Fergus Murray

Flexible specialisation in the 'Third Italy'

Connecting with earlier debates in *Capital & Class*, this article criticises the model of flexible specialisation, popularised by Sabel, Piore and others. Drawing upon his own extensive research in the Emelia-Romagna district of Italy, Fergus Murray rejects the view that workers stand to benefit, materially and politically, from new flexible labour processes. The paper briefly considers the implications for alternative strategies of economic restructuring.

● In the gloom of Thatcherite de-industrialisation the promise of economic regeneration by way of 'flexible specialisation' has proved seductive to many on the left in Britain. This paper takes issue with the work of Sabel, one of the more optimistic advocates of the healing powers of flexible specialisation (see Sabel, 1982; Sabel & Piore, 1984).

In Sabel's work 'flexible specialisation' denotes a new phase of capitalist production characterised by craft labour, small-scale industry using the latest technology, and diversified world markets and consumer tastes. The main empirical base for this theoretical development is drawn from a brief analysis of changes taking place in small firms in the engineering industry in the Italian region of Emilia-Romagna, which forms part of the so-called 'Third Italy', standing between the congested industrial north and the underdeveloped south of the country (see Brusco, 1982; Brusco & Sabel, 1981).

The 'Third Italy' includes the regions of Emilia-Romagna, The Marches, Tuscany, and Umbria. It is characterised by the presence of small, medium and artisan firms in the engineering, textiles and clothing industries, and areas of extremely rich, and peasant subsistence, agriculture.[1] These regions are sometimes also referred to as the 'Red Belt' because their local and regional administrations have been dominated by the Italian left in the post-war period. Nowhere is this more so than in 'Red Emilia'

where the Italian Communist Party (PCI) has reigned supreme since the fall of fascism.

The limited aim of this paper is to return to the Emilia-Romagna of the early 1980s to examine some of Sabel's claims about the 'high technology cottage industry' of flexible specialisation.

Sabel's analysis of flexible specialisation

Sabel tends to see in the Emilian economy the emergence of a post-Fordist production regime based on small-scale, high-technology cottage industry that will hand back to labour some of the creativity of work Fordism has eliminated.[2] Sabel sings the praises of Emilia's small firms because here the strict division between the conception and execution of work, and the minute fragmentation of work typical of Fordism are absent. In short, Sabel considers Emilia's small firms to be 'something more utopian than the present factory system' (1982: 220).

Sabel does mention that it is not every small or tiny firm in Emilia that is a utopia of unalienated labour, although he makes no attempt to quantify the percentage of utopias. However his analysis steadfastly concentrates on Emilia's most 'progressive' firms.

The emergence of these firms is the result of two processes: the diversification of world markets and the strength of Italian workers' struggles. In Italy large firms hamstrung by strong shopfloor worker organisation were unable to respond to changing markets as mass production markets became increasingly diversified. This gave small firms a chance to enter these markets. Decentralisation, through sub-contracting, provided additional work for the small firm sector and some skilled workers left large firms to seek higher wages in the small firm sector.

Small firms were at first heavily dependent on larger ones. Gradually, however, piecemeal innovation made it possible for some firms to work together to produce customised products for world markets. These firms developed the ability to 'create new demand by filling needs that potential customers may only have begun to suspect were there' (1982: 223).

According to Sabel the small firm's success is based on the craft-skilled entrepreneur, the collective elaboration of new products or components within the firm, and the flexible use made of the most modern production technologies. Of particular significance is the need for 'collaboration between different kinds of workers and across levels of official skill hierarchy' and the subsequent blurring that takes place between intellectual and manual work, and the conception and execution of that work' (ibid: 224).

Innovative small firms in Emilia faced two dangers in the early 1980s. Their performance could have been badly affected by either skill shortages or a reduction in their innovative drive. Sabel suggested regional apprenticeship schemes to train-up workers to keep innovation going. He was confident that this would take place because the 'innovative proprietors' in the small firm sector, the trade unions and the regional government were 'intertwined by common political ideas'. The innovative proprietors are loyal to the PCI-dominated local government, says Sabel, because the majority are members of the National Confederation of Artistans, which is closely affiliated to the PCI and the Italian Socialist Party.

Sabel concludes his analysis of Emilia by suggesting that if small firms in the region continue on their present path, 'they will create industrial structures and careers at work that will appear more improbable still against the backdrop of Fordist ideas' (ibid: 230). He assigns a particular importance to the daring and imagination of trade unions, politicians and entrepreneurs in the creation of this improbable future.

