy of free admission for city-run museums.
In the national Cultural Week of 2007, when admission was free, there was a 13% rise in visitors to Italian state museums.
The few studies on the subject show that on average Italians have a significantly positive attitude towards making voluntary contributions to museums.
The most recent international example was the UK Labour government's decision to give free admission to everyone. It was introduced in stages: April 1999 for children, April 2000 for the over 60s, and December 2001 for everyone. Entrance to special exhibitions, however, are still charged. In the first five years, there were 29 million extra visitors, a rise of around 83%. In London visits rose by 86%: the Victoria & Albert + 138%; the Natural History Museum + 112%; and the Science Museum +81%.
The museums were admission had always been free, such as the British Museum, the National Gallery and the Tate saw a rise in visitors in the same

period of 8%. Someone might argue that the rise in visitors was fictitious and the figures only meant a rise in the number of individual visits by regular museum-goers. But breaking down the British figures reveals that half of the extra visitors were new visitors.

Where to find 100 million euros to offset free admissions?

The sum of 100 million euros, the equivalent of the total ticket money from Italian state museums, can be recovered using various tools. Similar criteria can also be applied to local and regional museums.

Voluntary contributions ("Pay what you like")

Current Italian legislation does not facilitate forms of voluntary contributions. Contributions from private individuals are often called for but no procedures are set up to make them possible. Perhaps the time has come for an information campaign involving the Ministry, local government bodies and all Italians as potential museum visitors. The method of voluntary contribution, when it works and given the quota of guaranteed income it provides, is the fairest imaginable.

Consideration paid by citizens to the state

There is a good deal of media confusion about taxes and fiscal pressure in general, which in Italy is certainly too high. But in the name of reducing tax pressure, various differences are concealed and the underlying fiscal philosophy obfuscated. I will try to simplify: types of taxes include dedicated tax, i.e. the consideration paid as on any market in which the seller is the public sector (state, local government) and the buyer the recipient of a service. In this case the hotel industry could pay dedicated tax on the grounds that the cultural heritage is one of the primary factors of attraction for tourism. In this way the hotel sector would contribute to sustaining one of the elements from which it benefits: the self-evident enhanced impact of cultural tourism on the local economy. From this point of view, what would be the effect on the world tourist system if it were announced that Italian museums "are open free to everyone"?
In other words, if the hotel cultural industry, but also the audiovisual and export-driven sectors (fashion, design, food, etc.) make money thanks to the use of Italian culture as an production input and that culture is sustained by public spending, it only seems fair that in exchange for the service they pay consideration.

Increased sales of auxiliary services

This source of income is directly linked to the expected rise in visitors following the introduction of free admission. In other words, visitors entering for free will presumably be encouraged in some ways to spend on catalogues, books, or meals at the museum restaurant.

New forms of patronage and sponsorship

People often complain that private individuals are not very responsive to the need to support arts and culture economically. The reason for this may lie in the structure of tax incentives. The obvious example is the USA and the kind of tax incentive system developed in a country in which patronage, donations and volunteer work are key elements in the institutional system. In Italy the situation is different. I believe that what is more significant is the psychological incentive that our museums seem unable to handle. What has a greater value, a bronze bust or a plaque in the museum or a 19% reduction in tax due or other deductions of cultural contributions from income?

Effects on museum management

As some sceptics of free admission have rightly pointed out the positive effects of increases in visitors tend to disappear after a year or so. I believe this accurate observation must be interpreted as follows: visitors are initially attracted by the free admission, but then they may not return to the museum if the experience of the visit has turned out to be disappointing. In other words, the flow comes to a halt and settles at the usual historic figures, if the museum does not improve the quality of its exhibits, services and exhibitions. If it is boring, why return?

If funding is performance-related, then good management and production of temporary exhibitions, for which admission is justifiably charged, become more important. Tickets constitute a primary source of income and pay for resources. But this no longer means just one or two scanty exhibitions a year, but four or six thematic exhibitions of varying quality and size to capture new visitors at all times. Performance-related funding will thus encourage the production of more temporary exhibitions.

Congestion and compulsory booking

For the major museums, free admission and voluntary contributions could turn out to be a boomerang, especially because of the costs of congestion. A change in this direction could exacerbate the dramatic visitor pressure on the usual exceptional places of art and culture.

As the economists say, entrances must in some way be “rationed”. There are not many ways to do so: either the cost of admission is increased, but here we are suggesting free admission, or we must be reconciled to queues due to demand in excess of the supply capacity. There is another less invasive and less costly possibility for rationalising visitor flows: compulsory booking. This is a kind of queue, but has the advantage that it can be managed a good deal in advance. Moreover, visitors-tourists can be spread out over longer periods, thus favouring smoother tourist take-up also in other sectors such as the hotel industry. Lastly, when faced with a lengthy wait, tourists could be induced – through a dedicated awareness and information campaign – to organise their itineraries by choosing to visit the so-called minor museums, which are often only minor in name.

11.6 Conclusions

As we have seen, the Italian cultural heritage is enormous and certainly disproportionate to the scarce resources made available by the public sector. Moreover, the cultural heritage is above all a resource for the country, rather than a self-contained phenomenon. Empirical studies and feasibility checks exclude the possibility that the management of the heritage could turn out to be a source of direct profits. But its impact on the quality of life, industry, the craft sector and tourism is very powerful and should be exploited more fully.

The Italian conservation policy for the cultural heritage has achieved standards of skills and competence that are envied worldwide. What is less certain is our capacity to produce new culture through museums, monuments and the landscape. The scale of the potential demand for the cultural heritage, i.e. the visitors and users, appears to be underestimated and deserves more flexible and accommodating tax measures.

But the overriding problem is the need for a change in outlook by the Ministry and politicians in general. Excessive importance is attached to the use and expenditure of Ministry personnel and budgets for redistribution purposes which creates lack of clarity in the assessment of a fair approach on a national scale. The Ministry for the Heritage and Cultural Activities is not the Ministry for Welfare. Moreover, the Ministerial outlook is too narrowly focused on safeguarding the national heritage and shows little interest in the issue of producing new culture and promoting the cultural industries.

Changing the name from the “Ministry for Culture” to the “Ministry for the Heritage and Cultural Activities” will be a pointless nominal exercise, if it is not followed up by a reform consisting of hands-on actions. Nonetheless, it may be the signal for an interesting change in approach.

Chapter 12

Michelangelo Pistoletto "House on a human scale (minus objects)" 1965-1966
Wood and enamel, 200 x 100 x 120 cm
From the exhibition: Le porte di Palazzo Fabroni, 1995 Pistoia
Photograph: A. Guaitoli

Chapter 12

Architecture

12.1 The creative sphere

"Architecture… means the moulding and altering to human needs of the very face of the earth itself, except in the outermost desert"[liii]

In the collective imagination, architects are creatives *par excellence*, together with artists and designers. The product of the architect's intellectual work is all around us. Architects mould the space we live in, give form to houses, cities and landscapes. They meet people's needs and desires for places in which to live, withdraw in solitude, meet others, work, be entertained, trade, study, or pray. By responding to social requirements and the conditions of context, architects leave an historical document, reflecting their age, system of knowledge, habits and customs.

And when the echo of mathematical knowledge is figured in the landscape or in architecture, as in the Pantheon or Hagia Sofia, or the narrative of peaceful coexistence of different peoples is expressed, as in the Bridge of Mostar, architecture represents cultures, the identity of places and people who inhabit them, and is a testimony to be safeguarded as a collective heritage. Arguably more than in any other country, in Italy architecture pervades the national culture. The country has as many as 43 sites in the UNESCO World Heritage list and has acknowledged the value of its own landscape by protecting 46% of the whole national territory. Moreover, Italy has pursued an extensive policy for the restoration and redevelopment of its own architectural heritage.

Italian creativity in architecture is a distinctive feature on the international scene. This solid reputation has been built up through the centuries thanks to the work of exceptional architects and a widespread high-quality architectural heritage, which has been universally acknowledged by the experts and deserves to be highlighted and developed further.

In addition to this indisputable reputation focusing world attention on our initiatives, the country has the invaluable potential of numerous young architects (49% of architects registered with the obligatory social insurance and pension fund are under 40), who have started up practices, investing energy, talent and money. This gives us a good idea why the sector deserves special attention in terms of defining strategies and actions for the growth and international positioning of Italy in the economy of creativity and the cultural industries. After years of stagnancy, the number of ideas and design competitions are finally growing, offering opportunities to begin work on the market. For young architectural firms, however, experimentation and regularly participation in competitions requires huge investments. Measures are required to develop the creative potential of young architects, to remove the obstacles forcing them to fall back on well-tried solutions, and to ensure they continue on the path of research by encouraging them to experiment and innovate.

12.2 Creativity and architectural quality

Who wants to live in an architectural folly? As in other sectors discussed in this White Paper, in architecture, too, creativity is a fundamental input for the production of culture, a way of pursuing socially shared values, and not an end in itself. Pure formal innovation, not on a human scale nor respectful of the needs of users' lives, gives rise to unliveable architecture. Pursuing novelty exclusively for market requirements is even more harmful, a gilded patina at the service of pure speculation, irrespective of the damage to a local area, environment and landscape, which deteriorates our quality of life. We all know the kind of impact the large-scale construction industry has on the landscape or the disastrous results of unregulated urban sprawl. Every day we see congested chaotic cities in which services are inadequate, movements difficult, and the environment neglected to such an extent that it undermines the health of city-dwellers.

But creativity can supply new solutions for the harmonious insertion of new buildings in historical contexts, landscapes and environments. It can encourage the pursuit of objectives with architectural and social quality. What interests us here is innovation that experiments with new materials and building techniques with due care to aspects such as durability and recycling. The materials chosen must not be harmful to the environment or people. Energy savings and environmental sustainability must be pursued without endangering the health of those who work on construction sites or in the production of materials. Functions must be designed and distributed always taking into account the quality of social relations. Good architecture is aware of having come into being at the interface between (invisible) society and (observable) built reality and therefore does not simply interpret their historical relationship, narrated in the social history of architecture, but knows that decisions and innovations at design level affect the kind of society produced. This kind of architectural creativity cannot pursue a development model based on extreme competition and continuous growth in consumption but aims to raise the quality of life in a context of social equality and environmental sustainability. The new architecture seems always to have accompanied us and therefore we are perfectly at ease with it.

Architectural quality and sustainable development development: an "Italian" way

The lens of sustainability enables us to focus beyond the usual horizon and to look at the burden that will be left to future generations because of our actions today. Through this lens we are revising many aspects of our behaviour in search of that balance between stimulating economic development (economics), social equity (equity), respect for the environment (ecology), and the specificity of actions (cultural diversity) which underlies the current definition of the concept of sustainability [liv].

The building sector is traditionally considered to be a sector that drives economic development because it generates jobs and wealth. According to a recent CRESME report on the Italian architectural design market, in the 27 European Union member states in 2005 there were an estimated 900,000 firms of architecture, engineering and other related technical activities[lv] employing over 2.6 million people with an overall turnover of 245 billion euros.

Heating, cooling and illuminating houses and supplying energy to fridges, boilers, irons and televisions accounts for around 30% of energy consumed in Italy and generates 30 to 40% of CO emissions. The pairing of development and sustainability in this sector thus truly seems incongruous.

To solve the apparent contradiction we must widen our outlook to include a third dimension: architectural and urban quality. Although the objective of economic growth is to improve the quality of life and the well-being of the population, this greatly depends on the quality of the places in which we live, work, trade or relax in our leisure time. If we look at the figures for growth and jobs in the building sector we notice that they are purely quantitative. They reveal a concept of development which ignores the quality of the architecture and urban spaces being built. This quality is not the outcome of a simple sum of buildings, but is based on their careful composition, which will include a sufficient amount of green spaces and places for meeting, social relations and services. But urban quality also depends on its cultural and social value, and therefore on the presence of services, the proportioning of spaces on a human scale, the harmonious inclusion of built areas in the landscape, rigorously professional building methods in making stable and enduring constructions, the use of safe materials for human health and the abatement of harmful emissions in the atmosphere. These are qualitative factors of development and well-being which are part of the values of a country but which unfortunately are not traded or valued by the market and therefore cannot be measured and expressed in monetary terms. In our widespread perception this phenomenon tends to generate an undervaluation of the goods in question. Indeed, we feel justified in habitually pursuing behaviour that has destructive effects on the environment and the landscape in the name of development, without assessing the damage such behaviour causes to our life and that of future generations.

In tackling the relationship between development and sustainable architecture, we cannot simply limit the issue to measuring energy savings in building practice or the use of renewable sources of energy, although they do contribute considerably to reducing energy requirements and harmful emissions. We must also bear in mind that quality architecture can provide value added to a local area, instead of subtracting it, and that this value can be enhanced for future generations.

The combination of three concepts – development, sustainability and quality – has been espoused by the European Union. In 2001 at Gothenburg, the environmental dimension was included in the European Lisbon strategy for growth and jobs and, in 2006, architectural and urban quality was acknowledged as being a strategic factor for development:

"A high quality urban environment contributes to the priority of the renewed Lisbon Strategy to make Europe a more attractive place to work, live and invest."[lvi]

Public policies to promote Italian creativity in fostering quality architecture can generate economic spin-offs. Architectural and urban quality makes a positive contribution to the international image of a country, which is perceived as being forward-looking, vital and open to change, and capable of attracting investments, intellectual resources and advanced functions. They in turn affect the quality of life and well-being of its inhabitants. Take, for example Dubai, one of the fastest-growing cities in the world. In its strategic development architecture is a key factor in attracting investments.

The spin-offs are difficult to quantify: we would have to calculate the undeniable benefits for tourism, for example, as in the highly successful case of Frank Gehry's Guggenheim Museum in Bilbao. We would have to assess how much the success of Italian design drives the furnishing and components sector. But, most importantly, we would have to calculate how far actions promoting quality architecture, like those for art and culture, affect the image of the country and its lifestyle and therefore indirectly contribute to the positioning of all Italian products.

Italian architects have acquired specific expertise in the field of safeguarding and redeveloping the architectural heritage and the harmonious inclusion of buildings in the landscape. The construction of new buildings according to criteria of sustainable development is one of the most effective responses to the need to optimise the use of energy sources and reduce the degradation of natural environments. But it is equally true that redeveloping and restoring, as opposed to constructing new buildings, can involve less waste of resources.[lvii] The experience gained by Italian designers in their continuous relationship with historic architecture means that they always have the benchmark of solutions devised by architects who could not rely on any of today's energy sources.

This invaluable rich heritage of expertise and knowledge should be promoted and developed on the international scene so that Italian architects, who have had experience in this training ground and have been tackling these themes for decades, can forge an Italian way to sustainability. In this case environmental sensibility reflects an attention to the landscape in which the cultural, architectural and local heritage, like natural and energy resources, are considered primary essential resources to be protected.

12.3 The Italian model

Italy is a country of architects. No matter how we approach the analysis and comparisons with international data, this is the conclusion. Figures for 2006 published on the website of the Consiglio Nazionale Architetti Pianificatori Paesaggisti Conservatorilviii reveal that Italy has the largest number of architects registered with the professional order (123,083, one every 470 inhabitants, compared to the European average of 1 every 1,148) and the largest number of architecture students (76,041, one every 761 inhabitants, 5% of the Italian university population) in 17 faculties.

Table 12.1 – Architecture students in Europe

COUNTRY	Architecture students	Registered architects	Architects/ population	Architecture students/ population	Architecture students/ overall students
Italy	76,041	123,083	470	761	5%
Germany	45,000	103,000	797	1,824	2%
Spain	21,275	32,628	1,214	1,861	6%
Uk	7,948	30,600	1,925	7,413	1%
France	19,000	27,000	2,228	3,166	1%
Greece	2,007	14,500	731	5,282	1%
Belgium	6,880	10,500	973	1,485	3%
Portugal	8,213	8,586	1,181	1,235	2%
Netherlands	5,100	7,650	2,039	3,059	1%
Denmark	2,048	6,500	815	2,588	1%
Switzerland	2,581	6,200	1,177	2,828	3%
Sweden	1,300	5,376	1,656	6,846	0%
Norway	1,000	3,600	1,222	4,400	1%
Austria	10,166	2,342	3,459	797	5%
Ireland	650	2,300	1,584	5,606	1%
Finland	1,400	2,280	2,257	3,675	1%
TOTAL	210,609	386,145	1,005	1,842	2%

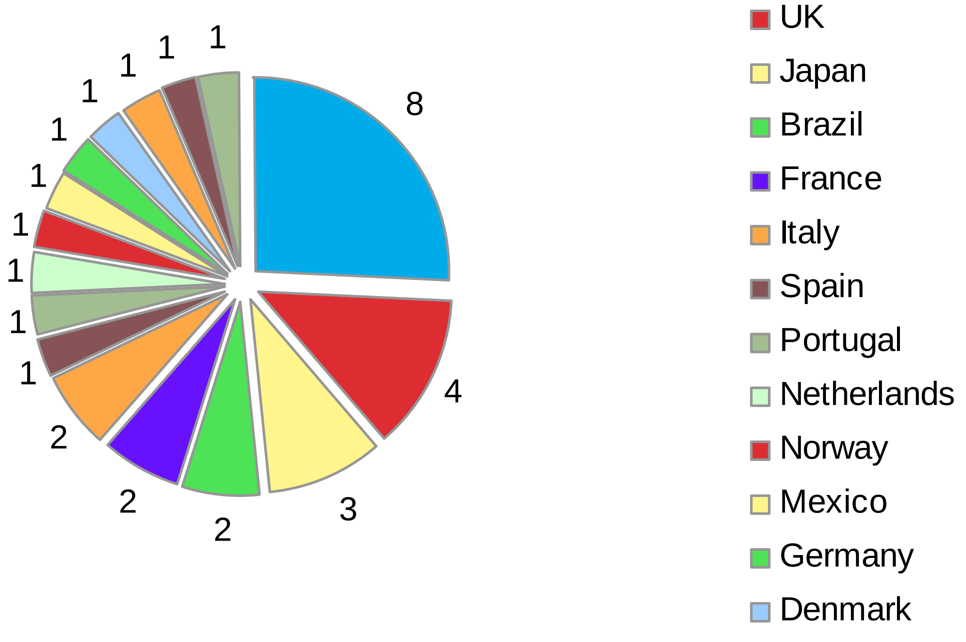
The architectural cultural debate is very lively in Italy and involves internationally renowned historians and critics. The country hosts the most important exhibition of world architecture: the Venice Biennale. In 2008 the eleventh edition dedicated to the theme of Out There: Architecture Beyond Building, under the direction of Aaron Betsky, attracted over 130,000 visitors for the duration of just over two months.

According to ISTAT website, in 2005, 1,098 works of architecture and urban planning were published in Italy, accounting for 1.8% of national publishing.[lix] The "Avery Index to Architectural Periodicals" in the library of Columbia University lists as many as 18 Italian reviews on the subject. A very high figure considering the number of similar publications in other languages: 5 in French, 7 in German, 6 in Japanese, 6 in Spanish, and 14 in English. Similarly, the online indices of the Royal Institute of British Architects (RIBA), London, has as many as 14 Italian reviews.[lx]

The site of the Consiglio Nazionale degli Architetti Paesaggisti Pianificatori e Conservatori [lxi] lists 14 international Italian architecture awards, 3 European awards, and 11 national awards, making a total of 28. Again this is a very large number, considering that the countries with the largest number of total awards in Europe are France and the UK with 19 and 18, respectively. Italy is part of a small group of nations whose architects have been awarded major international prizes: Renzo Piano and Aldo Rossi were awarded the Pritzker Prize[lxii] in 1998 and 1990, respectively, and Renzo Piano and Giancarlo De Carlo the RIBA Gold Medal,[lxiii] in 1989 and 1994, respectively. In 2002 Renzo Piano also received the International Union of Architects (UIA) prize.[lxiv]

Of the countries with architects awarded the Pritzker Prize, created in 1979, Italy, together with Brazil and France is one of the few to have two award-wining architects. The only nations with more than two are Japan (3), the UK (4) and the USA (8).

Figure 12.1 Pritzker Prizes 1979-2008 by country

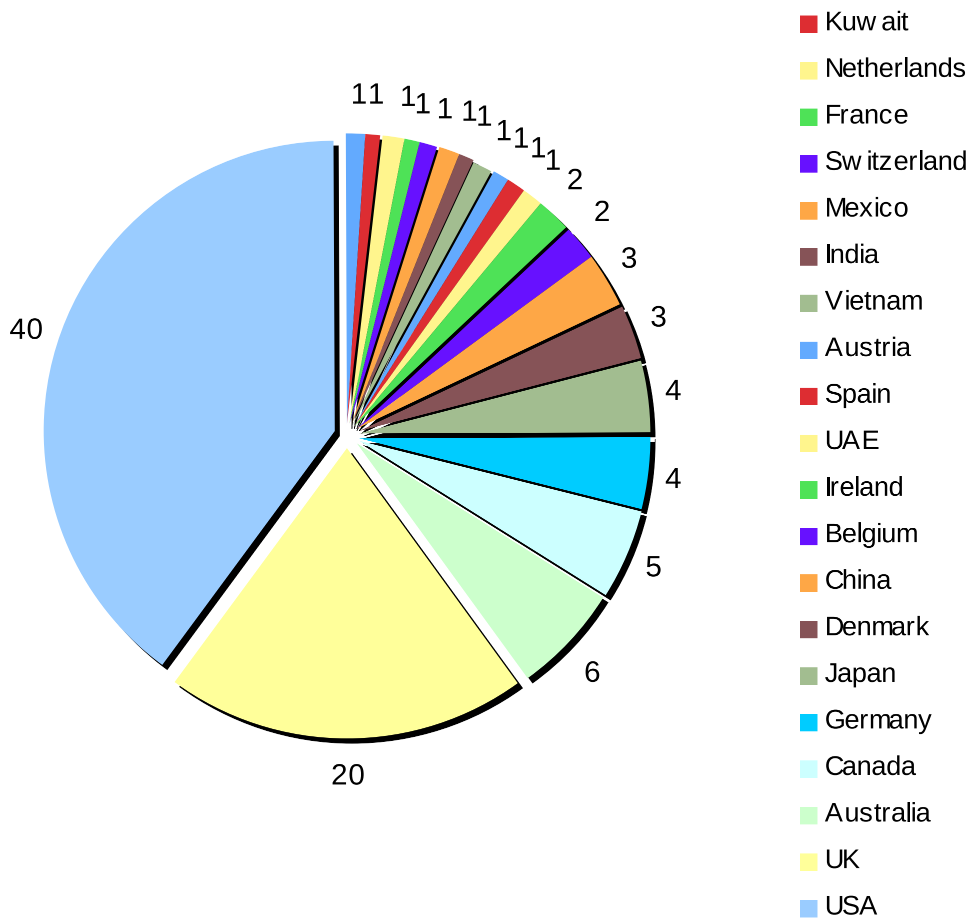


A survey conducted in 2004 by the Department for Architecture and Contemporary Art of the Ministry for the Heritage and Cultural Activities on works built abroad by Italian architects from 1999-2003, listed around 200 works published in at least five of a selection of leading international reviews.

Massimiliano Fuksas, Gae Aulenti and Benedetta Tagliabue are three examples of Italian architects considered to be "archistars", and who design buildings worldwide. These designers have often built up their reputations abroad because for a long time Italian architects had to seek their fortune in other countries, where they were given the opportunity to build.

Given the great popularity of architecture in Italy, the standard of academic debate, its acknowledged quality and the number of architects, it is surprising to find that in 2008 no Italian firm figured among the "Top 100 practices" worldwide in terms of size and turnover, a classification (World Architecture 2008) published yearly by Building Design web site.[lxv] The first ten positions are occupied by British (5), US (4) and Japanese (1) firms.

Figure 12.2 Top 100 architectural practices



Source: World Architecture 2008

To understand why no Italian firm currently competes with the likes of Foster & Partners (ranked 5th) and Skidmore Owings and Merril (ranked 6th), which achieve such high international standards, we only need consider the data for the dominant model of architectural firm in Italy. We have the largest number of registered architects in Europe – 128,083 (CNA)[lxvi] – and of technical firms – 253,377 (Eurostat 2007), i.e. one for every 228 inhabitants. But there are only 27 large firms, i.e. with more than 250 employees (CRESME 2008); 135 medium to large firms (50-249 employees); 343 average firms (20-49 employees), and 1,074 with 10-19 employees. There is a large number of small firms (29,866 with 2-9 employees) but the vast majority are sole practitioners (221,932 accounting for 87.58% of the total), which lowers the national average of the employees per company to 1.4 – not much more than 1.

This widespread model means that architectural and engineering firms are mainly of a small size. Most architects aspire to having their own individual practice. Multidisciplinary firms of architecture and engineering are rare and at most there are firms of associated architects.

For a brief comparison we can look at the models in other European countries. France, which has a similar population size to Italy, has 27,000 registered architects, less than a quarter of Italian architects. There are 130 firms with more than 250 employees and 526 medium-large firms (50-249 employees), which is four times the equivalent number in Italy, and the average employees per firm is 5.6.

In the United Kingdom there are 30,600 registered architects, 128 large firms, 566 medium-large firms, and an average employees per firm of 6.3.

