
PRODUCTION IN THE TRONTO VALLEY

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ADRIATIC ECONOMY

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GETTING CLOSER TO ITALIAN ECONOMY

North-south dualism

Three Italies

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Dense network of infrastructure

***Scivolamento verso la valle* - Rolling down the hill**

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Terrain vague

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Missing *Mezzogiorno* subsidies...

Achieving world's need for luxury

Prospering service sector?



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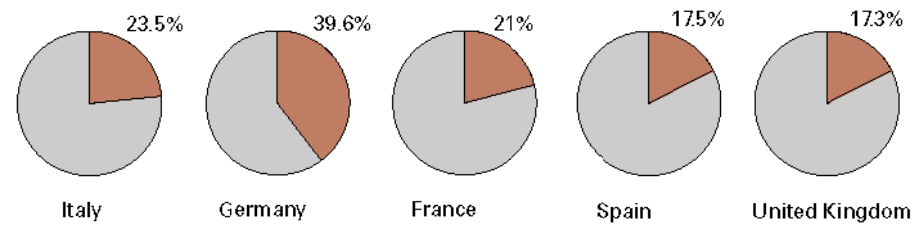
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GETTING CLOSER TO ITALIAN ECONOMY

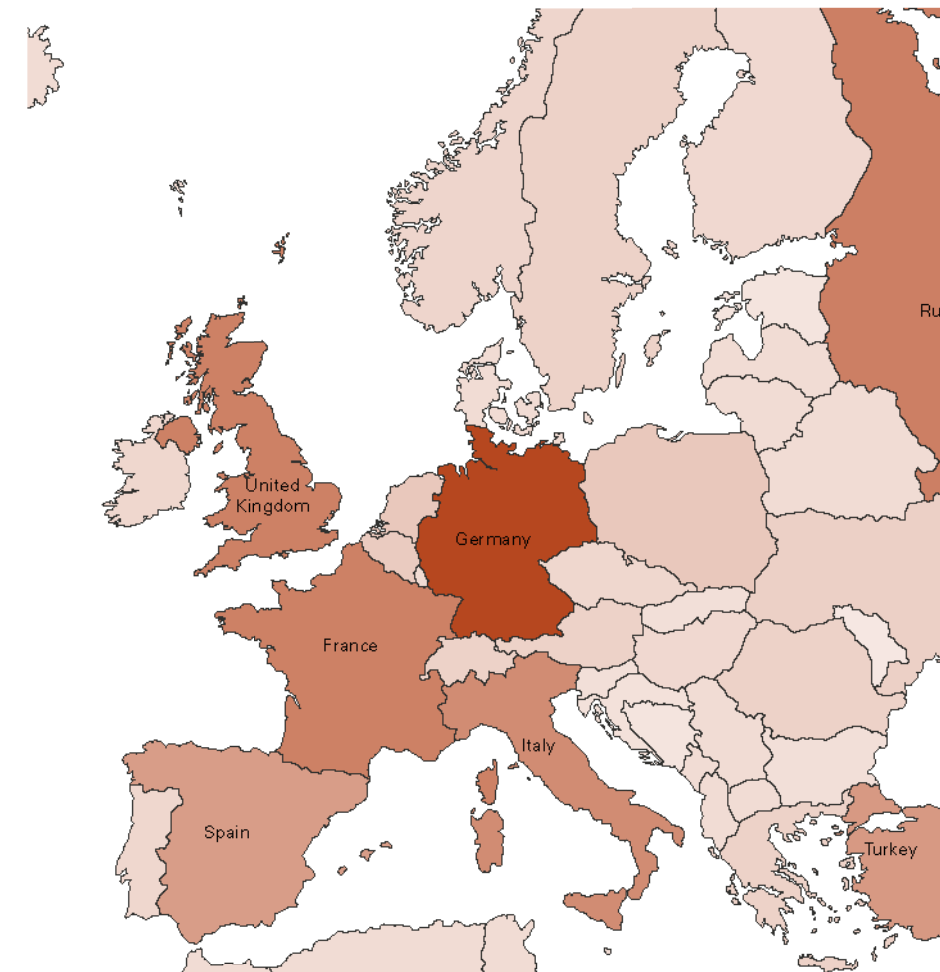
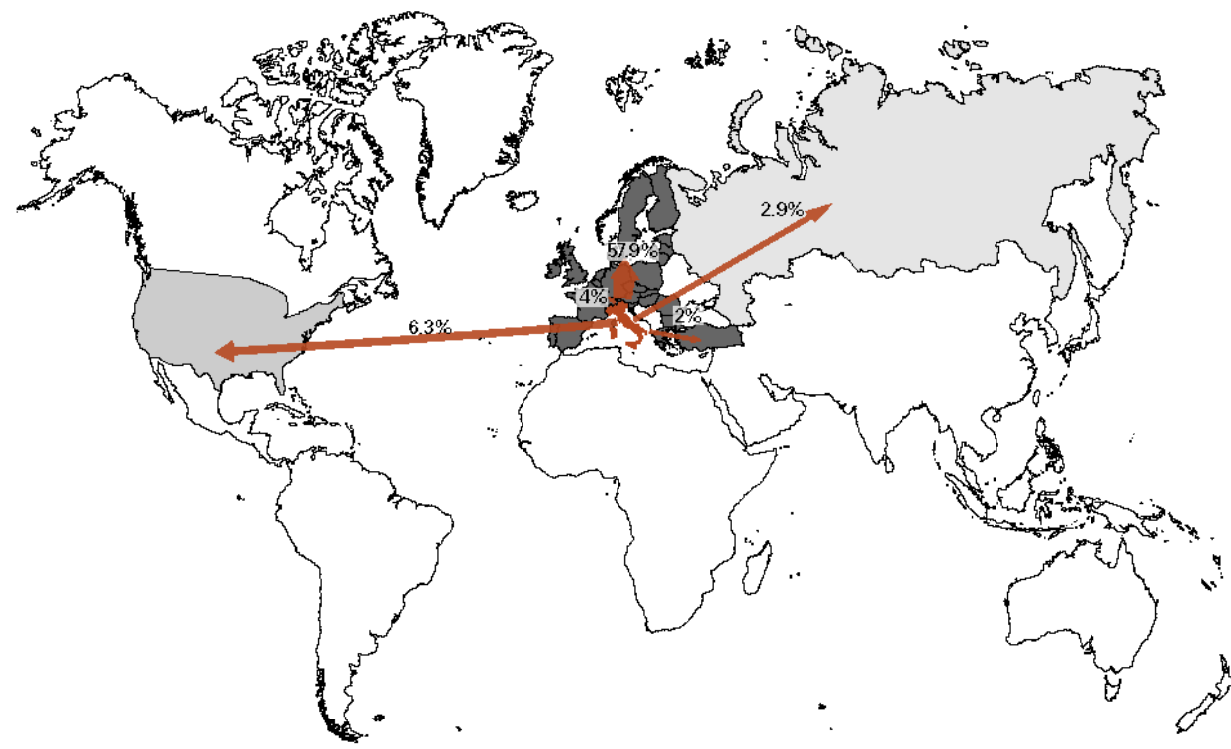
Although Italy has a remarkable percentage of export production, especially compared to other South European countries, Italian national economy is mainly linked to other European countries. Two-thirds of its export production are moving inside Europe.

Italian economy is characterised by great interregional differences. Various approaches to solve the North-South conflict were not crowned with success.



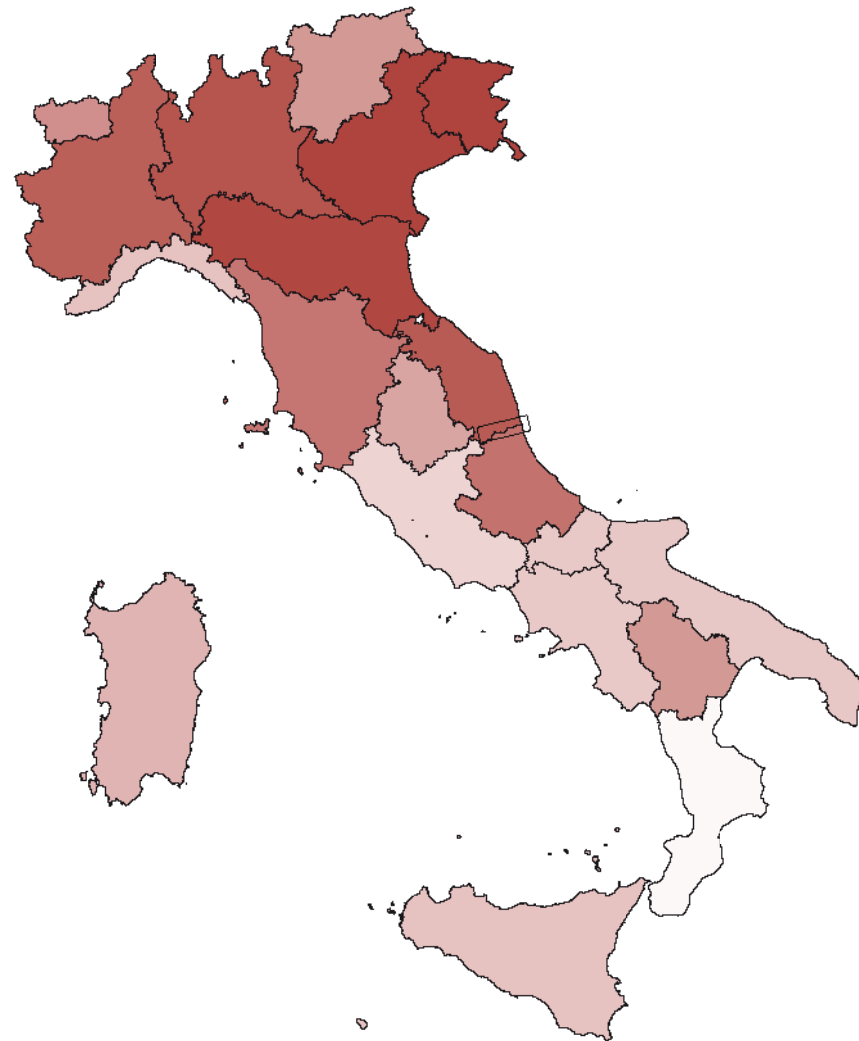
Export of GDP - Top 5 in EU

Against wrong perception, Italy has a high export rate. Stereotypes and strong internal differences have produced an image which is not covering reality.



