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Rethinking industrial districts in the XXI Century

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INTRODUCTION

Introduction: Rethinking industrial districts in the XXI Century

Rafael Boix, Fabio Sforzi, Francesc Hernández

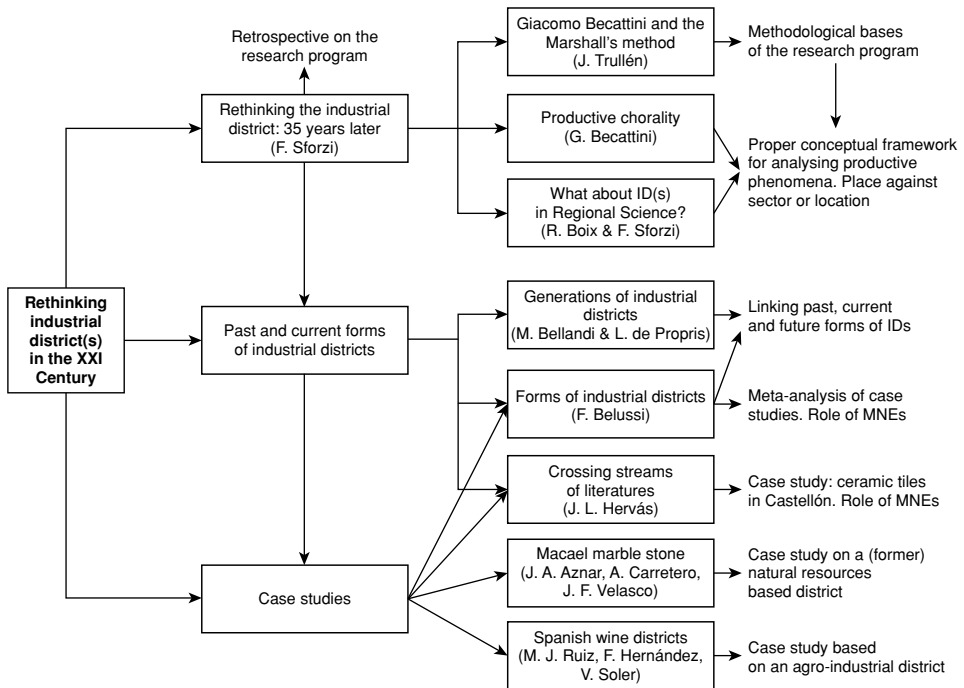
Why a special issue to rethink industrial districts in the XXI Century? This is a good question. In our experience, many scholars and policy makers associate the industrial district with a production system that flourished in the latter half of the twentieth century but is currently outdated. Economists and policy makers do not hide their preference for producing high-tech manufacturing and advanced services rather than shoes, clothes or ceramic tiles. Yet in countries like Italy or Spain, an enormous percentage of trade in added value still depends today on the production of their industrial districts. And do not forget that the first signs of recovery in both economies were detected in the foreign sector, boosted by the exports of industrial districts.

In fact, the new maps of industrial districts being elaborated for Italy and Spain (R. Boix and F. Sforzi, eds., 2016, *The industrial districts in Italy and Spain between continuity and change*, forthcoming) show that in 2011 the industrial districts not only have not disappeared, but still retain a high weight in both economies. However, as expected, they have mutated, changing their shape without changing their essence. It seems appropriate to advance the study of the XXI Century industrial districts and to produce this special issue do it.

All the articles of this special issue have their origin in the celebration of the 35th anniversary of the seminal article «From the industrial “sector” to the industrial “district”», which was written by Giacomo Becattini in 1979 and is considered the origin of modern literature on industrial districts. To celebrate 35 years of the article, we organised three events: the special sessions organised in honour of Giacomo Becattini in the 53rd European Regional Science Association (ERSA) Congress in Palermo, the special sessions on industrial districts hosted by the Spanish Association of Regional Science (AECR) in Oviedo and the yearly Conference of Industrial Districts and Clusters held in Valencia in 2014. In these sessions we have brought together dozens of academics to discuss the industrial district and its changes.

This special issue should be considered a transitional volume. In 2009 Edward Elgar published the monumental *A Handbook of Industrial Districts* (Becattini, Belandini and De Propriis), which collected 56 items to provide a state of the art about the industrial district. Now, we need to move towards a new generation of studies about the industrial district. The articles form a story in three parts. The first part is retrospective, the second is prospective and the third presents singular case studies (Figure 1).