Table 12.2 – Firms of architecture, engineering and related activities in Europe

	Employees	Firms	Population	Firms/ Population	Turnover (million €)	Employees/ Firm
UK	384,731	58,724	60	1,021.7	47,554	6.6
France	333,657	80,600	60.6	751.9	45,752	4.1
Germany	416,587	91,688	82.5	899.8	36,409	4.5
Italy	361,439	253,377	58.5	230.9	*27,367*	1.4
Spain	265,097	100,236	38.2	381.1	20,605	2.6
Netherlands	111,579	17,125	16.3	951.8	11,827	6.5
Sweden	72,668	31,189	9	288.6	7,908	2.3
Denmark	39,135	5,917	5.4	912.6	6,437	6.6

Figure 12.3 Technical firms by size (from 10 to + 250)

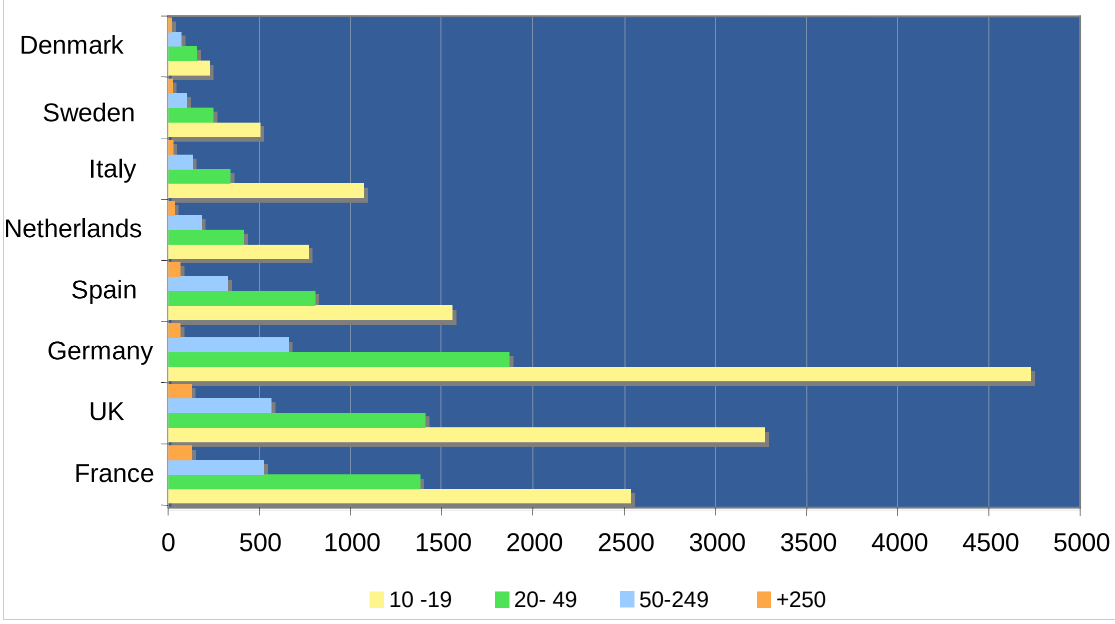
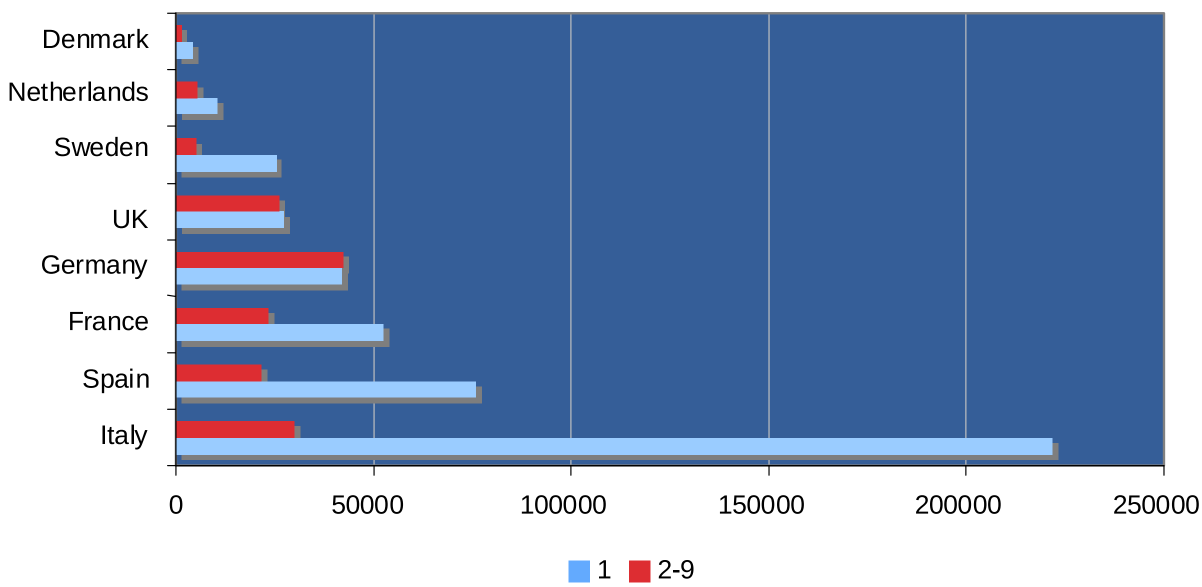


Figure 12.4 Technical firms by size (1-9 employees)



There is undoubtedly a relationship between size of firm and investment in research and development, and therefore innovation and competitiveness. Clearly with the Italian model of firm, architects encounter difficulty in innovating. For the same reason they find it hard to participate in international competitions and tenders, partly because they run into obstacles due to shortcomings in information, language skills and in understanding local regulatory frameworks. Some useful information for practising in Europe is available on the site of the Consiglio Nazionale Architetti Pianificatori Paesaggisti Conservatori[lxvii] but the Ministry for Foreign Trade currently does not provide support abroad for architects who take part in international competitions because architectural firms are not classed as commercial enterprises.

Market and Reputation

But a reputation in architecture is not achieved only on the grounds of turnover and number of employees, the criteria used by the Building Design ranking in which few architectural practices are mentioned for the quality of their research and experimentation. In the top 100, in addition to Foster & Partners (Pritzker 1999 and RIBA Gold Medal 1983), ranked 5th, and OMA – Rem Koolhas (Pritzker 2000 and RIBA Gold Medal 2004), 40th, we find Herzog & De Meuron (Pritzker 2001 and RIBA Gold Medal 2007), 51st, Grimshaw 71st, Chipperfield 76th and Coop Himmelblau 83rd.

But there are no other architects who have won major international awards, such as the Pritzker Prize, the RIBA Gold Medal, or the UIA Prize. Among those missing are Frank Gehry (Pritzker 1989, RIBA 2000), Renzo Piano (Pritzker 1998, RIBA 1989 and UIA 2002), Zaha Hadid (Pritzker 2004), Tadao Ando (Pritzker and UIA 2005 and RIBA 1997) Richard Rogers (Pritzker 2007 and RIBA 1985) and Jean Nouvel (Pritzker 2008 and RIBA 2001).

When the criteria change and we consider the reputation of practices in the classification of the Top 100 "most admired practices", again in the 2008 World Architecture, we find that Renzo Piano is ranked second, after Norman Foster, and the top ten names include Herzog & De Meuron, Santiago Calatrava and Frank Gehry.

Significantly, we find Herzog & De Meuron and Norman Foster in both rankings and the latter features on the cover of the review as "Mr. Motivator". This testifies to the fact that these firms reconcile experimentation and business organisation.

It is equally significant that Renzo Piano is admired because of his innovative solutions aimed at improving the quality of life, respect for the environment, and the reduction of harmful emissions in the atmosphere. His reputation is based on the Italian model of creativity which pursues objectives such as socially shared architectural quality endowed with value and has a vision that interprets the context to create innovative works inserted harmoniously in the historical, landscape and environmental context.

12.4 The bricks of creativity

"The architect must be a prophet. . . a prophet in the true sense of the term. . . if he can't see at least ten years ahead don't call him an architect." F. L. Wright

To identify what kind of policies may encourage the creative development of architects, we must analyse the context of their activity, which is much different from that of artists, who in expressing their own personal poetics are conditioned by fewer elements – materials, techniques and financing.

Firstly, we must remember that the term architect covers various figures, who operate and change the space in which we live at various levels, from region to home, or to quote a famous phrase "from the spoon to the city". Architects shape the environment of our everyday life and work through urban planning and the redevelopment of historical centres, landscape layout, parks and gardens. They deal with the restoration of historic architecture to be handed down to the future generations, and many other activities such as museum installations, archaeological sites, places to live in, ships, trains, aeroplanes, yachts, and even furnishings and designer objects.

Often one person has several skills: designer-architects like Gio Ponti, architect-engineers like Sergio Calatrava, Pierluigi Nervi, Riccardo Morandi and Sergio Musmeci, or polymaths like Renzo Piano, who has designed museums, cruise ships, an artificial island for the airport of Osaka, the masterplan for the development of the Genoa waterfront (the so-called "Fresco"), and even work surfaces for kitchens. Today leading architectural practices include figures who are simply classed as "creatives".[lxviii]

An architect's creativity is conditioned by many factors, which are at the same time the initial ideas and conditions for design research.

Context – A work of architecture begins from the client's requirements and the variables of context and regulations. Architects shape space which is lived in by others and interpret and respond to the desires and requirements of public or private users. They have to provide solutions for other people's desires and programmes. The work may be commissioned to represent an external image, a political programme and therefore is the expression of power, a place to find peace and quiet, cultural stimuli, etc. The nature and location of the site strongly condition design choices: i.e. the position and geometry of the site, the landscape and surrounding context, the climatic and environmental conditions, the energy resources and material available for construction and functioning. Limits to creative freedom are imposed by the current legislation and restraints aimed at defending collective interests: urban planning rules and building regulations, technical and anti-earthquake standards, the safeguarding of cultural goods in the landscape, and guarantees for access to all citizens.

The collective dimension – Architecture is practised in a social context. The architect-client relationship is rarely one-to-one, unless it involves a house design for a single person. The creative result of the design process is the product of collective thinking in which the various individual contributions cannot be distinguished in the final outcome. The creative design process is rarely carried out by only one person. Much more often the design comes into being from the continuous exchanging of ideas in a multidisciplinary team made up of architects, engineers, installation engineers, environmental engineers, and from the dialogue with stakeholders, which can range from a single family to a nation, in the case of buildings of collective interest. The work of each of these experts, designers, technicians, and clients contributes to the overall creation: see, for example, the role of technical installations in the image of the Pompidou Centre and the consequences in terms of form in the solutions to reduce energy consumption and CO_2 emissions in Richard Rogers' environmentally sustainable buildings.

Investments – Creativity presupposes investments in time and resources. Building a work of architecture involves large finances and therefore cannot be improvised. The design path from designing to constructing a building runs along a ridge dividing the two slopes of art and technology. Architectural solutions are not only the outcome of research into form, but are conditioned by the principles of engineering, technology and available materials; innovative materials often require research and development activities.

All the variables and consequences of innovation can be foreseen beforehand through research, calculations and preliminary tests. Innovation has repercussions throughout the production chain. The construction industry must adapt and skilled workers must be trained. If the production chain fails to respond to the new inputs, then the work cannot be built.

Long-term vision – One of architects' main objectives is to represent their own time. Their creative actions must innovate, make something that does not yet exist, prefigure. Often by starting from existing elements, architects intuitively pick up on a new trend and give it practical form. But given the lead time from design to construction, they must reckon with a very long period between an idea and its realisation. The architect must thus anticipate, or prefigure a space today for the requirements of tomorrow, taking into account the long-time scale for construction.

12.5 The wings of creativity

"Without that element of uncertainty and that feeling of setting off on a journey towards the unknown, there can be no progress."
Zaha Hadid

As we saw in Chapter 12.1, studies have shown that a culturally creative milieu fosters the production of good ideas and that a creative process is strongly influenced by the environment in which it develops. But the more the cultural milieu is interdisciplinary and stimulating, open to new ideas, free and uncoerced and therefore capable of encouraging the intrinsic motivation of

individuals, then the greater the production of talents.
In order to foster a climate that encourages creativity we must reflect on the factors which in some way contribute to "stifling" it: cultural obstacles due to individuals' tendency to conform to present standards and economic difficulties forcing them to accept far from ideal working conditions or unavoidable excessive restrictions. Similarly, there are intellectual or emotional obstacles and an incapacity to renew. All of these factors force architects into a "conservative" attitude, to repeat rather than innovate – just as some people replicate the model of their parents' house.
In the architectural world, the economic interests at stake and pressure due to speculative interests exercise a great influence. Anyone wishing to optimise profits calculates costs and benefits very accurately ahead of the project, and therefore tends to play safe and avoid risks.
Architects with strong personalities who are tenacious and very able in handling relations manage to overcome these factors and convince clients to set out on the risky road of innovation. And they must continue to defend their choices at every crucial stage until the building is completed. This attitude is summed up in a famous film icon which has influenced more than one generation: in *Fountainhead*, inspired by the life of Frank Lloyd Wright, Gary Cooper plays an architect who destroys his buildings because his designs have been warped by changes to form introduced by the client.
But if we wish to promote quality and innovation on a wider scale, we cannot only count on strong personalities, capable of overcoming conservative tendencies thanks to their charisma. We must promote models which encourage creativity and foster the acceptation of innovation. This is the way to remove those "obstacles" found at every crossroads which force designers to fall back on familiar ways rather than venturing into the at times obscure and not easily traversed territory of creativity.
To foster a climate more favourable to creativity, we must ensure that architects are not penalised when they experiment and innovate but, on the contrary, are encouraged.

Quality public commissions

The great innovative works come into being through collaboration with refined clients, who have a clear vision of the needs for visibility and prestige and are interested in conveying an image reflecting a spirit of innovation. But clients can also be influenced by the latest tastes and trends. Seeing innovative ideas applied with good quality results makes potential clients bolder. Even though the press at times hype up controversy surrounding the role of "archistars", often foreigners who are commissioned works to the detriment of Italian architects, we must bear in mind the positive impact of these operations on taste and on inducing customers to "open up to the new". Seeing that the innovative ideas of pioneers, of the more courageous visionary architects, are accepted can make designers bolder and build up their self-confidence. Commissioning well-known contemporary architects to design low-cost housing in France has led to liveable quarters which, in turn, are fresh sources of inspiration for other architects.

The diffusion of ideas

Architects' studios are crammed with books and reviews, providing examples from which to approach the conception of a new work. The continuous dialogue with previously built works is not based on a banal "sample book" of solutions. It is a source of creative inspiration and also serves as the basis for interpersonal communications. In dealing with the world of forms and creative activity, shared by others, architects engage in communications informed by models and references to the works of great masters, to contemporary works they have visited, drawn and photographed. Publications and reviews are tools in the design process, as is the continuous dialogue between an idea and its representation, elaborated in sketches, designs, models, numeric models, prototypes and projections onto different scales.

One of the most significant ways to foster communications is to promote public meetings in which architects can show their projects and describe the genesis of the creative process.

As regards sources and models, the safeguarding and conservation of architectural archives is of vital importance and these kinds of resources must not be dispersed. Designs are the material evidence of the intangible creative process. Through the eyes of the architects who study them, they are given new life and inject fresh sap into the creative process.

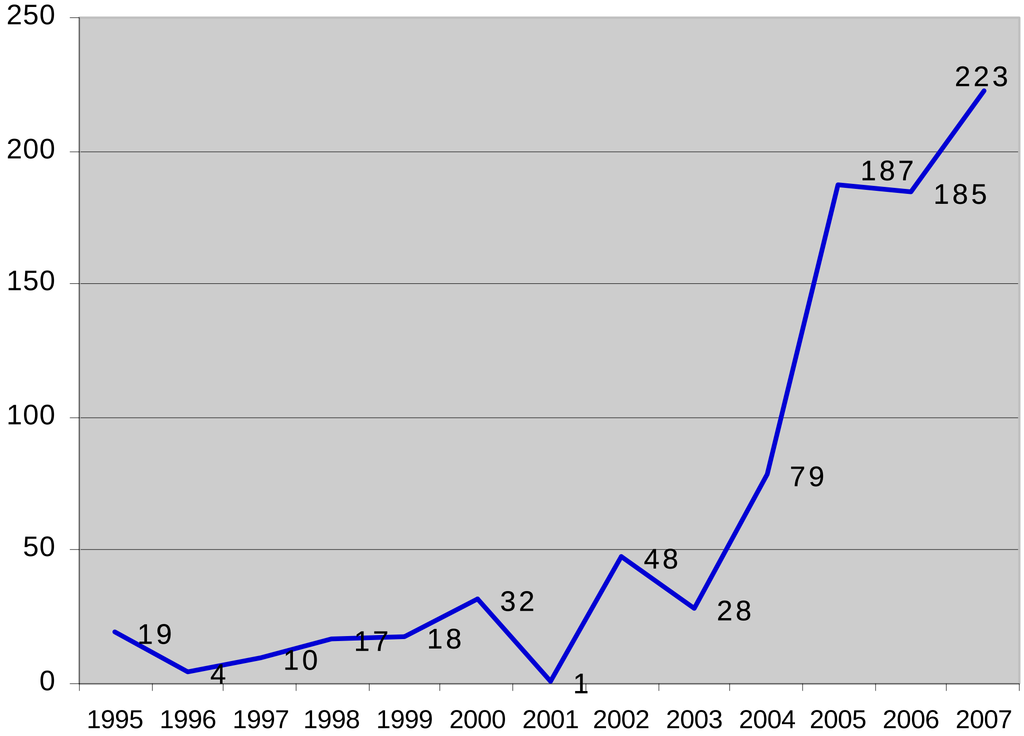
Expos, architecture exhibitions and Biennials

Major exhibitions and shows of high-standard architecture attracting large numbers of visitors, such as the São Paulo International Biennial of Architecture in Brazil, or the more celebrated Venice Biennale (in 2008 it attracted over 130,000 visitors in just over two months) contribute to making known the results of the latest research and experimentation also to a less specialist audience.
Quality architectural exhibitions are extraordinary opportunities to explore ongoing experimentation. They encourage optimism in designers, who see that it is possible to construct new forms, and contribute to fostering curiosity and interest. They are thus a fertile ground for ideas and inspire architects to adopt a bolder approach to experimentation.
In addition to the big architecture exhibitions, there are also events such as Expos (e.g. Seville and Valencia) and various festivals also intended for a wider public, such as the Festival of Architecture in London, when the whole city is invaded by exhibitions, performances, installations, meetings, discussions, workshops, guided walks, concerts, lectures and animations.

Competitions

Architectural competitions are a means to stimulating competition and creativity, and help produce high-quality designs. Exchanging ideas brings out the best solutions and highlights innovation. Although the long-awaited Italian law on architectural and urban quality has still not been approved, thanks to the intense promotion work by the Ministry for the Heritage and Cultural Activities and the professional orders, the number of competitions in Italy has risen considerably: from 19 in 1995 to 223 in 2007.[lxix]

Figure 12.5 Number of competitions in Italy per year



The chance to build a project

Today experimentation does not pay. Taking part in competitions involves huge expenditure for architectural practices and not all of them can afford it. Moreover, even if they do manage to win the competition, the chances of actually constructing the building are even remoter.
Although the number of competitions has risen considerably in recent years, the percentage of works constructed from prize-winning designs is still very low. This discourages many designers, especially since competition prizes are fairly insignificant and do not cover the costs involved. Architectural firms thus reckon that the business risk in participating is too high. Nothing comparable happens in other European countries. For example, in France, designers are chosen on the basis of their curriculum and those admitted to the competition stage receive a payment to cover the costs of designing a quality work. In Italy the process requires improving, also through the use of feasibility studies and financial cover for the works entered in competitions to ensure that architects are encouraged to experiment and innovate.

Architecture prizes

The way to create the right climate fostering creativity and motivating architects to pursue creative processes is public acknowledgement of the value of their creative work for the collectivity. The most obvious way is to reward the results: boldness in breaking with convention and looking beyond economic difficulties and cultural conditioning should be rewarded.
In Italy there are many architecture prizes awarded according to criteria of the effective innovative character of designs. They encourage architects not to fall back on stereotype models but to invest time and money in trying out new solutions. The prizes are an incentive and trigger off mechanisms of positive emulation, especially since innovation is a winning card in making a name in competitions.

Among Italian prizes promoting quality throughout the country are the Oderzo Prize, which is based on the opinion of a network of experts who bring attention to quality works in Italy, and the Dedalo Minosse Prize, awarded to clients whose names are put forward by architects and engineers on the grounds of the works they have commissioned.

Training

Becoming an architect requires many years of study and practice. A building must satisfy the client's requirements and programme, be enduring and solid, and comply with regulations. Architects must learn various artistic and technical skills: from drawing (the whole conception process requires the capacity to represent ideas) to a knowledge of the history of architecture (enabling designers to compare their ideas with solutions already adopted in the past), the capacity to analyse and understand the social and economic dimension of the work, an ability to negotiate, mathematical skills and technical expertise. Training usually takes place through the transmission by an expert to a student of the design process through cases handled by the firm. Starting from the initial conditions (site, programme and budget) the teacher trains the student through simulations of real cases which as training proceeds become increasingly complex. Other subjects studied gradually built up expertise in solving technological aspects, which often influence the formal solutions. Architects gradually learn how to move faster through the decision-making process, identifying the dead-ends and the parts requiring more time or consulting from qualified experts. Encouragement must be given to forms of training which take into account flexibility, stimulate the quest for innovation and encourage new ideas.

The intercultural dimension

Architects usually travel, photograph, draw, annotate and frenetically fill their travelogues with sketches of places they have visited. They thus accumulate details, technological solutions, decorative elements and sketched plans. These tools of analysis record ideas that can come back to mind and be re-elaborated when working on designs. Some critics have dubbed today's young Italian architects as the "Erasmus generation", since they share the experience of having spent study periods abroad thanks to exchange and study stays or the Leonardo programme enabling them to gain practice in foreign firms. These are great opportunities for personal development and architects benefit from the rich stimuli in experiencing different cultures. This very useful mobility can be further encouraged by moves to abolish residual obstacles to exercising the profession abroad.

Research and technological innovation: architecture and patents

Innovative architectural solutions are possible thanks to research and technological innovation, the use of specialised talents, experimenting in new materials and building techniques and the parallel development of new technologies. Innovation is also conditioned by progress in research and other specialist disciplines, such as mathematics, engineering, material sciences and information and communications technology. Research in other sectors, for example, has revolutionised the design and control of form. Drafting machines, pencils and ink have now been abandoned as architects design with the computer. CAD has revolutionised the design process.

Form and structural solutions are inseparable aspects of designing, and today the technical level is very sophisticated. Innovating is difficult, therefore, without the collaboration of structural engineers. The most celebrated include Peter Rice and Ove Arup. If we look at one "classic" example, we see that the large tensile structures created by Frei Otto for the roofs of the Olympic Park in Munich in 1972, were designed and developed thanks to research carried out at the Institut für Leichte Flächentragwerke ("Institute for Lightweight Structures") at the Technisch Universitat, Stuttgart. In fact tensile structures cannot be designed on the drawing table using the usual formal criteria for composition. Experimentation on wire models submerged in a soap solution led to the creation of the form of the roof, whose surface tensions are reduced to a minimum.

The means of representation are also reflected in the architectural product. The continuous exchanges in the design process require tools of analysis and control: drawings and sketches and physical or virtual models inform the exchange of ideas, dialogue, and the communications to those constructing the work. In time these instruments have also changed: from guidelines carved in stone, palimpsests, drawings on paper and models to software for representation and rendering or for calculations and sizing structures.

Today the final result of using very complex forms can be envisioned and checked, whereas previously it was very difficult to represent them. Frank Gehry, for example, built one of his works thanks to a sophisticated software which produced a formal solution, processed by means of a three-dimensional model which was gradually transformed into a numeric model to allow the structural calculations and representation to be made.

Some solutions can be repeated and therefore patented.[lxx] For example, Herzog & De Meuron, who are at the top of the rankings both for reputation and size-turnover, have taken out many patents of various kinds, from silk screen prints on concrete, to structures, and cladding fabrics. The firm's research is continuously associated with industrial production and the idea of exporting the solution. The stage of creation and experimentation does not generate a one-off product but is geared to generating products and results which can be repeated.

It would be interesting to conduct a research on the number of patents registered in Italy. The initial data we have analysed, however, suggests that Italian architectural creativity is of a craft kind, associated with the model of the individual studio run by an expert practitioner.

There is an undeniable relationship between firm size, investment in research and development and therefore innovation and competitiveness. The widespread Italian model does not encourage the kind of dialogue between research and the production of new materials, building systems and innovative solutions which in other European countries has produced a large number of patents. The Italian model cannot be changed in the short term but a number of measures can be introduced to create more favourable conditions and to concentrate energies in strategic sectors. This can be done by promoting the creation of and supporting centres of excellence focused on research and interdisciplinary experimentation applied to the sector and aimed at developing innovative solutions geared to market requirements. These must be open structures so that they provide support for architects designing demanding complex works and act as reference centres to which firms can turn for specific research requirements.

The size of Italian firms makes it difficult for them to achieve the critical mass required to compete at global level in the sector of new constructions. But there are fields in which we have developed expertise and have built up a pool of knowledge that can make a significant contribution to global research and innovation. One example is the traditional sector of restoration and the innovative field of the relations between the redevelopment of historical architecture and energy savings. Various solutions have emerged and can be further studied and elaborated from the point of view of research and contemporary models.

Given the high percentage of young architects working in the country, Italy has a great potential: 49% of architects registered with Inarcassa (the obligatory architects insurance and pension fund) are under 40, and as many as 22,416 (which is not far off 27,000, the total number of French architects) or 22%, are under 36. These young architects are only just setting up in practice, investing energy, talent and money.

A recent competition promoted by the Department for Landscape Quality and Conservation, Architecture and the Contemporary Arts for a selection works to be shown at the London Architecture Biennial 2008 attracted designs of very high average standard. In just over a month, 170 works were sent in (more of a third had been built) on the theme of sustainability and the harmonious insertion of architectural works in the Italian landscape. After years of stagnancy, ideas and design competitions are offering many more opportunities for young architects to work on the market after making a name for themselves with high-quality competition entries. Unfortunately, however, far too often the winning projects are never built.

Engaging in experimentation and taking part regularly in competitions involves huge investments for young architectural firms. But constructing the works of the prize-winners rewards their investments in research and enables emerging firms to grow and reinvest in research. Measures to develop the creative potential of young architects and remove the obstacles forcing them to fall back on well-tried solutions can ensure they continue on the path of research by encouraging experimentation and innovation.

12.6 Conclusions

Given the high percentage of young architects working in the country, Italy has a great potential: 49% of architects registered with Inarcassa (the obligatory architects insurance and pension fund) are under 40, and as many as 22,416 (which is not far off 27,000, the total number of French architects) or 22%, are under 36. These young architects are only just setting up in practice, investing energy, talent and money.

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The younger generations of Italian architects thus show great potential. Supporting them through development measures that remove the obstacles forcing them to fall back on well-tried solutions could ensure they continue on the path of research and encourage them to experiment and innovate. The recommendations at the end of this book outline the principal objectives and actions to be taken, which can be briefly grouped into five kinds of measures.

1. Encouraging creativity. The road to fostering a culturally lively and stimulating climate, encouraging creativity and motivating architects to pursue creative paths, must be paved with initiatives promoting quality contemporary architecture: debates, conferences and meetings featuring contemporary architects, exhibitions, architectural biennials and expos. We must also pursue forms of training that stimulate innovation and encourage new ideas, also on the basis of experiences involving intercultural exchanges. This means supporting mobility and removing residual obstacles to practising the profession abroad.

2. Creating new opportunities. Major innovative works are the outcome of working with refined clients interested in conveying an image reflecting their interest in innovation. But clients are

also conditioned by taste and current trends. Excellent buildings and public debate on new works influence the culture of potential clients and their willingness to accept novelty. Fostering a climate generating new opportunities for young architects also requires public acknowledgement of the value of creative works. Meetings and events must be open to a non-specialist public, supplemented with teaching activities in schools and communicated for use by the contemporary media.
Public-sector clients play an important role, as does encouraging the practice of design competitions. Comparing ideas stimulates competitiveness and creativity. It brings out the best solutions and highlights the most innovative, thus improving the chances of commissions to build contemporary works being given to quality architects.

3. Rewarding innovation. The courage to break down the barriers of entrenched practice and overcome economic difficulties and cultural conditioning must be rewarded. These kinds of actions include design prizes and awards for enlightened clients, but also actually constructing the works in competitions, which thus rewards those who have invested in research and enables emergent practices to continue to experiment. For a young architectural practice, systematically taking part in competitions involves huge outlays, but in Italy far too often the prize-wining projects are never actually built. This process must be improved, also through the use of feasibility studies and financial cover for designs entered in competitions.

4. Instruments and mechanisms to support research and technological innovation. The widespread Italian model does not encourage the kind of dialogue between research and the production of new materials, building systems and innovative solutions which in other European countries has produced a large number of patents. The Italian model cannot be changed in the short term but a number of improvements can be made to create more favourable conditions, such as promoting the creation of and supporting centres of excellence focused on research and interdisciplinary experimentation. Similarly, energies can channelled into the strategic sectors in which we have built up the kind of expertise that can make a considerable contribution to global research and innovation, as for example in the sector of restoration or the innovative field of the relation between redeveloping historic architecture and energy savings.
5. Launch action programmes at international level for Italian architectural creativity. Italian architects encounter difficulties in participating in international competitions and tenders, due to shortcomings in information, language skills and in understanding local regulatory frameworks. Prize-winning Italian architects in major international competitions can contribute to improving Italy’s overall reputation and be a driving force for Italian firms in the sector. Good support could be provided by the creation of “bridgeheads” in the most dynamic countries. They could have the task of making updated sector studies, supplying local support for construction

work, linking up and integrating various Italian operators, and informing in good time about forthcoming opportunities. The candidature of Italian sites of modern contemporary architecture for the UNESCO World Heritage List could be an important action for promotion both at national and international level.