Absolute GDP - Positioning Italy in Europe

National economy of Italy is ranked 7th in size in the world and 4th in Europe.



Percentage of export per region

North-south dualism

Since its unification in 1861 Italy has been characterised by immense economic differences inside its borders. Primarily the ancient Kingdom of the Two Sicilies did never prosper industrially like the Italian North. In the 1950ies, after the second world war, the ambitious economic planning for the Mezzogiorno was founded with the Cassa del Mezzogiorno, the national compensation fund between North and South: For any financial investments on the South Italian territory were promised highly endowed benefits. After its action over more than three decades, the project was stopped in 1992 for reasons of corruption and favouritism. But the imbalance between North and South still remains...



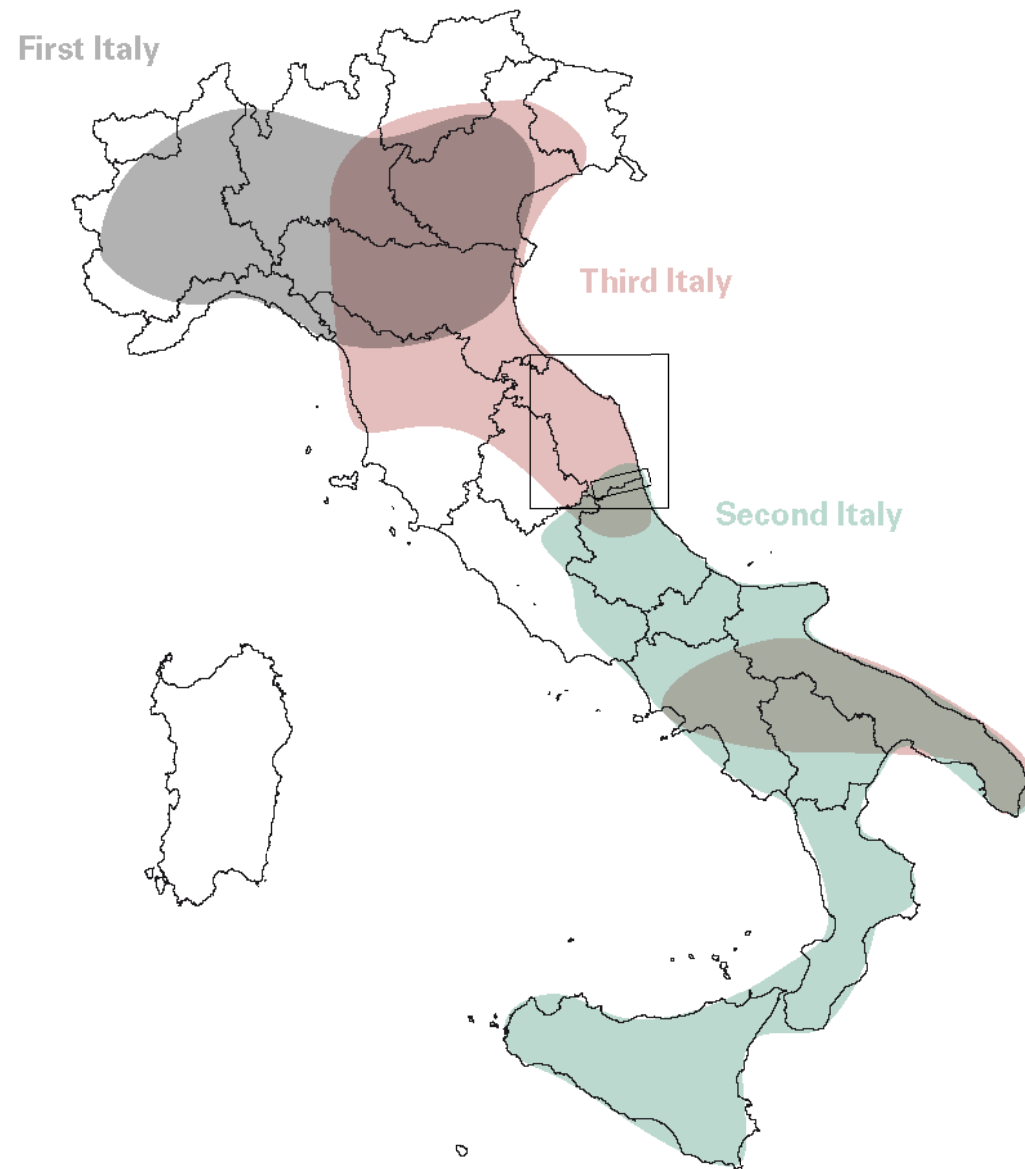
Northern wealth concentration

GDP per capita in the South is the half of the Northern one. A very irregular dispersion of wealth means different standards of living. In the North it is comparable to Middle-European countries and in the South to former Eastern Bloc-countries.



Missing jobs in the south

Together with striking lower wages, there is a high rate of unemployment. In some cases of the Mezzogiorno, like Sicily, it is even surmounting the 10 percent-marker. Particularly youth unemployment is a typical phenomena. An increasing crime rate is the consequence in various regions.



Three Italies - Different economic systems

Chronological the first industrial activity in Italy took place in the North in the end of the 19th century. Up to the crisis of fordism in the 1960ies and 70ies, the triangle of Genoa, Turin and Milan has been the most important area of the country in an economical sense. Since second world war the subsidy-powered development in the Mezzogiorno was activated. It's primarily about placing production from the North to the South, most of the companies remained in Northern property. In the economical crisis of Western countries in the 1970ies a third form of production was discovered in Italy: Manufactory-based flexible specialisation, which led to a big boom of Italian economy in the 80ies. Recent images show a blurring system.



Second Italy - Subsidied Mezzogiorno

Initially - after the second world war - a big project to spread economic success over the whole Italian territory it mutated into a big failure. Corruption and incorrect planning led to fabrication sites with no future in the middle of nowhere. Many of them have become ruins. Cassa del Mezzogiorno project has been stopped in 1992.



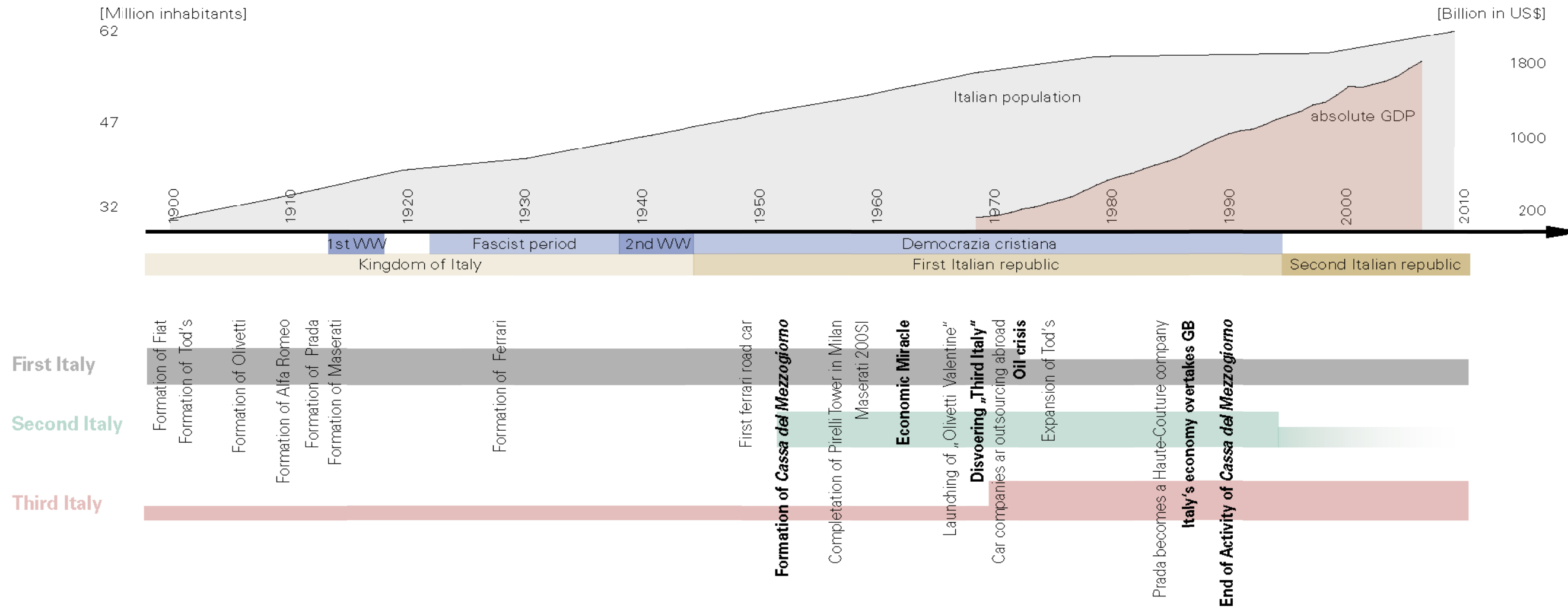
Third Italy - Flexible specialisation

Concentration of small-scale, family-based companies working on different workflows of the same final product. They are forming economical and social unities, so called districts. Due to their scale and spatial vicinity they are characterised of high flexibility. Many of them are located in residential areas with apartment housing above the production hall.



