The End of Third Italy As We Knew It?

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Italian industrial districts of “Third Italy” stand as landmarks and standard points of reference in Anglophone economic geography and planning studies. A whole series of analytical and policy-oriented concepts have been born, inspired in part or totally from Third Italy, summarized in what is known as “New Regionalism”. There are, however, many partial truths and important missing issues in the discourse on Italian industrial districts and some important post-2000 developments seem to contradict the dominant mythology around them. Among these developments mergers and acquisitions, de-localization and the work on non-EU immigrants seem to mark a new phase in their history, questioning the celebrated characteristics of the past.

Introduction

During the last 25 years, in the context of the wider discussion from Fordism to post-Fordism and flexible specialization, the paradigm of industrial districts (IDs) with their small, networked, craft industries, dominated Anglophone economic geography and planning studies. In the extended literature, the paradigmatic Italian districts of the famous “Third Italy” stand as landmarks and standard points of reference. The grandiose claims made about the Italian IDs are well known and there is no need to repeat them here. They contained many elements of truth and the debates around them opened new windows for research and knowledge in geography, economics and planning (Amin 1999; Garofoli 1983). However, the paradigm of IDs soon became a new orthodoxy with an obvious appeal both to neoliberals and to some radicals. For neoliberals the Italian IDs became the symbol of the success of small-scale flexible capitalism, with its highly individualistic and competitive character, which creates employment, increases family income and boosts exports without assistance from central state. Some radicals discovered in IDs a localized development model, which permits regions to again become global players. They have also discovered the ties between firms and their social, cultural and political environment and the role of some red local Italian authorities that, via innovative institutions, provided continuous support to small firms.

Notwithstanding certain important differences in opinion, these “optimists” (particularly the Anglophone ones) tend to agree that
Italian IDs, together with other “new industrialized spaces” can be used as paradigmatic examples of “good practice” for other regional economies in Europe and beyond. And so, a whole series of analytical and policy-oriented concepts have been born, inspired in part or totally from Third Italy, such as “second industrial divide”, “resurgent regional economies”, “networked firms and regions”, “learning regions”, “innovative firms and regions”, “endogenous development”, “local development”, “the embedded firm”, etc, best summarized in what is commonly known as “New Regionalism” (for a critique, see Hadjimichalis and Hudson 2004; Hudson 1999; MacLeod 2001).

In the “New Regionalism” literature a very selective appropriation of the complexity and richness of Italian IDs has taken place, in which only certain general economic, organizational and institutional issues have being taken on board, while others such as power and inequalities within IDs, the limitations of networking, what co-operation, reciprocity and “social capital” really mean, the informal economy, gender and ethnicity, the generation gap, wages and working conditions, the role of the state and uneven development—to mention but a few—remain in the dark. While such omissions would be expected from a neoliberal perspective, it is rather puzzling for me that radical theorists and researchers succumb to the charms of grand narratives, even when they strongly argue for the need to pay attention to differences and to local processes.

In this paper I discuss these and other questions by focusing particularly on some partial truths and important missing issues in the dominant discourse on Italian IDs.¹ Then I analyze some post-2000 developments, which seem to contradict the dominant mythology around Third Italy and to seriously challenge both the grandiose theoretical constructions and the policy recommendations for the future. In doing this I refer to the clothing and textiles districts of the Vicenza province (region of Veneto) and the footwear IDs of the Macerata province (region of Marche).² Finally, I propose some elements for a revised theorization on IDs.

Genealogy, Partial Truths and Some Important Missing Issues

According to Becattini the industrial district is “. . . a socio-territorial entity which is characterized by the interactive presence of a community of people and a population of firms in one both historically and naturally bounded area” (1990:132, my emphasis). Soon IDs were associated with older observations by the neoclassical economist A Marshall. At the basis of Marshall’s concept of local external economies lie the advantages of territorial concentration and sectoral specialization. These advantages formed the basis for the transaction cost
and flexible specialization approaches (see Scott 1988; Scott and Storper 1988), and with a combination of institutional economics produced other concepts such as the “innovative milieux” (Aydalot 1988), the “learning region” (Morgan 1977) and “regional innovation systems” (Cooke 1988). In this respect Italian IDs served as a major root from which a whole genealogy of (almost tautological) concepts flourished. This is why the Italian economic geographer, A Sforzi celebrates: “The ID is one of the theoretical concepts by which Italian economic geography has redefined a large part of its scientific and methodological status” (Sforzi 2002:439). “Without the discovery of the ID and its affirmation in the social sciences as a theoretical paradigm, the renewal that in Italy today enables us to talk, without rhetoric, of a ‘new’ economic geography would not have been possible” (Sforzi 2002:445).

Others in Italy, however, had less celebratory visions. Arnaldo Bagnasco, who first introduced the concept of Third Italy in 1977, has always been more sceptical about the use of IDs as blueprints. He has been very critical towards what he envisaged as a “depoliticization” of his Third Italy analysis when political, labour market and class analysis was replaced by neo-classical economics (Bagnasco 1985, 1988) or by social capital (Bagnasco 1994). Similarly critical were earlier debates in Italy (late 1970s–early 1980s) on “diffused industrialization” (fabrica diffusa), the “putting-out” and “splitting-in” from large factories to smaller independent subcontractors, also a widespread process in IDs (Frey 1974; Magnaghi and Perelli 1978). This diffused industrialization process during the 1970s and early 1980s attracted criticism by unions, the PCI (the Italian Communist Party) and some smaller left-wing organizations. Gioacchino Garofoli, a regional economist, was one of the first in Italy to use the diffused industrialization concept critically in the region of Lombardia (1983), although he maintained an optimistic position for IDs as models for economic development (Garofoli 1991). Finally, the most detailed critique on what they saw as an economistic approach to IDs came from a group of Italian urban sociologists (publishing in the journals Inchiesta and Stato e Mercato) who were critical of the lack of any interest in the informal economy, social benefits, working conditions and exploitative relations as an integral part of IDs. In fact, Bagnasco himself used in his Third Italy the pioneering “three labour market” model by the sociologist M Paci (1972), in which modern Italy’s development was analyzed from a labour market perspective. Other works on IDs from a critical social perspective include those by Mingione (1983, 1998), Mingione and Pugliese (2002), Leone (1988), Paci (1992), Vinay (1985, 1987) and others.

