

TORINO CITY REPORT

By Astrid Winkler



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Preface

Europe is a continent of cities with a remarkable history of cultural inspiration, wealth creation, social and political dynamism. But in the late-20th century, many former industrial cities entered a period of steep decline, losing most of their manufacturing jobs and many of their economic functions. Populations declined and wealthier suburbs outstripped the declining inner cities that had housed the “engines of the world” and now housed some of the greatest concentrations of poverty. The US experienced even more extreme decline.

The idea of Weak Market Cities was born at the second UK Government conference on an Urban Renaissance, hosted by Manchester in 2002. European and American city leaders debated the changing fortunes and prospects of former industrial cities. The pressures of growth and sprawl were counterbalanced with inner urban depopulation and decay; the new skills needed for the new ‘knowledge’ and ‘service’ economy were contrasted with high levels of worklessness and poor schools. Cities now house the majority and fastest growing share of the world’s expanding population, and they are on a treadmill of physical pressure, social disorder, and economic insecurity.

The London School of Economics’ Centre for Analysis of Social Exclusion (CASE) with the Brookings Metropolitan Institute developed a programme to uncover the problems besetting such cities, the recovery measures under way and their impact. Generously funded by the Joseph Rowntree Foundation, CASE researchers identified seven cities across Europe, embarking on impressive recovery actions to reverse decline. We wanted to establish the common ground and differences between a group of comparable cities, exploring their progress and ongoing challenges. Seven cities in five countries became partners in our work: Bremen, Saint-Étienne, Leipzig, Torino, Bilbao, Sheffield and Belfast. The five countries – Germany, Italy, France, Spain and the UK – represent nearly three quarters of the EU’s population.

All the cities had four common characteristics: a major industrial and manufacturing history; severe loss of these industries and related jobs; population outflow; a crisis of leadership, economic viability and inward investment. We rooted our study in the actual experience of cities, based on visits, interviews, historical and current local reports. In documenting what we found, we looked for patterns of change and common lessons that might be more widely applicable.

We recognised that the wealth of detailed experience, lived out by local residents, actors and organisations in each particular place, should be captured in some way. Therefore we are pleased to present reports from each of the cities as working papers, documenting what we have found so far and inviting further evidence, comment and debate. The story is both dramatic and encouraging everywhere. But it is also full of uncertainty and only tenuous conclusions are possible. It would be premature to forecast the future trajectory of any of the seven cities.

The seven city reports in this series are seen by us and our city reformer colleagues as work in progress. We hope that students, practitioners, urban researchers and policy makers will find them useful as case studies

and will feed in ideas, reactions and any corrections to the research team. We plan to present a clear overview of how cities facing such acute problems are faring in 2008.

I warmly thank our researchers, Jörg Plöger and Astrid Winkler, for the sheer scale of the undertaking and the immensely detailed work involved in collecting ground-level evidence in the languages of the country and writing up the reports. Sharing their learning through the reports will help many to appreciate the spirited comeback of cities. For as the Mayor of Saint-Étienne argues: "Very often the soul of the city is stronger than the industrial disasters, which drag it down, make it wobble and threaten to wipe it out." (Michel Thiollière, 2007)

Anne Power

CASE

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Acknowledgements

This report on the city of Torino is based on local field visits, official and local reports, European Union evidence and discussions with many local actors. We would like to thank all the people who have helped us in preparing this report, particularly colleagues in Torino, the EU, CASE and JRF. Anna Tamas, Nicola Serle, Laura Lane and the LSE Design Unit prepared the report for publication and we gratefully acknowledge their help. We accept full responsibility for any mistakes, inaccuracies or misunderstandings of complex and fast-changing local events. The report reflects work in progress and we would be glad to receive additional information and alternative views on our work. For more information about the programme, please contact Nicola Serle at n.serle@lse.ac.uk.

1. CITY CONTEXT

Torino is located in the Piedmont region of North-West Italy, on the plain of the river Po, just south of the Western Alps (see Figs. 1 and 2). It is Italy's fourth largest city. The municipality (*comune*)¹ of the core city has 900,608 inhabitants and covers an area of 130km², with a population density of 6,928 persons per km² (ISTAT, 2006). The province surrounding Torino, which takes the city's name (Province of Torino), consists of 315 municipalities, has 2,242,775 inhabitants and covers an area of 6,830km², with a population density of 328 persons per km² (ISTAT 2006).

Figure 1: Map of Italy



Source: Lonely Planet

Figure 2: Map of Piedmont region



Source: ITP

25 B. C. to 1865 A. D.: Roman garrison to national capital²

Torino boasts a long and rich history as a military stronghold and trading hub. Since the 14th century it has been an important political capital, and developed into a major industrial city only later in its trajectory (see Box 1).

¹ The *comune* (municipality) is the basic administrative unit in Italy. Each *comune* has its own mayor. Metropolitan Italy is currently divided into 8,101 *comuni*, 101 *province* (provinces), and 20 *regioni*. (regions). There is an ongoing and heated debate on the issue of reducing the number of municipalities, which has yet to be resolved. The municipalities have a long history of independence and have shown themselves extremely resistant to the idea of conceding any of this.

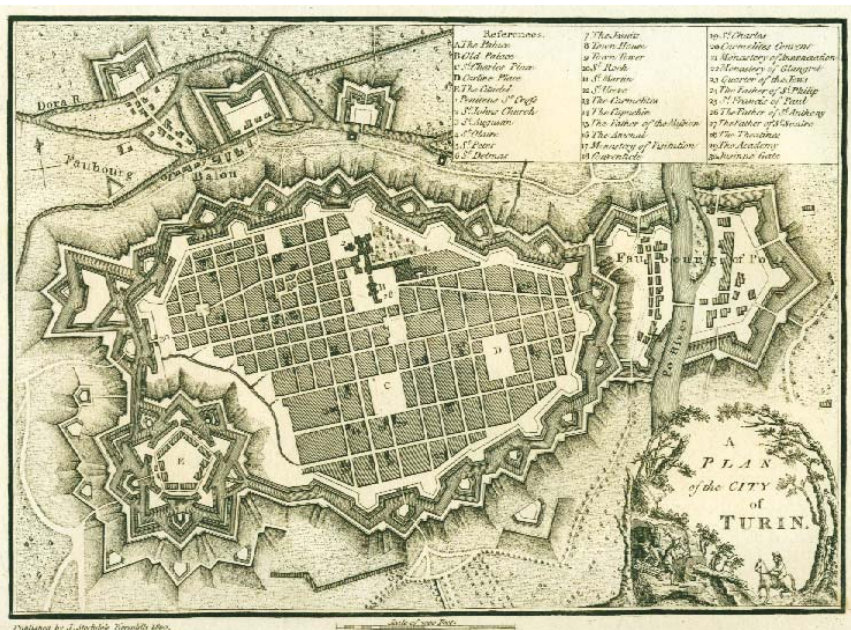
² The history section, including all figures (unless otherwise attributed), draws on Symcox and Cardoza's recently published history of Torino (2006).

Box 1: Historical Timeline

~29 B.C.	Roman military colony of 'Augusta Taurinium' is founded
500s A.D.	Under the Ostrogoths
~600s	Under the Lombards
~7-800s	Part of Charlemagne's Frankish empire
~962-1100s	Part of Holy Roman Empire
~1200s	Becomes an autonomous city-state
1280	Captured by the House of Savoy; beginning of a new era
1404	University of Turin founded
1563	Becomes capital of Savoy
1536-59	Occupied by the French
1720	Reverts to capital of Savoy Kingdom of Sardinia
1798-1814	Re-occupied by the French
1830-40s	Savoy monarchy initiates economic modernisation programme
1848	Savoy ruler grants constitution to Piedmont: first elected parliament in Torino
1859	Technical School for Engineers founded
1861-1865	Capital of new Italian nation
1884	Hosts Universal Exhibition to promote local industry
1899	Fiat founded
1906	Politecnico di Torino engineering university founded
1908	Olivetti founded
1914-1918	WWI fuels industrial production
1920	General strike involving 150,000 workers
1925-43	Under fascist dictatorship
1950-70s	'Economic miracle'
1970s	Strikes, terrorist movement, economic decline

The city's strategic geographical position, at the foot of the Alpine passes leading to Central and Western Europe with a crossing-point over the Po river, has long been a determining factor in its *raison d'être*. Its geometrical grid of straight roads is a testament to one of its early functions, as a military camp for the Romans in the 1st century A.D. (see Fig. 3).

Figure 3: Map of Torino in 1800



Source: www.polygraphicum.de

The city lies at the heart of the fertile plain known as Piedmont (from the Latin, 'land at the foot of the mountains'). It served as a strategic frontier outpost during the Middle Ages, a prized stronghold changing hands between some of Europe's great military leaders. Captured by the powerful dukes of Savoy in 1280, it became the capital of their expanding dominion through to the 19th century, benefiting from the rich political, cultural and economic importance this bestowed; the magnificent Baroque architecture of the city's historic core illustrates the earlier wealth of their dynasty (see Fig. 4). Political stability and prosperity fuelled the demographic growth and economic diversification of the city, which by the 18th century was already developing as a centre of artisan manufacturing, chiefly textiles.

Figure 4: Palazzo Madama, baroque royal palace and Savoy residence



As the 19th century progressed Torino's industries began to flourish, helped actively by the State. In the 1830s and 40s, the Piedmontese government embarked on an important programme of policies designed to encourage economic development and stimulate private investment in the region. The results included an extensive railway network co-financed by public and private investment. By 1861, this railway system made up 40% of the entire Italian network. New economic infrastructure, improved communications and new local banks all fostered growth. Piedmont encouraged trade by dismantling protectionist regulation and negotiating commercial treaties with Europe and America, and supported voluntary associations that provided education and welfare.

The Piedmontese government's programme of joint ventures cultivated a small politically-connected oligarchy of businessmen which dominated the local economy. Despite the risks associated with reliance on joint ventures, these initiatives were soon bearing fruit. The value of trade in Piedmont tripled during the 1850s, and local industries thrived. Torino was slowly becoming not just an administrative capital, but a centre of new technologies, activities, enterprises and institutions to sustain them. In spite of these developments, however, the city focused on reforming its position as an important regional centre of trade and finance. Meanwhile the middle classes expanded and class barriers softened, fostering a dynamic civil society and a new, socially diverse and public-spirited elite. Ideas and reform proposals were actively debated, feeding the groundswell toward national liberation.

The granting of a Piedmontese constitution in 1848 ushered in a new era of political and economic modernisation that positioned Torino as the springboard for the movement that unified Italy in 1861 (see Box 2). In recognition of its key strategic role, Torino was crowned the first capital of the new Italy. The city's growing political importance in these years triggered a demographic boom which saw its population more than double between 1857 and 1871. Just four years later, however, the capital was transferred to Florence. This dealt a severe blow to Torino. Its court and state institutions, accompanied by the civilian groups that had long breathed life into the city, decamped *en masse*.³

Box 2: National political timeline

1861	Unification
1896-1908	Economic boom
1925-1943	Mussolini's fascist dictatorship
1946	Christian Democrats take control of national government in power for 40 years
1950/60s	Italy's 'economic miracle'
1957	Founding member of European Economic Community
1970s	Attempts to devolve power to the regions
1970s-late 80s	Labour protests and <i>Brigate Rosse</i> terrorist movement
1990s	Failed attempt to create metropolitan authorities
1992	National political corruption scandal exposed, all four major parties collapse. Successful devolution of power to regions and municipalities.
1999	Italy joins the Euro

Torino lost not just its prestigious political status, but also a significant proportion of its most dynamic inhabitants, as well as many wealthy politically-oriented families. The loss of wealth and jobs, generated by Torino's political status, had a painful impact on the city's economy. The population fell from 220,000 in 1864 to 191,500 in 1868. Unemployment stood at over 20%. The depression was compounded in the closing years of the 19th century by simultaneous slumps in the agricultural, banking and commercial sectors, triggering mass unemployment. This identity crisis forced the city to carve out a new niche for itself, or risk economic collapse.

1865 to 1945: nurturing a new industrial vocation

Municipal and civil society leaders join forces to promote science and industry

In the 1870s a coalition of municipal leaders, university professors and local businessmen joined forces to conceive a new direction for their city. Inspired by the popular doctrine of positivism, their vision of a modern city where science and technology drove economic production to create a wealthy, progressive and harmonious society would shape Torino's identity for the next century.

City leaders organised activities to promote this new direction, including the 1884 National Exhibition, which publicised the city's material and intellectual resources. The city's positivist climate, prizing scientific discovery and technological innovation, nourished an interest in applied research and great strides were made in the fields of electricity and engineering. A renewed confidence and economic development spurred demographic growth, with a 14% population increase between 1864 and 1881. Manufacturing jobs increased by 44% in the

³ Between 1864 and 1868 the city lost 28,500 people, 13% of its population (220,000 in 1864; 191,500 in 1868).

decade to 1881. The city's well-developed banking sector emerged from the downturn with several new banks, including the Bank of Torino (*Banca di Torino*), consolidating Torino's position as Italy's financial centre.

Local government support underpins industrial growth

Public sector support proved a crucial factor in this economic turnaround. During the late 1870s and 1880s municipal and provincial authorities channelled public funds into research, constructing a state-of-the-art 'City of Science' campus to encourage it, and founding a University Consortium in 1878 to nourish links between the scientific community and the city's industrialists. Capitalising on the city's proximity to the Alps (see Fig. 5), research at the Politecnico di Torino fed into the municipality's development of a hydroelectric power station which provided the region with a reliable supply of energy for its industrial development. City authorities also anticipated the necessary human capital requirements for industrial success, investing in trade schools to provide new industrial workers with the specific skills that local employers required.

Figure 5: View of Torino with Alpine backdrop, 1882



Crises in the agricultural, banking and commercial sectors in the last decade of the 19th century served as the decisive push for Torino's manufacturing developments and an upturn in the Italian economy at the turn of the 20th century boosted the city's fledgling industries. Although city and regional authorities had laid the ground, local entrepreneurs and private banks were to prove critical to the growth of the nascent industries. The presence of wealthy local investors willing to provide the necessary seed capital helped get new ventures off the ground.

The most famous example of this is the group of thirty aristocrats and businessmen, most of them auto racing enthusiasts, who decided to capitalise on local engineering know-how by founding an automobile industry in the city. In 1899 they pooled 800,000 Lire of capital to establish Fiat, or *Fabbrica Italiana Automobili Torino* (Italian Automobile Factory Torino), whose success would become legendary. Other technological developments flourished too, driven by pioneering mechanical and engineering research in the city's universities. Italy's first cinema industry was established in the city, and the typewriter firm Olivetti was founded in 1908 in the nearby municipality of Ivrea.

The growth of the automotive sector and the rise of Fiat

The engineering sector, and the automobile industry in particular, were at the forefront of Torino's industrial boom. By 1911, the automotive sector employed a third of the city's expanding manufacturing workforce. Fiat soon emerged as the leader in the field. By 1914, the company was producing not only half the cars in Italy but also components for ships, aeroplanes, trucks and trains. Combining local engineering know-how with the principles of scientific management and insights from his visits to Henry Ford's factories in Detroit, on which he based his first large-scale factory, CEO Giovanni Agnelli expanded Fiat rapidly (see Fig. 6).

Figure 6: Fiat's Lingotto factory, 1923



Municipal authorities continued to be keen sponsors of Torino's industrial expansion. Their support embraced a wide range of initiatives including measures to reduce production costs, increase access to affordable electricity, improve the labour force's technical qualifications, and modernise communications and transportation – including connections between Torino, Milano and Genova. They raised loans from the local banks to cover the investments these major projects required.

Growing poverty

The benefits of this new industrial wealth, however, were not shared by all. The gap between the middle and working classes was widening. Wages for the low-skilled mass of workers remained low, but prices rose. While the population of the city as a whole expanded by 43% between 1901 and 1915, the population of the outer working-class districts rose by roughly 500% between 1891 and 1911. The city became increasingly socially segmented. Due to housing shortages, overcrowding and poor health were rife in the working class neighbourhoods. The discontent within poorer neighbourhoods fostered growing solidarity among factory workers, and led to the formation of a labour movement that would come to dominate life in the city for much of the twentieth century.