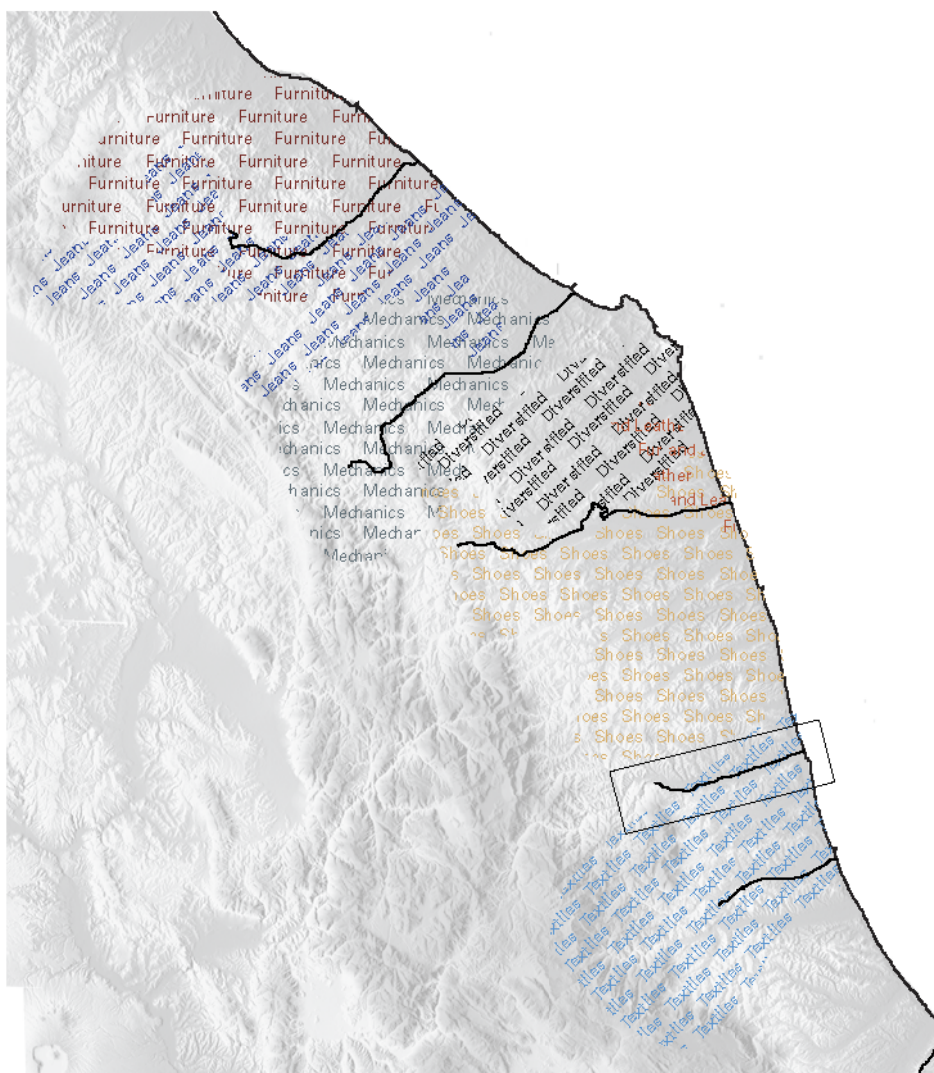
First Italy - Northern mass production

Comparable to other industrialised countries, Italian entrepreneurship practised fordism with a high grade of standardisation. Main area of this form of production was the triangle between Genoa, Turin and Milan. In the 1970ies the industry fell in a crisis.



Three economic systems over 100 years

The chronological sequence shows the periods of the three Italies: First Italy had a crisis in 1970ies because of doubts on fordistic mass production and the oil crisis, while third Italy boomed at the same time. Second Italy means subsidisation of the South and was launched after second world war, but its activity is shrinking since the early 90ies.



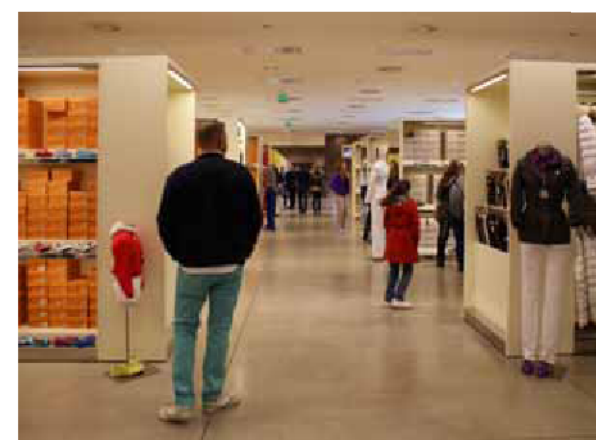
Third Italy: Manufactural Clusters in Adriatic City

Historical sources verify that specialized manufactural areas existed already around 1900, but they were perceived as a disappearing model of production. Despite former bad predictions these cluster concentrating different workflows in one area saved themselves over time and boomed in the 1980ies, when this form of production was rediscovered and was raised to a national prime example. The clusters and its actors are maintaining a big knowledge of tradition, quality and handicraft. In the Marche and Abruzzo region these clusters are located along the Adriatic coast on a strip of about 60 kilometres width. A crucial part of the production gets exported abroad and the order-giving companies are headquartered all over Italy, mainly in the North.



Resource of tradition

Tradition of handicraft and knowledge on techniques are the base for the existence of the clusters.



Direct selling - Outlet tourism

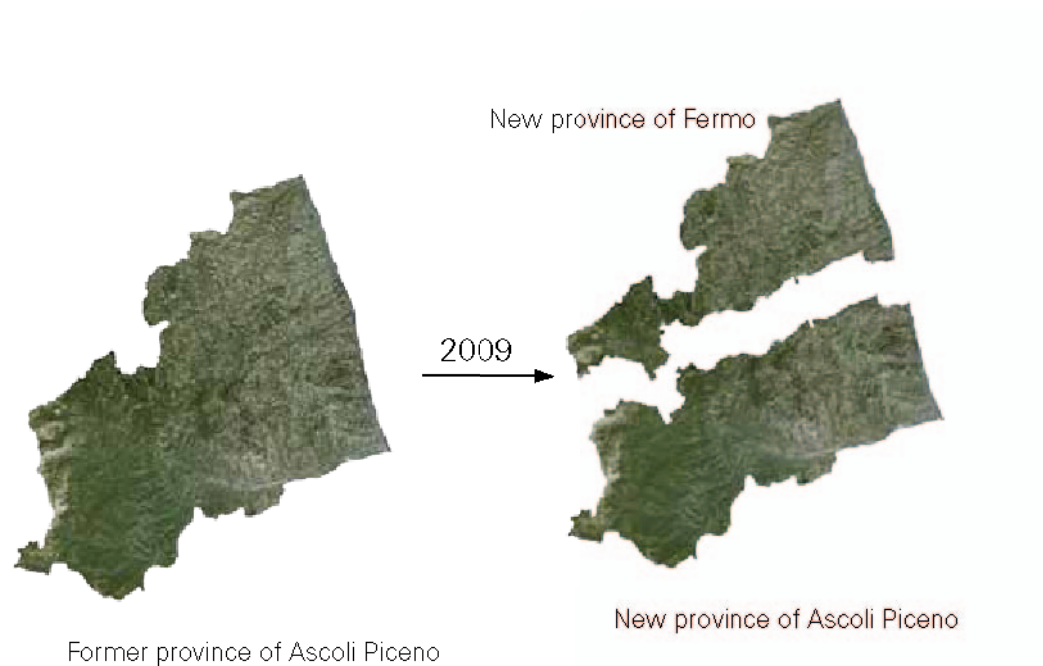
Vending points have expanded to a big scale in the last years attracting peoples mainly from Rome and central Italy, but even from Milan.

Outlet shopping has become a popular program for beach tourists on rainy days in the summer.



Cluster-forming network

Characterising for the cluster is the concentration of different workflows. Suppliers of machines and other needed infrastructure can be found in the same conglomerate.



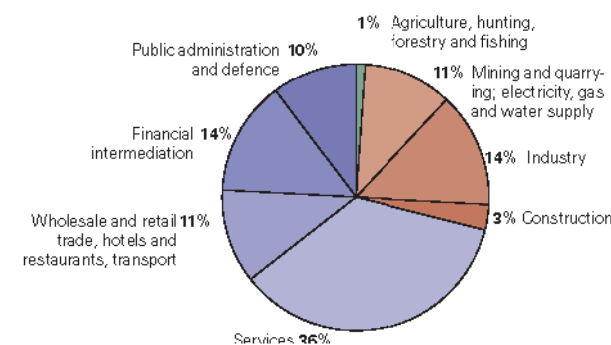
Disharmony

Because of a local unbalance inside the former province of Ascoli Piceno, the part of Fermo decided to separate. Fermo is holding prospering companies and was tired of paying taxes to Ascoli Piceno.

Hard facts...

Observations on political and economical level.

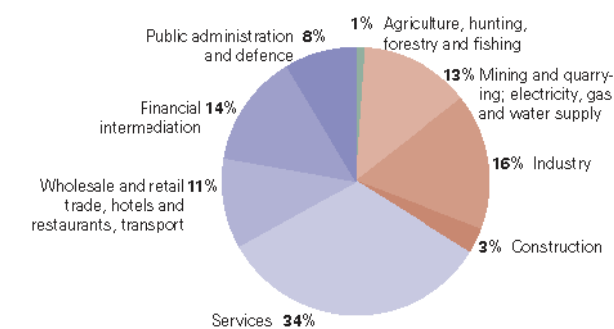
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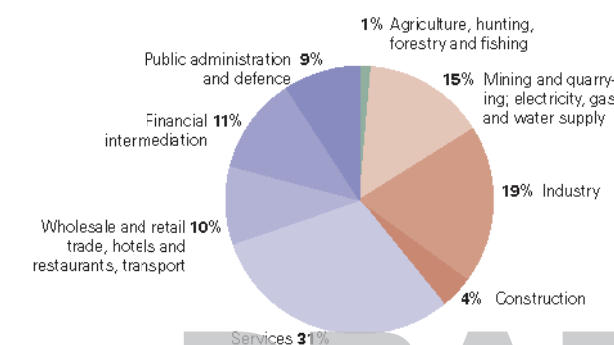
Italian average

Allocation of sectors

Italian economy is dominated by the service sector, while in the Ascoli Piceno and Teramo provinces, the industry sector still has a bigger importance. Except in some regions of the South, agriculture does not have a crucial relevance anymore.

