

The End of the City of Gold?
Industry and Economic Crisis
in an Italian Jewellery Town

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By

Michele Filippo Fontefrancesco

**CAMBRIDGE
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P U B L I S H I N G

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To Antonio and Lelia

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Declaration

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Abiding by the current *Ethical Guidelines for Good Research Practice* of the Association of Social Anthropologist of the UK and Ireland, in this book, all names of firms and informants quoted in the article are anonymised.

CRISIS IN THE CITY OF GOLD: AN INTRODUCTION

Uncertainty defines the current European economy. While top-down approaches fail to provide solutions for the transformations that are jeopardizing welfare and future development of countries such as Greece, Portugal, Spain and Italy, it appears urgent to look at the grassroots level to find those elements that can help to fully understand the crisis and its impact, in order to identify positive remedies. From this perspective, this book looks at Italy and one of its most prestigious industries, jewelry production, to investigate structural changes triggered by the current economic crisis. The volume does so by exploring the effects of the downturn in one of the key cities for the industry, Valenza, between 2008 and 2010. In so doing, it questions how the relationship between a community and a form of economic activity is perceived, established and performed, and how a downturn can reverberate throughout this web of meanings and practices.

The recent history of Italy has been characterised by a critical economic conjuncture. Scholars (e.g. Di Quirico, 2010; Festa and Sapelli, 2009; Bianchi Renzo, 2009; Rabelotti et al., 2009) and journalists (e.g. Limes, 2011) identify high national debt, heavy taxation and widespread tax-evasion, together with an overall stagnant economy and recession of industrial production – once the driving sector of Italian economy – as the principal causes of the present economic crisis. While an international debate continues regarding the causes and possible solutions to the Italian economic crisis, in this book I intend to bring to the fore the effects of industrial recession at the local level. In so doing, I will consider the recent transformations that a city, Valenza, and its main industry, jewellery production, have experienced in the last years of the 2000s.

Valenza is a representative case of the Italian economy. Its jewellery is an emblematic example of a ‘made in Italy’ commodity: internationally known and marketed, innovative and high-quality products (Fortis, 1998; Cristofaro, 2011). Moreover, the structure of Valenza’s industry, based on the networking of hundreds of small firms, has made the city a widely studied example (e.g. Magni, 1999; Gaggio, 2007; Gaibisso, 1995; Bassano,

2008; Garofoli, 2004) of an Industrial District [ID]: a particular production articulation characteristic of the entire Italian economy, which has been considered a fundamental model of flexible production (Sabel and Piore, 1984) in the scholarly debate about post-Taylorist industrialism.

While the literature about IDs, and specifically about Valenza, has thoroughly investigated the structure of the business, in presenting the downturn of this city, as well as explaining the articulation of jewellery production, I will explore the cultural linkage between the urban community and the industry; an aspect scarcely broached by current literature.

In this book, I argue that the jewellery industry is a fundamental element of the identity discourse of Valenza (Chapter 1), and of the city's articulation through time and space (Chapter 2). Its pervasive presence, moreover, blurs rigid distinctions between production and non-production, private and public spaces, so as to lead the community to perceive the entire city as a macro-jewellery factory. Throughout the 20th century, while jewellery-making developed into a lucrative business, production was automated to only a limited degree, and the industry developed as a network of small enterprises (Chapter 3). It emerged as a source of widespread wealth for the city, particularly for goldsmiths, and locally became the most valued work activity and provided an inclusive social context that did not present strong social contrast and distinction between entrepreneurs and workers (Chapters 3 and 4). In this context, craftsmanship has become the keyword to define the profession and the specificities of local production. Moreover, craftsmanship imbues an understanding of the goldsmith profession rooted in an individualistic model of success based on an individual's art and entrepreneurial ability (Chapter 4). I demonstrate that this understanding, although echoing the neoliberal model of self-made man widely discussed in the national political debate in the past twenty years has been an expression of the entrepreneurial model that had developed in Valenza since the 1920s, rather than being an example of the appropriation of the neoliberal discourse (Briziarelli, 2011) similar to the one documented by Stacul (2007).

The downturn of the late 2000s (Chapter 5), I point out, represents a profound rupture in this history, jeopardizing the foundations of the district economy. The precarisation of about half of the goldsmithing jobs resulted in a progressive erosion of the social body (Chapter 6 and 7), and triggered internal social tensions (Chapter 7). The downturn has, moreover, thrown into crisis the entrepreneurial model of small workshops and the practice of networking. On a larger scale, the downturn undermined

the trust and the identity link that bound people in Valenza to the business and triggered a redefinition of the 'sense of place' (cf. Field and Basso, 1996) of the city that marginalises the role of the jewellery industry (Chapter 8).

