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Marshallian Industrial Districts**

Marco Bellandi

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Dipartimento di Scienze Economiche, Università degli Studi di Firenze
Via delle Pandette 9, 50127 Firenze, Italia
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PERSPECTIVES ON MATURE MARSHALLIAN INDUSTRIAL DISTRICTS

Marco Bellandi¹

ABSTRACT: Industrial districts growing in various industrialized countries and regions after the golden age of mass production, in the second half of the twentieth century, have shown a re-emergence of forces of local development. The success stories, in particular those more peculiar and consistent as forms of industrial and social organization, like many Italian cases, have asked and favored the definition of apposite concepts and frames of interpretations. A strong basis of theoretical refinement was extracted from Alfred Marshall's reflections on the role and working of industrial districts before the golden age of mass production. A well-known refinement is the model of the so-called Marshallian industrial district (MID). Sustained trajectories of success gravitating around the logic of such model have resulted in what may be intended as cases of typical mature industrial districts. They have been confronting since the end of the last century with the effects of a new wave of globalization challenges. It is argued in this paper that MID general structural and dynamic characters encompass a large set of empirical cases, in particular those of typical mature IDs reacting progressively, in terms of innovation and internationalization, to contemporary challenges and de-maturing. They find their way and combine old and new characters, still within the model. However, the MID's borders may be trespassed as well, as the MID logic coalesces with other logics of industrial and social organization.

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¹ Department of Economic Sciences, University of Florence, Via delle Pandette 9, 50127 Firenze, Italy, e-mail: marco.bellandi@unifi.it. This is a version of a paper submitted for publication in a forthcoming volume, *The Handbook of Regional Innovation and Growth*, Philip Cooke, Bjorn Asheim, Franz Tödting, Ron Martin, Dafna Schwartz, Ron Boschma (eds.). Useful comments by Annalisa Caloffi are gratefully acknowledged.

1. Introduction

A stream of contemporary literature in the field of social and economic change focuses on the trajectories followed by the so-called "industrial districts" (IDs) and by similar forms of industrial organization and local development. This paper is aimed at presenting a conceptual review of some investigations and interpretations specifically concerned with the cases of IDs in old/post industrialized countries which are "mature" and "typical", and in particular with the ways in which such IDs, in their various expressions and cases, can or cannot deal with contemporary globalization and innovation challenges.

Typical IDs are meant here as those which can be more appropriately read with the help of the so-called "Marshallian industrial district" (MID) model. They follow a robust path of growth, based on an articulated local division of labour between a differentiated set of small and medium sized enterprises (SMEs), a stable relation with clusters of prosperous market niches at national and international level, and a stable relation with the factors which fuel the district processes of reproduction and enlargement. Examples of such IDs were some almost idealized Italian cases, championing light industrialization processes and made in Italy in the last decades of the twentieth century. They were compact centres of life and work expressing productive attitudes and capabilities by means of sets of very small local firms, specialized within a single and delimited industrial field of traditional but upgraded products, and being able, throughout those products, to find a role in the national and international division of labour with a feed-back in terms of economic and social local value². Yet other examples of IDs may be assimilated to MID-like trajectories as well, even if they show more heterogeneous features, possibly emerging within the evolutionary trajectories of "idealized" cases.

Mature IDs are meant here as the grown-up results of a trajectory of sustained development preserving some general features (paradigms) along years and decades, a part from contingent or incremental adjustments to temporary crises. Mature typical IDs are therefore the result of a sustained MID trajectory, and they are not to be necessarily assimilated nowadays to a class of aged and outdated industrial and social systems. However, mature typical IDs meet peculiar problems when confronted with challenges asking fast and systemic adjustments: inertial factors (complex sets of organizational routines, entrenched cultural habits, institutional fatness) grow with

² We will come back more explicitly to such "champions" in section 4.

maturity and hamper quick reactivity; systemic adjustment needs a coordinated action among key and complementary sources of impulse to change, and in typical IDs there are many such sources, with an ensuing scaling-up of difficulties of coordination. The combination of inertial factors and difficulties of coordination easily explains the risk of lock-in and irreversible decline against tough and new challenges.