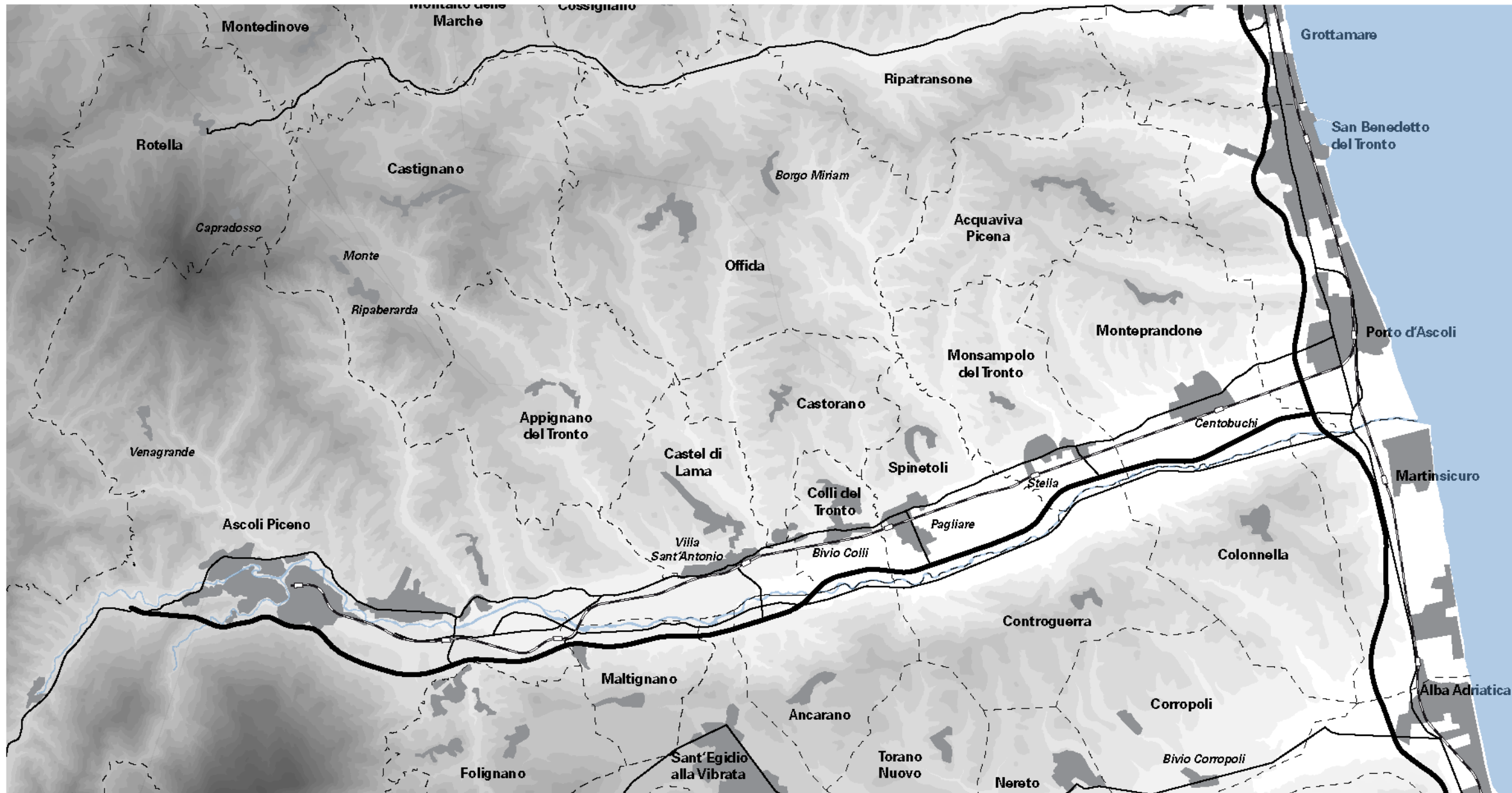


Province of Ascoli Piceno



Province of Teramo

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Dense network of infrastructure

In the same period, when there was a movement of population from the ancient villages to the bottom of the Tronto valley, a densified network for transport was developed. While the Via Salaria is running since Roman times on the Northern edge of the flat bottom of the valley, the railway line from Porto d'Ascoli to Ascoli Piceno was built in the end of the 19th century. The highway from the sea to Ascoli Piceno with its short-cuts to Via Salaria and the Abruzzi-side was constructed during the Mezzogiorno-period.



Rests of former importance - Railway

The railwayline from Porto d'Ascoli to Ascoli Piceno has been constructed in the 19th century. Originally it was used for industrial transport, but nowadays it is only used by a small account of passengers. Ascoli is a dead end station and the line is not electrified.



Autostrada to the sun - A14

Near to the sea, the Superstrada from Ascoli is connected to the national highway along the coast to the two directions of Bari and Bologna/Milano. It is subject to fee.



On the other side of the river - Provincial road in Abruzzo

Officially it is just a provincial road, but its measures are by far larger than the ones of the Via Salaria. In some parts of it there is street prostitution.



Bypass to the sea - Superstrada Ascoli-Mare

The Superstrada was built in the period of the economic boom with the Cassa del Mezzogiorno. It is even a direct result of it focusing on building infrastructure. In contrast to the A14 it is free of charge.



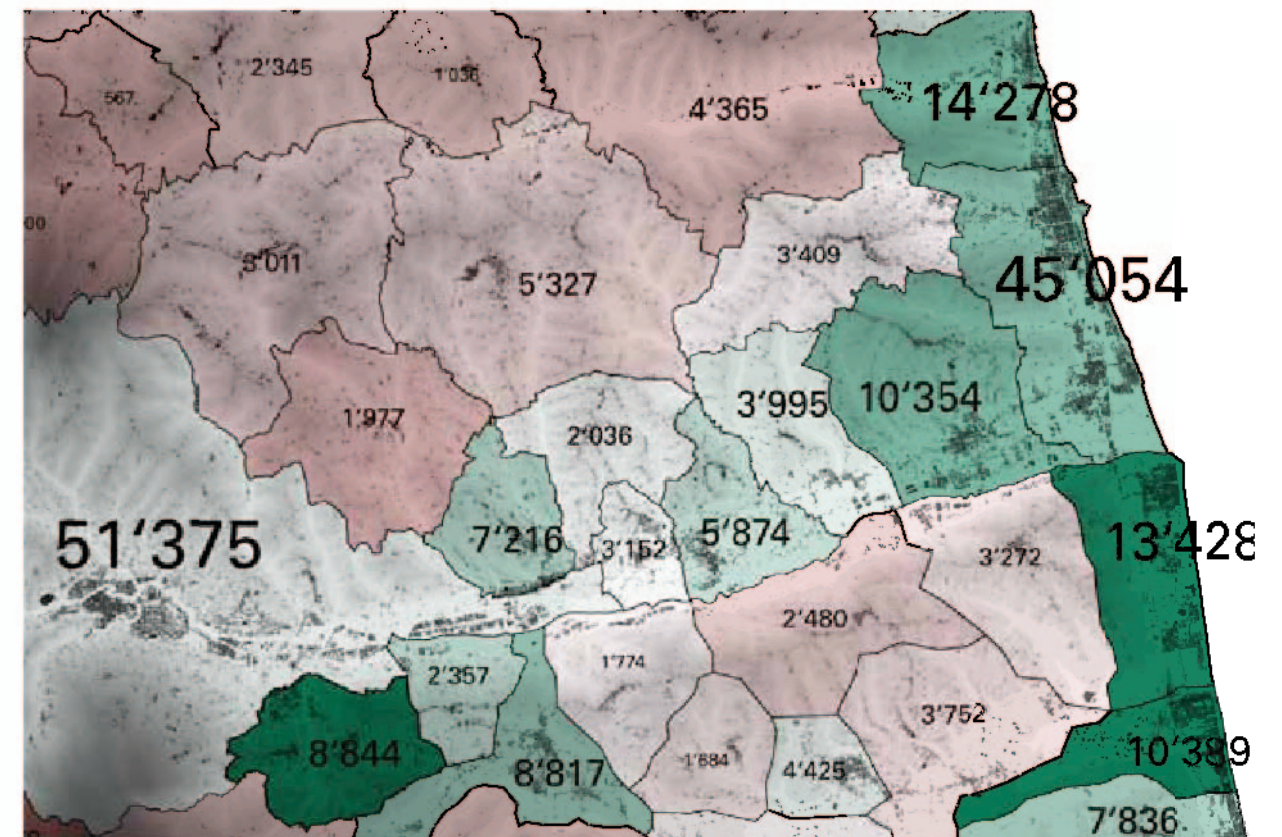
Countrylike and cosy - Via Salaria

The ancient roman road is the backbone of the valley up to now. It is located on the sunny side of the valley and lots of housing takes place alongside the street.



Scivolamento verso la valle - Rolling down the hill

With the intensified industrialisation in the bottom of the valley from the 1950ies onwards there was taking place a wave of population movement from the old village cores on the hills to the ground of the valley. Most of these newer settlements are located along the old Via Salaria. Together with the Adriatic city they are forming a T. This comb-structure of several velleys is typical for the Adriatic coast.

