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**Article**

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# Economic Sociology in Italy

by

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According to the three major essays on the “state of the art” of Italian economic sociology, we can delineate two major fields of interest: (a) industrial districts and Italian development; and (b) industrial relations and the “social regulation of economy” (Martinelli, 1985; Bonazzi, 1992; Regini, 1996a)<sup>1</sup>. Both of these topics are strongly linked to the particular features of the Italian model of development, and they are empirically oriented rather than theoretically driven. Nonetheless, as I will show in the last section, the recent debate has also addressed some theoretical issues (e.g. Mingione, 1997; Trigilia, 1998; Mingione and Laville, 1999). Industrial sociology, labor market analysis and sociology of work will not be touched upon in this overview, since they all follow their own traditional trajectories.

## 1. Industrial Districts and Italian Development

The first of our two fields has been a very active one, and it still is very much alive. Two related issues dominate the discussion: the analysis of the so-called “Third Italy”, mainly due to the works of Bagnasco and Trigilia, and the study of Italian development. The study of the “Third Italy” has involved also some economists (e.g. Becattini and Brusco) and it has contributed to outline important concepts, such as “industrial districts” and “flexible specialization”, both widely used in the international debate (e.g. Piore and Sabel, 1986).

In his work Bagnasco shows how the Middle and North-East Italian regions have followed development paths different both from the North-West “fordist” development and the South state-assisted one (Bagnasco, 1977). Small and medium-size enterprises, widespread entrepreneurship and good economic performance have been closely linked to characteristics such as trust, reciprocity relations and a shared local identity. In the words of Bagnasco and Trigilia, the institutional preconditions of these regions have allowed for communitarian market behavior, instead of an individualistic one (Bagnasco and Trigilia, 1984, 1985; Trigilia, 1986 and 1997). The more important of these preconditions are: the pre-existing forms of small agricultural entrepreneurship, the peculiar relation between urban and rural areas, the role of extended family and the homogeneous political sub-culture (Paci, 1999). Bagnasco discusses this type of phenomena in terms of “The Social Construction of the Market” (Bagnasco, 1988). In this book he also raises several theoretical questions of relevance to economic sociology, but he does not construct a full theory. He takes a very “historical” approach to sociological explanation; he focuses on single events and he rarely generalizes. Also Trigilia struggled with important theoretical problems when he confronted Williamson’s transaction cost economics from the viewpoint of new economic sociology (Trigilia, 1989). But, also in his opinion, the very purpose of economic sociology is to deal with historical contingency and to explain the diversity of economic assets. Following Raymond Boudon thesis and in order to differentiate their approach from a purely historical one, Bagnasco and Trigilia have argued that economic sociology should build “local models” instead of general laws (Boudon, 1986).

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The most recent contributions in the discussion of industrial districts try to understand their capacity to face the new economic challenges, and in doing so they refer explicitly to New Economic Sociology (Parri, 1997a, 1997b). Parri, for instance, shows how the institutions in some districts arise not as “efficient solutions” to given economic problems (Williamson). Instead, the institution-building process demands the solution to several collective action problems. Using game theory in a heuristic and non-formal way, Parri illustrates how social resources like social capital and institutional leadership can provide a solution to these collective action problems. Parri also tries to identify the possible evolutionary paths of Italian districts and to locate the mechanisms which allow their reproduction.

The second theme, -Italian development- is mainly about the South of Italy and the most relevant findings in the recent debate are the following. First, it is not correct to speak of “A Southern Question”, since the South shows quite a bit of “internal variance”, and it is not possible to reduce everything that happens to just one model (Mutti, 1994a). Second, the underdevelopment of the South is not only due to economic factors; Trigilia shows, through a “New Comparative Political Economy” approach, the importance of socio-political variables for the development of the Southern Italian regions (Trigilia, 1992). Third, not only “universalistic” but also “particularistic” actions by some elites have turned out to further economic development (Mutti, 1994b). In sum, the Italian case does not allow for any easy generalization, something which is also illustrated by various critiques of Putnam’s ambitious interpretation of Italian development (Mutti, 1998; Bagnasco, 1999).

