

**MARKETS AND ENTREPRENEURS IN TRENTINO AND ALTO ADIGE BETWEEN THE
EIGHTEENTH AND TWENTIETH CENTURIES: SOME ASPECTS**

Andrea Bonoldi (Dipartimento di Economia, Università degli Studi di Trento)

Introduction

The relationship between markets and entrepreneurs, which is the linking theme of this session on the Alpine area, efficaciously encapsulates the entrepreneurial presence in the Tyrolean territory south of the Brenner (today Trentino-Alto Adige), because there perhaps more than elsewhere, changes in market conditions, and the ability or otherwise of entrepreneurs to react to such changes, marked the different phases characterizing the history of the Tyrolean economy across the three centuries considered.



The underlying factors that condition the capacities of the alpine economies are well-known: geographical variables affect the endowment of production factors and the possibilities of communication in various ways, shaping a relationship among the population, local resources and external influences based on complex equilibria. It is also well-known that development processes are significantly affected, besides by factor endowments and participation in markets, by ‘intangible’ elements concerning the culture, values, and attitudes of local societies, and which may favour the economy’s growth dynamics to a greater or lesser extent.

The overall issue that I wish to address is the already -investigated one of the particular robustness of social capital in alpine areas. A long tradition of strong community ties and of communitarian self-management has created tight-knit and circumscribed relational networks based on shared values and a high degree of reciprocal trust. Also manifest in this context is the overlapping and merging of political functions with economic ones. Although this is a widespread phenomenon, it displays particular vitality in alpine areas, or at least in those discussed by this paper. And it is evident that the economic relations that operate within these

trust networks are somehow different from those regulated by the standard market mechanisms.

The question is whether and to what extent this type of organization is functional to the growth of local economies. The assumption is that alongside the increasing, though not necessarily linear, diffusion of market mechanisms distinctive of the European economies, there still persist partly different forms of coordination of economic activities. Of fundamental importance, from this point of view, is the nature of the social capital available in an area. In Italy, a distinction has recently been drawn in regard to the formation of local social capital between *generation by membership* and *generation by experimentation* (Trigilia 2005). To banalize the terms somewhat, in the former case social capital is generated by the society as a cohesive network institutionalized and rooted in the territory, founded upon the cultural sharing of values and rules of the game, and in a group logic whereby membership of a community is the necessary condition for subsequent economic relations. In the past, this system was an important factor in the solidity of alpine communities, enabling, for instance, the efficient management of periods of crisis and situations of difficulty. In the southern alpine Tyrol, the extremely wide diffusion of cooperation, in credit and consumption as well as in the marketing of agricultural produce, was an important factor in the alpine economy's response to the crisis of transition which traversed it in the second half of the nineteenth century, also in the wake of the great European depression. Cooperation draws together the strong community bonds which constitute a historical constant of the alpine areas and in some way directs them to economic functions.

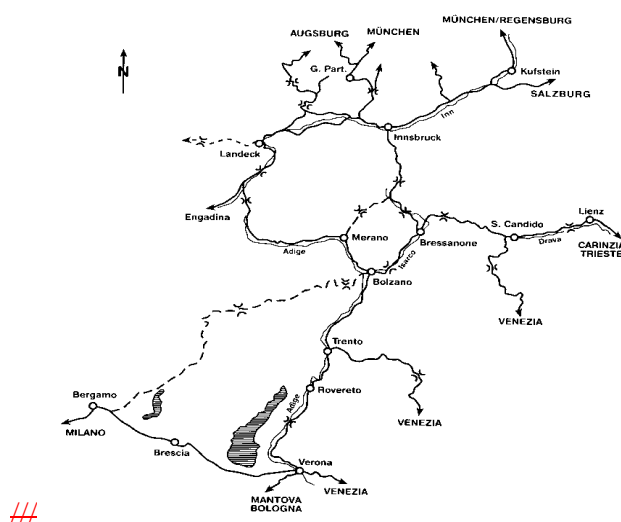
Whilst in this case social capital is produced directly by group cohesion, in that of generation by experimentation social capital instead springs from the consolidation of relations among even distant actors belonging to different socio-cultural contexts, but where frequent contacts and common economic interests (often for business) generate a stable circuit of trust and information exchange. In the former case the direction of social capital formation runs from the society to the economy, in this latter case, it operates in the reverse direction.

Which type of social capital generation lends itself better to the growth and transformation of the economy? Whilst generation by membership seems to guarantee more stable and long-lasting structures, generation by experimentation (to simplify the argument drastically) seems largely to resemble a scheme of dynamic market relations.

I shall now describe certain distinctive features of the interaction between entrepreneurs and the economy in the South Tyrol between the eighteenth and twentieth centuries. I shall then draw some preliminary conclusions in light of the concepts just outlined, in the awareness,

however, that here I can only furnish examples, and that research in this area has only just begun.