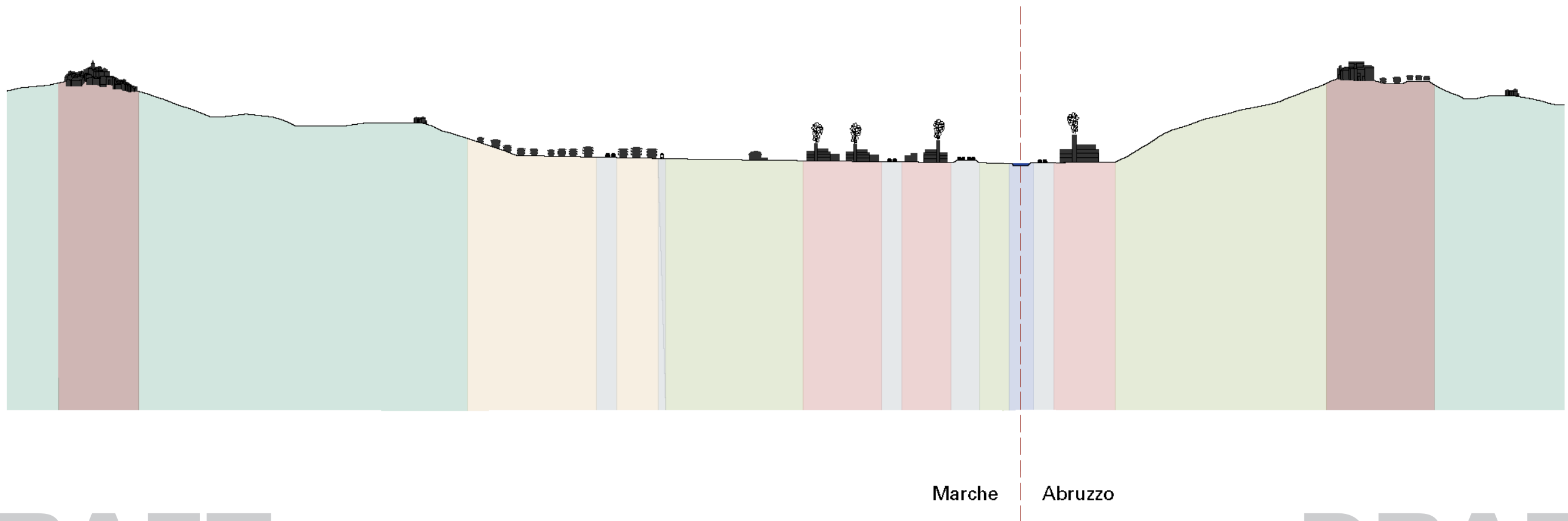


Prospering bottom, shrinking hills

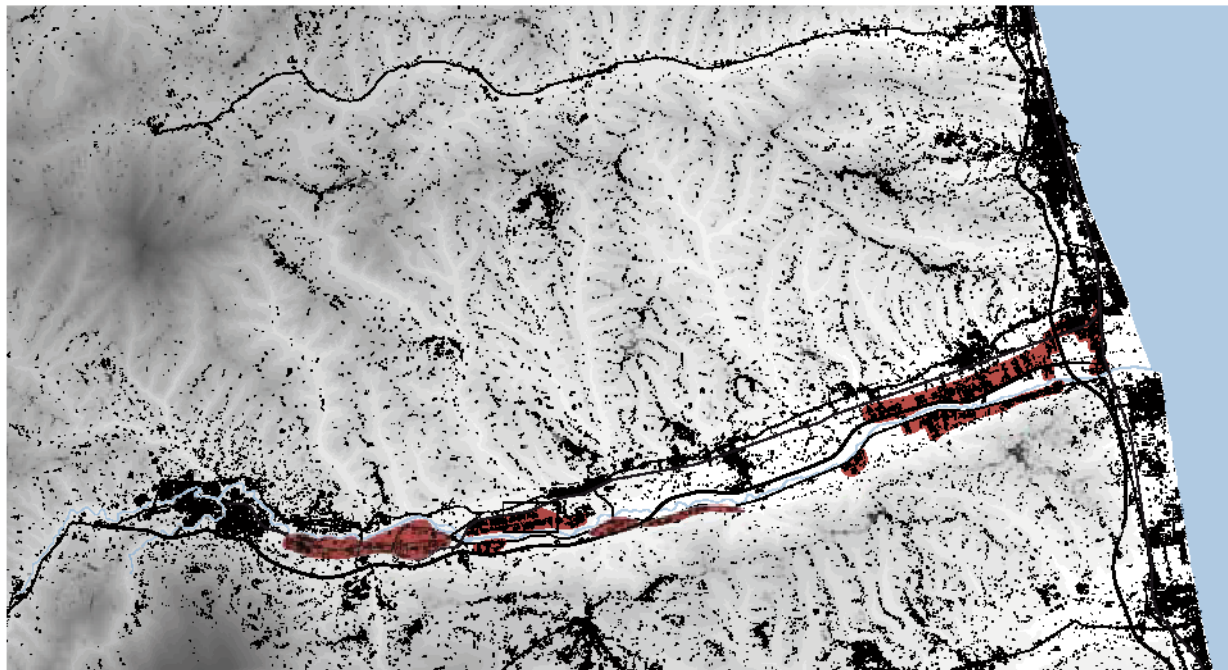
It is characterising that just the population in communes whose territory has got a piece of land in the bottom of the valley or along the coast is growing.

PRODUCTION TYPOLOGIES

The production in the Tronto valley is diversified. It is located in the border area between economically strong North and subsidised South - the Mezzogiorno - and partially overlapped by manufacturing third Italy. There are existing all three main production forms that are typical for Italian economy. The territorial order of different typologies gets its specificity in its sequence sectioning the valley across. Different scales of production are mostly located in different positions in the valley forming clusters.



Marche | Abruzzo



Power of subsidies: Dislocated northern industry

In the 1950ies, the Tronto valley was selected as the only area in the Marche region to be supported by the system of the Cassa del Mezzogiorno. In succession many different North Italian companies dislocated parts or the whole of their production to the valley attracted by the subsidies. Inside Mezzogiorno-area the Tronto valley was enjoying a good reputation. But as a matter of course, the factories were unlinked to the territory. For many companies meant this that they had to send raw materials from the North to the Tronto and the final product back to the North.

With stopping the Cassa-activity in 1992 transit costs and a lack of flexibility caused a downfall of bigscale-production, a development which has not ended yet.



To Ascoli Piceno and back to the North

Many raw goods are transported from the North and the final product is often sold in the North again. High transport costs are another reason for the redilocation to the North again.



Characteristics of a *Mezzogiorno* box

Situated in a row along wide industrial roads, they are oriented towards the street and highly isolated.



B&B Italia

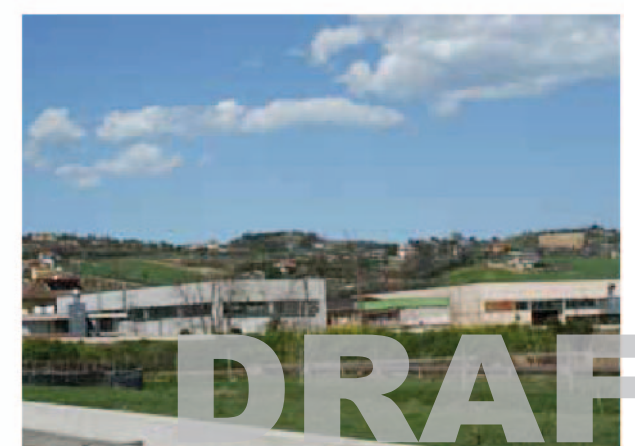
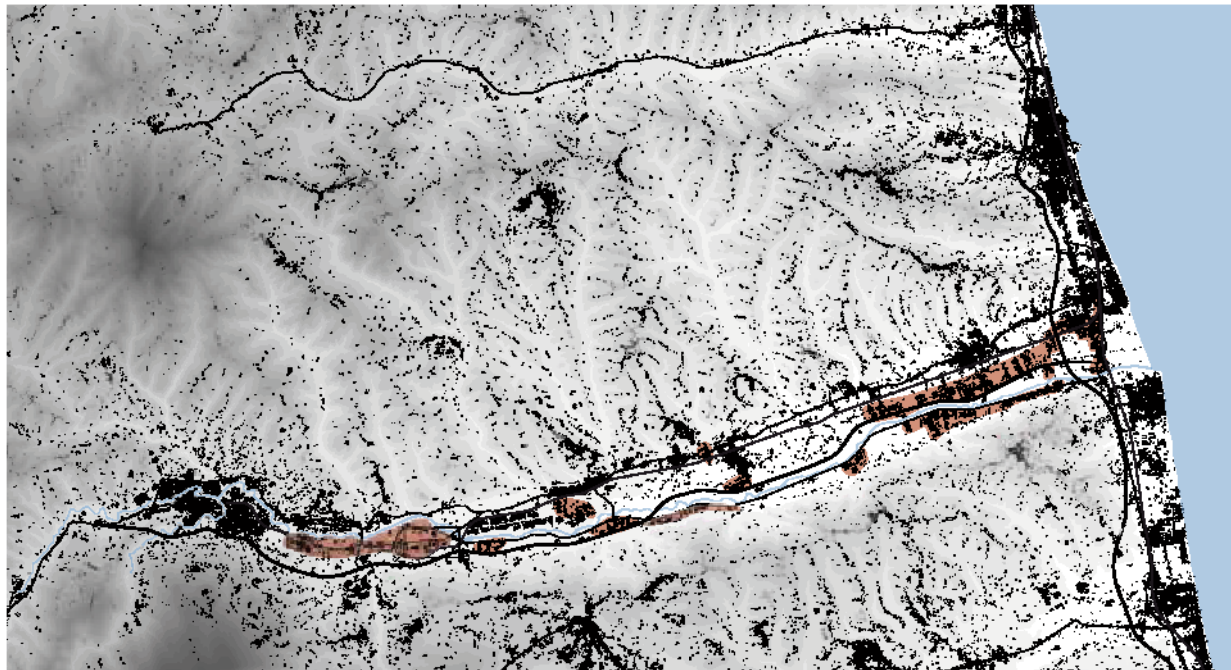
Specialised on processing lucent polymers for furniture, B&B Italia has dislocated in its former form as Xillitalia from the province of Bologna to Ascoli Piceno namely because of the payed subsidies.

Product

B&B was running a production for high-end furniture. They produced in low lot sizes or even customisation. They have high requirements on the design of the produced articles.

2010: To Brienza

In 2009, B&B Italia announced to concentrate their production in Northern Brienza in 2010 in the Lombardy region. Beside missing payments of the Cassa del Mezzogiorno, the high fix costs of the overdimensioned fabrication halls were named in that context. Workers were striking, 80 jobs got lost.



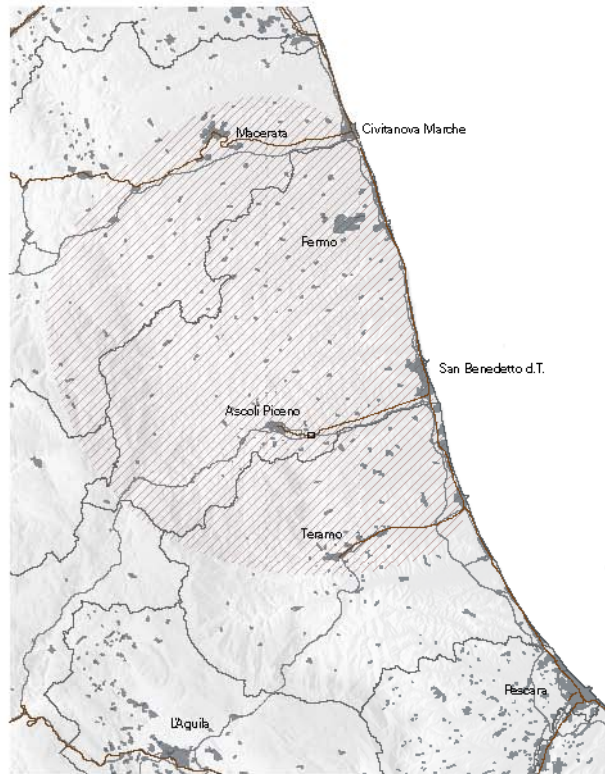
Mediocre production for the locals

Nearby to the areas of bigscale Mezzogiorno-production there has been established a smaller production scale, that is focusing on achieving local needs. Products that are manufactured mostly just need to survive on a regional sales market. Following from this, production on this scale is stronger linked to territory than Mezzogiorno-production.