In the 1980s and 1990s, critical voices from Italy remained largely unknown and despite some Anglophone ones (see Amin and Robins
1990; Blim 1990; Harrison 1994; Sayer 1989; Smith 1999), and from Southern Europe (Hadjimichalis and Papamichos 1990; Hadjimichalis and Vaiou 1990; Recio 1998; Ybarra 1986), a wind of optimism concerning the role of IDs blew away numerous conventional arguments on backwardness and inefficiency. The work of Asheim (1999), Becattini (1990), Cooke and Morgan (1998), dei Ottati (1994), Hirst and Zeitlin (1989), Piore and Sabel (1984), Scott (1988), Storper (1997), and others, falls into this tradition that has gained wide currency among Anglophone academics. Against these optimistic and celebratory visions of decentralized production in small industries in Italy, there are several very good critiques with which I am in agreement. Extending these critical voices I could add six important theoretical omissions or failures that are politically important for a radical analysis.

The first is related to the failure to take into account the wider national, European and global system of capitalist price relations within which these small firms operate. It seems strange that I have to make this point, but it is astonishing how little has been written about the international division of labour of which craft industries are part, and about their competitors in other countries. The success of the Italian IDs, according to Cooke and Morgan (1998), Storper (1997), Sforzi (2002) and others is sufficiently explained by “internal” factors only, by their “embedded tacit knowledge”, while the rest of Italy and the world are reduced to simple consumers of their fashion products.

The lack of theoretical attention to global competition along the price dimension is ironic because a basic lesson from flex-spec and ID literature was forgotten. Each specialized activity in which the productive process was subdivided had a local price system, related to sectoral and product specialization, to local productivity and capital-labour relations and to other local economic, social and cultural characteristics. This local price system, however, was open to competition with other local price systems in Italy, in Europe and globally.

Labour cost remains a key component in the local price system due to the labour intensity of the craft productive process, to the social organization of production and the relative immobility of labour. Since most of the small firms are price takers and product followers and they react to innovation of others, their local/regional embeddedness turned to a trap when other producers from other places started producing the same products with substantially lower labour cost. Quality and design matters, but to a certain point, and not all producers can follow the “high road” when larger firms start making similar products or when they start relocating part of their production to low labour cost regions (see below). Today the average cost per hour for an Italian worker is $17.8, while in neighboring Slovenia it is $6.7, in...
Romania $4.3 and in China is less than $1 per hour (La Reppublica 12 September 2004). These figures speak for themselves, indicating the current pressures upon Italian craft producers.

The second important theoretical failure is related to an inadequate analysis of commercialization, distribution and retailing of the districts’ products. It is surprising again how little is written on these issues, while the majority of “made in Italy” products are end use fashion items. Small firms in IDs were very efficient in production and adaptation to market demands and less so in trading. They were totally dependent on leading firms with brand names or on “impannatori” for the placement of their products in national and international markets. Although fashion production may be fragmented, international buying and sales operations are highly concentrated. In fashion products the boundary between production and retailing is becoming increasingly blurred as the power within production chains shifts further to those who control distribution and sales. Thus large firms investing heavily on the trade side and imposing global brand names secure economies of scale in sales, rather than in production and agglomeration.

What matters today is brand naming and “fashion-items-in-fashion-shops” designed by star architects. The recent rise of Prada, from a small leather firm in Milan to a global brand name, is a case in point. Following the path of Benetton, Stefanel and Zara, Prada exercises vertical control to a large number of subcontractors in Italy, Slovenia and China and promotes its products in exclusive retail environments. Through a total control of the value chain, Prada accumulates profits from production, distribution and sales, in other words from the circulation of meaning of Prada items.

The third important theoretical failure by ID proponents is the lack of attention to the role of the state. It is of course fashionable these days to speak of the “hollowing out” of the nation-state or to ignore the Marxist narratives of the 1970s and 1980s, but this cannot excuse the lack of attention to various direct and indirect protectionist measures and regulations as in the work of radicals such as Storper (1997) and Scott (1988).

The most comprehensive version of protectionism was put in place in 1974: the Multi-Fibre Agreement (MFA). Suddenly Italy, Germany, France and the US were protected from unlimited competition in garments and textiles from low labour cost countries in the Third World, a protectionism extended to all EU countries by the mid-1980s, which would come to an end by December 2004. The other important protectionist intervention by the Italian state was to keep low exchange rates for the lira with three devaluations from 1960 to 1986. Thus, during the 1970s, the 1980s and until the introduction of the Euro in 2001, exports of fashion products like garments, textiles,
footwear and furniture tripled, involving more than 70,000 companies and claiming world leadership in the ready-to-wear market.

To these macro-economic protectionist regulations we have to add other national labour legislations. It is well known that under intense pressure from the unions, the Christian-democratic government passed the Labour Charter (Statuto dei Lavoratori) in 1970, with the votes of PCI and the approval of CGIL. The Charter guaranteed organizing and bargaining rights along with unemployment benefits for large industrial firms, but exempted “artisan firms”—defined as under 15 workers—from bargaining and from meeting tax, working and safety conditions and welfare responsibilities. As Ross (2004) underlines, this legislation was simultaneously a landmark in regulation and deregulation, encouraging industrial disintegration, resulting in the “golden” period of IDs, which most of researchers admire. Other “artisanal laws”, such as the law of 1984, grant to such microfirms various subsidies like tax exemptions for firms employing “youth” workers under the age of 29 on temporary contracts. Finally, with laws 317/91 and 140/99 the Italian state introduced a classification and official recognition of 199 industrial districts for use in public policies. Such arrangements lower production costs all the way up the line and they ultimately constitute a public subsidy to more technologically advanced firms.

The fourth theoretical—and political—failure is related to an emphasis on an idealized model focused on firms only, ignoring all other forms of production and playing down the role of labour with all its specific variants. Unfortunately, many radicals (eg Asheim 1999; Becattini 1990; Cooke 1988) have refused to take into account the well documented poor working and safety conditions, longer work hours and low pay that exist in the celebrated small firms, along with their economic success. And even fewer have asked the question whether the very flexibility, innovation and embeddedness of small firms are also partially founded in these problematic working conditions, although these questions formed the point of departure for Italian critics in the early 1980s.