The paper opens, in section 2, with a short summary of general stylized facts on the re-emergence of IDs after the golden age of mass production. Section 3 goes on and presents a synthetic assessment of views both on contemporary innovation and internationalization challenges facing mature typical IDs, and on the structural and strategic variations needed for successful reactions to such challenges, possibly giving way to de-maturing paths. Section 4 concludes discussing the interpretative problems involved by the reactions above, in particular if and how the types emerging from such de-maturing paths can be read still with the help of the MID model. Section 5 hosts some final remarks.

2. The re-emergence of industrial districts in the past decades³

The contemporary force of social and business relations, overlapping at the local level, is exemplified by IDs, intended as localities characterized by a strong and enduring interpenetration of industry and society, and especially those: a) whose industry is based mainly on small and medium sized specialized firms resulting from local agents' entrepreneurial and life projects, where economies of the division of labour can possibly be achieved without the extended hierarchical organization of big firms; and b) whose society has a well defined identity weaved with her localized industries within the flux of change and open relations, such as to appear like a "nation within a nation" (Marshall 1919, ps. 20-21). This core concept, suggested by Alfred Marshall in the second half of the nineteenth century, was resurrected and developed at the end of the 1970s, first of all by a handful of Italian scholars, like Giacomo Becattini and Sebastiano Brusco, helping to understand the re-emergence of IDs in industrialized countries after the golden age of mass production⁴.

IDs coming or re-emerging after the golden age of mass production, such as those which grew to international success in some Italian regions (in particular the so-called

³ This section is based on materials taken from Bellandi (2007).

⁴ See Becattini (2004); Brusco (2009)†.

“Third Italy”) in the 1970s and 1980s, were constantly confronted by the concentrated economic and strategic power of large firms, powerful capitalists, and big urban systems⁵. On the market side, the re-emergence was pulled by the increased purchasing power in industrialized countries after the post WW2 recovery, and its effects in terms of a larger demand of customised goods and services. The demand was raised by expanding segments of both consumers satisfied in their basic needs, and of users of personal services, social services, and various artificial aids to remedy weaknesses and handicaps. On the production side, the connection to the changing needs was pushed by the increasing possibilities of capitalist production to exit from the “factory” and return to “workshops” within society to acquire artisanship, customised services, and ties with historical-cultural and environmental sources of distinctive experiences. The return to workshops had the support of various technological and organizational developments, but was also the expression of social tendencies. On this last connection, in particular, Arnaldo Bagnasco (2003) pointed out to the upsurge of international flows of people and communications in the decades of post WW2 international expansion, placing the traditional forms of regulation of production and social identity under strain, particularly those built around the nation state. This would have brought about a rediscovery of “the importance of societal self-organizing capacities, which have often a small organizational size, with the image of ‘small cultural homelands’ where to look for reserves of meanings in a world which appears remote ...” (*ibid*, p. 96). IDs in the second half of the twentieth century developed faster where, in some regions of industrialized countries, local reserves of socio-cultural and institutional meanings had preserved better. Their success stories could be seen as “the first precocious examples of local *recentrage* of the social organization” (p. 99), where *recentrag*’ stands for restoration of an open correspondence between the evolving core of a production system and the reproduction of the social resources necessary for it to work (p.103)⁶.

The study of the development trajectories of strong IDs suggested also a theoretical refinement of Marshall’s concepts, that is the so-called “Marshallian

⁵ Neither the ID as a concept had an easy life in the first years after the re-emergence. A strong push in the international popularity and discussion around IDs was brought about by the contributions of U.S.A. based scholars, for example Michael Piore, Charles Sabel, and Jonathan Zeitlin, who identified a “second industrial divide”, with the re-emergence of flexible specialization and artisanal modes of production as a viable (but not necessarily dominant) alternative to mass production. Interpretative frames in a similar vein were proposed by Michael Storper, Allen Scott and Michael Best. Again see Becattini et al. (2009) for illustrations.