Pancaffè

Purchasing coffee beans from Italy's five main importers, Pancaffè roasts and pulverises coffee and achieves the local demand for coffee. They are acting only on a regional scale. Because Pancaffè is catering locals, they are more linked to the territory than Mezzogiorno production.

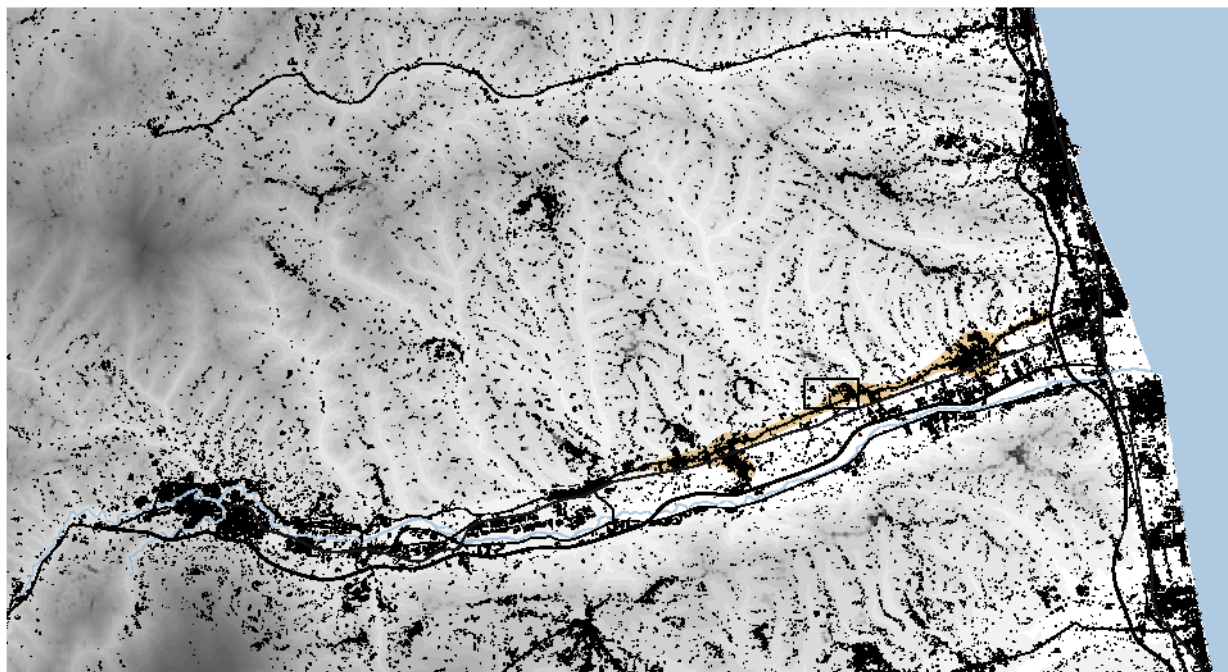


Local service for local people

The company is not just preparing coffee for consumption but is also running a machine maintenance for coffee dispenser, mostly in companies.

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Flexible high-end manufacturing

The Tronto valley itself is not the epicentre of a cluster in the handicraft-tradition of third Italy. Rather it is located on a cut surface of the edges of other clusters, namely the fur and shoes tradition on the Northern side in Fermo and the textile cluster in the province of Teramo in the Abruzzi. The majority of these small establishments are located in the villages along Via Salaria in the half of the valley nearer to the seaside. The smallscale production halls are found in the ground floor of apartment houses in residential areas. They are flexible in every sense: In their number of employees, installations and production volume. They are able to adapt quickly to changing circumstances of production which is another crucial competitive advantage.



Anonymous textile manufactory gets branded: Miss Sixty

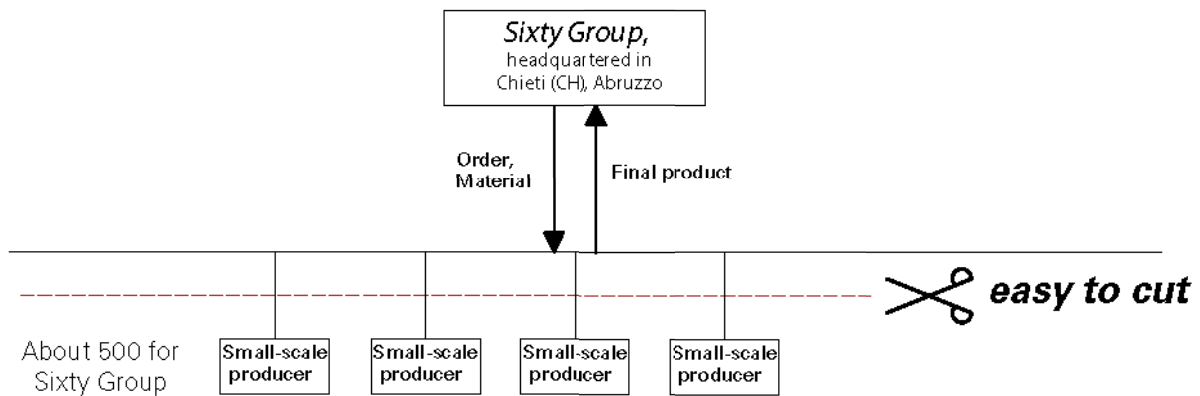
Characterising for this production typology is its unimpressiveness in the territory. The owner of the factory, whose number of employees alternates between 0 and 20 considers the location as ideal. Calm and few interruption by the authority. The produced textiles for Sixty Group are luxury products and destined to a global market.





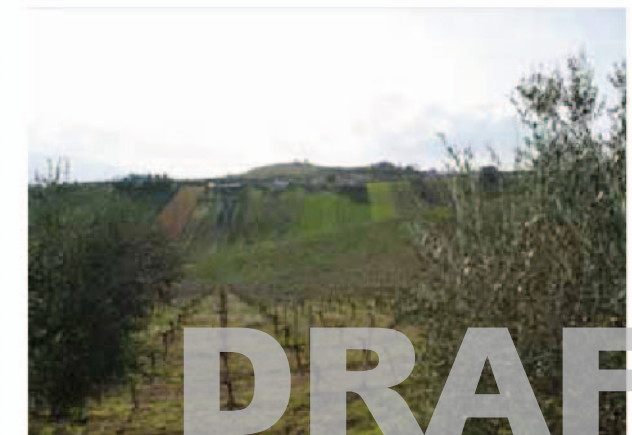
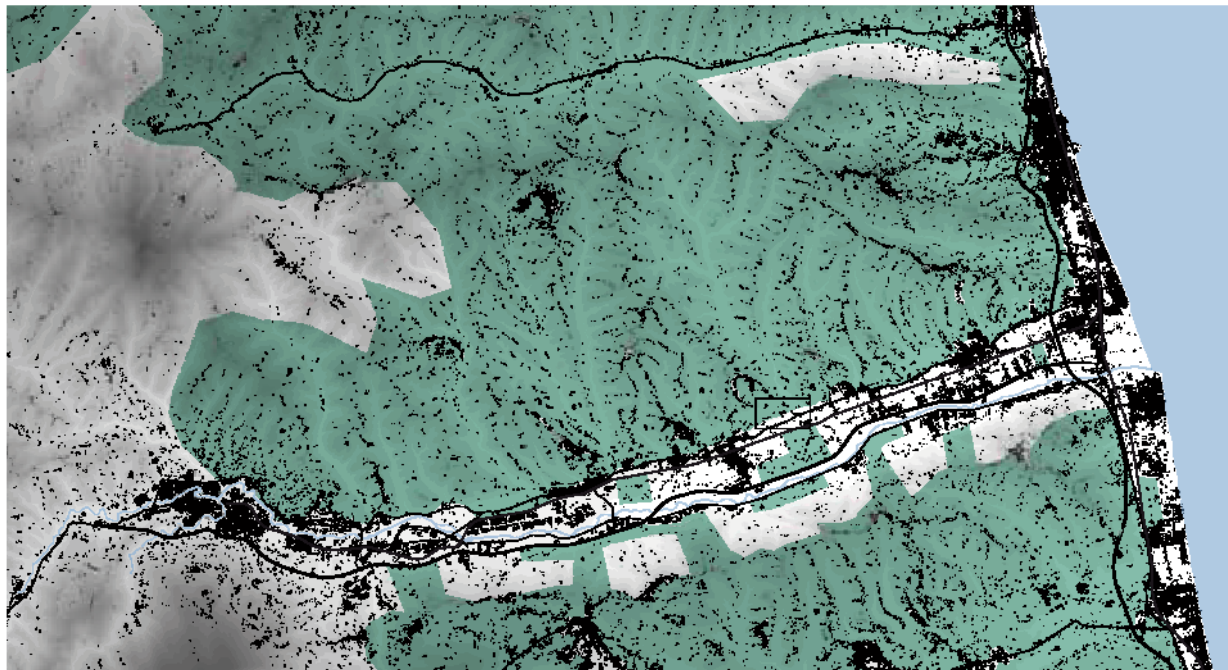
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Subcontractive model