Markets, entrepreneurship and social capital in South Tyrol between the eighteenth and twentieth centuries



I shall begin with the *ancien régime* and examine some salient features of the South Tyrol economy in the 1700s. In that period, the trade fairs of Bolzano, with their institutional structure centred on the *Magistrato Mercantile* (mercantile magistracy), not only acted as bridges to international markets, but were incubators of local entrepreneurship. The fairs of Bolzano gradually gained in importance during the fifteenth century, when they were intermediaries between the Mediterranean and central-northern Europe, between the Italian peninsula and the Germanic area, with particular regard to trade in raw materials, semi-finished textiles, and products from the Levant. But what interests me here is not so much the workings of these markets as their function as catalysts of a regional entrepreneurial class.

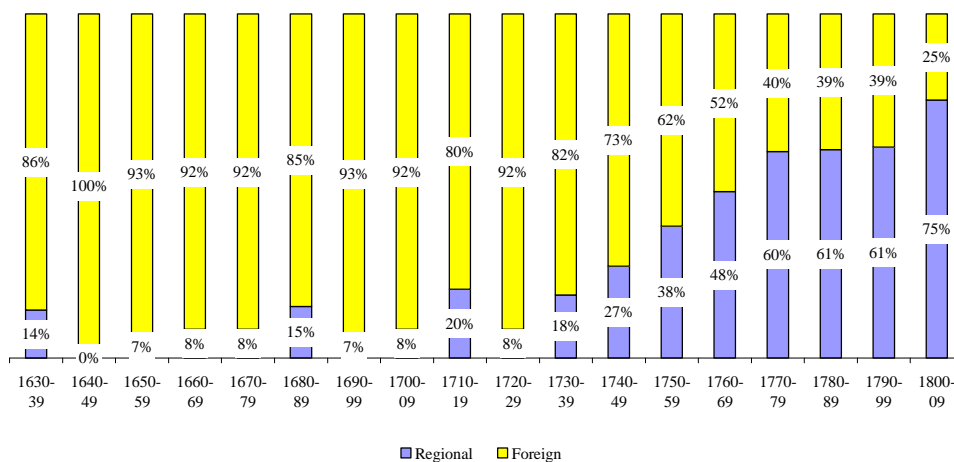
Initially, the Bolzano fairs were the hub of a trade network comprising only a few local traders but a large number foreign operators, mainly Venetian and from southern Germany. The fairs were a powerful institutional interface for commerce and had important effects on the efficiency of trade. As forums for information exchange and dispute settlement, they provided the framework for the development of the “*société de confiance*” which J.F. Bergier has rightly called the ‘soul’ of the world of trade fairs during the *ancien régime*. This ‘trust society’ manifested social capital bred by experimentation from shared economic interests. Over time, it gave rise to institutions such as those that regulated the Bolzano fairs, which proved particularly efficient in reducing transaction costs.

The presence of this important centre of international trade coordination inevitably impacted on local economic activities. The Bolzano fairs strongly favoured the exporting of local products which could find outlets on foreign markets. This was especially the case of silk, which until the spinning stage was an item of crucial importance in the Tyrolean trade balance during the *ancien régime*, and was produced especially in the southern areas of the *Land*, with the centre of production in Rovereto. Comparison between two trade balances for the *Land Tirol* as a whole, compiled in 1760 and in 1801, shows that silk exports accounted for between 30% and 40% of revenues (calculation on Bonoldi 1999 data).

The activity of the fairs seems to be one of the factors responsible for the growth of silk manufacture in the southern Tyrol, and in Rovereto especially. The histories of certain *Verleger* (producer-merchant) families engaged in the silk trade (notably the Salvadori of Trento and the Rosmini of Rovereto) highlight that the Bolzano fairs performed an important function not only as interfaces with the international goods market but also as managers of the financial flows of enterprises. The fairs made resources and instruments available in quantities such to both temporarily employ assets and to cover liabilities, thereby helping traders overcome the long time lag between cash outflows and inflows that typified commercial activity and internationally-traded production during the *ancien régime*.

Although initially, as said, trading at the fairs was almost exclusively managed by large-scale operators from Italy and southern Germany, with time there also arose a local merchant class. In several cases, these entrepreneurs first worked as clerks in the warehouses of foreign merchants and then set up on their own. Thus, in the late seventeenth and early eighteenth centuries, there consolidated in Bolzano a group of merchant families which performed functions of increasing importance not only in the fairs and their regulatory body – the *Magistrato Mercantile* – but also in government of the city. There were nine families (the Menz, the Gumer, the Heppergers, the Mayrle, the Graff, etc.) whose members occupied, during the 1700s, both the position of consul or counsellor to the *Magistrato Mercantile* and that of city mayor. This group constituted the political and economic elite of Bolzano, which was also characterized by a matrimonial policy whereby a high rate of endogamy was combined with new familial bonds forged with the other power centres in the *Land*, from the traditional feudal nobility to the Trentino entrepreneurial class. This strong concentration of power not only long conditioned political and economic choices in the city but also strongly influenced the institutions of the *Land*. During the eighteenth century, there was an evident growth in the number of Bolzano and Trentino merchants occupying offices in the *Magistrato Mercantile*.