Sabel paints an extremely rosy picture of the Emilian economy where work and politics mix to replace multinational corporations and the particular labour processes developed by these firms in the mass production industries. This view is very similar to Brusco's which extols the virtues of the Emilian model where, 'when demand is expanding, anyone accustomed to factory life, and able to work intensively, even if not very skilled, can find work where he or she pleases' (1982: 175).

These observations need to be placed in context, by recognising that the Emilian model continues to exist within the wider Italian economy. The massive companies which dominate the national economy have neither withered away nor been converted into cottage workshops. In fact Fordist and neo-Fordist labour processes are still very much in evidence.

Sabel tends to represent the co-existence of, and connections between, a buoyant small/medium firm sector and a northern multinational-dominated sector, as the former replacing the latter. This is not the case, but the formulation neatly avoids the question of multinational capital and the much more problematic transfer of ownership and control, and labour process transformation, in this sector.

The image that Sabel paints of Emilia is a mixture of resurrected and dignified craft work, where the conflict of capital and labour is largely absent in the small firm. Overarching and protecting the rather fragmented workforce stands the united force of the trade unions, local government and Communist Party.

The next section examines other evidence on flexible specialisation in the Third Italy, concentrating on the province of Bologna, the capital city of Emilia-Romagna.

A post-Fordist economy?

It is doubtful that the selected small firms Sabel extols are representative of a post-Fordist regime of production. Firstly, the firms all have one aspect in common – they produce short batch, often customised or highly specialised, investment goods. Given that short batch produced investment goods have not been subject to Fordist mass production techniques the continued existence of these firms if hardly proof of post-Fordism.

Secondly, Sabel has chosen to highlight one sector of the Bologna engineering industry at the expense of more Fordist ones. In 1976 the investment goods sector (machine tools, automatic machines etc.) accounted for 26 per cent of engineering employment in Bologna, while consumer durables (car parts and motorcycles) accounted for 17 per cent, electronic goods for 13 per cent, and foundry, forging, and heavy metalworking accounted for 14 per cent (FLM Bologna, 1977: 18).[3] The Bologna, and larger Emilian, economy is characterised by the presence of a number of different engineering sectors, Hence it is premature to suggest that the regional economy is dominated by flexible specialisation when this is only one of a number of changes taking place.

I have argued elsewhere that larger Bologna engineering firms in the investment goods sector have successfully subcontracted into the artisan sector to offset labour rigidity and market fluctuations in their own factories. This subcontracting has followed two distinct phases. In the early 1970s subcontracting was a contingency solution to a radical shift of power on the shopfloor following the hot autumn of workers' struggles. In the latter part of the 1970s a more stable form of subcontracting emerged where groups of artisan firms were making complete sub-assemblies. This second stage has taken place alongside large investment in new information and production technologies by Emilia's bigger firms (Murray, 1983, 1984). Furthermore these firms have held onto their market shares, whilst forming a closer bond with multinational capita. This development casts some doubt onto the extent of market diversification and the independence of small capital, said to be characteristic of post-Fordist flexible specialisation.

The subcontracting network of one such firm was carefully analysed by its factory council (shop stewards committee). This investigation revealed that many different types of work were being subcontracted to different types of firms. Much of this

work can in no way be described as prized and non-alienating craft labour, and the conditions under which it was carried out were in some cases described as 'tragic' by the factory council (FLM Emilia-Romagna, 1981b).

It is misleading to characterise the artisan sector as one of post-Fordist craft labour. One of its virtues for firms of all sizes is the overall labour flexibility it provides. Racial, gender and skill divisions are essential to the operation of this economic model. The quality craft work that Sabel discovers is work for middle-aged, Emilian men. Semi-skilled assembly work, plastic moulding, and wiring work is carried out by women, while heavy foundry and forging work is done by southern Italian and North African workers.

The position of women in Bologna engineering is little different from that of Britain or other advanced capitalist nations. Roughly a fifth of engineering employees are women, and they are concentrated in the electrical engineering, motor cycle and toy sectors. While 66 per cent of male engineering workers are in the three highest of the six engineering grades, 96 per cent of women workers are in the three lowest grades (Emilia-Romagna, 1981a). Flexible specialisation therefore does not appear to offer very much to women engineering workers.