The above-mentioned support actions, if co-ordinated systematically, especially at international level, could generate spin-offs for cultural tourism and for other major export-driven sectors. They could yield considerable results, because they are focused on a sector in which Italy enjoys an excellent reputation thanks to its history, cultural heritage and past and present architects who have won international fame. In short, Italian architecture holds some winning cards for the international positioning of our country in the economy of creativity and the cultural industries: a very high reputation to be defended, talents that must not be wasted, expertise in specialist sectors with little competition from other countries, a high standard scientific and cultural debate, and an exceptional landscape and architectural context just waiting to be put to good use. It is only a question of taking action, but as quickly as possible.

Chapter 13

Michelangelo Pistoletto - "Turkish Bath" 1962-1971
Screen print on polished reflecting stainless steel, 70 x 100 cm

Chapter 13

The Performing Arts: *The powerless stage*

13.1 The performing arts and creativity : introductory remarks

Opera definitely occupies an outstanding position among the symbols of Italy. Music historians trace the birth of opera and many of its major developments to Italy and Italian composers, from Claudio Monteverdi to the protagonists of 19th-century music up to contemporary composers who attract considerable interest, also on the international market.

A combination of various art forms, opera is the sum of several creative stages. It is a striking example of what also occurs in all areas of the performing arts, from symphonic and chamber music to ballet, modern and contemporary dance and drama. In fact many kinds of artists and technicians are involved in staging an opera. They all use their own particular creative skills to define the content and methods of producing the final result, thus contributing to the creation of its overall value.

A composer's activity is undoubtedly creative (like that of a playwright or choreographer), but it is only the starting point for a logical sequence of further stages. In fact the skeleton of the product is built up through strategic choices usually made from a range of possible options. In this way much of the performers' contribution involves interpretation and this gives new value to the original work through its creative reinterpretation. Staging an opera is thus a typical example of creative interpretation, and in fact in several cases reference is made to the stage director rather than the composer (e.g. Visconti's *La Traviata*, Zeffirelli's *La Bohème*, or Ronconi's *Aida*).

But in opera as in other performing arts, creativity features as an important input right from the preparatory technical stages: through the design and making of set and costumes, whose technical production is often the outcome of creative innovations in terms of the process or the product. The chief stage technician at the Teatro della Pergola in Florence[lxxi] is the heir of technical knowledge handed down almost through initiation as regards the construction of the stage hammers, whose blend, processing and creation were secret. This equipment was then exported worldwide on the grounds of their unique nature and their capacity to place creative invention at the service of specific functional needs.

Similarly, the interior structure of a theatre owes its quality to a combination of technology and aesthetics in which the creative components are crucial both in elaborating technical solutions and designing the appearance of the auditorium. Having spread throughout the country, the so-called Italian-style theatre (i.e. with stacked semi-circles of boxes round oval-shaped stalls), is one of the most important treasures of the national heritage. From the Teatro della Pergola, which was declared a national monument by Mussolini, to the host of small-size theatres scattered throughout the country, especially in towns in Tuscany, Umbria and Emilia-Romagna, these theatres are an excellent example of the typically Italian blend of craftsmanship, decoration, aesthetic invention and technical skill.

The tiny Teatro di Bibbiena in the province of Arezzo, restored in the late 1990s, today appears exactly as when it was built in the 18th century: its balusters, bulging columns, parapets and stairs are an exact reproduction of the original stone structure but made of fibreglass. Non-deformable and enduring, this reconstruction material has preserved the style of the original theatre. Only by touching the columns do theatre-goers realise that they are looking at a new combination of traditional forms and innovative materials.

The performing arts is thus one of the sectors in which creativity is expressed in a variety of forms and ways, and for which it is a significant indispensable input. This applies not only to individual creative skills but also to the fecundity of the whole system in which creative ideas find an effective ground for their systematic development. But to facilitate the systematic gelling of creativity, we must not only focus on individual talents. We must also structure the institutional framework, the working methods of the production system and the distribution network for cultural products. The following analysis aims at highlighting the major profiles in the performing arts sector in order to indicate its strengths and critical points before going on to suggest some simple guidelines for enhancing the value and development of creativity.

13.2 Opera, Italiana ma non troppo

Opera came into being in 16th-century courts as a complex cultivated staged spectacle and then developed from the late 18th-century as a more popular art form. It has all the ingredients to attract vast mixed audiences because of its finely-honed immediacy in describing sentiments and dramatising their dynamics. Audiences in the 19th century were so strongly attracted to opera that productions were even packaged in touring versions to visit towns without theatres: the *Carro di Tespi* travelled round the country with opera companies and productions of debatable quality, but satisfied the demand for the emotional involvement provided by theatre. In future this demand was to be met by film, photostories, soap operas and television serials.

The 19th-century middle-class attended opera houses, transforming the pre-revolutionary music academies into meeting places for fashionable society. Recently composed operas were usually staged with entr'actes of dance and conjuring. In the foyer, the heads of family played *chemin-de-fer* thus boosting the finances of the impresario, whose skill lay in bringing in singers popular with audiences and introducing clever gambling ploys. Opera was the symbolic habitat of the 19th century bourgeois and until the turn of the century it passionately involved insiders and audiences in the surprising evolution of its musical and dramatic language (Verdi's *Falstaff* and especially Puccini's *Turandot* were the last productions of a genre which already looked to the future).

But what has survived of that atmosphere and those audiences? Next to nothing. The passion for opera, although never completely extinguished, soon became mummified. While most of our musicians and some foreign composers (Bizet, Wagner, Mozart and a few others) featured regularly in new productions of by then historic titles, contemporary production slowed down considerably since it was no longer driven by the guarantee of large interested audiences. The 20th-century composers basically wrote for other musicians and connoisseurs but certainly not for the wider public. Thus while cinema was providing an effective response to the demand for shared entertainment, opera was increasingly seen as a high-society ritual for its audiences which, despite all the great conductors and performers, seemed more interested in the divas' love stories and rivalries, on one hand, and the musical orthopaedics of hitting the top notes, on the other.

Table 13.1 – Demand for opera in Italy (2000-2006)

Year	Performances	Admissions	Proceeds
2000	2,482	1,594,074	62,640,195.82
2001	2,882	1,477,486	70,410,309.49
2002	3,198	1,582,015	78,302,263.27
2003	3,205	1,329,914	70,274,077.61
2004	2,695	1,336,076	78,195,502.17
2005	2,760	1,942,834	85,825,135.36
2006	2,361	1,963,614	85,290,125.01

Table 13.1 shows a fairly modest situation, especially considering that the column of the admissions does not refer to the number of theatre-goers but the number of tickets sold. And if we consider that audiences are partly made up of regular opera-goers, then the number of individuals effectively involved in the consumption of opera is

not high, although the last two years surveyed show a recovery, suggesting that specific investments in educating the public (which are totally missing in Italy) could achieve interesting results.

In a mummified sector in which little importance is attached to new works, the creative aspect is concentrated on the figures of the performers, especially the conductors and singers, on one hand, and the stage directors and designers of sets and costumes, on the other. This is a completely natural process which to a certain extent takes into account the evolution in audiences. The approach to interpretation is based on respecting the original works and adapting the final product to the cognitive and perceptive expectations of contemporary audiences.

The need for this kind of artistic language may involve risks, such as the mere transposition of the whole opera to not strictly pertinent places and periods. Such justifiable decisions can, however, if pursued superficially, contribute to the perception that opera is difficult to understand – a condition from which it has suffered in the last few decades.

The awareness that the wider public is fairly unfamiliar with opera has also led some producers to emphasise spectacular aspects by making productions in which the aim is to create a unique event going well beyond the core cultural values of the operation: thus, for example, we have a production of *Aida* among the pyramids of Giza in Egypt, or a television production of *Tosca* set in the period and places described by the libretto in a striking mix of hyper-realism and special effects. These initiatives reveal a certain distrust in potential audiences and their critical capacities. In the attempt to attract new opera-goers or convince current ones, it is believed that "scandal" is an essential ingredient in capturing their interest.

Opera is given very little space in the mass media. There are some programmes exploring opera and live performances are broadcast on Radio Tre RAI, but television only hosts a few short programmes shown at night. In the recent past two popularising programmes of opera criticism[lxxii] attempted to establish a new relationship between opera and television, but they were never followed up. Operas have also been staged in mass venues such as public squares, and more recently, football stadiums, without leading to a systematic approach to promoting their diffusion. There was a major brief season of Puccini operas at the Olympic Stadium in Rome, a place familiar to the wider public and therefore capable of "reassuring" potential audiences about the enjoyable nature of the experience. These good-standard productions of well-known operas supported by technology capable of guaranteeing acceptable acoustics managed to attract very large audiences – proof of the still unexpressed potential of the demand for opera. Obviously it is not enough simply to attract large audiences to these non-conventional events. There is a need to encourage the audiences in public squares and stadiums to attend the winter opera seasons by offering advantageous conditions and so gradually consolidate their interest in the genre.

These experiments, seen alongside the success of films of opera of excellent quality,[lxxiii] demonstrate an awareness of evolving audiences and the opportunities offered by technologies and links with other production sectors. The growing public interest can also be detected by the presence for the first time of an opera album in the Nielsen Top 100 – Mozart's *Magic Flute* conducted by Claudio Abbado – and the fact that 12% of music downloads from iTunes are classical and opera music. On the supply side, in some cases the audiences' needs and expectations have been catered to by installing displays with subtitles on the backs of seats or the use of subtitles projected on a screen above the stage.

This may mark the beginning of radically different approach compared to previous seasons, provided that the public strategy of protecting, consolidating and diffusing opera is not only supported by effective rules, but also by greater efficiency in managing opera houses and their activities.

13.3 The production structure: lavish sets and union restraints

Heir to the flexible, agile and resourceful impresarios of the past, opera organisation today suffers from unwieldy superfluous structures. The need – certainly indispensable – for public funding has over the decades gradually created a "gilded cage" in which opera producers enjoy privileged institutional conditions but at the price of a widespread aversion to risk. Entrepreneurial stagnancy has ended up being reflected in a widespread conformity in terms of style, accentuating the mummification of opera houses which, on the contrary, on the grounds of their cultural reputation and financial resources could follow the path of creative production and innovative management.

In principle, opera is an art form characterised by great immediacy. In this sense it seems capable of attracting wider and more heterogeneous audiences. Its semantic power is confirmed by the plundering of the opera repertoire for television theme tunes, film soundtracks and advertising jingles. Opera is thus at the centre of a host of markets with various technological media, from records to internet platforms,[lxxiv] which combine a variety of traditional modes, styles and content with advanced technology. These features require flexible multidimensional structures.

But the current situation is characterised by very rigid and compartmentalised organisations. This is not the outcome of a deliberate policy, but rather a stratification created in parallel by operators in the sector and legislators in a gradual consolidation which currently prevents painless change. Moulded by the outlook and structure of their nature as public bodies (and until the 1990s they had this formal legal status), Italian opera houses have complex and ambiguous decision-making processes, inflexible labour relations, and static, limited activities.

Even after their recent transformation into "foundations" regulated by private law, opera houses continue to be mainly financed with public funds and to be governed by the local Mayor, who is by statute the chairman of the board of directors. Moreover, they are conditioned by very influential – albeit often obsolete and unjustified – union activities and the agencies representing singers which create restraints, despite not being formally recognised by Italian law.

In this environment hostile to innovation, however, there are many examples of creativity, found throughout all the sectors in the long opera production chain. From the conductor to the stage director, and the stage and costume designers, as well as those technical departments required to provide practical solutions so all these forms of creativity are expressed on the stage, opera tends to be enhanced by a process of reinterpretation which could radically innovate each production stage. We must, however, point out that apart from fairly frequent but individual, occasional cases, the opera system in Italy appears to be static and conservative.

Creativity as a source of new expressive and interpretative approaches is often contrasted by the recourse to lavishness and a tendency to elephantiasis in an equation making quality as perceived by audiences a function of the scale of spending. This is a very debatable logic.[lxxv] If we look at the range of titles each season, or the conductors and singers engaged, we find the same names recur. On one hand, opera houses thus show a strong aversion to risk and prefer to rely on the taste of consolidated audiences (season ticket-holders and regular opera-goers) and the approval of the public sector which finances them. On the other hand, believing they have to compete, especially as regards the allocation of public funds, they tend not to stray far from mainstream programmes, which in any case tend to reassure the commissions and the public bureaucrats. At the same time, the casts engaged are seen as a sign of quality, and this ends up limiting the choice of conductors and singers to the most highly "quoted" big national and international names, in a classification mainly decreed by the agencies.

This has led to the paradox of a much more limited range of works being performed in Italy than in other European countries and in the United States as well as a striking reluctance to innovate and greater barriers in terms of opportunities for young opera singers at the beginning of their careers. The critical relationship between external funding and its influence on the subject funded demonstrates that public support based on evaluations of quality leads to a shrinking in the range of the supply, whereas the prevalence of greater private funding, typical of other advanced countries, encourages diversification and productive innovation.[lxxvi] The following table shows a summary of a comparison between Italy and Germany, highlighting the smaller size and lack of diversification and innovation of opera supply in Italy.

Table 13.2 - Diversification of opera supply in Italy and Germany (2007)				
	Composers	Performances	Titles	New productions
Italy	78	1186	153	53
Germany	188	6882	388	389

This comparison must be interpreted in the light of two fundamental aspects. The first concerns the way opera is produced in the two countries, i.e. the model of the "season" in Italy and that of the "repertory" in Germany. Whereas the season involves producing a few operas with ad hoc casts and a limited number of consecutive repeat performances, the repertory model consists in the continuous rotation of many titles with basically the same cast. In short, the season meets the artists' need for "specialisation", whereas the repertory satisfies a need for average quality and wider consumption opportunities.

It is not the task of this work to assess which system is preferable. We would stress, however that, in many cases the season model seems unable to guarantee adequate qualitative standards because of the intense commitments of many of the artists involved and, therefore, limited rehearsing time with the opera company musicians and choruses. Moreover, since opera houses basically cater to local audiences,[lxxvii] continually engaging the same lead singers is superfluous: a well-chosen cast presupposes a stylistic and interpretative balance and not necessarily having world-famous singers.

The second aspect which limits the possibility of speeding up production of Italian operas is connected to the physical and technological structure of opera houses. Although usually historic monuments of great aesthetic value, Italian opera houses are often obsolete as regards requirements for more advanced opera productions. Thus, for example, advanced opera houses are in a position to set up new productions and rehearse while another opera is being staged, thanks to revolving stages or large enough spaces to allow the relevant preparatory work to be done. This is almost never possible in Italy where there are long downtimes between the staging of one production and another.

Moreover, the already complex and problematic situation of this static production structure is compounded by a network of restraints linked to the management of human resources. In fact the union organisations have separate bargaining powers and they often boycott premières as a tool for obtaining specific benefits in a system that is per se rather favourable to employees.

13.4. Italian opera houses: income and expenses

Because of their inefficient production structure, the inflexibility of human resources and the low level of entrepreneurship, the *fondazioni liriche* (opera house foundations) reflect the stagnancy of a model no longer suited to the cultural, social and economic context in which they operate. Other opera and live performing arts organisations are gradually attempting to abandon this model in favour of foundations with various shareholders. Although maintaining its impact, as highlighted by the use of classical and opera music in advertising and able to establish links upstream and downstream with markets of various technologies, opening up very large secondary markets, opera still is unable to completely abandon its 19th-century model, more for reasons of cultural resistance than on the grounds of the practical requirements for creativity and performing. And even when confronted with innovative signals from abroad, new experiments in Italy are fairly limited. Among them, we can cite a production of *Don Giovanni* staged by the Piccolo Teatro, Milan (not surprisingly not an opera house but a drama theatre?) and the Festival of Aix-en-Provence, at which an opera was produced at least partly according to the philosophy of the long-running show with a company of young musicians and singers. We must also bear in mind the creative vitality of many small and tiny theatres which, free of the institutional and financial restraints besetting the large foundations, are able to innovate by staging little-known operas and courageous productions with emerging artists.

The following figures show a summary of the budget structure of the 13 largest Italian opera-orchestra foundations.

Figure 13.1 – Income of Opera-Orchestra Foundations, 2006

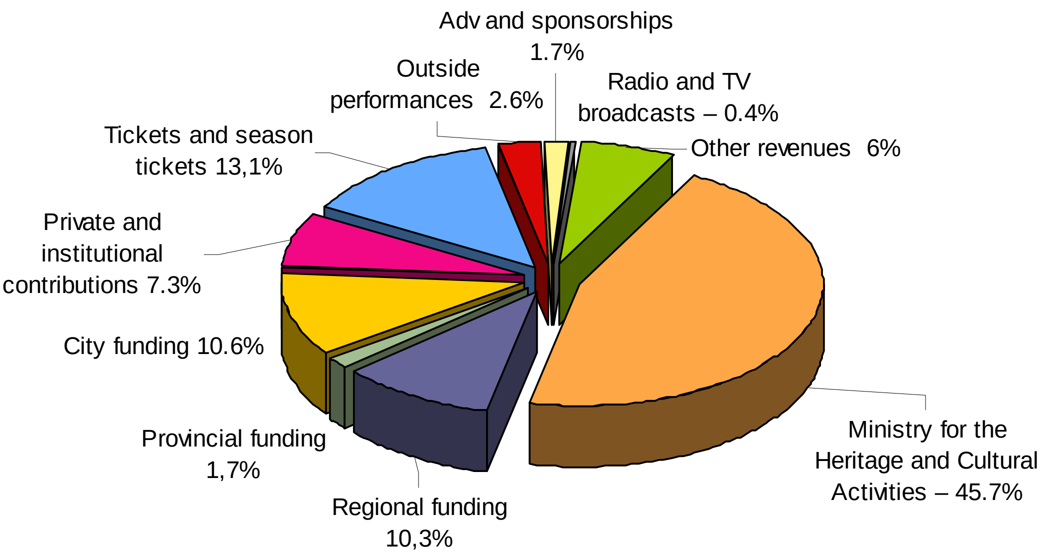
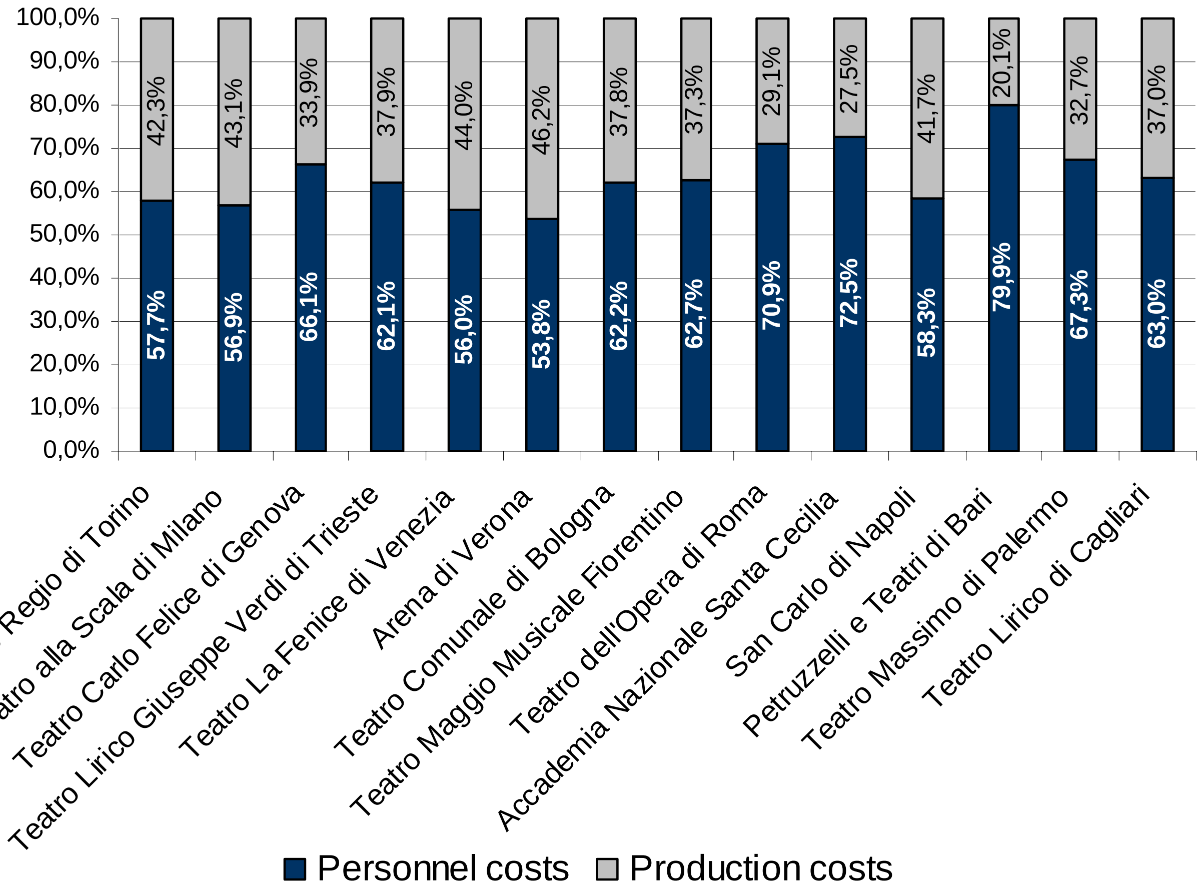


Figure 13.1 presents the average data for the income of opera-orchestra foundations as shown in their financial statements for 2006. We must add that the criteria in the foundation statements are often not uniform and that each foundation classifies a series of costs and proceeds in different ways.

In order to provide a general picture of the state of health of opera-orchestra foundations, we chose to highlight in the income, the proceeds from institutional activities, distinguishing between box office, proceeds from performances outside the theatre, advertising and sponsorships and the sales of rights for radio and television productions. A second item of income refers to public resources, divided into various levels of government and the total resources provided by the private sector, either through the contribution of founding members or the market.

Figure 13.2 – Costs of Italian Opera Orchestra Foundations, 2006



Source: elaboration of data from opera-orchestra foundation financial statements

Figure 13.2 highlights how the costs of the permanently employed artists, technical and administrative staff are the largest item in opera-orchestra foundation spending in 2006. Thus for example, for the Teatro dell'Opera and the Accademia Nazionale di Santa Cecilia in Rome and the Teatro

Petruzzelli in Bari, this item accounts for over 70% of total costs. The remaining costs were aggregated in the item "production costs", comprising expenses for services, materials and goods, obtained by subtracting the personnel costs from the total costs.

A possible solution to the restraints on the budgets of opera producers, which often prevent the necessary flexibility in the use of human resources, can come from the creation of independent companies employing the orchestras and choruses. Their collaboration with the opera producer would thus be based on a renewable contract for services, taking into account the continuous nature of services.

In this case, the orchestras and choruses are induced to operate along entrepreneurial lines, expanding their own markets for concert activities (also with chamber groups and medium-sized ensembles). The opera producer (foundation, regional or city administration) would have less financial restraints with self-evident spin-offs in the planning and creative spheres. From this specific point of view, the great lavishness of the opera seasons could gradually be replaced by a mixed system, based mainly on repertory but tending to focus interest through festivals and other events in which the innovative elements and creativity of the composers and musicians is highlighted.

The most convincing results, also in international terms, come from the Rossini Opera Festival in Pesaro (founded in 1980). In this case the rigorous interpretation of Rossini operas are associated with highly creative productions, thus suggesting that festivals are an effective way of stimulating and encouraging the creative skills in the wide sector of opera. In addition to this, there is a need to strengthen the educational structure of opera, currently consisting of a twofold system in the conservatories (see below for a detailed analysis) and competitions, which can often lead to the production of an opera, as happens in competitions at the Teatro Lirico Sperimentale "A. Belli" in Spoleto. There is also an undergrowth of a variety of schools and private courses of varying quality and effectiveness which are the "unofficial" source of opera training and in some cases can give artists the opportunity to enter the labour market thanks to networking between teachers (practising and retired opera singers), and the opera houses.

13.5 The performing arts: bureaucracy in the limelight

If we extend our analysis of opera to all live performing arts, the picture basically does not change much. The basic features of the sectors whose creativity is focused on the stage appeared to be rather similar: stagnancy, “bureaucratisation”, cloning of public action in various levels of government, support mechanisms with absolutely no form of incentives, and institutional connivance with unofficial labour. Naturally all this does not obscure individual creativity completely, which comes through in various parts of the country in innovative theatres, contemporary dance, new forms of crossovers between various creative languages, and the contribution of video art and digital art in theatre productions.
Nonetheless, these are occasional and isolated cases albeit fairly frequent. In Italy there is no systematic approach to creativity in the performing arts, since the stage production model is still based on the figure of the head of the theatre company, who may show any amount of flair and generosity but is not part of a systematic entrepreneurial approach. Production is focused on the seasons because of a series of regulations which have gradually limited the strategic space for theatres, imposing uniform conditions according to the number of repeat performances and other easily measurable data. These elements, however, are hardly representative of the creative and cultural commitment made by the various organisations operating in the performing arts sectors. So, for example, festivals must rely on a majority of Italian companies, thus impoverishing international exchanges in language and creativity which are a fertile source of innovation (in both directions). Music seasons must necessarily include a quota of contemporary compositions, and so on, in a kind of bureaucratic vicious circle of cultural choices.

Table 13.3 - Performances (2006)

	No. of events	Admissions	Ticket office	Spending by audiences	Turnover
Theatre Activities*	168,482	22,506,895	358,387,423	460,516,768	478,204,987
Concerts	34,634	9,942,735	177,395,681	251,155,605	274,545,995
Dance and music	854,193	32,391,060	285,707,462	1,168,890,407	1,199,071,463
Touring Performances	39,067	10,632,269	87,745,959	275,459,923	275,680,485
Various genres	44,829	1,496,915	9,301,257	98,698,803	115,552,250
Total	1,141,205	76,969,874	918,537,782	2,254,721,506	2,343,055,180

Source: elaboration of SIAE data
* Theatre activities include: drama, literary recitals, opera and operetta, classical and modern ballet, musicals, variety, circus and puppet shows.

Table 13.3 shows the data for the live performing arts sectors in Italy in 2006. More specifically it highlights the data of the number of events, the admissions to the events, the money paid by spectators to acquire tickets and/or season tickets, the overall sums paid by audiences to attend performances, including box office and all other costs (drinks, cloakroom, theatre programmes, etc) and the overall proceeds for the organisers.

The institutional system of the performing arts is characterised by funding methods which encourage excellence in terms of quality selections according to the assessment of technical commissions with consulting power. This produces a long-term drain on the creative fertility of the system, since instead of supporting the development and consolidation of a widespread diversified production system, it simply opts for the large-scale production organisations which more obviously follow tradition. In this way over the decades, a closed sector with considerable obstacles to entry has developed.