WWI and the rise of Fascism

The outbreak of World War I and the attendant rise in demand for military equipment fuelled the city's industrial development, with Fiat as the main beneficiary. During the war years, the company's workforce swelled from 3,500 to 40,000, a quarter of all workers in the city. The years immediately following the war saw a slump in demand and massive lay-offs in the engineering and machinery sectors, resulting in a spate of strikes and factory occupations that were only quelled, violently, when Mussolini's fascists took power in 1922. *Il Duce's* drive for national self-sufficiency encouraged industrial growth still further, swelling Torino's workforce with new immigrants. The city's population grew from almost 500,000 in 1921 to almost 700,000 by 1939, with Fiat employing a third of the industrial workforce.

Fiat's founder, Giovanni Agnelli, developed a close relationship with Mussolini, taking the local tradition of co-operation between industrial and political leaders to a new level. Both had an interest in keeping Torino's sizeable working class in order. In a prescient development, Fiat's leadership struck a covert deal with the ruling Fascists, who granted it a significant degree of independence in the way it conducted its affairs in exchange for *de facto* political support, effectively allowing the company to further its own fortunes at the expense of its workers' welfare. Under the Fascists, workers were prevented from striking and disallowed any representation.

The pragmatic political alliance with Mussolini, the first of many alliances entered into by Fiat's leadership, served to strengthen the auto manufacturer's hold over Torino, overshadowing the city's own municipal government. Agnelli had such political weight, his prestige seemingly enabling him to negotiate directly with Mussolini, that many locals regarded him as *de facto* boss of the city. After just twenty-five years of manufacturing cars in Torino, Fiat's and Agnelli's influence over the city had extended far beyond that of a manufacturer's role. This position was further strengthened with Agnelli's acquisition of the city's most important newspaper, *La Stampa*, in 1926. The political support enjoyed by Fiat, ranging from direct subsidies and mutually beneficial alliances to protection from competition, helped the company to reach a dominant position in the local economy.

Surviving the Great Depression of the early 1930s bolstered Fiat and the auto sector's position in the city; Torino's three other major firms were forced to shrink and restructure. Fiat's strong relationship with two local banks helped both it and them to weather the economic storm. But Torino's chronic lack of decent housing and public services persisted under Fascism. Mussolini's policies favoured his support base among the upper-middle class employers and their skilled employees. The construction of desperately-needed housing on the overcrowded working-class periphery of the city did not happen until the late 1930s, and even then only minimal units were built.

WWII and the post-war economic and demographic boom

As an industrial centre, Torino suffered multiple bombing raids in the early years of World War Two which destroyed a third of her buildings. Following the fall of Mussolini in 1943, anarchy took hold; extreme food and energy shortages paralysed the city, and violent civil conflict was rife. Torino's civil authorities were ill-equipped to manage the new crisis. They relied instead on Fiat and the Catholic Church. These two leading organisations, outside direct government control, worked together to fill the vacuum left by the disintegration of Fascism. Fiat deployed its own private social welfare system to provide for its employees, and distributed food, shoes, clothing and fuel to all its employees; the company became a lifeline for the Torinesi during these early post-war years. In the years immediately following the war, Fiat's leadership cooperated with unions to keep on all of its 64,500 workers, on full wages and with special benefits, including health care coverage. Meanwhile, the church worked more closely with local communities excluded from these benefits.

Torino's first post-war municipal government, a left-wing coalition, came to power in 1946, but it lacked the resources and authority necessary to create a clear strategy for the city's reconstruction. National government curtailed municipal power by not allowing a local progressive income tax; local authorities had thus to rely on regressive consumer taxes that stung the working poor and raised insufficient revenues for the problems they faced. During the post-war period, Fiat's paternalism extended to building housing complexes and retirement homes for its workers, and even nursery schools for the children of its working mothers. Agnelli's company became known locally as 'La Mamma'.

The combined physical and economic shocks of the Second World War had forced many smaller factories out of business, further consolidating Fiat's power base in the city. The Italian government singled Fiat out as a key national driver of post-war economic growth, and gave the company an astonishing \$22 million (38%) of the \$58 million of Marshall Plan funds earmarked for the entire Italian engineering sector. Fiat's new CEO Vittorio Valletta cultivated relationships with the major State-owned steel, oil and construction industries, encouraging plans for the national motorway network, which he knew would boost private car ownership. Once again, Fiat's close political alliances seem to have helped reinforce the company's dominant position in the local, and national, economies.

The 'economic miracle' years

Financial and political support, combined with the company's innovative, highly efficient business practices, lead Fiat to spearhead Torino's, and Italy's, post-war 'economic miracle'. Following post-war reconstruction, Italy's economy boomed on the back of low labour costs, cheap imported oil, and the discovery of natural gas in the Po Valley. Industrial output more than doubled between 1958 to 1963 alone. This was fuelled by the growth in international trade that followed the establishment of the European Common Market in 1958, of which Italy was a founding member. Italy's GDP grew by an annual average of 6.3% during this period, and the country's industries flourished as incomes rose.

The national automobile market expanded rapidly. Fiat took the decision to concentrate production in its Torino factories, and the city rapidly became Europe's most specialised region. By the late 1950s, industrial expansion was generating tens of thousands of new jobs per year in Torino, and the automobile sector represented roughly 80% of the city's industrial activity. In 1963, Fiat's three Torino plants were already producing more than 1 million vehicles per year, and by the late 1960s the industrial giant was responsible for 95% of Italy's total automobile production (see Fig. 7).

Figure 7: The Fiat 500 in Torino, 1957

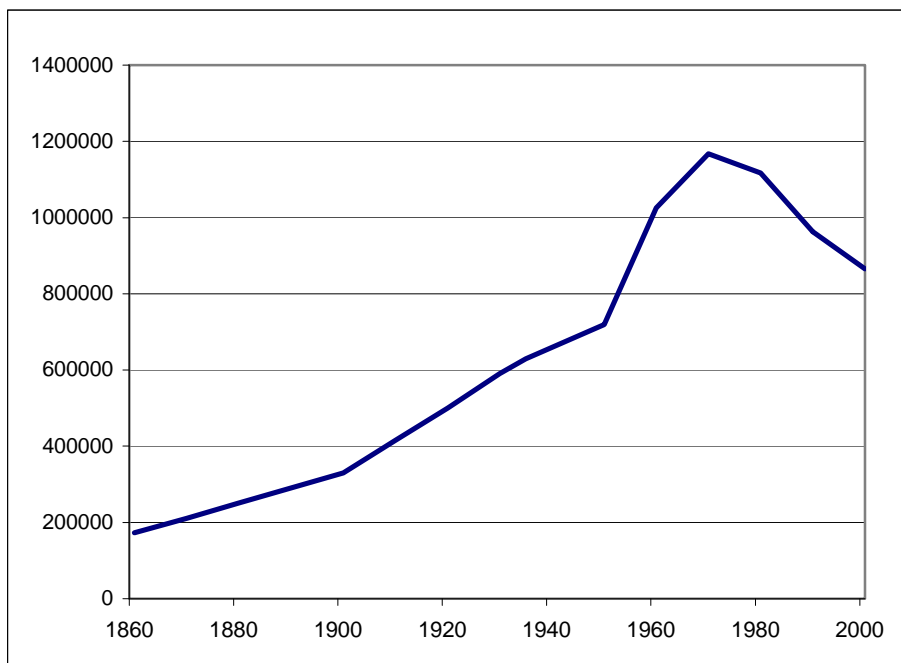


Fiat was by now Italy's largest manufacturer and biggest private employer, the symbol of the country's miraculous economic boom. In the two decades between 1951 and 1971, Fiat more than doubled its industrial workforce in its Torino plants from 47,700 to 115,000, took on an additional 30,000 white-collar workers, and contracted a vast array of smaller firms to provide it with services and supplies. It pursued an aggressive policy of acquiring and absorbing most of its direct competitors as well as companies in allied sectors such as marine and air transport. Fiat's production-related decisions determined over 20% of all investments in the country, according to some estimates. Meanwhile, as the vehicle industry boomed, the textiles, food processing and clothing sectors that had formerly characterised the region declined steadily.

Mass immigration; social tensions

The success of Torino's industries had fuelled a further post-war population explosion, as economic migrants streamed into the city from the impoverished South of Italy to man the factories. Torino experienced the most extreme growth rates of any major Italian city during the post-war era. Official figures indicate that between 1954 and 1964, an average of 56,000⁴ immigrants arrived in the city each year. Its population peaked at just over 1.2 million in 1975 (see Fig. 8). The huge influx of economic migrants arriving in the city overwhelmed the local authorities and the city's already fragile infrastructure. The professional classes concentrated in the historic centre and the working classes were driven to the more peripheral areas surrounding the factories in the North and South.

Figure 8: Population development, municipality of Torino



Torino's municipal authorities, overwhelmed and under-resourced, adopted a *laissez-faire* attitude to tackling these issues. They took little action to remedy the chronic housing, health, transport and education problems in the over-saturated peripheral areas where most immigrants settled. They failed to implement an urban regulatory plan and thus allowed free rein to property developers, neglecting the city's dire need for assisted housing, which at the time accounted for just 15% of all new buildings. The result was spiralling rents and unregulated private construction of sub-standard housing with limited access to basic amenities. Meanwhile, the severe overcrowding led to an increase in infant mortality and mounting hostility between southern immigrants and locals.

⁴ Author's calculation, based on figures from Città di Torino.

Worker protest movement: the 1969 'hot autumn'

Workers' resentment of their living conditions and the poor quality of public services had been building up throughout the 1960s, periodically boiling over into labour militancy, causing regular production stoppages in the factories (see Fig. 9). The first major strike of the labour movement which was to beleague Fiat throughout the 60s, 70s and 80s came in 1969. Working-class activism, combined with a growing student protest movement, reached its apex that year when the 'hot autumn' of strikes paralysed the local production system, with thousands of workers and students demonstrating outside Fiat's Mirafiori plant. The workers gained a national contract which improved their conditions but the unions were not satisfied, fearing the consequences of increased mechanisation. The movement continued into the 1970s and 80s, as tensions mounted between industrialists and workers as Fiat's slow decline began, as Box 3 illustrates in the next chapter.

Figure 9: Strike at Fiat's Mirafiori factory, 1962



2. CRISIS

Through its dominance of the city's labour market and its influence on both national and local politics, Fiat had become the 'absolute monarch' of Torino during the post-war period. The city had become so economically and socially dependent on her major employer that Torino's crisis would inevitably mirror Fiat's. National political alliances helped Fiat to its dominant position in the city. But as globalisation and European integration advanced, these advantages were no longer able to protect the industrial giant from wider economic forces, such as global competition and the integration of international markets. The company ran aground and the city suffered.

The local economy had become over-concentrated and other sectors atrophied. The city's traditional economic diversity has been lost. Fiat wielded such power for so long, and local politics in Torino was so emasculated, that the city was left fully exposed to the sudden decline of its dominant industry, with few coping strategies in place and few other sectors to cushion the blow. The economic crisis revealed the extent of political and social dislocation.

2.1 Economic crisis

The global oil shock of 1973 brought Torino's economic miracle of the previous 20 years to a halt. The city's population peaked at just over 1.2 million in 1975, thereafter entering a steady decline, reflecting the downturn in the manufacturing industry (IRES 2006). Nationally, Italian manufacturing faced the problems of an over-reliance on imported oil, and an inflexible and highly unionised labour market. Inflation and public debt soared. Torino's industries bore the brunt of the economic crisis. Fiat in particular was vulnerable because of its lack of investment in new equipment and research. And although its specialisation in small cars – now produced more cheaply in other European countries – softened the shock, although it didn't avert decline.

The company began to shift production out of Torino in the 1980s amid bitter union protests, largely in order to capitalise on the State's financial incentives to invest in the struggling South of Italy. In 1980, its worst year for lay-offs, Fiat cut 23,000 jobs from its Torino plants. During that decade Torino's metropolitan area lost roughly 100,000 industrial jobs, most of them based in the city itself (Maggi and Piperno 1999). Over the 1990s, Fiat continued to reduce its workforce in the area, which shrank from 92,000 to 47,000 in the decade between 1986 and 1996 (Rosso, 2004). Over that period, Fiat was saved by a massive injection of State aid and a programme of restructuring which allowed it to continue dominating its largely protected domestic market. But in the 1990s, the company continued to move production away from the city. While in 1990 more than 60% of Fiat's total production was still taking place in its three Torino plants, by 2002 it had fallen to less than 30% (see Box 3) (Whitford and Enrietti, 2005).

Box 3: Fiat timeline

1899	Founded by Giovanni Agnelli
1900	First factory opens, employing 100 workers
1908	2,500 employees. Opens a factory in the USA
1915-18	Expands capacity more than seven-fold due to wartime demand for vehicles. Diversifies and sets up new companies
1920	Labour unrest, factory occupations
1923	Lingotto factory, Europe's largest, opens in Torino (see Figure 4)
1920s	Introduces employee health insurance, founds the local newspaper <i>La Stampa</i> , a school, holiday camps, numerous workers associations, and a bank promoting instalment plans for car purchases
1930	Opens a factory in Spain
1930s	Great Depression bolsters Fiat's position as other industries sink
1933-43	CEO Giovanni Agnelli is made a senator by Mussolini
1939	55,000 employees. Mirafiori factory opens in Torino. Beginning of mass production
1940s	During WWII and its aftermath, Fiat delivers aid to its employees in the form of clothing, shoes and fuel, and distributes 100,000 meals daily
1948	Damaged facilities rebuilt and new equipment purchased using Marshall Plan aid
1950	70,000 employees
1950s	Confrontations between Fiat and unions; Fiat leadership imposes discipline and modernisation. Opens factories in South Africa, Turkey, Yugoslavia, Argentina and Mexico
1960	85,000 employees
1966	Gianni Agnelli (grandson of founder Giovanni) becomes president of Fiat
1960s	Builds new factories in southern Italy and USSR. Embarks on new international joint ventures (eg. Iveco)
1968-9	158,000 employees. Labour movement reaches apex, By 1969, 15 million hours had been lost through strikes
1973	Oil crisis begins Fiat's slow decline, prompting diversification and sale of shares (later bought back)
1980	Fiat launches major restructuring programme, lays off 23,000 workers
1990s	Company in crisis. Embarks on several joint ventures with international firms. Foreign competition floods the national market; Fiat targets emerging markets
1994	Opens further plants in southern Italy; shifts most production to there.
2002	Enters alliance with General Motors. Sheds 8,000 workers (more than 1/5 of its shrunken Italian workforce).
2005	General Motors alliance dissolved
2006	Signs lucrative new deals with Indian, Russian and Chinese companies

State-level trade protections were finally dismantled with the Single European Act of 1992, which flooded the Italian market with competition from foreign imports. Fiat's share of its principal domestic market fell steadily from 52% in 1990 to 34% in 2001, with its European market share also dipping from 11% in 1990 to 9% in 2001 (Anfia, 2006). The automotive giant that had once employed 140,000 people in the city now provided jobs for barely 30,000 (Symcox and Cardoza, 2006).

In spite of these losses, Fiat's crisis was a gentle one, described by Giuseppe Volpato, Italy's leading authority on Fiat, as a '*crisi che viene da lontano*', 'a crisis that comes from afar [in time]'. Two factors helped cushion the crisis, preventing it from devastating the regional economy. Firstly, the generous State 'CIGS' benefits to laid-off workers, traditionally awarded in emergency situations.⁵ Fiat was permitted to make systematic use of these benefits. Secondly, the slow-burning nature of Fiat's decline gave its many local suppliers the necessary warning time to plan for diversification into new international markets, which they did with impressive efficiency (Whitford and Enrietti, 2005).

2.2 Political and social crisis

As we have seen, mass migration into the city during the 1950s and 60s put enormous strains on Torino's services and infrastructure. The municipal government struggled to cope during the 70s, 80s and early 90s for a number of reasons.

- **Fiat's political dominance.** With its high-level political alliances and controlling economic position in the city,⁶ Fiat's dominant role on the political scene overshadowed a succession of left-wing municipal governments, which had little influence over Fiat's decision-making (Pinson, 2002). The problems of allowing a business, with its exclusive focus on profit and untransparent decision-making processes, such a degree of influence over the city's political agenda soon became clear.
- **Fiat's social welfare role.** Fiat also played a key social role in the city, providing both housing and a range of social benefits to its workers. The company's decline left a vacuum in many key areas of welfare and service provision, which the municipal authorities were not equipped to deal with.
- **Weak national government.** The State remained heavily centralised throughout the 1970s and 80s. Italy's post-war governments were characterised by continual fiscal crises, instability and lack of cooperation. They relied on short-term fixes to deal with urban problems, leaving individual towns and cities to come up with their own uncoordinated solutions. It was not until the 1990s that the first pieces of specifically urban policy were drafted, and an integrated set of policies for cities is still lacking. Italy's national government was brought down in 1992 by the major *tangetopoli* corruption scandal which resulted in the collapse of the traditional national party system.
- **Distraction of protest and terror movements.** Both national and local government's capacity for addressing the full range of municipal problems was further reduced during the late 1960s, 70s and early 80s by a wave of anti-capitalist protests which began in the factories, spread to the universities and culminated in the violent *Red Brigades* terror movement. These movements diverted politicians from social and economic issues, forcing them to concentrate resources on 'fire-fighting' while reforms were shelved.⁷

⁵ Known as the 'Special Wage Supplementation Fund' or *Cassa Integrazione Guadagni Straordinaria* (CIGS), this long-term benefits programme pays workers 60% of their previous wage from funds contributed by the State, workers and other companies. Officially, it was only to be used in a crisis or during major restructuring.