In all IDs there are several types of firms and forms of labour and one cannot assume they bear any resemblance to the ideal model constructed by the mythmakers. Side by side with the modern, flex-spec small firm idealized in the literature, where labour cost is mixed with better wages, innovation and knowledge, we have thousands of homeworkers, small traditional firms and sweatshops at the edge of survival, small dependent sub-suppliers and subcontractors and of course the large firms with brand names in the same sectors, with high technology, flexibility and the ability to place their products globally in their own fashion shops. To these firm variants we have to add labour variants such as paid and unpaid family labour, limited
and unlimited time contracts, stable and precarious work, formal and informal labour, women’s and children’s labour, immigrant labour, etc. These types of firms and forms of labour are present in the majority of IDs, they constitute a coherent system and they are rooted in social and political conditions and industrial patterns that are a crucial element of the account of “made in Italy” that romanticizes small, co-operative, craft-based firms while in reality they compete against all odds in the field of hardscrabble global capitalism.

The fifth theoretical omission is derived from the previous one and has to do with the lack of attention to the significance of the informal sector and the role of the family. Italy, with 16–17% of GDP represented by informal labour, has one of the highest figures in the EU, surpassed only by Greece with 19–22%. Tax evasion, multiple job holding, moonlighting etc, are issues that form part of any description of how Italian (and in general Southern European) economy and society works (Mingione 1983). Anglophone researchers, however, coming from environments and traditions whose development history was based mainly on the Fordist factory, the mass worker and the welfare state, were unable to understand the importance of informal everyday practices in firms, institutions, the state, the neighborhood and the family (Vaiou 1997). Informalization in the work of Porter, Putnam, Sabel, Scott and others is equivalent to “inferior”, “backward”, “unregulated” or “illegal” and is kept out of the picture of IDs. In this respect they fail to appreciate the informal in Italy as practices permeating the ensemble of social relations, which were not necessarily backward, unregulated or illegal.

The emphasis on the flexible and innovative feature of IDs by the dominant discourse was in fact a selective appropriation of certain informal characteristics having to do with firms, technical innovations, adaptation to market demands or entrepreneurial spirit. This selective appropriation depoliticizes the debate on IDs: it leaves out as secondary and usually understudied all those whose labour is appropriated by the omnipresent firm, their working conditions, the patriarchal family relations in small family firms, gender roles, the social costs of trust, in short all those different ways of doing or performing the economic in Italy.

The lack of attention to the informal and to family relations was partially substituted with the conceptualization of some non-economic and non-geographical categories under the term social capital. This constitutes the sixth theoretical and political failure. Social capital is used to explain the success of Italian IDs in social and cultural terms and characteristics like trust, reciprocity, cooperation etc are in its agenda. Originally, these sociological and anthropological categories were introduced and used critically by P Bourdieu and for Third Italy by some Anglophone anthropologists (Blim 1990; Smith 1999).
But social capital became popular among many Anglophone economists, planners and economic geographers, mainly through Putnam’s work on Italy (1993), and later through Porter’s on clusters (1998). Their conceptualization, however, remains very thin and selective, simply adding some “other things” that traditional economic and geographical analysis cannot deal with.

The problem with social capital and its use to describe the success of Italian IDs is its effort to explain and accommodate everything (Fine 2002). From individuals to communities, from firms to families, from cooperation to competition, from working conditions to unions, from trust and reciprocity to corruption and from the success to the failure of a place, all are called social capital. Contrary to Bourdieu, Putnam, Porter and their followers conceptualize social capital through methodological individualism, as something embedded in groups and social networks but realized by individuals or firms or single cities, regions and nations (DeFilippis 2002).

Putnam in particular makes these errors because he views civil society as a bounded territorial entity and a set of inherently “win–win” relations and networks of cooperative association. In his analysis there are no antithetical external relations among regions that influence local civic pride, no interregional migration and macro state policies that reduce possibilities for co-operative actions. Furthermore, there are no real social agents, no class and class conflict indeed important factors underlying reciprocity, no power hierarchies determining cooperation and competition, no gender roles and no patriarchy in families and beyond that to determine the celebrated equities in the social division of labour, no ethnic and racial conflict, no social and spatial fragmentation that co-influence economic redistribution, no mention of protest movements, uprisings, riots and so on. All the above are out of Putman’s descriptions of Italian regions and these errors have been transferred to IDs, pictured as isolated heavens.

Social capital became a good example of how in the last 15 years “radical” geographical analysis has moved from a position that assumed that society was conflict-ridden to a position that society is conflict-free. This is ironic, however, since all conflict-based forms of social organization contain strong elements of association, trust, solidarity and reciprocity, as other more critical analyses of de-industrialization and job losses have emphasized long ago (Hudson 1986; Hudson and Sadler 1986).

The above six theoretical and political omissions characterize the majority of optimistic approaches on IDs and constitute a serious weakness for any deep understanding of their operation. In the next section, three recent restructuring processes are discussed, providing empirical evidence on the importance of these omissions.
Post-2000 Developments

… It is not only the decline of GDP during the last 8 years which worries me, but above all what alarms me is the decline of Italy’s quota in international trade which shows a reduction by 25% from 1995 to 2003. (Carlo Azeglio Ciampi, President of Italian Republic, speech on 1 May 2004; L’Unità 3 May 2004, author’s translation)

Italy fights to remain home of luxury fabrics and fashion products. (Headline of an article in the New York Times 15 March 2004)

… In this region (the Marche) we have invested everything in one industry with very small firms and now we pay the cost. By 2005 only 1/3 of the firms existing in 1995 will continue production. (P Pertini, Mayor of S. Elpidio al Mare and former president of the local footwear association; interviewed by the author, June 2003)

The above three quotes depict only a few of the problems visible in the post-2000 situation in many IDs. Some problems, like reduced productivity, and the processes of capital concentration via mergers, acquisitions and the formation of vertical industrial groups, have also been noted from the late 1980s–early 1990s (Amin 1999; Harrison 1994). But the 2000s seem to be a major turning point after which a restructuring in the archetypal model of IDs could be observed based on four new developments.