Figure 1. Rethinking industrial districts in the XXI Century



The first part of the special issue is introduced by an article by Fabio Sforzi entitled «Rethinking the industrial district: 35 years later». This article presents the evolution of thinking about the industrial district since 1979. The paper identifies three key points in this evolution. The first is the proposal of the industrial district as the unit of analysis (1979). The second is the industrial district as a socio-economic concept and a model of production (1989). The third is the industrial district as a new approach to economic change (2000).

Much of this evolution is condensed in the second article, «Beyond the geo-sectoriality: the productive chorality of places», written by Giacomo Becattini. This article is characterised by its unusual structure, its incisive and ironic prose and the strength of his message. In this article, Giacomo Becattini critically reviews the operational proposal of the Bank of Italy to use as the unit of analysis a mix of sector and geography. Becattini argues that «the starting point for analysis should be the assumption that every place—as defined by a combination of natural conditions and the outcome of history—has at any given time a specific “productive chorality”». With the introduction of this new concept of «productive chorality», Giacomo Becattini again highlights the uniqueness of the place as the unit of analysis.

In the third article of the monograph, «Giacomo Becattini and the Marshall’s Method», Joan Trullén analyses the thought of Giacomo Becattini, departing from

the methodology adopted by this author. Trullén's article provides a unique perspective, from the point of view of the philosophy of economic thought, on the importance of the industrial district and the thought of Giacomo Becattini in the study of economics. Under the pretext of analysing the method of Becattini, Joan Trullén inserts the industrial district in the economic and philosophical frameworks of Marshall, Schumpeter and Keynes, contextualising the reality of localised economic processes operating in historical time.

The first part of the monograph concludes with an article by Rafael Boix and Fabio Sforzi entitled «What about industrial district(s) in regional science?». Under the guise of a retrospective article, the authors offer a provocative analysis about the evolution of the main line of thought in regional science and why it does not discover the industrial district but follows the way of the location theory.

Taken together, these four articles deal with a topic of crucial importance in regional science: the proper conceptual framework for analysing productive phenomena. The four come to the same conclusion: the importance of the place and its «productive chorality» against the point of view of the sector or localisation.

The second part of the monograph attempts to understand changes in industrial districts and the differences between them. Lisa De Propriis and Marco Bellandi merge some of their recent research in the article «Three generations of industrial districts». The article suggests the existence of different generations of industrial districts, linked to specific conditions and characteristics of each time period. This is another provocative argument, which implicitly suggests the existence of different concepts of the industrial district based on the historical time and place where these districts are studied. However, behind this argument there is the need to understand the changes in the international economic context and the need to understand the industrial district in the current and changing context.

In «The international resilience of Italian industrial districts/clusters (ID/C) between knowledge and re-shoring off manufacturing (near)-shoring», Fiorenza Bellussi analyses how industrial districts and clusters are inserted in this new context. This focuses on the points of view of the firm and the place. Once the theoretical framework is introduced, supported by a meta-analysis of case studies of industrial districts for 20 years, the argument is strong: the industrial district is not really as self-contained as has been claimed, but it is increasingly involved in the process of internationalisation, and there is a relevant role of multinational enterprises (MNEs) in the district's relationship with the world. In this process, industrial districts try to recentralise knowledge within the district and relocate manufacturing processes lower added value in spatially close places.

This argument is the starting point of the article by José Luis Hervás: «Why do multinational enterprises co-locate in industrial districts? An alternative explanation from the point of view of the international business and economic geography literatures». In this article, the author explores the relationship between industrial districts and MNEs on the basis of different literature streams: industrial district, economic geography and international business. The paper disentangles and clarifies how

industrial districts have to be analysed by MNEs in order to take advantage of the industrial districts' resources in the co-location and off-shoring process.

The articles by Fiorenza Belussi and José Luis Hervás present case studies of well-known districts. The last part of the monograph presents two lesser known case studies. In the article «An industrial district around to mining resource: the case of marble of Macael in Almería», José Ángel Aznar, Anselmo Carretero and Juan F. Velasco present the evolution of the Macael district mining industrial agglomeration and subsequent polarisation around a local multinational, Cosentino, whose production process is now independent of the natural resource. Finally, María Jesús Ruiz, Francesc Hernández and Vicent Soler present «*In vino veritas*: factors of competitiveness in wine districts», where they analyse the current increase in the production of wine in Spain, concluding that wine producing companies located in industrial wine districts in Spain are more efficient than those located in other places.

Space constraints and the current state of research have left out many issues that we wanted to include. It would be almost as important to write about what is missing in the special issue as it is to write about what is included. However, we hope that the text can be the seed of a new generation of studies on the industrial district.