⁶ For recent publications providing an overview of quantitative empirical research studies and large-scale identification on IDs in Italy see Sections 7, 8 and 9 of Becattini et al. (2009).

industrial district”, as an ideal-typical model of ID along a steady path of industrial development (the “MID”)⁷. The structure is characterized by a certain degree of local dominance by an industrial cluster (*local specialization*), a decisive but not exclusive role of locally embedded centres of strategy and decision on local private and public investments in technical, human and social capital (*endogeneity*), a structured plurality of autonomous centres of business strategy and decision-making (*decentralization*). The effective operation of this structure requires its incorporation into conditions characterized by the right combination of local forces⁸ and external conditions⁹. Market and institutional actions by district agents upon and within this incorporated structure combine in district processes of local development such as: a continuous re-articulation of the local division of labour among firms, and related adaptations in the mechanisms for its integration (local intermediate and labour markets, teams, specific public goods and services); the reproduction and renewal of experience-based production knowledge, and spiralling feedbacks with experiment-based knowledge opening to innovations in the local technological and product basis; and the reproduction of appropriate motivational traits, balancing social cohesion and economic mobility. The district processes upon the structure and within the frame conditions propel the realization of potential increasing returns at the local level, and of external economies for local producers. In turn, their realization supports development and change in the same structure.

The accumulation of experiences and growth along a MID-like path resulted in a set of mature typical IDs taking an important role in various industrialized countries or regions in the 1980s and 1990s. Many of them were in Italy, of course, like for example Prato, Santa Croce sull’Arno, Carpi, Reggio Emilia, Pesaro, Civitanova Marche, Arzignano, Riviera del Brenta, Como, Lecco, Lumezzane, Seregno, Vigevano, Biella, Valenza Po’. Well-known cases in other industrial countries include for example Cholet, Cluses, Oyonnax, Roanne, and Morez in France; Elche, Elda, Ibi, Alcoy, Castellon de la Plana, and Sabadell in Spain; the Ave Valley in Portugal; the Herning-

⁷ The term and the model were proposed by Becattini in papers published between the end of the 1970s and the beginning of the 1990s. See Becattini (2004). In fact it has been argued that in Marshall’s times, there was lot of cases of IDs showing oligopolistic forms far from what is now seen as the MID model: see Andrew Popp and John Wilson, and Phil Cooke as well in Becattini et al. (2009).

⁸ In particular: cognitive proximity within a pool of complementary competencies (human capital) and specific means of production (technical capital); shared attitudes towards a role for trust in local exchanges and diffused entrepreneurship as the expression of life projects featuring a community of local producers (social capital).

⁹ In terms of market and technological tendencies, regional and national cultural and institutional pivots, national and international legal frames.

Ikast-Brande area of Jutland in western Denmark; Gnosjö in Sweden; Bishu and Tsubame in Japan¹⁰. Those cases of mature typical IDs were characterized, by and large, by a strong manufacturing specialization, often in so-called “traditional” products, import-export relations around the local industrial core of strongly-knitted sets of vertically and horizontally related phases of production, local sources of new experience-based knowledge and non-local sources of new experiment-based knowledge, and dense local institutional networks providing governance and specific public goods to the de-centralized systems of specialized SMEs and to the local society.

Contemporary global tendencies have menacing implications for those mature typical IDs in what are now (or are becoming) old/post industrialized countries (regions): science is more and more interpenetrated with experience based knowledge along open and non-linear processes of technological and product innovation; the extension of international production fragmentation asks for the reduction of the degree of local integration of manufacturing *filières*¹¹; the unceasing progress in transportation infrastructures increases the integration between local production systems and the mobility of workers within large urbanized (metropolitan) areas and at the national and international level¹²; big multinational enterprises (MNEs) have an increasing capacity to tap new sources of cheap labour, capital and land; and some new industrializing localities and regions grow and insert in such global value chains thanks to the combination of strong public hand, large supply of cheap production factors, and emerging new local forces and markets. Three implications seem plausible:

a) When the above industrial difficulties combine with social difficulties, such as those brought about by the ever increasing importance of networks of people and

¹⁰ See sections 6, 7 and 8 of Becattini et al. (2009). While in North-America, like in most part of the industrialized North-European, Australian and Japanese regions, there are many cases of industrial clusters with ID-features within large metropolitan areas (like those of Orange County, Silicon Valley, and Boston in U.S.A.), but there are not cases (or just a few cases) of strong contemporary MID trajectories as such. See also Storper and Scott (1992), Markusen (1996), Porter (2003).

¹¹ On international value chains and local systems see Pietrobelli and Rabellotti (2006), Schmitz (2004), and Section 10 of Becattini et al. (2009).

