

MARCO FORTIS (ed.), *The Pillars of the Italian Economy. Manufacturing, Food & Wine, Tourism*, Heidelberg, Springer, 2016, pp. 334, € 139,99.

Marco Fortis is a well known economist, vice-president and director of Edison Foundation. He teaches Industrial Economy and Foreign Trade in the Political Science Faculty of the Catholic University of Milan and is author or editor of many scientific publications, essays, and articles: he has contributed leading articles to “Economia Politica-Journal of Analytical and Institutional Economics”, *Il Sole 24 Ore*, *Il Messaggero*.

The Pillars of the Italian Economy provides new evidence on Italy’s external competitiveness. It offers a comprehensive and a detailed description of the characteristics and strength of the Italian production system. The book has the aim at undertaking an analysis of the key sectors of the Italian economy, with a special focus on areas in which the economy excels. The main steps in Italy’s industrialization over the past 150 years are outlined with particular reference to the manufacturing system, the main driver of Italian exports. The book is an attempt to fill a “gap” in the existing economic literature on Italy’s international competitiveness, that is to clarify widespread misinterpretations of the real degree of competitiveness of the Italian manufacturing sectors. The problem of Italy’s decline has often been associated with low competitiveness and the inability to compete on global markets. The more widespread interpretation is that the cause of Italy’s weak growth has been the specialization of the Italian firms, especially of those operating in traditional sectors where the potential competition of emerging countries is higher. According to Fortis this claim is erroneous. What really “slowed Italy’s growth, in addition to the myriad of country’s institutional and infrastructural system constraints...was the prolonged austerity...All these factors drastically slowed Italian domestic demand” (p.3). Fortis argues that competitiveness in foreign trade has very little to do, positively or negatively, with the more developed economies’ GDP growth, with the exception of Germany. Factors other than competitiveness have been the real drivers of growth in the recent past in the developed world economies, which in the years prior to the crisis had the highest rates of development. The decline of many countries like Italy was “driven above all by the unbalanced growth of private debt and not by the performance of their production systems on international markets” (p. 2). The Italian decline started prior to the financial crisis of 2007, but such decline did not depend or was only partially a result of a temporary loss of the competitiveness of the economic system.

The book explains how, contrary to widespread opinion, Italy is one of the world’s most competitive countries in foreign trade in many important sectors. The research offers the necessary evidence to prove that Italy remains a major internationally competitive country presenting a highly original analysis and a large meticulous statistical dataset. The main characteristics of the Italian productive system, which is primarily composed of small and medium size enterprises (SMES), are documented, and a map illustrating the importance of the various industrial districts is proposed, identifying their sectors of specialization, historical roots, and development. Through a rigorous analysis based on data from Istat, Eurostat, UN Comtrade, WTO, and International Trade Center, Fortis provides an empirical evidence that shows the strength of the main Italian sectors of specialization such as the automatic packaging machinery sector, pharmaceutical production, food and wine industry and tourism.

The book is divided into seven chapters. The first three are more general, while the last four provide detailed analyses of specific sectors. The first chapter describes the top Italian manufacturing products in world trade, analyzing Italy’s international competi-

tiveness and introducing a new analytical tool, the Fortis–Corradini Index (FCI), named after the authors who developed it on behalf of the Edison Foundation. This index was fully explained and presented in a previous book published by Springer in 2015 (*Italy's Top Products in World Trade, The Fortis Corradini Index*, Springer). Compared with the Trade Performance Index, compiled and updated annually by UNCTAD/WTO's International Trade Centre, the FCI provides greater sectorial detail. It refers to 5,117 products identified according to the sixdigit HS 1996 international classification available on the UN Comtrade database. The FCI shows that Italy is one of the most competitive countries in the world and it holds important leadership positions in international trade. As a matter of facts, in 2012 Italy ranked first, second or third in the trade balance of 932 products. Moreover, there were more than 1,200 Italian products that had a trade surplus greater than the same German product (assuming Germany as international performance benchmark). Only China performed better than Italy. The chapter concludes with a statistical appendix describing the different positions (first, second and third) obtained by Italy in terms of trade surplus, as well as in the many products where the Italian trade surplus was greater than the German surplus.

