INDUSTRIAL DISTRICTS AND COMMODITY CHAINS: THE GARAGE FIRMS OF EMILIA-ROMAGNA (ITALY) AND HASKOVO (BULGARIA)

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INTRODUCTION

In trying to understand Bulgaria’s long transition from a command economy captured by the restriction of the Council for Mutual Economic Assistance to a market-oriented global economy, Bulgarian economic geographers are confronted with new challenges and new concepts. This article is an effort to apply two of the more important concepts in recent industrial geography (commodity chains and industrial districts) to a peculiarly Bulgarian phenomenon, the garage firms of Haskovo, within the broader context of the changing nature of apparel production in Bulgaria. The Haskovo region is a major site for apparel production, particularly of knit-wear products for export and domestic markets. But one important element of the industry is the involvement of a large number of small workshop firms located in the ethnic Turkish and Bulgarian Muslim neighborhoods of the city of Haskovo (Hisarya, Chervena Stena, Makedonski, Trakya, and Voevodski), situated on hill-sides across the Haskovska River from the main town. The densely clustered garage firms and apparel workshops of the area bear similarities to models of industrial districts and local agglomerations in, for example, the Third Italy region. In this paper we seek to explore the extent to which theories of industrial districts and local agglomerations are helpful in understanding the phenomenon of the Haskovo garage firms.

In a seminal 1983 article (see also 1984), M. Piore and C. Sabel describe what was to become one of the more enduring models of post-Fordist economic geography: the industrial district of small firms which engage in specialized flexible production. The industrial district has a long history in economic geography (March, 1961: 1850), but in describing the Emilia-Romagna district of Italy (what became known as the ‘Third Italy’, as distinct from the industrialized north-east and the largely agricultural south of the country), Piore and Sabel identified an emerging form of capitalist production: flexible specialization. The flexible specialization model rests on the centrality of dense, often localized inter-firm linkages, a complex local division of labor with high levels of sub-contracting, and the importance of a localized labor market of skilled workers. The model of the Third Italy has become so pervasive in the Anglo-American geographic and planning literature that it has moved beyond being a description of localized industrial production to being an analytic (Visser, 1999; Bair, Gerff, 2001) and prescriptive tool. In the first case, apparel clusters in industrializing countries are held up to the model of the
Third Italy and their success or failure adjudged on the basis of the comparison. In the second, planners and geographers have become consultants to urban or state governments in an effort to create "industrial clusters" as tools of economic development (Feser, 1999).

There are many reasons to be skeptical of using the concept in these ways. Markusen (1999:877) has criticized the notion of the Third Italy "networking and co-operative competition in industrial district" as an example of a 'fuzzy concept'. E. F. Feser (2002), in examining government efforts within Latin America and the Caribbean to create industrial districts asks: is aiming to build innovation clusters as a matter of policy the best way to use our knowledge? He concludes (2002:34): "There are several reasons to believe it may not be, especially in developing economies." Even a close reading of the original Piore and Sabel would make one doubtful about generalizing from the Emilia-Romagna experience. To use two terms current in transition studies, the success of Emilia-Romagna was path-dependent and deeply embedded in a particular culture at a particular time. In spite of the remarkable similarities we will find between the successful garage firms of Bologna and those of Haskovo, they were born under very different circumstances and may have very different futures. One way to explore these differences is through the use of a second set of literature concerning the organization of commodity chains (Gereffi, 1994). Central to the commodity chains framework is an understanding that explaining the particular forms of local industrial production requires understanding the type of commodity production process (from raw materials to manufacture to retailing) that is present in a particular sector of activity. By using the models of industrial district and commodity chain, we enhance our understanding of industrial clusters and international markets and may, perhaps, inform policy decisions.