First, the world recession of the late 1980s–mid 1990s initiated a substantial reduction of demand for Italian fashion products particularly in the USA and Germany, a situation that deteriorated dramatically after 9/11. At the same time, due to geopolitical changes after 1989, new markets for export but also new competitors in Eastern Europe, Northern Africa, Turkey, India, Viet Nam, and above all China entered the scene for low–medium quality garments, textiles, footwear and furniture. This opening was at the same time positive for many Italian firms, which found new markets and new territories for foreign direct investments, as well as for thousands of economic immigrants from these countries who started to arrive legally and illegally in their millions in the EU, including Italy (Pugliese 2002).

Second, after the Maastricht agreement (1992) and particularly after the introduction of the Euro (2001), the Italian state lost its ability to devalue the lira and suddenly all “made in Italy” export products became very expensive, a situation manipulated successfully for all EU exports by the USA Central Bank, through a parallel devaluation of the dollar. Italy became the second country in the EU, after Greece, in terms of losing competitiveness in global markets: it has plunged to 47th place in the global competitiveness league (The Economist 2004). The situation deteriorated dramatically with the end of the protectionist net of MFA by the beginning of 2005.
Third, the most important social change is found in demography and social relations. Italy’s population will soon start to shrink: according to UN the loss between 1990 and 2000 was 15% and for 2005 to 2050 it will be 22%, the steepest among big EU countries, against 9% for Spain and 4% for Germany. Alongside these changes, a gradual loss of interest in reproducing themselves as skilled and unskilled workers in small industrial firms is widespread among younger generations (particularly women). Many surveys found the same lack of interest among the sons and daughters of small entrepreneurs who were unable to convince their epigones to continue the small family business (Mingione 1998). The younger generation prefers higher education or working in services, avoiding the long hours of hard and unstable work with low pay typical in most small firms.

Fourth is one important missing organizational device: crisis management. The majority of small firms tend to continue to trust in old-fashioned unwritten agreements and informal face-to-face communications, which were functional during the golden period but highly problematic when the changes analyzed above occurred. Italian IDs, despite the presence of many supportive local institutions, are often lacking in institutional devices able to promote a rapid selection of new leaders and crisis managers (ARMAL 2003). As a result, during the prolonged period of slack demand and due to higher pressures from international competitors, internal competition became primarily price competition and hit the weakest categories, ie small independent firms, subcontractors and homeworkers. This has introduced conflicts and tensions that reduce the family-based innovative impulse of the firms and block the mechanism of coordination through cooperation and trust. In this case, small-networked firms prove to be less flexible than large firms. This is ironic when it is compared with the apotheosis of reciprocity, trust and human capital arguments, which was the dominant ideology until the crisis of early 2000.

These developments at the global, European and national scales pushed many firms in IDs towards three interrelated restructuring processes: (a) mergers and acquisitions and formation of large, vertically integrated firms and groups of firms, (b) de-localization of part of production or of all firms to low labour cost regions and countries, and (c) extensive replacement of Italian craft-workers by non-EU immigrants, to compensate increasing local labour cost and/or the lack of skilled labour.

The first restructuring process was already visible in the late 1980s (see Bianchi and Bellini 1991; Harrison 1994) and it is widespread across all sectors and regions with IDs, although Lombardia, Veneto and Emilia Romagna seem to lead the process. Older cases of acquisitions which formed powerful large integrated firms like Benetton, Gucci, Stefanel, SASIB and others are well discussed. But new ones,
after 1998, like Diesel (clothing) and Marzotto (textiles) in Veneto, and Prada (footwear, leather, clothing and other fashion items) in Piemonte and Marche, are good examples of how some innovative firms with brand names in former networks bought their partners and formed large, integrated companies with subcontractors. Between 1980 and 1995, in Veneto alone, 2000 acquisitions took place, reducing the total number of firms by 13% and increasing the ratio of employment/firm from 5.6 to 25.7 (Fondazione Nordest 2003). In a recent study by Brioschi, Brioschi and Cainelli (2002), the authors describe what they call “district business groups”, hierarchical corporate groupings of legally independent firms connected by reciprocal shareholdings or by acquisition of companies. They studied 13 industrial districts in Emilia-Romagna and they found considerable evidence of corporate groupings, hence greater concentration of capital and control, and a gradual replacement of the old mechanism of co-operation/competition with more formal and corporate-like relations (2002:1049). The other two restructuring processes are new and require further scrutiny.

**De-localization**

“Tutti all’ estero” (all abroad) is the current catchphrase among Italian entrepreneurs. From the beginning of the 1990s, Italian firms in all sectors but in particular in the “made in Italy” fashion products (textiles, clothing and footwear, the so-called TAC), have started, parallel to the export of finished products, a process of de-localization of parts or all production away from Italian IDs to regions and countries with lower labour cost. De-localization took two forms: (a) direct use of foreign subcontractors in remote destinations and for less complicated phases of production (India, Viet Nam, China) and/or (b) as in (a) plus re-location of machines and some Italian technical supervisors to closer destinations (Eastern Europe, the Balkans, North Africa) and for more complicated tasks, using the cheaper skilled labour force in the new location. A good indication of the process of de-localization is data for imports of semi-finished and final products from high and low cost regions. In Table 1 the data are divided into two periods: 1991 and 2001. The dramatic increase in import figures from low-cost areas by 2001 is remarkable in all three sectors, as well as the gradual penetration of the domestic market by foreign footwear, mainly medium-quality shoes.

In the beginning of the 1990s, Hungary and Slovenia were the main destinations from Italy and particularly from Veneto (as Bulgaria was from northern Greece). They were the closest countries, with adequate infrastructures, and a qualified, well-trained but low-cost labour force (Crestanello 1999). Later Italian firms went to even lower cost
Table 1: Imports of semi-finished and final products (sector TAC) according to areas of origin (in millions Euro, %, 1991–2001).

