

Plná verze článku / Full paper

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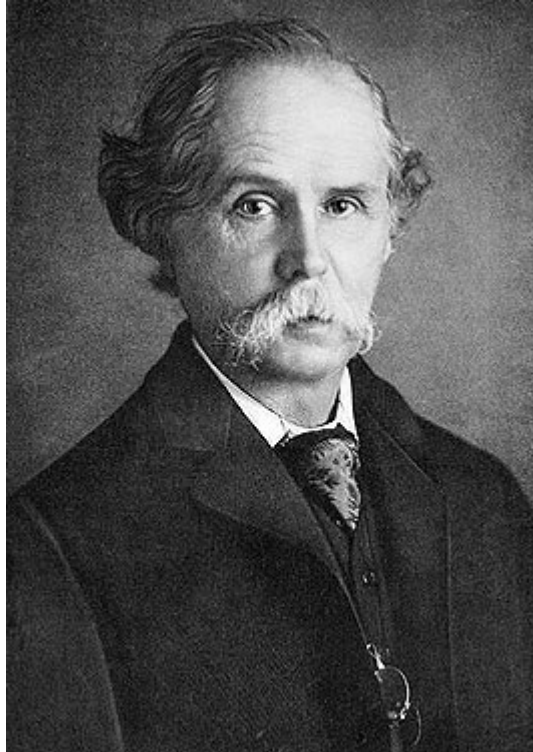
**XXIV. Mezinárodní kolokvium o regionálních vědách
INDUSTRIES AND REGIONS – CASE STUDY ITALY**

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Plan of the Presentation

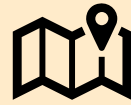
- Theoretical Bedrock
- Theoretical Approaches
- New Economic Geography
- The Italian Case



Alfred Marshall: 'Principles of Economics' 1890

Marshallian Sources of Agglomeration

- Specialized Inputs (Linkages)
- Pooled Labor Markets
- Spillovers



GEOGRAPHICAL DISTRIBUTION OF MANUFACTURING INDUSTRY

- 48.4% of the manufacturing industries are concentrated in Northern Italy (almost half of the entrepreneurial network).
- 30.5% of the businesses are located in the South and Islands.
- 20.1% are located in Central Italy.
- At the regional level, Lombardy is first with a weight on the overall picture of 16.7%
- There is a gap between northern and southern Italy from the point of view of distribution and territorial resources



Source: ISTAT 2011

- Paul Krugman is known as the most remarkable autor of New Economic Geography, together with Fujita and Venables.

The core question is why firms agglomerate on space?

There is a spontaneous incentive in firms for installing close to others?



Considering Three elements

- Economies of scale:

- To install only one plant, economies of scale can be exploited if it is built near a huge city.

(If all firms have the same strategy, all of them will meet in the same place)

Exceptions? Access to natural resources (cement, wood,
Processing of milk, bottled water)

Transport Cost

Satisfying all markets depends on transport costs:



In presence of low transport cost
both markets can be satisfied
from only one place. CONCENTRATION

If transport cost are high, is more efficient to split the production
into the two locations: SYMMETRIC DISTRIBUTION

Relevance of urban – manufacturing labor μ

Urban workers can move, so they can change home according the movement of manufacturing.

Higher μ higher concentration in one point: CONCENTRATION

Total labor equals 1:
 μ in manufacturing

1- μ in agriculture

Farmers (1- μ) can not move, they are stuck to the land.



• In conclusión, the conditions for concentrating manufacturing in one point:

$$F/S > \tau (1 - \mu)/2$$



The criterion: $F/S > \tau (1 - \mu)/2$

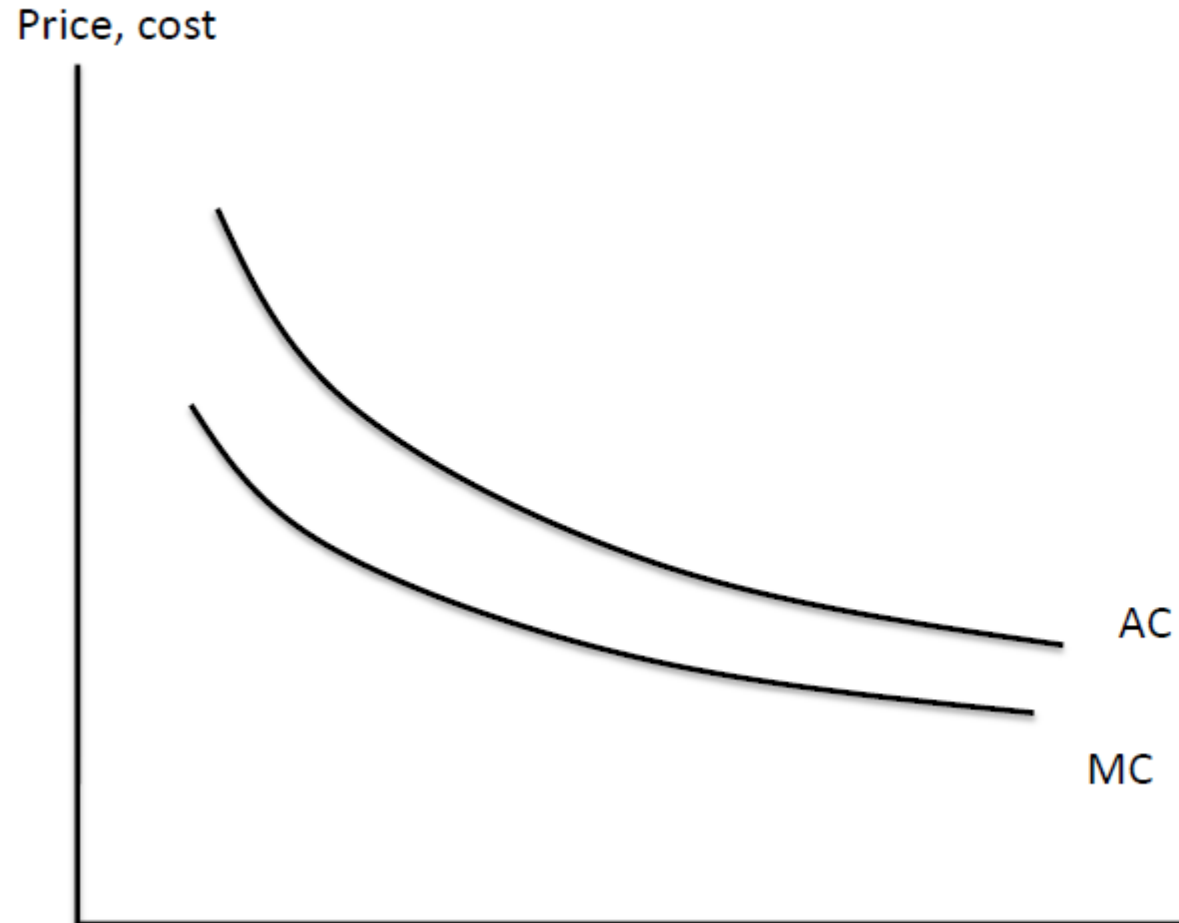
Large-scale production => higher F/S

Railroads => lower τ

Industrialization => higher μ

Importance of monopolistic competition:

The problem of market structure



The Home Market Effect and the Economies of Scale

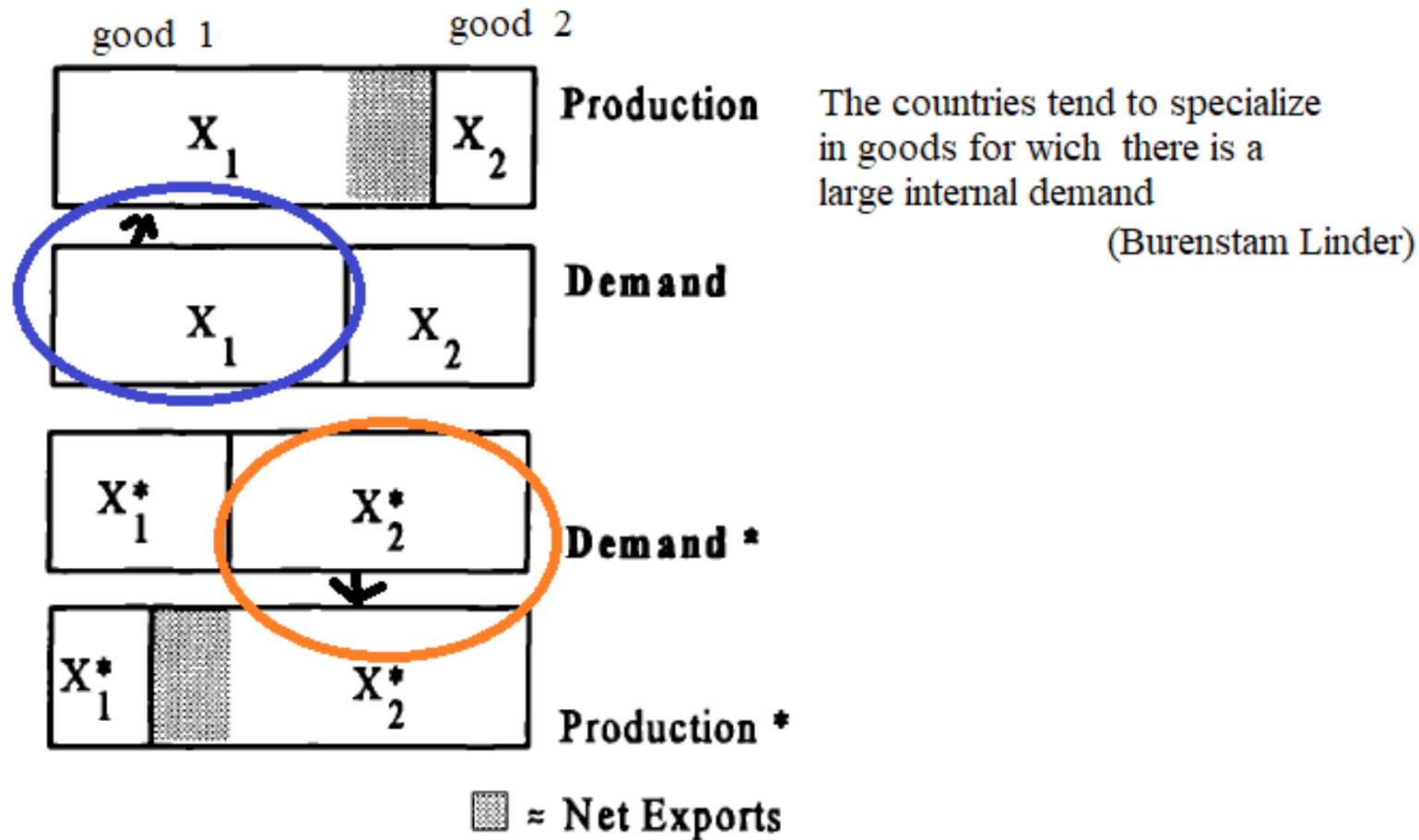
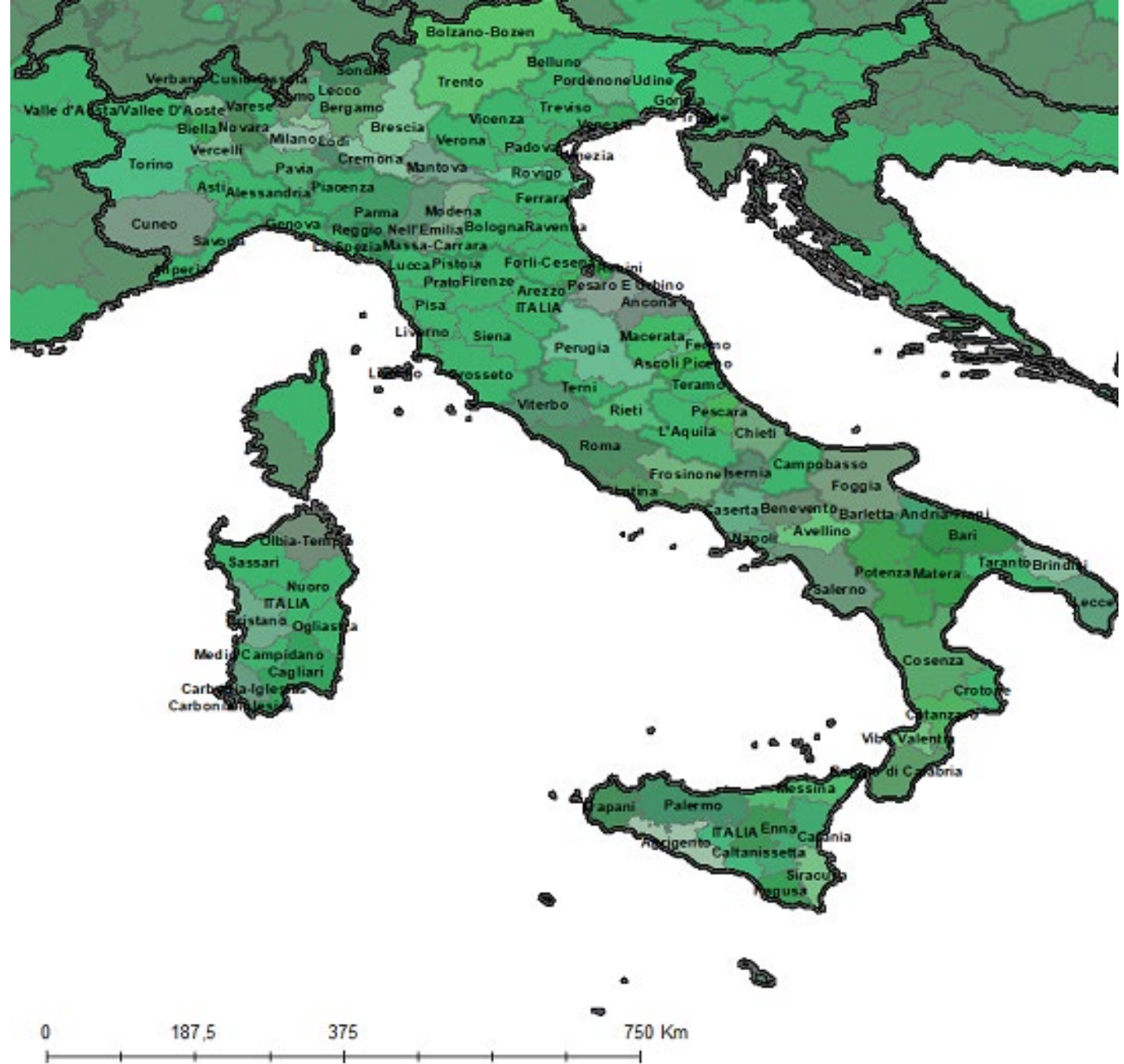