Exploring the effects of the downturn, this book, thus, contributes to anthropological debates on three main levels. Firstly, it is a contribution to the anthropological analysis of Italy, through an exploration of an aspect of the more general economic recession that engulfed Italy in the late 2000s. Secondly, by pointing out the possible causes of an incipient dissolution of the Valenza district, it offers insights for the on-going discussion in economic anthropology concerning flexible industrialisation, by showing the fragility of the ID model of local development in the context of the present global economy. Finally, the book contributes to the anthropology of economic crises by showing that a downturn can be explained as a cultural change that passes through the traumatic renegotiation of symbols, landmarks, memories, and worldviews.

In this introduction, I present the context of this research, the history and characteristics of Italian industrialism and the particular case of Valenza, as well as its theoretical framework, the interdisciplinary research on industrial districts and the anthropological debate on economic crises. In so doing, I show how the case of Valenza relates to these strands of research and can contribute to them. I will conclude the introduction by outlining the structure of the book and the principal contents of its chapters.

Italy and industry

Italy has just reached its 150th year after its national unification, which happened in 1861. According to the World Economic Outlook, released in September 2011 by the International Monetary Fund, it is the 8th largest nation by GDP, mostly based on its manufacturing industry.

In contrast to countries such as the United Kingdom, France or Germany, Italian national industrialisation began mostly in the last decades of the 19th century (Amatori et al., 1999). In the years of its unification, the nation still based its economy mostly on agricultural production, an economic sector that produced about 80% of the GDI (Bravo, 2001: 90-91). Factories were mostly concentrated around the largest cities, such as Milan, Turin, Genoa, Rome and Naples and only a limited number of these enterprises employed modern production management and technology. It was actually one of the priorities of the new Kingdom of Italy to 'modernise' the national economy, mostly

providing the country with infrastructures, such as new roads and railways, and expanding national industry. From the late 1870s, Italy started its industrial revolution. Large enterprises, mainly steel and textile industries, were opened, mostly in North-Western Italy, in the so called 'industrial triangle' described by the cities of Turin, Milan and Genoa. The growth of the national market and state subsidies accelerated the expansion of the secondary sector (Cohen et al., 2001: 46-69). In the wake of WWI, the three largest cities in the North had turned into international industrial centres, and new industries were developing in other cities in Northern and Central Italy along the lines of a model that had emerged in Europe and America after the second industrial revolution and culminated in the rational Taylorist factory (Taylor, 2004 [1911]).

From the 1920s, with the exception of the years of WWII (Malanima and Zamagni, 2010), the secondary sector experienced a steady growth in terms of turnover and employment. Particularly, in the years immediately after WWII, during reconstruction (late 1940s) and in the following decades (1950s-1960s), the country experienced a new phase of rapid industrial growth (Crainz, 1996; Crainz, 2003; Bini, 2005; Cohen et al., 2001: 87-106). The industry of *Miracolo Economico* [Economic Miracle] was still a heavy, Taylorist one (Romeo, 1988) exemplified by firms such as the FIAT car industry, the ITALSIDER steel industry, or the MONTEDISON chemical industry (Romeo, 1988: 225-99). However, in the shadow of these companies, another form of industrialism had been growing: one made up by local, industrial agglomerations of small firms all specialised in a similar production; a model of industrialisation currently known as ID.

Valenza

Of this form of agglomerations, Valenza represents a paradigmatic example (e.g. Magni, 1999; Gaibisso, 1995; Garofoli, 2004; Gaggio, 2007; Crestanello, 2009). It is one of the world's most important centres for jewellery production (Gereffi et al., 2010; Gereffi, 2007; Carcano, 2007b). In this city, internationally known brands, such as Damiani (www.damiani.it), and international companies such as Bulgari (www.bulgari.com), Gucci (www.gucci.com), Cartier (www.cartier.com), and Boucheron (www.boucheron.com) manufacture their jewellery together with dozens of other small and medium enterprises. It is this network of firms and the expertise of local goldsmiths that have made this city the principal Italian centre for the production of high-quality jewellery: a local reality of production that has marketed its product throughout the entire world.

In the mid-2000s, the industrial fabric of the city was made up of over 1,200 companies, employing approximately 7,000 employees (Benzi and Fugagnoli, 2004b). In an urban population of about 21,000, these figures are a good indication of the relevance of this industry to the entire city: Almost half of Valenza's working population was directly involved in this business. To portray this relevance, people in Valenza as well as scholars (Fondazione Cassa di Risparmio di Alessandria and The European House Ambrosetti, 2010: 71), often defined the city as a '*monocoltura orafa*' [jewellery monoculture], conveying the idea of a human and physical space dominated by this industry (Chapters 1 and 2).

Due to its international economic success, scholars have extensively studied Valenza's industry and compared it with other Italian centres of jewellery production (Gaibisso, 1995; Bassano, 2008; Crestanello, 2009; Gaggio, 2007). They analytically investigated specific social and economic characteristics, such as local entrepreneurship (Lenti, 1994; Garofoli, 2004), the structure of the network of firms (Gereffi, 2007; Gaggio, 2007), the interconnection between formal and informal economies (Gaggio, 2007; Pietrasanta, 1991), and goldsmiths' working conditions (Gaggio, 2007; Garofoli, 2004; Tinelli et al., 1990; Pietrasanta, 1991). Moreover, this scholarship provides a detailed account of the industry's development during its two centuries of history (Lenti, 1994, 2010; Gaggio 2007).