¹² Globalization comes at home sometimes with waves of immigrated workers and their families, bringing about both new energies and peculiar problems for hosting IDs. See for example the recent reflections on the Prato ID by Gabi Dei Ottati (Dei Ottati, 2009).

communication going beyond the local level (which are another expression of global tendencies), mature typical IDs may go down to an irreversible decline¹³.

b) District forms and district-like processes, together with expanding resources devolved by international public organizations to support local economic development, are emerging in various new industrializing countries and regions¹⁴: the decline of mature typical IDs in old/post industrialized countries may not be the end of IDs as such.

c) Still some IDs in old/post industrialized countries survive, and even de-mature and progress, when appropriate changes are made to the mix of district structural characteristics and processes. Furthermore new industries and forms of local development with some district features combine in various ways and at various territorial scales with typical IDs.

Next section tries to elaborate on the last point, i.e. on the bases of progressive reaction of IDs to contemporary challenges. In particular the discussion focuses on the case IDs with MID-like features¹⁵ and which are mature, according the meanings recalled previously.

3. Contemporary globalization and innovation challenges¹⁶

Let us consider a light conceptual frame, based on two reciprocal relations, and aimed at understanding the forms and results of reactions which may be undertaken in mature typical IDs soaked within menacing global tendencies:

a) without revamped sources of inner local productivity and creativity, international investments and relations do not lend positive solutions to clusters and localities hit by globalization challenges, in terms of re-localization, functional up-grading, and local development;

b) without appropriate international strategies, the value produced by inner innovation not only may be predated by multinational agents, or spill over too easily

¹³ Differing views on this point have fuelled recent debates: see Amin (2004), Asheim and Herstad (2005), and Storper in Becattini et al. (2009).

¹⁴ See Section 10 of Becattini et al. (2009).

¹⁵ That is – to repeat: a quite high level of local specialization, strategic and value endogenous control, and de-centralization in decision-making structures and processes.

¹⁶ This section is based on materials taken from Bellandi and Caloffi (2009).

to global markets, but also may lack an important spring for contemporary factors supporting local innovation.

The problem confronting many contemporary mature typical ID, when the international fragmentation is concerned, comes from the tradition of strong local productive integration. However, the development of relations with foreign suppliers may be favored by the application of a variety of local team experiences, and of contractual and personal relationships of district entrepreneurs in local and distant trade networks. Secondly, active foreign direct investments (FDI) promoted by larger district firms can take a district form when, for instance, district FDIs are concentrated in a (foreign) place with district-like potentialities, and the leading district firms induce other district firms to invest in the same territory.

At the aggregate level such individual actions contribute variously to the ID's prospects. The size of the economic activity may decrease in a place where it was originally localized with or without any local replacement, and with or without any related change elsewhere. Furthermore, the moved activity may have been embedded in a network of industrial and social relations promoting local productivity, learning, and creativity in the original place, or may have kept instead a footloose relation with it. A similar distinction is applied to the moved activity in the receiving locality. The combinations of those processes bring about different results. An embedded activity which moves and becomes foot-loose is "de-localized"; while an embedded or foot-loose activity, which moves and is embedded in the new place, is "re-localized". A cluster where an embedded activity is replaced by a foot-loose activity is functionally down-graded in its systemic content; while a cluster where a foot-loose activity is replaced by an embedded activity is functionally up-graded in its systemic content. Finally, local decline is characterized by quantitative shrinking and by functional down-grading in one local cluster (or more) not compensated by up-grading in other local clusters. Instead, local development is characterized by quantitative expansion and by functional up-grading in local clusters and marginal down-grading processes, if any, in other clusters in the same locality¹⁷.

It is quite clear that the possibilities of combining productive internationalization with new prospects of local development and up-grading in mature typical IDs increase where the resources and capacities for local innovation and renewal are strong. This is the first reciprocal relation of our frame.

¹⁷ See Section 10 of Becattini et al. (2009).