The coordinators of this special issue want to thank *Investigaciones Regionales (Journal of Regional Research)* and the Spanish Association of Regional Science for the proposal to publish these materials. In particular, we thank the work and support of Juan Ramón Cuadrado, Andrés Maroto, Julieta Lungo and Jordi Suriñach. We thank the authors of the articles for their willingness to include their research in this special issue, and the reviewers who have worked to improve the content and presentation of the articles.

ARTICLES

Rethinking the industrial district: 35 years later

Fabio Sforzi*

ABSTRACT: The year 2014 marked a double anniversary: the 35th and 25th anniversaries of the publication of two seminal papers of Giacomo Becattini on the industrial district. The first paper (Becattini, 1979) conceptualizes the industrial district as a «unit of investigation», while the second (Becattini, 1989) conceptualizes the industrial district as a «model of production». Between the two papers there is a mutual dependence. The industrial district as a «model of production» deprived of the industrial district as a «unit of investigation» loses its originality as a way of interpreting economic change and becomes merely «one type of cluster». This paper deals with the relationship between district and cluster, then also between the industrial district as a singular theoretical construct and the many industrial districts described by empirical investigations, and concludes with some remarks on the topicality of the industrial district.

JEL Classification: B2; N9; R10.

Keywords: industrial district; cluster; regional economics; regional studies; economic history.

Repensar el distrito industrial: 35 años después

RESUMEN: El año 2014 marcó un doble aniversario: los del 35.º y 25.º año de la publicación de dos trabajos seminales de Giacomo Becattini sobre el distrito industrial. El primer artículo (Becattini, 1979) conceptualiza el distrito industrial como una «unidad de investigación», mientras que el segundo (Becattini, 1989) conceptualiza el distrito industrial como un «modelo de producción». Entre los dos artículos hay una dependencia mutua. El distrito industrial como «modelo de producción» privado del distrito industrial como «unidad de investigación» pierde su originalidad como una forma de interpretar el cambio económico y se convierte simplemente en «un tipo de clúster». Este artículo trata la relación entre el distrito y el clúster, y a continuación entre el distrito industrial como un constructo teórico único y los muchos distritos industriales como resultados de

* Department of Economics, University of Parma. Email: fabio.sforzi@unipr.it.

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investigaciones empíricas, y concluye con algunas observaciones sobre la actualidad del distrito industrial.

Clasificación JEL: B2; N9; R10.

Palabras clave: distrito industrial; clúster; economía regional; estudios regionales; historia económica.

1. Introduction

The year 2014 marked the 35th anniversary of what scholars of industrial districts consider the birth of the notion of the industrial district, that is the publication of the seminal paper of Giacomo Becattini «Dal settore industriale al distretto industriale. Alcune considerazioni sull'unità di indagine dell'economia industriale» [From the industrial «sector» to industrial «district». Some remarks on the unit of investigation of industrial economics] (Becattini, 1979). But the year 2014 is also the 25th anniversary of another seminal paper of Becattini «Il distretto industriale marshalliano come concetto socio-economico» [The Marshallian industrial district as a socio-economic notion] (Becattini, 1989). This second paper is considered the starting point for empirical research on industrial districts. Its international popularity among academics and policy-makers has to some extent overshadowed the first paper. However, without the «unit of investigation» introduced in the first paper no meaningful empirical research on the industrial district as a «model of production» can be performed.

The background of the industrial district concept is nestled in the system of thought of Alfred Marshall (1842-1924). However, the *Principles of Economics* (Marshall, 1890) and *Industry and Trade* (Marshall, 1919), as well as *The Economics of Industry* (Marshall and Marshall, 1879), do not provide a definition of industrial district neither as a «unit of investigation» nor as a «socio-economic notion». These books contain many of the elements for a conceptualization of the industrial district, but the industrial district definition remained, so to speak, «in search of an author» until Giacomo Becattini proposed a new interpretation of Marshall's work (Becattini, 1962 and 1975a).

This interpretation made it possible to recognize the potentiality of notions and thoughts spread throughout Marshall's work for defining a new theoretical approach to industrial change. The industrial district as an economic approach conceptualized by Becattini is rooted to a large extent in this interpretation.

The founding papers of the industrial district concept are the two aforementioned Becattini papers. Both papers were written originally in Italian, and so their international popularity only came after their English translation in two books: *Small Firms and Industrial Districts in Italy* (Goodman, Bamford and Saynor, 1989), and *Industrial Districts and Inter-Firm Co-operation in Italy* (Pyke, Becattini and Sengenberger, 1990). In Spain, the appearance of the first paper occurred in 1986 in the *Revista Econòmica de Catalunya*.