The jewellery industry developed throughout the 19th century, as a secondary economic vocation. Principally a rural settlement until the 19th century, Valenza began its industrialisation in the second half of the century, largely propelled by the success of the footwear industry. This industry boomed during the 1930s and 1940s, only to decline after WWII and almost completely disappear in the 1960s (Maggiore, 2010; Penna Ivaldi, 2008). In the same decades as the footwear industry's declined, the jewellery industry boomed (Gaggio, 2007; Lenti, 1994): from a situation of 296 firms and 1,809 employees in 1951, by 1968, it had reached 1,021 firms and 5,562 employees and was continuing to expand (Gaggio, 2007: 88). In addition to high quality local production and crafts, the growth of the industry was propelled by the booming of the domestic market in the 1950s and 1960s – the years of the Italian *Miracolo Economico* (Bini, 2005; Zamagni, 1993: 337-79). The gradual opening of markets worldwide since the 1950s, and a national currency whose weakness against major international currencies, such as the German Mark, Japanese Yen and American Dollar, increased the competitiveness of 'made in Italy' products abroad, in spite of strict customs regulations in foreign markets.

During the last fifty years, the city has developed into an industrial network, which encompasses the city and a few other neighbouring villages (Benzi and Fugagnoli, 2004b). The network has mostly been made up of small and micro firms of which the average scale is 6 employees. The industry specialises in high quality, craft-based jewellery: a production based on creativity and a low level of mechanisation (Gaibisso, 1995; Garofoli, 2004; Gereffi, 2007). Differently from other Italian industrial agglomeration studies by anthropologists, however, it has to be noted that the micro-firms in general do not fit the typical model of family businesses¹. Moreover, while friction can be found between talented and non-talented artisans (Chapter 4) and between large, often international, outsourcing companies and supplying micro firms², within the social body of jewellery makers, there is no perceived opposition between employer and employee³.

¹ IDs' entrepreneurship has often been described as based on family businesses (Yanagisako, 2002: 25-29). In its strictest definition, family business refers to a company whose activities are carried out only by the members of a family. More commonly, the term refers to companies where management activities and direction of production are carried out by the members of the same family (Sharma, 2004: 3-4). Moreover, this definition assumes that the continuation of the enterprise is mostly subordinated to a passage from father to son in the direction of the company. While compared to this model, Valenza shows its first peculiarity. In the second half of the 2000s, only a minority, around 20%, of these businesses had a similar profile (Paradiso, 2008a). In a local context where the average lifespan of companies does not exceed 10 years, and in which most companies have been opened in the last thirty years, the majority of jewellery firms do not exceed the average of 6 employees. These firms are often organised around one or two artisans, the firm-owners, and a small number of workers employed for administrative and production purposes. Although it is not uncommon for firm-owners' wives or partners to be employed in the company, it is rare that their children are employed as well. When the firms' owners are on the verge of retirement, the firms are more commonly bought by some of the firm's workers, rather than passed on to the firm-owners' children. Such a succession is more frequent in larger firms (over twenty employees). In this case, the succession follows the model proposed by Yanagisako, where the new generation succeeds the old one in administrative positions, often being barely aware of the actual techniques concerning production.

² In light of these peculiarities, which I also noticed during my fieldwork, I will not over-emphasise the role that family businesses play in the city. Instead considering goldsmiths as member of one social group and exploring the distinctions that they draw within the group. I will highlight the power structure implied in the network industry.

³ This lack of opposition is mirrored in the marginality of the trade unions within the industry. Already in the early 1960s, only about 300 out of 4,000 goldsmiths

Although in a purely Marxist perspective, the dynamics of labour exploitation (Marx, 2010 [1867]: 147-50) are inevitably present in this model of an enterprise, as pointed out by numerous scholars (e.g. Benzi and Fugagnoli, 2004a; Lenti and Pugnetti, 1974; Barozzi, 1976; Lenti, 1994; Gaggio, 2007), at least since the 1960s, Valenza had not experienced an opposition between entrepreneurs and workers as other IDs experienced (e.g. Blim, 1990). To explain this alignment between workers and entrepreneurs it is important to point out the generally higher wages of goldsmiths: between the 1970s and 1990s they were estimated to have been at least 150% of the wage of a metal worker with similar seniority. Moreover, the experience of micro-industries, which proliferated after the 1960s, has been fundamental for this alignment since they represented the ideal space that bridged the possible social and economic gap between employees and the employers, between entrepreneurs and workers. Firstly, in those firms, firm-owners worked together with their workers on the shop floor so that there was no functional division between the two roles. Secondly, the widespread practice of outsourcing and the availability of work meant particular managerial knowledge was not a requirement; instead, the success of a firm was made possible thanks to goldsmiths' artisan crafts. Finally, since they provided opportunities for any worker to easily become an entrepreneur thanks to the low investment required to start them.