Passing to the second relation, let us consider, for example, the case of those many Italian IDs characterized by SMEs clusters producing highly differentiated goods for the person and for the house¹⁸. Here, inner levers of competitive advantage seem to reside nowadays not only in the continuous upgrading of capacities of teams of district firms to produce and sell products of medium-to-high quality, with highly personalized and craft content. Since the markets for those products are more and more crowded by potential international competitors, the inner levers should be the support to more systematic and productive searches of new technologies, products and markets, branching out from the local traditions and constituting new cores of local clusters. This would require increased investments not only in all the instruments promoting association with taste for beauty and good quality of life, love for well done craft jobs and high functionality, certificates on quality of process, environmental safety, and ethic responsibility, reasonable price-quality ratios; but also investments and cultural efforts for increasing the capacity of conversation between SMEs clusters and the centers of public research and high education, traditionally low in mature typical IDs¹⁹. Herewith the second reciprocal relation becomes more evident.

An open approach to international production increases the need of SMEs clusters to contact the world of "knowledge" centers, even just for help in dense communication with distant and foreign places of production and trade. This provides a robust basis for further and larger collaborative efforts between science and industry at the local level. Furthermore, the internationalization capacities should put together and combine, through international management skills, the peculiar factors of inner productivity, creativity and innovative potential, with foreign resources and opportunities. An effective combination needs appropriate forms of international relations, in particular specific to the type of entrepreneurial and craft skills and attitudes of nowadays typical mature IDs. These latter are characterized essentially by individual energy, creativity and simple internal managerial structures, interacting in teams of independent specialized firms, with the help of shared trust bases, of cognitive proximity, and of various types of specific public goods providing indivisible assets and rules. Going abroad with a networked structure is consistent with the use of such peculiar features and of rich pools of district resources; keeping contact with home resources through networked relations reduces the temptation of lonely or predatory strategies, whereby for example single entrepreneurs buy cheap and

¹⁸ It is a good part of the set of mature typical IDs to which we are referring in this section.

¹⁹ See Section 5 of Becattini et al. (2009).

undersell home competitors also by means of phony brands and misleading advertising. Getting in touch with foreign partners who have or may learn to have similar networked structures and skills helps the building of collaboration and joint infrastructural, production, and trade projects on a basis of organizational and institutional similarity²⁰.

On the other hand, coming back to the revamping of the inner bases of local productivity and creativity, the constitution and maintenance of some among such bases demand high levels of urban infrastructure. The local scale and urban quality of an ID are rarely adequate to this purpose. A regional (sometimes a national) milieu hosting dynamic regional cities and districts can offer a solution, if the collaboration among networks of firms, research centers, knowledge services, high level trade facilities, and pro-active local and regional policy-makers find the way to develop and interact with the preservation of local identities and social cohesion and mobility²¹. This means that networked projects, cross-cluster and trans-local relations at a regional level are also an important part of the recipe for inner levers and drivers.

4. Beyond “old” Marshallian industrial districts?

The recent tendencies and transitions suggested in section 3 would seem to confirm the need for mature typical IDs in old/post industrialized countries, like Italy, to change or die; where “change” means to leave a strictly canonical form, i.e. that corresponding to the model of the so-called Marshallian industrial district (MID). This is a legitimate way of reading, of course²², but it also depends on specific conceptual associations, of various type and order.

4.1. Ideal-types, heterogeneity, and empirical thresholds

The first association concerns what I see as a wrong interpretation of the MID, when it is restricted to a model of local development with a mono-industrial specialization in a well delimited and not too large urban-rural place, with productive processes completely integrated at the local level, with an industrial structure composed by a population of very small firms with a high degree of turnover, a flat

²⁰ References in Bellandi and Caloffi (2008) and Belussi et al. (2009).

²¹ See for example Cooke et al. (2004). I would refer also to Bellandi and Caloffi (2009).

²² See, among others, Markusen (1996), Giuliani (2005), McCann (2006), and Zeitlin (2007).

local power structure, a high level of social cohesion and trust. That is a romantic model, 100% specialized, endogenous, de-centralized and communitarian²³.