THE INDUSTRIAL DISTRICT

The industrial district is a broad concept that spans more than a century of economic thought. Today it encompasses localized and coordinated economic regions ranging from the Research Triangle of North Carolina or the Ile-de-France of Paris, to agglomerations of small apparel, shoes, and ceramic workshops in Italy's rural Tuscany. It is on the latter form of the industrial district we will concentrate. Markusen (1895) gives us one of the earliest descriptions of the industrial district. Industries of the same type have a persistent tendency to co-locate; Marshall gives us three reasons for this. Firstly, co-location gives an industry a pool of skilled labor from which to draw. This pooling benefits both employers and employees. Business will certainly locate in areas where they find qualified workers, but workers with particular skills will also locate where employers are more likely to bid on their skills. Secondly, and characteristic of the Italian apparel industry, non-traded inputs specific to the industry will be more readily available. Thus, although the investment in the machinery necessary to manufacture zippers may not be profitable in a neighborhood with one small firm, the co-location of many firms could make such a capital investment profitable. Finally, within local networks information flows more easily. This causes what economists call technological spillovers and what M. Storper (1997) has called untraded interdependencies. Thus, new ideas and new machinery that are developed within a close network spread quickly to other firms in ways that are less likely over long distances. Collectively these economies are sector specific agglomeration economies. P. Krugman (1991) has documented their persistence and importance in the U.S. economy. That such economies can be placed spe-
cific is also not a new idea. Chinitz (1960) in contrasting the agglomeration economies of Pittsburgh and New York, correctly forecasts the greater robustness of those in New York.

These economies are external to the firm and what we might call passive economies. For sector specific agglomeration economies to produce the prototypical industrial district a particular form of entrepreneurial behavior is necessary. Bair and Gereffi (2001: 1886) define it this way: "...the industrial district model emphasizes the importance of horizontal networks between firms located within the cluster. The crucial characteristic of an industrial cluster is its organization. It is a firm as part of, and depending on, a collective network which perhaps more than anything else encapsulates the essence of the district's character (Pyke, Sengber, 1992: 1)." Central to an understanding of the industrial district model, despite its origins in the work of Marshall in the United Kingdom during the early part of the 1900s, has been the case of the Italian industrial district of the Third Italy on which Piore and Sabel focused their attention.

THE THIRD ITALY

The Emilia-Romagna district of Italy attracted the attention of Piore and Sabel because at a time when much of Europe was struggling economically it was showing a remarkable resilience. The period of 1950 to the 1970's was the period when flexibly specialized industrial development actually grew in the region. This was of course a period of dramatic reconstruction following World War II. Italy had been traditionally divided into a prosperous and industrial north and a poorer agrarian south. In the 1977 (Bianchi, 1998: 94), Bagnasco coined the term "Tre Italia" to describe the central-Northeastern region of Italy that was characterized by a preponderance of small firms and was moving from a marginal to a "peripheral" economy. Emilian exports grew from 6 to 8.4% of Italy's total between 1963 and 1976 (Cecchi, 1989). The bulk of exports were composed of short run mechanical goods and textiles and clothing. This was also a period of firm fragmentation. For example, in the period 1950 to 1970, the packaging industry dissolved from two or three large factories to a conglomeration of three hundred small plants (Cecchi, 1989).

Piore and Sabel (1983: 392-4) describe the process in this way: "At the center of the new wave of Italian growth is a vast network of very small enterprises spread through the villages and small cities of central and Northeast Italy." They also found that "The average size of the units varies from industry to industry, but it is generally extremely small: shops of ten workers or less are not unusual...It is housed in the ground floor of a building usually constructed in the last five years. Above the factory are two or three floors of apartments for several households of the extended family that owns the factory. A number of hand operations are interspersed with mechanized ones. The machinery, however, is fully modern in technology and design: sometimes exactly the same as that found in a modern factory...The work is laid out rationally: the workpieces flow along miniature conveyors, whose twists and turns create the impression of a factory in a doll house. Of course not all factories...look like this. In a great many, production is still centered around the garage, and the stitching and finishing operations overflow into the dining room next door...People also live well: they have expensive cars and walk downstairs to work."

It was important for Piore and Sabel that these firms be seen as something new in industrial production. Just because they existed in homes with a small number of employees did not mean that they fit the traditional notion of "sweat shops.'
Rather, *Piore* and *Sabel* explain their origin and success in the following way.

During the 1960s wage pressure and union organization in the second generation of factory workers created management problems for Italy's large firms. More then wage pressure, work rules and plant-level bargaining reduced the flexibility of the large firms. At the same time, the Italian government was increasing employment (social security) taxes on the large firms. These firms began to subcontract parts of their operations to smaller firms. Both *Piore* and *Sabel* (1983, 1984) and Cappelen (1989), point to the long tradition of artisans and small family firms in the region as an enabler of this outsourcing. This history provided both an established entrepreneurial class and a legal framework that exempted small family firms from much of the more burdensome labor and tax regulations. Ironically, the presence of a strong communist party in the region with loyalties to the artisan class, held unions at bay as the disintegration of large firms progressed. Under such circumstances the small firms began to thrive.