These above mentioned were the principal characteristics that the industry developed after WWII, over a period of almost fifty years of substantial unfettered growth⁴ that had led a small town to become an

were members of the unions (Maggiora, 2010: 220-22). In the course of the next thirty years this figure declined. In the early 1990s, in a body of over 7,000 goldsmiths, unions counted no more than 200 goldsmiths among their members (Lerner, 1991). In the 2000s the number was unchanged. The unions occupied a marginal role in the public space of the city as well. From the early 1970s until July 2005 (Sg Valenza, 2005), in the media and official records there is no trace of strikes or public demonstrations organised by the unions in the city. This marginality can mainly be explained by considering the social and legal peculiarity of work in a small firm that tends to marginalise the role of the unions in the mediation of work disputes between entrepreneurs and workers. However, we must also consider those aspects concerning the access to the means of production and the peculiarity of this production that are characteristics of Valenza.

⁴ Although this pattern of development did not exclude downturns. Valenzani particularly remember the one that occurred between 1973-74, a particularly difficult period for the jewellery industry due to the surge in the price of gold and the world economic crisis following the Yom Kippur War (Maggiora, 2010: 242-

internationally known centre of production (Gaggio, 2007; Maggiora, 2010) with annual revenues that exceeded €800 million in 2001 (Paradiso, 2008c; Paradiso, 2008d). Focusing on this particular locale, my research aims to explore the role of jewellery making, the lynchpin of the industrial monoculture, in the city; how it shapes the space and time of Valenza and influences the sense of belonging of the inhabitants of the city and the identity rhetoric associated with it; how it is perceived and experienced by the community. In so doing, it interrogates the structure of the trade in Valenza, studying the practices of production and models of entrepreneurship. For this reason, this work is intertwined with a thread of research on modern industrialism that has flourished in the past forty years: the study of IDs.

Industrial Districts

Valenza, in fact, appears as an exemplar of a model of industrial organisation that is spread throughout the country (ISTAT, 2001). Since the 1970s, IDs have been at the centre of a broader intellectual debate that involved Italian economists and sociologists, among whom Bagnasco (1977), Garofoli (1981) and Beccattini (1978; 1979) were the forerunners in addressing these particular experiences.

Scholars were interested in understanding the organisation of the local economy, the interconnection among firms' productions and the relationship between industry and community. From this perspective, they took insight for the interpretation of these agglomerations from the ID theory proposed by the English scholar Alfred Marshall in the late 19th and early 20th centuries (Becattini, 1978, 1979)

Taking the textile districts of Lancashire and Sheffield as examples, in his works *The Economics of Industry* (Marshall and Marshall, 1879), and the later *Principles of Economics* (Marshall, 1920: IV.X.1-IV.X.21), Marshall explored the economic relationship between individual firms and the industrial characteristics of the region in which they are established, by treading a research path overlooked by previous theories of industry, such as Marx's (Marx, 2010 [1867]: 216-354) and John Stuart Mills' (Stuart Mills, 2009 [1848]). In these areas, Marshall saw that firms experienced a positive effect on their economy by being located within the district. This trend originated in the extensive collaboration in production that resulted

45). However, as early as 1975, Valenza's jewellery industry resumed growing apace, reaching its peak in 2000 (Paradiso, 2008c).

from the interconnection – hence interdependence – of firms’ cycles of productions and from:

“The nature and quality of the local labour market, which is internal to the district and highly flexible. Individuals move from firm to firm, and owners as well as workers live in the same community, where they benefit from the fact that ‘the secrets of industry are in the air’.” (Markusen, 1996: 299)

On the basis of Marshall’s theory (e.g. Hart, 2009; Loasby, 2009), Becattini produced a description of an ideal Marshallian ID.

“A Marshallian ID is a local system; that is, an area where a community of people live and work, with a great deal of persistently overlapping experiences.” (Becattini, 2006: 347)

“[It is a particular type of locality] characterised by a certain degree of local economic dominance of an industry (‘local specialisation’). This main industry includes a mix of horizontal (competitive), vertical (input-output), and diagonal (related services and instruments) specialised activities. Together with the main industry, other secondary industrial activities may be localised in the district, more or less related to the main one, as a result of various evolutionary adjustments and developments.” (Becattini et al., 2009: XVIII)⁵

Employing this concept in the study of the success of industries in Tuscany, Becattini indicated the success of industrial agglomerations of micro and small firms in the presence of an economic and social network of relations within the bounded space of the agglomeration. The importance of this relational network meant that the source of competitive advantage of a single firm was not simply found in its internal organisation, but was ascribed to a wider dimension that included the territory, the other companies and the community (Becattini, 1989).

