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Competing in Fashion Goods: Firms and Industrial Districts in the Development of the Spanish Shoe Industry

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In this essay, I analyze the development of the Spanish shoe industry from the mid-nineteenth century to the end of the twentieth century in order to determine what enabled Spain to become an important world exporter of footwear beginning in the 1960s. The accepted hypothesis is that the industry's evolution was determined by both Spain's economic development and the sector's characteristics internationally. When southern European countries became large footwear suppliers worldwide, Spain was able to take advantage of the opportunity because of the concentration of its production structure in highly specialized clusters and its ability to adapt quickly. During the 1970s crisis, these clusters demonstrated their collective efficiency and high capacity to adapt to market changes. I review the global footwear market since the late nineteenth century, examine the formation of the main specialized clusters in Spain, and show their decisive role in industry expansion during the final third of the twentieth century.

Shoe manufacturing was fundamentally a handicraft activity, with no mechanization until the middle of the nineteenth century, when the principal technical innovations began to emerge. Their diffusion enabled the footwear industry to adopt the factory system and to become mechanized. These technical innovations gave rise to a considerable increase in production in the most advanced countries and an increased consumption of footwear. This was most striking in the United States, where shoe production multiplied more than fourfold in the second half of the nineteenth century, exceeding 200 million pairs, and per capita con-

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sumption increased by almost 50 percent.[1] Until the First World War, most countries' production was directed at domestic markets; the few countries that recorded significant exports included the United Kingdom, the United States, Germany, and Switzerland.

The United States generated the majority of the technical progress in the footwear industry during the second half of the nineteenth century and the first three decades of the twentieth century; it was also in the United States that these innovations were first diffused on a general level.[2] The North American footwear industry, whose growth since the eighteenth century had been based on the putting-out system, progressively advanced in the nineteenth century toward centralized production in factories, a process completed with mechanization. Thus, the shoe companies that were already medium-large during the last third of the nineteenth century (as had become the industry norm), accentuated the division of labor, incorporated machinery in the majority of the production processes, and simplified and standardized the product.[3] Consequently, they experienced an extraordinary increase in productivity. The work time necessary to produce a pair of men's shoes was reduced by about 80 percent, and the average cost of the work per pair dropped by more than $4.50 to just 60 cents between 1863 and 1895.[4]

The European countries followed the American trend, but they not only took longer to introduce the new technology for footwear production; they also delayed centralizing work into factories and introducing specialization and division of labor. That is why, despite European wages being much lower than those in the United States, the North American footwear

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[1] Julius G. Schnitzer, *Leather Footwear: World Production and International Trade* (Washington, D.C., 1937), 30; Everett G. Holt, *The Boot and Shoe Industry of the United States* (Washington, D.C., 1938), 6-9.

[2] Ross Thomson, *The Path to Mechanized Shoe Production in the United States* (Chapel Hill, N.C., 1989), 37-197; Jordi Nadal, "La transición del zapato manual al zapato mecánico en España," in *La cara oculta de la industrialización española: La modernización de los sectores no líderes*, ed. Jordi Nadal and Jordi Catalán (Madrid, 1994), 321-39; José A. Miranda, "American Machinery and European Footwear: Technology Transfer and International Trade, 1860-1939," *Business History* 46 (Jan. 2004): 196-201; and "Innovación, transferencia de tecnología y competitividad internacional en la industria del calzado, 1850-1939," in *Transferts de technologies en Méditerranée*, ed. Michelle Merger (Paris, 2006), 483-505.

[3] According to census data, the average number of workers per establishment in the shoe industry in the United States exceeded one hundred in 1909, when that of the manufacturing industry as a whole was only twenty-five. See Edgar M. Hoover, *Location Theory and the Shoe and Leather Industries* (Cambridge, Mass., 1937), 199, and *Les industries du cuir* 8 (Aug. 1920): 225-46.