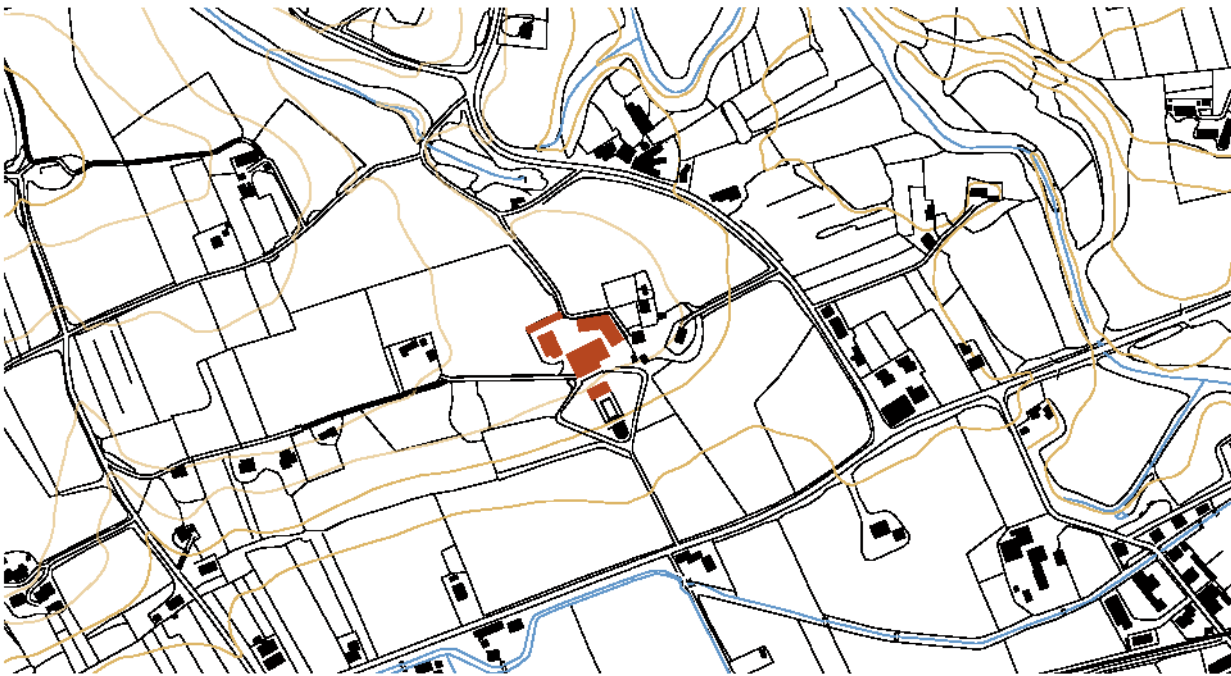
Headquartered in Chieti, the Sixty group exclusively produces in that area. For reasons of their employee's knowledge on textiles, the company is linked to the territory. The owner tried to establish his unbranded clothes on the market, but he concluded that there is a need for branding.



Gourmet-transformed agriculture

Not least orienting itself towards export, in the last decades agriculture on the hillside has been intensified. Grapes and olives for wine and oil promise a disposal to a quality-conscious clientele. A big part of the concerned territory is owned by old noble families of the Piceno.

Also a decreasing contingent of cereals is cultivated, but the revenue of cereals for pasta has been shrinking over the last years.



**Saladini Pilastri -
Focus on wine and olive oil**

The main business of the family is managing their real property in Rome and San Benedetto, but on a property of 300 hectares, the old noble Saladini family is cultivating grapes, olives and cereals. Their organic wines and olive oil have been awarded several times and are exported.

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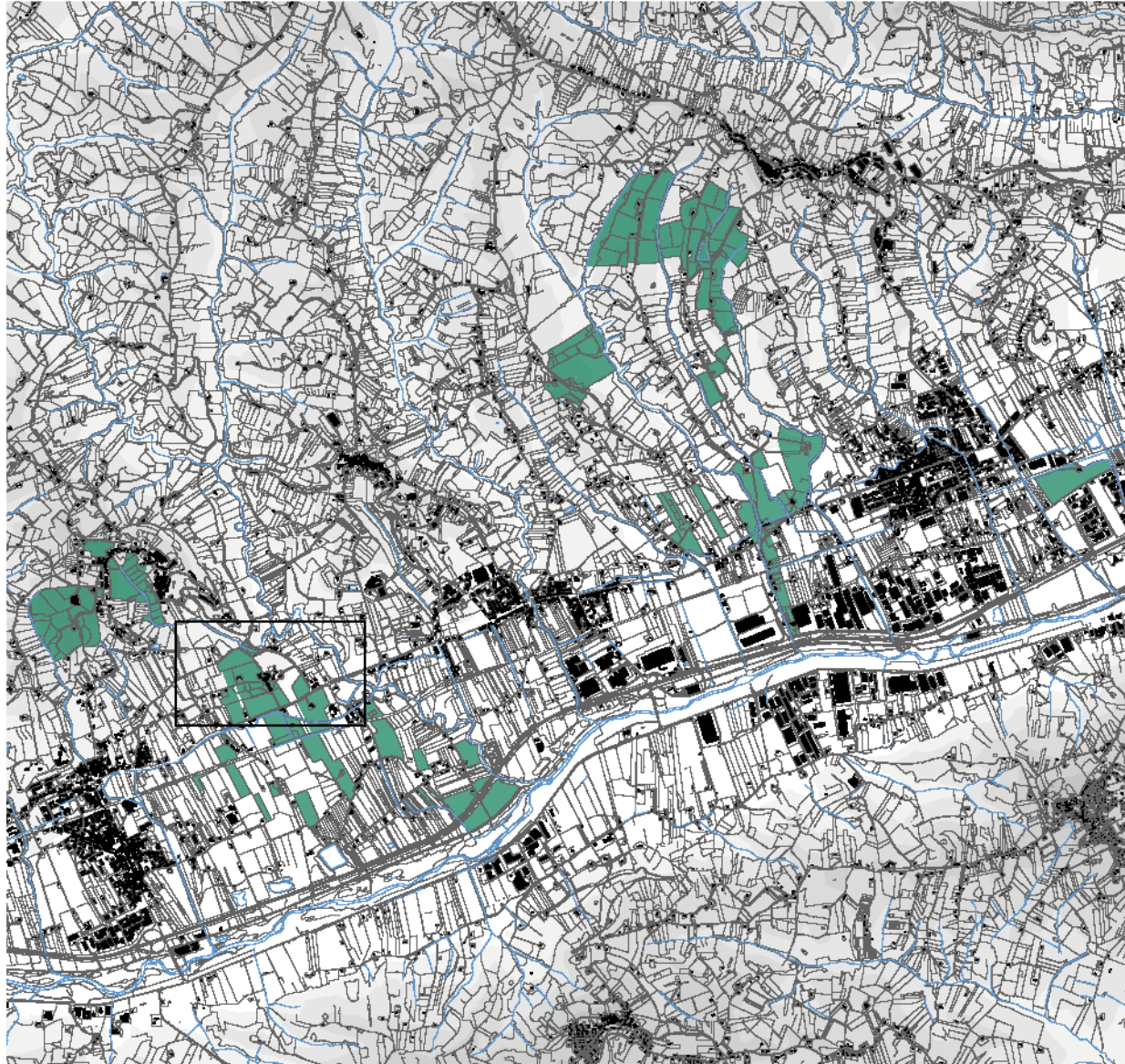


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Spread property

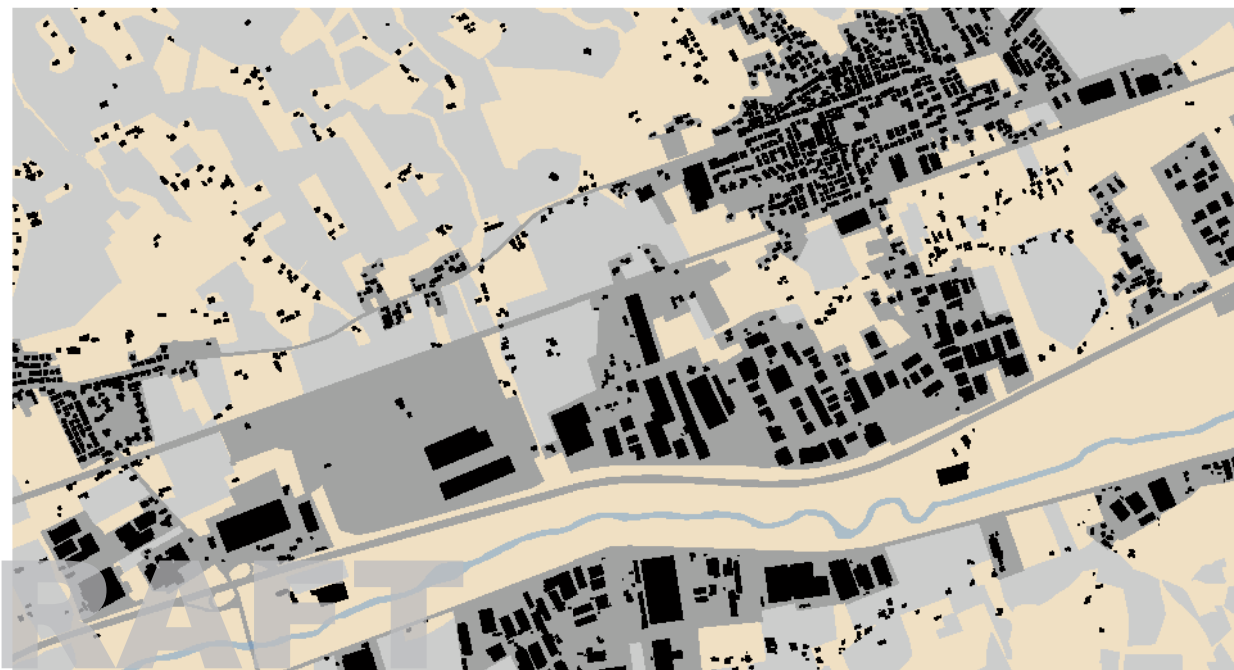
The Saladini family owns territory in different topographic positions. Cultivation depends on that. The size of parcels is mainly big.

Filling pump for wine

A vending point located along Via Salaria tries to catch passerbys to buy olive oil and wine of the production.

LEFT OVER TERRITORY

Beside areas that are part of an economical use in a larger sense including agriculture, there is a punctually spread part of the territory whose use is by far less defined. Due to reasons of speculation and a lack of sufficient benefit on adequate agricultural products as well as a small meshed parcel structure which makes any agricultural use in a modern sense impossible, a large part of the flat territory on the bottom of the valley is lying fallow. Partially it is not used in any way and partially there have been installed small private gardens for self-sufficiency and hobby-gardening.