The paradox of a system structured in this way is that outside the officialdom of public funding an extremely interesting breeding ground made up of theatres, companies and groups has been developing. Capable of creating stylistically innovative works, they tend to be rooted in the local area, partly thanks to the interest shown in them by local public administrations. One striking example is the city of Bolzano. In the mid-1990s a theatre, designed by Marco Zanuso, was buit in the city to host the activities of the Teatro Stabile di Bolzano, the Orchestra Haydn and the newly created Vereinigte Bühnen Bozen. While the Teatro Comunale attracted the interest of the bigger institutions which perceived its symbolic value in terms of institutional representation, an informal fabric made up of very solid small innovative groups working in non-conventional spaces spread and attracted a growing part of theatre audiences interested in new forms of creativity. Ten years on from the construction of the theatre, the upshot is an unrivalled ferment in the whole performing arts sector, with very encouraging growth figures. This demonstrates that emerging audiences attach less importance to the "assessment" by officialdom and recognise and appreciate creativity.[lxxviii]

The case of Bolzano, like other examples of growth in creativity, albeit less systematic but equally intense (found in areas ranging Romagna to Pescara, Catania and Terni), demonstrate that the interest by local government institutions can be an important element in bringing out and consolidating creativity in the sector of the performing arts in which experiments usually do not involve large costs or huge production machinery, but simply the perception of a physiological positioning in a favourable social and cultural climate. In this sense, in addition to driving cultural growth, public action may be an effective way of boosting the reputation of the whole area.

The Bolzano model clearly shows that public action must be continually tuned in to the situation, intervening where necessary to shore up elements of fragility or encourage potentially positive developments. Moreover, this kind of public action is typical in the experience of industrial districts, in which production activity characterised by high quality, specific creative and identity-building elements has an idiosyncratic association with the local area. Although the label of "district" appears to be have been abused in recent years in terms of cultural production it can be conveniently adopted in the case of networks of museums or local craft industries. We can thus justifiably also use it in interpreting the production of the performing arts as a cultural district when they are strongly linked to a local area and its cultural roots.

Opera in Emilia-Romagna and instrumental music and singing in Naples are two very eloquent examples of district cultural production, partly due to their long-standing solid creative roots. Encouragement to bring out creativity and its long-term growth in the sector of the performing arts could come from careful public action combining general tools able to influence education processes at national level and specific tools (such as the supply of technologies, infrastructures and services) to indirectly spur on some regional administrations. In this way stimulating creativity is the most effective method to ensure that the innovative artistic culture generates excellence and maintains its influence.

In this context, public action is, however, the last piece in a complex mosaic in which various kinds of responsibility are found and they often require a cultural breakthrough by the creatives themselves. In addition to an entrepreneurial and a capacity to develop projects, which performing arts production organisations must in any case adopt as soon as possible, a leading role can also be played by the professional education of talent. This does not mean simply acquiring more certificates (the proverbial "piece of paper") but a way of reconciling rigorous technique with the interpretative flair of each individual artist. A crucial sensitive area, education can give the performing arts a competitive advantage in the form of a hot house nurturing the talents which will form the creative backbone of the future.

13.6 Education for the performing arts: "an ass, but a solemn ass!"

For over half a century, conservatories have been the most backward area of the Italian education system. For almost 70 years, from a royal decree of 1930 until the reform law of 1999, the structures and study programmes of the music schools remained almost unchanged. This was the reflection of a society in which compulsory education only lasted until the end of primary school. The conservatories were simply organised to meet labour requirements in an age when the fields of musical activities were limited to professional performances and playing in churches.

Originally founded as charitable institutions to take in and educate orphans or poor children, the conservatories were transformed into music schools in the 17th century, when the demand for musicians grew sharply. The conservatories aimed at producing all-round musicians who played various instruments, sang and composed in order to meet the practical needs for music in society: religious and military ceremonies, public celebrations, court performances and especially opera.

Musical education in Italy still derives from the long tradition of the professional training of the cantors in church and noble chapels. From the point of view of professional preparation, the study of music basically took place under the guidance of a single teacher who followed the students from the beginning of their education until the end of schooling in a relationship rather like that of master craftsman and apprentice. With the rise of solo concerts, the conservatory programmes gradually became more specialised, with the aim of turning out virtuosos, highly specialised performers whose professional training became increasingly anachronistic due to changes in society.

For too long study programmes remained anchored to the past, fossilised in limited repertories which ignored the revolutions in musical language, and were dominated by an excessively technical approach, stifling creative resources to pursue the myth of the virtuoso. This educational context stunting the growth of creative talent was unfortunately the norm. Activities such as composition or simply even improvisation were relegated to the school of composition and other specialist courses.

At a time when teaching was the main source of jobs in the music sector, a large number of students did not complete the diploma programme, because they were faced with the sole prospect of working in schools or, in general, because they had other musical interests than giving concerts. In a country which conserves over 50% of the sources of the history of European music, the music schools paid the consequences of a long period of closure and isolation which opened an enormous gap between education programmes and the requirements of the music market.

The law reforming the conservatories of 1999 began from the attempt to respond to the needs for new music professions. But the conservatories' teaching staff have never been equipped to train them and to offer educational programmes for a changed outside world: e.g. the drastic reduction in job prospects for organists because of the changes in the Catholic liturgy or the growing number of job opportunities in advertising creativity and the recording and television industry.

But even the role of concert musician has undergone deep changes in the past few decades. Having been stripped of the status of "diva", performers have become aware of their twofold role as creative artists and cultural mediators whose task is to preserve and make available to society large repertoires of music presented in a well-documented historically accurate approach.

That the objective of a closer correspondence between education programmes to changed social requirements really can be pursued is revealed by study programmes in several European countries. In these countries professional musical training is only offered at university level, whereas the field of preliminary teaching follows a logic of offering musical education capable of combining various skills.

Degrees in music disciplines in Europe and the United States offer the opportunity to pursue specific studies of the repertoire and to obtain the indispensable qualification required to teach music in schools. On one hand, these degrees are geared to making the traditional figure of the performer and composer more multifaceted by organising study programmes in a rich series of varied courses with obligatory on the job training and, on the other, they aim to turn out new professional figures in collaboration with public and private institutions.

Inadequate in terms of content and regulations, for a long time the whole Italian music education system was structured in a way that was incompatible with the systems in almost all other countries in the world. There was no clear division into stages with a final period of music studies to be completed in the last three years of higher education.

Thanks to Law 508\99 the right conditions have now been created, after 70 years of immobility, to bring the music schools up to date. The following highlights the basic differences between the old and new study programmes.

Table 13.4 – Comparison of the old and new programmes in Italian conservatories

	Past	Present
Entrance qualification	• Diploma from the fifth class of primary school (cf. Royal Decree no. 1945 of 11 December 1930). • In 1962 when compulsory education was raised to 14, middle schools were annexed to the conservatories. • Private students are admitted to exams.	• Diploma of 2nd level secondary education. Meritorious students can complete their secondary school diploma during studies before obtaining the conservatory diploma. • Artistic and technical skills equivalent to the third year of courses in the old system. • Private students are no longer admitted to exams.
Age limits	From 13 to 20, differentiated according to the type of instrument, except for the singing school for which the upper age limit is 25.	Ages limits for traditional courses no longer apply.

Objectives	Training highly specialised performers.	Development and acquisition of fundamental skills in the fields of performing, composition or teaching. The programme includes the integration of further practical and theoretical aspects in preparation for various careers in the field of music.
Study programme	The cycle of studies can last up to 10 years. The courses have obligatory attendance for principal courses and complementary courses. The principal course is assigned to a teacher who gives individual lessons. The average class is made up of 10-12 students who attend once or twice a week according to a timetable agreed with the teacher for a total of 25 hours per year for each course.	Courses last 3 years, plus 2 further years (similar to 3+2 university model). The degree programme is divided into foundation courses, specific and supplementary courses, measured in credits, with a total of 60 credits per academic year. The courses are taught by different teachers and involve various teaching methods (individual and group lessons, seminars, workshops).
Final qualification	Music Diploma.	Two levels of Academic Diplomas. Qualifications and credits are generally recognised as being equivalent in the two systems – AFAM (Higher Art and Music Education) and university.

13.7 Towards a reform law

As in all sectors of the performing arts, education also requires new legislation taking into account professional training as a strategic element for the growth of creativity. Below we list the most important laws on the subject.

Law no. 508, 21 December 1999 - "Reform of the Accademie di belle arti, the Accademia nazionale di danza, the Accademia nazionale di arte drammatica, the Istituti superiori per le industrie artistiche, Conservatories and equivalent Music Institutes."
This law reformed the art and music sector, responding to the constitutional dictate which in Article 33 makes provisions so that art and music education run parallel to the university system. It replaces the Royal Decree no. 1945 of 11 December 1930 establishing the regulations for the organisation of musical education and exam programmes.

Law 22 no. 268 November 2002, - "Urgent measures for the school, university, scientific and technological research, and advanced music and art education."
This law introduced a number of modifications which made diplomas awarded by institutions before Law no. 508 equivalent to first-level (i.e. “ordinary”) degrees, also certifying that the diploma awarded by the Scuole Didattiche della Musica (“music

education colleges") provided teachers with the necessary qualification for employment in secondary education.

Decree of the President of the Republic no. 132, 28 February 2003 - "Regulations with criteria governing the independent status, rules and organisation of art and music institutions, according to Law no. 508, 21 December 1999."
This law gave the institutions independent status, with their own rules and organisation, and identified the general criteria for adopting statutes and exercising independence.

Decree of the President of the Republic, no. 212, 8 July 2005, - "Regulations for defining the teaching structures in institutions of advanced art, music and dance education, according to Law no. 508, 21 December 1999."

Ministerial Decree no. 142, 27 April 2006 - "Definition of the artistic-academic disciplinary sectors, declaratory judgements and paradigmatic fields in the Conservatories."

Ministerial Decree no. 483, 22 January 2008 - "Definition of the new teaching systems in Conservatories."

The aim of raising music education standards by proposing programmes which take into account career prospects for students should be the founding element in the long – and in many ways incomplete – process of reforming the conservatories as described in the Table 13.4. At least in theory, the new courses are designed to eliminate the self-referential aspect of music teaching which was previously only organised from the point of view of turning out performers. Having established fresh points of reference for identifying new educational objectives, the reformed conservatories tend to place the accent on integrating music studies with a wider cultural education so as not to preclude students from having diversified options in terms of their future career.

We must point out, however, that the newly baptised "Institutions for Advanced Art and Music Education" (AFAM) are in the paradoxical and anomalous situation of still having to work with both systems. There are still no specific regulations for basic music education, i.e. the acquisition of the necessary skills to pass the entrance exam to the first level courses, except for a reference to rules enabling institutions to introduce basic music courses, organised in such a way as to allow them to be attended by students enrolled in middle and upper secondary schools. Until the reform has finally been completed, the conservatories still have the task of organising basic music instruction pending the creation of structures (music middle schools and high schools), to see to this kind of preparation. Moreover, although the principle of parity between university education and conservatories has been sanctioned with a consequent obligation to engage in advanced music education, research, specialisation and especially music production, the change in the legal framework has not been accompanied by the allocation of the necessary resources for its implementation.
The difficulties of adjusting have yet again been left to individual initiative, without the support of a co-ordination guaranteeing a logical systematic

development. The conservatories are forced to adopt independent teaching programmes, accepting some aspects of the reform and rejecting others. The two systems are thus mixed according to the resources available and the problems they have to solve. Individual cases of excellence and changing the mindset in many valid musicians are still left to the opportunities that each one seeks individually in order to pursue different paths from those offered by institutional education, which precludes the possibility of diversified career options.

If we simply considered the large number of top-level international Italian musicians, we might conclude that at the highest level of conducting and virtuoso-performers the Italian conservatories have been a great success. Unfortunately, however, the many cases of excellence which the world envies us are not enough to make up the lost ground in a sector whose creative culture is founded on an education system still going through a deep crisis.

13.8 The recording industry: weaknesses and potential

From the point of view of their cultural importance, the performing arts, and especially opera, the "national champion", are the most interesting sectors in the sphere of cultural production.
However, at this point, we must inevitably also offer an overall view, even if only an outline, of the Italian record industry and the whole market for non-live music which is reproduced and transmitted in advanced technological media.

In Italy the situation in this field is very complex and is characterised by weaknesses but also considerable potential.

Firstly, the Italian market for recorded music is relatively very small. The Italian market is only half the French market and a quarter of the English market, despite having the same number of inhabitants (and potential consumers) as in the other two countries. The annual per capita consumption of albums (0.9) is much lower than the EU average (2.3).

Secondly, over the years the record market has seen a relative growth in sales of recorded Italian music compared to international products. In 2000, Italian music accounted for 35% of total sales, today they equal those of international products, with over 50% of total sales (FIMI figures). This trend points to a renaissance in Italian music, also in terms of its capacity to satisfy consumer tastes and preferences.

Overall the Italian record market,[lxxix] including traditional and digital albums, had a turnover in 2007 of 211 million euros, a drop of 17% on the 253 million in 2006. This confirms the process of ongoing change in the sector involving a gradual switch from traditional forms of music consumption to forms more closely associated with the rise of new digital technologies.

Table 13.5 – The Italian market for recorded music

SUMMARY OF MARKET DATA	SELL-IN 2007 (net of unsold copies) units in thousands, value in thousands of euros		SELL-IN 2006 (net of unsold copies) units in thousands, value in thousands of euros		CHANGE			
	UNITS	VALUE	UNITS	VALUE	UNITS		VALUE	
Total audio	**23,200**	**196,815**	**26,051**	**238,876**	**- 2,851**	**-11%**	**-42,061**	**-18%**
Total singles	**325**	**1,387**	**627**	**1,965**	**- 302**	**-48%**	**-578**	**-29%**
Vinyl	6	108	2	23	4	200%	85	370%
Cassettes	0	0	0	1	-	0%	0	0%
Others	8	61	0	0	8	0%	61	0%
Total albums	**22,875**	**195,428**	**25,424**	**236,911**	**- 2,549**	**-10%**	**- 41,483**	**-18%**
Vinyl	35	403	10	114	25	250%	289	254%
Cassettes	-10	-24	-43	-278	33	77%	254	91%
CDs	22,850	195,050	25,456	237,057	- 2,606	-10%	-42,007	-18%
Others	0 -1		1 18		- 1	-100%	-19	-106%
Other data, excluded from total audio								
Total music videos	**955**	**11,354**	**1,493**	**18,214**	**- 538**	**-36%**	**-6,860**	**-38%**
VHS	1	0	-1	-11	2	200%	11	0%
DVD	954	11,357	1,493	18,215	- 539	-36%	-6,858	-38%
Other	0	-3	1	10	- 1	-100%	-13	-130%
Total deletions	**0**	**0**	**0**	**0**	**-**	**0%**	**0**	**0%**
Total kiosks •	**0**	**0**	**179**	**505**	**- 179**	**-100%**	**-505**	**0%**
Total premiums ••	**82**	**240**	**283**	**1,114**	**- 201**	**-71%**	**-874**	**-78%**

Source: FIMI (Federazione Industria Musicale Italiana) data

• Products sold together with publishing products distributed at newspaper kiosks or bookshops.

•• By premiums we mean individual licences per title for music products distributed as free promotional products enclosed with other commercial products.

Overall digital music had a turnover of more than 14.5 million euros, accounting for 7% of the total, thanks to the development of a range of new business models (e.g. online services funded by advertising). In Italy mobile music accounts for over 50% of digital sales, ranking the Italian digital music market third in Europe, after the United Kingdom and France, and first for original music downloads. This is a clear signal of customer satisfaction with the entertainment content available on mobile telephones.

Table 13.6 - Summary of the market data for digital music in Italy, 2006 - 2007				
MARKET DATA FOR DIGITAL MUSIC	**2007** value in thousands of euros	**2006** value in thousands of euros	**CHANGE**	**% CHANGE**
ONLINE MUSIC				
Single tracks	3,164	2,673	491	18%
Albums	2,320	1,618	702	43%
Music videos	58	4	54	1350%
Total Internet downloads	**5,551**	**4,420**	**1,131**	**26%**
Streams	**974**	**367**	**607**	**165%**
MOBILE MUSIC				
Master ringtones•	3,987	4,049	-62	-2%
Single tracks	2,667	3,925	-1,258	-32%
Ringback tones••	383	483	-100	-21%
Music videos	481	1,013	-532	-53%
Other products	405	215	190	88%
Total Mobile Digital Content•••	**7,923**	**9,685**	**-1,762**	**-18%**
Streams	**170**	**52**	**118**	**227%**
TOTAL ONLINE MUSIC	**14,618**	**14,524**	**94**	**1%**

Source: IFPI (International Federation of the Phonographic Industry) data
• Audio content extracted from original master audio which play when the telephone rings.
•• Tunes replacing traditional tones which ring after dialling and prior to the call being answered.
••• The decrease of 18% recorded in Italy in 2007, after two years of fast growth, may be attributed to fewer initiatives by mobile operators.

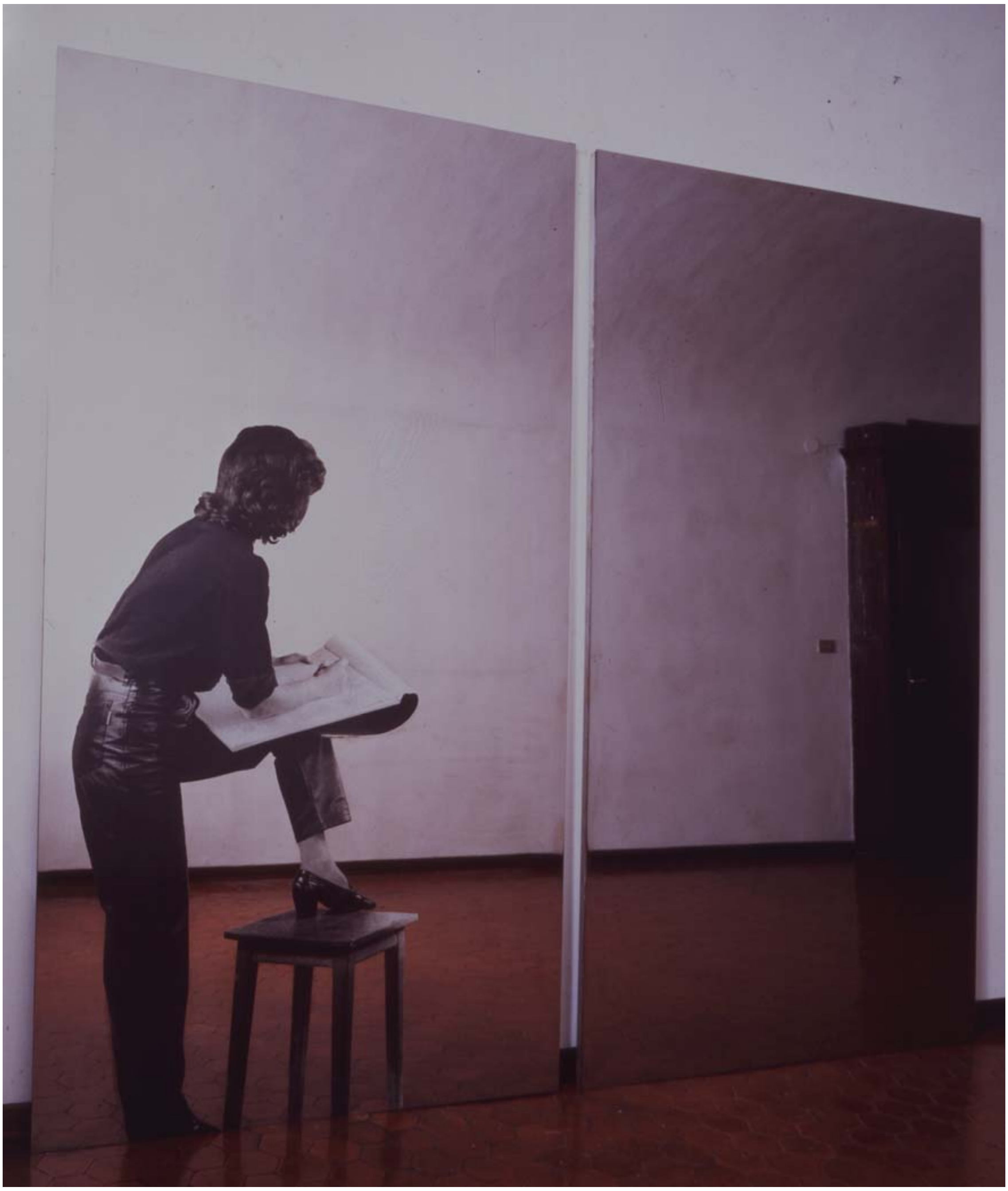
On the world scene, the major changes driven by the development of the new media affecting the whole record music market have influenced the consumption of music genres previously considered to be less commercial (e.g. there has been a rise in sales of titles of classical music and jazz). A Mozart concerto performed by the New York Philharmonic, downloadable as a Universal album on the Internet got into the Top 40 iTunes both in the United States and the United Kingdom. In April 2006, Warner became the first record company to launch an online music store of classical music with over 25,000 titles. The whole record industry is attempting to go beyond the impasse of the physical music market by increasing the distribution of a wide range of music content on a variety of platforms, thus swinging increasingly towards the concept of music as a service rather than a product. In this sense the case of Warner Music is emblematic. The company recently involved rival companies and suppliers of Internet access in launching an unlimited music supply in exchange for an increase in the monthly fee of user subscriptions.

13.9. Conclusions

The performing arts still have a flourishing centuries-old tradition in Italy, in line with the rest of the cultural heritage, of which they can rightfully claim to be part. Our analysis of opera, the Queen of the Italian music tradition, has highlighted, however, the excessive weight of bureaucracy, a lack of innovation, a failure to produce a new music culture, and the weaknesses in professional training.

One positive factor continues to be the presence of the music heritage, made up of internationally renowned theatres and organisational structures, which are still the basis for prestigious activities. Popular music is encountering major difficulties in competing on both global and domestic markets. There are numerous possible channels for further market development: portable players and music phones, new music formats, such as ringback tones, advertising-funded downloads, the opening of music channels direct to the consumer and the almost unlimited availability of titles in online stores. All of these are contributing to changing the structure of the market.

Chapter 14



Michelangelo Pistoletto "Woman drawing" 1962-1975
Screen print on polished reflecting stainless steel, 2 panels, each 250 x 125 cm
Photograph: P. Pellion

Chapter 14

Contemporary Art

14.1. Contemporary art as driver and mirror of post-industrial change

Contemporary art is per se pure creativity and speaking about one immediately conjures up the other. But when we enter the world of visual arts, we discover that social relations, the market, production and institutions are important factors modifying the very meaning of the concept of creativity.

In the last six months, an internationally acclaimed artist like Douglas Gordon has had 22 solo shows, Jonathan Monk 25, and Olafur Eliasson 32 (source: artfacts.net). This is without counting their participation in collective exhibitions: in ten years, Gordon has been involved in 200, Monk 160, and Eliasson 184. And these are conservative estimates. At a time when companies are changing their organisation models to create a more ludic and relaxed atmosphere in working environments so as to make more room for individual expression and creativity, contemporary art, the realm of creative thought *par excellence* and all the complex and elusive modalities of its manifestation, seems to be moving towards the Taylorist model of the production line, in a perpetual race with pressing deadlines for programmes of increasingly intense and geographically widespread art events. Many of the most successful artists – and especially those who to make their work require production processes involving a large number of interdisciplinary skills – now rely on teams of collaborators, organised in small or even small to average-size firms. We are thus dealing with a profound change in the production methods of contemporary art and perhaps even in the making of art itself. But what drives these artists to work so much? Why do they engage in such frenetic activity, running the risk of burning up their talent and consuming the time and energy required for the conception and development of new, profound original projects? Ultimately they risk sacrificing the long-term sustainability of their creative processes for the sake of short to medium-term production efficiency. The answer is simple. An enormous quantity of requests coming from all quarters: from traditional art places, such as museums, galleries, foundations, fairs, private collections and publishing houses but also an increasing number of companies, public institutions, hospitals, universities and science parks. Artists are no longer only asked to produce exhibitions, public art projects or more generally to install works in public places, a field in which demand is growing incessantly. In fact any opportunity is a good opportunity to call in an artist. Art is everywhere, and the more it spreads the more it whets the appetite and brings in new requests. Fashion and life style magazines plan issues round art and artists, or even directly entrust them with the creative editing. Urban planners vie for their services. Companies ask them to hold workshops for managers and employees or to design objects and communications processes.

Artist are beginning to be as socially visible as rock stars. But the difference lies, or rather lay, in the fact that rock music is part of the so-called industrial culture – i.e. the production sector in which the product on sale is made to be infinitely reproduced, and whose effective size depends on demand. Contemporary art, is or (as we should now say) was –part of core cultural production: i.e. the nucleus of cultural production which is organised in a way that has nothing to do with industry but rather the small crafts workshop. But evidently that is no longer how things are. Even artists, in their own way, are beginning to produce in series. Not many copies of the same object, but a host of "unique exemplars" which lie outside the confines of a work of art as traditionally defined. And here too we basically find an analogy with rock stars who now write books, put their signature to perfumes and clothes, or open bars and restaurants. This kind of practice can even be found among artists, as in the case of Damien Hirst.

But why do art and artists attract so much attention? The reason actually lies in the mass markets. Consumers on mass markets are now basically becoming sated, and artists offer a kind of good which is still scarce in a world of abundance: meaning. Artists elaborate systems with apparently pointless and senseless rules, which however reveal unexpected aspects of the world and suddenly call into question apparently solid social conventions. Consumers are now showing a certain impatience with the ritual of increasingly predictable products and therefore find art a satisfying distraction. And if this is true of people living in affluent societies, it is even truer of the new consumers in emerging countries like the Arabs states or the Far Eastern countries, where contemporary art has become a symbol of the new social status associated with the opportunities to access globalised consumption. The behavioural preconditions for this consumption are acquired quickly and then equally quickly transgressed and abandoned in the search for a credible, identity-building synthesis of the old and new, the traditional and innovative, and conformity and transgression.

In mass markets, abundance or rather the aggressiveness of products which demand our attention everywhere, drive consumers to increasingly sophisticated forms of defence. People struggle to remember the names of products, confusing one with another. They consume without even noticing it, perhaps already looking forward to what they will consume next. And similar phenomena are now occurring in the art world. Art consumers now no longer go to visit a specific exhibition, but set off on tours of exhibitions or the stands of fairs, and are thus exposed to hundreds of works in one day, often while engaging in simultaneous complex, varied relational activities. Art is adapting to the new state of things by adopting strategies of seduction to attract the worn-out attention of an absent-minded, distracted public. And this is true not only of the works, but also the very concept of exhibitions, which in turn introduce unusual and original formats and methods to whet the appetite of a public perennially sated with stimuli.

14.2 The effects of selection. Italy in the international context

"For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, from him shall be taken away even that he hath." This celebrated passage from the Gospel According to St Matthew (13:12) is why we talk about the "Matthew effect" for a typical phenomenon on many cultural markets: the focusing of attention (and resources) on a very small number of artists to the detriment of all the others. And this is not only a typical phenomenon in the cultural sphere. Something similar also happens in science. When an essay is signed by a celebrated scientist it receives more attention compared to others signed by less well-known scientists, irrespective of the content. As James Surowiecki observed in *The wisdom of crowds*, when two jointly written articles are published one after the other in the same review and on basically the same subject, but one signed first by a famous scientist and the other with the same scientist's signature after that of a joint author, then the first article is cited and read much more often than the second, because the contribution of the more "noteworthy" scientist is supposedly greater.