The geographical fragmentation of distinct phases of a product's labour process works to create maximum wage differentials between different groups of workers. This may well be to the advantage of the skilled male machinist. However, it effectively undermines the radical solidaristic wage bargaining pursued by the Italian engineering workers union, the FLM (Federazione Lavoratori Metalmeccanici) throughout the 1970s. And it leaves the majority of workers in this sector, who do not possess these much-demanded skills, open to the unmediated vagaries of market forces.

Post-Fordist trade union organisation?

Sabel claims that many small firms in Emilia are unionised. His evidence for this assertion is extremely limited. He quotes research which revealed the presence of a shop steward in 25 per cent of engineering firms in the Bologna province employing less than 50 workers (Sabel, 1982: 221), in short a trade union presence in only a quarter of these small firms. However, Sabel goes on to argue that trade union influence is more widespread than shop-floor organisation. There are, for example, regional contracts for workers in the artisan sector (firms employing less than 16 employees). Rather than undertaking an analysis of the existing evidence, or gathering his own, Sabel simply states that the wage rates from these contracts are 'often displayed in the small firms'

(ibid: 269). Perhaps recognising the weakness of his evidence, Sabel suggets that the unions in Emilia can utilise their allies in local government to close down small firms where wages and conditions do not comply with the regional contracts.

In the early 1980s the Bologna section of the FLM carried out a census of its engineering workers. The census concludes:

- 88,000 workers are employed in the engineering industries in the province of Bologna.
- 28,000 (32 per cent) of these workers are in artisan firms employing less than 16 employees.

The survey states that unionisation amongst these 28,000 artisan workers is 'scarce' in this the most highly unionised industrial sector. It goes on to estimate that unionisation in the whole of Emilian manufacturing may be less than 50 per cent. And it then argues that the union needs to develop a strategy to organise workers in the small firm and artisan sector (FLM Emilia-Romagna, 1981a: 15-24).

Union organisers in the artisan and small firm sector face an uphill task. One organiser I interviewed in 1982 estimated that union membership amongst the 3-4,000 artisan firm engineering workers in his patch of Bologna was around 200 (6 per cent) and falling, despite the recruitment drive he had organised with shop stewards from larger firms in the area.

Further evidence on unionisation is available from the survey carried out by shop stewards referred to earlier. In 1977 the stewards contacted many of the firms doing subcontract work for their employer. Amongst other things, they discovered that of the 71 firms contacted 40 had no employment contract. In the firms with contracts these solely concerned wages. Hours and conditions were subject to no trade union supervision or control. There was a shop steward in 28 of the 40 firms although this tended to be in the larger firms. Union representation in the artisan sector was particularly low (FLM Emilia-Romagna, 1981b).

The evidence presented here suggests that in the early 1980s there was a scarce to non-existent union presence in the extensive artisan or 'cottage industry' segment of Bologna engineering. This implies that the 32 per cent of engineering workers in this sector stood largely outside Italy's powerful union movement. In reality the Bologna FLM's membership is concentrated in firms employing over 100 workers. These firms account for 70 per cent of union membership (FLM Emilia-Romagna, 1981a: 24; FLM Bologna, 1977: 219).

There is little evidence to suggest that the unions' 'allies' in local government have closed down bad employers. A study of the artisan sector in the early 1980s was sharply critical of Emilia's political leadership because it had failed to make financial support

to the artisan sector conditional on improvements in working conditions. Rather, financial assistance has been given in such a way as to 'avoid any choice of which products or sectors to sustain, and omits to enquire into the results of the investment and the quality of the work created' (Lungarella, 1981: 34). It would anyway be extremely difficult to police such a vast number of small firms, many of which exist on the edge of, or completely outside, the formal economy.

In the early 1980s the small, artisan firms in Bologna engineering experienced strong growth resulting in increased employment. Larger firms in the sector have tended to invest heavily in new production technologies and employment in these has stagnated or fallen. Were this trend to continue the engineering union could be seriously weakened.

At a more general level Sabel's cottage industry Utopia spells bad news for trade unions. The problems of contacting, let alone organising, workers in this sector are immense. And it is inconceivable that a union could attempt to organise these workers without the resources and organisational strength it had previously built up in larger workplaces. Furthermore the history of the Bologna FLM shows how it has been union activists in the larger firms who have pushed for the extension of trade union organisation into the small firms (Murray, 1984: Chapter 4). The 'common political ideas' that link trade unions, regional government and small entrepreneurs championed by Sabel hide from view the conflicts between FLM and PCI attitudes and strategies regarding the small firm.