[4] Boris Stern, *Labor Productivity in the Boot and Shoe Industry* (Philadelphia, Pa., 1939), 3; Hoover, *Location Theory and the Shoe and Leather Industries*, 206.

industry was highly competitive in international markets during the late nineteenth and early twentieth century.[5] U.S. exports, which scarcely exceeded 275,000 pairs per year in 1870, rose to almost 11 million before the First World War. It was primarily companies from New England, where the majority of the North American shoe manufacturers were concentrated, that carried out this expansion in international markets. Some even established retail distribution companies in other countries, particularly in the United Kingdom.[6]

Before the growth in American exports, the United Kingdom dominated international trade in footwear, at the end of the nineteenth century exporting around 8 million pairs of shoes per year, mainly to its colonies. North American footwear became a significant contender for this leadership during the first decade of the twentieth century, but the British industry resisted the competition and continued to be the leading exporter until the First World War, increasing export sales to over 15 million pairs per year. The British footwear industry maintained its competitiveness because beginning in the late nineteenth century it modernized its production structures rapidly, accelerated the transition toward centralized production in factories, increased specialization and division of labor, generalized productivity-linked wages, and most of all, assimilated the new technology from North America.[7] By 1907, the leading U.K. shoe companies already had the most advanced American machinery, and five years later the level of technical equipment in the sector as a whole was very similar to that of the United States.[8]

Other European countries such as Germany and Switzerland also modernized their footwear industries extensively at the beginning of the twentieth century, enabling them to become noteworthy footwear exporters as well. In Germany in the run-up to the First World War, work in homes had practically disappeared in the shoe industry, and the factories were equipped with a level of technology equivalent to that of American firms. As was the case in the United Kingdom, this was a result of the leading American footwear machinery company, the United Shoe Machinery Company (USMC), establishing an affiliate in the country and

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[5] Maxine Berg, *Technology and Toil in Nineteenth-Century Britain* (London, 1979), 173.

[6] Arthur B. Butman, *Report on Leather and Boots and Shoes in European Markets* (Washington, D.C., 1907), 24.

[7] According to H. C. Hillmann, "Size of Firms in the Boot and Shoe Industry," *The Economic Journal* 49 (June, 1939), 276-93, "to complete a pair of shoes, the services of nine to sixteen employees were required in 1850, as against thirty to forty in 1900 and forty to fifty employees in post-war years."

[8] Butman, *Report on Leather and Boots and Shoes in European Markets*, 14; Peter Head, "Boots and Shoes," in *The Development of British Industry and Foreign Competition, 1875-1914: Studies in Industrial Enterprise*, ed. Derek H. Aldcroft (London, 1968), 183.

of domestic companies developing this type of machinery. Although less specialized production meant that German shoe manufacturers' productivity was a third less than that of their American competitors, the low labor costs, given a high percentage of female workers, enabled Germany to increase its exports to almost 9 million pairs per year, of primarily bottom-of-the range footwear.[9]

In Switzerland, the shoe industry was concentrated in just one company, C. F. Bally, which accounted for almost half of the sector's production. At the beginning of the twentieth century, Bally was the largest shoe manufacturer in Europe, with 9 factories that employed almost 4,000 workers, and an annual production of close to 3 million pairs. The majority of this production was women's footwear, which was exported for middle-class buyers in France, Germany, the United Kingdom, and the United States, and for upper-class customers in Latin America. Total exports of Swiss shoes amounted to 2 million pairs per year before the First World War, a third of the total output. Bally's international competitiveness derived from strict imitation of American techniques and work methods. The company opted for highly mechanized production, in large series, concentrating the operations common to different types of footwear in a few factories, with a meticulous organization of work and an advanced system of labor relations.[10]

In France, however, and even more so in the southern and eastern countries of Europe, little modernization of the footwear industry occurred before the First World War. The French shoe companies began receiving American machinery at about the same time as the British, and in Paris an affiliate company of USMC began operations in 1900. In 1912, around 30 percent of work in the sector was still carried out in homes; there were many small companies with diversified production, and many factories in which the mechanization was incomplete, with many fundamental tasks in the production process still carried out manually.[11] Mechanization was delayed because of the lower cost of labor in France compared to Great Britain or Switzerland, especially in the producing areas on the periphery of the country, and also because of the companies' smaller size and specialization. These characteristics were closely linked to the nature of the French market: internal demand was much lower than that of the British industry, it was not homogeneous, high-quality products had a dominant share, and fashion trends had a strong influence. As a consequence, together with the existence of a group of fashion designer

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[9] Arthur B. Butman, *Shoe and Leather Trade in Germany* (Washington, D.C., 1912), 7-35; A. Douglas Cook, *Boot and Shoe Industry and Trade in Germany* (Washington, D.C., 1929), 3-4; Miranda, "Innovación, transferencia de tecnología y competitividad internacional en la industria del calzado, 1850-1939," 500.