This phenomenon, Piore and Sabel argue, coincided with the need of capitalists firms to be more specialized and responsive to consumer demand. Once the process of devaluation had begun, it was reinforced by characteristics of the firms themselves and by characteristics which for Piore and Sabel comprise an "industrial district." First, as production was reorganized into small firms, machinery had to be adapted. At times this meant only miniaturization, but at times new and more specialized machines were developed that gave the small firms a competitive advantage. The advent of information technologies in the early 1980's gave larger firms the span of control necessary to work with dozens of smaller enterprises. This trend has only grown. Thus today, we see small apparel firms getting patterns from retailers via email and uploading them into their CAD-CAM systems which control pattern drawing software. In the final stages, small firms having developed the appropriate technologies sought to "break the hammerlock of the large clients by developing and marketing products of their own" (Piore, Sabel, 1983: 398).

This process was augmented by several types of cooperation. First, the firms themselves having few employees tended to create what we might now call "work groups." Designers, operators, and clients would confer over how best to meet the requirements of the market. The internal division of labor was extremely flexible, employees often being called upon to perform multiple functions. Second, inter-firm cooperation was high. As firms carved their niche by becoming more and more specialized, they faced the challenge of developing new products and new clients. Tier expertise in small areas often forced them to turn to neighboring firms as subcontractors or cooperative producers to match the design and cost capabilities of larger firms. Economies of scale that they could not realize alone could be realized through cooperation. Finally, consortia of various types emerged to meet the demands of the new form of industrial organization. Purchasing cooperatives, engineering firms producing specialized equipment, design firms providing patterns, marketing, and accounting firms developed to support the family firms of the Third Italy. Together, these features comprised a localized industrial system of dense and complex 'trade and untraded interdependencies' between firms (Sopper, 1997).

**FLEXIBLE PRODUCTION AND COMmodity CHAINS**

When Piore and Sabel made their studies of the Third Italy in the early 1980s, economists were engaged in a debate as to what form industrial production would take over the next twenty years. For various reasons, industrialist and economist
alike foresaw the end of large batch, capital intensive mass production in the United States. In part, wage pressure would force such production out of the core economies of the West and into lesser industrialized country. What Piore and Sabel argued would replace it was a new form of small batch, short run, specialized production that could and would respond quickly to rapidly changing consumer demand and increasingly fragmented niche markets. Piore and Sabel (1983: 403) put it this way: "...as low wage competition from developing countries grows, a reasonable response of mature industries will be to move toward higher value-added specialty goods suited to the particularities of local customers." Certainly the "industrial divide" that they foresaw has been crossed. Today many industries, though not only in the core economies of the mid-twentieth century, have moved toward flexible specialization or "flex-spec" production, although there are also many which have not made this shift and still operate on Fordist principles, notably the steel and petrochemicals industries. Piore and Sabel argue that industrial districts comprised of cooperating small firms will be ideally suited to respond to the demands of such production.

Accompanying this transformation has been an increasing outsourcing of production processes on a global scale. With the advent of global computer technology, it is now possible for a firm in London or New York to manage widespread component operation in dozens of countries. This process is known as a commodity chain. Hopkins and Wallerstein (1994: 17) define a commodity chain as "a network of labor and production processes whose end result is a finished product." Figure 1 illustrates elements of the textile-apparel commodity chain. In its entirety the chain has links to fiber and fabric, sheep and petrochemical complexes.

![Commodity Chain Diagram](image)

Fig. 1. Textile-Apparel Commodity Chain (after Dicken, 1998)

The apparel industry is the classic example of a "buyer-driven" commodity chain. Gereffi explains much of the relocation of apparel production from core to low-wage economies by the emergence of retailers and branded marketers as direct contractors with overseas assembly and production units. Within this framework, a few large retail firms in core countries (Walmart, K-mart, Marks and Spencer, Arcadia, Metro/Kaufhof) dominate the market and are able to source production by careful "supply chain management" to peripheral economies. In doing so, they displace more traditional branded manufacturers (Levi's, Arrow) and add impetus to a
global restructuring of production sites. A large part of the growth in the apparel industry in Bulgaria has been a result of the outsourcing of EU and Turkish clothing production, often organized through outward processing trade arrangements with the EU (Begg, Pickles, Smith, 2004).