Figure 1 Demand Idiosyncracies have a Magnified Impact on Production

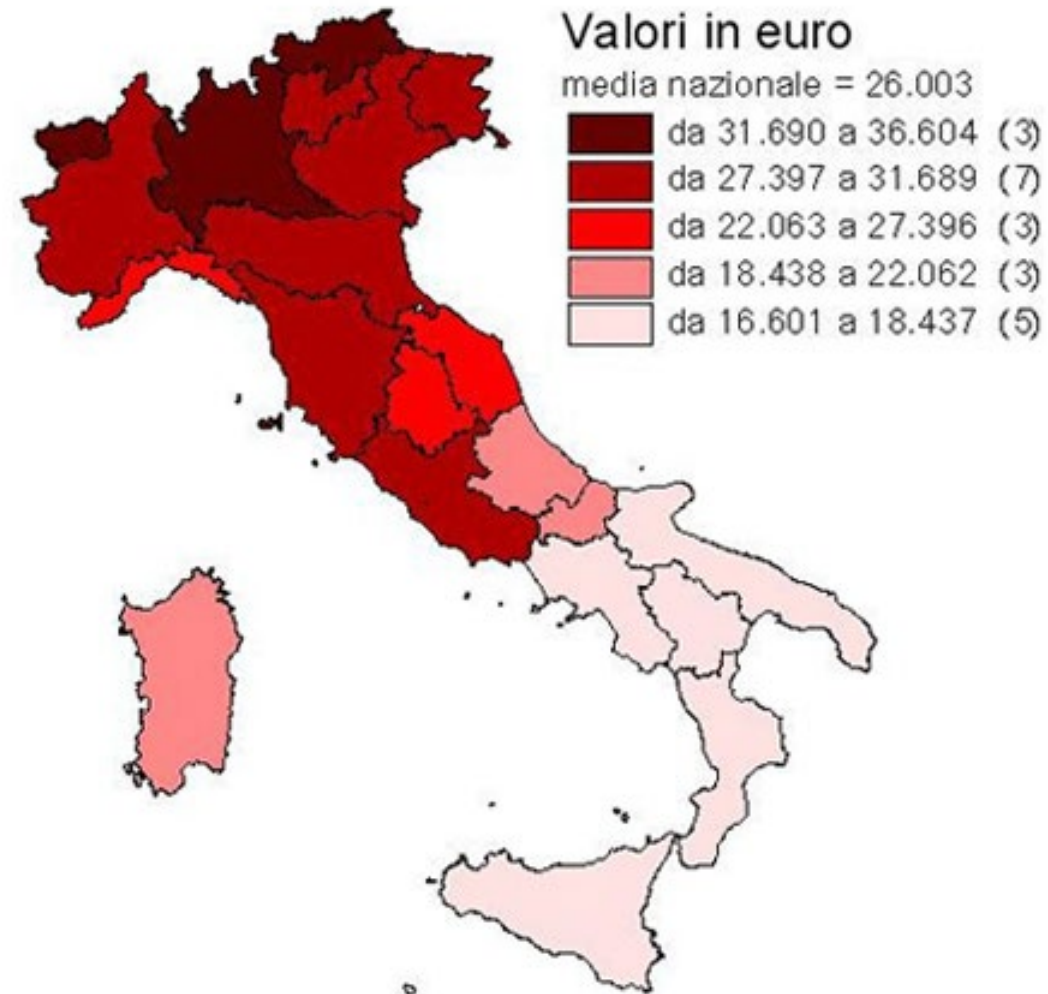
THE ITALIAN CASE



Source: OWN ACCORDING TO EUROSTAT

Elaborated: Helmuth Arias Gómez

Divergence in GDP per capita



Prodotto interno lordo a prezzi correnti per abitante. Anno 2011

ITALY MANUFACTURING EMPLOYMENT NUTS2

North

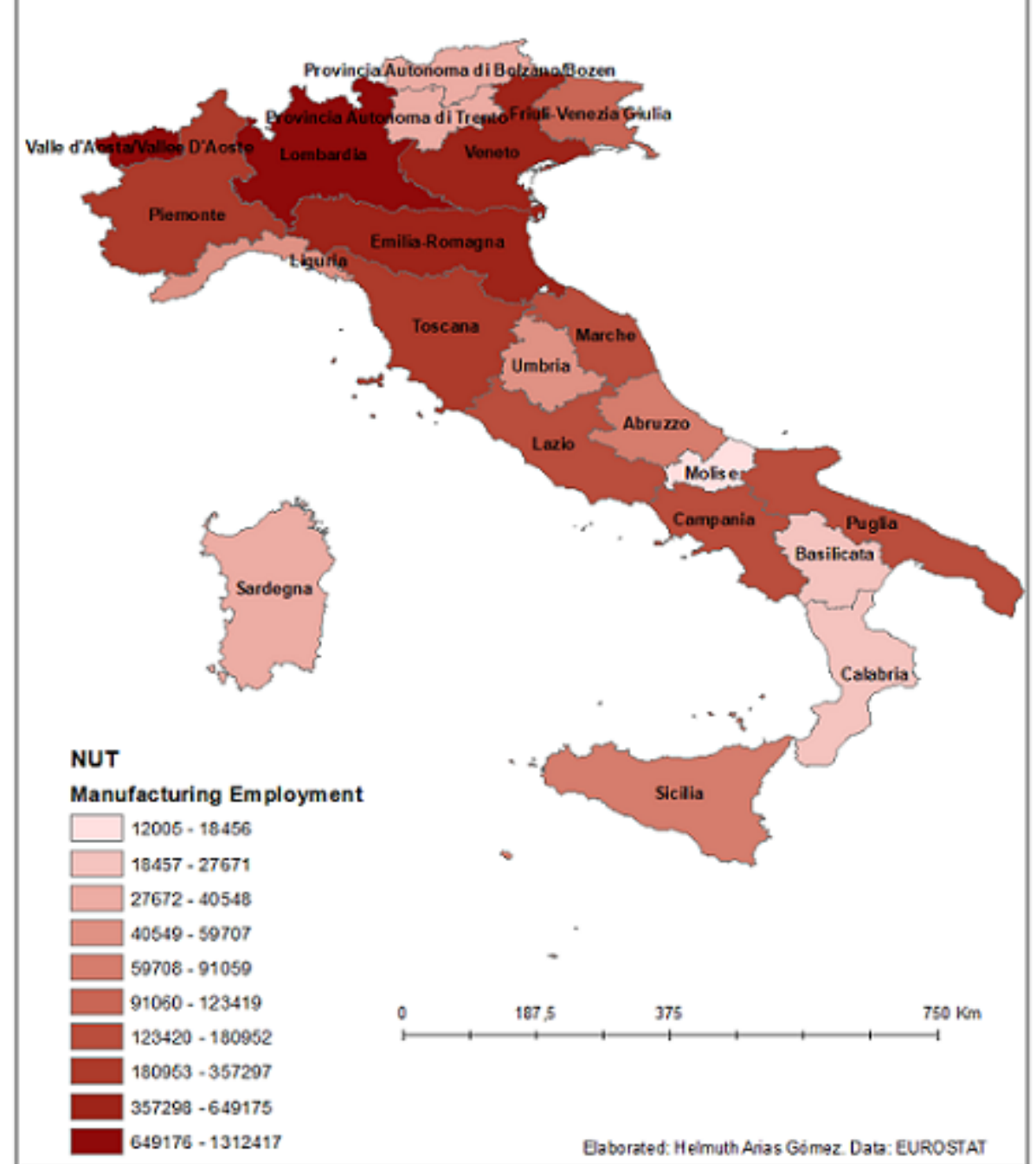
| | |
|------------------------------|---------|
| Valle D'Aosta | 4,640 |
| Piemonte | 357,297 |
| Liguria | 59,707 |
| Lombardia | 890,773 |
| Veneto | 520,556 |
| Trentino Alto Adige | 66,233 |
| Friuli Venezia Giulia | 104,314 |
| Emilia Romagna | 439,984 |