An analysis of the particular nature of trade union representation in Emilia also needs to recognise the historical dominance of the region's trade unions by the Communist Party. This is evidenced in the nature of workers' struggles in Emilia. These were less explosive and more disciplined than those which characterised the actions of workers in the industrial North during Italy's 'hot autumn'. Strike figures suggest Emilia's working class tended to strike for demonstrative rather than contractual ends. These ends were often linked to PCI policy which has dominated the unions in Emilia more than in the North (Daneo, 1972: 21-2). This policy categorically discouraged disruption in the small firm sector (Trigilia, 1981: 122-3).

A further weakening of the large and medium factory base of the engineering union and its once fiercely autonomous factory councils will tend to weaken the organised rank and file in the union. Workers in small firms have less opportunity to elaborate strategy collectively and will tend to be more subject to control from the trade union bureaucracy. This could be seen as a worrying development for trade union democracy and action,

particularly as ideological and party differences once more divide and dominate the Italian union movement.

Concluding remarks

The argument of this paper can be summarised in five points. Firstly, the Emilian economy supports a wide variety of engineering sectors, significant parts of which cannot be labelled 'post-Fordist' either because they were never Fordist, or because they are still characterised by variants of a Fordist labour process. Secondly, the artisan sector contains a wide variety of working conditions. Trade union organisation is weak and many workers are exposed to unmediated market forces. This tends to create wide differentials of wages and conditions, which exacerbate gender and racial divisions further. Thirdly, there is little evidence that the regional administration strategically directs the development of, or polices the employment conditions in, the artisan sector. Our fourth point concerns the implications of fragmentation of Emilia's working class. The main effect is to undermine the solidaristic strategies developed by the FLM in the 1970s, and rank-and-file organisation and participation in the union movement. Left affiliated unions may thus once more become the local PCI's policy 'transmission belt' as happened in the 1950s and 1960s. Finally, the Emilian model provides enormous labour flexibility for capital. For a majority of male Emilian skilled machinists, fitters and technicians this offers the possibility of functional labour flexibility between a wide range of manual and conceptual tasks unlikely, but not impossible, in the larger firm. For artisans employing less skilled workers, or operating in labour market sectors where skilled workers are abundant, labour flexibility may tend to take a numerical form. There are few or no restrictions on hiring and firing, lay offs, and conditions of employment. Yet there is evidence that larger firms have subcontracted work out into the artisan sector through the decentralisation of production to take advantage of both functional and numerical labour flexibility. This practice is likely to continue in one form or another. Hence, a vigorous and innovative trade union campaign is still needed to provide a minimum of protection for workers in the artisan sector. Unfortunately in the past the PCI has exerted pressure to contain and drastically curtail the development of such a campaign in order to protect its 'productive middle classes'.

The Emilian model can be seen as one where the development of market forces 'has been more authentically capitalist' than in other parts of Italy (Brusco, 1982: 183). The trade unions and local government have been singularly unsuccessful in controlling or directing these forces. It is perhaps ironically this lack of success in the private sector, rather than daring political

choices, which above all accounts for Emilia's enviably booming economy and high levels of employment.

For the vast majority of workers who do not possess the market power of an elite of male machinists, technicians, and designers, a shift towards a fragmented, informal and casual cottage industry spells a return to the worst excesses of industrial capitalism. Fortunately a significant majority of Emilia's engineering workers are not employed in the cottage industry sector.

Whilst it is necessary to recognise that the Emilian model now provides employment and economic growth that are the envy of many of Europe's depressed industrial regions we also need to recognise the particular social, political and economic development of the Emilian model. Here there is not the space to examine this process in detail. However, if a longer historical view is taken it can be argued that the present success of the Emilian economy goes back to the defeats imposed on the region during the first Cold War. The retreat into self-employment, co-operatives, and the poor conditions of the artisan sector was a

defensive reaction which followed the dismantling of Emilia's large, and well-organised, industrial bases. It has taken the region's small firms 35 years (over half of which were years of the post-war boom) to develop to a stage where some of them have been able to enter market niches on an independent basis.[4] It is difficult to see how the Emilian model might be transferred to other regional or national economies in the short term.

In the past the Communist Party has to an extent offset the worst consequences of Emilian economic development through the creation of an efficient local welfare state. It has also used its historical popular credit, built up in the Resistance and Cold War, and impressive mass party structures to create an enduring electoral and political hegemony. There are signs that this political dominance is beginning to weaken as the party fails to appeal to young precarious workers of the decentralised economy (see Sechi, 1978: 33) and as its factory base is further undermined by the use of subcontracting and casual labour in the parallel economy. If the left in Britain is looking to create economic regeneration of the manufacturing base through 'Emilianisation' there are a number of points which need to be made.