Industrial districts and flexible industrialisation

While over the course of the last thirty years, the model of Marshallian ID gave rise to one of the principal lines of interpretation that scholars have used to interpret post-WWII Italian industrialism (for a history of the

⁵ See also: (Markusen, 1996: 298).

studies: Bianchi Patrizio, 2009: 104)⁶, in the 1980s, this model became the subject of an international debate about forms of industrialism alternative to the model of Taylorist firms; a debate that interwove with the discussion on the flexibilisation of industry (Triglia, 2009) triggered by the work of Piore and Sabel (1984).

The work of these two scholars analyses the 1970s economic crisis in Western countries and recognised it as the result of a saturation of the goods market. After twenty five years of intense demand for cars, appliances, clothes, and other goods to which entrepreneurs had responded through a mass-production-oriented industry, the possibilities for further growth appeared to have been exhausted (Piore and Sabel, 1984: 24). In an exhausted market, Schumpeter (1994 [1943]) had already pointed out that the only way to revive demand is a permanent innovation that shortens the period of obsolescence of a product through the constant creation of new models. An industry based on large plants designed to mass-produce (identical) goods was not fit to keep up the necessary pace of innovation. In the face of this new necessity, Piore and Sabel (1984) suggested that the 1970s marked a second industrial divide that coincided with the rise of a new model of industrial production:

“[It] is based on flexible—multi-use—equipment; skilled workers; and the creation, through politics, of an industrial community that restricts the forms of competition to those favouring innovation. For these reasons the spread of flexible specialisation amounts to a revival of craft forms of production that were emarginated at the first industrial” (Piore and Sabel, 1984: 17)

Piore and Sabel, hence, identify four existing models of industrial development that embodied the new paradigm of flexibility. Firstly, the ‘federated enterprises’, inspired by Japanese pre-war *zaibatsu*, are groups of firms mutually interlocked through financial and management strategies, such as reciprocal ownership of shares, shared ownership of production structures, joint boards of directors. Secondly, the ‘solar firms’ are systems of firms hinging on the presence of a leading company that expands its production through a network of supplying firms, often financially controlled by the leading firm. Thirdly, the ‘workshop firms’ are small scale automated firms that do not produce long runs of standardised productions. Both solar firms and workshop firms were

⁶ Among the many examples of Italian IDs, there is Valenza, currently one of the top 36 Italian IDs, the annual turnover of which exceeds €500 million (Servizio Studi e Ricerche, 2011: 6-7).

models inspired by Western Germany's post-war industrialism. Finally the 'regional conglomerations', inspired by Italian IDs⁷.

The success of Piore and Sabel's analysis sparked the interest of the scientific community towards these forms of alternative industrial development, and in particular Italian IDs became a subject of international interest (Becattini et al., 2009; Markusen, 1996; Amin, 2002).

Ethnographies of IDs

In the debate on IDs that followed, anthropologists offered their contribution. In particular, anthropologists have engaged with it by exploring the network economy, and the social relations and struggles that underpin it. The body of research developed since the late 1980⁸ (e.g. Yanagisako, 2002; Blim, 1990; Cento Bull and Corner, 1993; Ghezzi, 2007; Gaggio, 2007) offers a critical analysis of this model of industry, in contrast to the rosy picture proposed by Piore and Sabel.

Social capital

In their analysis, these works have often relied on the concept of social capital to explore the sociality of the network economy and its "dark side" (cf. Field, 2003: 71).

Introduced by Bourdieu (1985: 248), since the 1980s, the concept of social capital has often been employed in the social sciences to objectify and define the role played by interpersonal relationships and social networks in influencing individuals in their economic actions (a review of the history and academic debate of this concept is offered by: Field, 2003; Fine, 2001). From this perspective, relationships had been defined as economic resources that facilitate the individual in their enterprise (Coleman, 1988: 98; Field, 2003: 20) and personal success (Coleman,

⁷ This model encompasses geographic areas with high industrial density, where the manufacturing sector is mostly specialised in a single trade or interconnected trades (shoe production and machines for shoe production). Unlike the case of 'solar firms', in IDs firms are not necessarily bound by stable ties of cooperation, but the proximity of such specialised firms tends to reinforce the economic performances of each firm. Moreover, the activities within these conglomerations are not attributable to the presence of one, leading firm but to a more diffuse and independent entrepreneurship linked together by strong social ties (Piore and Sabel, 1984: 267-68).

⁸ Benton (1989) offers a comparative study of Spanish regional agglomerations. This is the first example I came across of an ethnographic study of IDs.

1990: 300). The role played by the affects, such as trust, that link the players in the networks has been especially studied. Particularly significant for ID studies have been the studies by Putnam (2000; Putnam et al., 1993). Analysing the interconnection between economic prosperity and political participation in Italy (Putnam et al., 1993) and in the USA (Putnam, 2000), he made a strong connection between the presence of a widespread network of social relations among local actors, namely a high social capital, local economic success, civic participation and legality by equating social capital to ‘civic virtue’ and trust towards other individuals to trust towards the State (Putnam, 2000: 19). In developing this widely debated model (a synopsis of this debate is provided by: Gaggio, 2007: 1-32), he used the cases of IDs as examples in which the presence of social capital turns into civic virtue, that is “civic involvement and social solidarity” (Putnam et al., 1993: 16).