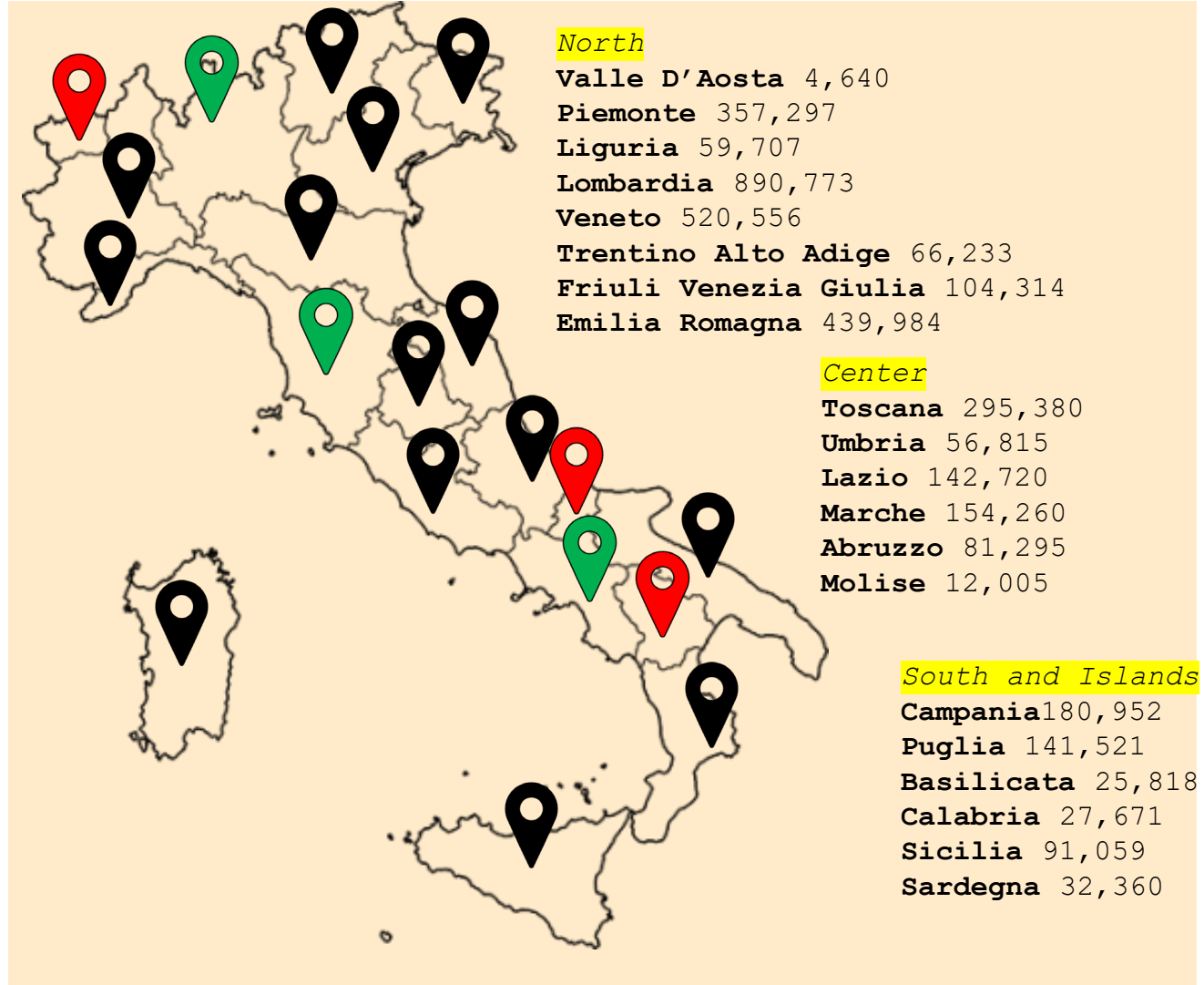
Center

| | |
|----------------|---------|
| Toscana | 295,380 |
| Umbria | 56,815 |
| Lazio | 142,720 |
| Marche | 154,260 |
| Abruzzo | 81,295 |
| Molise | 12,005 |

South and Islands



| | |
|-------------------|---------|
| Campania | 180,952 |
| Puglia | 141,521 |
| Basilicata | 25,818 |
| Calabria | 27,671 |
| Sicilia | 91,059 |
| Sardegna | 32,360 |





The **employment**
in Italian
Manufacturing

Industry
Numbers by region
2017

-  Lower amount of employed workers
-  Higher amount of employed workers

Composition of manufacturing employment by sector 2017 (%)