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<th>1991 From high labour cost regions</th>
<th>1991 From low labour cost regions</th>
<th>2001 From high labour cost regions</th>
<th>2001 From low labour cost regions</th>
<th>1991–2001 From high labour cost regions (%)</th>
<th>1991–2001 From low labour cost regions (%)</th>
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<tbody>
<tr>
<td>Clothing</td>
<td>1.328</td>
<td>1.076</td>
<td>2.179</td>
<td>5.580</td>
<td>64.0</td>
<td>418.4</td>
</tr>
<tr>
<td>Textiles</td>
<td>2.476</td>
<td>1.028</td>
<td>3.122</td>
<td>2.782</td>
<td>26.1</td>
<td>170.8</td>
</tr>
<tr>
<td>Footwear</td>
<td>282</td>
<td>392</td>
<td>619</td>
<td>2.438</td>
<td>119.1</td>
<td>521.3</td>
</tr>
<tr>
<td>Total</td>
<td>4.087</td>
<td>2.496</td>
<td>5.919</td>
<td>10.799</td>
<td>44.9</td>
<td>332.6</td>
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countries like Romania, Poland and Belarus. In Asia they went first to regions specializing in textiles and clothing like Hong Kong and Taiwan but later to Thailand and Viet Nam, searching always for cheaper and more productive labour. Italian knitwear today is mainly produced in Portugal and Mauritius, silk products and T-shirts in China and India, sportswear and textiles in Turkey. Of the 5643 Italian firms having investments abroad, 2000 are real de-localized firms, ie they have transferred all or a substantial part of production to lower cost areas. One small entrepreneur describes the process:

... an Italian garment producer may import today textiles from Turkey produced there under Italian quotas, send it for cutting and stitching to Romania, realize the final phases in Italy and export the final product to US under an Italian brand name, different from their own. (Interview by author, Vicenza, March 1999)

For the “made in Italy” fashion products, firms which de-localized the highest percentage of their production come from Veneto and Lombardia, with 40% and 31% of their production value, respectively. Emilia-Romagna also decentralizes its garment production: in 1998, 42% of production in terms of value was decentralized to Mezzogiorno, 11% to foreign countries and only 47% to regionally based subcontractors (Fondazione Nordest 2003). These figures are in sharp contrast to one decade earlier when 85% of the production value remained within the Emilia region. In Marche, small footwear firms since 1996 de-localize abroad (mainly to Romania) 10–20% on average of their value of production, something that affects local subcontractors negatively. During the last 8 years (1995–2003), in the IDs of Macerata and Ascoli Piceno provinces, the number of firms has been reduced by –5.6%, employment by –13%, the value of industrial production by –7.76% and the value of exports by –8.22% (ARMAL 2003).

At the provincial level, the highest percentage of de-localization among Italian IDs is to be found in Vicenza (47% of industrial value), followed by Treviso, Verona, Bergamo, Padova, Firenze, Prato and Briella Como. In 2000, in the Vicenza TAC fashion sector there were 1765 firms and 25,810 employees. During a period of 9 years local industry lost 1015 firms and 10,551 jobs (38% of the productive units and 28% of jobs): two-thirds of job losses (-6.948) can be attributed to de-localization processes alone, but local unemployment remains low (2–4%) due to the informal structure of the local labour market and the gender division of labour.

Some of the former horizontally disintegrated firms from Veneto, once part of a dense territorial network, have taken the opportunity through de-localization, to re-establish Fordist factories abroad, using what Lipietz (1987) once called “bloody taylorism”. The shoe firm
GEOX from Treviso transferred all its production to a one-roof factory in Romania comprising 1500 workers, while in the wider ID of Treviso a local network of 45 firms specializing in different phases of production was used. In clothing, Campagnolo and Grotto from Vicenza opened factories with 350 and 300 workers, respectively, in Timisoara, Romania, while Grotto opened another in Tunisia with 450 workers, leaving behind a network of 23 small firms. The direct labour cost in these new locations is a quarter to a sixth of Italy, with indirect labour cost (health, safety, strike hours, etc) being practically minimized. It is also interesting that firms servicing the above ones (like packaging, transport and logistics) have also de-localized some of their operations following their customers to new locations. There are many more such examples showing that Fordism is not only alive and well at the global scale, but it also returns as a solution to Italian firms from IDs, which were the cornerstones of flex-spec and industrial district mythology. Table 2 shows particular examples of de-localization from the 10 most important (in terms of production values) clothing companies in the Vicenza ID. Some firms do not de-localize but others show a remarkable adaptation to global production markets of the

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<tr>
<th>Countries and regions for de-localization</th>
<th>Percentage of total production value abroad</th>
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<tbody>
<tr>
<td>Marzotto Foreign subcontractors in Romania, Bulgaria, China, Vietnam, India, Tunisia</td>
<td>38</td>
</tr>
<tr>
<td>Diesel Foreign subcontractors in Tunisia, Portugal, Hong Kong</td>
<td>26</td>
</tr>
<tr>
<td>Antinea (Armani group) No de-localization</td>
<td></td>
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<tr>
<td>Forall No de-localization</td>
<td></td>
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<tr>
<td>Grotto Own factories in Romania, Tunisia, Hong Kong</td>
<td>40</td>
</tr>
<tr>
<td>Sportswear Int (Sinv group) Foreign subcontractors in Romania, Albania, Macedonia, Serbia</td>
<td>25</td>
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<tr>
<td>Dainese Foreign subcontractors in China, Romania, Ukraine</td>
<td>23</td>
</tr>
<tr>
<td>Belfe Foreign subcontractors in Romania, Morocco, Tunisia, Bangladesh</td>
<td>38</td>
</tr>
<tr>
<td>Campagnolo Own factories in Romania and subcontractors in Belarus</td>
<td>45</td>
</tr>
<tr>
<td>Miles No de-localization</td>
<td></td>
</tr>
</tbody>
</table>

garment sector, resembling many characteristics of multilocational companies and re-introducing elements of the “branch circuit” theory.

These de-localizations from Vicenza (the famous city of Andrea Palladio), apart from their negative economic effects, also have an important social and cultural impact. The first is, of course, unemployment in small subcontracting firms, which remains until today hidden because of the informal organization of the local labour market. Another is the intensification of family work in those small firms which continue to operate, through the re-introduction of the ideology of “hard work”, associated mainly with the modernist era of the 1960s and 1970s. Today pressures from the de-localization threat and the removal of MFA protectionism have forced many small family firms to intensify the work of family members and workers alike and to change everyday practices for the worse.

In my fieldwork I visited a few small subcontracting clothing firms working for larger companies, who were actually at the bottom of the local system of flexible production. The men-entrepreneurs were working 9–11 hours per day, 3–5 hours on Saturdays and some also worked few hours on Sundays. Workers are forced to work overtime, without extra compensation. Wives also worked full time in the firm but gender made a difference: although their work is highly skilled, it is classified as “unskilled” from a male point of view, because it is carried out during “non-official hours”, or as “unproductive”, when they are doing the cleaning, the accounts, paying the bills, etc. And of course none of the male entrepreneurs mention that they are also responsible for the reproduction work (domestic duties, family care etc). Although such support is essential for the firm’s economic survival, Italian familistic and reciprocal traditions make it appear as “natural” and “their choice”.