⁶ During the 1980s, there were no less than 2 million square metres of derelict industrial land in the municipality of Torino, more than half of them owned by Fiat (Pinson, 2002, p 483).

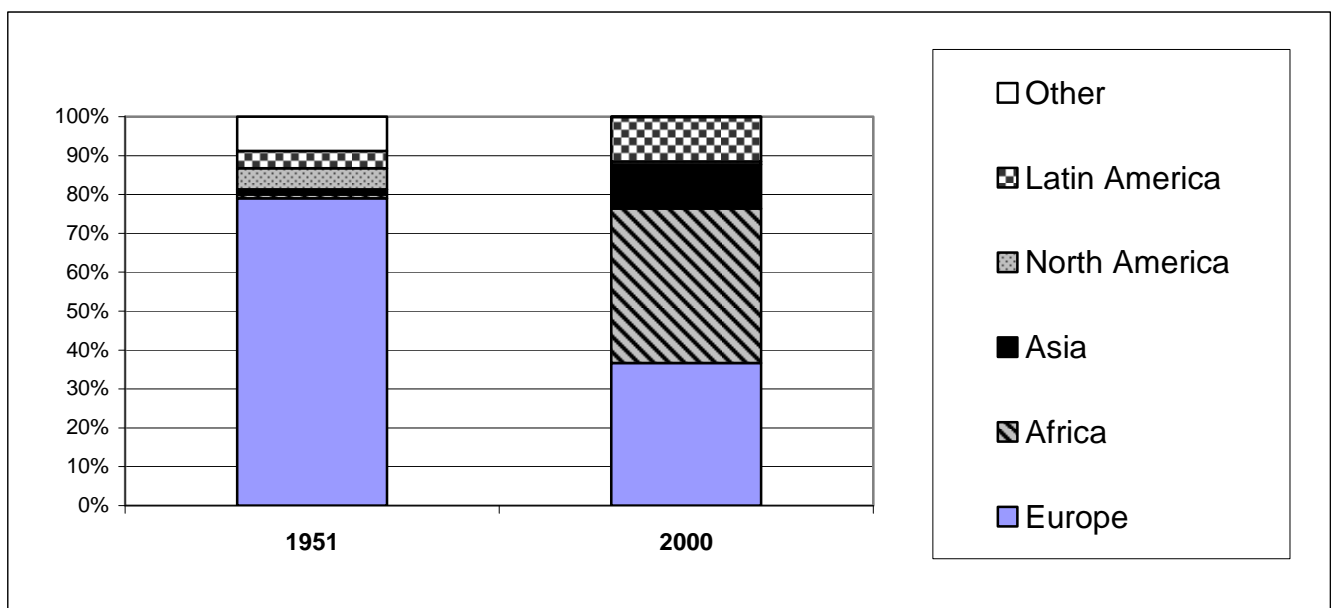
⁷ "In those years Italy ran great risks ... the battle [against terrorism] completely absorbed us, and so we did not see all the rest with the necessary clarity." (Luciano Lama, union leader, quoted in Ginsborg, 1990, p 379)

- Troubled local government.** The left-wing coalition of communists and socialists that ran Torino from 1975 to 1985 was characterised by a focus on national party politics and a *laissez-faire* attitude to municipal problems. From 1982, the coalition became enveloped in a corruption scandal which eventually led to it being ousted from power, only to be replaced by an unstable and thus largely ineffective coalition of centre-left parties. As awareness of the need for a response to the failure of the Fordist model grew through the 1980s, the volatile administration failed to agree on a coherent strategy for the city. As a mark of this volatility Torino cycled through 4 mayors during a seven year period. By 1992, the situation had deteriorated to the extent that the national government dissolved Torino's elected Council, drafting in a government-appointed commissioner to run the city until the 1993 elections. By this time, the city's budget deficit had risen to an unprecedented 121 billion Lire.

Overall, the city's left-wing governments of the 1970s and 80s proved incapable of developing an effective strategy for tackling the city's social and political problems. These administrations were unable to balance the effect of industry-related market forces on the city with the necessary visioning and regulatory strategies to mitigate the wider economic forces at work and cushion their social effects. The city also lacked an enforceable urban regulatory plan, services were overburdened, housing was overcrowded and unaffordable, there was little public housing, and social and cultural tensions between immigrants and locals were simmering.

Meanwhile a new wave of immigration from non-EU countries, beginning in the 1980s and increasing through the 1990s, put further pressures on the city's infrastructure and heightened social tensions (see Fig. 10). In the end, the watershed *tangentopoli* corruption scandals that triggered the collapse of both national and local governments in 1992 paved the way for key political reforms. These were to usher in a new era of collective governance, which launched Torino's recovery process.

Figure 10: Resident foreigners by country of origin, Province of Torino



Sources: ISTAT; IRES Piemonte

3. RECOVERY ACTIONS

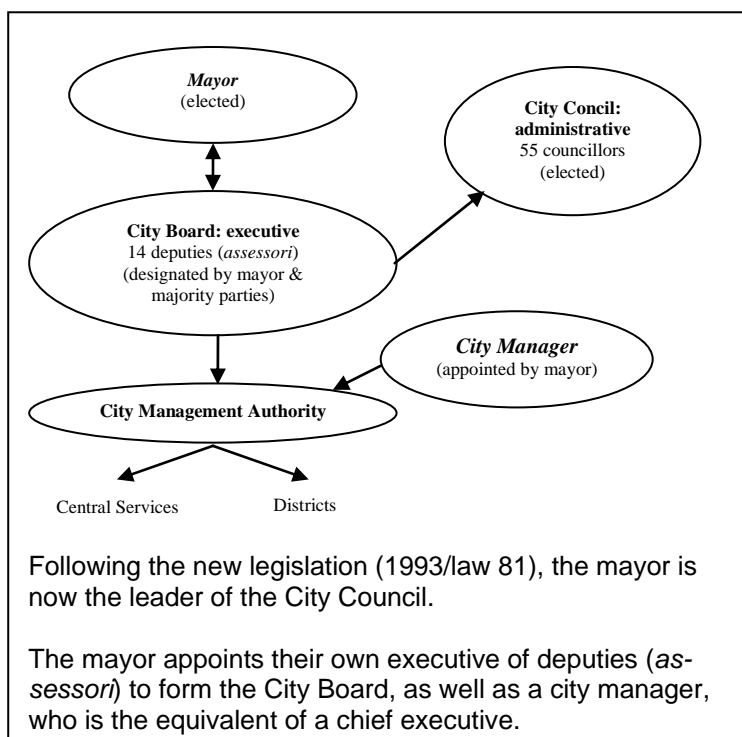
With industry no longer at the helm, and the economic landscape transformed by new global economic forces, political renewal was to prove the *sine qua non* of Torino's recovery. The single critical factor that kick-started the new, strategic recovery process was the national reform that introduced directly elected mayors, and gave them increased executive powers and resources. The local capacity, networks and resources necessary to achieve change needed to be mobilised; it took a renewal of national and local politics to achieve this.

3.1 Political reforms

Reforms introduce direct election of mayors, while increasing their powers and resources

In 1993, the Italian government introduced a major reform to mayoral elections. Instead of being appointed indirectly by a council of elected politicians, mayors would henceforth be directly elected by their own constituents.⁸ The reform substantially increased mayors' powers and allowed them to appoint their own executives, while reducing the power of municipal Councils (see Fig. 11). It also re-jigged the local tax system to increase the financial resources available to mayors (see Box 4).

Figure 11: The reformed city administration



⁸ The new legislation applied to all towns with more than 15,000 inhabitants.

Box 4: 1990s and 2000s – Key decentralisation laws

Membership of the European Union and the national political crisis of the early 1990s galvanized the decentralisation process.

- **1990/ law 142:** Increased the financial autonomy of municipalities. Allowed for the privatisation of municipal services. Also allowed municipalities to unite and create metropolitan areas (but none chose to do so; incentives were lacking, and individual communes felt they had little to gain from ceding their power to a central body).
- **1993/law 81:** Introduced direct election of city mayors, Province presidents, the municipal Council and the provincial Council. Strengthened the powers of city mayors.
- **1997/ laws 59 and 127 ('Bassanini laws'):** Strengthened local executives. Transferred most administrative responsibilities to the Regions, allowed each to determine its own division of power.
- **1998/law 112:** Established the principle of subsidiarity and encouraged relationships between State, Regions, Provinces and municipalities.
- **2001/articles 114, 117 and 119:** Devolved financial autonomy and substantial policy remits to the Regions, including the ability to levy their own taxes, manage their own revenues and control education and environment policies.

These decentralisation laws have strengthened the fiscal and legal powers of the Regions and municipalities. Torino has a strong relationship with its Region (Piemonte), and the city and regional authorities work closely together. The Region part-funds the majority of Torino's recovery projects.

The effect of this single reform was immediate and revolutionary. Mayors were given a new political visibility. In the words of the mayor of Rome, "the electorate has been given a clearly recognisable programme, and can then check that it is being carried out" (Le Galès, 2006). Responsibility for running the city had been devolved to an elected individual and the executive team they hand-picked. Accountability and transparency suddenly came to characterise a system that had grown out of touch and had long been dominated by insider interests.

Additional reforms devolve further powers and rationalise municipal authorities

The position of mayors was further strengthened and their remits expanded by a wave of decentralisation legislation, primarily the 1990 Municipal Authority Act and the Bassanini laws of 1997, which devolved significant powers to local executives (see Boxes 4 and 5). Prior to this, Italian municipalities had been crippled by a complete lack of financial autonomy and suffocated by central government controls, making them both inefficient and unaccountable to the local electorate. These additional reforms streamlined and greatly improved the organisational effectiveness of Italian city Councils.⁹ Of particular significance was the 1990 Act, which allowed mayors to privatise municipal enterprises, so that Councils could withdraw from the direct management of services (Le Galès, 2006).

⁹ Prior to the 1990 municipal authority act and the 1997 Bassanini act, Italian city Councils had been largely deprived of financial autonomy and closely controlled by central government, leading to gross inefficiency. When Torino's first directly elected mayor arrived in office in 1993, he found a Council with 17,000 employees, subdivided into 87 departments, "badly arranged" and "drowning in a surfeit of formal and legal provisions" (Vandelli, 1997, p 74). The Council staff has now been streamlined to 12,800 (Rosso, 2004).

Box 5: National political context – Decentralisation reforms

Since WWII, Italy had been a heavily centralised nation. From the late 1970s, attempts were made to decentralise executive and administrative powers to the Regions. Regional governments were established in 1977. Legislative and administrative powers were officially transferred in 1977. However, regional authorities remained totally fiscally dependent on the central Government, relying on transfers that arrived earmarked for pre-defined objectives. Devolution only began in earnest in the 1990s, and even now is very much work in progress.

There was a confluence of factors surrounding the electoral reform. The fact of having a single high-profile leader with executive control and direct accountability, alongside an increase in local resources, marked the beginning of a new era of trust and cooperation in local urban politics.

3.2 New Strategies

The election of Torino's first directly elected mayor took place in 1993, against the backdrop of national political scandals that threw all of Italy's major political parties into disarray. After years of party-driven, clientelistic local politics, the local reaction was a mobilisation of civil society which produced its own moderate centre-left candidate in Torino, a university professor by the name of Valentino Castellani.

New partnership approach to recovery

This moderate mayor drawn from civil society, rather than a political background, renewed locals' faith in local politicians. The people of Torino expressed their dissatisfaction with the Italian political system and their desire for change by choosing Castellani as their first directly-elected mayor. Political parties had formerly had a tight rein on mayors (Rosso 2004). Now the leadership of an empowered and non-party-politicised mayor who was therefore necessarily rooted in local priorities gave Torino's administration a refreshing credibility, which was to prove one of its key assets.

Castellani quickly sized up the scale of the challenge facing Torino, recognising that the city was now operating in a new internationally competitive paradigm that required a very different style of management from that of the industrial era. He saw that the city administration would have neither the *expertise*, nor the *resources* to address this challenge alone. In order to recover, it would have to forge new relationships – both internally within the city itself, and externally with the wider region, Europe and indeed the world.

Forging internal relationships

The renewal of trust in the political system and the severity of Torino's industrial crisis served to unite leading local figures from a range of spheres (public and private, cultural and economic, academic and entrepreneurial) around the mayor's table. Castellani was aided in his 'internal mobilisation' effort by Torino's long tradition of civic involvement dating from the medieval era of self-governing Northern Italian city-states, which fostered co-operation across civil society (Putnam, 1993). The cultural legacy of this tradition helps explain contemporary Torinensis' civic spirit and willingness to get involved with the running of their city. With the powers vested in him by the new legislation and the benefit of his 'clean hands' image, Castellani was thus able to recruit a group of

experts from the academic and entrepreneurial spheres to his executive team (Dente et al, 2005). Recasting the municipal government's role as a 'forum' and facilitator (Pinson 2002), he then led a city-wide debate that drew on expertise from civil society to formulate a collective recovery plan for the city's future – the Strategic Plan. In doing so, he formed a close-knit and committed network of individuals with the expertise and resources to implement it collectively.

Forging external relationships

Castellani resolved to make the municipal government more outward-looking, working to improve relationships with neighbouring municipalities, the Province of Torino, and particularly the Region of Piemonte, by actively involving them in the debate about Torino's future. This political collaboration was to prove increasingly important as the Regions gained more powers through the 1990s. The de-radicalised, de-party-politicised character of the city government helped smooth over these traditionally contentious relationships and the differences in political colour (Dente et al, 2005).¹⁰

Castellani's new administration also worked to develop its international relationships. Strong relations with the European Union (EU) proved particularly useful in terms of access to new learning through their city networking programmes based on the experience of other cities in similar situations. It also brought resources through their urban renewal, economic and social programmes. The expertise that Torino's civil servants gathered through these networking experiences meant they were able to formulate best practice-inspired recovery projects that were more likely to attract funding from both public and private sources (for example, the administration's urban renewal programmes applied EU-approved approaches, which improved their prospects of winning competitive-bid EU renewal funding).

Thus the new administration drew on learning and resources from many quarters to develop and implement its recovery strategies in partnership with its collaborators.

Financial restructuring and innovations

New relationships provide access to new funding

The city's new strategies were underpinned by financial innovations. Working with the new coalition of civic leaders and taking advantage of newly-devolved organisational and budgetary powers, the mayor took action to address the city's fiscal crisis. The priorities were to get rid of debt and attract new funds. The coalition of civic leaders involved in planning the recovery process had access to considerable financial resources, either directly or via their own networks, which the mayor could now combine creatively in the service of the city's recovery effort. The ability to raise funds from non-governmental sources was especially important given the city's budget deficit, and the lack of resources available from national government. Torino's two major bank foundations, a legacy from the city's past wealth, became major sponsors of the city's recovery effort (see Box 6).

¹⁰ The Region was governed by the centre-right until 2005.

Box 6: Bank foundations

- Many of Italy's savings banks have long histories and deep roots in their local communities, and a tradition of charitable work.
- In 1990 the Amato Law transformed these savings banks into for-profit corporations, whose shares were transferred to a non-profit foundation.
- These foundations use the proceeds from their shares to invest in the local community.
- Foundations have since become major players in civic, cultural and economic local development.
- Torino has two main foundations, the *Compagnia San Paolo* (CSP) and the *Fondazione Cassa di Risparmio di Torino* (CRT).
- The CSP is Europe's fourth-biggest bank foundation with total assets of €7.75 billion, and is a major funder of many of Torino's municipal recovery projects (especially those related to culture and hi-tech industrial development).
- In the period 2001-2004, it spent a total of €437 million in Torino.
- Some local actors question the role being played by bank foundations as major local actors.