| GEO | food products | beverages | tobacco | textiles | wearing apparel | leather | wood | paper | Printing and | coke refining | chemical | pharmaceutical | rubber plastic | non metallic | basic metals | metal products | computer, electronic | electrical equipment | machinery | motor vehicles | other transport | furniture | Other manufa | repair |
|----------------------------------|---------------|-----------|---------|----------|-----------------|---------|------|-------|--------------|---------------|----------|----------------|----------------|--------------|--------------|----------------|----------------------|----------------------|-----------|----------------|-----------------|-----------|--------------|--------|
| Piemonte | 0,0 | 1,3 | 0,0 | 4,7 | 2,2 | 0,3 | 2,2 | 0,0 | 1,7 | 0,3 | 2,9 | 0,8 | 6,6 | 2,7 | 2,3 | 14,8 | 2,0 | 3,0 | 15,9 | 14,2 | 0,0 | 0,9 | 3,7 | 3,7 |
| Valle d'Aosta/ Vallée d'Aoste | 0,0 | 4,9 | 0,0 | 0,8 | 0,5 | 0,1 | 8,8 | 0,0 | 3,3 | 0,2 | 0,2 | 0,0 | 2,0 | 3,4 | 26,6 | 11,6 | 1,9 | 2,0 | 1,1 | 8,0 | 0,0 | 1,5 | 2,9 | 3,9 |
| Liguria | 16,1 | 0,2 | 0,0 | 0,6 | 1,1 | 0,1 | 2,1 | 0,7 | 2,2 | 1,8 | 2,4 | 0,7 | 3,0 | 4,3 | 3,7 | 12,9 | 6,0 | 4,4 | 9,5 | 2,7 | 11,2 | 1,2 | 3,3 | 9,9 |
| Lombardia | 7,2 | 0,7 | 0,0 | 4,7 | 4,1 | 1,4 | 2,3 | 1,9 | 2,6 | 0,2 | 5,0 | 2,4 | 6,5 | 2,3 | 4,7 | 16,9 | 3,2 | 5,1 | 15,1 | 2,7 | 1,4 | 3,2 | 2,6 | 3,9 |
| Autonoma di Bolzano/Bozen | 0,0 | 3,5 | 0,0 | 0,8 | 1,3 | 0,2 | 12,5 | 0,4 | 3,2 | 0,1 | 1,2 | 0,0 | 2,4 | 3,4 | 3,3 | 13,6 | 2,0 | 2,9 | 8,2 | 5,6 | 4,2 | 6,5 | 2,8 | 3,1 |
| Autonoma di Trento | 0,0 | 4,2 | 0,0 | 2,0 | 1,6 | 1,4 | 8,5 | 5,1 | 4,3 | 0,1 | 4,0 | 0,0 | 6,1 | 6,5 | 1,8 | 13,7 | 1,3 | 2,1 | 11,6 | 3,5 | 0,4 | 2,2 | 4,0 | 2,8 |
| Veneto | 7,6 | 0,0 | 0,0 | 2,2 | 5,7 | 5,5 | 2,8 | 2,2 | 2,2 | 0,1 | 2,1 | 0,9 | 4,8 | 4,3 | 2,6 | 15,4 | 1,8 | 5,9 | 15,0 | 1,2 | 1,2 | 6,3 | 5,5 | 3,4 |
| Friuli-Venezia Giulia | 6,9 | 0,8 | 0,0 | 1,1 | 0,6 | 0,5 | 4,6 | 2,2 | 1,6 | 0,1 | 1,2 | 0,4 | 4,0 | 3,6 | 5,5 | 17,3 | 2,6 | 4,9 | 15,9 | 1,7 | 4,2 | 12,6 | 2,7 | 4,7 |