Senior's hobby-farming or *back to the roots*

Primarily older men practice on agriculturally unused acreages farming in an antique sense: Cultivation areas of fruits and vegetables at a very small scale.

Next to the industry, in the restland along the river shepherd are tramping with their sheep. It is forming an idyllic antipole to civilisation.

Production for self-sufficiency

Cultivating a garden and producing for the family's need of fruits, vegetables and flowers. Gardening mostly takes place on family-inherited land on the bottom of the valley.



Terrain vague

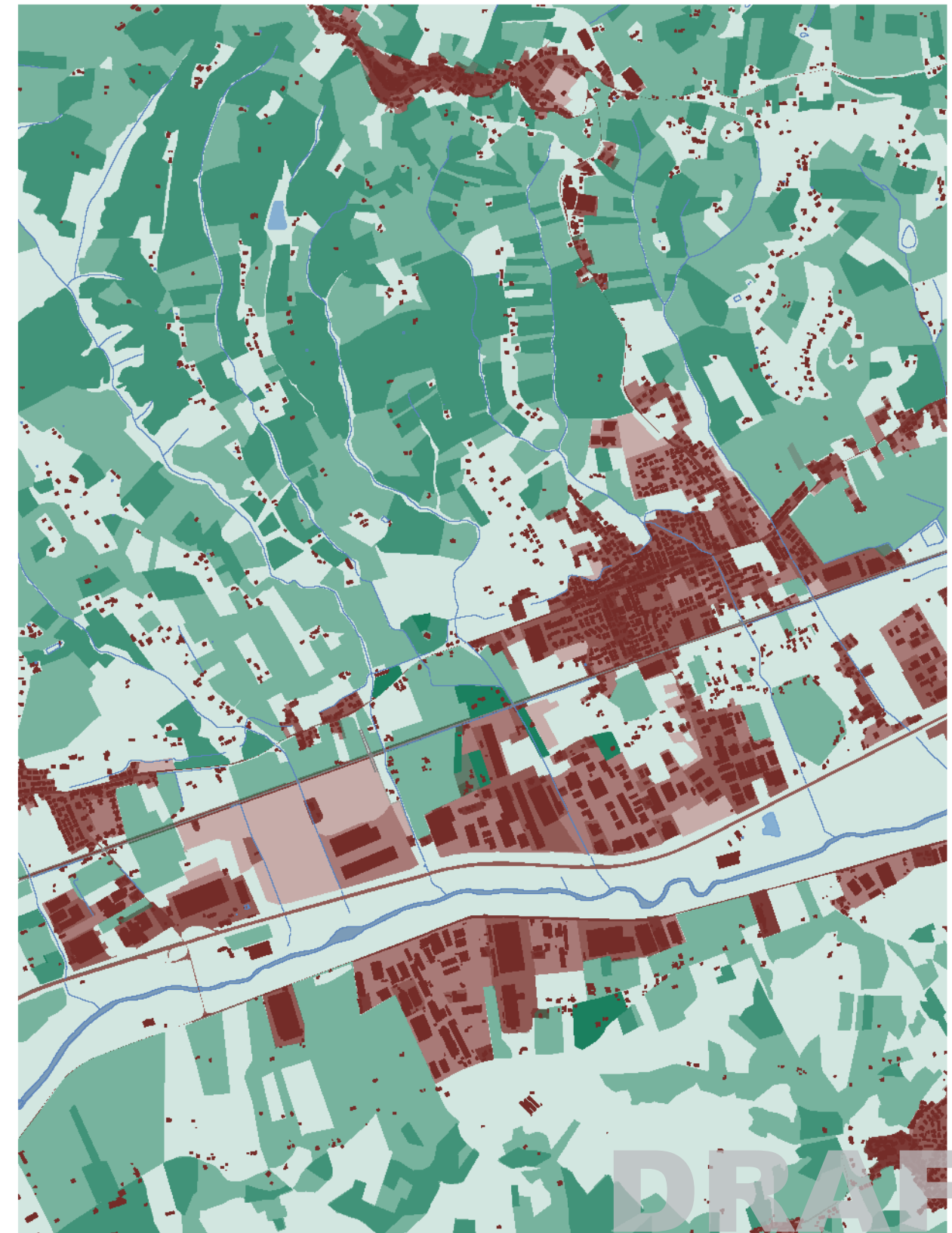
Its character is hard to define and is varying in a large spectrum. In some cases, land is just lying fallow and looks similar to moorland. On the other hand there are other areas which resemble rubbish dumps. At any case, they are spraying an atmosphere of tristesse.

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TERRITORIAL IMPACT

Different signs in the territory show an image of an economic structure in flux. While factories of Northern-Italian production simply were attracted of subsidies in the last decades up to 1992 spent by the Cassa del Mezzogiorno and now tend to return to the North for reasons of concentrating their production. Another reason for a crisis in Piceno in general and the Tronto valley in particular is the dislocation of production from highly developed countries to low-wage countries. At the same time there is a under-utilised potential for high-quality products such as wine, olive oil, handicraft as well as various services.



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Missing Mezzogiorno subsidies...

Several companies headquartered in Northern Italy already have turned their back onto the Tronto valley redislocating the production back to the North. In consequence of stopping payments for having located production in the Tronto valley in 1992, there is a lack of fiscal incentive to remain in the area. The recent development makes clear that the big part of bigscale-production in the Tronto valley is linked to Northern Italy.

Carbon Group

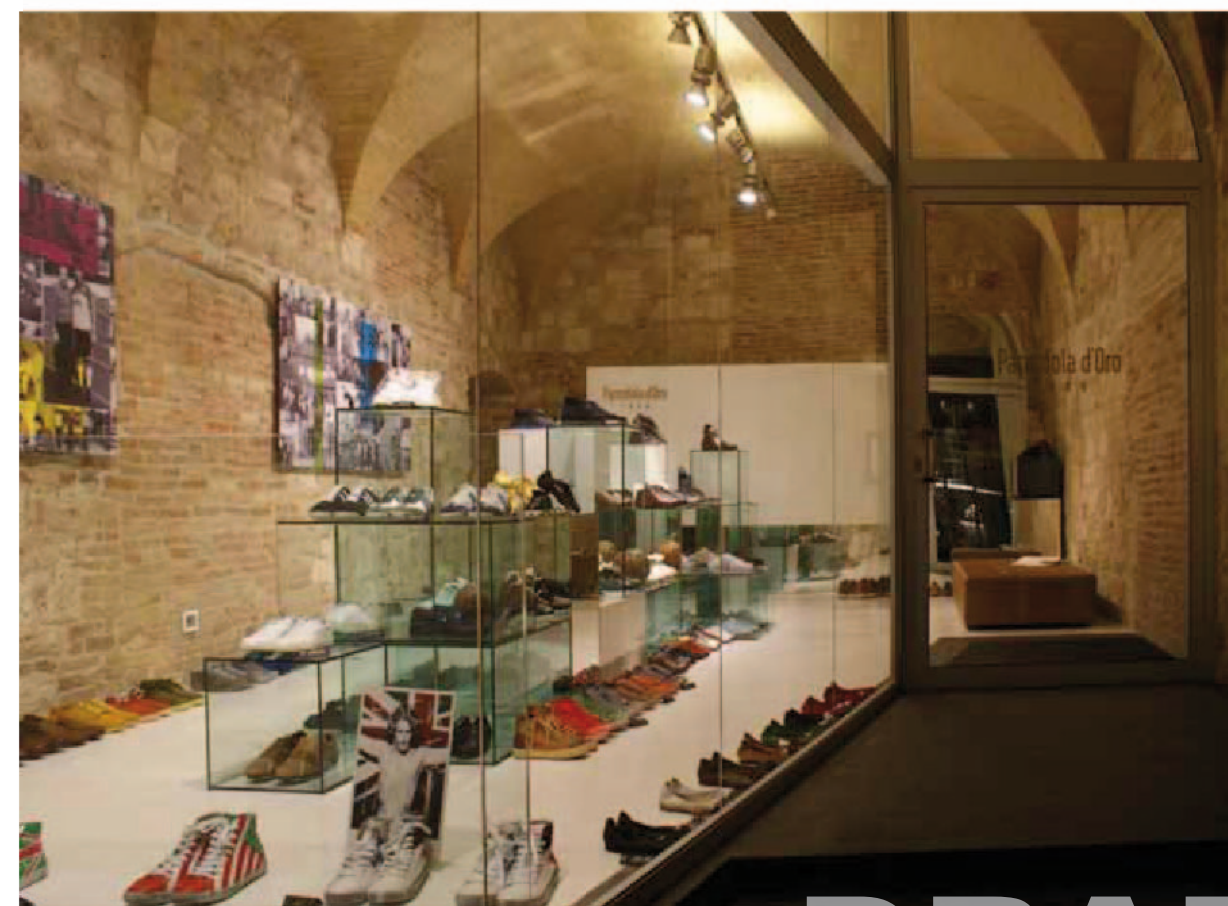
Its production site was located next to the railway station in Ascoli Piceno. The international company focuses on carbon and graphite materials, carbon fibres and composites. In 2008 the Ascoli branch has been closed to dislocate the production to countries with lower wages in Eastern Europe.



Achieving world's need for luxury

Italian cuisine has the reputation of being one of the best in the world. Italian restaurants are located in all over the world. Essential ingredients for Italian dishes like wine and olive oil have become a worthwhile source of income.

Italy's national soccer team used shoes manufactured in the Tronto valley.



Pantofola d'Oro's store in the historic centre of Ascoli Piceno.



Regional cargo node

Constructed in the last years, in this huge logistics centre all kind of goods are collected and distributed from and to all over central Italy. Highly developed infrastructure is important to the institution.

Prospering service sector?

In niches in the industrial district service enterprises have established. Example for the recent development is a planning office for renewable energy, which is ranking 5th in Italy in size. The company is investing on energy sources globally.



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IMAGE CREDITS

All graphics and photos by Lorenz Mörikofer and Rosanna May, students of ETH Studio Basel SS09, except where noted.

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