In the field of contemporary art we witness very similar trends. The same idea can be put forward at the same time by many artists, but those without a greater reputation generate more interest and attention than others. This per se does not mean the system is rigged, since in assessing an artist, his career counts much more than an individual idea or work. But it does raise very deep doubts. The fact that when an artist reaches a certain level of fame and recognition, or is simply proposed through channels with a certain authority in the system, ensures that his work is inevitably acknowledged or at least of great interest, irrespective of whether it is really appreciated or not. On the other hand, if artists who come from less authoritative channels or for some reason have not reached a certain threshold of fame, despite having done significant work, they must automatically face a kind of systematic lack of interest which undermines the quality and quantity of attention required for an adequate understanding of their work.

Given these extreme forms of the economy of attention, there is a need to implement strategies which give more authority to a particular national or local scene, or rather its qualitatively most important component, as an interesting stage for art capable of offering artists who operate on it an adequate initial reputation. In the last two decades a rather complex situation has gradually been taking shape in Italy. Artists belonging to older generations (such as those of Arte Povera or the Transavanguardia) enjoy high levels of international recognition and attract great interest both from international art institutions and the market, whereas for the younger generation this focusing process has paradoxically turned out to be more selective, filtering a very limited number of names, who are successful because they abandon the Italian scene early for other countries providing greater opportunities for building a reputation and convincing the public. The paradoxical nature of this state of affairs lies in the fact that in historical terms the opposite usually happens: the pyramid of fame gets narrower as we go back through the generations, since the longer an artist remains on the competitive scene in the art system, the stronger the selection effect. In theory, there should be a large number of young artists who achieve some degree of initial success before the gradual selection takes place. In the Italian case, the opposite happens and this is due to the fact that from one generation to another, the rules of the game have changed, or rather the standing of the Italian scene in the international context has changed – from a leading stage to a relatively marginal secondary stage.

14.3 Elements for a contemporary art policy in Italy

So why does Italian art have a low-profile on today's global system? There is no lack of raw material, i.e. valid artists potentially capable of attracting attention and interest on the international scene. The problem lies rather in the fact that our system suffers from a number of structural weaknesses which considerably penalises artists and forces them, if they really wish to aspire to international success, to go and live and work elsewhere.
Let us briefly outline these weaknesses. Firstly, the country lacks a collecting culture and institutional and corporate clients. In art systems with little private collecting, they traditionally offer artists professionally qualifying and economically profitable opportunities, raising their social status and giving them a sufficiently solid income to concentrate entirely on a career in art without having to waste energy in secondary activities to survive economically. But in Italy private collecting is anything but weak and indeed more widespread and lively than in most countries. But it is also very fragmented and there are relatively few collectors with big buying power. Thus a collecting system and competent public and corporate clients would make an important contribution to creating a demand base capable of

driving the growth of galleries with sufficient economic resources to compete on international markets and to really invest in leading Italian artists. An important role can be played by former-bank foundations, a network of players, typical of the Italian situation, with strong buying power and considerable interest in culture. But with a few exceptions, they have not shown a great interest in quality contemporary art and have preferred to pursue a more local, culturally modest logic. Lastly, public commissions could be boosted by seriously applying the so-called "2% Law". In its latest formula, managed by the public-controlled company ARCUS (Società per lo sviluppo dell'arte, della cultura e dello spettacolo S.p.A), this law now allocates 3% of the cost of constructing or redeveloping public buildings to the commissioning of a work of art to be installed on site. Today this law is often ignored or gives rise to debatable operations from the cultural point of view.

Another weak point in public action is the way Italian artists are promoted internationally. The promotion of Italian art usually takes place through the organisation of exhibitions, at times rather costly, and often hosted in relatively minor venues in the international art capitals. The art works are typically parachuted into these contexts without any real preparatory communications with the local scene, which would help the featured artists to interact and make themselves known by those who might be interested in their work and could then open up new spaces and opportunities. But this would mean public institutions involved in promotional activities, or their art advisers, would have to have a solid up-to-date knowledge of the most important local scenes of international art and equally solid and up-to-date contacts with the leading players on those scenes. In the absence of all this, the most convenient and painless solution for everyone is the "tourist" exhibition in which the artists arrive, install their work, attend the opening and leave without ever having gained the slightest knowledge of the artistic context with which they have (not) interacted. Paradoxically from the point of view of an artist's reputation this kind of operation will have greater repercussions at home. The worldwide network of Italian institutes of culture abroad is not usually much help in this sense. They are often not competent in the field of contemporary art and host programmes of art events with no consistent quality criteria and have difficulty in being noticed on the art scene in the country in question. But there could be various more efficient solutions in this sphere, such as: offering grants for exhibition projects and artist-in-residences to artists who are capable of making a name and therefore will receive invitations from cultural institutions, galleries and major independent exhibition spaces; funding programmes for international curatorships in Italy in order to give foreign curators a real opportunity to get to know the Italian art scene and establish a genuine dialogue with Italian artists; attaching competent professional contemporary art consultants to Italian institutes of culture in the cities of most interest for the contemporary arts system; and transforming the institutes' role as exhibition centres (with a few justified exceptions) into agencies promoting artists and networking with the local art scenes. Further support could be given, for example, by acquiring significant advertising spaces for the most interesting foreign projects featuring Italian artists and by funding the Italian art reviews with the highest international circulation to enable them to publish or enhance their English language editions. Examples of national agencies promoting contemporary art could be followed, such as the Finnish FRAME, which publishes *Framework,* an excellent review entirely dedicated to Finnish art.

Another critical point lies in the system of public and private non-profit exhibition spaces. While the museum network for contemporary art has grown considerably in recent years, and will probably continue to grow, given the continuing spate of new initiatives, the same cannot be said for the circuit of independent and non-collecting spaces, of which there are very few in Italy. And although many of the new Italian museums have small or even no collections, this is more due to budget problems than a real desire to create spaces mainly for projects. The absence of this kind of exhibition space seriously hinders young artists because it deprives them of working opportunities in which to experiment and develop research with no commercial-type restraints and conditioning. It is no accident that most internationally acclaimed artists put on their first significant solo shows in this kind of space. The most effective system in this sense is the *Kunsthalle* in German-speaking countries. These are non-collecting exhibition spaces, normally funded by the cities and local authorities, which often offer very high quality programmes, alternating international artists and the most promising national and local artists. They also invite foreign curators to collaborate and pursue interesting talent scouting activities on the local scene. The *Kunsthalle* is complemented by the system of *Kunstverein*, private associations of collectors which also often promote high-quality exhibition activities and enable private individuals to pursue collective projects and promote art which goes far beyond simply looking after and developing their own personal collections.

Moreover, this kind of system, which could also be introduced in Italy, and existing contemporary art museums could benefit from selective forms of tax reductions – e.g. the abolition of VAT – or a privileged tax status like that enjoyed by non-profit organisations working in the social world, thus attributing art with a social function which today is greatly underestimated and rarely perceived by public opinion.

Lastly, Italy has a large number of often very lively galleries but they struggle to grow and therefore to invest in their own artists and provide them with an effective international springboard. In this case the most urgent initiative, in addition to strengthening public and corporate collecting (which could enjoy fiscal incentives) is the never too often called for reduction of VAT from the current 20% to 4%, in line with most European countries. The loss in income for the state would be modest, given the size of the sector and could even be offset, since this measure would probably lead to many more unofficial businesses coming into the open and declaring their activities. At present, for these non-registered businesses VAT at 20% is quite simply incompatible with making acceptable margins on the collecting market, which, as we said, is lively but usually very vulnerable to the price factor.

14.4 The difficulties of young Italian artists and shortcomings in the education system

In books providing international rankings, such as *Cream 3* or *Fresh Cream* published by Phaidon, we find that the Top 100 artists only includes two Italians: Luisa Lambri and Grazia Toderi. In another classification (2002) – *Art Now. 137 Artists at the Rise of the New Millennium* published by Taschen – the Italians artists mentioned are Monica Bonvicini, Maurizio Cattelan, Paola Pivi and again Grazia Toderi. There are few Italian artists in the international lists of young illustrators, painters and photographers. We rarely find Italian galleries in the major art fairs, such as Frieze (London), Art Basel, Art Basel Miami and so on. The Italian galleries often prefer to take international stars to fairs rather than risking not making sales. Moreover, in 2008 the Italian fair MIART (Milan), made its latest attempt to renew the sections dedicated to young Italians, but in so doing probably decreed its own end.

One of the key reasons why Italian artists struggle to make a name abroad, at least as a category (there are striking success stories, but always involving isolated individuals and never members of a national group), may be attributed to shortcomings in educational structures.

For centuries, the *Accademie di Belle Arti* (art colleges/fine arts schools) have been the only specialised institutions for teaching the figurative arts. Based on the master-apprentice relationship and on the repetition of historic models, they were founded at the end of the 16th century, when art had decorative functions. The *Accademie* thus produced decorative, stucco and fresco artists who had a clearly recognisable style. The first element of weakness in the *Accademie* is that experimental art, as conceived today, has taken such different new paths, characterised by technical, theoretical and aesthetic experimentation, that turning out students with a uniform style is no longer feasible.

The system of *Accademie* still mainly focuses on teaching technical expertise, which is sacrosanct in some cases such as Carrara, where the local area provides marble and thus requires specific skills, but not in the majority of cases.

Another problem with the *Accademie* concerns the very long time that students spend with only one teacher. This is an important issue, especially when there are no uniform teachings standards. For four years students basically study only one creative method in one approach to the discipline. Although there are exchanges and opportunities for dialogue with other teachers, this prolonged contact is only suited to those capable of following the project logic of their teacher, but also able to branch out and pursue their own independent path.

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Reforming the *Accademie di Belle Arti*

A series of measures to reform the *Accademie* have been introduced since the 1970s in order to fill gaps; they were partly driven by student movements. Initially, so-called "special courses" were introduced to complement practical studies with a knowledge of art history and theory.

In the 1990s a process was set up to enable students to complete a diploma on a par with the so-called "short degree" (three-year university course). This change took place following the application of Law no. 508 of 21 December 1999, but was more nominal than substantial: the Ministry for Education, the University and Research adopted two different general levels for university education in the traditional sense and the so-called Institutions of Advanced Art and Music Education, which include the *Accademie*.

A step forward has been made. By completing a two-year university specialisation course, *Accademia* students are awarded a full university degree. This means that at least for qualification purposes, *Accademia* students have similar rights to university students. The teachers, on the other hand, are still in a limbo, and not only in economic terms, which discourages them but also tends to make them denigrate any other kind of art training.

The revolution of the *Accademie* was possibly not indispensable, since a country like Germany, which has recently given the art world many leading names and major schools, has never departed far from the original model of studies. The top German artists take a pride in teaching and very few are not involved in it in some way. This was even true of a great rebel like Joseph Beuys, who was initially a regular teacher and then after being dismissed went on to found the Free International University, which he conceived as a work of art. But very few renowned artists in Italy have turned to teaching. Of the artists in the most significant movements in the post-war period (Abstract art, Arte Povera and Transavanguardia), at most we can recall the teaching of Emilio Vedova in Venice and Luciano Fabro in Milan.

Many of the state art schools were created in the south of Italy not so much to meet the real requirements of student demand, but for political reasons. In order to meet the request from a huge student base, areas with strong demand, like northern Italy, are forced to turn to city-run *Accademie* (e.g. the Cignaroli in Verona, the Ligustica in Genoa, and the Giacomo Carrara, Bergamo), accredited privately-run schools (e.g. the NABA, Milan) or private schools which do not award legally-recognised qualifications (e.g. the Domus Academy, Istituto Europeo del Design or other, often extemporary organisations, with few outside controls and therefore of dubious efficacy).

Table 14.1 - Accademie di Belle Arti		
Location	No. students	No. Graduates 2003
Bari	400	48
Bologna	1233	167
Carrara	482	78
Catania	560	48
Catanzaro	171	34
Florence	1081	194
Foggia	215	24
Frosinone	139	28
L'aquila	104	30
Lecce	512	78
Macerata	246	34
Brera, Milan	2155	423
Naples	1405	103
Palermo	846	122
Reggio Calabria	417	66
Rome	1822	301
Sassari	326	44
Albertina, Turin	540	103
Urbino (Pu)	251	44
Venice	905	74
Total	**13810**	**2043**

Source: Miur, 2005.

One response to the shortcomings in art education has been to create departments of arts, music and theatre (DAMS) in the university arts faculties. The first was set up in Bologna in 1970-1971 with the specific aim of critically exploring and developing the synergies between the main non-verbal expressive languages of art, cinema, music and theatre. Today this formula has been adopted by many universities. But what should have been a key turning point has had to reckon with mainly theoretical teaching and the difficulty of providing significant workshops. Moreover, it has been difficult to hire teachers who have wider interests than only an academic career. Therefore it is often the case that the DAMS departments have little contact with production centres and almost none of the contract teachers are leading world artists. The potentially very effective recourse to contract teaching, i.e. short-term well-paid jobs, bringing in internationally renowned artists, has been seriously undermined by a misunderstanding of the role of high-level contract teaching. This is the most significant issue requiring a solution in the next few years: liberalising and promoting contract teaching should not be a makeshift measure to shore up staff shortages, but a way of bringing leading cultural figures into our universities.

As of April 2008, there are only two faculties in state universities which go under the name of "Design and Arts": one in Bolzano and the other in Venice. Only the IUAV in Venice has a specialist degree course in visual arts. Created in 2001, this course attempts to foster lively exchanges with international artists and critics, also by exploiting the opportunities offered by the presence in Venice of the Visual Arts Biennale. Significantly, the course is often boycotted and not only by the local *Accademia*. But in fact underlying the boycotting and difficulties experienced by the DAMS and the *Accademie* in general, there seem to be doubts about the need to offer art training at university level at all.

The deep-rootedness of this opinion – i.e. considering the visual arts not to be a "cognitive activity" – is confirmed by the state of abandon of the so-called Liceo Artistico ("Art Grammar School"). Considered on a par with technical colleges, these schools basically focus on painting and sculpture but do little to supply fundamental theoretical tools. Another serious shortcoming is the low-key approach to teaching English, which is of vital importance to anyone wishing to work in an international context.

All of this is happening at a time when art education facilities in other countries are developing fast according to several models: the fine arts school model (Germany, France and China), the art college model (UK and former Commonwealth countries), or the university-type schools (especially in the USA). Whether the model adopted is the German *meisterklasse* or that of the UCLA and the CalArts in Los Angeles or the Staedel in Frankfurt, in which rotating teaching involves leading artists, for many years now the majority of top international artists have come from one or several centres of excellence. German artists who stamped their influence on the 1980s and 1990s – Thomas Ruff, Thomas Struth, Andreas Gursky – were taught by Bernd and Hilla Becher in Düsseldorf. The "Young British Artists", who won such clamorous fame in the 1990s, nearly all came from Goldsmith College, London.

Moreover, student exchanges are increasingly frequent in these schools (see for example the annual *Real Presence* meeting, usually organised in Belgrade). In 2003 a similar meeting was held in Venice, Italy, as part of the Biennale *Recycling the Future* event. But in Italy, the initiative in most cases for attending these kinds of international education meetings is left up to the individual without the active encouragement of the art schools.

Suspicions about the cultural validity of the visual arts in the years of their greatest success has been compounded by the fatal embrace of entertainment and the perception of the cultural industry as being focused on market values. Hence the little interest shown by publishers in serious essays or translations of leading theoretical and historical experts. The rise in popularising texts on art has led to the production of what are little more than booklets with a cynical and complacent undertone of "anybody can do this", typical of those with no real knowledge of contemporary art. There are also very few translations of Italian studies into English, and this situation continues to encourage the self-referential isolation of Italian scholars.

Arts books

Italian publishing houses tend to consider contemporary art books as products to be paid for in advance by a client. Even when there are no costly illustrations, translations are not considered worthwhile business ventures because of the small size of the Italian language base and the costs of publication (translation, rights and distribution). Seminal anthologies for an understanding of the thinking of 20th-century artists and critics, such as *Art in Theory* (Charles Harrison and Paul Wood, Blackwell, 1995) or *Theories and Documents in Contemporary Arts* (Kristine Stiles and Peter Selz, California Press, 1996) have not even been published in Italy or only in abbreviated editions. Some hope has come from new initiatives: although we had to wait until 1993 for a translation of a work by the classic American critic, Clement Greenberg (Allemandi, Turin), the most significant books by his rebellious heir Rosalind Krauss have been translated by various publishers (e.g. Bruno Mondadori and Codice). Moreover, there is every reason to suggest that this willingness to publish translations is not so much due to an interest shown by art schools to meet their requirements, than the visitor boom to visual arts events from the 1980s well into the 2000s and the interest in the non-specialised press. This kind of publishing is thus an epiphenomenon of the growing number of exhibitions, which are the outcome of local cultural policies catering to a wider public.
This could also explain the fact that the costly, hefty *Art since 1900* by Hal Foster, Rosalind Krauss, Yves-Alain Bois and Benjamin Buchoh (Thames and Hudson) has been translated and published by Zanichelli.

Further food for thought comes from the fact there are very few teachers who cover the various aspects of the history, criticism and sociology of contemporary art: this is an inevitable legacy of the belated introduction of art teaching in universities and in turn, a legacy of the belated, reluctant acceptance of contemporary art not only by science teachers, but also arts faculty teachers and, most significantly, art historians who deal with art from other ages. There are no faculties and degree courses on the production and project aspects of visual arts, and it is not even a subject in degree courses in literature, the cultural heritage, history or philosophy, i.e. in the so-called "arts" faculty. In short, the teaching of 20th-century art has only made slow sporadic progress. This brings us back to the leitmotif of our argument: the very phrase "contemporary art" is met with suspicion by connoisseurs of ancient and modern art.

14.5 Repercussions on art collecting

Collecting art works is not simply a way of expressing personal taste or aspiring to a social status. It is a way of more or less consciously taking a stance in a very complex, fast- evolving symbolic arena. What is particularly interesting is the phenomenon of collecting in economically emerging countries, where an upwardly-mobile entrepreneurial social class, anxious to forge its own distinctive identity, often adopts the language of contemporary art as the symbolic counterpart of its newly acquired position as protagonist in the globalised economy. The size and speed of this phenomenon highlight another crucial aspect of contemporary art collecting – its links with geopolitics. The great current interest in contemporary art in China and India, for example, is the natural reflection not only of economic dynamism but also of the growing political influence of these countries and in some ways provides indirect authoritative cultural endorsement. Driven by powerful change and now in a condition to finally express what previously had little place and attracted no interest, the Chinese and Indian cultural scenes are now undoubtedly the most interesting and vital worldwide. But at same time their interest in art forms seems to transcend any considerations about quality and is characterised by a lack of real competence or knowledge of the languages and issues. In short, their attitude reflects the awareness that contemporary art is more about identity-building than physical objects and must be watched over as the indispensable expression of the spirit of the age.

The geopolitical scene provides a possible key to interpreting the contradictory situation of Italian art in the context of international art collecting as a backlash. On one hand, in the major London auction houses Italian works continue to be sold and almost invariably meet with great success, fetching record prices. But on the other, there continues to be a worrying absence of Italian art, especially that of the latest generations, in the major international collections and especially more recent or currently more dynamic collections, There are some partial exceptions, such as François Pinault who, having chosen to install a collection in Italy, is inevitably more in touch with what happens in the country.

But the contradiction is really only apparent and is easily cleared up by looking at the facts a little closer. Today the Italian art that sells well is the work of artists no longer with us, like Burri, Fontana, Manzoni, Boetti, and all the leading Arte Povera artists. Moreover, the many enthusiastic buyers at London sales are usually Italian collectors. If we look at younger artists, we find a much different

situation. With very few exceptions, the leading players on the Italian art scene struggle to reach the top auction rooms, never mind fetch significant prices.
And this is clearly a repercussion of geopolitics. Today Italy counts for little in the world of international collecting because the country not only gives the impression of not being forward-looking, but seems to be closed off in a kind of self-referential delirium. To the eyes of the world, we have a great future behind us rather than in front of us. We are a country in which most of the population does not speak a foreign language and, more importantly, has no intention of learning one. It is not surprising that even our collectors, when they wish to appear sophisticated and cosmopolitan, prefer to invest in young foreign talent rather than homebred artists (not to mention the attitude of Italian curators invited to select works and make suggestions for large international events).
Collecting, therefore, is also a barometer of what is happening outside the cultural arenas. But it is also a way of accumulating wealth. A collection is basically capital in the economic sense of the term. It is an investment whose value will gradually emerge as the choices made are shared or not by the market. The short term and long term can express very different verdicts. Not surprisingly, the banking and financial world are well aware of what happens in the no longer closed-off world of art and there has been a proliferation of products and initiatives: from consulting services for private banking clients, to the creation of art funds and expansion plans for corporate collecting programmes. This interest in art is also shared by corporations whose core business has little or nothing to do with art.

14.6 The corporate view of contemporary art

So why do Italian companies invest relatively little in contemporary art? While private Italian collecting is lively and dynamic, unlike their German or UK counterparts, Italian companies are much more reluctant to invest in art. Even when entrepreneurs become collectors, they are more inclined to buy for themselves than for their company. The classic argument put forward to explain this lack of interest shown by Italian companies is the absence of tax incentives. If art purchases were tax free, then companies would buy much more often. But there are good reasons for doubting the validity of this argument, at least in part. When talking to entrepreneurs who have decided to invest in art at corporate level or even to build up a corporate collection, they hardly ever argue that tax incentives would have played out crucial role in their decision to collect art works. What counts is a passionate interest and a belief in the importance of this kind of initiative. There are far more entrepreneurs, on the other hand, who do not invest and point to the lack of tax incentives as a justification, which often sounds like an easy way to dodge the subject. If we go further into the issue, we find much more crucial elements: the fear of not being confident enough to tackle the art market and of the negative reactions from employees who might consider the collection a waste of money diverting resources away from more important priorities, especially at a time when global competition is getting tougher; and the fear of attracting the attention of the customs and excise authorities which might subject them to particularly tough inspections, and so on. These assorted fears are basically due to a singly underlying factor: a lack of knowledge about contemporary art. This prevents entrepreneurs from understanding that competence can be built up by gradually exploring the contemporary art scene or calling in experts whose choices they share. Employees who consider art to be a waste of resources, or an irritating whim of top management, may change their view if they are given the chance to explore, understand and take part in the process. Indeed, they often become advocates of this kind of programme when they understand the contribution it can make to improving organisational culture and the quality of their working environment or to opening up mental horizons and encouraging a greater willingness to explore the new. Similarly, a lack of knowledge and understanding prevents the tax authorities from considering art as an investment instead of a luxury good. Indeed there is widespread criticism of VAT applied to transactions which, unlike in other European countries, is at 20%, thus also preventing unofficial dealing from coming into the open and expanding the market.

Strong, mature corporate collecting would be very healthy not only for the companies but also for the Italian art system, which would have the opportunity to grow and invest more resources in artists, thus encouraging their international careers. An interesting challenge for the Ministry of the Culture and the Ministry of Economic Development would be to launch an awareness campaign aimed at companies on the subject of corporate collecting and to grant benefits to museums and cultural institutions who spread this culture with specific initiatives for companies in their own local area, also actively involving business associations.

14.7 Museums and raising public awareness about contemporary art

When considering organisation models capable of supplying culture in the vital competitive world of local economic development, expectations are concentrated on museums. But if museums are usually unable to make profits, what practical role can they play? The now vast international literature on the subject reveals that museums can have two important functions in a local cultural system: i.e. as an "attractor" and "activator". Museums of contemporary art lend themselves particularly well to these functions in that they become places in which the whole symbolic world underlying modern value chains is expressed most effectively and completely. In other words, museums provide ideal conditions for "research and development workshops" in which to elaborate and make accessible all the most interesting and innovative aspects of the symbolic universe of contemporary culture with no immediate commercial objectives. These aspects are then metabolised in the value chains of production systems, generating ideas for communications, design and packaging, but also for relational models, lifestyles and product concepts. And this is none other than the staple fare of post-industrial companies on whose competitiveness the future of our economies and societies depends.

On one hand, museums act as attractors in so far as they are capable of increasing the visibility of the local system by contributing to tourist flows, investment decisions, media coverage, etc., which are all precious resources in the modern processes of local development. If we look at some European examples – the Bilbao Guggenheim, the Tate Modern in London, the MART In Italy, and the Pompidou Centre in Paris – we see they are all museums with a clear tradition as attractors.

On the other hand, museums function as activators when their initiatives and content can encourage the emergence of new entrepreneurial projects, the education and selection of new professional figures, the launch of community projects, and the localisation of production and residential functions in an urban system. Examples of activator museums, again in a European context, are the ZKM in Karlsruhe, the Baltic at Gateshead, the Palais de Tokyo in Parigi, and the CAC in Vilnius.

In all the case studies on success, when both the attracting and activating functions emerge strongly, we clearly see that alongside the indispensable capacity to catalyse energies and resources from outside the local context, the museums successfully mobilise and actively involve the local population and economic resources of which they are an expression. In other words, museums which perform successfully, irrespective of their specific location and features, are experienced and used as a resource primarily by those who live in the city or metropolitan system hosting them and who enjoy privileged access. Rather than pursuing pre-packaged formulas, there is a need to ensure that the dialogue between a museum and its local area defines the model for using the space and time of the museum itself. This kind of dialogue presupposes large investments in the local area in developing cultural skills, the capacity for projects, and opening up to the new and to international experiences.

In Italy, the vertiginous rise in the size of our contemporary art museum system over the last few years, currently growing faster than ever, requires a considerable commitment to strategic co-ordination to avoid creating – even within a metropolitan area – the counter-productive overlapping of competencies and conspicuous structural gaps in the overall system. The same metropolitan area or region may paradoxically host several museums, each dedicated to building up small, incomplete collections, rather than concentrate efforts on a single high-quality project. At the same time the area may, for example, be completely lacking in project spaces for non-collecting purposes. A special role in the contemporary art museum system will be played by the MAXXI, which as a national museum of 21st-century art will inevitably have leadership responsibilities and so must be carefully built up and organised.

14.8 A radical change in language

Today's art has lost the technical features and recurrent iconography of the art of the past. Materials may only be presented and not manipulated. "Figures" may be completely absent, even only as abstract and geometrical elements. Some media used recently by artists, such as photographs, video and film, are not recognised as being part of the techniques in the category based on painting and sculpture. It is difficult to highlight traces of continuity with art history, which, however artists still claim as their source of inspiration and main reference as regards the past. There is a genuine difficulty in attributing the value of art to what is no longer recognisable such. Art historians consider many artists therefore simply as bluffers with no technical skills or respect for tradition. Moreover, international art was already moving in this direction in the 20th century: the "ready-made" is about to celebrate a hundred years. Since the 1970s in the field of conceptual art the media have been reduced to a trifle (a dictionary definition, a statement, a gesture) inducing the American scholar Lucy Lippard to talk of the "dematerialisation of the art object" and the critic Harold Rosenberg to describe the work of art as an "anxious object" in search of its own redefinition. Moreover, dematerialisation and the absence of manual skill contributed to stating the power of the work beyond all craftsmanship and according only to the underlying idea. Here we are dealing with a longstanding row which takes us back to the time of the Renaissance artists who had to fight so that painting and sculpture would be included among the Liberal Arts and, more generally, fields associated with knowledge. This process of recognising the epistemological value of works of art was very slow. And this slowness explains the failed or belated birth in the European and especially Italian culture, of truly university-standard art schools. The visual arts, painting and sculpture were compared to decoration, the third field of traditional education. The fourth, architecture, only recently emerged from the "ghetto" of minor knowledge in the *Accademie*, and arguably this explains why it still defends its recently acquired status with such vehemence.