| Emilia-Romagna | 12,7 | 0,0 | 0,0 | 1,2 | 4,7 | 1,5 | 1,9 | 1,3 | 1,7 | 0,1 | 3,1 | 1,0 | 4,1 | 6,4 | 2,0 | 13,5 | 2,9 | 3,8 | 23,6 | 3,7 | 1,2 | 1,9 | 2,5 | 4,2 |
| Toscana | 7,0 | 0,7 | 0,1 | 7,8 | 12,6 | 15,2 | 2,4 | 3,4 | 1,7 | 0,3 | 2,2 | 2,4 | 2,5 | 3,8 | 2,0 | 8,4 | 2,3 | 2,1 | 6,5 | 1,7 | 3,1 | 3,2 | 4,7 | 3,8 |
| Umbria | 14,3 | 0,0 | 0,0 | 3,5 | 12,6 | 0,9 | 3,6 | 2,9 | 2,9 | 0,1 | 1,9 | 0,0 | 2,5 | 7,0 | 5,6 | 14,3 | 1,0 | 2,2 | 8,6 | 1,9 | 1,3 | 4,5 | 2,1 | 4,8 |
| Marche | 7,4 | 0,5 | 0,0 | 1,5 | 7,0 | 16,2 | 2,9 | 2,4 | 1,6 | 0,4 | 1,3 | 0,0 | 6,7 | 2,1 | 1,5 | 12,5 | 1,9 | 6,6 | 8,5 | 1,1 | 2,2 | 9,1 | 2,8 | 2,7 |
| Lazio | 13,3 | 0,0 | 0,0 | 1,3 | 2,8 | 0,6 | 2,9 | 2,0 | 5,1 | 1,6 | 2,9 | 8,7 | 3,3 | 6,1 | 1,2 | 10,6 | 3,9 | 3,3 | 4,1 | 4,9 | 6,3 | 1,7 | 3,8 | 8,6 |
| Abruzzo | 0,0 | 1,8 | 0,0 | 2,3 | 8,5 | 2,4 | 2,5 | 3,1 | 1,5 | 0,2 | 1,8 | 0,0 | 5,5 | 6,3 | 1,8 | 12,0 | 3,3 | 1,9 | 5,9 | 14,2 | 1,5 | 2,6 | 2,1 | 3,5 |
| Molise | 22,0 | 0,9 | 0,0 | 0,8 | 4,5 | 0,3 | 2,7 | 1,1 | 1,2 | 0,1 | 4,6 | 1,8 | 3,0 | 6,4 | 1,1 | 10,1 | 0,9 | 2,4 | 2,9 | 25,8 | 0,4 | 2,1 | 1,3 | 3,2 |
| Campania | 18,6 | 1,1 | 0,1 | 1,8 | 8,8 | 7,6 | 2,7 | 2,3 | 2,0 | 0,6 | 1,1 | 1,0 | 3,6 | 3,7 | 1,5 | 11,3 | 1,4 | 3,2 | 3,7 | 6,4 | 7,0 | 1,2 | 2,2 | 7,1 |
| Puglia | 18,7 | 1,7 | 0,0 | 2,1 | 9,9 | 3,9 | 2,9 | 1,2 | 2,0 | 0,6 | 1,2 | 0,4 | 2,7 | 4,7 | 8,4 | 11,2 | 0,5 | 1,2 | 4,8 | 4,5 | 3,9 | 4,9 | 2,1 | 6,4 |
| Basilicata | 15,5 | 1,7 | 0,0 | 1,5 | 1,3 | 0,1 | 2,8 | 0,6 | 1,5 | 0,4 | 0,5 | 0,3 | 3,5 | 5,5 | 1,7 | 10,5 | 0,6 | 1,2 | 3,9 | 37,0 | 0,5 | 4,3 | 1,0 | 4,1 |
| Calabria | 0,0 | 1,6 | 0,0 | 1,3 | 2,4 | 0,3 | 6,8 | 0,6 | 3,5 | 1,0 | 1,9 | 0,0 | 2,6 | 9,0 | 1,3 | 15,4 | 0,8 | 0,6 | 2,8 | 0,3 | 2,2 | 2,1 | 3,4 | 7,3 |
| Sicilia | 27,9 | 2,8 | 0,0 | 0,6 | 2,2 | 0,3 | 3,7 | 1,0 | 2,8 | 3,8 | 2,8 | 1,6 | 2,8 | 8,1 | 1,1 | 10,9 | 5,2 | 1,6 | 3,1 | 0,6 | 1,6 | 1,6 | 2,9 | 10,9 |
| Sardegna | 29,0 | 3,4 | 0,0 | 1,2 | 1,1 | 0,3 | 8,0 | 0,6 | 2,3 | 1,3 | 3,5 | 0,0 | 2,4 | 8,6 | 3,4 | 13,9 | 0,9 | 0,3 | 2,0 | 0,1 | 0,7 | 1,0 | 3,9 | 12,2 |