While after almost twenty years the theories of Putnam still resonate in the scholarly debate on IDs (Bagnasco, 2009; De Blasio et al., 2009), anthropologists have contributed to showing the problematic nature of Putnam’s alignment between the thickness of social relationships and ‘civic virtues’, and more specifically, legality⁹. In particular, Valenza,

⁹ Already, the first ethnography of an Italian ID (Blim, 1990) had shown that the economic success of this form of industry does not only rely on the civic virtuousness of its actors. Instead, this study of a shoe-making specialised industry in the Marche region demonstrated that the commercial advantage of the ID was based on a production articulation that involved degrees of labour exploitation, and a general tendency to support formal economy with informal activities, such as the employment of undocumented labour, tax evasion and exploitation of women’s and children’s work.

A decade later, Yanagisako came back to the theme of social capital in the IDs. She focused her attention on the role played by kinship in the silk industry of Como’s ID. In approaching kinship, the ethnography examines the role played by women in the firms. Although women’s importance emerges from the interviews with informants and from official documents, such as agreements between siblings and testaments, Yanagisako noticed the erasure of the active and passive roles women played in the history of the firms from the principal narrative of family businesses in Como. Although this negation can be based on a factual tendency to exclude women from the business or at least from the leadership of firms – a practice that emerges from widespread tendencies such as making daughters take careers as teachers or public servants, rather than integrating them into the firms as clerks, accountants or managers – the scholar used this tendency to point out a broader cultural (or ideological) instance underpinning this exclusion. She explains that oblivion can be considered the effect of a cultural understanding of entrepreneurship as an almost exclusively masculine business. This does not only tend to marginalise or exclude female family members in the management of the

together with Arezzo and Vicenza, were used by Gaggio as significant examples to explain in a historical perspective how the economic success of these districts relied on what he terms a 'reversed mafia' (Gaggio, 2007: 321): secretive and informal relations and an unbalanced economic and social power between outsourcers (the strongest) and suppliers (the weaker). Thus, in these cities social capital was not allied to civic virtue; instead, the social capital of a community was the fundamental element in the spreading of informal activities and their regular employment in the business.

Although the literature on IDs has consistently relied on the concept of social capital to describe the nexus between sociality and industry, in this work I will depart from this tradition. In the 2000s, authors, such as Rankin (2004) and Fine (2001; 2010), pointed out particular limits to this concept. First of all, from its very name, this concept conveys an idea of economic activities as divorced and substantially different from the social actions (Fine, 2001: 141-42). Moreover, it also fosters the idea of a capital without a social dimension, which appears to have been turned into a model of conceptualizing all the other aspects of the lives of individuals as a particular form of 'capital' (Rankin, 2004: 23). Finally, although in econometric calculations such a concept can be employed as a strategic factor to remember that economy is embedded in and shaped by culture, it is arguable that the utility of the concept disappears in an anthropological discourse that starts from the assumption that the economy is social

company, but also fails to recognise the vital role they carry out for the continuation of production activities. Besides this interest in the gender issue, which Yanagisako (1991) had also showed in previous works, the author underlines the criticality of generational change at the top of the company. She points out the difficult agreements between siblings and the lack of preparation of the new generation in covering all those activities that were covered by the older generation. Exploring these different aspects of entrepreneurship in Como, Yanagisako is able to demonstrate how family businesses are a ground of mutual influence between the production and family.

More recently, Gaggio openly challenged Putman's assumption by focusing on four IDs: Valenza, Arezzo, Vicenza and Providence, MA (USA). The three Italian centres are the most important jewellery districts in Italy, and among the main centres for jewellery production in the world. Gaggio shows that in these three IDs, where jewellery production is based on a strong network of relationships and collaboration between companies, trust and non-contractual relationships were not only a principal driver of local capitalism, but were also entwined with the widespread employment of activities, such as the exploitation of undocumented work, smuggling, and tax evasion; activities that overtly go in the opposite direction of civic virtues.

(Rankin, 2004: 23). Agreeing with Fine's and Rankin's analyses, I will not employ the concept of social capital, although I will deal extensively with social relations and how they become central to the jewellery business. Instead, I prefer to talk about relations and affects as elements of a social life without implying their objectification into an economic resource, such as social capital.