In Italy, bank foundation resources can only be used for not-for-profit activities. In Torino, local bank foundations contribute around €300m per year, matching the combined municipal and regional annual spending on large-scale regeneration projects. The city's efforts in developing constructive relationships with other levels of government national and international also yielded financial support for various recovery projects.

New privatisation and tax legislation

The city's financial reforms were further aided by national legislation throughout the 1990s which increased municipalities' financial autonomy. As we have seen, the 1990 Municipal Authority Act allowed mayors to privatise municipal enterprises, so that Councils could withdraw from the direct management of services (Le Galès, 2006). Taking advantage of this, mayor Castellani privatised several of the core municipal services (such as electricity and energy) and transferred some of the city's major museums to foundations with private partners, who were henceforth in charge of managing them. Another important reform involved the introduction of a municipal tax on property, which now accounts for a significant proportion of the municipal budget (Rosso, 2004).

3.3 Three key projects

With its strengthened and slimmed-down executive, the new mayor's administration pressed forward with projects to promote recovery. Three projects in particular, developed in the years immediately following the new mayor's inauguration, were strong and complementary drivers of recovery. Each tackled a different yet critical aspect of the city's condition. An Urban Masterplan set a fresh regulatory and zoning framework for land use in the city; a Neighbourhoods Unit regenerated its most disadvantaged neighbourhoods, in partnership with local residents; and a Strategic Plan, drafted over two years of consultation, united leading public and private sector actors with civil society in setting in place a wider framework for existing and planned recovery projects, and formed a voluntary cross-sector coalition to implement it. We look at each project in turn.

The smooth implementation of these projects has been greatly aided by over 15 years of political continuity provided by Mayor Castellani and his centre-left successor, Mayor Chiamparino, both of whom won strong second mandates.

Urban Masterplan (1995)

Torino's new Urban Masterplan, ratified in 1995, drove physical renewal through land use and infrastructure planning. The *Piano Regolatore Generale* (Urban Masterplan) is the main urban planning document in Italy, allowing municipalities to designate its land uses for a ten year period. It is the framework which makes physical transformation projects possible, and within which private developers and other agencies must operate. Torino had not had a new Urban Masterplan for over 45 years; the existing Urban Masterplan dated from 1959, and the ratification of a new one had been constantly deferred due to a lack of political consensus.

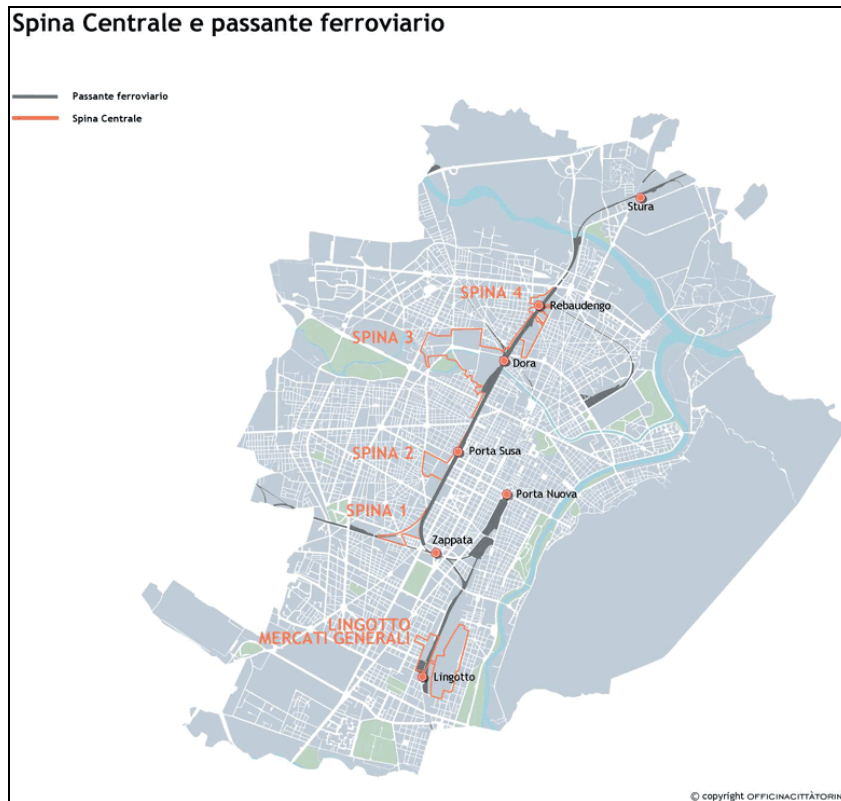
The new administration saw the Masterplan as a way of achieving the physical regeneration of the city 'by proxy', by re-zoning industrial land and thus encouraging private developers to revitalize these areas, within the clear guidelines set by the city for land use (such as the proportion of offices, housing, services and so on). To ensure the support and cooperation of the private and public sector bodies needed to deliver the transformation, the development of the plan was accompanied by extensive public relations work and consultation.

Through the new Urban Masterplan the municipality set out a vision for the physical re-configuration of the fragmented industrial city which had developed around the Fiat factories, transforming it into a better-connected, denser post-industrial metropolis. The twin foci of the city's regeneration would be improving transport access, and recycling centrally-located brownfields for new post-industrial uses.

Historically, Torino's industrial areas and their adjacent working-class residential neighbourhoods bordered the city's main railway line, the city's industrial artery, which cleaves through the city from North to South, creating a major spatial division. The decision was taken to build on existing public project, funded by the State-owned railway company, to 'bury' this central railway line, thereby enabling a fourfold increase in its capacity, and transforming the surface into a 12km, six-lane arterial road into the city centre. The Masterplan casts this route, which is flanked by the city's major industrial brownfields, as Torino's new 'Central Backbone' (*Spina Centrale*) (see Fig. 12). It proposes redeveloping four major brownfield zones along its length, totalling over 2.1 million m² of land, to create new mixed-use neighbourhoods with half the land designated for residential use, the other half for parks and commercial activities. The aim to re-link these derelict areas back into the urban fabric will be complemented by another long-deferred public transport project, Torino's first metro line, a €700m fully automatic 15 km route with 21 stations which will connect the deprived ex-industrial areas in the North and South to the main transport network. Together these projects represent €2.45 billion of public and private investment, aiming to turn the rail corridor into a new strategic growth corridor.¹¹

¹¹ The transport project has been praised in a consultancy report: "The current programme of new transport infrastructure development in Turin is perhaps the best example in Europe of such investment being implemented as a means to stimulate future economic growth, rather than dealing with existing problems such as traffic congestion in the short term" (Steer Davies Gleave, 2005, appendix B4.26).

Figure 12: Central Backbone route (*Spina Centrale*) and underground railway (*passante ferroviario*)



Source: Officina Città Torino

This pivotal redevelopment project and others, in the Urban Masterplan will regenerate fully 10% of the municipality's land. The combination of land use specifications and public projects to improve transport connections offered a major incentive to developers, stimulating the transformation of strategic brownfield areas of the city, creating a mix of residential, commercial and green spaces required to give new vitality to old industrial areas and knit them back into the urban fabric.

The Urban Masterplan specifically left a certain flexibility in the designation of specific uses for the four Backbone redevelopment zones, while the city began work on its economic development plan, the Strategic Plan (see below). This second comprehensive plan would develop an overall vision for the city which would then 'fill in' the right strategic uses for these areas.

Strategic Plan (1998-2000)

Torino's Strategic Plan (*Piano Strategico*) is an integrated economic development document, which sets collaboratively-determined objectives relating to the future of a city's economy, and aims to make the best possible use of available resources to achieve them (Kresl, 2007). It is possibly the city's most important recovery tool. The two-year debate that produced the Plan involved local figures from all walks of life, drawing on their expertise to help formulate it.¹² It soldered a strong network of 57 leading individuals, committed to implementing the resulting Plan collaboratively, using both their own expertise and the resources to which they had access.

¹² Regional, national and international citizens and politicians were also involved.

The development of the Plan began in 1998, following the re-election of mayor Castellani for a second five-year term. His administration was characterised by an unprecedented openness to new ideas and policy innovation, including learning from other cities' experiences via an active international networking programme. Inspired by the effectiveness of the strategic planning efforts of other European cities (Barcelona in particular),¹³ and galvanized by the severity of the economic and social crisis Torino faced, Castellani launched the city's own effort in 1998, making Torino the first Italian city to debate a strategic economic plan.

The deliberation of the Strategic Plan was characterised by several features that local actors and observers agree were key.

- Firstly, it was highly participative, involving leaders from economic, academic, cultural, social and political spheres, as well as hundreds of residents, in an iterative debate featuring dozens of workshops, conventions and seminars (see Box 7). They drew on the broad-based expertise of multiple stakeholders while also making them practically engaged in the vision it set out, helping to ensure their commitment to its delivery.¹⁴ The insistence on 'sharing' the Plan also meant that everyone was familiar with its content.
- Secondly, it was strongly rooted in the city and its particular characteristics.¹⁵ As a basis for the Plan, the administration commissioned a thorough and candid assessment of the city's attributes in the context of the global economy, essentially a SWOT analysis identifying strengths, weaknesses, opportunities, and threats to assess competitive advantage (Torino Internazionale, 1998).¹⁶ This report, 'Towards the Plan', created an inventory of the city's attributes which the Plan could then work out how to use and develop.
- Thirdly, it was informal in style. This encouraged the involvement of a wide range of bodies with different operating methods that would have resisted a formalised engagement. It also prevented getting bogged down in procedural prescription. This seemed to outweigh the disadvantages, which include a lack of detail that can weaken the planning process.

¹³ Castellani asked the director of Barcelona's Strategic Plan, Pascal Marigal, to be a top-level advisor on the Plan and to chair its Scientific Committee.

¹⁴ The Deputy Mayor of Torino in charge of the Strategic Plan said of *Torino Internazionale* said that "[it] is not the municipal administration's programme, but the city's project" (quoted in Pinson, 2002, p 490).

¹⁵ Other cities have outsourced the development of their strategic planning documents to consultancies, thereby losing this 'rootedness' in the local and local knowledge, as well as the value of turning all participants in the deliberative process into committed stakeholders by virtue of their involvement.

¹⁶ The discussion of the weaknesses was highlighted as "commendably frank" in one analysis of ten cities' strategic planning processes (Kresl, 2007, p 121).

Box 7: The development of Torino's Strategic Plan

Who was involved

- *Development Forum*: 30 public figures representing the city's major economic, social and cultural interests (Chamber of Commerce, universities, industry, banking, foundations etc.)
- *Scientific Committee*: Italian and foreign experts in urban regeneration
- *Consultative Council*: Representatives of civil society organisations
- Researchers at the major civic research institutions
- Over 1,000 members of the general public, through questionnaires, public meetings

The process (May 1998 – February 2000)

1. The city administration founds the Development Forum, which will pilot the debate leading to the Strategic Plan.
2. The Development Forum founds a Scientific Committee to ensure accuracy and feasibility.
3. *Diagnostic phase*: researchers prepared basic data on the city and its current socio-economic, urban and environmental situation. 400 questionnaires were sent out to local businesses and civic institutions, asking for opinions on the city's weak and strong points. A consultancy conducted an international survey on the city's image. A document was published to synthesise this information: 'The Basic Data'. Based on this, a document presenting the detailed diagnosis was produced: 'Toward the Plan'.
4. The Scientific Committee selected nine themes for further investigation. Nine working groups of citizens and experts were commissioned to investigate the themes over 2 months, involving over 1,000 individuals. They put forward 100 proposals for action, identifying the necessary promoters, resources, locations, competitive advantages and timescales for each action.
5. These proposals were combined with proposals made by the Scientific Committee, Development Forum, the mayor and local institutions. The Scientific Committee organised all the proposed actions into six strategic 'lines', producing a first draft of the Plan.
6. The first draft was presented to the Consultative Council, and debated in several public meetings. Six working groups further refined the Plan based on the feedback collected, producing a second draft.
7. The second draft was presented to key local actors, and further refined by the Scientific Committee in light of their feedback.
8. The final draft of the Plan was then presented to the mayor and the Development Forum for ratification.
9. The Strategic Plan 'pact' was signed by 57 leading political, business and civic actors.

The independent association 'Torino Internazionale' was set up in May 2000 to promote, facilitate and monitor the delivery of the Plan.

Source: Torino Internazionale (2000)

The deliberative process by which the Strategic Plan was formulated was, according to many local actors, if anything more important than the resulting document. The close-knit network of 57 local economic, social and political leaders which formed as a result proved instrumental to implementing the Plan, through its ability to identify and assemble both the necessary actors and the sources of funding for each project. Through this process, municipal decision-making was opened up to civil society, enabling the municipality to draw on the expertise and resources of a wide range of actors:

"The idea that underpins the Strategic Plan is that the local community can only gain maximum benefit through the combined action of public institutions and private enterprises. Accordingly, the Strategic Plan is nothing other than a framework for orienting the autonomous initiatives of a diverse range of actors, using a shared vision." (Torino Internazionale, 2007)

The Strategic Plan as a whole had several other important functions:

- It laid down a 10-year 'road map' for the city's development to which all actors could refer, and which had buy-in from stakeholders at every level. The existence of this framework and the fact that everyone was aware of the content of the Plan meant projects were focused in areas that would give the most added value, maximized the synergies across projects, and reduced the risks of duplication or working at cross-purposes.
- It kept long-term goals in view, helping to avert opportunistic decision-taking.¹⁷
- It established specific aims and a specific time-frame with 84 actions to be implemented by 2011. Against this progress could be evaluated. A second Plan was consulted on and published in 2006 to address gaps in the first, and update it based on delivery progress.
- It created new independent agencies tasked with taking forward specific elements of the Plan, each funded by a range of public and private stakeholders. These include a tourism promotion agency, Turismo Torino, an inward investment agency, Invest in Turin and Piedmont (ITP), and the association charged with coordinating the Plan and monitoring its progress, Torino Internazionale Association.¹⁸
- It publicised the work already being done.
- It flattened hierarchies and built relationships between institutions and actors in a city long characterised by an inward-looking, 'master-servant' paradigm, reflected in the popular characterisation of Torino as a 'one-company town'.
- Having a framework for all the city's projects helped attract resources from major funding bodies such as the EU, for whom a specific project's link with the city-wide development plan was a key funding requirement.
- Lastly, the Plan itself publicised the recovery projects already underway, and promoted Torino as a city working actively to promote itself.

One year into the Strategic Plan debate, and as a timely endorsement of Torino's efforts to promote a new image, the city was awarded the 2006 Winter Olympic Games. In the context of the Plan this was invaluable in focusing minds and setting a clear deadline for the completion of key projects, punctual delivery being a traditional problem in Italy. It also mobilized an even greater range of public and private resources, and was critical to building public-private partnership capacity in the city (see Box 8).

¹⁷ A good example of the latter is Torino's decision not to widen a road which serves as a commercial corridor through the Alps and connects the city with Lyon and Milano. The immediate short-term benefits seemed clear. However, the plan was modified based on the agreement – enshrined in the Strategic Plan – that the city's natural environment would be a key factor in attracting professionals to the area, and that widening this road would involve long-term environmental costs (noise pollution, gas emissions etc.) The road will now be tunnelled through the mountains.

¹⁸ All bodies involved with delivering the Plan (over 120) are members of the association.

Box 8: 2006 Winter Olympics

- Local actors agree that the Olympic Games was a critical recovery-spurring project in several ways:
 - 1. It promoted Torino's new 'post-industrial' image internationally, and locally**
 - The Winter Olympics are widely seen as the event that launched Torino as a tourist destination. The international exposure gained through this event was key in publicising the city 'new' post-industrial image.
 - The Games' transformation of locals' mentalities is cited by many as even more important than its physical legacy. Prior to this event, local actors maintain that many residents could never have imagined Torino as a tourist destination. 20,000 volunteers helped facilitate the events; the Games brought residents together and gave them a new pride in their city.
 - 2. It galvanised physical renewal projects**
 - The event's prestige and the global promotional opportunity it represented helped focus minds and attract the necessary funding to complete them within a fixed time-frame.
 - 3. It built public-private partnership capacity in the city**
 - With minimal support from the national government, organising the Games became an exercise in local entrepreneurship. Torino combined municipal, provincial and regional funding with private money to meet the more than €3 billion cost of staging the Games.
 - The Games proved a crucial moment of 'coming together' for the city, stimulating a flurry of collaboration between public authorities and private enterprise, growing the capacity for these partnerships.
- Prolonging the economic benefit of the Games will depend on finding a sustainable use for the Olympic infrastructure (estimated to be worth €500 million). Several venues will be used for the expansion of the city's two universities, one will house an art gallery, another a design institute, and the Olympic villages will become a mix of public and private housing. To run the remaining venues at a profit, Torino is now engaged in a 'place marketing' campaign to attract events (and visitors).
- Some commentators are critical of the way the Olympic infrastructural legacy has been managed, highlighting inadequate planning of the post-Olympic period which has left the city struggling to integrate the infrastructure into the urban system.