[10] Arthur B. Butman, *Shoe and Leather Trade in France and Switzerland* (Washington, D.C., 1912), 27-39.

[11] Ibid., 8-9.

companies that extended their prestige to the whole of high-quality production, France was internationally competitive in top-of-the-range footwear. It exported large volumes, primarily to its colonies, although it imported so many medium- and low-quality shoes that its trade balance in the sector was negative.[12]

There was an even longer delay in the modernization of the shoe industry in the Austro-Hungarian Empire before the First World War. Most production continued to be performed manually, and in the third most populated European state, fewer than one hundred companies in the mechanized industry manufactured barely 10 million pairs. Despite the low level of technical sophistication, the empire was a net exporter of footwear. Its exports to the United Kingdom, Germany, and the rest of Europe consisted mainly of very light, elegant, manually produced women's shoes. Low labor costs (a large proportion of the work was performed in homes, mainly by women and children) aided the competitiveness of this footwear, as did the product's quality and good image, inherited from its traditional production for the aristocracy.[13]

Spain was not among the countries with a strong, modern shoe industry before the First World War. However, at the end of the nineteenth century its exports to its colonies reached a considerable volume, particularly to Cuba, at 2 million pairs per year. These exports began to decline after the independence of the Spanish Antilles but remained at high levels during the first decade of the twentieth century.[14]

Italy, on the other hand, exported hardly any footwear before the First World War, while it imported almost one million pairs a year. The Italian shoe industry during this period produced low volumes and was behind in both technology and business structure. The first shoe factory in Vigévano, the primary shoe nucleus of the country, did not appear until 1872, and in 1913 Italy still produced only 16 million pairs per year, of which more than two-thirds were manufactured manually in small workshops. Around this date, according to the industrial census, there were more than 26,000 establishments involved in shoe manufacture in Italy, the majority with fewer than ten workers. There were no more than seventy mechanized firms; they were concentrated in the north of the country, where there was greater consumption, in the area formed by Milan (the principal machinery supplier) and Turin (where most of the tanned leather industry was

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[12] Norman Hertz, *Hides and Leather in France* (Washington, D.C., 1920), 18-19.
[13] Arthur B. Butman, *Shoe and Leather Trade in Italy and Austria-Hungary* (Washington, D.C., 1913), 32-60.
[14] Arthur B. Butman, *Shoe and Leather Trade in Cuba and Mexico* (Washington, D.C., 1920), 8; Herman G. Brock, *Boots and Shoes, Leather and Supplies in Argentina* (Washington, D.C., 1917), 12; Ministerio de Hacienda, *Memorias sobre la industria fabril redactadas por los ingenieros al servicio de la investigación de la Hacienda Pública* (Madrid, 1900), 356-57.

based). Manual work and work in homes was particularly concentrated in the south, where wages were lower.[15]

Most other European nations, in accordance with their demographic size, had low levels of footwear production and trade. This did not prevent those with higher income levels (such as the Scandinavian countries, the Netherlands, and Belgium) from having a high per capita consumption. In the rest of the world, leather footwear consumption continued at a low level, and its output barely rose.[16] In the rest of the Americas, apart from the United States, only four countries produced more than 10 million pairs per year in the first third of the twentieth century: Canada, Argentina, Brazil, and Mexico. In Oceania, Australia was the only country recording a supply of over 10 million pairs, while in Asia and Africa, according to the U.S. Department of Commerce, no country exceeded this level.[17]

Therefore, until the First World War, the production and export of shoes were dominated by the most industrially advanced countries, which had developed and modernized their industries primarily because of the stimulus of their own domestic markets; they exported only a small proportion of their output (around 10 percent in the United Kingdom; less than 3 percent in the United States). Only in the case of Switzerland did exports represent a high percentage of output. The competitive advantage of these countries (despite the colonial privileges from which some benefited) resided mainly in their technological superiority and in their companies' larger size and better organization, which were reflected in much greater productivity. Even then, however, some less advanced industries such as those in France, Spain, and, especially, Austria achieved export levels based on their greater capacity to differentiate the product and on low labor costs; these factors gave rise to a flexible production structure with low mechanization levels and with much of the work performed in homes by female and child employees.

