

Premio Becattini
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The Becattini
perspective:
looking backward
and looking
forward

Ideas travel and meet up

- I want to begin with some personal history. I believe I first met Prof. Becattini in the mid-1980s personally, but I had heard of him before that. I was a young scholar in California and several of us were trying to come to grips with new forms of industrialization there. The Tuscan and 3rd Italy models kept on coming up for us, and of course they'd been popularized in the English-speaking world by Piore and Sabel. My colleague Allen Scott had already met Becattini in person and spoke excitedly of the work going on in Florence, as we tried to interpret the California reality of flexible specialization around us.

A globalized effort to understand change

- The questions of how to understand our US and California reality – alternative industrialization? Post-mass production? Post-Fordism? Progressive or regressive? – were already emerging as hot topics in the USA, especially in light of the deep deindustrialization then occurring in the USA, the suffering regions and people from that, and the challenge of responding to Reagan’s libertarian anti-state, plutocratic “renewal of capitalism” program. In that context, I applied for a fellowship to spend a year studying French and Italian regional clusters. France was an easier habitat for me due to mastery of that language, and there were some interesting things going on in the French regions, but Italy was the more important and developed terrain of study and theorization. My welcome in Italy was divided between Bologna and Florence.

Arrival in Florence

- It is impossible to overstate just how welcoming Prof. Becattini and his group were, and how a whole world of thought and history opened up to me. Anyone who knew Prof. Becattini can attest not only to the precision and breadth and depth of his learning, but also to his personal magnetism and generosity in sharing and educating and inspiring others. It is in light of this history that this is for me an almost unimaginable honor. And, of course, the food!

Discovering alternative thinking about industrialization

- I want to emphasize just how important it was to those of us coming from outside Italy and Tuscany to study the distretti industriali and the concepts being developed in Italy. We now know, in retrospect, that the 1970s and 1980s were a huge transition worldwide. They were an industrial and technological transition—the so-called Third Industrial Revolution. They were the beginning of the second great modern globalization. They were a period in which institutions developed in the post-world war 2 period came under attack and into question, as for example in the Reagan revolution I just mentioned. Almost all of our conceptual frameworks at the time were reactive – post-this, and post-that. We had few frameworks that were positive visions of alternative futures. This was in part because most of us had never studied anything other than mass production manufacturing, its workforces, regions, institutions and so on. All we could think about was defending or reforming that.
- The existence of an alternative way of thinking was a very exciting discovery

The comparative perspective. The non-deterministic perspective

- The existence, on the ground, of different pathways was, at that time, an opening onto a larger, comparative and more open-minded way of thinking about industry, regions, and economic development.

California, the East Coast, Europe

- At the same time, our perspective out in California was different from that of the leading Europeanists in the USA, a group dominated by scholars from NY and Boston, regions with a longer history of manufacturing, and a longer history of old artisanal communities. California was a different type of experiment in alternative industrialization pathways. The resemblance to Tuscany is minimal, but what was shared was a need to be open-minded about difference “on the ground” and to develop conceptual tools for understanding both commonalities and differences in industrialization experiences, and methods for describing and measuring with rigor.

California: Silicon Valley and Hollywood

- Our California case was dominated, of course, by the tech revolution and the appearance, at the time, of a small cluster in the Southern SF Bay region, which early on was labeled Silicon Valley. In Southern California, it was dominated by the reorganization and rebirth of the motion picture industry, the new Hollywood cluster, as the old established studios went through a process of vertical disintegration and rising variety and flexible specialization.

Clusters, cities, agglomeration

- Right about the same time, mainstream economics rediscovered clusters and cities. On one hand, there was a theory breakthrough in the economics of agglomeration, in the form of the solvable agglomeration model of Krugman; and a wake-up to the beginnings of an empirically observable urban economic revival in the form of growth of dense urban employment clusters in high-wage industries. Then, there were significant new empirical papers on the relationship between density and innovation. All of these went against the grain of the accepted models in economics and EG that were derived from the old industrial economy and de-urbanization in the 1950s and 1960s (at least in the USA). And they certainly seemed to match the two big clusters we were observing in California: tech in SV and media/entertainment in Hwd, as well as the explosive growth of finance/advertising and business services clusters in NY and other major cities; and – even in the heartland of mass production, the USA – the appearance of new “quality goods clusters,” resembling – in a faint way – the diversified quality goods clusters found throughout central and Northern Italy, in Germany, and in some parts of France.