The content of the Plan reflected the desire of Torino's leaders to reposition the city, both economically and as a metropolitan area. Its aim was to find ways of turning the inventory of attributes published in 'Towards the Plan' into economic assets in the context of a new vision for the city. The theme of 'internationalisation' was adopted to force the city to look outwards and consider its position in a changing global context. The Plan itself is organized along six 'lines of action', each broken down into more concrete objectives, which are set out below.

1. "Integrate the metropolitan area into the international system", turning Torino from what the European Commission once referred to as a "peripheral gateway city" (EC, 1997) into a transport and communications hub of international importance;
 - create local 'international cooperation networks' for actors working internationally
 - improve Torino's connectivity (focusing on the airport, road and rail networks)
 - improve internal mobility
2. "Construct a metropolitan government" in the province;
 - create new forms of governance at the wider metropolitan level
 - create new sector-specific service delivery agencies for the whole metropolitan area

3. “Develop training, research and strategic resources”, turning the city into a centre of research and education;
 - develop local universities to internationally competitive levels
 - develop innovative research that responds to economic demand
 - promote professional development and vocational training to raise skill levels
4. “Promote enterprise and employment”, supporting entrepreneurship and innovation while tackling unemployment;
 - develop the innovation potential of production
 - encourage entrepreneurialism (eg. by providing better access to venture capital)
 - grow professional development opportunities and basic skills training programmes
5. “Promote Torino as a city of culture, tourism, commerce and sports”;
 - develop and promote the city’s cultural heritage
 - consolidate the city’s cultural offer and plan international events
 - develop the tourism industry
 - promote Torino-Piemonte as a destination
 - expand local commerce and improve its offer for tourists
 - promote sport and sporting events as tourist attractions
 - use the Winter Olympic Games as a driver for local development and the international promotion of the city
6. “Improve urban quality by upgrading the environment and urban areas”, thus achieving socially and environmentally sensitive urban regeneration;
 - use city-wide urban renewal projects to promote social and spatial integration
 - improve the quality and attractiveness of the local environment using sustainable development strategies (Torino Internazionale 2000).

The debate which shaped the Strategic Plan began with a focus on the issue of tourism, and developed organically into a debate on the post- and neo-industrial future of the city. This crystallised into two parallel but distinct approaches to making the best use of Torino’s attributes, one building on Torino’s industrial history, and the other breaking into a new future.

Achieving a high-quality urban environment and supporting education and training to make production more efficient are seen as necessary prerequisites for attracting visitors and investors to the city, and these aims therefore buttress the other objectives of the Plan. Similarly, taking on a metropolitan dimension is seen as key to the city’s competitiveness on the European and global stage, so the desire to develop metropolitan-level collaboration can be seen as underpinning the Plan as a whole. Overall, the Strategic Plan pulled together both ideas and practical mechanisms for delivery of progress, backed by a broad political and business consensus and the potential resources to deliver it. Delivering involved two main strands; outward-looking efforts and a focus on research and innovation.

Outward-looking efforts

The first development strategy for Torino was premised on a new outward-looking role for the city, promoting it as a centre of tourism, commerce, culture and sport, all of which it explicitly sees as integrated. The idea of developing Torino as a tourist centre first emerged in the early 1990s, when many locals say they couldn't imagine their industrial city becoming an attractive tourist destination. The assessment document, 'Towards the Plan', confirms that in its rivers, Alps, baroque architecture, Savoy palaces, wine and 'slow food' culture, Torino and its Piemonte region have unique assets for building a successful tourism industry. The Strategic Plan, highlighting the fact that "the cultural industries will generate 20% of European employment growth" (Torino Internazionale, 2000), singles out tourism as a central plank of economic revival. "The external promotion of the city ... and improvement of the city's image" as a means for attracting visitors are "without a doubt one of the priorities of the [Plan]" (Rosso, 2004). The Plan saw promotion agencies and events as two key instruments for operationalising this development strategy.

Promotion agencies: The city founded a group of public-private agencies, many of which were focused on promoting Torino actively as an attractive destination for specific sectors and activities (see Box 9). In keeping with the Plan's aim to increase cooperation among municipalities in the metropolitan area, these agencies all operate at metropolitan level. Since the metropolitan area lacks a formal governing institution, informal means such as these are seen as the best route to metropolitan-wide cooperation.

Box 9: New public-private agencies

- **Turismo Torino**, tourism agency for Torino and Piedmont region
- **Invest in Turin and Piedmont** (ITP), inward investment agency
- **Associazione Torino Internazionale**, association for coordinating and monitoring delivery of the Strategic Plan, with 120 members from political, economic, cultural and social institutions
- **Convention Bureau**, for promoting convention activity
- **Organising Committee for Winter Olympics** (TOROC), a non-profit private foundation set up to organise the Games
- Six **Territorial Pacts** (an initiative to involve multiple levels of government and the private sector in infrastructure and development projects) among neighbouring municipalities
- **Technological Parks**, set up to create firms and technology parks in innovative fields (including the Environment Park and the Virtual Reality Multimedia Park)
- **Torino Wireless Foundation**, to promote the ICT sector

Source: Rosso (2004)

A general-purpose agency was founded to promote tourism in the city and its region (Turismo Torino), alongside others aiming to attract specific types of visitors such as business people (the Convention Bureau) and film enthusiasts (the Film Commission).

Events: These are seen as a second important tool because of their dual function of attracting visitors and raising the profile of the city (see Box 10). Hosting events has become one of the key ways of attracting visitors and money into the city, while publicising its assets.

Box 10: Events

- Torino Book Fair (*Salone del Libro*) (founded 1988, annual)
- Torino Film Festival (founded 1998, every two years)
- Taste Fair (*Salone del Gusto*) (founded in 1998, every two years), linked to the Piedmont region's 'slow food' movement
- World Book Capital (2006)
- Winter Olympics (2006)
- Paralympics (2006)
- International Architectural Congress (2007)
- World Design Capital (2008)
- Celebration for 150th anniversary of Italian unification (2011)

The success of the bid to host the 2006 Winter Olympics (won in 1999) was widely seen by local actors as a strong endorsement of the metropolitan area's organisational capacity. The Olympics became the cornerstone of the Strategic Plan's tourism strategy, the single most important promotional event of the decade for the city. This event and the awareness of the publicity it would generate spurred on much of the other regeneration and tourism-related activity in the city. Preparing for the Olympics also built significant local capacity for hosting further international events.

Research and industrial innovation

The debate leading to the Strategic Plan was originally focused on the promotion and 'internationalisation' of the city to attract visitors and consumers, but the administration soon realised that tourism would not be enough to regenerate the city's economy. The city began to reassess the positive value of the city's production system and see how its potential could best be exploited.

The new advanced industrial development approach therefore aims to develop the city's economy by capitalising on Torino's specialised skills and assets, which grow out of the city's industrial expertise and the universities (particularly the prestigious Politecnico) that have traditionally fed its industries. Based on the understanding that global markets were changing and Italy, with its high labour costs, could no longer compete in low-value-added areas of mass production, the Plan focused on developing high-value-added research and innovation activities in areas in which Torino is already specialised.

Public funding for research in Italy was low by international standards, so Torino's strategy needed to actively seek out other sources of funding for the development of its key sectors. The strategy concentrates on innovation:

"We cannot simply wait for businesses to develop a precise demand for research and consultancy services, especially if they are small and medium-sized businesses. Our research centres and laboratories must themselves develop a range of services and go out to explore opportunities for collaboration [with businesses] by actively promoting these services." (Torino Internazionale, 1998)

The assessment document 'Towards the Plan' identifies several sectors in which the city has competitive growth potential; the Plan then identifies instruments that aim to connect innovation in these sectors to its 'consumers'. The focus was on developing new institutions that co-locate academic and private sector research to encourage cross-fertilisation. A promotion agency helps to publicise the city and region's assets in specific sectors to attract inward investment. Alongside this, special support programmes have been designed to link hi-tech small and medium-sized enterprises (SMEs) to new overseas customers.

Investment promotion agency: An inward investment agency, Invest in Turin and Piemonte (ITP), was created to 'market' the city and its region's assets to potential investors. ITP has no specific economic development mandate (this belongs to the Chamber of Commerce). However its role is to promote the region's economic assets internationally, to build relationships with potential investors, to facilitate the location process, and to promote and broker the substantial public fiscal incentives (including EU Objective 2 funding) available.

ICT district: 'Toward the Plan' identified information and communication technology (ICT) as a sector in which the Torino region had a significant competitive advantage.

- The Torino Wireless Foundation was created in 2001 to manage the development of a 'district' of ICT institutions (with a particular focus on wireless technology) in order to encourage the cross-fertilisation of academic research and enterprise in the ICT sector. It is funded by a mixture of public and private bodies¹⁹ to increase the region's competitiveness in the ICT sector by linking up and promoting its ICT-related activities. The ICT district features two key institutions, a research laboratory and an incubator, and is directly adjacent to the Politecnico University (which specialises in ICT research).
- The Mario Boella Institute for Higher Research (*Istituto Superiore Mario Boella*) or ISMB is a laboratory for high-tech ICT research, founded by the Politecnico University and the Compagnia San Paolo bank foundation in 2000. The ISMB links over 140 academic researchers with research teams from private companies such as Accent, Motorola and ST Microelectronics, who work together on contracts to develop new technologies that these companies will then commercialise. In partnership with Torino Wireless, ISMB also runs a programme promoting the use of ICTs in local SMEs.
- I3P is an incubator focused on ICT-related start-ups, founded by the Politecnico, the Province, the municipality, the Chamber of Commerce, Piedmont's regional development agency Finpiemonte, and the Torino Wireless Foundation (see Box 11). The Torino Wireless Foundation manages venture capital funds which provide seed capital to I3P's start-ups.

¹⁹ Torino Wireless' budget for 2002-2006 is funded by a wide variety of public and private bodies, including: the Italian Ministry of Research (€26 million), the Region of Piedmont (€10 million), the Province of Torino (€8 million), the municipality of Torino (€6 million), the Chamber of Commerce (€2.5 million), the Industrial Union and private enterprises such as Fiat, Telecom Italia, Alenia, Motorola, ST Microelectronics (€1.4 million each), the Compagnia San Paolo bank foundation, the Mario Boella Institute and the Unicredito bank (€400,000 each).

Box 11: The I3P incubator

- Professors from the Politecnico university decided to set up an incubator, after visiting other countries (France, Belgium, Finland, UK, US) and noticing that business incubators attached to universities were a common feature.
- They proposed the idea to the public sector (Chambers of Commerce, Region, City).
- In 1999, I3P became Italy's first university-linked incubator.
- It was founded as a non-profit joint-stock Consortium Company (S.c.p.a), with its 6 joint shareholders as:
 - Politecnico di Torino university
 - Province of Torino
 - Municipality Torino
 - Chamber of Commerce of Torino,
 - Finpiemonte (Regional Financial Agency of the Region of Piedmont)
 - Torino Wireless Foundation (for promoting ICT activity)Each shareholder contributes €200,000 (totalling €1.2m)
- I3P focuses on hi-tech business ventures in the major engineering sectors

How it works

- I3P provides start-ups with cheap offices in high-tech premises, the consultancy services of business development advisors (for the commercial side) and Politecnico university professors (for the technical side), and help with connecting entrepreneurs to start-up capital.
- To finance its activities, I3P receives funding from various bodies with which its founding shareholders have strong relationships; for example, the CRT bank foundation part-funded the conversion of old warehouses into I3P's new offices, and the EU and Italian Ministries are the main funders of the operating costs.

Helping finance entrepreneurialism

- Local banks have agreed to grant low-interest loans of up to €100,000 without a guarantee.
- I3P has strong relationships with Piemontech and Innogest, 2 funds run by the Torino Wireless Foundation. Piemontech is a seed fund, giving grants of up to €200,000; Innogest is a growth fund, giving grants of up to €5m. These relationships ensure I3P's companies have preferential consideration by these funds.
- The Torino Wireless Foundation has also founded an association of 11 venture capitalists (only 5 of them Italian) called 'Venture Capital Hub', to provide funding for budding enterprises. This will provide up to €1bn.

Promoting entrepreneurialism

- To promote its services and encourage entrepreneurialism, I3P has founded the 'Start Cup' competition for the year's best business idea in the Piedmont region, with a 1st prize of €20,000. This idea spawned many imitations across the Italian regions, and I3P has now launched the 'National Innovation Award' competition for the winners of all the regional competitions, with a 1st prize of €60,000.
- I3P is a founding partner of a national association of university incubators in Italy, *PNI Cube*, which shares best practice among 25 university incubators and promotes their work.

I3P's ingredients for success

- Strong links to the university and local authorities. "Without the Politecnico and the strong collaboration with local bodies such as the Province and the Chambers of Commerce – we could never have happened", says a project manager at the incubator. These links were critical for finding financial support and giving the project visibility.

Results

- As of October 2007, I3P has hosted 88 start-ups, only 4 of which have failed to develop into businesses (a notably high success rate).
- For the 65 operating start-ups for which data is available, the "overall value is around €20 million" (Sarti 2007).
- I3P won a 'Best Science-Based Incubator' award in 2004 (Science Alliance 2004).

Technology parks: Alongside ICTs, 'green' technologies are recognised as a sector set to receive increased public funding, and for which private sector demand is fast growing.

- **Environmental technologies:** The Environment Park is a technology park dedicated to developing new environmental technologies that can be commercialised (see Fig. 13). In 30,000m² it houses research laboratories, SMEs and start-ups focused on specific technologies (eg. hydrogen energy) to encourage collaboration between research and business. It was founded by the Region, the Province and the municipality, part-funded by the EU. It has strong links to local and regional universities specialising in similar research. Its core activities are the development of eco-efficient technologies and the dissemination of these technologies to local SMEs through projects, events and training activities.
- **ICT:** The Virtual Reality Park is a technology park aiming to promote and develop applied multimedia technologies. It consists of 8,000m² of offices, training rooms, laboratories, film theatres and studios. Its activities include computer graphics and digital post-production, and research in the fields of virtual reality and prototyping.²⁰

Figure 13: The Environment Park under construction



Source: <http://www.noviconsult.it/>

'Internationalisation' support programmes for SMEs: Torino's Chamber of Commerce is spending almost €6 million, supported by some European Union funds, on a trio of programmes designed to win more business for the region's SMEs by actively linking them to foreign customers (La Repubblica 2007). This is achieved through sector-specific support programmes which act as brokers between promising local SMEs and international buyers.

²⁰ Like the Environment Park, the Virtual Reality and Multimedia Park projects benefited from EU Structural Funds, which the city had been receiving to aid its industrial conversion since 1989. The EU contributed €8m of the €13.6m of costs for the Virtual Reality and Multimedia Park (Regione Piemonte, 2005).

- Auto: 'From Concept to Car' brokers contracts on behalf of over 200 competitively-selected supplier SMEs
- ICT: the 'Think Up' programme promotes 94 selected SMEs
- Aerospace: the 'Torino Piemonte Aerospace' programme promotes 65 specialist SMEs

University expansion programme: In order to promote and improve the quality of the city's higher education institutions, the Strategic Plan includes proposals to create four new university buildings in new locations, and to double the size of the Politecnico's university's campus through an ambitious expansion plan that ties in with the Central Backbone regeneration programme.

In keeping with another theme of the Strategic Plan and the Urban Masterplan, reusing brownfield sites, many of the new developments are housed in rehabilitated industrial buildings. Torino Wireless' ICT district is housed in old train repair workshops, for example, and the Environment Park in Fiat's old smelting works.

In combination, these many strands of initiative gave substance to both the Urban and Strategic Plans. They were both strongly underpinned by a third vital strand, neighbourhood renewal.

Neighbourhoods Unit (1997)

The third major strand of activity linked indirectly to the two plans was neighbourhood regeneration and social inclusion. There was a growing recognition in the city of the need to address Torino's social problems, concentrated in dilapidated residential neighbourhoods across the city, as part of the overall recovery effort (see Fig. 14).