This is only the first part of the story, however. Using newly industrialized Asian economies (South Korea, Taiwan, Hong Kong) as examples, Gereffi (1999) argues that low-wage economies may improve their position in the commodity chain through a process of industrial upgrading. Within this perspective, industrial upgrading is not simply the move to more capital-intensive processes within the commodity chain. Rather, it "involves organizational learning to improve the position of firms or nations in international trade networks" (Gereffi 1999: 39).

For Gereffi, this process means moving from low-wage assembly production toward "full-package" supply, and even into own-brand manufacturing (OBM) and own-design manufacturing (ODM). The East Asian transition from simple apparel assembly to full-package supply that Gereffi documents resulted largely from close linkages developed with firms in buyer driven chains. In a gradual process, European and American firms move from simple assembly contracted through resident traders, to own-company, in-country representatives of retailers and marketers who increasingly transfer technology, domestically sourced backward linkages, and knowledge of managing organizational networks to indigenous producers. By the late 1990s, the East Asian economies had moved not only to full-package supply for Western buyers, but to off-shoring the apparel assembly themselves to other lower-cost locations in the region (known as triangle manufacture) and had introduced own-brand manufacture within the region.

Consequently, any understanding of the dramatic growth of the garage firms of Haskovo requires that attention be paid to not only the industrial district-like characteristics of the area but also where they lie in the apparel supply chain and what this may mean for their future.

THE BULGARIAN APPAREL INDUSTRY AND THE GARAGE FIRMS OF HASKOVO

The Bulgarian apparel industry dates to the nineteenth century. It has always been an important part of Bulgaria's industrial economy. Figure 2 shows the pattern of apparel employment over the past 22 years. The increase in European assembly operation, which began in the 1980s accelerated during the mid-1990s.

Fig. 2. Bulgarian apparel employment 1980–2002

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In 2002, the apparel industry employed 135,000 people or 22% of Bulgaria’s manufacturing workforce (NSI 2003).

![Graph showing apparel employment as a percentage of total manufacturing employment from 1980 to 2002.]

**Fig. 3.** Bulgarian apparel employment as a percentage of total manufacturing employment 1980–2002

The demise of state industry following the collapse of the command economy in 1989 mimics the collapse of Fordist production in Emilia-Romagna in the 1980s. In 1989, Bulgaria employed 80,467 people in 91 apparel firms or 884 people per firm (NSI 1991: 145). By 2000, there were 8795 registered apparel firms (Vasileva, 2001) employing 113,102 people (NSI 2003) or about 13 people per firm. A more conservative estimate (NSI 2004) would be 3750 active (versus registered firms) giving an average size of 30 employees per firm. This estimate would ignore active but unregistered firms.

As with the Third Italy, the Haskovo district has shown an even greater dependence on small apparel firms. Table 1 shows the growth of apparel manufacturing for the oblast from 1996 to 2002 (NSI 2003).

**Table 1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Apparel</th>
<th>Manufacturing</th>
<th>Per cent Apparel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3872</td>
<td>20881</td>
<td>19%</td>
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<tr>
<td>1997</td>
<td>4311</td>
<td>19776</td>
<td>22%</td>
</tr>
<tr>
<td>1998</td>
<td>5106</td>
<td>19765</td>
<td>26%</td>
</tr>
<tr>
<td>1999</td>
<td>4758</td>
<td>21416</td>
<td>22%</td>
</tr>
<tr>
<td>2000</td>
<td>4634</td>
<td>23630</td>
<td>20%</td>
</tr>
<tr>
<td>2001</td>
<td>6512</td>
<td>22554</td>
<td>29%</td>
</tr>
<tr>
<td>2002</td>
<td>6773</td>
<td>24063</td>
<td>28%</td>
</tr>
</tbody>
</table>

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In 1989, Haskovo was dominated by a single large state firm, Mir, with five branches (Interview 2004). Today the Haskovo obshchina alone has 620 registered firms with estimates of as many as 1000 registered and unregistered small firms (Interview, 2004).