The First World War substantially modified the international footwear market. The demand arising from the conflict stimulated a growth in production, especially in Great Britain and the United States, which became large suppliers of military footwear for the allied countries. The British industry, for example, produced more than 60 million pairs of military boots during the war, a quarter of which were exported to the

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[15] Butman, *Report on Leather and Boots and Shoes in European Markets*, 34-38, and *Shoe and Leather Trade in Italy and Austria-Hungary*, 55-56; Luciano Segreto, "L'industria calzaturiera in Italia: La lunga rincorsa marchigiana, 1914-1960," in *L'industria calzaturiera marchigiana: Dalla manifattura alla fabbrica*, ed. Sergio Anselmi (Fermo, 1989), 247-323.

[16] *The Leather Trade's Review* (18 March 1936), 362.

[17] Miranda, "Innovación, transferencia de tecnología y competitividad internacional en la industria del calzado, 1850-1939," 485.

Allies.[18] In the case of the United States, footwear exports reached an annual average of almost 17 million pairs in the five years between 1915 and 1919.[19] This demand accelerated production modernization in all countries, but especially in those where the mechanization process was still in its infancy. In France, the scarcity of labor and the need to manufacture large quantities of military footwear stimulated not only the mechanization process, but also companies' specialization. This evolution continued during the postwar period, impelled by a lack of qualified workers, high civilian demand in the early years, and the obligation to provide a standardized and cheap product, the "*chaussure nationale*," commissioned by the Ministry for Industrial Reconstruction in order to guarantee a supply to that part of the population with the lowest income.[20] Something similar occurred in Italy, where in 1925 the production of footwear had increased 50 percent over the prewar level, and, with the help of the 1921 customs tariff, exports exceeded imports.[21]

After the dismemberment of the Austro-Hungarian Empire, the manual production of footwear in small workshops continued to be important in Austria, supplying more than half of the internal consumption of shoes. However, a mechanized industry also emerged that, in the mid-1920s, consisted of twenty-five companies, with an annual output of 3 million pairs for the domestic market and around 6 million pairs for export. The development in production was greater in Czechoslovakia, another of the countries created from the dismemberment of the empire, where in the mid-1920s around 30 million pairs of shoes were being produced by a hundred large-scale companies.[22] The demand of the belligerent countries, especially France, and the markets previously supplied by the countries at war led Spain, which did not participate in the war, to multiply its shoe exports during these years, exceeding its historical maximums and initiating mechanization of its industry.

After 1921, the international trade in shoes experienced a sharp contraction. This decline was a result of the economic difficulties of the postwar period and, to a lesser extent, of the development of production, stimulated during the war, in countries that had been significant importers and that increased protection of their internal markets after the war. These included Italy, Australia, New Zealand, Argentina, and the Union of South

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[18] Harold A. Burch, *Boot and Shoe Industry and Trade in Great Britain* (Washington, D.C., 1929), 1-2.
[19] Holt, *The Boot and Shoe Industry of the United States*, 6-9.
[20] Hertz, *Hides and Leather in France*, 3-27.
[21] *The Leather Trade's Review* (12 Oct. 1927), 814; Segreto, "L'industria calzaturiera in Italia," 257-68.
[22] U.S. Department of Commerce, *Foreign Markets for Footwear* (Washington, D.C., 1927), 3-11.

Africa.[23] Recovery would take place in the second half of the decade in conjunction with improvement in the international economic situation. British exports, for example, which in 1921 had been reduced to fewer than 4 million pairs, in 1928 amounted to 12 million.