The Problematisation of flexible industry

Since the work of Blim (1990), the body of ethnographies about Italian IDs has shown the ambiguity that lies behind the dense social network and sociality that propel and underpin the network industry. In so doing they laid the basis for a problematisation of the idea of flexibilisation of production and work and its effects on communities. In this respect, they addressed an inadequacy of the theoretical model particularly noted by the anthropological community and overtly voiced by Narotzky (1997). While only the most recent works, such as Ghezzi (2007), display the specific genealogical link between the literature on Italian IDs and Narotzky, this body of research follows a methodological approach to the study of the locales that echoes her suggestions, in particular in the use of historical analysis as a complement to ethnography to explore the structuring of the network and the role played by flexibilisation in shaping the locale. In so doing, these studies have traced the thread that ties present experiences of industrial production to past enterprises rooted in pre-industrial manufacturing and agricultural economies. IDs did not emerge from a break with the past, but they still bear traces of these ways of living and understanding production and life. This particularly emerges in the social practices that underpin businesses, in the family running of businesses (Yanagisako, 2002, Ghezzi, 2007), and in the relationships between firms (Ghezzi, 2007; Gaggio, 2007). Considering labour and capital, moreover, these studies have revealed the limits of small (often family) businesses. They express an innovative capacity less developed than the one described by Piore and Sabel, and an overall economic structural weakness, since the firms are often unable to survive beyond their founders, being profoundly centred on them. Anthropologists have also revealed the deep bond that ties formal activities to informal practices, such as tax evasion, the exploitation of undocumented labour, smuggling and counterfeiting (Blim, 1990, Gaggio, 2007). Thus, they contributed to demystify a business model by highlighting its historicity, specificity and critical aspects.

These studies, thus, have shown the potentiality of a methodology that combines ethnography with historical analysis. In this work I will employ

a similar approach to the analysis of Valenza's ID, in particular, in the investigation of the structuring of the network (Chapter 3 and 5) and the genealogy of the artisan ethos that underpins it (Chapter 4).

Unexplored issues

While current literature has highlighted the embeddedness of economic practices in a wider fabric of social practices and relations by investigating the role of trust and kinship, it did not enquire into a further level of embeddedness of the role of industry, what Feld and Basso, writing more generally, defined as the 'sense of place' (cf. Field and Basso, 1996): the different ways in "which people encounter places, perceive them, [...] invest them with significance [, and] in which places naturalise different worlds of sense." (Feld and Basso, 1996: 8).

Thus, it appears that "the intricate strengths and fragilities that connect places to social imagination and practice, to memory and desire, dwelling and movement" (Feld and Basso, 1996: 8) and the role that an industry plays in "illuminating different ways in which place is voiced and experienced" (Feld and Basso, 1996: 8) is still unexplored in the case of IDs. Thus, the more profound role that economic activities can have in a community (being one of the pillars of individuals' understanding of the world, their community and place) remains to be investigated.

Moreover, being mostly based on research conducted between the 1980s and 1990s—the historical period in which IDs were established and achieved their international success (Malanima and Zamagni, 2010; Colli, 2010)—these ethnographies describe Italian IDs as dynamic realities, mostly in expansion. Thus, they do not explore the on-going changes in working conditions and business structure that have occurred in IDs since the early 2000s, which have been seen as a decline of this industrial model.

According to the IMF (2011), the Italian economy slowed down from 2001, reaching an overall stagnation: +0.16% annual growth between 2001 and 2010. In this context, historians and economists (Sforzi, 2009; Rabellotti et al., 2009; Bianchi Renzo, 2009; Ramazzotti, 2008; Dunford, 2006; Sabel, 2004) have pointed out that the momentum of the districts has weakened and dissipated. A neoliberal reform of the Italian market – which was until the early 1990s a sheltered area whose competitiveness was protected by national inflationary policies and a strong customs policy (Nesi, 2010) –, the institution of the Euro as the national currency (Brunetti et al., 2000), and the increasing competition in international markets due to the strengthening of Eastern European and Asian

competitors were some of the principal reasons for the industrial transformation (Solinas, 2006). This transformation appears to lead in two directions: first of all, towards a reduction of the entrepreneurial density of the districts, and consequentially to the shutdown of smaller workshops; secondly, towards a rapid process of redefinition from the acephalic networks described by Piore and Sabel to more centralised systems governed by large, often multinational, corporations (Rabellotti et al., 2009).

These profound economic transformations reveal social and cultural changes concerning the cohesion and structure of the social body of practitioners involved in the industry, the change in entrepreneurial models, the meaning of work, the relationship between population and industry and the ways in which the transformations are perceived, understood and narrated by the participants of this change, be they workers, entrepreneurs, relatives or just fellow townsmen in a “district on the move” (cf. Sabel, 2004). However, these issues were not explored by the current literature.

My work, thus, aims to address these issues, by exploring the recent past of Valenza and the downturn that started in 2008.

Valenza and the economic crisis

In the 2000s, Valenza’s economy followed the general trend of Italian industry. After thirty years of success and growth, the jewellery economy faltered. Between 2002 and 2008, it experienced a phase of substantial stagnation: a two-year period (2002-2003) of a significant recession, mainly due to the instability of the markets after the 9/11 terrorist attacks and the military campaigns in Afghanistan and Iraq, and a new growth that, from 2004 to 2007, brought the local industry to reach sales volumes similar to those of 2001 (Paradiso, 2008d; Paradiso, 2007). Alongside this slowdown in sales, the industry stopped its expansion in terms of number of employees (Maggiora, 2010: 528-30).