Figure 1. Regional and foreign merchants in the Bolzano *Magistrato Mercantile* (1630-1809: percentages)
Source: APBz



The wealth of the urban merchants originated, as we have seen, from commercial intermediation between Italy and Germany directly or indirectly connected with the trade fairs, and in which the Bolzano merchant houses performed an increasingly important role from the late 1600s onwards. This was then accompanied by the banking and exchange business undertaken by the same houses and substantially based on the notable advantage enjoyed by the Bolzano merchants in terms of the availability of information and relational networks. On their own, the Bolzano families loaned sums to other merchants which were estimated in the 1760s at around 300,000 florins, and at a rate of 5%. Such capital served mainly to finance deals at the fairs, which were subject to six-month settlement, and this testifies that credit was an essential component of business in Bolzano as well. Recourse to such financial resources was also often made by the financially depleted Habsburgs, who on several occasions raised large loans from the Bolzano merchants. However, although business still flourished in the second half of the eighteenth century, some of Bolzano's most attentive commercial operators realized that the situation was precarious, and that recession was imminent. Ongoing changes in international trade techniques, the new role of economic policy and public attitudes towards it, and the advent of different trade routes, were signals of this risk. Thus it was that, already in the 1760s, one of the most acute exponents of the local mercantile class, Franz von Gumer, recommended profound change in the organization of Bolzano commerce so that these risks of decline could be countered. Von Gumer advocated two strategies indicative of his close knowledge of economic realities and his far-sightedness: on the one hand, an overhauling of the corporate organization of the city's merchant houses; on the other, a diversification of investments with greater commitment to manufacturing activity. As regards the former strategy, the idea was to create companies "on the Dutch

model”, that is, joint-stock companies controlled by the local merchant families, specialized in specific areas of international trade, and run by competent managements. The latter strategy centred on reinvestment of a portion of the large profits deriving from mercantile activity in manufacturing – textiles in particular – bearing in mind Bolzano’s position on the transit routes for raw materials of oriental origin (principally cotton) and of finished products instead being transported from central-northern Europe to Italy. However, von Gumer’s proposals were not taken up, both because of the conservatism and jealousies of the local merchant class, and because of the fierce conflict sparked between Bolzano merchants and the Viennese authorities in precisely the 1760s by new Habsburg economic policies designed to promote domestic manufactures through excise reforms of protectionist stamp. The raising of customs barriers obviously could not find favour with operators whose fortunes were founded on transit trade. Hence manufacturing activity became ‘taboo’ in Bolzano, because it was seen as the cause of this dangerous new policy. The argument seemed strong, although perhaps short-sighted, and it combined with a certain aversion to manufacturing activities to some extent inherent in the local mercantile mentality. Although the combining of, for instance, silk manufacture and mercantile activity was relatively common in the Italian area, phenomena of this type were rare in Bolzano. In the 1770s the Hepperger were partners with the Hingerle in the manufacture of silk ribbon: an activity, however, which was little developed considering that it employed a total of one overseer and eight labourers, and that production was exclusively for the local market. At the Stockhammer factory, which had four looms, there worked three labourers and two apprentices. Again, the Stockhammer family manufactured braids with a production process which employed a total of five people. Not much, therefore, if one bears in mind the importance of silk manufacture in the not distant town of Rovereto. Also interesting is the case of the “Florettspinnerei” owned by the Graff family. In 1790 Franz Domikus von Graff set up a spinning company with Lorenz Benedikt Meyer (his son-in-law) and Franz Ignaz Koller. In 1792 the company moved into the former convent of Rottenbuch in Bolzano, which had remained empty since the dissolution of monasteries decreed by Josef II. But a large group of citizens protested and sent a deputation to Vienna, offering three times the price paid by the Graffs if the nuns could return to their convent. The Habsburg authorities rejected the proposal, and the factory, which eventually employed 200 people, continued in operation until 1796, when the building was converted into a military hospital. But the aversion to manufacturing was by now deeply rooted in the Bolzano merchant class, and it continued to characterize the local economic environment in the decades that followed.

The first decades of the nineteenth century witnessed the inexorable demise of the Bolzano fairs and merchant houses, but without – as happened in other mercantile systems of the age – the migration of financial capital and entrepreneurial talent to the new manufacturing sectors then developing in Europe. This was a phenomenon characteristic of the Tyrol as a whole, where between the end of the 1700s and 1860 only 9.7% of the founders of manufacturing enterprises with more than 20 employees originated from the commercial sector, as against an average of 17.3% for all the Habsburg *Alpenländers*. The first factory of modern type, a cotton mill, was opened in Bolzano in 1848. Two years later the *Magistrato Mercantile*, by now a relic from the past, was replaced by the Chamber of Commerce, while professionalization and the rise of the *Bildungsbürgertum* profoundly imbued the city's public administration. The Bolzano mercantile thus saw the bases of its economic power dissolve. The profound changes ongoing in the economic system and in the techniques of international trade, but also in the European political order between the end of the 1700s and the first decades of the 1800s, had radically changed the conditions in which the great merchants of Bolzano had been able on the one hand to defend their position of competitive advantage, and on the other, to construct their ascent as the local ruling class.