In at least one way the proliferation of small firms resembles that of the Third Italy. Employment taxes in Bulgaria are high, and little workshops have grown to service larger firms. But, the overall picture of the apparel industry in Bulgaria is complex with new forms emerging almost daily\(^1\); here we concentrate on the small garage firms of the ethnic Turkish and Bulgarian Muslim neighborhoods of Haskovo. Located on hillsides across the Haskovska River from the main town, the Hisorya, Chervena Stena, Macedncia, Traksiyi, and Veeveski quarters are a study in contrasts and activity. It is difficult to estimate the total number of garage firms in the district. Many are hidden from the street and only the glow of fluorescent light through glazed windows gives a clue to their existence. In 2002 and 2004 we interviewed 50 such firms and were refused at many more. But at times, having been turned away at what we were told was simply a garage; a car would pull up, the door would open, and a bundle of clothing would make its way to the trunk as money changed hands.

The size of the firms we interviewed ranged from 2 to 50 employees with an average of 13 workers, comparable to the national average (Table 2). The distribution was bifurcated, however. Small shops of ten workers or fewer made up half the sample. The firms are housed in the garages or basement of five-storyed apartment buildings, some of which were still under construction. Above the shop are three or four floors of apartments for several households of the extended family that owns the garage. The principal machinery is sewing machines ranging from 4 to 40 in number. The firms had been in existence for from 14 years (1990) to only a few

\begin{table}
\centering
\caption{Selected Characteristics of Haskovo Garage Firms}
\begin{tabular}{|l|c|c|c|}
\hline
 & Total (49) & < 20 (37) & \geq 20 (12) \\
\hline
Average Size & 13.9 & 8.6 & 30.3 \\
Female & 90\% (26) & 93.6\% (17) & 88.2\% \\
Average Number of Machines & 15.5 (17) & 9.6 (9) & 22 (8) \\
Percent New & 72.6\% (20) & 58.5\% (12) & 95.8\% (8) \\
Own Pattern & 83.0\% (45) & 82.8\% (32) & 83.3\% (12) \\
Dimitrovgrad Stall & 69.4\% & 75.7\% & 41.7\% \\
Own stall or shop & 55.1\% & 62.2\% & 33.3\% \\
Regional wholesaler & 44.4\% (27) & 27.8\% (18) & 88.8\% (9) \\
Average Monthly Pieces & 1388 (17) & 762 (10) & 2283 (7) \\
\hline
\end{tabular}
\end{table}

\(^1\) See Begg, Pickles, and Roukova 1999, Pickles and Begg 2000, and Begg and Pickles 1998 for part of this story.
months. Hand operations are interspersed with mechanized production. Much of the machinery was fully modern in technology and design sometimes exactly the same as that found in a modern factory. Almost every firm had at least some new sewing machines, although many began with old second hand machines that emerged from the hollowing out of ex-state firm Mir. In some cases, the work is laid out rationally. CAD-CAM design and mechanized cutting began in one room and the process continued linearly to the labeling and packing. Of course not all factories look like this. In a great many, production is still centered around the garage. Many local residents also appear to live well: they have expensive cars and walk downstairs to work. New luxury apartments are being built amid the old command economy and the few remaining farm houses. Business suits were with the traditional Pomak (Bulgarian Muslim) women’s shalwar trousers. Ninety per cent of all employees were female.

Production volume ranges from as low as 10 pieces per month to as high as 3000. All firms did their own cutting and most had the capability to “borrow” patterns from shops or catalogues. Some firms did embroidery and printing. Products ranged from underwear to mid-price range women’s suits. Like the Haskovo region more generally, the norm was knitwear, often sports wear. Material was usually bought locally, but was seldom of Bulgarian origin. Turkish, Chinese, and Dubai cloth were also mentioned.

Some agglomeration economies were present. Machine repair, pattern making, and stamping could be contracted out. The proliferation of small firms has generated several local suppliers of zippers and buttons. Machinery purchase and repair was easily accessible in the local area. But when asked about active cooperation every respondent save one said they did not and would not cooperate. When we asked one well outfitted respondent with sophisticated machinery if he could help us get access to his suspicious neighbors he demurred. “They are suspicious of me too, no one trusts anyone.” The one exception was a producer with 40 employees who at times sub-contracted to smaller firms for bigger orders.

The production bifurcated in an interesting way. Though all production was for domestic consumption, it was of two types. Every firm, save one, with more than 20 employees was a subcontractor for two larger regional firms, Benny or ElmazTex. Both are wholesalers who purchase Turkish cloth and subcontract cut-make-trim production to the medium sized firms of the ethnic neighborhoods and villages surrounding Haskovo. They will often deliver cut pieces to the village workshops (Interview, 2002), but in the garage firms they may simply give the owner a picture or a description and let the owner make a model. Both Benny and ElmazTex sell low cost goods on the domestic market.