In this new phase, however, the international trade in footwear took on different characteristics. The large exporting countries in the prewar era experienced a fall in their international sales and gradually became the world's leading importers. The United States was the pioneer in this change. North American exports of shoes were reduced by 95 percent between 1920 and 1933. The volume of exports in 1933 was equivalent to half of that in 1900 and, although the industry recovered to some extent before the Second World War, it still did not reach 1900 levels. On the other hand, American imports had grown rapidly until 1929, exceeding exports that year; although imports diminished, they continued to remain far above exports until the outbreak of the war.[24] The British exports did not recover their previous level in the interwar period, either: dropping from almost 16 million pairs, on average, in the five-year period from 1910 to 1914, to a little over 13 million pairs during the period 1926-1930, and fewer than 8 million pairs between 1931 and 1935.[25]

It is evident that during the early 1930s the economic depression and the protectionist measures that it generated led to an overall decrease in the international trade in shoes.[26] However, the reduction in American and British exports occurred earlier, mainly as a result of the increase in competition in the global market. Competition increased in part because many countries had developed their footwear industries, stimulated by the First World War, and had substantially reduced their imports; but it also increased because new, highly competitive exporting countries emerged. Czechoslovakia undoubtedly had the most impact; its shoe exports already exceeded 2 million pairs per year in 1924, ranked fourth in the world in size after Britain, America, and Germany. Three years later, this figure had risen to 11 million pairs, and Czechoslovakia occupied the second position in global exports, very close to the United Kingdom. In the early 1930s, the Czechoslovakian leather shoe industry was the world leader in exports, surpassing 15 million pairs, which represented over half of the country's output.[27]

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[23] Miranda, "Innovación, transferencia de tecnología y competitividad internacional en la industria del calzado, 1850-1939," 488-90.
[24] Holt, *The Boot and Shoe Industry of the United States*, 8-9; Annette L. Hunter, *Boot and Shoe Industry Statistics* (Washington, D.C., 1946), 19.
[25] Head, "Boots and Shoes," 158-59.
[26] *The Leather Trade's Review* (27 Jan. 1932): 116.
[27] *The Leather Trade's Review* (14 Nov. 1928), 908, (14 Sept. 1932), 1081; *La piel y sus industrias*, various issues from 1931 and 1932; Schnitzer, *Leather Footwear: World Production and International Trade*, 67-68.

Czechoslovakia was a small country, relatively late in developing; it based its shoe industry largely on exports. Its leadership in international trade in this product, therefore, represented a qualitative jump compared with the previous situation. The greater facilities for diffusing technology enabled transfer of the American model of the organized and mechanized company to a country with low labor costs, where domestic demand did not reach the levels necessary to configure a footwear industry, but the business initiative made the industry grow in conjunction with the external market.

In fact, what Czechoslovakia did was to intensify the Swiss industry model in an environment with abundant, cheap labor. As in the Swiss case, Czech production was highly concentrated in just one firm, Bata, of extraordinary size. Bata was a family-run company located in the city of Zlin, in an agricultural area in the region of Moravia. Directed by an innovative entrepreneur, Thomas Bata, the company chose to adopt American production methods before the First World War. After the war, the business grew rapidly. In 1923 it already had 1,800 workers and a daily production capacity of 8,000 pairs; eight years later the work force was almost 20,000 and the production capacity exceeded 130,000 pairs per day. This expansion was in low-quality footwear, in which the company became very competitive.

The key to Bata's success (the company became a multinational, with factories in more than ten countries and marketing services and retail outlets in many others) resided in its producing at very low costs and in reducing sales margins, through both its own points of sale and pressure on other dealers. The objective was to offer a product with a very low price to a growing market segment with low purchasing power. The average price of the shoes the company manufactured in 1931 was a fifth of the average price in 1922. By 1931, Bata was exporting more than 2 million pairs of Blake women's shoes to the United States, with a price as much as 60 percent less (depending on the shoe type) than similar footwear made in America. Manufacturing costs were low because wages were also low, and a high percentage of workers were women and young people. On average, Bata workers in Zlin earned a third of the wages of operators in the American footwear industry. Furthermore, the costs were reduced by the rigorous application of American mass-production methods, which included a high degree of simplification and standardization of the product, extreme specialization in the factories, production-line work, and incentive compensation to workers.[28]

