**Territorial policies for industrial renaissance and innovation**

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**Abstract**

Industrial districts, dynamic cities, and other local reproductive systems should be considered still as a fundamental structure of multi-scale industrial development in contemporary Italy.

However, the challenges brought about by the present phase of globalization, multiplied by the long-lasting effects of the great international economic crisis, give to the prospects of industrial development a more dramatic meaning, which is referred here as the need of industrial renaissance.

Discontinuities in local innovation and internationalization processes should be managed, and new and traditional production systems helped to find a lease of good life in Italy.

In this context, the local level of the industrial processes and policies, though fundamental, becomes clearly more inter-dependent with organizations, strategies and networks spanning larger territorial scales.

This presentation tries to illustrate what are some of the requisites for effective combinations of different scales of industrial processes and policies in contemporary Italy towards industrial renaissance and innovation. It refers, in general, to cases of local production systems based on manufacturing specialization and SMEs (LPS), such as those charactering the many Italian industrial districts, and starts from three related questions:

a) Does not the shrinking of manufacturing jobs and activities imply automatically a reduced importance of manufacturing specializations, and by this a shrinking space for LPS as such, whatever their forms, in advanced economies?

b) Do servitization within manufacturing processes and other digital-based technologies (within the scope of Industry 4.0 or Smart manufacturing) reduce switching costs in the organization of different lines of production, enlarge the possibilities of automated personalisation within “smart” plants, increase the internal economies of scope realized by the single producers within and outside IDs, and lead therefore to a reduced importance of place-based external economies?

c) Even if solutions to the previous challenges exist and are consistent with a lease of life for new forms of LPS promoting industrial renaissance and innovation, does not the same nature of the new production processes make very difficult a wide rerouting of LPS to forms consistent with such solutions?

Positive solutions and rerouting paths exist, but multi-level policies of industrial development are needed to reduce uncertainty in transition and promote investments in new solutions. They should aim at rerouting towards new high roads of local development that resonate the H2020 credo, i.e. smart, inclusive, sustainable.

Feasible and “realistic” policies should display a set of features:

* system-based, that is directed to the construction of public goods specific to the both transition processes and convergence to new stable paths;
* place-based, that is rooted in the territories in which technical, human, and social capital is accumulated;
* included in multi-scale governance, between cities and districts, regional innovation systems, national and European contexts;
* experimental and evidence-based, being crucial to understand and verify empirically the key elements of endogenous rerouting, especially in face of a new wave of technological change and their wide impacts.

These concepts are applied to some recent Italian regional and national policies and suggest implications on how to support industrial renaissance and innovation.

The conclusion draws from Giacomo Becattini’s inspiration, according to which the decisive factor of resilience for local reproductive systems, such many industrial districts, is the confidence of their people, enterprises and institutions. They can constantly innovate and create faithfully to their local evolving but authentic productive cores and social identities.-