All the circumspection round contemporary art arises from a circumspection that has always surrounded the territory of the visual, but today it is further reinforced by the difficulty in understanding what deserves to be called art. After the Futurist, Dada and Conceptual provocations, it is genuinely difficult to find one's find bearings in a field which authorises the general public to tar everything with the same brush. Moreover, we must wonder if the time has not come to restore – or simply give – dignity to the visual arts as a vehicle of knowledge, especially since most of the new forms of communications have been developing so quickly in this field. The supremacy of the image over the text can no longer be considered a fad, a transitory phenomenon doomed to decline. In future non-verbal languages will inevitably be increasingly crucial.

Contemporary art collections – "books made of things" – require separate treatment. They are opportunities to learn to explore and practice the language of art. Collections in Italian museums are piecemeal and rather inconsistent, which does not help when it comes to the teaching the discipline. As can be seen in Table 14.2, there is no lack of artists. What is lacking is internal consistency in the collections and quality in the items.

Despite the great drive in the 1990s to create new museums, built to designs by leading architects – e.g. the MART at Rovereto by Mario Botta, the MAXXI by Zaha Hadid and the MACRO by Odile Decq, both in Rome, and the Museo d'arte contemporanea in Milan by Daniel Liebenskind – the opportunity to form a consistent collection of 20th-century art has now been lost. This happened despite the fact that Italy was the country best placed to make one, at least for the second half of the century, given that the major artistic trends and all the leading artists in the last 70 years featured very early on at the Venice Biennale, when their works still cost only a few thousand dollars. Unfortunately, no government body or museum adopted a policy of buying works at the Biennale, at a time when they were inexpensive and would have been shrewd and long-sighted investments. Prices of contemporary art works have soared so much, especially since the 1980s, that filling the gap is no longer possible. Italy will be able to have a museum of 21st-century art, if it learns from this mistake and this will surely bring predictable benefits in the field of educating the public. Phenomena such as exhibition-going for entertainment and tourism and the temptation to construct museums for the purposes of building speculation in the surrounding area (often hypocritically dressed up as urban redevelopment) have nothing to do with the genuine need to pursue education and raise awareness about art in the country. Focusing only on attracting large numbers of visitors to exhibitions and museums can even be counter-productive. It resuscitates the spectre of pure entertainment and plunges contemporary visual art into the umpteenth misunderstanding. The primary function of contemporary art surely must not be to enrich art cities already crammed with historic art and architecture, but to produce knowledge.

Table 14.2 – Collections in Major Italian Museums of Contemporary Art

Museum	Number of items in collection*	Period	Principal artists
MUSEION **Museo d'Arte Moderna e Contemporanea, Bolzano**	1,700	20th century, especially Italian and German art movements	Accardi, Afro, Beuys, Cage, Capogrossi, Fontana, Hofer, Lawler, Lewitt, Locher, Kosuth, Kounellis, Kowarz, Manzoni, Nauman, Novelli, Paik, Paolini, Rudolf, Stolz, Zimmermann
MART **Museo d'Arte Moderna e Contemporanea di Trento e Rovereto**	7,000	Entire 20th century	Balla, Boetti, Burri, Carrà, Depero, de Chirico, Fontana, Long, Kiefer, Kounellis, Martinetti, Merz, Morandi, Nauman, Prampolini, Sironi
GAMeC **Galleria d'Arte Moderna e Contemporanea, Bergamo**	60	20th century	Balla, Baj, Basilico, Boccioni, Casorati, Cattelan, de Chirico, De Pisis, Fontana, Hartung, Kandinskij, Manzù, Morandi, Pirandello, Richter, Tesi
Castello di Rivoli **Museo d'Arte Contemporanea, Rivoli, Turin**	300	1950 to the present	Bonvicini, Cattelan, Cragg, Flavin, Fontana, Goldin, Halley, Kiefer, Kounellis, Long, Marisaldi, Merz, Nauman, Ousler, Paladino, Penone, Pistoletto, Richter, Tesi
Fondazione Torino Musei **GAM, Galleria d'Arte Moderna e Contemporanea, Turin**	15,000	Late 18th century to the present	D'Azeglio, Fattori, Mancini, Pel lizza da Volpedo, Medardo Rosso; Anselmo, Balla, Boccioni, Boetti, Burri, de Chirico, De Pisis, Dix, Ernst, Fontana, Hartung, Klee, Kounellis, Martini, Manzù, Melotti, Merz, Modigliani, Morandi, Picabia, Picasso, Paolini, Pistoletto, Severini, Warhol
Galleria Civica, Modena	9,000	20th century to the present	Carrà, Evans, Fontana, Ghirri, Goldin, Lorca di Corcia, Morandi, Penone, Sironi, Zorio
GAM **Galleria d'Arte Moderna, Bologna**	4,000	19th century to present	Angeli, Beecroft, Burri, Cattelan, Cesar, Cucchi, Gilbert & George, Gilardi, Merz, Ontani, Pane, Paladino, Paolini, Penone, Schifano, Schnabel, Zorio

Centro per l'Arte Contemporanea Luigi Pecci, Prato	500	1950 to the present	Bagnoli, Boetti, Cucchi, Fabre, Gilardi, Kapoor, Kounellis, Lewitt, Merz, Paolini, Pistoletto, Schnabel, Zorio
GNAM **Galleria Nazionale d'Arte Moderna, Rome**	1,900	19th century to present	Canova, Cézanne, Courbet, De Nittis, Fattori, Lega, Michetti, Monet, Pellizza da Volpedo, Previati, Medardo Rosso, Van Gogh
MAXXI **Museo Nazionale delle Arti del XXI secolo, Rome**	250	21st century	Airò, Alys, Anselmo, Arienti, Avery, Bartolini, Basilico, Beecroft, Beninati, Boetti, Cattelan, De Dominicis, Esposito, Galegati, Gilbert & George, Kentridge, Khebrenzades, Linke, Manzelli, Manzoni, Marisaldi, Merz, Moro, Oursler,Pessoli, Pivi, Richter, Ruscha, Schutte, Tesi, Trickell, Tuttofuoco, Vezzoli, Walker
MACRO **Museo d'Arte Contemporanea, Rome**	1,000	1960 to the present	Accardi, Castellani, Perilli, Pivi, Pizzi Cannella, Rotella, Tesi
MAN **Museo d'Arte della Provincia di Nuoro, Nuoro**	100	20th-century art in Sardinia	Balleru, Canu, Collu, Floris, Lai, Mura, Nivola, Spada, Sini

* The number of items is approximate

14.9 Concluding remarks: some simple action measures

To conclude, we would like to mention what we believe could be the initial elements in an impact therapy for the Italian contemporary art system. These actions are not meant to replace the patient work of constructing a long-term strategy but as an eloquent and credible sign of real change. The measures will be illustrated in greater detail in the Final Recommendations. Here we will outline and highlight their interdependent character. Rather than working on broad issues and structural problems which are difficult to solve, it seemed more useful and practical to begin with the intermediate issues for artists and operators in the sector. These action measures should be accompanied by a more in-depth complex study on the themes and players discussed in the previous pages.

1. Set up international programmes offering foreign curators the chance to spend time studying in Italy

2. Include Italian artists in the networks of the most interesting international artist-in-residence programmes

3. Accustom artists to presenting and discussing their own work

4. Support artists invited to major foreign institutions, not only in the early days of their career, but especially during the crucial stages of consolidating their international reputations

5. Develop the DARC (General Department for Contemporary Architecture and Art in the Ministry of Culture) with suitable funding and make it function as an agency of contemporary art

6. Introduce a fair tax system for Italian galleries, enabling them to develop their business and compete on equal terms with galleries in other countries.

This is an ambitious but feasible action programme, as has been demonstrated by experiences in many European and other countries which have made awareness of contemporary art a top priority in cultural policy. There is no reason why Italy cannot do likewise.

Charter 15

Michelangelo Pistoletto "Love Difference, Mar Mediterraneo" 2003-2005
Mirror and wood, 738 x 320 cm
In the exhibition Voltjeti Razlike/Amare le differenze, Zagreb 2007
Photograph: D. Fabijanic

Chapter 15

Creative Italy

Strategies and actions for the growth and international positioning of Italy in the economy of creativity and the cultural industries

This chapter uses the previous analyses to make suggestions for cultural policy and recommendations for policy-makers. The chapter is divided into:

- **Ambitions and objectives** outlining the picture of short-term strategic expectations which emerged during the work of the Commission
- **Decisions and actions** which the various sectors can adopt in their own areas of competence and governance.

The targets for the recommendations are:

- The ***institutional framework***, meaning all levels of local, regional, national and European administration with responsibility for policies, standardisation and consultation for joint decision-making in the system
- The ***economic and productive framework***, meaning the areas of convergence of intellectual, financial, technological and entrepreneurial resources operating in research, experimentation, production and the diffusion of products and services in the production of culture and creativity.
- The ***framework of pure research and education***, meaning the links in education supply chain which associate study programmes and research, especially in the university system.

Ambitions and Key Decisions

Ambition 1. Greater co-ordination between institutions dealing with creativity and the cultural industries

In Italy there is no political co-ordination for strategies for the development and growth of the cultural industries.
Many institutions, whether Ministries (for Industry, Culture, Education, the Environment and Agriculture), local government bodies (Regions, Provinces and Communal Administrations) or public and private non-profit organisations must find an framework for governing creativity in all sectors in which it appears to be indispensable. This ambition may give rise to a new role for the Ministry of the Heritage and Cultural Activities (MiBAC), which under the new name of the "Ministry for Culture" should oversee policies for the production of culture and creativity in Italy and their co-ordination when required.

Key decision 1

Reorganise the MiBAC to create a General Department for the Production of Culture in Italy to deal with design, the taste industry, the export-driven sectors, fashion, television fiction, video games, etc. The new department must supplement the knowledge acquired in existing General Departments. The Ministry should be renamed the "Ministry for Culture" thus highlighting an epoch-making change in approach.
The new reorganised Ministry would naturally thus be a centre of responsibility for the policies on the cultural and creative industries. This decision will help identify the areas of convergence of institutional competences in the fields of culture, education, innovation, production activities and local and regional policies and so create easier conditions for dialogue and consultation with stakeholders.
The overall strategic vision can shape the future cultural and creative profile of Italy as a country which knows how to conserve its past, and most importantly, produce its future in the field of culture.

Ambition 2. Give greater recognition to creativity and raise standards of excellence

Create models to be emulated: giving due acknowledgement to more creatives in the present generation will lead to an increase in the number of creatives in the next generation.

Key decision 2

Pursue initiatives in order to:

- recognise talents involved in the field (except for a few sectors already highlighted by the media, most excellent creatives are not known by the general public)
- give talents greater dignity and promote the diffusion of role models
- implement tutoring programmes ("adopt a creative")
- support the setting up and development of creative communities
- recognise and develop places of creative learning.

Ambition 3. Guarantee the generational turnover of creative talent in the cultural industry

Creativity is expressed in ways which are revealed in time and places through "waves" of generations: e.g. fashion in Milan in the 1970s, fashion in Paris in the 1960s, design in Milan in the 1970s, and Italian comedy films in Rome in the 1960s. Sustaining creativity means that each generation must expresses a level of creativity at least equal to that of the previous generation.
To maintain high standards of creativity and competitiveness at international level for Italian products, there is a need to select fresh ranks of stylists, designers, artists, composers, filmmakers, architects and creatives to guarantee future generations have high levels of creativity.

Key decision 3

Creativity can be produced in at least three ways, which must be subject to reform policies:

- improving academic and professional training, raising the standards of teaching and the content of study programmes, developing more interdisciplinary studies and freedom of expression;
- including learning by doing and learning on the job in training programmes to enable young people to acquire tacit and explicit knowledge based on company practice and traditional knowledge
- developing policies to attract young talents from abroad and to prevent Italian talents from having to emigrate.

Ambition 4. Training systems and human capital: the origins of creativity

The Italian education system lags behind those of Europe, Japan and the USA in terms of quality. Urgent reform is required, not only at administrative level but also in terms of teaching techniques and content so that education enables students to give free expression to their creativity.
On the job training is an excellent widespread possibility in Italy. Moreover, in the academic and professional world it is currently underused and often only takes the forms of disappointing, ineffective workshops.

Key decision 4

On the demand side of creativity, there is a need for greater transparency with general information that is as objective as possible on the system of art schools, conservatories and universities involved in artistic and cultural education. This can be promoted by organising a system of annual ratings for university institutions. An independent organisation could rank schools universities and other institutions by assessing education content and results. Although Italy has no market for private academic institutions, quality rating could in any case be an incentive for improving the efficiency of the education system.

Ambition 5. Enhance Italy's reputation as a creative society. Improve the international standing of Italian culture so that the country is identified as a top "creative nation"

Italy already enjoys an international reputation as a creative country, thanks to its history and cultural heritage, and architects, artists, writers, singers, designers and stylists who have won fame abroad. The Italian creative potential must be supported so as to achieve results and once more make the nation a leading model.

This kind of support, if co-ordinated in a system, especially at international level, can generate spin-offs in cultural tourism and in important Italian production sectors, especially export-driven sectors.

Key decision 5

Reputation is a capital, which to be maintained and developed, requires major investments of public and private resources. This decision involves investing in building up an international reputation which primarily highlights Italian excellence in terms of the quality of cultural and creative products, our production capacity and exports.

Awards bringing a global reputation must be tenaciously sought, also by pursuing collective projects: How to win Oscars for Italian films? How to win the Nobel Prize for literature? How to win the Ferruccio Busoni Prize for pianists. From this point of view, teamwork involving institutional and private resources is an essential support for the success of artistic and creative talents.

In other cases, investing in a global reputation consists in organising major international art exhibitions, hiring internationally-renowned communications experts, enhancing the large Italian "Biennials", supporting and improving the quality of festivals, creating international prizes and developing design productions reflecting the strength of our material culture.

Ambition 6. Italy as a magnet for talent

A programme to attract foreign creative talents and increase the cosmopolitanism of Italian cities

To increase the capacity to attract more new talents from abroad, often from developing countries, with different religious and cultural practices, the cities must adopt a more open approach to integration, social inclusion and citizenship services for foreigners. Otherwise, the power of cultural attraction will be weak and cosmopolitanism will not function as a magnet for new talent as happens in creative cities like London and Paris, which are in a position to offer very enticing cultural environments and lifestyles. In addition to the traditional immigration of low-cost low-skilled labour, this ambition redirects public policies towards the high-skilled range of immigrant talent, by providing grants and workshops in creative companies or cultural institutions, with cultural logistics support (Italian courses, accommodation services, etc.) and a fast-track in bureaucratic procedures (e.g. for visas or renewing stay permits).

Key decision 6

Creating a more open society requires:

- reducing to a minimum the external costs of entering the country
- developing tolerant policies acknowledging cultural differences, both in terms of religion and the field of art history
- developing new policies of social inclusion
- creating multilingual public and social services (libraries, schools, gyms) for use by foreigners
- maintaining the right levels of diversity in urban environments and reducing the sources of social hardship by encouraging measures aimed at cohesion, integration and cultural openness, especially among the younger generations (school, university and other programmes).

Ambition 7. Support market access and consolidation for new creative talents in Italy by reducing entrance barriers and sustaining consolidation, funded by quotas from profitable creative businesses

Key decision 7

The creativity sector is characterised by an endemic difficulty for young individuals and groups, often vulnerable novices, to gain access to the market. The approach to public support action for creative activities is usually based on the criteria for selecting excellence and offering awards for successful activities (e.g. contributions to film proceeds and supplementing copyright income). By identifying, therefore, the profitable areas for creative activities capable of generating high incomes, tools can be introduced to support and encourage creatives to enter the market and consolidate their position.

Ambition 8. Culture and development
Support the growth of the Italian cultural and creative industries to strengthen their impact on the national economic system

Characterised by the use of information and communications technology and the growing importance of the qualitative component of products, the global economy increasingly requires the creation of goods with high symbolic content, cultural images and sophisticated branding.
The cultural industries are the economic macro sector best suited to meeting the new challenges of globalised markets and positioning Italy at the top of the international rankings by country as well as making a significant driving impact on the national economic system.

Key decision 8

Boost the widespread supply of art and culture in the country to enable peripheral industrial districts to incorporate inputs of creativity and new knowledge in more traditional industrial skills.

Key decision 9

European and Italian regulations for the sector of culture and the cultural industries are extremely heterogeneous: incentives vary considerably from country to country and attempts should be made to make them as uniform as possible.
At present the cultural industries are governed by the same laws as traditional industries. But clearly the cultural industry cannot be treated in the same way as "heavy industry".
Moreover, within the cultural industries it would be useful to distinguish between artistic activities which benefit from state funding and those which do not.
Another issue concerns the contribution of cultural and creative sectors to economic growth and the creation of jobs. There should be a focus on the large number of SMEs operating in the various sectors. The studies conducted and thinking on the subject highlight the need to adopt competitive and fiscal policies to rebalance the market, given that businesses in the cultural and creative sector are mainly SMEs or even micro-firms which are at a disadvantage due to the presence of big players.

Key decision 10

Consolidate and give more breathing space to the young cultural enterprises created in the last 20 years so that:

- the professional skills they have developed can be further enhanced
- they become mediators between the various sectors in the cultural industry
- they have greater financial solidity and job security.

To do this involves:

- a systematic analysis of production processes
- studying the ways that the young cultural enterprises fit into production chains, given the changes over the last few years
- a systematic comparison between skills acquired on the job and skills taught in formal training centres in the same sectors, also in order to integrate, where possible, the various kinds of training
- setting up, where possible, dedicated information desks and, in agreement with the major financial institutions, specialised bank desks in a position to understand the specific features of the sector
- defining specific forms of contracts, taking into account the inevitably non-continuous and mainly collaborative nature of work in the sector and the implicit property rights of services provided.

Ambition 9. **Develop intellectual property rights**

Intellectual property rights in Italy are still not as widely applied as in the rest of Europe, the USA and Japan, especially as regards the field of counterfeiting and commercial piracy.
In other cases, the application of rights has been reduced due to a limited demand and capacity to register rights, which does not reflect the real innovative potential of production sectors.

Key decision 11

On the supply side, enforcing intellectual property rights requires a greater capacity for monitoring and inspecting protected products and the possibility of arresting and condemning counterfeiters.
This key decision must be supported by suitable tax policies encouraging the gradual and planned emergence of unregistered firms onto the legal market. At the same time, organised crime, the main producer and distributor of counterfeited goods, must be combated rigorously and unconditionally.

Key decision 12

From the point of view of demand for the application of intellectual property rights, there is a need to encourage the use of property rights for the export driven sectors and for architecture. Awareness must be raised among creatives about the protection of ideas and indirectly their economic development, also by creating a systematic process (through publicly funded announcements and competitions) which takes technologies out of non-market-oriented laboratories and transforms them into indispensable attractive solutions for the market. A contribution to this process can certainly be made by involving creatives not only in designing innovations, but also in developing patents which have been registered but never used.

Ambition 10. Express an Italian position in the European Union on the issue of the cultural and creative industries

As far as the MiBAC is concerned, there is clearly a need for an ad hoc flexible organisational structure, making use of specific skills, which by establishing relations with the key EU institutions pursues the necessary consultation process with all Italian and other stakeholders involved in the sector of culture.

Key decision 13

To consolidate an active European policy in the field of the cultural and creative industries it would be useful to:

- state the Italian position at times of decision-making with an approach based on proposals and not reactions
- organise consulting activities with the various EU institutions on the various themes of interest (cultural and creative industries)
- map out the EU strategies on the theme of cultural and creative industries in the Commission, Council and Parliament
- organise consultations on EU proposals with stakeholders in culture in order to establish a joint Italian position.

Key decision 14

Provisions for the sector of the culture and the cultural industry are extremely heterogeneous in the 27 member states. Incentives vary considerably from country to country.

At present the cultural industries are governed by the same regulations as traditional industry. The cultural and creative industries have many specific features: the prevalence of small or micro firms, a flexible intermittent labour market, a highly-educated workforce, the phenomenon of superstars, the symbolic and identity-building aspect of goods based on culture, and the high component of intellectual property. On the grounds of these characteristics, they require uniform economic policies capable of shaping a joint European approach to the sector.

Ambition 11. Setting national priorities: investing in the cultural heritage

The cultural heritage and its impact on the national economic system – from jobs to exports and global competition – has a very low profile on the Italian political agenda. There is a need to raise collective awareness of its economic value, starting from the estimates in this report that the macro sector of the cultural and creative industries accounts for almost 10% of the GDP. Moreover, resetting national priorities must take into account the positive, non-monetary impact on social quality and everyday life.

Key decision 15

Reform spending on culture involving all the Ministries concerned. Too much money is spent and, most importantly, spent badly. Ministerial spending power is not controlled and residues and savings are accumulated. Reformed spending requires more streamlined flexible institutional solutions with a reduction in General Departments and an analysis of the validity and effectiveness of every item of spending.

Key decision 16

Redefine public resources allocated to the world of culture, creativity and the cultural industries. The objective of dedicating 1% of the state budget to culture (at present only a meagre 0.22%) must be reconsidered, also bearing in mind the spending of local government bodies and non-profit organisations. Increasing fivefold the current state commitment would make it possible to develop policies to promote the Italian cultural and creative industries. This would involve a shift in focus in the relation between conservation policies and policies for new cultural production. There are serious doubts, however, about raising the spending power of the Ministry, which would seem to be unable to cope with such a large increase in activities and projects in the short term.

Key decision 17

Increase incentives for private donations by emulating the successful strategy in English-speaking countries based on tax allowances for donors, and by returning to a tradition rooted in Italian culture: i.e. developing incentives for prosocially or morally motivated forms of donations.

Creative cities and local territories

Objective
Encourage institutional activities linked to the creativity and production of culture in cities and local areas

Action 1 : The creation of Territorial Agencies for Creativity. Giving voice to creative cities

Areas of competence on creativity and the production of culture are divided between various institutions and public bodies. Funding is provided by the European Union, Communal Administrations and foundations. The many issues in a given area can range from cinema to design and are highly diversified. There is a danger of indiscriminate funding without real knowledge of the context or any co-ordination of specific policies.

The Territorial Agencies should play the role of co-ordinating initiatives and public and private resources associated with creative activities in the production of culture. The Agency could be configured as a public-private partnership made up of representatives from commercial associations, local administrative officers (involved to varying degrees in the cultural field and creative sectors), local educational institutions (universities), urban planning and employment agencies.

The Agency will have the task of identifying the many areas of interest and the socio-economic actions required to encourage cultural and creative initiatives. It could, for example, recommend some urban zoning initiatives to encourage social inclusion, maintain diversity in city centres and encourage the development of creative urban communities. One idea could be to set up a commission with the objective of studying, discussing and outlining new strategic pathways for Italian cities. They would take into account variations in size, economic and production structures, the role of the historic centres, the relationship with the periphery, etc. In this way joint strategies and specific policies could be identified for some types of local territories/situations.

Action 2 : Set up a Fund for Creative Communities. A public-private fund to encourage cultural creativity in local areas

Introducing incentives for creativity requires setting up public-private funds to finance the efforts of artists.

The international reference models are the Creative Capital Fund and the New York City Cultural Innovation Fund.

The funds should be privately run and public tenders used to allocate subsidised loans or contributions to entrepreneurial initiatives.

Through the creation of these funds it will be possible to foster ideas and cultural creativity in the local area without any political interference in the process of choosing the initiative to be funded, made according to quality criteria or the capacity to produce economic results.

Objective
Establish a Creative Social Network

One of the main problems experienced every day by creative professionals, especially in limited or peripheral contexts, is coming into contact with markets characterised by dynamic lively demand and understanding who may be potential clients and their requirements, as well as simply finding a way of getting "noticed". Similarly, companies which need original professional and creative skills often struggle to find them on the traditional labour market.

Action 3 : Making a database to bring together demand and supply for creativity

Build up a software/interactive database, like the social network sites now widely found (LinkedIn, Facebook, etc.) with a space for questions, messages, forums, etc and also a user rating system giving an indication of the quality of the services purchased/received. All of this should be translated into English to give foreign companies easier access to creative talents in Italy. The network would have relatively low costs because it uses consolidated programmes and is not complicated to develop, and also because it could be at least partly funded by the fees from user companies and schools (but not individual creatives, who would be offered free access). This initiative would have the merit of being simple and accessible to all, thus overcoming barriers associated with social status and geographical location. It would help those living in small and peripheral towns to come into contact with larger markets and other resources. In short, the database would be a relatively simple, cheap way of bringing together supply and demand of creative ideas and talents.

Highlighting material culture as a sign of Italian excellence

1 Design, Material Culture And Crafts

Objective
Strengthen the international reputation of Italian design

Action 4 : Organise international exhibitions and events on Italian design and exports

Italian design must be promoted abroad not only in terms of marketing and images of companies, but also through the new communications channels, such as international exhibitions and events showcasing with greater communicational power the thinking and cultural meanings underlying Italian design.

One starting point could be to recognise the cultural mission of Italian products as carrying specific values which have always characterised their exceptional nature and which can be summed up in eight points: landscape; motivated workforce; flair for invention and entrepreneurship; production districts; making the most of diversity; ethical and aesthetic excellence of products; the world of the family; and a focus on the person as a "workshop" for human development. These eight points of value are the intangible heritage underlying the excellence of Italian exports, which are greatly acclaimed worldwide.

To implement projects for international exhibitions and events, an initial model could be the Italia in Persona project, suggested by Michelangelo Pistoletto. According to this project:

- Italian production is almost completely made up of goods for the person. The person, therefore, is both reference point and privileged recipient
- there is a need to raise awareness about the cultural mission of Italian products – both as regards the producers and citizens-consumers – required for the competitive development of the Italian system
- relations between products, producer and consumer must be redefined. This means each product will reappropriate its history, craftsmanship and symbolic and affective values.

Objective
Showcase young Italian designers internationally

Competition in the design sector, whether the design of products, services or communications has assumed global proportions. The design sector is characterised by a labour market with enormous creative potential on the supply side. But only a few superstars emerge who, thanks to their talent and acquired fame, involve fewer risks and guarantee growing profits for clients. There are thus considerable obstacles for young talents entering the market due to difficulties of an economic and relational nature, especially at the stage of translating ideas and projects into models and prototypes.

Giving more room to young designers is important not only for the specific sector but for the whole Italian economy. Promoting designers and their projects promotes the system of symbolic and cultural values expressed by the environment in which designers live and of which they are an expression.

Action 5 : Creative workshops in the cities and export-driven industrial sectors; ideas competitions involving public and private players

Creative workshops must be promoted in the places of design and in "creative quarters", as happens in many international cities, which combine policies for urban redevelopment with policies to promote artistic activities. This encourages the localisation of design studios in areas equipped with suitable material and intangible infrastructures for creative activity (libraries, digital archives, corporate museums, etc). Another element that must be strengthened is collaboration between training facilities for designers and enterprises in the districts, for example, by organising district summer schools, and exchanges of teachers, students and entrepreneurs. They can be the first step towards working on joint product projects.

Lastly, ideas competitions can be held for young designers both through direct public action and suitable tax incentives that encourage private enterprise to embark on independent initiatives. The aim of these competitions must be the implementation of specific projects that can be reproduced and launched on the market, signed by the designer and not only by the production company.