Some Economic Geography Arguments: (Brian A'Hearn and Anthony J. Venables 2011)

The combination of changing external trade patterns and internal geography have combined to repeatedly favor the North of Italy

The continuing dominance of one area of the country (Gravitating around Milan) is pervasive.

Italy is also distinctive in the consequences of the unequal distribution of industry for living standards.

Silk production was concentrated in the North, principally because of the availability of water, an endowment which also benefited other agriculture based production.

The North had the advantage of existing clusters of activity, although this was accompanied by the competitive disadvantage of higher wages.

The process of European integration meant that economic opening primarily meant opening to the markets of Northern and Central Europe; foreign market access became important, and once again the North of Italy was favored over the South.



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THANK YOU FOR YOUR ATTENTION
Q and A?



| SECTOR | POSSIBLE LOCALIZATION REASONS |
|---|--|
| | |
| Manufacture of food products | ACCESS TO NATURAL RESOURCES, TO THE SEA, TO THE CROPS. ACCESS TO URBAN MARKETS, PROXIMITY TO CITIES |
| Manufacture of beverages | ACCESS TO NATURAL RESOURCES, ACCESS TO URBAN MARKETS, PROXIMITY TO CITIES |
| Manufacture of tobacco products | ACCESS TO URBAN MARKETS. (raw tobacco is a tropical commodity, I think it must be imported) |
| Manufacture of textiles | INTENSIVE IN CAPITAL AND EQUIPMENT, CLOSE TO THE CITIES. |
| Manufacture of wearing apparel | INTENSIVE IN LABOR. AVAILABILITY OF LABOR IN THE CITIES |
| Manufacture of leather and related products | INTENSIVE IN LABOR. AVAILABILITY OF LABOR IN THE CITIES |
| Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials | ACCESS TO NATURAL RESOURCES, TO THE FOREST, |
| Manufacture of paper and paper products | ACCESS TO NATURAL RESOURCES, TO THE FOREST, |
| Printing and reproduction of recorded media | ACCESS TO URBAN MARKETS AND SKILLED LABOR. AVAILABILITY OF WRITERS, JOURNALIST, EDITORS, ETC |
| Manufacture of coke and refined petroleum products | ACCESS TO NATURAL RESOURCES. CLOSE TO OIL EXPLOITATIONS, AND PORTS |
| Manufacture of chemicals and chemical products | LINKAGES WITH PETROLEUM SECTOR |
| Manufacture of basic pharmaceutical products and pharmaceutical preparations | IN THE CITIES, AVAILABILITY OF SKILLED LABOR, DOCTORS, RESEARCHERS, ETC |
| Manufacture of rubber and plastic products | PROXIMITY TO URBAN CENTERS AND CITIES. (TIRES, PLASTIC DEVICES) |
| Manufacture of other non-metallic mineral products | ACCESS TO NATURAL RESOURCES: LIMESTONE FOR CEMENT. CLAY FOR BRICKS |
| Manufacture of basic metals | ACCESS TO NATURAL RESOURCES: COAL AND MINING (METALLURGY) |
| Manufacture of fabricated metal products, except machinery and equipment | ACCESS TO URBAN MARKETS |
| Manufacture of computer, electronic and optical products | SPILOVERS. TRANSMISSION OF SPECIALIZED KNOWLEDGE. ABUNDANCE OF TECHNICAL LABOR. |
| Manufacture of electrical equipment | SPILOVERS. TRANSMISSION OF SPECIALIZED KNOWLEDGE. ABUNDANCE OF TECHNICAL LABOR. |
| Manufacture of machinery and equipment n.e.c. | ACCESS TO URBAN MARKETS |
| Manufacture of motor vehicles, trailers, and semi-trailers | SPILOVERS. TRANSMISSION OF SPECIALIZED KNOWLEDGE. ABUNDANCE OF TECHNICAL LABOR. LINKAGES WITH PROVIDERS AND BACKWARD ABSORPTION OF PARTS AND INPUTS. |
| Manufacture of other transport equipment | SPILOVERS. TRANSMISSION OF SPECIALIZED KNOWLEDGE. ABUNDANCE OF TECHNICAL LABOR. LINKAGES WITH PROVIDERS AND BACKWARD ABSORPTION OF PARTS AND INPUTS. |
| Manufacture of furniture | ACCESS TO NATURAL RESOURCES. ACCESS TO URBAN MARKETS. |
| Other manufacturing | DIVERSE FACTORS. IS A VERY VARIATED GROUP OF PRODUCTS. |



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