Firstly, as I have argued, Emilia is not a workers' Utopia. Nor can its economic successes be explained by an economistic analysis combined with an overemphasis of the role of political will and choice. The development of the Emilian model needs to be located in its wider historical, economic and socio-political context.

Secondly, if small firm networks are going to be set up, or intervened in, without strong trade union organisation, the control of these firms on a day-to-day basis begins to look very difficult. In Emilia it is suggested that the hegemonic position of the PCI limits the extent of labour exploitation in the 'cottage industry' sector. I have already argued that this claim is open to some doubt. But in Britain what agency is to play the part of the PCI with its mass party, and molecular and organised presence in the majority of economic institutions and agencies in Emilia?

Thirdly, devoting scarce resources to the organisation of small business networks may replicate the more unpleasant features of the Emilian model. On the other hand attempts to set up co-operatives may be one of the few private sector initiatives local authorities can take short of supplication to internationally mobile companies. But the Emilian experience suggests that it takes many years for a successful and relatively independent small firm sector to develop. The evolutionary stages before independence include dependent low-cost subcontracting to large firms, and the atrocious conditions associated with a low wage, low investment, cottage or sweated industry.

In the early post-war years the artisan sector in Emilia was characterised by economic survival and political resistance rather than prosperity. That is also likely to be the case for Emilian experiments in Britain for a long time to come. It is for local authority Economic Development Units to decide if this is the best use they can make of their resources in private sector initiatives. In some cases I suspect it may be. But if this type of self- and collective-reliance is to be encouraged it might be more fruitful to examine ways of integrating small-scale production and consumption of goods and services into the creation of a limited, and local, parallel economy, rather than attempting to directly compete on the open market with the vastly superior resources of large and international companies.

And finally, large and multinational companies continue to dominate the international economy. They therefore present a central problem for progressive strategies of labour-led economic regeneration. It is unlikely that the local state, however daring it may be in its political choices, can begin to exert control over these firms. Here we need to look to agencies such as central government and local, national and international trade union organisation for the realisation of daring alternative economic strategies.

Notes

1. Many of the industries that characterise the Third Italy like clothing, textiles, and furniture were until relatively recently regarded as being technologically mature, labour intensive, low value-added sectors indicative of economic backwardness. Since that time major technological advances and the emergence of affluent and sophisticated consumer demands in the international economy have brought about a transformation in some of these sectors, which were well placed to respond to these changes.

2. For our purposes here Fordism can be defined as a particular labour process characterised by semi-automatic assembly-line mass production. In this labour process the individual worker has little or no job autonomy and workers collectively are subjected to the uniform movements of a complex machine system (Aglietta, 1979: 118) as typified in the large car assembly plant.

Neo-Fordism is a further development of Fordism. It consists of the automation of areas of the labour process (robotisation of welding, painting, and some assembly), the breaking-up of large integrated plants into geographically scattered specialist units and the overall co-ordination of production through the massive use of information and communication technology.

Generally debates on Fordism have not carefully examined the real spread of Fordist techniques in manufacturing and have, in my opinion, exaggerated its numerical impact on the industrial working class. Even at its height in the 1960s it is unlikely that a majority of industrial workers were subjected to Fordist labour processes.

Present developments in non-Fordist sectors, like capital goods production (plant and machinery etc.) suggest to me a shift towards a 'flexible automation' rather than a 'flexible specialisation'. 'Flexible automation' because emphasis is placed on both the flexibility (rather than specialisation) of production techniques and product mixes and the flexibility of labour to move between job tasks and jobs. At the same time the automation of production and the expulsion of labour is tending to increase (for a more detailed discussion see Murray, 1984).

3. The extent of the influence of multinational capital and large national firms in Emilia has been the subject of some debate. A 1975 FLM study suggested that over 11,000 of the region's engineering workers were employed directly or indirectly by Fiat (FLM Bologna, 1975: 30). Direct Fiat employment in the region in 1977 was 7,280. Amongst Emilia's large engineering firms employing over 500 workers 18 were owned by groups with head offices outside of the region. Of these only three were foreign-owned (FLM Bologna, 1977: 22-3).

4. Levels of industrial injury were considerably higher in Emilia in the mid-1970s than the Italian average. Industrial incomes were marginally lower than the national average, and between 10 and 15 per cent lower than wages in the Northern regions of Piedmont and Lombardy (FLM Bologna, 1977: 26-9).

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