Agglomeration, Industrial Districts and Industry Clusters: Foundations of the 20th Century Literature

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# Contents

1 Introduction 2

2 Significant Works on Industry Concentration 5  
2.1 Alfred Marshall’s “concentration of specialized industries in particular localities” 5  
2.2 AnnaLee Saxenian’s *Regional Advantage* 8  
2.3 Michael Porter’s views on competitiveness and competition 8  
2.4 Summary 9

3 Overview of the Literature on Agglomerations, Industrial Districts and Industry Clusters 10  
3.1 General overview 1920–1999 10  
3.2 Geographic focus of research from 1920 to 1999 12  
3.3 Industry focus of research from 1920 to 1990 17  
3.4 Thematic focus of research by decade 26

4 Early 20th Century Research 27  
4.1 Overview of 1920–1940s research 27  
4.2 Overview of 1950s research 28  
4.3 Overview of 1960’s decade 29

Full text available at: http://dx.doi.org/10.1561/0300000059
5 Late 20th Century Research
  5.1 Overview of 1970s research ............................... 32
  5.2 Overview of 1980s research ............................... 35

6 Research of the 1990s
  6.1 Overview of the decade .................................... 40
  6.2 Government influence ..................................... 42
  6.3 Benefits and consequences ................................ 42
  6.4 Regional and industry structure ......................... 43
  6.5 Interfirm relationships ................................. 46
  6.6 Regional firms ............................................ 48

7 Summary of 20th Century Thinking on the Geographic Concentration of Industries
  7.1 Dynamics of skilled workers in regions with industry concentration .......................... 52
  7.2 Dynamics of supplier relations in regions with industry concentration .................. 54
  7.3 Conclusion ............................................... 56

Acknowledgements ............................................. 57

References .................................................... 58
Abstract

Since Alfred Marshall’s acknowledgement of industry concentration within particular regions, a host of studies have emerged that shed light on the phenomena of agglomerations, industrial districts and industry clusters. This monograph overviews the foundation laid by this body of work. It highlights the academic voices that contribute to this strand of research, the geographic regions and industries of focus, as well as the overall themes that have been examined. These topics are discussed for studies published in the 20th Century literature, and are highlighted by decade so that the contributions of each decade of work are understood over time. The monograph concludes with a reflection on how this body of work extends Alfred Marshall’s early thoughts on industry concentration.
As cities have developed in countries around the world, their status in academic scholarship has grown. There is now a significant body of work that explores the interplay of cities, regions and the industries that sustain them. In this body of research, three related yet distinct concepts have been emphasized. Agglomeration refers to the economic advantages associated with the location of production activities in a region [Weber, 1909]. Regions with agglomerations grew rapidly towards the end of the 19th Century and continued their growth well into the 20th Century [Fodor, 1969]. The research that followed assesses the economic dynamics that accompany the concentration of firms within geographic regions, primarily with respect to the cost advantages or disadvantages that accrue to firms operating in these regions [Marcus, 1965]. Industrial districts describe the area in which sectoral economic activity is concentrated [Barr, 1951, Danielson, 1951]. Their rise to acclaim is perhaps attributable to Italy’s acclaimed Third District. Industry clusters refers to the collection of related industries which produce a specific type of product or economic activity [Schmitz, 1995]. These areas are generally conceptualized as network regions or systems, of which Silicon Valley is one of the most famed examples.
Unlike the research on agglomerations, which generally emphasizes economics, research on the latter two concepts on industry concentration emphasizes the institutions and systems that support firms within geographic regions [Schmitz, 1995]. While each of the three strands of literature offers a unique perspective on the geographic concentration of industries, the literature on agglomerations and industrial districts has dominated the conversation. The literature on industry clusters did not become prominent in academic journals until the 1990s and beyond. Once it took hold, there was significant growth in studies that explored the industry cluster phenomenon, with much of this work occurring after the year 2000. The collective body of work across the 20th and 21st Century literatures reflects different attention patterns, and the scholarship on the various aspects of industry concentration has fluctuated across the decades. This monograph focuses on the foundations laid by the early research on agglomerations, industrial districts and industry clusters that was published in the 20th Century. A subsequent monograph will highlight the trends observed in the research emerging in the 21st Century.

Several important voices influenced the work of the 20th Century. Alfred Marshall provided some of the earliest writings on industry concentration. His work is at the regional level and outlines the factors that create and sustain industry concentration and contribute to external economies. Like other influential scholars during this time, Marshall’s work was published as a conversation within a larger conversation — in this case within the field of economics. Towards the turn of the century, other important voices emerged through books; only in these cases the authors more commonly focused on specific aspects of agglomeration, industrial districts or industry cluster phenomena as part of the larger conversation on industry concentration. A host of peer reviewed articles also contributed to this conversation. With the volume of books and journal articles that address various aspects pertaining to industry concentration, this monograph limits its review to peer reviewed journal articles that focus on agglomeration, industrial districts or industry clusters so that the diverse set of voices that have contributed to this stream of knowledge are appropriately acknowledged.
The monograph uses Alfred Marshall’s [1920] work as a starting point. Not only is this work one of the earliest expositions on this topic, but also as of the writing of this manuscript, it had received over 2500 citations, with his overall body of work being cited more than 25,000 times. These numbers are considerably higher than the next most highly cited scholar in any of the individual literature strands (for example, Rosenthal and Strange [2003] at 976 citations for agglomerations; Keeble and Wilkinson [1999] at 684 for their summary of work on industry clusters and Rabellotti [1994] with 468 citations for her work on industrial districts.\(^1\) The monograph also highlights the geographic regions and industries that have been researched throughout the decades.

The sections that follow review the literature on agglomerations, industrial districts and industry clusters beginning with an introductory overview of Marshall’s [1920] and other significant works in Section 1. Section 2 proceeds with an overview of themes in the literature, the geographic regions and commonly researched industries. Sections 3 through 6 explore the themes that emerged across the decades. The monograph concludes reflections on the body of literature that emerged during the 20th Century in Section 7.

\(^1\)Citation counts are from Google Scholar.


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