The Replacement of Italian Craft Workers by Non-EU Economic Immigrants
International non-EU economic immigrants started entering Italy in substantial numbers in the second half of the 1970s. During the 1980s and 1990s the most important group were the Moroccans who today form the largest Muslim foreign population in Italy. By January 2004 there were 2,547,736 legal residence permits issued to immigrants, a dramatic increase from the 656,750 permits in 1991. Table 3 shows the dramatic changes during the last 13 years and the religion of immigrants. After Germany and France, Italy has the largest number of Muslims in the EU (824,000), double that of England (400,000). The increase in Christian immigrants is due to arrivals from Eastern Europe.
All Italian researchers, however, emphasize that these official figures do not represent the reality (Pugliese 2002; Verducci 2003). The structure of the labour market, with its many “holes” for informal work, presents a “window of opportunity” for thousands of immigrants arriving via the sea to work and stay in Italy without documentation (as in all Southern European countries). Despite a strict law on immigration introduced by the Berlusconi government (after pressures from the extreme right), boat loads of desperate people kept coming and annually 2000–3000 lose their lives in boat accidents.

The majority of work is in the Northwest (32.6%), followed by the Center (29.1%), the Northeast (24.1%), the South (9.8%) and the islands (4.3%). In 2004, foreign immigrants formed 4.3% of the Italian population, surpassed in the EU only by Greece (9%), Spain (6.4%) and Germany (5.8%). As Lanziani (2003) noted, of particular interest is the distribution of the immigrant population towards IDs with small, historical urban centers, where they find both housing and employment:

... In the North and the Center (of Italy) immigrant populations re-use small depopulated historical centers for both housing and work ... in small historical towns in the pre-Alpic zone, in the Padana valley and in Veneto as well as in the hill towns of the Marche, where industrial districts face a crisis, immigrants became the solution for many SMEs especially where restructuring was synonymous with cheap and semi-skilled labour ... The influx of immigrants helped particularly two categories of small firms (a) firms with productive cycles which were either expensive or risky to relocate to other zones, (b) subcontractor firms totally dependent on cheap labour ... In any case the arrival of immigrants initiated a process of economic and social metamorphosis in small urban centers with particular effects at the micro-level of everyday life ... (Lanziani 2003:15–16, author’s translation)

This metamorphosis described by Lanziani is visible in most small Italian cities, with immigrants forming the majority in certain labour

Table 3: Foreign immigrants in Italy

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Christians</th>
<th>Muslims</th>
<th>Jews</th>
<th>Hindus</th>
<th>Buddhists</th>
<th>Other</th>
<th>As % of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>656,750</td>
<td>44.6</td>
<td>38.0</td>
<td>0.6</td>
<td>2.1</td>
<td>2.5</td>
<td>12.3</td>
<td>1.20</td>
</tr>
<tr>
<td>1999</td>
<td>1,251,994</td>
<td>45.9</td>
<td>36.8</td>
<td>0.3</td>
<td>2.5</td>
<td>2.5</td>
<td>11.9</td>
<td>2.30</td>
</tr>
<tr>
<td>2001</td>
<td>1,362,630</td>
<td>45.2</td>
<td>36.4</td>
<td>0.3</td>
<td>2.6</td>
<td>2.6</td>
<td>12.0</td>
<td>2.33</td>
</tr>
<tr>
<td>2004</td>
<td>2,547,736</td>
<td>50.3</td>
<td>32.4</td>
<td>0.3</td>
<td>2.4</td>
<td>1.9</td>
<td>12.8</td>
<td>4.31</td>
</tr>
</tbody>
</table>

Source: Caritas, Ministero dell' Interno (2004)
intensive sectors, in street trade, in cleaning and care jobs, a real cultural change (some speak of a shock) for a country without a recent imperial past and without experience in accommodating foreign cultures.

Table 4 shows the regional distribution of foreign immigrants in 2004. Marche, with immigrants making up 4.7% of the total population, has the highest figure above the national average among the regions with IDs, although Lombardia with 5.1% and Lazio with 5.6% have higher figures. The regions of Marche and Umbria which show high figures have the best and most progressive regional policies for immigrants. On the contrary, regions in the Northeast have anti-immigrant attitudes (see the racist statements by Lega Lombarda) and the South is seen by immigrants only as a starting point for their journey. Other regions with important industrial districts follow, like Emilia Romagna with 4.3%, Toscana 4.1% and Veneto 3.2%. Finally, the figures for the sectors where they find employment are as follows: the average national figures show services first with 40%, followed by industry 32%, construction 12%, agriculture and fishery 5%, and miscellaneous 5%.

The presence of foreign immigrants was not without protest from local unions. In Modena, Vicenza, Prato and Bergamo local syndicates in clothing have strongly protested against the presence of Chinese workers who work with Third World salaries in small firms. Unions in Carpi estimate that in local textile and clothing firms there are 1600 Chinese workers (one-third of the employment in the two sectors), although only 850 are registered (Il Sole 24 Ore 2002).

During the last 4 years Marche has been the region with the highest figure of economic immigrants. International immigration started as seasonal during the late 1980s when local footwear firms started “importing” skilled Moroccans from the region of Fez, one of the three “imperial” cities of Morocco with a famous medieval leather

Table 4: Regional distribution ranking of foreign immigrants as percentage of total population in Italy (2004) (national average 4.31%)

<table>
<thead>
<tr>
<th></th>
<th>Region</th>
<th>Percentage</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lazio</td>
<td>5.6</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Lombardia</td>
<td>5.1</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Marche</td>
<td>4.7</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Umbria</td>
<td>4.6</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Piemonte</td>
<td>4.5</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Emilia-Romagna</td>
<td>4.3</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Toscana</td>
<td>4.1</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Friuli-V.-Giulia</td>
<td>3.8</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Trentino A.A.</td>
<td>3.6</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Veneto</td>
<td>3.2</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Valle d’ Aosta 2.8  
Campania 2.8  
Liguria 2.6  
Abruzzo 2.5  
Puglia 1.9  
Basilicata 1.8  
Sicilia 1.6  
Molise 1.3  
Sardegna 1.3  
Calabria 1.2  

Source: Caritas, Ministro dell’ Interno (2004)
and shoe craft district. This is explained by the structure of the regional labour market, which was historically dependent on skilled, seasonal and labour intensive activities: of the 4000 SMEs, 90% are in the footwear sector. In 1991 there were in total 10,000 non-EU immigrants in Marche (official numbers), in 2001 40,000 and by 2003 close to 60,000. A special characteristic of Marche is that immigrants work mainly (63%) in small footwear firms, 19% in construction and the rest in various services (Verducci 2003).