The gradual but unstoppable process of involution that affected the Bolzano fairs, which dwindled to markets of only regional importance, brought to light the scant alternative possibilities available to the local economy, which had not developed the conditions to become active, for instance, in manufacturing sectors.

The above-mentioned recommendations of Franz von Gumer went unheeded; indeed, the opposition deep-rooted within the merchant class against manufacturing continued to be manifest in various forms. The great Bolzano merchants systematically engaged in a sort of 'exclusion pact' against manufacturing activity.

For instance, when the new Austrian tariffs of 1825 were being drawn up after the Napoleonic turmoil, the local deputies called upon to pronounce on matters crucial for the Tyrolean economy did not hesitate to fall back on the old anti-industrialist positions, dressing them up as ill-digested versions of the economic theories current at the time. In short, what the Tyrol lacked was both capital, destroyed by warfare and impossible to accumulate with a languishing agricultural sector, and labour, which was inadequate in terms of quantity and quality, and in any case already largely engaged in farm labour. In response to the question whether the Tyrol could become an industrial region, the deputies concluded:

„Wenn es demnach wahr ist, wie so eben gezeigt wurde, daß es in Tyrol an überschüssigen Kapital, an wohlfeilen und kunstfertigen arbeitenden Händen gebricht, so dürfte der Zeitpunkt noch als ziemlich entfernt

angenommen werden, in welchen Tyrol sich in ein Fabriksland verwandeln wird; von daher hat demnach das Land durchaus keinen Ersatz zu hoffen, wenn irgend eine seiner bisherigen Erwerbsquellen verstopfet würde.“ (APBz, Magistrato Mercantile di Bolzano, 3.19 *Atti daziari*, fasc. 3, cc. 33-72, c. 62r)¹

Forty years later, the stance taken was the same as had characterized Tyrolean opposition to the Habsburg customs tariff of 1780. To be avoided was every protectionist provision that might damage the transit trade which, together with the export of semi-finished silk, livestock and wine, was considered the only possible source of income for the Tyrolean region, particularly its southern part. It was a position which well reflected the interests and attitudes of the local elites, and especially the group of Bolzano merchant-bankers that still controlled large part of transit through the province, the landowners, and those who still insisted on the specificity of the Tyrol, implicitly rejecting integration of the *Land* into the customs space of the Habsburg monarchy.

The problem, however, was that the rent positions achieved by these elites in their respective sectors were threatened by general economic developments, and especially as regards trade flows. In fact, the above-cited report seems to be contradictory. On the one hand, it accurately identified the factors causing difficulties for the Tyrolean transit trade. Principal among these factors was the development of other routes, which by land through Switzerland or the eastern Alps or by sea via Trieste, Venice, Genoa and Livorno, offered traditional commerce between the Mediterranean and central-northern Europe connections that, although not necessarily more rapid, were generally less costly than the Tyrolean routes. The government was asked to intervene with discounted rates for Tyrolean transit, and with customs barriers to penalize alternative routes. On the other hand, demands continued for the maximum freedom of market and enterprise, with extensive reference being made to Jean Baptiste Say's *Traité d'économie politique* (published in a first German translation - *Abhandlungen über die nationale Oekonomie* - by Reinicke, in Halle, in 1807, and then in Vienna in 1814).

But things turned out otherwise. Various factors, among them completion of the Austrian governmental architecture through the *Staatswerdung* process, led in 1825 to the incorporation of the Tyrol into the customs tariff of the Habsburg monarchy, so that the marginalization of the Tyrol from commercial circuits increased further.

In 1839, in his celebrated general description of the state of the Tyrol, Johann Jakob Staffler remarked on the great importance of transit trade for the local economy. He reported no

¹ “If therefore it is true, as just shown, that Tyrol lacks both available capital and a skilled and cheap labour force, then the time when the Tyrol can become an industrial region seems far off. Hence it does not seem that there are possible alternatives if the activities from which local income is today produced should cease”

particular difficulties, however, except for the now definitive loss of importance of the Bolzano fairs, which had been partly replaced by local haulage agencies. But even the somewhat idyllic picture painted by Staffler, a high functionary in the public administration, evinces anxiety that the introduction of railway links (Milan-Venice and Switzerland) in the surrounding territories, while no project of the kind was apparently envisaged for the Tyrol, might seriously upset this equilibrium (Staffler 1839, I, pp. 428-429).