Faced with this change, starting in 2006, goldsmiths and the local government opened a public debate on the future of the district (Raselli and Mensi, 2007): a debate that outlined a future of the city where, in Piore and Sabel’s terms, the regional conglomeration would have developed into a solar system governed by multinational corporations. Some signs of this change could be seen in previous years, such as the decision of Bulgari to acquire its historical local supplier, Crova, and plan an establishment for over 500 employees on the outskirts of the city (Bulgari Group, 2006), and Damiani’s project to build a new factory on a

plot of about 20,000 m², in the western periphery of the city. In other words, the future of a flexible industry appeared to be enclosed in a Taylorist shift. While Valenza had been generally recognised as a significant example of network industry and ID (e.g. Magni, 1999; Gaibisso, 1995; Garofoli, 2004; Gaggio, 2007; Crestanello, 2009), the transformations revealed a structural change comparable to the broader trend described for Italian IDs. Due to this similarity, Valenza's change appeared to be a possible field of investigation to answer those questions about the relationship between community and industry still not addressed by existing scholars. Consequentially, my original plan was to conduct a study of this transformation, from the perspective of the change of production in Valenza and the 'sense of place' (cf. Field and Basso, 1996) and meaning that people in the city gave to jewellery making. However...

The bubble of subprime mortgage derivatives that burst in the early autumn of 2008 (Tett, 2009a, 2009b; Attali, 2009 [2008]) ushered in a deep recession for the Italian economy (in 2008, the Italian GDP shrank by 1.2% and in 2009, by 5.2%), and inaugurated a period of extreme uncertainty for the world jewellery market. Between 2008 and 2009, the world's demand for jewellery fell by 20% (Gereffi et al., 2010). For the Valenza industry, this led to a sudden plunge in exports, which halved between 2007 and 2009 (Gereffi et al., 2010), causing a wave of firm closures, and initiating a major redundancy as brutal as it was unexpected (2,000 people lost their jobs between 2009 and 2010). Moreover, the increase in national public debt in the face of the lack of an effective policy to revitalise the national economy between 2008 and 2011 has exacerbated the effects of the downturn at the local level (Di Quirico, 2010; Bianchi Renzo, 2009), in particular due to an erosion of public services and an increase in fiscal pressure.

After almost a decade of stagnation, 2008's Credit Crunch started a period of recession for Valenza: a new phase in its history that people in the city call simply '*la Crisi*' [the crisis]. My fieldwork, thus, resulted in the study of the downturn and its effects that led goldsmiths to rethink their work, their being goldsmiths. In face of '*la Crisi*', all the community of Valenza problematize and the identity bond between the jewellery industry and Valenza. The study sought to question the meaning of an economic crisis for a local community in order to search for the socio-cultural effects caused by a rapid and deep global and local change, and to enquire into the present and possible future of IDs' flexible industry.

Economic crisis

Against this very specific background, this work addresses an apparently simple question: what is an economic crisis?

A first answer to this question comes from economics, the social science in which this concept was developed, during the 19th century, to define the slowdown of the exchange of goods. Particularly important in this theorisation were the works of Marx and Engels, who explained the concept of economic crisis in their *Manifesto of the Communist Party* (2000 [1848]: 7) and, more analytically, in Marx's *The Capital* (Marx, 2010 [1867]: 87-88, 2010 [1885]: 43-44) and Engels' *Socialism: Utopian and Scientific* (2010 [1880]).

They define 'economic crisis' as a feature of the market economy. In particular, working within a classical economic paradigm that describes the market economy as the result of the interaction between banks, firms and people, Marx argues that it is a cyclical process that passes through four phases: economic recovery, boom and prosperity, overproduction and slump, crisis and depression (Mandel, 1968: 347-49). Within this cycle, a crisis appears as a period of interruption of the process of accumulation of capital in the hands of the capitalists due to the blockage of goods consumption in the market (Marx, 2010 [1867]: 43). Hence, the term 'crisis' refers to a particular dynamic of the market; a precise configuration of its characteristics that brings the normal flow of exchanges to a halt.

Marx goes on to expand on an interpretation of the market already hinted at in his *Manifesto*. There, Marx and Engels explain the market economy as the complex set of exchanges that substantiates modern economic life and society. In such a conceptual framework, every market crash has a potentially profound social impact on society. In fact, in times of crisis, the material basis of human life becomes significantly reduced. Marx and Engels draw an analogy between economic crises and natural disasters for the devastating social and economic effects that these events can have on a society. In particular, they pointed out that economic crises, like famine, war and natural disasters in pre-capitalist societies, would lead not only to a precarisation of individuals' lives, but even to a return to barbarism (Marx and Engels, 2000 [1848]: 7). As Knight noticed:

"One may not wholly agree that economic crisis, such as is currently being experienced internationally, is directly comparable to famine in sub-Saharan Africa, and the terms 'civilisation' and 'barbarism' do not sit so comfortably nowadays, but as an analogy of social change and when one considers a relativisation of normative circumstance, the concept becomes slightly less melodramatic." (2011: 168)