However, the definition recalled previously tells that the MID as a model of an evolving socio-economic system needs to incorporate a certain degree of heterogeneity in its key dimensions. Without it, the system crystallizes and is unable to preserve its own identity within the flux of change. This idea is not new, being already suggested by Alfred Marshall, and it is clearly fixed in a pioneering paper by Giacomo Becattini:

“The Marshallian industrial district is a localized ‘thickening’ (and its strength and weakness both lie in this spatial limitation) of inter-industrial relationships which is reasonably stable over time. Its composite nature, tending towards the multisectoral, gives it, even in the midst of intense change, a stability which a unit such as a single industry, in the technological sense of the term, lacks; it is therefore possible to study it, in order to ascertain its permanent characteristics, the ‘laws’ which govern its formation, its maintenance and its decline. Paradoxically, the greater the ability of the district to renew itself, to graft new sectors on to old, to develop its original industry in ever more specialized ways – in accordance with Allyn Young’s celebrated model – the more it retains its identity as an industrial district”²⁴.

The evolutionary perspective has been developed variously, and it includes models of both organic adaptation (steady state development) and dis-continuous adjustment²⁵. In this sense, for example, the possibility discussed in the previous section, of district internationalization through trans-local and cross-cluster relations, is not something beyond the MID model as such, but a specific manifestation that can be found in some actual IDs, and which can be read also with the help and reference to the overall framework of MID structures and processes. Of course, beyond certain thresholds of sectoral dispersion among the agglomerated activities, dependency on external strategic control, and business centralization, clustering and economic development in a place reflect a coalescence of the MID logic with other types of logic; till the disappearance of the MID logic when what prevails is merely the effect of the variable location choices of almost dis-anchored companies and/or top-down state departments.

²³ For reflections on this point we defer to Phil Cooke, to Andrew Popp and John Wilson, and to Michael Porter and Christian Ketels, in Becattini et al. (2009).

²⁴ Becattini (2004, p. 16). It is the English translation of a passage concluding the 1979 Italian paper which opened the international revival of the ID as a concept of contemporary application. The same paper has been translated various times in various languages.

²⁵ Some studies are included in Belussi et al. (2003), in Sölvell (2008), and in Sections 4 and 5 of Becattini et al. (2009).

How to define such thresholds? No need to say that there are not theoretically definite answers. However, it is also well known that, on the side of empirical investigation, statistical methods have been developed in Italy, in particular by Fabio Sforzi, and applied, also in other countries, to the large scale identification and quantitative measurement of industrial districts²⁶. They incorporate proxies and thresholds that are more or less directly related to the MID's defining features. However they necessarily restrict to structural characteristics. Hence, cases on the list of "statistical" districts may have lost district dynamic capabilities even though they still comply in terms of their aggregate structural characteristics. Or, instead, the list may not include cases which comprise vibrant district processes, but do not comply (yet) with the statistical thresholds defined for one or more of the proxies for structural characteristics²⁷. The two problems imply either over-inclusive associations or under-inclusive ones.

4.2. The changeable fortunes of old champions

There may be problems even among cases corresponding to MID structures and processes. Let us come back to the internal managerial structures of the small to medium sized enterprises (SMEs) which should lead the internationalization processes discussed in the previous section. They are necessarily simple; but in many contemporary mature typical IDs they may be too simple; or, more precisely, stick to formula which have worked well in the past, and are clearly outdated in face of contemporary internationalization challenges. In most successful Italian IDs from the 1960s to the 1990s the core population of SMEs were largely family concerns, centred on and around the trade ingenuity, the technical competence, and the entrepreneurial energy of one or two founding fathers. All strategic decisions had the fundamental input of knowledge possessed or directly controlled by the masters. The same can be told of the governance of teams of small firms, relying heavily, for "versatile integration" (Becattini and Rullani, 1996), on the competence of a leading member. This governance model is at odds with the necessities of coping with internationalization challenges. A more open model is requested, where essential cognitive inputs are contributed by a team of members, with differentiated tasks, competences, and operative decision fields. If the shift to such model is blocked within

²⁶ See section 6 of Becattini et al. (2009).

²⁷ White noise in 'statistical' IDs identification is amplified by 'policy-driven' identification (e.g. in Italy at the level of regional governments). White noise is much greater with so-called industrial or business clusters, since these are subject to world-wide attempts at policy-driven identification. The diffusion of critical assessments is partly related to this burgeoning noise.

an ID by cultural inertia or business myopia, then the system suffers, not because of the SMEs as such, but in relation to the historically determined models assumed by them and to the difficulty to enact a transition to different models. The same could be told of other MID features.