The Marche shoe districts have been extensively studied by many (eg Anselmi 1989; Blim 1989, 1990; Renzi 2002) who have documented the cause of the rise in the 1970s, the first decline in the early 1980s and the crisis of the late 1980s. In the early 1990s a new crisis was overcome after the opening of Eastern European markets, with export increases to Russia, especially after 1995, but it was short lived and only lasted until 2000. In the 1970s, firms in the IDs were in an advantageous position because they were able to provide fashion quality products at low cost. Barriers of entry to firms were practically non-existent and a monosectoral specialization rapidly developed with a high local social and spatial division of labour with a “dynamic equilibrium” (dei Ottati 1994) between forces of competition and those of cooperation within the districts. This specialization continues today (4578 firms and 36,681 employees) under intense global competition and with a parallel pulverization of firms in terms of size: 78.5% of the firms have less than 10 workers and survive only as subcontractors to larger ones that demand lower piece prices to confront competition from the Balkans and China, thus forcing small entrepreneurs to employ low-paid skilled immigrants. The latter receive 60–80% lower payments than Italian workers.

In Macerara, the major cause for small firms to employ immigrants, according to the Regional Association of Footwear producers, is not only low salaries, but also the lack or unwillingness of local skilled Italians to work both in the production sphere and in more administrative positions, not to mention R&D. The younger generation avoids working in shoe industries because of its “low social and cultural prestige” and they also avoid studying in technical schools and at university subjects related to footwear.

Working in the footwear sector was and remains a hard, skilled job and very flexible indeed. Table 5 shows that only 14.19% of the workforce, mainly men, hold regular stable contracts. The highest percentage of workers work with short-term contracts up to three months, i.e. for each peak period of production for the summer and winter collections. Note also the persistence of homeworking (6.8% of the workforce, paid by the piece), all of which involve women, verifying once more theoretical arguments and empirical findings about the gender division of labour in the shoe industry (Vinay 1987). A similar
analysis is made in Table 6 from the ethnicity point of view. The majority of immigrant men work with short-term contracts, 80% up to 3 months and 61% up to 5 months (paid mainly by the piece), substituting for the lack of interest by Italians in doing these jobs. The majority of regular contract holders are Italians and there are no immigrant homeworkers. These data show that gender and ethnic divisions of labour are essential for the flexibility/survival of small firms.

Conclusions: the Need for New Theorization and a Political Comment

Italian IDs have gone through several crises and optimists may respond that, thanks to their flexibilities, innovation and learning capacities, they will also survive the current crisis. This might be true, but in this paper my concern was not to prove whether this will happen, how profitable it will be or how much the IDs will export, although these questions do matter. My focus was rather on IDs’ internal and external economic and social transformations, arguing that these will mark a new phase in their history, qualitatively

Table 5: Forms of contracts and forms of working flexibility in the footwear sector in the Marche (2002) by gender

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term regular contracts</td>
<td>40.63</td>
<td>59.37</td>
<td>100</td>
<td>14.19</td>
</tr>
<tr>
<td>Part-time contracts</td>
<td>48.31</td>
<td>51.69</td>
<td>100</td>
<td>2.78</td>
</tr>
<tr>
<td>Homeworkers (piecework)</td>
<td>96.60</td>
<td>3.40</td>
<td>100</td>
<td>6.18</td>
</tr>
<tr>
<td>Short-term contracts (up to 3 months)</td>
<td>45.97</td>
<td>54.03</td>
<td>100</td>
<td>59.14</td>
</tr>
<tr>
<td>Short-term contracts (up to 5 months)</td>
<td>54.42</td>
<td>45.58</td>
<td>100</td>
<td>17.71</td>
</tr>
</tbody>
</table>

Source: CGIL (Marche 2003)

Table 6: Forms of contracts and forms of working flexibility in the footwear sector in the Marche (2002) by ethnicity

<table>
<thead>
<tr>
<th></th>
<th>Italians</th>
<th>Foreign immigrants</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term regular contracts</td>
<td>95.38</td>
<td>4.62</td>
<td>100</td>
<td>14.19</td>
</tr>
<tr>
<td>Part-time contracts</td>
<td>88.63</td>
<td>11.37</td>
<td>100</td>
<td>2.78</td>
</tr>
<tr>
<td>Homeworkers (piecework)</td>
<td>99.67</td>
<td>0.33</td>
<td>100</td>
<td>6.18</td>
</tr>
<tr>
<td>Short-term contracts (up to 3 months)</td>
<td>19.35</td>
<td>80.65</td>
<td>100</td>
<td>59.14</td>
</tr>
<tr>
<td>Short-term contracts (up to 5 months)</td>
<td>38.70</td>
<td>61.30</td>
<td>100</td>
<td>17.71</td>
</tr>
</tbody>
</table>

Source: CGIL (Marche 2003)
different from the celebrated one, with new characteristics that might oppose those used to construct the archetypal mythology. Third Italy will not be as we knew it. In this respect my provocative “end” and the question mark in the title should be read as an open invitation to rethink radically dominant conceptualizations about IDs in Third Italy and beyond.

At the same time, however, we must support our critique with empirical evidence and avoid the ill-grounded theorizations of the mythmakers. I don’t argue for a generalized, structural crisis in all Italian IDs, but for some important transformations, particularly in the fashion and more labour intensive sectors and in regions with relatively new IDs like Veneto, Lombardia and Marche, although similar transformations are observable in Emilia-Romagna and Toscana and in the TAC sectors in all IDs.