Salaries vary greatly, but because many of the firms are family owned and sell directly through open air markets, there were many reports of high salaries, although long-working hours may mean that hourly wages are not above the local average. Estimates varied in 2004 from lows of 250 leva per month to as high as 700.

Twenty-three of twenty-five firms sell in the local Dimitrovgrad flea market or bitak. For the smaller firms this is almost exclusively their market, though a few sell also in the Iliensi bazaar of Sofia. The small firms develop low cost products they believe will be in demand and take them to the nearby market where they rent a stall. For these firms work is seasonal, the winter months January to April being slow at the market. There is little question that the growth of the garage firms and the growth of the Dimitrovgrad market are directly linked. This synergy is one of the things that makes the Bulgarian case so intriguing and the most important way it differs from the Third Italy model.
THE DIMITROVGRAD MARKET

There are two large flea markets in Bulgaria whose principal product is domestic and imported apparel - Dimitrovgrad market and Hlentsi bazaar in Sofia. Located on a main thoroughfare between Istanbul and Sofia, a conduit for EU trade with Turkey, the Dimitrovgrad market has operated for decades. The market began as a private plot vegetable market but gradually gave way to cheap Turkish clothing imports during the early 1990s. Turkish traders and Bulgarian trader-tourists would have long offloaded goods here at the bazaar. In the mid-1990s, traders upgraded dirt streets and temporary stalls to paved and enclosed venues. The municipally owned area at the city’s edge now hosts some 4,000 stalls. The municipality’s annual revenue is approximately 3 million leva or 20% of the municipal budget (Interview, 2004).

In a random survey of stall owners, the municipality charged 40 to 100 leva monthly depending on centrality, one quarter to one half of the fee for the Hlentsi bazaar in Sofia. Kissimirova and Panev (2003) estimate that the annual revenue for the market is 416 million leva or 1% of GDP. The market manager cited turnover at 20 million leva per week, which if sales were constant would be an even greater 1,040 million leva per year. In either case the market is a major retail center for the nation. It attracts 15-20,000 buyers per year most of whom are wholesalers and retailers. About 30% of sales are exports to Turkey, Greece, Serbia, and Romania.

In a survey of 23 stalls over a three-hour period during the spring of 2004, we found 5 (22%) that were Haskovo garage firms whose owners rented a single stall. In all, 11 (48%) were small entrepreneurs selling their own wares, the remainder mostly from Dimitrovgrad. According to the market manager, 1700 of the 3000 clothing stalls or 56% are small Haskovo oblast manufacturers. They had been in place since as early as 1994 and as late as 2003, dates corresponding roughly to the genesis of small garage firms. They sold from 50 to 300 pieces a week, about half retail and half to small shops from Yarna, Rouse, Stara Zagora, Plovdiv, and Kurzdzhali. This makes the bazaar a regional wholesaling center for the small urban shops of North-Central Bulgaria and beyond. For the larger sample our garage firm shops competed with Chinese, Turkish, and Bulgarian products. Small workshops in Dimitrovgrad were the modal competitor. Prices ranged from 2 leva for a Turkish woman’s blouse to 34 leva for a woman’s shirt produced by the Bulgarian firm Astol in Haskovo. Most goods were in the 8-12 leva range. Almost all commented on the price pressure of imported goods, and those aware of it feared the influx of cheap Chinese goods in 2005.

CONCLUSION

In Gerffli’s (1999) characterization of commodity chains, two forms of global industrial organization emerge under flexible specialization. Producer driven commodity chains such as automobiles and airplanes are understood, in part, in terms of Japanese innovations. Large firms use lean production and just-in-time delivery systems to manage inventory and respond quickly to customer demand. In these systems, networks of small firms, usually regionally based, compete with each other for outsourcing and often bear the burden of downturns in the market. Rather than creating cooperative networks, they are coordinated by the producer. These contrast with the buyer-driven chains we consider here. At the extreme, in the buyer driven chains of shoes and apparel, the producer has in some ways ceased to exist. Firms like Benetton and Zara have been dubbed factories without walls. Using brand name rents, they perform marketing and design functions, using extended and global
supply chains to respond quickly to changing taste and fashion. The small firms in these networks are often relegated to assembly or cut-make-and-trim functions; the medium size firm perhaps to full-package delivery. Supply chain management has even become a business in itself, so that for many small Bulgarian firms “escaping the stranglehold of the producer” would be a dream, the real wish is to escape the stranglehold of the middleman.