The scholar of Marshall: Becattini

- Who was ready for all this? The world's pre-eminent scholar of Marshall, Giacomo Becattini and the way he drew on Marshallian externalities into a socio-economic system paradigm to conceptualize industrial districts.

Bringing it back to California: the Lake Arrowhead meeting

- By this time, of course, the reputation of Becattini was already growing well beyond Italy as scholars around the world discovered in the work of the IRPET group a rich vein of conceptual inspiration for thinking about different pathways to industrialization. In 1990, Allen Scott and I organized a global encounter around this subject at the UCLA Lake Arrowhead Conference Center in the mountains nearby Los Angeles. My memory of this is, in many ways, that it turned into a de facto tribute to Becattini – he was, in effect, as the inheritor of Marshall, the father of the rest (and it was a very distinguished group of scholars). Subsequently, when Scott and I edited a book from that conference, called *Pathways to Industrialization and Regional Development* in 1992, we were astonished by the worldwide sales – in large part based on the turf that had been prepared by Becattini and of course Piore and Sabel.

Incontri pratesi

- It will surprise none of you that the most stimulating encounters were those organized at Artimino over the years, of which I had the privilege to attend a few. The Incontri Pratesi were something like the inner sanctum of thinking about local economies in a Becattini-way. And one can also never forget the inspiring presence of Becattini himself – encouraging the researchers to take risks and explore, but to be sure that they had done their homework first. The astonishing setting and meals didn't hurt either.

France, Italy, USA

- A last biographical word. My own work on comparative regional development, drawing on the inspiration from Becattini, continued actively in the 1990s. I teamed up with Robert Salais, a French economist, to do detailed work on France, and my ongoing American work with Allen Scott, combined with lessons I had learned from the time in Florence and Bologna, inspired my book with Salais entitled *Worlds of Production* in French in 1993 and with a shorter English-language version in 1997, and another book *The Regional World* also in 1997.

The explosion of comparative research

- By this time, scholars in many places were exploring clusters in a comparative way. A huge literature on this topic began to emerge. Some of it involved a complex socio-economic approach to clusters, emulating Becattini's work rather closely. Some of it came from more formal economics approaches with statistical parsing and modeling. Some was quantitative; some qualitative; some cross-sectional; and some historical. But the influence was here to stay and remains important to this day.

Where to go from here?

- This work, which continues world-wide, involves a hugely important scientific/research and policy-relevant agenda. Some of it directly acknowledges the Becattini heritage, some does not. But imitation is the highest form of flattery. So in the rest of this talk, I want to reflect on some of what I think are the most important challenges today to us as researchers and policy-relevant questions that come directly or by imitation from the Becattini heritage.

Comparativism is hard

- One academic challenge is that of specificity versus replication and generalizability of studies of socio-economic systems such as local production systems or clusters. One of the strengths of the kinds of work pioneered by the Becattini group is the multifaceted nature of the industrialization process that is examined. Unlike models in mainstream economics, the notion of feedbacks between people, groups of people, collective efficiencies and individual decisions, are taken into account. But this makes it hard to get results that are easily seen as replicable or easily accepted as generalizable. Comparativism is hard. There has indeed been much work that is more traditional – in the sense of parsimonious and somewhat reductionist – on different aspects of clusters, in the past couple of decades. Some of it is very good, some of it is not so good. We have multitudes of papers on innovation in clusters; start ups; diversity versus specialization; knowledge spillovers; proximity versus long-distance; social networks; the factor content of agglomerations; and many other topics. What we do not have is a solid large-sample sense of how clusters become and evolve. There is always a trade-off, in other words, between the cross-sectional approach that is conducive to statistical sampling and treatment, and the spatio-temporal-institutional approach that attends to process and development.

Depth versus breadth in comparison; the tension of parsimoniousness versus completeness

- I tried something of an attempt to do both in a book on SF and LA a few years ago. Our team tried to situate the development of these two economies since 1970 by using standard-type hypotheses about causes and subjecting them to rigorous empirical examination and, by process of inclusion and elimination, coming round to a Becattini-type explanation that what really mattered was collective vision in steering complex, open, systems such as a regional economy in the face of many different kind of actors and a changing global context. But – on the downside – we had an $n=2$, and it required a whole book and a team of researchers for 7 years to do this. This is not the kind of parsimonious research that will be helpful to young researchers today. The answer is not to despair! But instead to carry out parsimonious and rigorous pieces of research with a larger Becattini-type framing, and remembering that one is only solving a piece of a larger puzzle. Knowing that there is a larger puzzle there is the difference between boring and technical research

Collectivism, rationality, methodological individualism

- One of Becattini's main points is that collectivism and rationality are embedded and constructed in particular contexts, or more precisely that the boundary and relationship between them is historically and geographically specific to some extent. In wider social science, there are schools of thought that capture this point by looking at rules and institutions as expressing different boundaries and also as being subscribed to when people go along with them, or don't. My sense is that there's a big divide between people who study local economic clusters in a holistic way – who generally believe this – and more developed areas of economics that see pathways of development as over-determined by technology, market structure, and trade costs. I think we need to take some of this back, in a non-naïve way, with bigger better comparative research.