A further area of interest is that of unemployment, the informal economy and the class structure (Accornero e Carmignani, 1986; Reyneri, 1984; Paci, 1982). I will not go through these themes here, but it must be pointed out that they are related to the problem of Italian development and may lead valuable interpretations of the Italian situation (e.g. Gallino, 1998).

## **2. Industrial Relations and Social Regulation of the Economy**

Many Italian sociologists are also concerned with the so-called “diversity of capitalism” and the place of Italian capitalism amongst these models (e.g. Regini, 1997). At an early stage a journal was founded, called Stato e Mercato (1981-), and its contributors have drawn attention to the relation between politics and markets (Bordogna and Provasi, 1984), to industrial relations (Cella and Treu, 1998), and to the process of “political exchange” between the state and trades union (Regini and Lange, 1987; Regini, 1995). A few economists have also been involved in the debate in this field (e.g. Salvati e Santagata).

According to Bonazzi, Italian scholars have otherwise focused on two main themes (Bonazzi, 1992). First, they have pointed out that the category of “neo-corporatism” is unsuitable for an analysis of the Italian situation, and they have also tried to replace it with another concept, “political exchange”. This latter concept allows you to understand the privatization of the public sector, which characterizes the development in Italy after World War II. By this is meant that the state did not regulate the economic system; it was rather private interests that invaded the state in order to obtain public resources (Amato, 1976). Nevertheless, it must be added, other analysts have pointed out that a “political exchange” under certain conditions can also support public objectives.

Second, the relationship between individual and organized interests should neither be seen as a subordination of individual interests to the general interests of the trade unions organizations, nor as a convergence between the two. Rather, the Italian contributions

emphasize the variability of their relationship. Actually, the problem of “political exchange” and the one regarding the relationship between individual and organized interests are strongly related. In fact, in a “political exchange” the state and organized interests, such as trade unions, both act on a “political market” and follow the logic of exchange. The trade unions aggregate the individual interests and assure social consensus to the state, and then the state will produce policies which favor the working class. This exchange, however, suffers from an “asymmetric temporality”, in the sense that the consensus comes at once, while the policies demand a long period for policy making and implementation. Trade unions must aggregate a high number of individual interests in order to assure social consensus, and because of the “asymmetric temporality”, they must also have a relationship based on trust with the individual interests they represent (Regini, 1995). In this way, the neo-corporatist strategy of encompassing organizations, which participate in the public decision making process and which combine working class interests with general interests, is made more problematic.

### **3. The Current State of the Theoretical Debate**

Since the early 1990s several scholars have explicitly tried to add theoretical themes to the agenda of Italian economic sociology. Some have been concerned with the general relationship between economy and society (Mingione, 1991); others have focused on single authors (Martinelli, 1986; Cella, 1997); and a few have attempted to analyze specific issues (Mutti, 1992 and 1998; Magatti, 1997). Some of this material can also be found in a few anthologies (Addario and Cavalli, 1991; Martinelli and Smelser, 1990; Magatti, 1991 and 1995).

To simplify the situation I will single out three major topics in the recent theoretical debate in Italy. The first involves the epistemological consequences of the territorial problematic of the Italian development. Bagnasco, for example, examines the theories of Putnam and Fukuyama, and then confronts them with that of Coleman. He argues that Putnam and Fukuyama use a deterministic paradigm to study trust and social capital, and that they view social capital as a product of history (Putnam) or as a result of a cooperative culture (Fukuyama). On the other hand Coleman, according to Bagnasco, inserts social capital into an interactionist paradigm and, in doing so, contributes to our understanding of how trust and social capital are created. Bagnasco refers to social mechanisms in this context; these offer the best epistemological middle-ground, in his opinion, for a dialogue between theory and empirical research. Similarly, Trigilia argues that economic sociology should build “local models” instead of constructing general laws. (Trigilia, 1998).