The second chapter describes the importance, both national and international, of Italian Industrial Districts and presents a “map” of the main “Made in Italy” district specializations. It outlines the fundamental role of the industrial district model for the Italian industry in terms of employment, added value, exports, and foreign trade balance. This chapter provides an in-depth analysis “of the links between Italian Industrial Districts and production specializations. The main classifications of an Industrial District proposed by various Italian sources (Istat, Mediobanca-Unioncamere, Fondazione Edison, Banca d'Italia) are listed” (p. vi).

An initial section of chapter 3 describes the main phases of the Italian industrialization process from the unification to the present. The dominant production specializations from WWII onward is analyzed. “The Fondazione Edison has coined the term 4Fs (Fashion and cosmetics; Furniture and ceramic tiles; Fabricated metal products, machinery and transport equipment; Food and wine) to describe the main sectors of “Made in Italy” specializations” (p.6). In particular an overview of the mechanical engineering sector is provided. The chapter shows the sector's impressive growth, and how over the past 20 years it has gained increasing shares of both domestic and foreign markets becoming the leading motor of the 4Fs. “The mechanical engineering sector, in terms of machines and mechanical equipment (excluding metal products), has an export quota which is almost double that of fashion. Italy ranks second in both electric and non-electric mechanical engineering products, according to the UNCTAD/WTO Trade Performance Index for international competitiveness”. This chapter stresses Italy's ability to maintain its world export quotas in manufacturing notwithstanding the rise of China over the last years. This has been possible, in part, due to the shift in production specializations. The chapter also proves that Italy is not at all in “decline” when it comes to international trade. However, the production system must be strengthened “possibly through an aggregation process of pooling smaller-sized Italian companies and encouraging greater growth among medium-large and large companies, englobed by the term *quarto capitalismo* (fourth capitalism)” (p.vii)

The last four chapters provide a thorough assessment of the sectors increasingly pertinent to the Italian economy like mechanical engineering, more specifically wrapping and packaging machinery, pharmaceuticals, food and wine and tourism. Chapter 5 analyzes a sector which in more recent years has re-acquired a significant role in the Italian economy, owing also to the investments from foreign multinationals attracted by its production sites, research centers, qualified personnel. “The chapter describes the relevant size of the pharmaceutical sector, focusing on those regions where the pharmaceutical industry is

most present. It compares these industries at the European level and identifies the ranks of the five Italian regions within the classification of large European pharmaceutical regions” (p.vii). The chapter concludes with a short analysis of the Italian pharmaceutical biotech sector. Chapter 6 is dedicated to “Food and Wine”. This sector places Italy at the top ranking of world classifications due to the excellent quality of its products and of the production system.

Chapter 7 is dedicated to tourism. Using “tourists nights” as an indicator of competitiveness, Eurostat places Italy as the second most popular destination in Europe after Spain, and third for overall tourism (including domestic) after Spain and France. Italy, however, is placed first in the Eurozone considering the number of nights spent by extra-EU tourists. The chapter also “provides a territorial analysis that singles out specific Italian regions which, if they could be inserted in the EU classification of overnight stays of foreign tourists per country, they would place in the top half. Once again, the myth is dismantled that Italy is incapable of revitalizing and adapting its tourism industry to the new demands of the continuously increasing foreign visitors” (p.ix).

In conclusion, combining meticulous analysis of statistical data with a historical perspective, this book will appeal to all with an interest in the Italian productive system with reference to its role in the international setting. Empirical data are the volume’s distinctive feature, that gives it originality and strenght. This evidence allows to conclude that the italian sluggish growth depends only partially on the features of the typical “Made in Italy” sectors. The important role of the more traditional sectors like fashion and furniture, fabricated metal products, machinery and transport equipment is also widely stressed. However the concept of Italian excellence has been broadened to include areas like high-quality food and wine, many branches of the mechanical engineering-machinery sector, chemicals, pharmaceuticals and means of transport other than cars, without forgetting the enormous economic potential of the Italian tourism industry.

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