3 The Uses of the Traditional Sector in Italy: Why Declining Classes Survive*

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Like other advanced industrial states, Italy regards the survival of its traditional sector as a temporary if necessary evil. National plans, politicians, leaders of the major economic associations all proclaim that the future of Italy has no room for the small-scale, familial, protected economic unit. Advanced industrial societies, so the argument runs, require enterprises that are competitive, geared to profit-making, adaptable to changes in markets and technology, and structured for efficiency in production. And whatever the differences among the extremely diverse actors, firms, and classes that in Italy are usually called traditional, they all have in common a pattern of economic behaviour so different from that of the model firm of advanced industrial society that only the most radical and most improbable transformations could save them. Opinions diverge on the precise characteristics of a firm that class it as traditional – size or labour-capital ratio or productivity or management style? But for political purposes the outcome of these definitional quarrels is irrelevant, since all diagnoses and vocabularies converge on the same set of actors: the small shops, the small industries, and the small farms. This disparate group of economic firms and those who work in them are now identified by Italian political elites as traditional, unproductive, and in some sense, parasitic.

Whenever economists or politicians discuss the future of these groups, they are careful to point out the need even in advanced industrial societies for certain kinds of small enterprises: for the shop that caters to a special market, for the small electronics firm that is innovative and flexible, for the small farm that raises vegetables near a city, and so forth. If only small shops pooled their resources in joint enterprises; if only the peasant would switch to animal husbandry specialisation; if only the
small industry geared its production to the market; then they, too, would move from the camp of traditional firms condemned to disappear into the camp of dynamic modern firms on which the economy of modern Italy will be based. These and the many other reforms that are proposed for the traditional enterprise have been elaborated in abundance and generally without regard for the likely evolution of the already modern sectors of the economy. But even setting aside the dubious efficacy of many of the proposed remedies, it would appear that the vast majority of Italian small shops and farms and industries are so unlike any of the firms described as candidates for success in advanced industrial societies that they have no chance of surviving in the long run.

And yet, the evolution of the traditional sector at the end of the seventies suggests that this long run may be very long indeed. The economic crisis of the last five years, rather than eliminating small firms, has resulted in an expansion of the part of the economy in the hands of small independent property owners. The political crisis created by the failure of the old formulas of government, with the collapse of the old alliance partners of the Christian Democrats and the growth of both the Communist electorate and the Communist role in government, has, rather than diminishing the influence of the old middle classes, instead increased it. These paradoxical outcomes both reflect the same phenomenon: the interdependence of modern and traditional sectors in contemporary Italy. This essay will explore these political and economic links, for this interdependence accounts for the survival, reinforcement, and reproduction of the Italian petite bourgeoisie.

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Which economic units are traditional? A complex of firm properties – size, labour-capital ratios, market relations, productivity, management practices – might be used to describe the typical traditional firm, but statistics have not been collected and analysed with such a model in mind, so it is difficult to differentiate among Italian firms in this fashion. An even more significant obstacle to economic definition is the absence of an adequate model of the modern Italian firm. As came out clearly in interviews with young industrialists on the inefficient, ‘parasitic’ sector, the difficulty of establishing ‘where profit ends and rent begins’ is not easily resolved in the Italian context. To define the ‘parasitic rent’ collected by inefficient firms that survive because of political protection as ‘the difference between the normal profit an entrepreneur earns in a system of competitive equilibrium and the profit obtained in conditions of a different sort of market or else, sheltered by various kinds of privilege’ assumes the existence of prices determined in a free market. In Italy where the modern large-scale firms are well-protected not only