The Marshallian industrial district and inclusive urban growth strategy*

*Dedicated to the memory of Giacomo Becattini

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Abstract: One of the aspects of industrial district theory still little discussed is its relation with the city as a socio-economic entity and with theories that study the city. Building this ‘bridge’ is a task of enormous difficulty that can hardly be solved in an article. In this article, we contribute to this bridge by exploring one of its most urgent and relevant aspects: the relationship between the industrial district and inclusive urban growth.

Piketty’s recent book *Capital in the Twenty-First Century* (Piketty 2013) has proven that inequality in income distribution has steadily increased since 1975, leading to a greater concentration of income in wealthier segments of the population. He argues that this tendency is a feature of the capitalist system and refutes the Kuznets curve hypothesis that, in advanced stages of development, inequality tends to decrease, thus reopening the debate on capital accumulation and class conflict posed by Marx in the nineteenth century.

Although ignored in Piketty’s work, the concentration of wealth and the increase of inequality have a clear geographical component. The world’s biggest cities and metropolises not only contain the majority of the population, production, and economic

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growth, but also the greatest numbers of rich and poor people, showing increasing inequality (Henderson 2010, OECD 2016, Florida et al. 2016, Florida and Mellander 2015). The problem of inequality is not only a problem of classes but also, first and fundamentally, an urban problem. Strategies to increase economic growth and decrease inequality must necessarily have an urban and inclusive perspective.

Urban areas are characterised by the generation of a large number of economies of agglomeration and by a highly specialised division of labour (Trullén et al. 2013). Economies of agglomeration are well known to urban theory and industrial district theory. Agglomeration economies are usually divided (Trullén et al. 2013) into internal and external. Internal economies of agglomeration are related to the concentration of production in big firms and corporations. External economies of agglomeration are due to the concentration of people and production in the territory, and are usually divided into Marshallian economies related to the localisation of production (hereafter ‘Marshallian external economies’) and economies of urbanisation (see Sforzi and Boix 2015, for some nuances in the terminology).

The organisation of production and economies of agglomeration are not only at the basis of the mechanism of urban economic growth but also at the basis of the mechanism of unequal accumulation of income and wealth. The relationship between economies of agglomeration and growth has been widely studied and is recognised as a cause of inequality between territories. However, the relationship between economies of agglomeration and household inequality has hardly been studied (See Kim 2008 for an introduction to both aspects).

The economies of agglomeration have important effects, not only on the mechanism of production but also on that of ‘pre-distribution’, that is ‘the way in which the market distributes its rewards in the first place’ (Hacker 2011, p. 35). There is incipient evidence (see OECD 2016, Florida et al. 2016, Castells and Royuela 2015) to suggest that the pre-distributive mechanism in big cities favours inequality and that this fact is related to two types of economies of agglomeration: internal economies related to the size of a firm, and external economies of urbanisation related to the size of a city. On the contrary, Marshallian external economies that rule production in industrial districts would favour more balanced pre-distribution mechanisms (Becattini 2015a). The effect
of economies of urbanisation linked to social and productive diversity (usually referred to as ‘Jacobs urbanisation economies’) is less known.

The goal of this article is to link industrial district theory with inclusive urban growth, identifying the role that industrial district theory can play in the design of new, inclusive urban growth strategies and emphasising its balanced, pre-distributive nature.

The article is divided into four parts. Section 2 describes the growth model followed by capitalism in the twenty-first century and the role of the city in the design of inclusive growth models. Section 3 develops the linkages between inclusive urban growth and industrial district theory. Finally, section 4 is devoted to the conclusions.

References