In studying the apparel districts of Latin America, Visser (1999) and Bair and Gereffi (2001) find little evidence of small firms doing this well. In Lima, although Visser finds evidence of agglomeration economies in the Cámara district when compared to dispersed operation, he restricts them to the Marshallian economies we discuss earlier. He finds that the presence of a large number of small clustered firms gives rise to proximate forward linkages such as buttonholing, washing, bleaching, and printing. That labor productivity is enhanced by a strong and trained labor pool; there are cost advantages in cloth; that there are some information spillovers. But, he concludes: “multilateral and horizontal cooperation was relatively rare in this cluster” (1999: 156);. Bair and Gereffi (2001) in examining the blue jeans industry of Torreon find that although the city has seen a boom in apparel production and employment, making it the “blue jeans capital of the world,” it is dominated by a few wealthy families (much like Haskovo) who are able to discipline small firms. It has risen up the apparel chain to full-package assembly, but is incapable of developing domestic or foreign markets. They conclude: “Our research in Torreon yielded little evidence in the form of joint action among local firms, and even less evidence to suggest that the cluster benefits from the support of public agencies capable of mediating relations between the companies that comprise it...the absence of an institutional environment that would help diffuse the benefits of Torreon’s export boom beyond the first tier of full-package firms means that there are limits to this process of upgrading and they may already have reached it.”

In studying the Russian firms of the Haskovo garage district have escaped this trap, to a large extent due to the fact they are part of a different market structure involving domestic sales rather than export production. And in the larger Haskovo region, we find that institutional learning, success at CMT, small domestic production, and gradual capital investment have led to the production of ready-to-wear garments of middle quality for domestic markets or even own brand manufacture for European catalogue sales. Such firms build their own factories, seem to grow in size to three or four hundred employees, and finally mark success when they can manage risk by subcontracting assembly to smaller firms.

In Haskovo, the loosening of trade restrictions with Turkey, and the particular cultural ties of the ethnic Turkish and Bulgarian Muslim neighborhoods opened doors to new market connections. The fortuitous location along a main route between Istanbul and Sofia and the emergence of the Dimitrovgrad market provided a ready domestic market for product. In terms of the commodity chain, most firms remain produce small-run, low-cost knitwear for the domestic market.

In this consideration of two ostensibly similar stories, the garage firms of Emilia-Romagna and those of Haskovo, despite their similarities, we find substantial differences. Most importantly is the way in which domestic production has helped to create a genuine growth center for apparel in Haskovo. Often neglected in the discussion of global commodity chains, the importance of the domestic open air market in Bulgaria has led to a uniquely thriving apparel district whose presence may well influence the greater region. The, at least temporary, success of the garage firms of Haskovo also speaks to the potential problem in the Western literature of ignoring domestic markets when considering the ability of regions to move up the apparel
chain. Although the long-term ability of the garage firms of Haskovo to 'move up the value chain' is clearly circumscribed by a whole host of factors, not least the likelihood of increasing competition from low cost producers in China.

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ИНДУСТРИАЛНИ РАЙОНИ И СТОКОВИ ВЕРИГИ: ГАРАЖНИТЕ ФИРМИ В ЕМИЛИЯ-РОМАНИЯ (ИТАЛИЯ) И ХАСКОНО (БЪЛГАРИЯ)

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(Р е з ю м е)

Статията е опит да се приложат две от по-значимите концепции в съвременната икономическа география (за стоковите вериги и индустриалните райони) към едно специфично за България явление — гаражните фирми в Хасково, в широкия контекст на промените в шивашката промишленост в страната.

Хасковска област е важно средище за производство на облекло, предназначено за експорт и за местния пазар. Специфична черта на тази местна индустрия са големите брой малки фирми, гъсто разположени в кварталите на гр. Хасково (Хисаря, Червена стена, Македонски, Тракийски и Воеводски), населени предимно с етнически турски и българомохамеданци. Гаражните фирми и шивашките цехове в тези квартал имат сходните черти на моделите на индустриалните райони и местните агломерации, каквито са например в района на Третата Италия, и по-точно в провинция Емилия-Романия.

Изследва се до каква степен теориите за индустриалните райони и местните агломерации са полезни за изясняване на феномена „гаражни” фирми в гр. Хасково.