The bigger picture today

- There's a context of macro-concerns about contemporary capitalism that Becattini was aware of, but that since has come front and center in public debate. These consist of growing inter-personal inequalities, even in prosperous countries and regions; geographical inequalities between successful and less successful regions; widespread frustration with work quality, from the less skilled to the highly skilled. Our models of development seem deeply flawed in these and other ways. The multi-layered Becattini approach would be compatible with thinking about pathways to development create such dilemmas. Let me suggest some pressing issues that those of us who learned to think in this way from Becattini should be taking on. Much of this involves being bolder in stepping out of the local context itself and seeing bigger (e.g. national) development pictures as complex assemblages of many different local contexts:

Why have so few economies got it right?

- First, there are very few successful national economies today that are built primarily on the kinds of local productive systems studied in the Florentine context. We might think of these, in a wider perspective, as “diversified quality production” systems. Germany has done rather well, with its amazing *mittelstand*, many different successful regions, and articulation between local clusters, home-grown multinationals, foreign market presence, and global production chains. But if we look around the West, the other economies have done much less well. I think the Germans have lessons for us....which is, that in the context of globalization of trade; and new tech, the only choice is to move up the quality chain and the diversification chain. Why has this been so difficult for so many regions, when it seems obvious? There are many reasons: in the USA, it’s the history of mass production and a fetishization of “high tech,” and similar in France. This leads to a very unequal occupational-wage structure, high levels of inter-regional inequality, and a big box culture of mass consumer conformity more than quality. The Zara case in Spain may represent, however, an interesting and more favorable case.

The dark side of industrial districts

- Second, the dark side of the industrial districts in high-tech, finance, and other science-based 3rd Industrial Revolution sectors. The American example is instructive because the USA is the most successful country in the world in the 3rd IR. Becattini was concerned to create a capitalism with a human face. But our industrial districts, such as Silicon Valley, have very high levels of income inequality, and not just very high incomes; they have both astonishing examples of technological achievement and entrepreneurship, but also predatory behavior and growing issues of oligopoly; they are investor-controlled not in any sense community controlled ; they are parts of Superstar cities that are glittering but unequal, laced with shameful squalor and socio-economic and spatial exclusion. Are these the dark sides of clusters? Many people are starting to think this way. How can we get the best of these places without the worst?

A national economy should be diverse, but quality-oriented

- Third, this leads me back to the national context. I think the ideal economy today would have the American strength in high tech with the German strength in quality manufacturing, and the Italian strength in diversified artisan-based quality augmented by a sharp use of tech and design. But I don't think any country has gotten this diversified ecology of industry right. It's always some kind of lopsided mix. This isn't at all an abstract question today. It is plainly obvious that the populist turn away from democracy today is the erosion of confidence in development to be balanced and thereby inclusive of many different kinds of peoples, regions, and types of production and work. Widespread meaningful production and widespread meaningful work (with an accompanying more even income/wealth distribution) are going to have to come back for democracy to regain the confidence of our populations.

Europe versus the USA: Europe is not dynamic enough

- Europe and the USA are like mirror images of each other's problems, in this regard. Europe missed the 3rd industrial revolution and European multi-nationals have largely dropped in worldwide significance, having an incumbency problem. Creative destruction and cutting edge innovation have been weak. How can we inform Europe about how to do better?

Can the USA model be reformed, or "Becattini-ized?"

- The USA has been weak in widely distributed inclusive development, but very strong in creative destruction and world-dominating technologies and capitalization of its firms. Can the USA model, with its amazing entrepreneurship and rivers of capital for taking risks, become a more Becattini-like system?

We must link to the big questions

- In this regard, I think (or hope) that we are on the verge of another golden era of work on clusters and industrial-regional development, where we step up to these questions and have a greater voice on them. This may sound utopian, and it requires more than just wishful thinking, but I think it's the heritage Becattini bequeathed us.