What seems certain is that the local entrepreneurial class continued to show scant dynamism in launching initiatives in the manufacturing sector. Silk production persisted in the southernmost part of the *Land*, and although it still yielded large incomes, it was carried out in small and very mills, and in the nearly total absence of process innovations. Already in the 1760s an acute observer of local conditions, Nicolò Cristani de Rallo, had indicated the brevity of the business cycle as one of the negative aspects of an economic process, that of silk production, still flourishing at the time. In substance, many operators in the sector worked for a few decades, and then retired to live on rent, selling their businesses or leasing them to others. This interrupted the accumulation of knowledge and entrepreneurial skill not only by the individual operator, but also by his family, bearing in mind that in other areas family continuity in the enterprise had constituted an major factor in business growth and consolidation. The lack of entrepreneurial dynasties in Rovereto was thus striking evidence that upward social mobility was still driven by patrician and nobiliary aspirations. To this was added the already-mentioned scant propensity to innovate, which, with some exceptions (the Bettini of Lizzana, the Bridi of Rovereto), meant that the Rovereto silk producers still adhered to traditional processes and products. In general, the situation was difficult in the mid-1800s, and it was described thus by an attentive local observer:

*“La situazione de’ nostri Distretti tra l’Italia e l’Allemagna dovrebbe essere grande eccitamento ad ogni genere di commercio e d’industria, e così sarà quando l’uno e l’altra verranno liberati da molti funesti pregiudizi [...] Furono in varii tempi fatti tentativi per introdurre altri generi di manifatture: ma tutti con infelice esito; e pare che niuno voglia più avventurarsi giacché i primi passi sono sempre ardui e pericolosi. La sola forza dell’associazione può rimediare a questo inconveniente [...]...Però non è da tacersi, che pell’industria serica potrebbero volgersi tempi difficili...gli è certo che presto o tardi anche i nostri distretti si risentiranno di quel rivolgimento che ai giorni nostri s’opera nel commercio e nell’industria. Tutta la sapienza consiste nel conoscere le proprie condizioni, e nell’usarle provvidamente...”*² (Sizzo 1848)

² “The situation of our districts between Italy and Germany should be that of great enthusiasm for every kind of commerce and industry, and so it will be when the one and the other have been freed from many grievous prejudices [...] At various times, attempts have been made to introduce other kinds of manufactures: but all with disappointing results; and it seems that no one wishes to venture further, since the first steps are always arduous and dangerous. Only the strength of association can remedy this difficult [...] ... However, one cannot conceal that the silk industry may be faced with difficult times ... it is certain that sooner or later also our districts will be affected by the upheaval now taking place in trade and industry. Wisdom consists in knowing one’s own conditions, and in using them prudently”

While this was the situation in Trentino, in the other areas of the *Land* diverse developments can be noted. By around the mid-1800s, the Vorarlberg had become a stable part of the Swiss and southern German industrial system, having undergone growth of the textiles sector, and also the northern part of the Tyrol showed substantial industrial vitality. But the central area corresponding largely to the present-day province of Bolzano saw almost no initiative definable as industrial until 1848. Only in that year did the first plant with the characteristics of a factory – a cotton mill – open in Bolzano. After various vicissitudes, it was still operating in the next century, providing employment for up to three hundred workers, the majority of them female. The opening of the factory marked the end, at least partially, of the long-standing taboo against industrial activity: almost symbolically, the first shareholder was the consul of the Bolzano *Magistrato Mercantile*, the old fair supervisory body, by now a relic from the past and about to be transformed into the Chamber of Commerce. On the one hand, the memory of a glorious epoch was still alive; on the other, it was realized that the time had come for change. Shares in the factory were mostly held by the Bolzano mercantile middle class, although there were some external shareholders of importance: an entrepreneur from the Vorarlberg, Lanner, who provided the necessary technical expertise, and a member of a Jewish family of entrepreneurs and bankers, the Schwarz, also from the Vorarlberg, involved in various entrepreneurial activities in Alto Adige – brewing, local railway lines, tourism and electricity – until the First World War.

Markets and politics: from the *belle époque* to the twentieth century

However, the example of the Bolzano cotton mill was an exception in the South Tyrol and Trentino productive system, where only during the *belle époque* did there emerge a more marked propensity for industrial activity. The belated advent of the railway (the Brennero line was completed in 1867) had finally completed the Tyrol's integration into the system of continental communications. On the one hand, this development meant that local products could be exported, and it generated the first tourist flows into the area. On the other, however, it also meant the arrival of goods manufactured to industrial standards, so that numerous local goods, which were produced using traditional procedures, were rapidly expelled from the market.

On estimating the weight of the secondary sector in Tyrol, one finds that it was rather undersized in comparison to those of the other Austrian regions, including the *Alpenländer*: in 1900 only 16.3% of the active Tyrolean population were employed in industry, as against

17.5% in the *Alpenländer* in general and 22.2% in the western part of the Habsburg monarchy (Cisleithaniena) (Volkszählung 1900). On narrowing the focus, the sector's relative backwardness becomes even more evident. In the territory largely corresponding to the present-day province of Bolzano, plus Ampezzo and the eastern Tyrol, the 1902 industrial census recorded 14,407 enterprises (which also included extremely small crafts firms: the total of employees, including the owners was in fact 32,420 people, or an average of 2.25 employees per enterprise!). Of these, only 3410, equal to less than 24%, used machinery (4672 machines) and only 1637, just over 11%, had motor-driven machines. Of these latter, 1151 (including hydroelectric installations) had motors operated by hydraulic energy, for a total of 15,717 kW, 66 electric engines for a total of 272 kW, 13 steam engines for 73 kW, and two internal combustion engines for little more than 24 kW (total 16,086 kW) (*Ergebnisse der Zählung der Gewerblichen Betriebe im Bezirke der Handels - und Gewerbekammer Bozen*, Bozen, Handels - und Gewerbekammer, 1903, pp. X-XI). All of this was indicative of limited participation in the productive and organizational systems proper to industrialization, and it also reflected a general economic situation in difficulties – as also evidenced, in the case of Trentino, by large-scale emigration.