Figure 14: Housing in the city-centre San Salvario neighbourhood, one of the Neighbourhoods Unit's intervention areas



The municipal administration was convinced that the city should develop equitably as a 'polycentric city' (Torino Internazionale 1998), adopting what could be called a "no neighbourhood left behind" approach to urban renewal. This aimed to ensure that each neighbourhood was able to develop its own identity and contribute to the success of the city as a whole. Accompanying this was an awareness that the major neighbourhood renewal funding bodies (the EU and national government) were increasingly allocating funding on a competitive-bid basis. In order to win funding, it was important use methods that matched the goals of funders.

In keeping with the new city administration's approach, based on expertise- and resource-seeking through collaboration, city officials in the mayor's newly-formed Directorate for Devolution and Urban Integration visited other European cities and participated in EU learning networks to gather expertise in how to run successful neighbourhood renewal projects that were both effective, and likely to win funding by having the project characteristics favoured by the major funders (namely the EU, national and regional governments).

In 1997 they developed an innovative programme called the Plan for Marginal Neighbourhoods (*Progetto Speciale Periferie*),²¹ which became a dedicated department within the Council, the Neighbourhoods Unit (*Settore Periferie*). In the spirit of creative, collaborative policy-making encouraged by the new mayor,²² the plan proposed a bottom-up model by which residents' day-to-day experiences are the starting-point for the development of urban renewal policies for each neighbourhood. Solutions are then formulated to address that neighbourhood's social, economic and physical problems as perceived by the residents, and are implemented by a multidisciplinary team of civil servants, working in partnership with residents. By developing plans in this grass roots way, the Neighbourhoods Unit created a highly successful method for securing external (non-municipal) funding for its projects and genuine participation by residents.

From the early 1990s, competitive-bid neighbourhood renewal funding from the EU and Italian governments was allocated in the form of specific 'competitions', with each successive competition offering to fund projects that had a specific set of characteristics, with resident participation. The integrated targeting of social, economic and physical issues increasingly became basic requirements. The Neighbourhoods Unit developed a database of proposed projects, working with residents of struggling neighbourhoods to diagnose problems participatively and identify practical solutions with an agreed preliminary budget. This allowed the Unit to identify quickly which project was best suited to each competition using its database, and to put together swiftly a strong proposal based on the ready-prepared diagnostic, which included resident support. In this way, it built an impressive capacity for securing competitive-bid finance for its projects and securing resident involvement. All the targeted neighbourhoods were involved and benefited in some way from the Unit's work (see Boxes 12 and 13).

²¹ The term *periferie* translates directly as 'outskirts', which nevertheless fall within the municipal boundary of the city. The Neighbourhoods Unit sees it as referring to any neighbourhood that is physically or socially marginalized from the rest of the city (Buoni Esempi 2003).

²² Local actors who were involved with the new mayor's administration describe this as a period characterised by high levels of energy, innovation and idealism, an imaginative search for the best ways of doing things, and a willingness to go the extra mile to find ways of putting them into practice.

Box 12: Porta Palazzo neighbourhood regeneration project

Duration: 1998-2001

Residents: 10,000

Funding:

EU: €2.58 million

Municipality: €2.58 million

State Ministry of Public Works: €1 million

Bank foundation CRT: €260,000

Bank foundation CSP: €260,000

Torino Chamber of Commerce: €260,000

- The project area is a decaying inner-city market square which has become a focal point for the city's growing non-EU immigrant population.
- The project is managed and implementing by the Porta Palazzo Project Committee, an independent non-profit body featuring decision-makers from both public and private sectors.
- The project focuses on the social and economic integration of both market vendors and residents. It is piloted by a committee of representatives from the public and private sectors.
- Decision-making is participatory and local residents are regularly consulted. This neighbourhood project illustrates Torino's commitment to working with and developing the skills of its immigrants.
- After its EU funding ended, The Gate became a Local Development Agency in 2003 and continued its work in the Porta Palazzo neighbourhood.

Box 13: Mirafiori Nord neighbourhood regeneration project

Duration: 2001-2006

Residents: 25,000

Funding: €42 million, with €11 million from the EU

- The project will regenerate the area of social housing bordering Fiat's Mirafiori factory, with a focus on environmental sustainability, economic development and social inclusion.
- Public spaces will be redeveloped, new ICT enterprises created, social and cultural services networks supported, and the social housing will be upgraded.

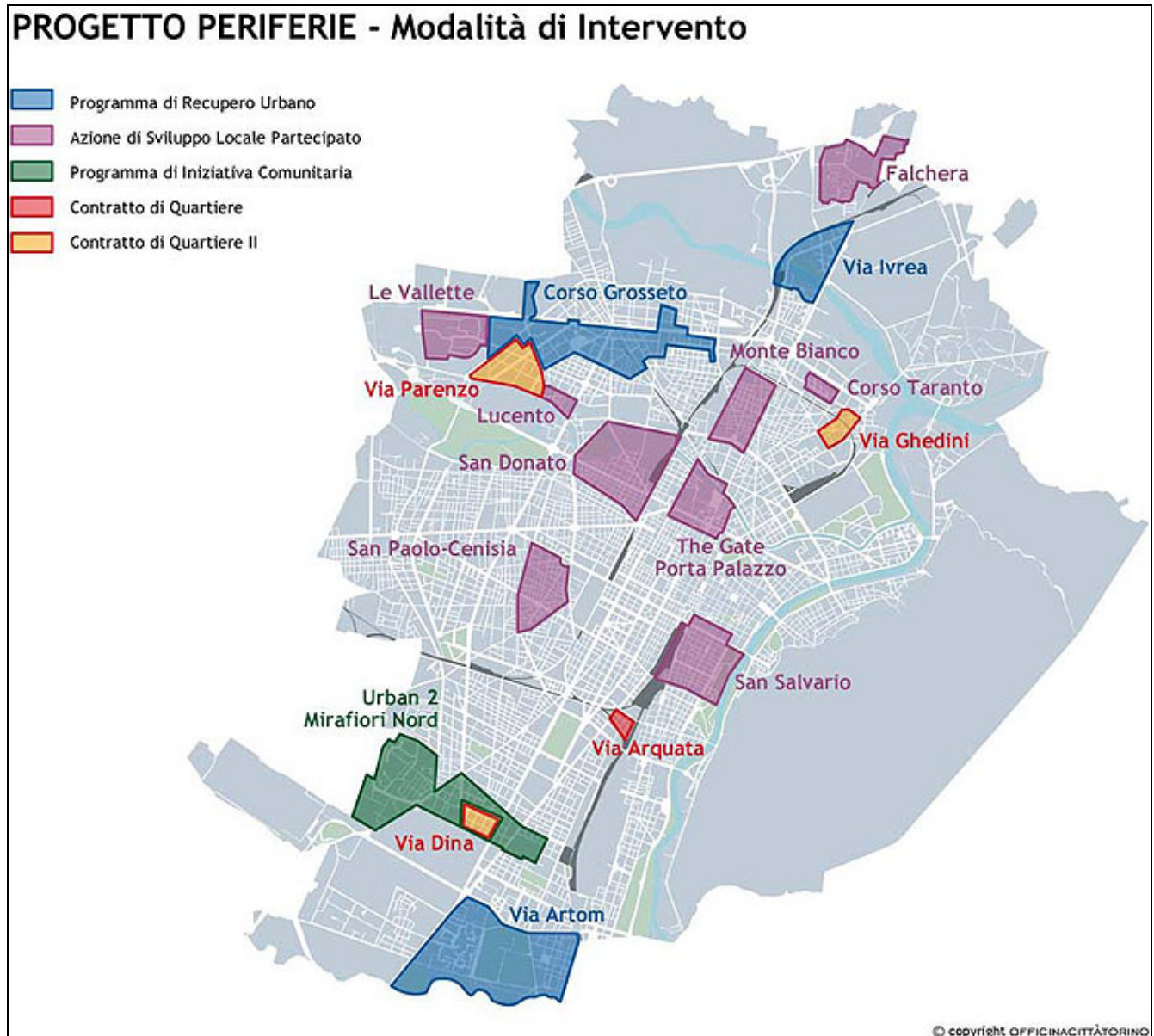
The defining features of the Neighbourhoods Unit's approach to neighbourhood renewal are:

- residents are at the heart of every stage of the renewal process; residents' experiences form the basis for developing renewal policies; and residents participate in the formulation and implementation of these policies,
- these policies address the area's social, economic and physical problems in an integrated way; and
- a novel cross-departmental interdisciplinary approach helps tackle complex interacting neighbourhood-level problems in an integrated way within the municipal administration.

The latter two features were both widely favoured by funding bodies; all three features have been traditional stumbling-blocks for Italian regeneration schemes.

Figure 15 shows that its portfolio of projects now represents an investment of approximately €580m per year in Torino's neighbourhoods²³ over a 10 year period (Magnano, 2007).

Figure 15: Map of Neighbourhoods Unit projects, showing the five different types local, national and EU-funded regeneration programme involved



²³ The neighbourhoods being regenerated by the Neighbourhoods Unit house a total of 85,000 residents.

To enable the Neighbourhoods Unit to put these approaches into practice in its work, it created new processes for participatory project management and interdisciplinary policy-making:

- To achieve **resident participation** across all its projects, it systematically builds a participation programme into every project, including those for which this is not already a funding requirement, and funds the participation from the Unit's budget for these projects. Residents are placed at the heart of the planning and implementation processes through the opening of a neighbourhood drop-in centre run by a group of local residents in each regeneration area (*laboratorio territoriale*), which serves as a meeting-point for the local community (see Figs. 16 and 17). This venue becomes the focal point for the project, rooting it in the neighbourhood and allowing local people to consult on, develop and deliver aspects of the project in partnership with a neighbourhood forum (*tavolo sociale*) which brings together representatives of residents and local organisations with members of the Neighbourhood Unit's neighbourhood-level inter-disciplinary working groups (see below). The neighbourhood forum serves as the consultation forum in which residents and Council employees prepare proposals for and implement the project.
- To achieve **inter-disciplinary policy-making**, it has formed a top-level inter-departmental working group consisting of 15 professionals from each of the municipality's departments that deliver services to neighbourhoods, eg. police, education, transport, health etc. (the *gruppo di lavoro intersettoriale*). It also forms a neighbourhood-level inter-disciplinary working group for each neighbourhood project, consisting of 15 City Council employees, eg. teachers, planners, social workers etc., who spend one day week based in the target neighbourhood, consulting with residents and seeking to understand how all the local problems link up (the *gruppo di lavoro territoriale*). This group then addresses the issues raised by residents relating to municipal services, discusses the best ways of resolving them, and reports back to the Neighbourhood Unit's top-level inter-departmental working group.

Figures 16 and 17: (left) Drop-in centre in Via Arquata neighbourhood; (right) Neighbourhoods Unit staff flanking a local pensioner and ex-Fiat employee who emigrated to Torino from the South in the 1960s



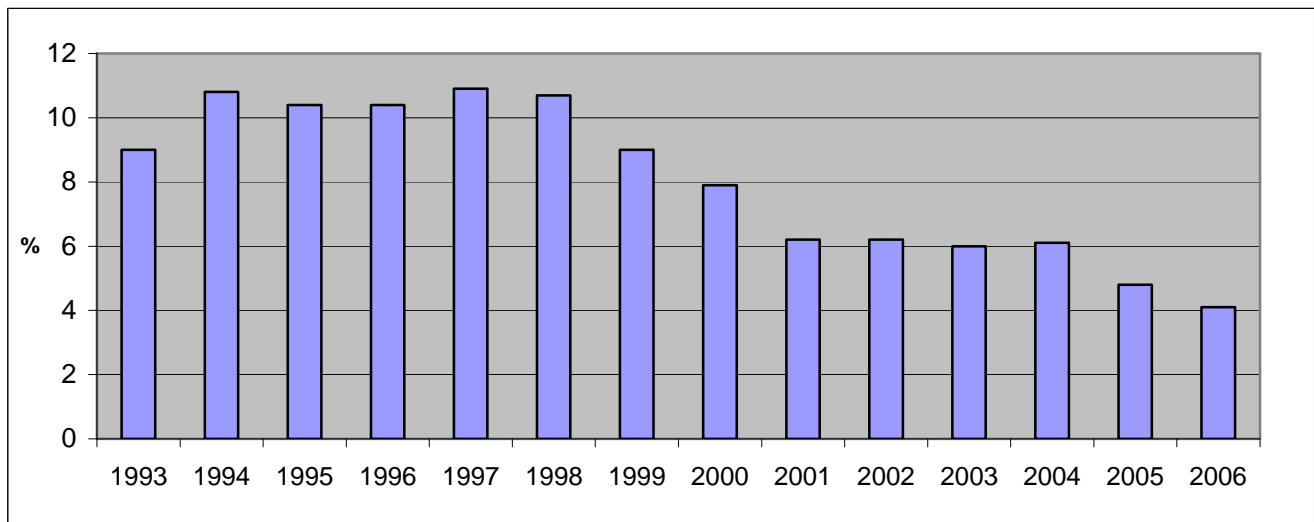
Having a dedicated Neighbourhoods Unit within the city administration has major benefits for both the administration itself and the city's residents. For the administration, it is an efficient way of managing a diverse range of projects, funded by different bodies and with different characteristics, using a methodology developed and refined by the best practice experience from a variety of projects. The participative and integrated approach also makes more efficient use of municipal resources in the long-term: working in an interdisciplinary way ensures that the realities of often complex problems are addressed by the right municipal services; that resources are targeted efficiently; and that departments work collaboratively rather than at cross-purposes, as can be the case. The interdisciplinary approach to policy-making and delivering has ensured a good understanding of local problems and their inter-related nature on the part of officers, which in turn results in more enlightened and efficient policies.

For residents, being consulted and playing an active role in the regeneration process transforms their relationship with the municipal administration from passive 'recipient' of services into active 'partner' in service and regeneration delivery, while also bringing together their local community to work toward a shared goal. Often, say those involved with the Neighbourhoods Unit, the simple fact of being listened to can be a transformative experience for residents of deprived neighbourhoods, giving them a real sense of pride in their neighbourhood and confidence in their ability to act to help improve it. It also builds their capacity to engage in other aspects of the city's social and economic life. Torino is the only Italian city to make participation a requirement for all its neighbourhood regeneration projects and it has won international recognition for its participative approach to neighbourhood renewal, involving many different levels of the community.

4. WHAT HAS CHANGED: SIGNS OF RECOVERY?

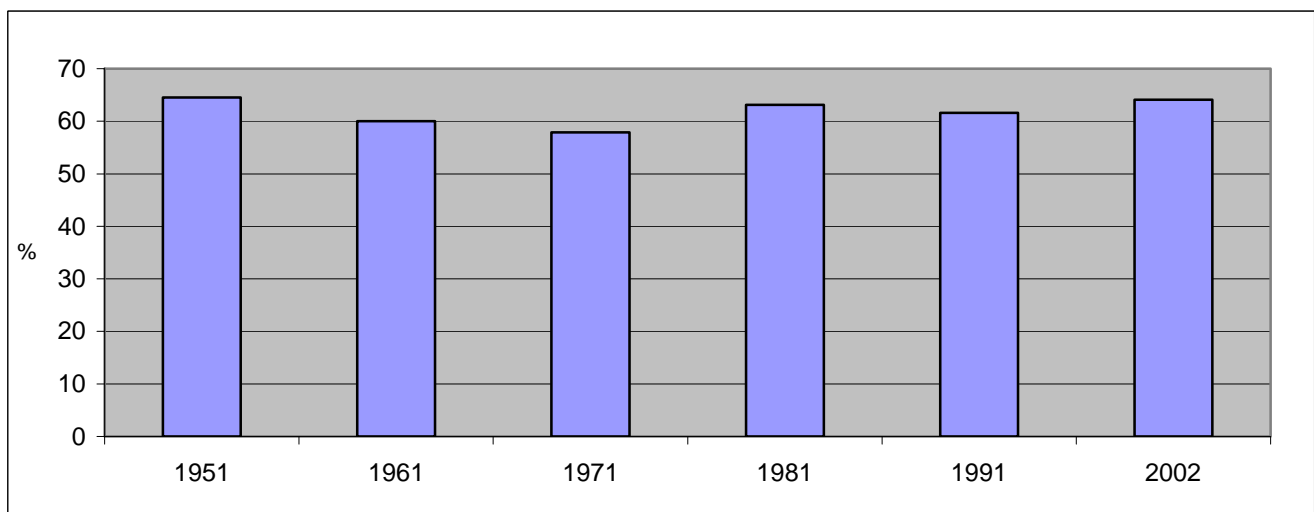
Economically, Torino is in a much better position now than when its first directly elected mayor came to power. Unemployment in the Province of Torino sank to its lowest ever rate, 4.1%, in 2006 (see Fig. 18). Activity rates in the Province have almost returned to their pre-crisis 1951 levels (see Fig. 19). Meanwhile employment grew by 1.5% during the course of 2006, with 14,000 new jobs created (IRES 2007). Local economists ascribe this upswing to the positive effects of the Olympics in 2006, and the surprise turnaround of Fiat's fortunes in 2005.²⁴ 65% of new jobs created in 2006 were in industry, most of them concentrated in manufacturing (IRES, 2007).