Action 6 : Incentives for setting up associated firms of young designers

Designing is a very complex profession which increasingly involves not only an industrial design stage but also collaboration on an overall project for products. It thus requires a set of highly specialised skills which are all part of the design field but are not all found in single professionals.

Competing on international markets requires economies of scale which only design firms of a certain size can achieve.

There is thus a need to promote various kinds of concessions (legal, fiscal, etc.) for the creation of associated firms of young designers in which the various design skills of the members are combined in associate projects. This should give rise to growing results in terms of scale and so drive success on the market. It would also promote forms of self-employment in a sector, characterised by widespread forms of unofficial temporary contracts.

Action 7 : Define the professional identity of the designer; set up a permanent observatory on design and make annual business reports

From a regulatory point of view, making use of work carried out by professional associations in recent years, it will be useful to describe the professional profile of the designer in order to guarantee suitable representation in the official institutions, which has been missing so far. The creation of the National Design Council in 2007 as a consulting agency of the MiBAC and the Ministry of Economic Development could be the ideal opportunity to set up a practical dialogue between policymakers and professional associations which have worked so hard in recent years to promote and protect Italian design. The main tasks of the Council could include – in collaboration with the business associations – the setting up of a permanent observatory on design which would draft an annual report on business trends in the sector, as happens in many other countries.

Objective

Raise awareness of the influence of the material culture and widespread design on the export-driven production sectors

The specific features of successful Italian design productions are universally recognised as having originated in the high-quality craftsmanship which has been consolidated and handed down from generation to generation in the district areas. Innovative processes are often not simply produced by an individual professional figure, typically a designer, but are the outcome of close collaboration between various professional figures involved in the production process: the entrepreneur, specialised technicians and workers.

There is a need for a greater awareness of the role played by district areas for the purposes of fostering dialogue between the two different kinds of district: industrial districts, real or even only potential, found throughout the local area which are custodians of the local material culture and in which production takes place; and metropolitan cultural districts whose services are used for advertising and commercialising products.

Action 8 : Set up institutions dedicated to the conservation and development of the material culture in the districts

The conservation and development of the common heritage of material culture in a local area is the outcome of the joint action by a set of public and private stakeholders:

- museums and historic archives which not only conserve and collect models and projects that may be a source of new inspiration but facilitate access to them though the use of digital and audio-visual media
- specialised schools and technical institutes which work on encoding the widespread know-how of a local area and provide training and apprenticeships guaranteeing the transmission of knowledge also to those who have not inherited a family tradition; the educational institutions must also develop a shared language and facilitate free creative expression to promote a more conscious widespread participation in the process and a greater capacity to dialogue with designers inside and outside the area
- local committees and agencies whose members are representatives of local government bodies and business associations with the aim of creating collective brands to preserve the average quality of local productions and develop a greater focus on process and product innovation. This would contribute to guaranteeing the economic value of the collective brand over

time and consequently the individual brands of businesses in the district: i.e. the intangible component of production which will increasingly be a crucial element for accessing private finances in the design sector

- district forms of patronage to stimulate the small and medium businesses in the sector by offering financial resources to develop projects and the creation of private funds for development programmes.

Action 9 : Promote communications and services design hubs in areas with district productions

The small average size of both firms and towns in the production districts means that the cost of producing the intangible component of a product in advertising and communications can only be borne by a few leading companies. The physical distance from the places in which the design component is currently concentrated (Milan-Turin) increases costs, especially for those district areas located between the Apennines and the Adriatic coast (from Romagna to the Marches and Apulia) and the southern and central regions of the country. For the purposes of promoting and involving various cultural businesses (publishing houses, photographers, event organisers) in the communications activities of district productions, it would be useful to identify towns with concentrations of these types of services to make them the cultural and creative hubs for the industrial districts in the area. Today doubts are justifiably raised as to whether the Milan design system can cope with the growing widespread demand for communications campaigns, or if it can be replicated in other areas of the country, where there are mainly district productions.

2 Fashion

Objective

Strengthen the material and intangible infrastructure supporting the fashion industry and guarantee continuing quality in the generational turnover of stylists

Action 10 : Promote the international fashion districts

There are many reasons for adopting a cultural policy for fashion: to promote greater creativity in fashion businesses (clothes and textiles); to enable visitors to identify with a potential museum; to provide young stylists with access to workshops at subsidised costs; and to attract the public to exhibitions with an international appeal where they also find opportunities for shopping in adjacent spaces. All of this will also serve to increase the impact on the economic area through attracting cultural tourism and giving greater visibility to the Italian

system. As the "global fashion city" of Milan demonstrates, transformations and developments in fashion can be driven by a policy based on a multidimensional model of the fashion district, with suitable spaces for proposals to create museums, workshops for young stylists, temporary events and exhibitions, and services for experimental production involving a wider public of visitors and connoisseurs of elegance.
There are five possible strategic lines for constructing the initial hub of a fashion district:

- exhibitions and events
- creative workshops
- setting up Fashion Commissions
- fashion collections and museums
- the creation of archive centres providing creatives with original historic models; this service would be especially useful for small firms with in-house stylists.

The strategic lines not only suggest five development projects, but also a functional sequence which could lead to the practical implementation of the system itself.
In fact the district may be considered a national and international source of communications about fashion, and also a place for cultural events, experimental research and training of highly specialised professional profiles.

Action 11 : Creative Workshops

Make available creative workshops, spaces, and production, legal and commercial services to a group of young stylists, chosen on the basis of their capacity for projects and an international competition. These facilities would enable the stylists to experiment, produce collections and have a scaffolding for promoting their activities.
The services will include incentives for study trips and research in Italy and abroad.
Creative workshops would attract foreign talents and help recruit new Italian talents and thus make up for the lack of professional skills currently characterising fashion. A system monitoring and training various professional figures could be organised for various profiles: managers of cultural events, project managers in the fashion industry, product managers, managers of collections, images, and cultural mediators.

Action 12 : Fashion Commissions

Set up, along the lines of film commissions, Fashion Commissions operating at city or a macro area level in the areas most concerned with the textiles sector and fashion. Fashion Commissions should be non-profit organisations funded by public institutions, local government bodies and other private founding

members, such as stakeholders in the field of fashion and clothes, or private firms which wish to be socially useful enterprises operating in the local area with social and cultural initiatives.
The Fashion Commissions will have several functions, the main ones being:

- the construction of an Italian and international historic archive, networking with existing archives, possibly through the Internet
- fund and friend raising (the creation of associations such as Friends of the Museum of Fashion and the District)
- production of high-quality merchandising
- management of commercial spaces
- creation of an Internet site
- advanced training activities
- strategic studies
- relations with international fashion and design schools
- relations with cultural and fashion foundations
- development of possible partnerships with various Italian companies and the fashion systems in Milan, Florence and Rome
- relations with tour operators and organisations promoting the cities internationally
- research activities on the economic impact of the Piedmont fashion system; monitoring of activities conducted and assessment of results.

Objective
Protecting brands

Action 13 : Step up the fight against commercial content counterfeiting.
Develop policies to bring small companies producing and distributing counterfeit products out of illegal markets. Increase protection for brands

Action 14 : Collective brands
The creative workshops and an international district for enhancing the reputation and strengthening the collective identity of a local area can be endowed with collective brands, primarily developing the managerial aspects involved in increasing the quality of members' products.
This is a tool to enhance the material and intangible aspects of the district's activities, mainly providing the creative workshop with the media content required to create a reputation and access national and international markets.

Objective
Encourage the entrance of the Italian distribution industry into retail segments
The distribution sector has seen the great international success of segments dedicated to young consumers based on low-cost good design products with a medium to low end-product quality. Examples of success in this sector, such as the Spanish brands Zara and Mango, the Swedish H&M, the French Promod and the US Gap, have not met with much market response in the Italian distribution sector, which, moreover, includes Benetton, a world product leader in distribution.

Action 15 : **Provide incentives for the localisation of low-cost clothes retail centres**
Bring together young fashion designers and producers of low-cost goods, choosing direct management rather than the now mature technique of franchising. Set up an economic and financial study of this segment of Italian distribution, developing at the same time knowledge of similar practices abroad, such as IKEA, which has an annual turnover of 6.5 billion euros. Support projects to develop this segment of distribution in Italy and abroad.

3 The Taste Industry

Objective
Promote and protect the Italian wine and food heritage

Action 16 : **Promote the candidature of Italian cuisine and wine cultural districts as UNESCO world intangible and material heritages**
The culture of Italian cuisine, like that of France and other nations has all the requirements requested to be included in the UNESCO list of the world's intangible cultural heritage (Convention for the Safeguarding of the Intangible Cultural Heritage, 2003).
Similarly, Italian wine culture and the wine landscape have all the requisites required by the UNESCO Convention on the Protection of the World Cultural and Natural Heritage (1972) to be included in the list of the material culture of humanity. Other countries like France, Switzerland, Portugal, Hungary and Germany have already received recognition for their wine cultures, which are included in the World Heritage list.

Objective

Strengthen the link between the taste industry and the cultural quality of the local territory

Action 17

Boost synergies involving uses of the cultural heritage and food and wine goods
Regional gastronomic systems must be developed and promoted to recover recipes from traditional Italian cuisine and reinterpret them in a logic of "high cuisine", and to protect local and indigenous varieties which are the main ingredients of local gastronomy.
At the same time, to strengthen and consolidate the perceived link between the cultural quality of a local area and its taste industry, action must be taken so that places of culture (archaeological sites, monumental areas, historic centres, libraries, museums, archives, etc) open up to the content of the food and wine culture, as regards iconography and knowledge on the subject, but also the practical aspect of tasting products.
Special care must be taken over communicating this overall image to foreign markets. Moreover, tourist operators must be trained to make them active promoters of the cultural value of the areas in which they operate.

Objective

Strengthen the system protecting quality productions

Action 18 : Promote the diffusion of information about the quality and origin of products

On the demand side, various measures can be implemented.
Firstly, action can be taken to promote education about quality food in schools, with field trips to farms producing typical products. This could also involve parents so that, through information and education on good quality, a virtuous circle of direct buying is created.
Secondly, consumers must be given clear concise information on the origin of products so they are better informed when choosing and avoid confusion and ill-informed expectations about quality. The field of application for DOP and IGP should be limited to farm and food products with a clear link between the characteristics of the product or food and their geographical origin.
On the supply side, adequate support must be given to producers by protecting registered products so they enjoy greater benefits from the reputation of the brand and be encouraged to invest in quality.
Desirable measures in this field include:

- encouraging advertising and sales of typical products on the Internet to guarantee the widest possible direct distribution
- encourage short distributions chains, i.e. direct sales of protected products by consortia of producers

- stop agricultural and organic counterfeiting by strengthening the monitoring of DOP, IGP and typical products: intense official checks controlling the standard of animals' feed and health, as well as a system of direct controls to guarantee the respect of regulations for farm and food products and prevent the counterfeiting of products.

Giving more space to creativity in the world of information, communications and the production of content

1 Cinema

Objective

Restructure the public film industry, eliminating duplications, encouraging the assumption of responsibility, and redesigning state-regions relations. Many organisations and bodies are involved in managing the sector and rationalisation is urgently required.

Action 19 : **A film agency**

The archiving, production, training and promotion activities of the Italian film industry is currently carried out by various institutions: Istituto Luce, Cinecittà, Filmitalia, and the Centro Sperimentale di cinematografia. Encouragement should be given to proposals to rationalise and merge the existing activities in a single overall agency.

Objective

Increase spin-offs from films on local areas

Ensure that the film sector and film content contribute to raising awareness and knowledge about local areas.

Action 20 : **Recognise the social and cultural role of cinemas in cities**

Support city cinemas in providing film education for school students.
Help cinemas in deserted degraded urban areas or in historic centres to survive as places for cultural programmes in cities (also as a deterrent to urban crime).
Encourage the creation of new audiovisual professions and the networking of these professions in specific geographic districts.

Objective

Increase the number of films shown on television

After a long period in which films were often shown on television, there has now been a dramatic drop in films scheduled, thus also depriving film production of a key source of income (broadcasting rights) for its own business model.

Action 21 : Promote films on television

Liberate (at least public) television networks from being hostage to audiences, by including films in prime and second time through a scheduling policy in which films are not only seen as a "stopgap solution" when audiences are expected to be lost to blockbuster events on rival televisions networks.
Schedule television programmes which give constant in-depth coverage to the Italian film world.
Promote the premieres of major new films by Italian directors, also by showing their previous works at the same time, which can play a vital role in educating about directors' styles and thinking.

Objective

Help young film professionals to emerge

Ensure young film professionals (filmmakers, actors, technicians, screenwriters, editors, photographers, costume designers, etc) are provided with opportunities to work on marketable projects.

Action 22 : Provide financial incentives for film production

The uncertainty of success on the film market, summed up in the famous phrase "nobody knows", makes funding young filmmakers very risky. Hence the need for subsided loans for a first or second films.

Setting up competitions to reward the best talents from professional schools is a way of creating a strong connection between educational institutions and the world of work.

Awarding prizes at leading festivals is a way of selecting talent, while the quality of demand can be honed through international competitive contexts.

2 Publishing, Radio and Television

Objective

An Italian publishing industry that is competitive on the domestic and international markets by offering multilingual publications

Publications in Italian are inevitably restricted in terms of readership and sales by the limited use of Italian in the world. A possible solution to the language barrier is to publish in the most commonly spoken languages (English, Spanish, French) in order to penetrate new markets.

Action 23 : Incentives for translations

Incentives for translations could encourage publishing houses to assume the responsibility of translating works into other languages. This would lead to a greater diffusion of Italian works among foreign-language communities in Italy and abroad. At the same time expertise in translating could be a stimulus for selecting foreign-language authors living in Italy for publication.

Promote the translation into foreign languages of brief texts (short stories, verse, essays) by Italian authors for publication in literary reviews and for readings at literary events. This format has had a great influence in the cultural world, especially in the United States, but is only rarely used in Italy.

Action 24: Training Centres for the publishing industry

In agreement with unions and business associations, create one or several training centres for the publishing production chain.

Promote the growth of the average size of companies through financial, legal and advertising incentives and the creation of medium-sized publishing consortia.

Objective

Promote creative reading to attract young people to books

This is the reading method which Giuliano Soria, founder of the Grinzane-Cavour Prize, describes as reading “simply for leisure or pleasure”. It requires the creation of an institutional system rooted in local areas.

Action 25 : Creative reading

Use literary institutions, such as prizes and events to attract young people to creative reading. For example, in its 27 years of life, the Grinzane Cavour Prize has involved 200,000 young people in its initiatives and 85,000 in competitions with the participation of 3,000 schools and 25 school judging panels.

Objective
Govern the radio and television sector

Action 26: **Provide regulations for the trade in radio and television frequencies,** bearing in mind the following:

- radio frequencies are public goods and the holders are not owners but concessionaires
- frequencies are granted for specific services, defined by a law of 1990; frequency-holders who have no regular radio or television schedules, or whose schedules are not in line with the legal criteria (e.g. no specifically prepared information programmes) will have their licence revoked.

Objective
Provide incentives for the production of quality content

Action 27

Stimulate the creation of independent radio promotion by specialised companies and consortia of networks with incentives for projects and programmes with innovative features.

Regulate the market of independent television production through public support for projects and pilot productions in television fiction series and documentaries. Funding will be provided according to quality assessment of projects by commissions set up according to rigorous quality criteria (made up, for example, of critics and teachers but excluding public officials in the sector, producers and other stakeholders liable to conflict of interest).

Dedicate part of the income from licence fees and/or proceeds from possible auctions of frequencies to production, promotion and broadcasting in the RAI and private networks according to special conventions for innovative and experimental programmes.

Action 28
Promote jointly with other Latin countries a quality television network dedicated to developing mutual cultural knowledge and the production and circulation of innovative products.

3 Computer, Software and ICT

Objective

Encourage the production of ICT consulting to support the Italian model of "creative adoption" associated with current innovations in the field

Today software consulting in Italy, worth 10 million euros of value added, has a very high impact on the productivity of the national economic system. To improve the introduction of ICT in companies and the public administration (e-government) with spin-offs for the whole economy, encouragement must be given to adapting and personalising software by supporting the sector supplying these services.

Action 29: **Incentives on the demand side**

Establish a percentage of total spending on the construction and refurbishing of public works (along the lines of the 2% law, introduced by Bottai for contemporary arts), to be dedicated to ICT for administrative and management procedures.

4 Communications, Advertising and Branding,

Objective

Create a system of public-private relations. Govern bargaining on standards and regulations

The communications sector has always had a weak interaction with the institutional framework.

The increasingly active involvement of state-run institutions as communications producers or interacting players (in the sector of public branding and local area marketing) has for several years created cultural and professional crossovers between institutions and the professional communications world.

Action 30 : **Set up an agency to encourage relations between institutional skills and companies in the field of communications**

Conceive of a more structured relational tool between institutional skills and creative sectors of communications. Three specific institutions should be involved and encouraged to take more interest in developing initiatives in this field: the Consiglio Superiore delle Comunicazioni in the Ministry of Communications (especially for its involvement in the new technological processes in communications) and the two Authorities for communications and personal data (privacy), respectively.

Action 31: Identify a place-event for the overall representation of processes in the sector

On the grounds of their fragmented nature, business organisations in the sector could be encouraged to take part in initiatives to illustrate publicly trends in the communications world. For years this problem of an event has been on the agenda, but the right conditions are still lacking for a permanent shared initiative. Even if an initiative in this direction were to be set up by professional players, institutional stimulus could be helpful. Recent forums promoted by operators to make a "creative industry map" and the first sessions of the National design Council, set up in Milan in 2007 by the Ministry for the Heritage and Cultural Activities have highlighted the need to give more room to information and knowledge about a sector whose overall contribution to the development of the national community should be recognised.

Objective

Promote product placement

With the application of the "Urbani Law on the film industry" (DLS 28/2004), which includes a chapter on product placement, companies have been offered the possibility to include their brands and products in Italian films (product placement is widely used in US movies, whereas in Italy it was banned by the Legislative Decree no. 74 of 1992). Since 2004 this opportunity has not been exploited adequately by Italian companies. In fact there are very few cases of Italian film productions which have benefited from investments in product placement (except for the films Natale a Miami, and Il mio miglior nemico, in 2005, in which many companies inserted their brands and products).

Action 32 : Product placement in television productions

The great drawback of the Urbani Law, however, is that it did not also legalise brand and product placement in television productions ("overlooking" the long tail effect whereby films reach homes anyway, through the home video market, satellite channels and the traditional television networks). In this sense Italy (and Europe) has lagged behind the rest of the world (the world market for product placement in television grew by 46% in 2004, and was worth 1.8 billion dollars, exceeding the figure for the film industry). European regulations on this subject will be introduced in 2009, but in Italy there has been little discussion on the subject. This is because, although product placement is an opportunity for companies, it is seen as a threat to advertising agencies who expect a further fragmentation of communications budgets to the detriment of classic advertising.

Objective

Redesign the relations between the advertising sector and universities and training

Degree courses in communication sciences (and similar courses, such as public relations and advertising) were introduced to universities in the early 1990s, after decades in which the main professions in the system – journalists and advertisers – often boasted about not having a university degree and having only trained on the job. The universities can influence various factors: the professional context, the importance of the new technologies, the construction of a media-type environment, the incredible growth of the intangible economy round this framework of functions and professions, and the vital growing interdependence between many sectors and the communications sector. The contribution of the universities will silence the sarcasm of those who still used to criticise the growth of this discipline only a few years ago, yearning for "technicians" to combat the risk of growing numbers of "ephemeral" professions. The creation of the new discipline should in reality have been seen as a stimulus for a further improving study programmes in the sector, avoiding weak recycled programmes and supporting solid skills and proven capacities in research and innovation linked to teaching.

Action 33

Co-ordinate institutions, enterprises and professional systems to improve study programmes and adapt them to the emerging professional figures

The connection with the educational institutions is of vital importance. The competent institutions in various fields (education, labour, culture and especially universities and research) have the task of raising awareness in the whole field of creativity with the main focus on communications sciences, design studies, subjects linked to tourism and culture and the promotion of local areas, and sciences linked to information and communications technology.

Professional systems and companies must be a source of continuous updating of study programmes, which develop faster in this sector than in other fields of university education.

Increasing the value of the historic and artistic heritage

1 The Cultural Heritage

Objective
Boost demand and support for the cultural heritage

Action 34 : Promote voluntary contributions and free admission
An experimental stage
Promote the involvement of citizens in their own historical and artistic heritage. Experiment funding through voluntary contributions and free admissions in pilot museums. Monitor the results in terms of increased demand, the number of new visitors, duration of visits, and consumption of auxiliaries services. Encourage participation through a system with specific targets for monetary donations. Create an office for donations. Increase volunteer work, deregulation and deunionisation.

Action 35 : Private donations
Establish specific targets for private donations, currently only paid to the Ministry as generic contributions, through the creation of a procedure both at central level and individual museum level to remove obstacles to voluntary contributions and donations and create a clear direct link between the personal reasons for making donations and what they achieve.

Objective
Develop and improve the supply of cultural tourism
To increase demand for cultural tourism, measures are required to provide more and better information about sites of the cultural heritage and to improve the quality of visits to them and the services connected to the visits.
Moreover, in the case of temporary cultural events, the short lead time from the communications phase to the staging of an event is one of the major shortcomings in promoting Italian cultural events internationally.

Action 36 : Promote minor sites and improve the use of major sites and museums
A quality urban/regional signage is required to integrate the heritage of "major" and "minor" sites. This will contribute to the promotion of the minor heritage and to the redistribution of tourist flows in the large art cities.

- Improve the management of the flows to large attractions through suitable policies of price discrimination (not only according to the characteristics of visitors but also taking into account time slots) and through internal signage (e.g. short "tourist itineraries", in-depth itineraries, thematic itineraries, etc).

- Define quality standards for museum services and extend the services currently offered.

Action 37 : Promote interaction between cultural event organisations and tour operators

Encourage planning and communications of cultural events enabling tour operators to organise and sell package tours in Italy and abroad, featuring the events (around a year in advance). The short lead time from the communications phase to the staging of an event is one of the major shortcomings in promoting Italian cultural events internationally.

Objective

Increase the supply and improve the quality of temporary exhibitions

Action 38

Co-ordinate dates and calendars for exhibitions. Encourage museums to plan a long time ahead. Promote the conception and installation of temporary exhibitions. Promote exhibitions of Italian art objects and of collections abroad.

2 Architecture

Objective

Support the creative potential of the young generations of architects

In Italy there is a very large number of young architectural practices: 49% of architects registered with Inarcassa (the obligatory architects insurance and pension fund) are under 40, and as many as 22,416 (22%) are under 36. These young architects are only just setting up in practice, investing energy, talent and money. Measures are required to develop the creative potential of young architects, to remove the obstacles forcing them to fall back on well-tried solutions, and to ensure they continue on the path of research by encouraging them to experiment and innovate.

Action 39 : Promote the use of design competitions by public administrations with an emphasis on actually building the prize-winning works

After years of stagnancy, ideas and design competitions are offering many more opportunities for young architects to work on the market after making a name for themselves with high-quality competition entries. Unfortunately, however, far too often the winning projects are never built. But constructing the works of the prize-winners rewards their investments in research and enables emerging firms to grow and reinvest in innovation.

Action 40

Encourage a lively, stimulating cultural milieu to create new opportunities for young architects

Works of architecture come into being though the initiative of public or private clients. Promoting quality contemporary architecture, excellent designs and public debate on new works influences the culture of potential clients and their willingness to accept novelty.
These kinds of promotions actions include exhibitions, architecture Biennials and Expos, design prizes, awards for enlightened clients, conferences and meetings with young architects open to non-specialists, and teaching activities in schools.

Action 41 : Promote an Italian site of modern architecture as a candidate for the UNESCO World Heritage list

Suggesting an Italian site of modern contemporary architecture for the list of the UNESCO World Heritage may be an important action at national and international level for raising awareness about the world of Italian architecture among potential clients.

Objective
Support the internationalisation of Italian architects

Italian architects run into difficulties in participating in international competitions due to a lack of information, linguistic barriers and shortcomings in understanding the local legal context. An Italian architect who wins an important international competition with an innovative quality project can contribute to improving the overall reputation of Italy. Building works abroad can drive other Italian firms in the sector to penetrate new markets.

Action 42 : Create "bridgeheads" in the most dynamic situations in the sector

At present the Ministry of Foreign Trade does not support architects participating in international competitions, since they are not classed as commercial firms. Considerable support could come from the creation of a reference structure with various functions: making updated sector studies, supplying local support for the building of prize-winning works, linking up and integrating the various Italian operators, and providing timely information on opportunities.

Objective
Support applied research and innovation

There is an undeniable relation between size of firm and investment in research and development, and therefore also innovation and competition. The widespread Italian model of architectural practice, however, does not facilitate interaction between research and production of new materials and construction systems and innovative architectural solutions, which in other countries yield a considerable number of patents. This model cannot be changed in the short term, but improvements can be introduced to create more favourable conditions and concentrate energies in strategic sectors.

Action 43 : Concentrate research in centres of excellence

The widespread Italian model means architectural firms are unable to make investments in research and innovation. There is a need to promote the creation of and provide support to centres of excellence in which to concentrate interdisciplinary research and experimentation to be applied in the sector. The centres would produce market-oriented innovative solutions along the lines of the former Interaction Design in Ivrea. Conceived as open structures supporting architects in the design phase of complex demanding works, the centres would also be a reference facility for professionals to turn to for specific research requirements.

Action 44 : Identify and support the Italian strategic sectors

The size of Italian firms makes it difficult for them to achieve the critical mass required to compete at global level in the sector of new constructions. But there are fields in which we have developed expertise and have built up a pool of knowledge that can make a significant contribution to global research and innovation. One example is the traditional sector of restoration and the innovative field of the relations between the redevelopment of historical architecture and energy savings.

3 The Performing Arts

Objective

Greater independence in projects and entrepreneurship

The live performing arts sector is going through a stage of transition characterised by the gradual technological enhancement of production and distribution, greater interdisciplinarity in terms of language and creativity, and new expectations from wider more diversified audiences than in the past.
Supporting these trends will contribute to making entrepreneurs more independent and lead them to assume greater responsibility. But this can only be achieved if the current funding system is abandoned, since it completely lacks effective incentives, and if efforts are made to identify objectives, criteria and methods for consistent and effective public support action.

Action 45 : Redesign the institutional structure of the performing arts sector

There is a need to redesign the institutional structure of the performing arts sector, at present characterised by rigid categories. The current structure does not allow the indispensable flexibility required for developing projects and condemns organisations to produce according to pre-established formal procedures. Moreover, it is an obstacle to the entrance of new organisations on the wider market, thus thwarting an effective stimulus for the growth, diffusion and consolidation of creativity. Eliminating formal labels and moving the weight of funding from the organisational aspects to specific activities may remove many of the current restraints, thus freeing creative and management energies in a sector still weighed down by obsolete rules and practices.

