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**Abstract of a paper proposal for the Third Conference on Hirschman's Legacy: A Passion for the Possible**

**Connections: Addressing Italy's innovation gap as a territorial issue**

Italy is a declining economy and a frail country. Not only economic growth is among the lowest in the EU, but there are growing signs of social unrest, politically funneled into a majoritarian consensus tribute to anti-EU and populist forces, presently into power.

Such multiverse crisis depends mainly upon Italy economy and society's inability to cope with modernity, both at the economic and at the social level, from demography to education, from jobs creation to technology.

Yet, a "you too" approach, focused solely on following what other, and way bigger and different, countries have done might not work for two main reasons. One, the leading non populist economic and social model, based on economies of agglomeration and on "The Century of the Cities" as the ideal hotbed for a modern knowledge-based economy and society does not fit with Italy's demography and society. Two, by ignoring Italy's history, economy and geography, that is one of extreme biodiversity, the multicultural approach leaves many of the country's potentials untapped, thus leaving ground for social and economic decay and for the consequent citizens' unrest.

Italy has based its past fortunes in nurturing cultural and productive diversity. Similarly, the economic portrait of Italy is predominantly populated of micro and small companies, deeply rooted in territorial values and productive specialization.

Industrial districts have long represented a perfect balance between territorialism and competitiveness, by nurturing an informal yet very effective collaboration between entrepreneurs and employees, as well as between knowledge providers and big and small companies. The digital revolution and its consequences have put such balance into a deep and almost irreversible crisis by forcing the concentration of key success factors and competence into fewer territories able to agglomerate them. What is left out of such networks, because territorially ill-dislocated and/or functionally unplugged, is not simply province anymore, it becomes periphery.

Peripheral territories and companies must be effectively linked with Italy's most competitive repositories of knowledge, in particularly with the highly agglomerated and diverse knowledge base of the Milan area.

**Paolo Manfredi.** Born in Milan, 46. Is presently Head of Digital Strategies at Confartigianato, Italy's main association of crafters and small business. In this role, he has observed the transformation of small business vis a vis the digital revolution, with a special focus on how to transfer innovation to highly slack business and territorial environment. An historian by education, in 2016 he has published his first book "L'economia del su misura" (Venice, Marsilio, 2016) on the impact of customization and digital technologies in new craft. His second book on territorial inequalities in Italy is forthcoming.