Figure 18: Unemployment rate, Province of Torino



Sources: ISTAT; Osservatorio Regionale sul Mercato di Lavoro; IRES Piemonte

Figure 19: Activity rate, Province of Torino



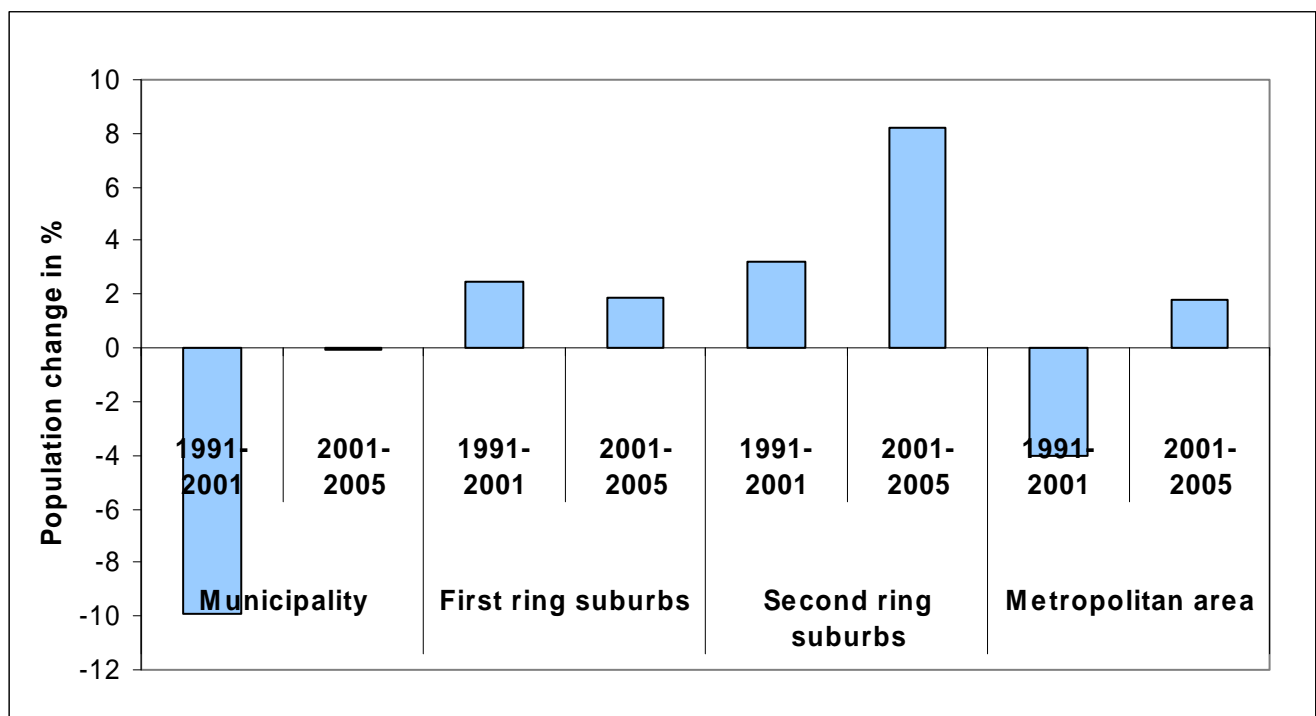
Sources: ISTAT; IRES Piemonte

²⁴ The Fiat Group returned to profit in 2005, following a major restructuring programme masterminded by the new CEO Sergio Marchionne. The company's share of the European car market reached an impressive 8.5% in 2007 (Economist 2007).

The Province of Torino is still heavily reliant on industry, with the auto and metal-mechanics industries forming the basis of the Province's economy. The recovery of Fiat in 2005, which still employs 30,000 people in the Province (Galasco 2007), is playing a major role in the revival of the local economy. Industrial production rose by 3.8% during 2006, and exports were up (for the first time since 2000) by 7.4%. Observers worry that this continued reliance on industry leaves Torino very exposed to fluctuations in the global auto market (IRES 2007).

Meanwhile the population of the municipality of Torino increased by a mere 0.3% over the year 2006, while the city's 'first ring' suburbs grew by 2.5% and its 'second ring' suburbs swelled by 10.2%, showing that suburbanisation continues apace (IRES, 2007). Foreign immigrants moving into the city centre are keeping numbers stable, compensating for the low birth rate and the outward flow of existing residents to the suburbs (see Fig. 20) (IRES, 2006). The metropolitan area as a whole has gained population (up by 4,000 residents to a total of 1,715,000 during 2006), signalling a halt in the continuous population decline experienced throughout the 1980s and 1990s (IRES, 2007).

Figure 20: Population change, Torino metropolitan area



Sources: ISTAT; IRES, 2007

The Strategic Plan and its many projects have played an important part in the burgeoning recovery of the city. Most of its proposals are now being implemented and new projects have been designed. Below is an attempt to assess Torino's progress along the six lines of action laid out in the Plan.

4.1 Integrating the metropolitan area into the international system

An increase in low-cost flights has contributed to a growth in visitors (IRES 2006), but many airlines cancelled their Torino routes after the 2006 Winter Olympics, and the local airport is still not seen as a hub. By 2009 (scheduled completion date), the high-speed rail link with Milano will promote a new level of co-operation and integration, helping Torino to share in some of Milano's dominant economy. The Torino-Lyon fast rail connection, due for completion by 2011, is seen as critical to re-positioning Torino as a European metropolis, and is keenly awaited by the business community (Scenari Immobiliari, 2007).

4.2 Constructing a metropolitan government

While the municipal government was able to establish a coherent vision for the city, the extension of this vision to the wider metropolitan region has been slower. National legislation of 1990 (law 142/1990) had aimed to promote the formation of metropolitan areas but lacked incentives for municipalities to give up their independence, so there has been little progress on this front.

The creation of the Metropolitan Conference in 2000, as proposed in the Plan, led to the voluntary involvement of 38 municipalities in the Torino area. The Conference was designed to improve collaboration between municipalities through informal means, but its lack of formal powers (particularly its lack of mandate for coordinating planning policy) proved a major stumbling block and meant it achieved little. A search has now begun for "more formal instruments" (Borelli and Santangelo, 2004).

Meanwhile, project- or sector-specific agencies with a metropolitan focus (such as the Torino Internazionale Association and Turismo Torino) have proved the most successful attempts at inter-municipal cooperation, although by their nature they only cover certain activities.

4.3 Developing training, research and strategic resources

The Plan's drive to connect academia and enterprise better has been endorsed by an 'innovation scoreboard' report comparing 12 innovative European regions, which ranks Piedmont as top for its academia-industry co-operation (ITP, 2007). In terms of connecting research and enterprise, the international companies such as Motorola, General Motors Powertrains and Jac Anhui, a Chinese auto manufacturer, have chosen to locate their research facilities in Torino, all citing the presence of other research centres and universities operating in similar fields as a major reason for choosing Torino; an endorsement of the city's research credentials. The presence of these large private-sector centres (Motorola's employs over 500 people) is in turn further reinforcing those credentials, and is attracting more sector-related activities to the area in a virtuous circle of development. The inward investment agency ITP has played an important role in promoting these assets in strategic sectors internationally, despite its restricted budget for these activities (ADIT 2005).

Results in the domain of professional development and training are less clear, but the need for large-scale and high-quality training programmes is pressing given that approximately 60% of Torino's workers lack a secondary school education (Kresl, 2007). University expansion programmes and the creation of new campuses, research centres and incubators continue apace. Building work is currently underway on a €50m, publicly funded expansion project for the Politecnico's campus, doubling its student capacity and increasing the number of research centres. There is no room for complacency, however, if Torino wants to attract talented international students and researchers; Italy comes out badly in the OECD's PISA cross-national comparisons of educational standards, and no Italian university now makes it into the world's top 90 (Economist 2005).

4.4 Promoting enterprise and employment

The Plan aims to sustain manufacturing in the urban region, while continuing to help it evolve toward higher-value-added activities. An illustration of this is the recent agreement between local authorities and Fiat to convert part of its Torino Mirafiori factory into a new auto design centre, in exchange for a pledge that Fiat will continue to manufacture cars in the city.

Under the auspices of the Torino Wireless Foundation, the ISMB research institute has run a successful programme promoting the use of ICT among the region's SMEs, helping 78 specially-selected businesses become more innovative (ADIT 2005). However, despite this good work, initiatives such as Torino Wireless have "not been supported by other measures to enhance innovation capacity in traditional sectors or measures to include key stakeholders and particularly SMEs" (NUTEK, 2007).

The economy is now far less reliant on Fiat, with small and medium-sized enterprises replacing the behemoth that had previously dominated. The number of businesses in the Torino area has been increasing steadily in recent years, and jumped 8.4% between 1999 and 2004, with particular growth in the tourism and construction sectors (L'Eau Vive & Comitato Rota 2005).

Torino's many SMEs in the auto and mechanics sectors are finding new clients abroad, with some help from the Chamber of Commerce's 'From Concept to Car' internationalisation support programme,²⁵ which aims to connect SMEs to new international customers (reducing their dependency on Fiat). Components are the Province's most-exported product, and exports to emerging markets such as Russia (up by 37%) and China (up by 22%) have risen substantially during 2006 (IRES, 2007).

The success of the I3P incubator – with access to venture capital organised by Torino Wireless – is widely acknowledged. It has generated 79 new enterprises with a value of over €20 million²⁶ in its first seven years of activity, and won an international award for Best Science-Based Incubator in 2004 (Science Alliance, 2005). The two technology parks have both fostered innovative developments; for example, the Environment Park's

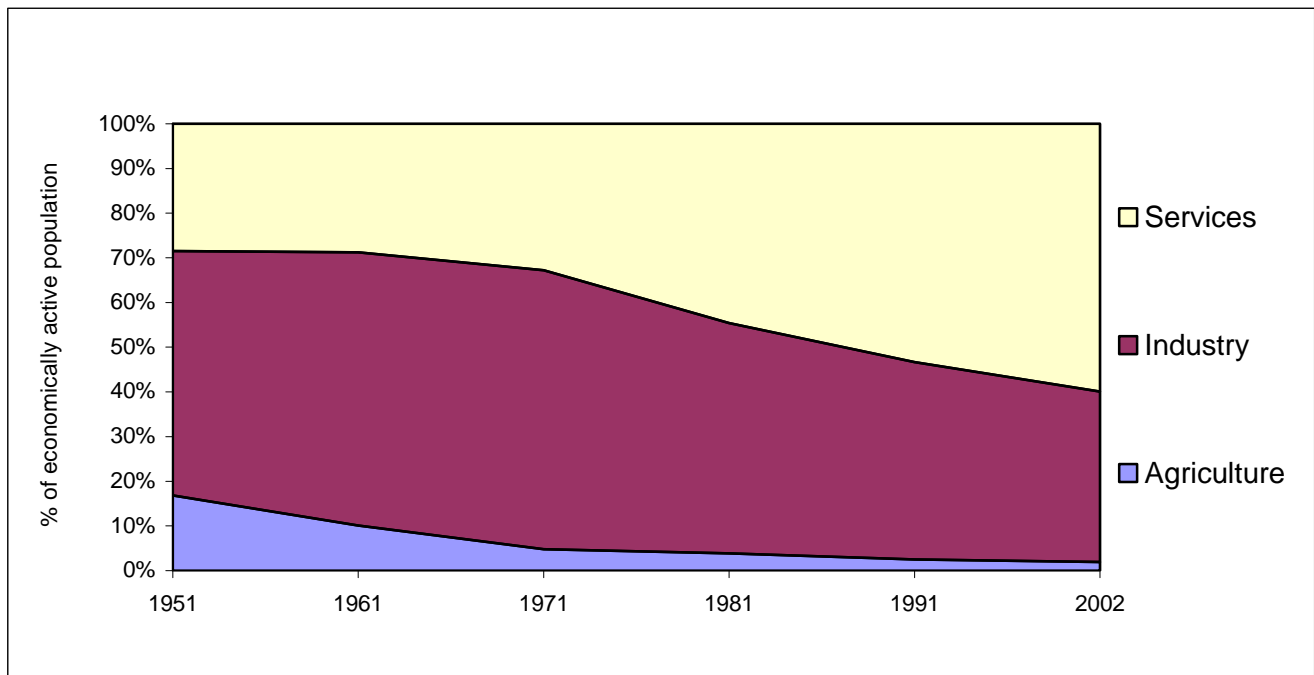
²⁵ The other two internationalisation support programmes for aerospace and ICT are too recent to evaluate.

²⁶ This figure applies to the 65 operating start-ups for which data was available (Sarti 2007).

hydrogen laboratory has designed the first hydrogen-fuelled scooter in Italy. However, in general the two technology parks' "results in terms of innovation have fallen below expectations (NUTEK 2007, p 47).

Developments in the high-tech ICT sector itself have helped to compensate for the losses in traditional industrial employment. ICT has been one of the fastest-growing local sectors, with the number of companies in the Torino area increasing by 46.7% between 1998 and 2003, although this is from a low base (L'Eau Vive & Comitato Rota, 2005). Overall, the shift from manufacturing to services in Torino is continuing, with the percentage of the Province's labour force employed in the service sector growing from 28.5% in 1951 to 59.9% in 2002 (see Fig. 21). Yet although it seems to be making the transition from an industrial to a service economy, the Torino area remains considerably more industrialised than other metropolitan areas in Italy. As one local economist put it, "Although we've been on an industry-diet, we still have an industrial heart".

Figure 21: Employment by sector, Province of Torino



Sources: ISTAT; IRES Piemonte

4.5 Promoting Torino as a city of culture, tourism, commerce and sports

Torino has attracted growing numbers of tourists; visitor figures for the Province rose from 694,000 in 1997 to 1.15m in 2004, and 'tourist stay' figures for the city itself increased by 24.2% during 2005 alone (IRES, 2006).

Undoubtedly, the Winter Olympics of 2006 are a major contributing factor. They not only stimulated the construction of numerous world-class sporting venues, but also brought tourists and the world's media flooding into the city, thrusting Torino into the global spotlight and providing an exceptional opportunity for the city to advertise itself to a vast international audience. The opening ceremony alone attracted 249 million viewers (ISF, 2007). The experience of hosting the Games and the exposure they afforded gave a crucial boost to the city's

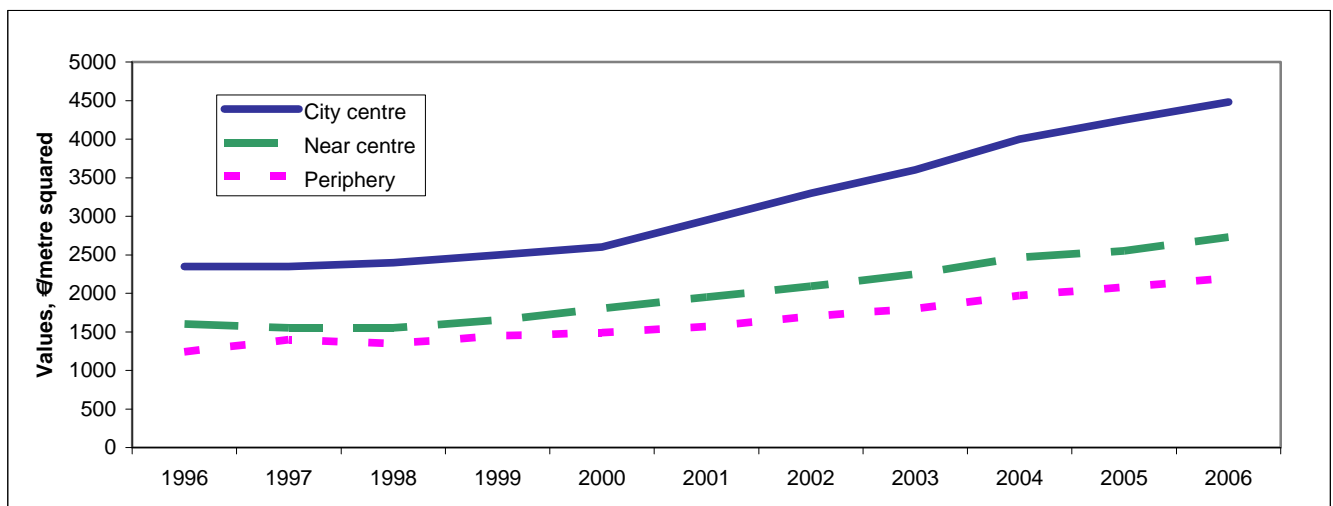
tourism capacity and reputation. Significantly, the success of the Olympics also gave a confidence boost to the city itself; this was a turning-point for residents, giving them proof of the international appeal of their city and inspiring a newfound civic pride.