Action 46 : Rethink public funding criteria and methods

The criteria and methods of public funding must reconsidered in the light of some straightforward principles:

- in establishing objectives and methods of funding for the performing arts, state action must be combined with the actions pursued by regions and local authorities in order to avoid doubling up and overlapping, which has widened the gap between strong and weak organisations

- among the objectives of state action, a key role must be played by innovation and experimentation, focusing a large part of regulations and funding in the sector on festivals, new productions, commissions for original works, world premieres, international exchanges, interdisciplinary forms of creation and artistic production, and the diversification of repertoires
- explicit encouragement must be given to projects and initiatives reviving live performing arts in local areas through the collaboration with universities, research bodies, cultural associations, conservatories, art schools, non-profit organisation and other formal and informal groups pursuing cultural activities
- specific incentives must be focused on the links between the performing arts and the local economy, with a special attention to production and commercial firms in adjacent sectors (tourism, publishing, ICT, audiovisual activities, etc.) but as part of a wider spectrum of relations with the whole economic fabric.

Objective
Production and distribution tuned to social changes

Production and distribution of the performing arts, still based on a 19th-century conception of society and its hierarchy of values, must be approached in order to rekindle interest and attract the participation of wider and increasingly diversified audiences.
Influencing educational programmes – both specific and general – can make an important contribution to establishing an ordinary everyday relationship between the performing arts and local community life, in line with the hierarchy of values of the knowledge society.

Action 47 : Strengthen art, music and dance education in schools

Programmes in compulsory schooling and upper education must be redesigned to include a substantial component dedicated to the study, practice and analysis of music, singing, drama and dance. This can also take the form of individual or group public performances and the creation of stable groups performing music, plays and dance. Study and practice must be completed at the end of compulsory education by apprenticeship programmes in institutions operating in the sector of the performing arts (opera houses, theatres, symphonic orchestras, concert associations, audiovisual firms and dance companies).

Action 48 : Redesign the role and working methods of conservatories

Complete the process of transforming the conservatories into advanced institutes to make them truly equivalent to universities and at the same time implement a similar process for drama and dance schools. The conservatories require "feeder" structures specialised in the field of performing arts in the form of middle and high schools guaranteeing the acquisition of solid foundation skills in various disciplines. Lastly, disciplines associated with the performing arts must be included in university programmes (at least as optional courses).

4 Contemporary Art

Objective
Use tax measures to support contemporary art

Action 49

Reduce VAT on sales of works of art to 4%.
Make the adoption of a museum from a pre-established list tax-deductible: a donation plan of a least three years based on a fixed minimum sum.

Objective
Create demand for contemporary arts, strengthen the supply

Action 50

Ensure the so-called "Bottai 2% Law" is applied. Now raised to 3%, and managed by ARCUS (Società per lo sviluppo dell'arte, della cultura e dello spettacolo S.p.A), because of its limited objectives, the law alone, however, still seems to be inadequate to support the demand for art.

Action 51

Set up a creative capital fund supported by the MIBAC, the Ministry
for Production Activities and the Ministry for Youth Policies, and invite major banking groups in the country to join. The fund will allocate an annual sum on the basis of willingness to support artistic and creative projects after a rigorous peer review conducted by international experts, with quotas reserved for specific categories (artists under 35, artists with significant careers, non-profit associations, etc.). Categories of recipients could change yearly according to a pre-established calendar.

Action 52

Create a fund to support the participation of Italian artists in international exhibitions and artist-in-residence programmes. When artists receive an important invitation (for a major biennial exhibition, a solo show or collective show in a major gallery or leading research space), they will receive a grant to be used in the production of works, publication of a catalogue, etc.

Action 53

Assist young artists in the Italian visual arts fields with systematic initiatives. Go beyond ineffective one-shot shows at which artists only put in a fleeting appearance at openings. Sustain projects with several stages for a given period, e.g. 6 months, involving various promotional activities, such as exhibitions, round tables with critics and local curators, reviews and monographs in English, joint initiatives with other artists, contacts with the academic world, and the fostering of relations between the artist and local society, through meetings and seminars on art, in which the artists take part in public discussions.
This action should also include, for example, advising Italian cultural institutions abroad, such as the Italian Institutes of Culture. A medium-term programme could provide real support to building up the international reputation of young artists. Short-term programmes run the risk of being ineffective.

Notes Chapter 2

[i] The ACP countries (ACP), alternately called the Group of African, Caribbean and Pacific countries are the countries that are signatories of the Lomé Convention with the European Commission.

Notes Chapter 3

[ii] I use this term with a different analytical meaning than that given to it by F. Ascher, who had coined the term unbeknown to me. I am grateful to Jean Paul Hubert of DRAST for pointing this out.

[iii] The term is borrowed from Gian Paolo Nuvolati's work.

[iv] Michele Sernini, *Terre sconfinate. Città, limiti, localismo*, F. Angeli, Milan 1996.

[v] Glauco Tocchini Valentini, "Collezioni mutanti di topi", in Consiglio Nazionale delle Ricerche, *Animali e piante transgeniche: implicazioni bioetiche,* Rome 2001, pp. 50-52.

[vi] Mihaly Csíkszentmihályi (1996), *Creativity: Flow and the Psychology of Discovery and Invention,* Harper Perennial, New York.

[vii] P. L. Sacco, G. Tavano Blessi, and M. Nuccio (2008), *Culture as an Engine of Local Development Processes: System-Wide Cultural Districts,* Working Paper, Università IUAV, Venice.

[viii] Elizabeth Currid, *The Warhol Economy*, Princeton University Press, New Jersey, 2007

[ix] Irene Tinagli, *Talento da Svendere. Perché in Italia il talento non riesce e prendere il volo,* Einaudi, Turin, 2008

[x] US Census Bureau figures.

[xi] I. Tinagli, R. Florida, P. Ström. E. Walqvist, *Sweden in the Creative Age*, Handels School of Business, Economics and Law, Göteborg, 2007

[xii] Ake Andersson (1985), *Creativity and Regional Development*, Papers of the Regional Science Associations, Volume 56.

[xiii] Richard Florida, "The New Megalopolis", *Newsweek*, 3 July 2006.

Notes Chapter 6

[xiv] Accademia della Cucina Italiana - Censis: "L'evoluzione delle tradizioni alimentari degli italiani tra nuove tendenze e solide tradizioni" November 2007.

[xv] With the term "traditional farm and food products " we mean those products whose methods of processing, preservation and seasoning have been consolidated and are uniform in the whole area involved, according to traditional rules, for a period of no less than 25 years. The Ministerial decree no. 350/1999 assigned the Regions (and Autonomous Provinces) the task of ensuring that products aspiring to qualify as traditional products meet the requisites, i.e. that the methods used to produce them are practised in the area in question uniformly and according to traditional time-honoured rules; moreover, the Regions also have the task of preparing a list of traditional regional products accompanied by informative notes. The seventh edition of the national list of traditional farm and food products, published in 2007, had 4,372 items.

[xvi] The survey on which this essay is based was completed in July 2008. We thus considered the system of denominations in force up to that date. We must remember, however, that now, in accordance with the new single CMO wine regulation, all wine-producing EU

countries must incorporate the existing DOC, DOCG and IGT into the two EU labels of DOP and IGP (PDO and PGI in English). In Italy, this means that DOC and DOGC wines will become DOP, while IGT wines will become IGP, with all the attendant problems that will be involved in adapting the system of denominations. At present (February 2009) this issue is still a thorny issue. The Ministry for Food and Forestry Policies seems to offer assurances about the possibility of continuing to use DOC, DOCG and IGT in future since they are seen as traditional indications (art 54, par. 1, Reg. EC 479/2008 and Reg. EC 753/2002) and therefore are included in the automatic mechanism established by art. 51 for existing denominations at the date of application of the new CMO. These denominations will be entered in the Register of Denominations, but will still be subject to EU controls and could be cancelled if they do not conform to the said regulation.

[xvii] AGER srl, Confederazione Nazionale Coldiretti, 2005.

[xviii] The protected areas considered are national and regional parks. They do not include protected areas with no typical products or no producers meeting the Slow Food selection criteria.

[xix] *Atlante dei prodotti tipici e tradizionali della Aree Protette*, edited by Ministero dell'Ambiente, Slow Food and Legambiente, in collaboration with Federparchi (2002).

[xx] ISMEA data, December 2006

[xxi] ISMEA data, December 2006

[xxii] http://www.gastronauta.it/. For cultural tourism see also Chapter 12.

[xxiii] Cf. Fabio Taiti "L'enogastronomia dà più gusto al turismo italiano" – *La Rivista del Turismo* 2/2007, Touring Club Italiano.

[xxiv] A.S.I.A or the Annuario Statistico delle Imprese Attive. Drafted by ISTAT, this yearbook provides a statistical picture of the Italian production system.

[xxv] ISTAT 2004, *Struttura e dimensione delle imprese.*

[xxvi] ISMEA: December 2006, *I prodotti DOP, IGP e STG.*

[xxvii] UNIONCAMERE, Camere di Commercio Italia – in collaboration with Istituto Guglielmo Tagliacarne – Nomisma, *Rapporto sul settore vitivinicolo* 2007

Notes Chapter 7

[xxviii] By Europe we mean the following countries in Western Europe: Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Portugal, Sweden, and the United Kingdom

[xxix] In 2005 the average ticket price was 6.41 dollars in the USA (a rise of around 50% on 1995) and 6.88 euros in Europe (+34%).

[xxx] Many British films, however, are actually produced by the US majors; we will discuss this point below.

[xxxi] This analysis does not include the United Kingdom, on grounds of logic and uniformity with other countries. Since the United Kingdom is an English-speaking country it has a privileged relationship with American cinema, as highlighted by the large number of films jointly produced with American companies. These nominally British films or joint UK-US productions are actually US productions made in the UK.

[xxxii] In Figure 7.6 the market shares include joint productions.

[xxxiii] These results are confirmed by a previous study conducted by the Università Bocconi on behalf of the BNL. It showed how Italian films produced from 1998 to 2000 obtained on the principal non-English-speaking European markets a share of just over 3%. In European Union countries, the average market share of Italian films is around 1% (Centro Studi Cinecittà Holding, 2007).

[xxxiv] Cinemas/screens open for over 60 days a year.

[xxxv] The only Italian film first distributed in the low season and which at the end of the year was one of the Top 20 at the box office was *La meglio gioventù* (Parts One and Two), released in cinemas on 20 June 2003.

[xxxvi] Italian distributors are classified as primary and secondary according to the admissions in cinemas for the films distributed. The principle tie and distributors include all those in the period considered (2000-2005) which had over 2.5 million admissions for the film.

[xxxvii] Osservatorio sulla Fiction Italiana data.

[xxxviii] In the early years, i.e. from 1999, Montalbano was produced at the rate of two episodes a year; the first couple of televised episodes had the subtitle *La voce del violino*.

[xxxix] See Chapter 1, Table 1.2.

Notes Chapter 10

[xl] According to the latest information in February 2007.

[xli] Promoted by RAI, Sacis and Sipra with the collaboration of Agip, Ferrero and Lavazza, the exhibition was staged for the first time in Milan on 5 December 1996 and closed in Turin on 23 October 1997 after also being shown in Naples and Rome (http://www.sipra.it/eventi/carosello/mostra.html).

[xlii] At the time of writing, news has come of the death of this brilliant advertising agent and our thoughts naturally go to him and the memory of his quiet style and his social vision of the profession he so coherently practised throughout his highly successful career.

[xliii] The study is divided into two stages (a qualitative and extensive stage) conducted using the CAPI method on a sample of 1,000 Italians aged 18 to 64.

Notes Chapter 11

[xliv] Agenzia del Demanio, 2007.

[xlv] The event had six exhibition venues, involved 50 national and international art galleries, and attracted over 35,000 visitors.

[xlvi] http://whc.unesco.org/en/culturallandscape.

[xlvii] L'UNWTO (World Tourism Organization) defines cultural tourism as the movement of persons for essentially cultural motivations, including study tours, performing arts, cultural tours, travel to festivals, visits to historic sites and monuments. But the WTO definition also mentions the possibility that a part of cultural tourism is participating in the customs of a people and experiencing its traditions and life style.

[xlviii] The Doxa-Mercury-Touring survey was conducted in collaboration with Ciset-Università Cà Foscari, Venice, on behalf of the Dipartimento per lo Sviluppo e la Competitività del Turismo.

[xlix] The most significant international examples of movie-induced tourism are the visitors attracted to the Notting Hill "set" in London, New Zealand (*Lord of the Rings* effect) and Korea in the wake of the *Winter Sonata* soap-opera. In Italy the Castle of Agliè has seen a tourist boom thanks to the success of *Elisa di Rivombrosa*, a television fiction.

[l] Richards G. and Wilson J. (2007) *Tourism, Creativity and Development*, London, Routledge.

[li] Source Sistan, Servizi Aggiuntivi dei Musei, Monumenti e Aree Archeologiche Statali, 2006

[lii] See also W. Santagata "Elogio della gratuità", *Il Giornale dell'arte*, September 2007

Notes Chapter 12

[liii] William Morris 1882, *Hopes and Fears for Art* (www.gutenberg.org/etext/3773)

[liv] This definition was formulated by the World Commission on Environment and Development (WECD) in 1987: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The definition was further elaborated from the point of view of a greater equilibrium between man and the environment in 1991 by the World Conservation Union, the UN Environment Programme and the World Wide Fund for Nature. Accordingly, sustainable development also involves "improving the quality of life while living within the carrying capacity of supporting ecosystems". In 1994, the International Council for Local Environmental Initiatives (ICLEI) further refined the definition: "development that delivers basic environmental, social, and economic services to all residents of a community without threatening the viability of the natural, built and social systems upon which the delivery of services depends". Lastly, these definitions can be supplemented by articles 1 and 3 in the UNESCO Universal Declaration on Cultural Diversity (2001): " Cultural diversity… is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence."

[lv] Such a broad and complex creative sphere creates objective difficulties in gathering and comparing quantitative data to be used in understanding and evaluating the sector. For example, in this study, design is included with material culture and not with architecture. The data of Eurostat, the main statistical source at European level, refers to a system of classification which groups under NACE K 7.4.2 "Architectural and engineering activities and related technical consulting". In addition to engineering of machinery and industrial installations, this includes all types of engineering: civil, hydraulic, transport, electric and electronic, geological and prospecting activities, chemical, mechanical and industrial, safety systems, weather forecasting and geodetic surveying. Technical testing and analysis of buildings is not included since it comes under NACE K 7.4.3.

[lvi] "Community Strategic Guidelines on Cohesion for 2007-2013" (2006/702/EC), par. 2.1.

[lvii] In Italy around 54% of building activity is dedicated to maintenance; of this around 36% concerns redevelopment and special maintenance.

[lix] Source: ISTAT web site: http://culturaincifre.istat.it

[lx] Ten Italian reviews appear in both lists: *Abitare, L'Architettura cronache e storia, Casabella, Domus, L'Industria delle Costruzioni, L'Arca, Lotus International, Parametro, Rassegna di Architettura* and *Urbanistica.*

[lxi] Source: DEE - Dipartimento Europa ed Esteri on the CNAPPC web site, www.archiworld.it

[lxii] The Pritzker Architecture Prize is such a prestigious international award that it has been described as the "Nobel for architecture". Created in 1979 by the Hyatt Foundation, run by the Pritzker family, the prize is awarded annually with the aim of "honoring a living architect whose built work demonstrates a combination of those qualities of talent, vision and commitment which has produced consistent and significant contributions to humanity and the built environment through the art of architecture".

[lxiii] The most prestigious prize awarded by the Royal Institute of British Architects, London

[lxiv] The prize is awarded at the International Union of Architects Congress, held every three years.

[lxv] http://www.bdonline.co.uk

[lxvi] Source: website of Il Consiglio Nazionale degli Architetti

[lxvii] On the site www.awn.it , the section professione/Europa, designed, constructed and developed by the CNAPPC (Dipartimento Europa ed Esteri) provides information on practising the profession in the various European countries.

[lxviii] The Building Design World Architecture Top 100, 2008 (p. 17-19) published for the first time the number of creatives in firms, described simply as "non-architects and non-administrative staff".

[lxix] Source: on-line archive of the Osservatorio concorsi del Consiglio Nazionale dell'Ordine degli architetti, pianificatori, paesaggisti e conservatori.

[lxx] The archives of patents registered in the USA, accessible with Google Patent, contain many architects' patents: e.g. structural glass designed by F. L. Wright.

Notes Chapter 13

[lxxi] One of the first stage technicians in the Florentine theatre was Antonio Meucci, who is credited with having invented a forerunner of the telephone as a technical solution for the problem of communicating orders between the stage and other areas of the theatre.

[lxxii] The first was a series shown 15 years ago, presented by Enrico Stinchelli and Michele Suozzo (they also host *La Barcaccia*, a radio programme that has been running for around 20 years which offers a light-hearted but in-depth look at the world of opera). And the second is *L'amore è un dardo*, presented by Alessandro Baricco. The title of this programme ("Love is a dart") hints at the ambiguous situation of opera sitting uneasily between lofty poetic inspiration and popular taste: in fact the title is a distortion –misunderstandings are common in the public perception – of the line *l'amore ond'ardo* ("Love in which I burn [with desire]") pronounced by the Count di Luna in the aria *Il balen del suo sorriso* in *Il Trovatore* by Verdi.

[lxxiii] Notable opera films since 1980 include: Mozart's *Don Giovanni* directed by Joseph Losey and entirely shot on location in Venetian Villas and in Palladio's Teatro Olimpico; Bizet's *Carmen* directed by Francesco Rosi; and Verdi's *La traviata* and *Otello*, both directed by Franco Zeffirelli.

[lxxiv] A leading Italian site is www.operaclick.it

[lxxv] A recent study (D. Urrutiaguer, 2002, "Quality Judgements and Demand for French Public Theatre", *Journal of Cultural Economics*, vol. 26, no. 3) inferred from some data on newspaper criticism that the size of production may be considered a determining factor in perceived quality. That the data appears to be in line with the critics' expectations may not be surprising; but this does not justify arguing there is a causal nexus between the scale and the quality of the productions, partly in the light of the mixed nature of audiences and the consequent variety of expectations and objectives concerning the contribution that the opera experience may make to the growth of wellbeing in individual consumers.

[lxxvi] On this subject, see Cognata, A. (2003), "Note stonate: il finanziamento pubblico dei teatri d'opera", *Sviluppo Economico*, no. 2.

[lxxvii] In the case of the Teatro alla Scala, Milan, which has a universally acclaimed international reputation, 90% of the season ticket-holders live in the province of Milan and 81% of non-season ticket-holders in the Lombard Region; on this point, see Trimarchi, M. and R. Ponchio (2007), 79. "I fantasmi dell'opera: la lirica in Italia tra nostalgia e imprenditorialità", *Ticonzero. Knowledge and Ideas for Emerging Leaders*, no. 78 (http://www.ticonzero.info).

[lxxviii] On the Bolzano experience see, *Studio e monitoraggio dell'offerta teatrale in Alto Adige nel 2005*, Provincia Autonoma di Bolzano-Alto Adige, 2007.

[lxxix] The FIMI survey provides an estimate of items produced by the major record companies. Due to a lack of data in some links in the chain, the market values shown here are not fully representative of the recording sector, but do provide clear indications as to how the music business is evolving.

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Authors

Priscilla Altili – Project Unit “Ambiente, cultura e territorio” Istituto di Studi e Analisi Economica (ISAE).

Cristiano Antonelli – Professor, Political Economy, Università degli Studi di Torino and Bureau of Research on Innovation, Complexity and Knowledge (BRICK), Collegio Carlo Alberto.

Christian Barrère – Professor in Economic Sciences, Economie Politique, Université de Reims.

Pier-Jean Benghozi – Director of the Pole de Recherche en Economie et Gestion de l’Ecole Polytechnique, Paris.

Enrico Bertacchini – Università degli Studi di Torino.

Paola Borrione – IRES Piemonte.

Aldo Buzio – Politecnico di Torino.

Francesco Casetti – Professor, Cinema,Photography and Television, Università Cattolica del Sacro Cuore Milano.

Annalisa Cicerchia– Head of the Project Unit “Ambiente, cultura e territorio” Istituto di Studi e Analisi Economica (ISAE).

Tiziana Cuccia – Professor, Politica Economica,Università degli Studi di Catania.

Caterina Federico – Expert in Cultural Heritage for planning and management of touristic systems, Università di Roma Tor Vergata.

Sergio Foà – Professor, Law of Cultural Heritage, Università degli Studi di Torino.

Martha Friel – Università IULM.

Armando Fumagalli – Professor, Università Cattolica del Sacro Cuore Milano.

Andrea Granelli– President of Kanso e Scientific Director of Domus Academy.

Guido Guerzoni – Researcher, Storia Economica,Università Luigi Bocconi, Milano.

Paolo Leon – Professor, Università degli Studi Roma Tre.

Guido Martinotti – Professor of Urban Sociology, Università degli Studi di Milano-Bicocca.

Ariela Mortasa – Researcher in Sociology of Consumption, Università IULM di Milano.

Giuseppe Ortoleva– Professor, History and Theory of Media, Università degli Studi di Torino e Presidente di Mediasfera, Firenze.

Alessandra Puglisi – Expert in Cultural Marketing.

Francesco Quatraro – Università degli Studi di Torino and Bureau of Research on Innovation, Complexity and Knowledge (BRICK), Collegio Carlo Alberto.

Andrea Rocco – Expert in Cinema.

Stefano Rolando – Professor, Business Management and Communication, Università IULM di Milano and General Secretary, Fondazione Università IULM.

Pier Luigi Sacco – Professor, Political Economy, Università IUAV, Venezia.

Severino Salvemini – Professor, Business Organization, Università Luigi Bocconi, Milano.

Walter Santagata – Professor, Public Economics, Università degli Studi di Torino.

Erminia Sciacchitano – Architect, Responsabile International Relationships/PARC Direzione Generale per la qualità e la tutela del paesaggio, l'architettura e l'arte contemporanee, Italian Ministry for Cultural Heritage and Activities.

Emanuela Scridel – Economist, expert in international strategies and EU.

Irene Tinagli – Researcher, Carnegie Mellon University.

Michele Trimarchi – Professor, Economic Analysis of Law, Università di Catanzaro Magna Grascia.

Angela Vettese – Professor, Museologia e Critica Artistica e del Restauro, Università IUAV, Venezia.

Appendix

Appendix

Creative and Cultural Industries Classification Sic codes

FASHION		
Conception and Production	74875[a]	**Industrial Design**
	1771	**Manufacture of clothing items like hats, shoes, outerwear and underwear or accessories like bags and luggage**
	1772	
	1920	
	1930	
	1810	
	1822	
	1823	
	1824	
Input and Auxiliary Production	1711	**Manufacture of fibres, textiles, prepared fur and prepared leather**
	1760	
	1712	
	1713	
	1714	
	1715	
	1716	
	1717	
	1721	
	1722	
	1723	
	1724	
	1725	
	1910	
	1830	
	1730	
Distribution	5116	**Wholesale of, and activates of agents involved in the sale of, fabrics, fur and clothing,**
	5124	
	5141	
	5142	
	51478	
	5242	**Retail sale of cloths, accessories and footwear**
	5241	
Note	*a: The added value and employment for this activity has been split (50%) with the* **Industrial Design and Crafts sector**	

INDUSTRIAL DESIGN and CRAFTS		
Conception and Production	74875[b]	**Industrial Design**
	1751	**Carpet and rug making**
	2051 2052	**Wooden household furnishings and other products**
	2630	**Ceramic tiles**
	2812	**Metal fixtures**
	2861	**Cutlery**
	3150	**Fabbricazione di apparecchiature per illuminazione e di lampade elettriche**
	3350	**Watch and clock making**
	3611 3612 3613 3614	**Furniture**
	3622	**Jewelry, silverplate and plated ware**
	3630	**Making musical instruments**
	3650	**Toys**
	17545 17546	**Laces**
	20301	**Wooden fixtures**
	26152	**Glass**
	26210	**Ceramic pots and other utensils**
	26702	**Marble work**
Distribution	51471	**Wholesale household furniture**
	52441	**Retail household furniture**
	52442 52443 52444	**Retail household furnishing**
	52453	**Retail of musical instruments**
	52483	**Retail of watches, clocks and jewelry**
Note	*b: The added value and employment for this activity has been split (50%) with the* Fashion sector	

FOOD AND WINE INDUSTRY		
Conception and Production	15512[c]	**Cheese And Milk Derivatives**
	15130[c]	**Meat And Meat-Based Products**
	1131[d]	**Wineyards**
	15931[d]	**Wines And V.Q.P.R.D. (Doc, Docg, Igt)**
Input and Auxiliary Production	55235	**Guesthouses And Farmhouses**
	55301[e]	**Restaurants**
Distribution	5225	**Retail Of Beverages**
	52271	**Retail Of Milk And Milk Derivatives**
	52220	**Retail Of Meat And Meat-Based Products**
Note	*C: Estimate Of The Products Covered By A Distinctive Mark*	
	D: Estimate Of The Sector Only Considering Products V.Q.P.R.D.	
	E: Only High Quality Restaurants (Guide Touring E Michelin)	

COMPUTER AND SOFTWARE		
Conception and Production	7221	**Development and supply of ready made software "off the shelf"**
	72600	**Computer related work**
Input and Auxiliary Production	7222	**Development of made to order software, software consultancy and web page**
Distribution	2233	**Reproduction of software**
Input and support to distribution	5184	**Wholesale of computers, peripherals and software**

PUBLISHING		
Conception and Production	2211	Publishing books
	2212	Publishing newspapers
	2213	Publishing journals
	9240	Journalists and news syndicates
Input and Auxiliary Production	2221 2222 2223 2224 2225	Printing and other related activities
Distribution	52471 52472	Retail sale of books, newspapers and stationery

TV and RADIO		
Conception and Production	9220	Radio and Television Production and Broadcast
Input e Attivita' Connesse a Produzione	32201	Transmitters and television cameras
Attivita' Connesse a Distribuzione	3230	Manufacture of TV's, video recorders, camcorders, record decks, microphones
	51431	Wholesale of radios, TV's, lighting equipment and some other appliances
	52451	Retail sale of radios, TV's, DVD's, musical instruments and musical scores

ADVERTISING		
Conception and Production	74401	Advertising agencies
Distribution	74402	Advertising space services

CINEMA		
Conception and Production	9211	**Film Production**
Distribution	9212	**Motion picture distribution**
	9213	**Cinemas**
	2232	**Riproduzione di registrazioni video**

CULTURAL HERITAGE		
Conception and Production	9251	**Libraries and Archives**
	9252	**Museums and Monuments**
	9253	**Gardens, Natural parks**
Input and Auxiliary Production	5510[d]	**Hotels and Hostels**
	5521[d]	
Note	*d: Only Hotels and Hostels in the main historical and artistic cities*	

MUSIC AND PERFORMING ARTS		
Conception and Production	9231	**Authors, performing artists**
	92723	**Casting for theatres, motion pictures or television**
	2214	**Music publishing**
	92342	**Circuses**
Distribution	2231	**Reproduction of sound recording**
	92341	**Night clubs and other recreative activities**
	9232	**Theaters and concert halls**
	51432	**Wholesale of records, CD's etc. and players**
	52452	**Retail of records, CD's etc. and players**

ARCHITECTURE		
Conception and Production	74201	**Architectural services**
Input and Auxiliary Production	74202	**Engineering advice and design for construction projects**

CONTEMPORARY ART	
Conception and Production	Value added and employment has been estimated trough: **1) number of art galleries in Italy (Source: *Art Diary*)** **2) multiplying the number of art galleries for an average value added esteem, based on bilance sheets of a sample of art galleries. (Source *AIDA*);** **3) Sales in Italian art auction (Source: *Il Giornale dell'Arte*).**