- In this context, there began to emerge a model of incentives for industrial firms to locate in the region supported by local bodies which, in different forms, would long characterize the region's economic history. The scant spirit of initiative of local entrepreneurship in the sector was undoubtedly one of the factors that induced the municipal administrations of the largest towns (Merano, Bolzano, Trento and Rovereto) to incentivise the start-up of industrial activities. The administrations headed by the mayors Weinberger, Perathoner, Oss-Mazzurana and Malfatti introduced a systematic policy of intervention by the municipal authorities, with measures ranging among reduced tariffs for water and electricity, easy terms for the purchase of industrial land, local tax concessions, and loans at favourable rates. The fruits of such action were evident, although they were not devoid of problematic aspects. Various industrial initiatives were indeed started, but the majority of them were managed by entrepreneurs from outside the region, for whom public aid had been a decisive factor in their decision to open the new plants (this was, for instance, the case of the two cotton mills opened in the 1920s by two large tyre companies, Pirelli and Michelin, in respectively Rovereto and Trento), while local entrepreneurship was restricted, with few exceptions, to traditional activities. There began to emerge a political-economic circuit in which decisions on the allocation of resources were sometimes based on non-market criteria, and in which power relations and personal acquaintance were of considerable weight.

With time, the role of politics grew ever more important. The annexation of the southern Tyrol to Italy and the upheavals consequent on the war had opened an entirely new period for the local economy, as well as forcefully changing its markets. Trentino and Alto Adige became a terrain of conquest for the great Italian electricity companies constantly in search of new reservoirs to exploit. Interestingly, several of the hydroelectric generating stations were built on the basis of concessions issued *en bloc* to a “Promoting Committee” set up a few months after the end of the war, and in which participated – notwithstanding the political tensions between the South Tyrol population and the Italian state – the municipal administrations of the large towns, local entrepreneurs and technicians, and the agents of the Italian electricity companies.

-Also prompted by political interests, and amply supported by public incentives, was the birth of the first, true industrial complex in this part of the historical Tyrol. This was the Bolzano industrial zone, which arose in the 1930s with the purpose of exploiting, in a period of market closure, the area’s abundant energy resources, but also and especially to serve the fascist regime’s purpose of attract Italian labour to the area, and thereby reverse the equilibrium between its language groups.

The years following the end of the war marked for the Italian economy, particularly that of northern Italy, the start of an extraordinary phase of growth today remembered as the ‘economic miracle’, and in which industry played a major role. Initially, Trentino-Alto Adige were extraneous to the surge in growth. Almost no local industrial firms applied for aid under the Marshall Plan – aid that was instead particularly important in relaunching the economic activity of other regions, most notably Lombardy. In regard to the local entrepreneurial spirit, the manager of the Trentino branch of the Bank of Italy wrote thus to Rome in those years:

*“...E’ tipica nei Trentini la lunga ponderatezza delle decisioni; la diffidenza generica verso le forme di moderno dinamismo; la resistenza ad iniziative che, prolungandosi nel tempo, comportino, implicitamente, maggiore aleatorietà: e sono pure, senza dubbio, questi elementi costitutivi del carattere che, accoppiandosi alla locale effettiva insufficienza finanziaria, fanno sì che i cespiti di maggior importanza, che meglio concorrerebbero al risanamento economico della Provincia, cadano nell’esercizio e nello sfruttamento di aziende provenienti da altri luoghi...”*³ (Archivio Storico della Banca d’Italia, Fondo Studi, n. 453, Relazioni filiali, Trento, Relazione sull’andamento economico della Provincia di Trento nell’anno 1949, p. 2)

But neither did the political system undertake significant action to support the industrial sector in this period. The particular regime of administrative autonomy from which Trentino-

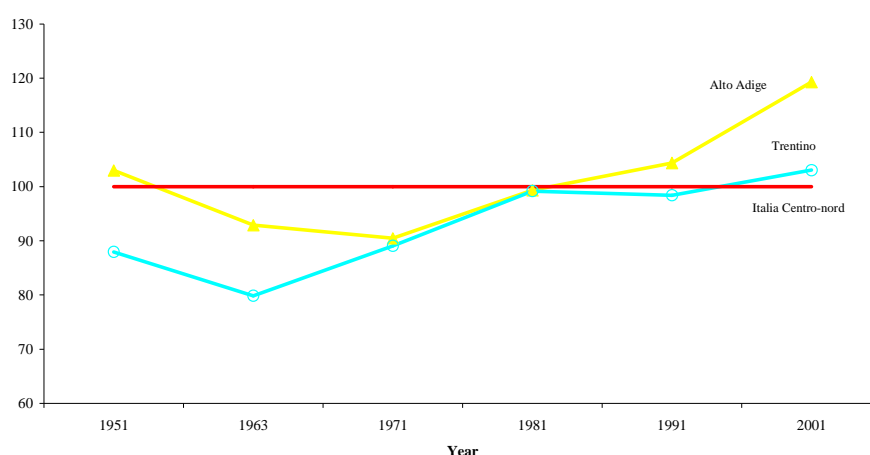
³ “... Typical of the Trentini is their long pondering of decisions; a general distrust in forms of modern dynamism; resistance to initiatives that, because they are prolonged, implicitly involve greater risk: and it is indubitably these features that constitute their character, which combined with real local financial adequacy, means that assets of greater importance, which would contribute best to the economic improvement of the Province, fall under the exercise and exploitation of firms originating from elsewhere”