In other words, it is quite easy to associate anecdotic evidence of district failures to inherent problems with the MID model, even when the association is not so stringent. More generally, within the thresholds of approximated MID characteristics, a huge amount of different types may be hosted. Of course forms and types corresponding to celebrated and highly successful Italian IDs in the 1960s and 1970s are included as well. They were showing a very high degree of manufacturing specialization in the production of personal or household goods, intermediate goods related to the first ones, or light mechanical products and instruments; a core population of small firms running a locally integrated production *filière*; and concerning the processes, a central role of informal rules oriented by strong civic values, competition and cooperation balances, spirals of local contextual and external codified knowledge, socio economic mobility, etc. They have been important field laboratories for elaborating and testing the district theories and the same large scale statistical methods for ID's identification. Given their success and the widespread circulation of the studies referring to them, those cases have started to be identified as champions of the MID model, or even with the ID as such²⁸. But they were champions, not the ideal-types, and the (relative) decline or even just the transformation of the Italian leading examples do not imply *per se* the need to throw out the general reference to the MID model.

4.3. De-maturing IDs: between entering new MID paths and coalescing with different models

MID general structural and dynamic characters encompass a large set of historically defined cases and types of industrial organization and local development. Those variations can include the characters of mature typical IDs reacting progressively to contemporary challenges and de-maturing, that is finding new combinations of specific industrial structures and strategies, products and markets, and competitive factors. Section 3 has illustrated some aspects of such reaction. Furthermore, in face of contemporary challenges, de-maturing together with the convergence to a new MID path may go beyond the set of traditional options. For example, they either move

²⁸ See Asheim (2000) and Michael Porter and Christian Ketels in Becattini et al. (2009).

from a consumer good specialization, to a machinery specialization, to a combination with more and more articulated and specialized tertiary functions; or increase the importance of medium-sized district firms managing trans-local networks of production and distribution²⁹:

“[W]ith the fast pace of technological changes, the borders of traditional sectors become blurred, and the distinctions between manufacturing and tertiary sectors, not to speak of the one between low tech and high tech sectors, become less and less clear and meaningful. New or re-generated IDs may turn to be characterised by an “industrial” specialisation that has lost its traditional (like in the first and second waves) identity as a locally integrated manufacturing *filière*.” (Becattini et al. 2009, p. XX)

However, in the midst of change, the borders of the MID model may be trespassed as well. Even when falling within the statistical thresholds of “MID oriented” district’s identification, some de-maturing IDs need to be read in terms of coalescence of a MID logic with other types of logic of industrial organization and development. Examples in the present age are easily taken from some cases of Japanese “sanchi” variously related to the networks of large Japanese firms, of Chinese IDs characterized by peculiar insertions of strong government and FDIs into local forces, of USA “university centric industrial districts”, and of some cases of Italian districts too, showing various combinations of the types just referred³⁰.

5. Some conclusions

A final consideration concerns the fact that “coalescence” itself is not always a stable character, but something which accompanies the transition of an ID (hit by a strong challenge) towards a new path of development, possibly but not necessarily a new path with MID features. Coming back once again, and a last time here, to the internationalization and innovation challenges, let us suppose that actions at a local systemic and at a cross-cluster level require transitional centralization into the hands of some public/private agencies. They should help and manage the development of many operational aspects needed both for the new local combinations of open science and context experience and creativity, and for the building of the new classes of trans-local specific public goods (Bellandi and Caloffi, 2008).

²⁹ See De Arcangelis and Ferri (2005) and Fulvio Coltorti in Becattini et al. (2005).

³⁰ See Cooke and Lazzaretto (2007), and Becattini et. al (2009) sections 5 and 10.

One cannot dismiss the risk that the *élite* of public and private agencies at the local and trans-local level will become a centre of power pursuing sectional interests increasingly separated from the communities of people and producers involved. For this reason, participatory methods and democratic legitimacy should be a necessary part of the recipe, as predicated by methods of strategic planning in local economic development³¹. It is however plausible that some among the most successful IDs of the recent past, perfectly within MID statistical threshold, be currently suffering from a lack of social and business consensus and experience on the need and opportunity to adopt formal methods of local management, as opposed to the past informal methods of conflict solutions, social ruling, and local governance.

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³¹ See Amin (2004) and Bagnasco (2003). See also Section 11 of Becattini et al. (2009).

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