The second theoretical issue on the agenda of Italian economic sociologists has to do with the concept of social capital. It has, for example, been argued that this concept becomes more useful if it takes into account the tradition of political economy. An effort has also been made to look at the possible applications of social capital to the study of Italian society (e.g. Stato and Mercato, n. 3, 1999). Mutti suggests that we investigate how legitimate political systems can produce trust, cooperation and development by using positive and negative incentives (Mutti, 1998). Trust, Mutti says, is not only a product of history and civil society, but it can also be intentionally built by the state. Another contribution is that of Barbieri, who links the macro-models of welfare capitalism to the role of networks in labor market regulation and the reproduction of inequality (Barbieri, 1998). The relation between social inequality and social capital also constitutes a central issue in the work of some other scholars (Bianco, 1996; Bianco and Eve, 1999). They especially emphasize the need to make a distinction between “collective” and “individual” social capital; the former refers to the structural and normative features of a given society, while the latter looks at the resources that individuals manage. Finally, there is the work on social capital by Sciarrone, who applies this concept to the study

of the Mafia's organizations. As a complement to Diego Gambetta's economic theory of the Mafia, he argues that the business of crime and power is strongly linked to the Mafia's capability to reproduce social capital ties and resources not only in the traditional areas, but also in new and non-traditional areas (Gambetta, 1994; Sciarrone, 1998).

Finally, the third theoretical topic is the embeddedness of economic action. The very different ways in which the concept of embeddedness has been approached in the Italian debate confirm that it has become a "conceptual umbrella". Here we find three very different contributions. The first is that of Mingione, who is interested in rethinking the concept of embeddedness at a macro level, more precisely as an historically contingent mix of regulative principles (Mingione, 1999). The transition to a post-fordist (or "fragmented") society, he says, cannot be understood with the same conceptual tools as the fordist (or "intensive") society. The discontinuity between the two is too large, and we need a more suitable mix of regulative principles or a different approach to the idea of embeddedness.

The second contribution comes from Magatti, who focuses on the micro level of the problem (Magatti, 1997, 1999). He tries to clarify the possible relations between New Economic Sociology and New Institutionalism. The latter views social action as governed by routines, cognitive maps and habitus, which are all linked to the institutional environment. In Magatti's opinion, this conception may underestimate the possibility of calculated action, which still exists in institutionalized markets. New Economic Sociology, on the other hand, pays more attention to the problem of calculus and is therefore better at analyzing market dynamics. The last work on the problem of embeddedness looks directly at the analytical dimension of this concept, and is especially useful for analyzing the labor market (Follis, 1998). Follis argues that Granovetter's theory of embeddedness does not allow us to understand the specific mechanisms which govern interaction in the labor market. More specifically, he points out how interpersonal networks can rely on many different mechanisms, such as information, reputation, trust and reciprocity.

In general, it is possible to notice a tension in the Italian debate between approaches which are mainly concerned with what goes on at the micro level, and those which focus on what happens at the macro level. Until now the Italian tradition has been influenced more by the political economy tradition (macro) than by New Economic Sociology (micro). Considering the fact that most of the relevant advances in economics have been located on the micro level, one would assume that there would be an extra wide distance between economics and economic sociology in Italy. This is not completely true, however. Parri's evolutionary approach to industrial districts can, for instance, easily enter into a dialogue with evolutionary economics, which is well established in Italy (e.g. Dosi and Egidi, 1991). Nonetheless, for the moment, the micro dimension of Italian economic sociology is still underdeveloped, apart from a few exceptions (e.g. Bagnasco and Negri, 1996; Cella, 1997).

In sum, the strong tradition of political economy in Italy may in the future operate both as a constraint and as a resource; it may prevent economic sociology from developing in an autonomous fashion, but it may also enrich it. Indeed, the most recent debate points towards the second possibility. Mutti's suggestion, for instance, to look at the ways in which a legitimate state through proper incentives can promote trust and social capital in civil society, shows that the two traditions of economic sociology and political economy can be fruitfully related to one another.

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