Alto Adige benefited from 1948 onwards devolved important powers in economic matters to the regional administration. But the political majorities of those years, characterized by an alliance between Democrazia Cristiana and the Südtiroler Volkspartei, were loath to promote the industrial sector: the former because of an underlying political conservatism that induced it to fear the social effects of the spread of factory work; the latter also because industry was still associated in the memories of many German-speaking South Tyroleans with the oppressive policies of the fascist regime.

Hence, the initiatives by the regional administration were directed mainly towards other sectors, and the traditional local anti-industrialism resurfaced in more up-to-date form.

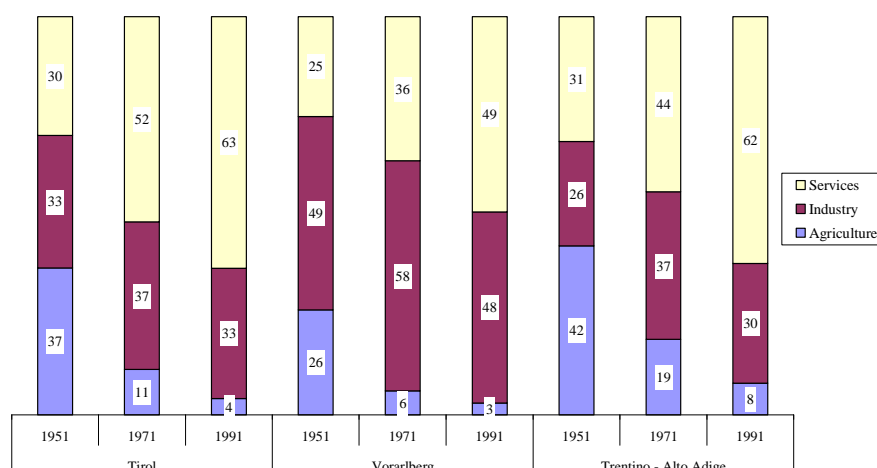
With the end of the 1950s, however, it was realized that the local economy was stagnating: the rates of growth of GDP and structural conversion were proceeding at a much slower pace than in the rest of central-northern Italy.

Figure 2: Value added in Trentino and Alto Adige /Centre-North Italy = 100)
Source: Istituto Tagliacarne



This induced a revision of local policies, which in various forms began to stimulate industrial location in the region on a large scale, also promoting its less concentrated territorial distribution. There thus began a period of the public sector's close involvement in incentives to firms – an involvement which had different effects. On the one hand, it indubitably helped make the region more attractive to the start-up of industrial activities, with a significant impact on employment as well. On the other, however, at least initially, the policy was implemented indiscriminately, so that the incentives also benefited many enterprises of external origin whose presence in Trentino concluded after only a few years. In the early 1970s, only 30% of the active labour force in the manufacturing sector was employed in firms controlled by local capital. And still in the second half of the 1990s, the percentage of the active population employed in industry, although growing, was less than in the other regions that made up the former Tyrol.

Figure 3: Distribution of employment by sector of economic activity (percentages)
Sources: Istat and Mathis 1995



Also lacking was an industrial policy aimed at creating a system of interconnected enterprises able to generate processes of self-sustaining growth in the medium period. With time, there also arose a sort of dependence of local entrepreneurship on public assistance, which certainly did not contribute to strengthening the propensity to risk and innovation.

It remains true, however, that overall the economic history of Trentino-Alto Adige in the second half of the twentieth century was a success story. The two provinces of Trento and Bolzano gradually overcame their initial laggardly development. They rose in the national classification table of per capita income and achieved high levels of well-being. Despite marked tertiarization, industry continued to produce around one-fourth of local value added and to employ a quarter of the active population – much more than in agriculture, and even in tourism. This growth, however, was still not matched by adequate recognition of the role of the secondary sector, which continued to be excluded from the official image portrayed by the region's marketing.