The new conditions are of high concern to both unions and industrialists. Today, a debate is open within the powerful Confindustria (The National Italian Association of Industrialists) that “made in Italy” as a brand name or territorial names like “made in Prato” are not enough (La Reppublica 15 May 2003). Those who continue to produce in Italy argue that a distinction should be made between products designed and produced entirely in Italy and products with Italian design but with partial or total production abroad. Their arguments are based on the fact that relocated firms cannot use “local craft tradition” as a key term in the promotional rhetoric of virtually every Italian manufacturer. The supposed unbroken tradition of making things by hand in artisan workshops from the Renaissance until today does not make sense when the value of products produced in Italy is only 15–45%.

We have to remember that the process of capitalist accumulation in industry combines what is in fact a multi-faceted, varied and polymorphous continuum of forms of industrial organization. It was convenient for the “Second Industrial Divide” type of theories to analyse this process with a dichotomous and binary approach, and the early critique by Sayer (1989) showed the limits of both post-Fordism and flex-spec theories. Mythmakers, however, continue to forget that IDs are historical forms of capitalist organization, ie they are temporary socio-spatial fixes in the uneven capitalist landscape (see also Harvey 2000, 2003). Like all other forms of production, they survive as long as two conditions are secured: (a) their social and geographical division of labour remains globally competitive vis-à-vis other similar areas, sectors and other forms of industrial production, and (b) their internal system of social reproduction remains unchallenged. The three restructuring processes described above seriously challenge these conditions theoretically and empirically in Third Italy itself and
provide the basis for a more general critique of “New Regionalism” theories.

Mergers and acquisitions with brand name firms and group firm formation directly challenge grandiose claims about flexible small firms as the dominant solution for the future. The power of Fordism has not disappeared; on the contrary, it can reassert its dominance and reshape its geography. De-localization breaks down local clusters and networks and builds up new hierarchies resembling many characteristics of vertically integrated multilocalational companies. In this respect the basis of the theoretical construct of localized external economies, proximity and even co-location that goes by the name of IDs is under question. And finally, the relatively stable local social structure of Third Italy, with limited in–out migration that permitted the continuation of craft traditions, the reproduction of skills and the strengthening of local social capital with reciprocity, trust etc is seriously challenged with the increasing presence of non-EU immigrants.

All of the above cry out for a new theorization and any new consideration must be located within a broader political economy perspective on the nature of capitalist development, with “real” social agents with class, gender and ethnic positions and in particular cultural contexts. To many admirers of the flexible and innovative IDs of Third Italy the fact that they operate under capitalist relations of production is downplayed or totally forgotten. Some have gone as far as Sabel (1985:220) who argued that “… Marx’s idea of labour as joyful self-creative association” was found in Italian small craft firms “… where the present factory system is practical after all”. A closer look, as Ross argues, told a different story:

… Just because artisans are not factory workers does not make them free, or any more capable of controlling their time and labour value. Yes, an artisan can be a skilled, apprenticed craftsman (especially if he is male) who is functionally flexible in the application of those skills. But (and especially if she is a woman) she is more likely to be off-the-books homeworker who accepts job enlargement (as opposed to job enrichment) as a matter of familial sacrifice or self-exploitation. (Ross 2004:216)

The reality, therefore, is less glossy and in this paper I opened a discussion for an alternative view, which also requires a new theorization. Some elements of this new theorization could include the need to take into account (a) the global system of price relations and to include in the analysis questions of distribution and retailing; (b) the role of the state and the various forms of regulations like the MFA; (c) informalization, the role of labour (native and immigrant) and of all types of firms; and finally (d) the need to extend the analytical
focus from a bounded territorial system of production to an *unbounded, scalar spatial system* in which both local and international relations are taken into account. Many optimists have understood IDs as bounded territorial social and economic systems, which was true for one set of relations but inadequate for others. The apotheosis of territories and regions as new units of analysis has disoriented the debate from the scalar spatial framework to a kind of bounded territorial logic finally pushing the argument to the trap of reification.

To be sure, mergers, de-localization and the immigrant flow have exacerbated problems in Third Italy and require a new approach. But the combination of various forms of production, of various firm strategies, of a high-wage core and a periphery of low-wage sweatshops, is not a post-2000 development. This kind of structure has a long history in Third Italy, which was downplayed for political reasons. In this respect the suggestion that Third Italy can be used as a blueprint for the development of other local economies and that Italian IDs constitute a progressive, even radical alternative, is much more contentious and one that I would like to strongly oppose.

There is little theoretical evidence to suggest that one particular industrial solution, especially the one predicated on flexible small firms, will remain superior in the long run and suitable for other socio-cultural environments. My reservations hold all the more strongly if we include the current transformations in the Italian IDs themselves and the impact of FDIs from Italy in the form of Fordist factories in regions of destination in the Balkans and North Africa.

The fact that some “red” administrations in the 1970s were indeed honest, innovative and pro-business and were able to support a remarkable growth with social welfare cannot elevate IDs into radical alternatives. In planning practice we are often confronted with hard choices and IDs could be preferable in one case as inward investments or large assembly plants could be in another. But these planning alternatives cannot justify themselves as radical simply because they are preferred by the new fashion in academies. If there is a “Third Way” or any other alternative to economic and social development, this cannot come from universally applicable academic models and definitely not from the constructed myths on Third Italy.

**Endnotes**

1 The first version of this paper was presented at the 5th EURS Conference, Pultusk, Poland in September 2004. The final version was written during a fellowship in NIRSA, Ireland. I wish to thank the participants in EURS and NIRSA, particularly its director R Kitchin for their support. Thanks also to R Hudson, J de Filippis and E Mingione and one anonymous referee for their comments on the final draft.

2 I would like to thank all researchers, public and community officials, entrepreneurs and unionists in Vicenza and Macerata who made this research possible. In particular,
I would like to mention G Dini, N Fanelli, S Renzi and F Verducci. Fieldwork was conducted in March 1999 in Vicenza, and March and July 2003 in Macerata.

According to the 1996 ISTAT census, 51.3% of Italian IDs belong to the TAC sectors (textiles, clothing, leather and footwear), 19.6% to products for house equipment, 16.1% to mechanical products, 8.5% to food products, 3.0% to paper and printing and the rest to other minor specializations. It is interesting to note that the majority of the international literature focuses on mechanical products, ignoring the TAC sectors.

Ten small firms were visited with a short open-ended questionnaire.

I became aware of this information during a recent visit to Fez, where I realized that in the leather and shoe district of its famous Medina I was able to communicate in Italian. After a short discussion I found this peculiar connection.

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