4.6 Improving urban quality by upgrading the environment and urban areas

The Urban Masterplan is catalysing the regeneration of ex-industrial areas along the city's new 'Central Backbone'. More than 70% of the 2 million m² of brownfield land has now been redeveloped, half as residential property and the remaining half as commerce and services. The new housing flanking the Central Backbone has been successfully absorbed into the property market (Scenari Immobiliari, 2007).

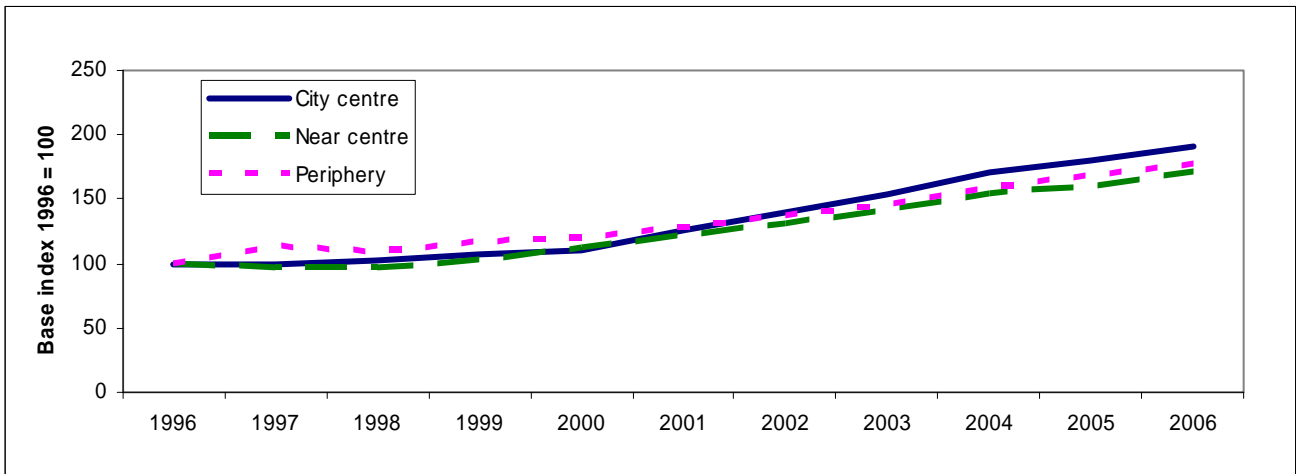
Property prices have risen substantially since the physical regeneration programme began in 1996 (see Fig. 22). The fact that prices have risen across all areas of the city, including the socially and physically marginalised neighbourhoods around the periphery (see Fig. 23), is a testament to the success of the comprehensive approach to urban regeneration promoted by the Plan. The Neighbourhoods Unit is held up as a best practice model for the management of area-based urban regeneration projects (Buoni Esempi, 2003) (see Figures 24, 25 and 26). However, in 2007 its scope was reduced and its budget cut by the municipality.

Figure 22: Property prices, Municipality of Torino



Source: Scenari Immobiliari, 2007

Figure 23: Property prices (indexed), Municipality of Torino



Source: Scenari Immobiliari, 2007

Figures 24 and 25: Blocks of social housing in the Mirafiori Nord neighbourhood, before the Neighbourhoods Unit rehabilitation project in 2006 (left), and after in 2007 (right)



Figure 26: Upgraded housing, new pedestrianised area and new greenery in the previously dilapidated Via Arquata neighbourhood



In terms of environmental policy, there has been little action on implementing a local Agenda 21 plan for the city, but the fragile mountain environment is now recognised as an important resource. In addition the municipality has launched various environmentally-friendly initiatives to improve quality of life in the city, including increasing pedestrianisation, the reduction of road-level parking to create cycle lanes, and the plan for a metro.

The Plan's goal of promoting social cohesion still leaves unresolved the integration of Torino's growing ethnic minority communities. By 2006 there were 80,000 foreigners²⁷ resident in the municipality of Torino, almost 9% of the city's total population (Scenari Immobiliari, 2007).²⁸ With a growth in the number of non-EU immigrants to the city, Torino has certainly not achieved integration and cohesion (Clark 2007). Inter-ethnic tensions are visibly displayed (see Fig. 27). Local actors point out that the city has successfully absorbed huge numbers of immigrants before during the 'economic miracle' years of the 1960s and 70s, but that these were Italian immigrants from the South who had the vote. As a local academic explains: "When you have immigrants coming here from Africa who don't vote, they're not politically represented. That's the problem. The immigrants from the South in the 60s and 70s, they voted!"

Figure 27: Graffiti in the *Barriera di Milano* area, to the North-East of the city



There is recognition that more effort is needed to integrate international immigrants. This said, Torino's efforts in this direction should be acknowledged. The city is a national pioneer in efforts to encourage immigrant participation, instituting new legislation allowing them to vote in local government referenda and creating Italy's first 'Council for Foreigners' in 1995 (Torino Internazionale, 2006b). The Second Strategic Plan seeks to aid immigrant integration with a focus on education, by "[institutionalizing] the school system's ability to manage multiculturalism, rather than leaving it to the sensitivity of the individual teacher or institution" (Torino Internazionale, 2006). Whether this strategy materialises and how successful it will be remains to be seen.

²⁷ A foreigner is defined any resident not holding Italian citizenship. An immigrant is defined as a resident born abroad, and not holding Italian citizenship (delete if not mentioning immigrants here)

²⁸ Unofficial numbers of immigrants are assumed to be much higher.

5. CONCLUDING THOUGHTS

Torino has developed its own locally sensitive, bottom-up approach to recovery, rooted in a strong cooperation between local government and local people. What made this approach possible was the re-casting of the role of local government as 'coordinator' of resources and expertise, achieved through the strong leadership of its first directly-elected and non-party-political mayor, Valentino Castellani. Significantly, the political continuity afforded by the re-election of both Castellani and his centre-left successor, Sergio Chiamparino, proved critical to the smooth and focused progress of the recovery strategy, and the commitment to collaborative and integrated policies which has characterised it.

Torino is fortunate to have some outstanding attributes that became extraneous during the industrial era but are now being revalued as assets, on which to build its new post-industrial image and future: a spectacular physical and cultural environment at the foot of the Alps; two excellent universities; attractive historic buildings, squares and urban features; and a general 'quality of life' that is positively associated with Italian cities and features good food, characterful public spaces and warm weather (see Figure 28). These attributes constitute core components of the city's appeal to the tourists and 'knowledge workers' it is trying to attract. However Torino's recovery not only recognises these attributes, but weaves them into a strategy which provides a new urban rationale. The strength of Torino's approach, enshrined in the Strategic Plan, was its determination to be locally-led: to root itself in a thorough understanding of the city's competitive advantages, and to combine local expertise and resources to address all aspects of recovery in an integrated way.

Figure 28: Torino skyline with Alps in the background



Italy has no national urban policy and burdens its cities with limited fiscal autonomy and tight budgets.²⁹ Italian cities must therefore adopt an entrepreneurial do-it-yourself attitude to recovery. In this context, strong local leadership was critical to the success of Torino's recovery effort. The result was a recovery strategy characterised by a flattening of hierarchies, cross-sector collaboration, an appetite for learning from other cities and experimenting with new ways of doing things, and innovative policy-making that tackled local problems in an integrated way.³⁰

This fresh approach built on the in-depth diagnosis of local conditions and how they compare to those in other cities. The Strategic Plan grew out of this comprehensive knowledge and created solutions that understood the city as a complex system with each part needing attention. Rather than being driven by the agendas of political parties or professional consultants, this Plan was fundamentally in and of Torino and its people. Even though Fiat's Fordist approach had fostered a mentality of dependence among workers, Torino builds on a long history of politically engaged academic and entrepreneurial life. It should be remembered that in the late 1800s, it was a group of local academics, businessmen and political leaders who together envisioned a new industrial rationale for the city when it lost its administrative role. It therefore seems apt that the current recasting of the city should be spearheaded by a new generation of civic leaders with wide participation from many sectors.

Six years after its publication, the Plan itself was assessed as an effective tool for tackling 'hard' problems such as infrastructure and technology transfer, but 'soft' issues such as social cohesion and environmental protection have apparently proved tougher to tackle (Dente and Melloni, 2006). This may be because they are fundamentally more complex problems that take longer to solve, or indeed because their results are harder to measure and evaluate than those of an incubator. However, sustained action using an integrated approach that works in partnership with local people would still seem the most effective way of solving these problems.

Given the critical importance of the non-party-political mayor to the locally-rooted, collaborative nature of the recovery process, some observers note with anxiety the creeping re-politicisation of the mayoral role as Italy's political parties regain their foothold. Decisions are increasingly being taken by 'big players' at the top (mainly the municipal administration, the San Paolo bank foundation, and Fiat) rather than the grass roots approach pioneered in the 1990s. There are fears that this will mean less of a focus on social issues, in favour of big economic development projects. These fears would seem justified given recent developments such as the decision to downsize the Neighbourhoods Unit in January 2007.

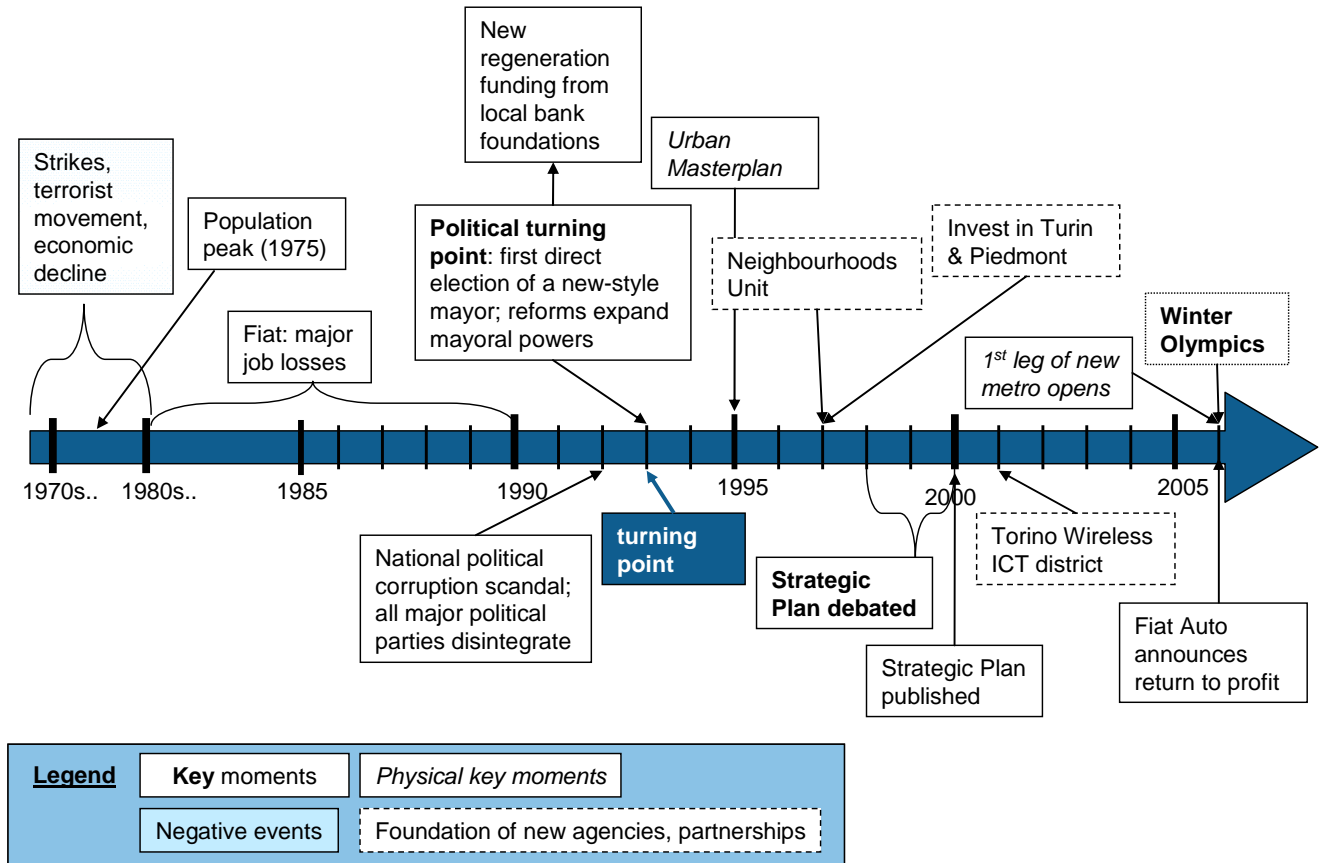
The strength of Torino's recovery strategy is its integrated and locally rooted nature, both in terms of the way it sees the city's problems, and the way it has created and delivered solutions. The recognition that tackling en-

²⁹ "In Italy, as opposed to in other countries, there is no national political structure for cities, and there are few (and fairly uninfluential) representative structures for local politicians on a national level". In addition, "[cities'] autonomy from a fiscal point of view is still very limited" (Rosso 2004, p 24).

³⁰ One comparative governance study finds that Torino's "complex and compact governance structure, in which actors coming from different levels and different worlds interact among themselves", is strongly associated with its high levels of political innovation (Dente et al 2005, p 49).

trenched issues such as the integration of immigrants and the re-skilling of industrial workers constitute an essential part of the long-term strategy, must somehow be made to fit with more prestigious and 'visible' infrastructural and economic projects.

Fig. 28: Timeline of important events in Bremen since late 1970s



SOURCES

Interviewees

Bobbio, Luigi	Professor of Public Policy	University of Torino
Bricocoli, Massimo	Lecturer	Politecnico di Milano, Urban Studies
Calderini, Mario	Professor of Economics and Management, President	Politecnico di Torino Finpiemonte (regional development agency)
Cordero, Silvia	Researcher	Torino Internazionale Association, Commission on Social Quality
Corradini, Paolo	Director	Invest in Turin and Piedmont (economic development agency)
Curti, Ilda	Director	City of Torino, 'The Gate' Urban Pilot Project (now a local development agency)
Dimartino, Giorgio	Leader	Comitato Spontaneo Via Arquata (Via Arquata Neighbourhood Committee)
Dispenza, Raffaella	Project Coordinator	Avventura Urbana (regeneration participation consultancy)
Faleo, Claudine	Business Development Co-ordinator	Torino Wireless Foundation
Gastaldo, Piero	General Secretary	Compagnia di San Paolo (bank foundation)
Maggi, Maurizio	Senior Researcher	Institute for Social and Economic Research (IRES), Piedmont
Magnano, Giovanni	Director	City of Torino, Neighbourhoods Unit
Maltese, Francesco	Project coordinator	City of Torino, Neighbourhoods Unit
Mela, Alfredo	Professor of Environmental Sociology	Politecnico di Torino
Rei, Dario	Professor of Sociology and Social Policy	University of Torino, Department of Social Sciences
Rosso, Elisa	Director (from 9/06)	Torino Internazionale Association
Levi Sacerdotti, Sara	Researcher	Istituto Superiore sui Sistemi Territoriali, Innovation and Development

Sarti, Federico	Project Manager and Business Advisor	I3P (incubator)
Strocco, Roberto	Director	Office of Studies and Statistics Piemonte Chambers of Commerce
Strumia, Antonio	Managing Director	Mario Boella Institute for Higher Research (ISMB)
Tabasso, Matteo	Researcher	Istituto Superiore sui Sistemi Territoriali, City and Territory
Verri, Paolo	Director (until 8/06)	Torino Internazionale Association
Zich, Rodolfo	President	Torino Wireless Foundation and Mario Boella Institute for Higher Research (ISMB)

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