Conclusions

In light of my initial distinction between membership and experimentation in social capital formation, what emerges from the foregoing brief description? We have seen that, during the 1700s, a strong nucleus of merchant entrepreneurs formed around the Bolzano fairs. With time, this social group not only took over the principal activities of the fairs but was also highly active in politics, both in the city of Bolzano and, in certain periods especially, in the *Land*. In its endeavour to protect its rent positions, the *Bozner Partei* successfully opposed innovative schemes in manufacturing, thereby developing an anti-industrial mentality which, as a consequence of contingent factors but also for ideological and cultural reasons, gathered

strength in the southern Tyrol. The delayed onset of modernization became evident in the second half of the 1800s and induced the administrations of the region's large towns to intervene in support of the location of industrial activity. There thus began a tradition of the strong presence of public-sector actors – first the municipalities, and then, in the second half of the 1900s, the regional and the provincial administrations – in productive activities. The good financial endowment guaranteed by the region's autonomous status after the Second World War enabled the pursuit of a policy centred on strong incentives to firms. This fact, combined with the substantial stability of local government majorities (Alto Adige and Trentino were governed for decades by the same parties), created a relationship of collaboration (one would be tempted to say dependence) between the entrepreneurial system and political power, creating restricted circuits in which the logic of membership seemed predominant. In short, what we have seen apparently configures a situation in which the generation of social capital comes about mainly through membership, rather than experimentation.

On the other hand, it should also be said that, over time, there has been no lack of cases of enterprises and entrepreneurs that have entered innovative sectors. In the 1830s Luigi Jacob, a Rovereto entrepreneur belonging to a family originally from the Vorarlberg, purchased in London, shipped to Venice, and then brought to Rovereto by ox-cart, a machine for continuous paper production. This was a technology adopted by only very few other plants, both in Italy and in the Habsburg monarchy. Another example is Unda Radio, a local-capital company founded in the 1920s at Dobbiaco in the upper Pusteria Valley. Initially producing radio components, and subsequently complete radio apparatuses, the factory grew to be the seventh largest in the sector, and in the immediate post-war period, it also manufactured television sets.

It is also true that the results achieved in terms of economic development have been, at regional level, broadly positive: the sectoral diversification of economic activities, perhaps a more or less unintended outcome of incentive policies, has rendered the growth of the local economy more balanced and less exposed than others to economic fluctuations. However, there still remain elements which jeopardise the resilience of the model: among them the disproportionate weight of public capital in total invested capital, of which more than 37% is today of public origin, compared with the national average of 24.8%. Moreover, spending on innovation in the region is meagre, being well below the national average of around 1.1% of GDP, which already falls far short of the European standard. Furthermore, only 29.5% of

spending on research is undertaken by firms (the rest is public), as against a national average of 49.1%.

Research on the nature of local social capital, its formation in the long period, and its effects on development has only been outlined here. But it seems able to contribute to better understanding of territorial specificities in processes of economic transformation in the Alpine area as well.

Main references

- Archivio provinciale di Bolzano (APBz), Archivio del Magistrato Mercantile
 Archivio storico della Banca d'Italia, Roma
- Bonoldi, Andrea, *I signori della fiera: le famiglie mercantili bolzanine del XVIII secolo tra politica ed economia*.
 In: Pascal Ladner, Gabriel Imboden (Hrsg.), *Alpenländischer Kapitalismus in vorindustrieller Zeit*, Brig, Rotten, 2004. Veröffentlichungen des Forschungsinstituts zur Geschichte des Alpenraums, Vol. 9, p. 23-54
- Bonoldi, Andrea, *Ritardo strutturale, crescita, declino: realtà e problemi dell'industria e della politica industriale trentina del Novecento*, in: Andrea Leonardi, Paolo Pombeni (a cura di), *Storia del Trentino. Vol. VI: L'età contemporanea. Il Novecento*, Bologna, Il Mulino, 2005, pp. 455-486, VI
- Ergebnisse der Zählung der Gewerblichen Betriebe im Bezirke der Handels- und Gewerbekammer Bozen*, Bozen, Handels- und Gewerbekammer, 1903
- Leonardi, Andrea, *L'economia di una regione alpina: le trasformazioni economiche degli ultimi due secoli nell'area trentino tirolese*, Trento, Itas, 1996
- Leonardi, Andrea, *Dal declino della manifattura tradizionale al lento e contrastato affermarsi dell'industria*, in Garbari, Maria, Leonardi, Andrea (edd.), *Storia del Trentino: V. L'età contemporanea*, Bologna, Il Mulino, 2003, pp. 597-663
- Lorandini, Cinzia, *Famiglia e impresa. I Salvadori di Trento nei secoli XVII e XVIII*, Bologna, Il Mulino, 2006
- Mathis, Franz F., *Die österreichische Wirtschaft: Grundlagen und Entwicklungen*, in: R. Steininger, M. Gehler (Hg.), *Österreich im 20. Jahrhundert: Vom Zweiten Weltkrieg bis zur Gegenwart*, Wien – Köln – Weimar, 1997
- Staffler, Johann Jakob, *Tirol und Vorarlberg, statistisch und topographisch, mit geschichtliche Bemerkungen*, Innsbruck, Wagner, 1839;
- Sizzo, Camillo, *Cenni sull'industria dei Distretti Trentini e Roveretani*, Padova, Seminario, 1848;
- Trigilia, Carlo, *Sviluppo locale: un progetto per l'Italia*, Roma-Bari, Laterza, 2005