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[28] *La piel y sus industrias* 239 (Oct. 1928), 6; 270 (May 1931), 22-24; 271 (June 1931), 11-14; 274 (Sept. 1931), 8-10; 277 (Dec. 1931), 13; 289 (Feb. 1932), 7-8; 292 (May, 1932), 4-6; 305 (June 1933), 14-17. *The Leather Manufacturer* (Dec. 1928), 368; (Aug. 1932), 223. *The Leather Trade's Review* (14 Nov. 1928), 908; (9 Jan. 1929), 36; (27 May 1931), 480; (27 Jan. 1932), 107; (14 Sept. 1932), 1081; (8 Feb.

Despite the changes in the list of leading shoe-exporting countries before and after the First World War, the type of company that depended on these exports remained stable at least until the Second World War. They were medium and large companies, some very large, with the capacity to establish their own connections to external markets and even install their own points of distribution and sale. Thus, the countries exporting the largest volumes also had companies with a larger average size.[29]

Another characteristic that remained constant was the trend toward a geographical concentration in the industry. In almost all countries, the modern production of shoes was concentrated in a few specialized clusters. In the United Kingdom, for example, the cities of Leicester and Northampton produced two-thirds of British footwear output.[30] In Germany, the Pirmasens district manufactured more than 20 percent of the country's footwear, and together with the Frankfurt, Stuttgart, and Dresden districts, represented more than two-thirds of the total production.[31] Half of the Swiss production was carried out in the Bally factory in Schoenenwerd, and in Czechoslovakia the concentration of production in Zlin was even greater.[32] In Italy, at the end of the 1930s, the region of Lombardía, with its main production nuclei in Milán and Vigévano, was home to more than a third of the mechanized shoe factories, almost half of the value of the national product.[33]

The Second World War suddenly interrupted the growth of European shoe exports and greatly altered the industry's international situation. During the war years and those immediately following, Europe's overall share of global production dropped. In the 1930s, this share exceeded half of the total; in 1949, it had decreased to a little over 38 percent.[34] The American industry increased its production between these two dates by more than 200 million pairs, increasing its share of global production from 37 to 44 percent. This growth was stimulated by a reduction in

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1933), 181; (4 Oct. 1933), 1.192. Schnitzer, *Leather Footwear: World Production and International Trade*, 10.

[29] The average size of the footwear manufacturing companies in the mid-1920s in America was 150 workers and in the United Kingdom 130. See *The Leather Trade's Review* (April 1928), 284, and (March 1933), 49; *The Leather Manufacturer* (July 1929), 185.

[30] Norman Hertz, *Hides and Leather in Great Britain* (Washington, D.C., 1924), 12.

[31] Butman, *Shoe and Leather Trade in Germany*, 36-48.

[32] Butman, *Shoe and Leather Trade in France and Switzerland*, 43-44.

[33] Segreto, "L'industria calzaturiera in Italia," 279.

[34] U.S. Department of Commerce, *Opportunities for Increasing Markets and Employment in the Shoe Industry (Nonrubber)* (Washington, D.C., 1966), 23.

imports and an increase in exports, mostly because of military demand, which amounted to more than 170 million pairs between 1942 and 1945.[35]

When European exports began to recover in the 1950s, the international arena had changed radically, altering the origin and characteristics of trade flows. Czechoslovakia, under the direct influence of the USSR (Union of Soviet Socialist Republics), channeled its exports toward countries in the Soviet bloc and was relegated to a secondary place in the global shoe trade. International exchanges underwent extraordinary growth, especially after the 1960s, reinforcing a trend that began in the 1930s: the United States and the advanced countries in northwest Europe became the leading importers of footwear, most of which was produced by southern European countries.

The growth of the international trade in shoes during the second half of the twentieth century reached an unprecedented scale. Overall, global exports of leather shoes, which were likely about 20 million pairs per year before the Second World War, recorded an annual average of 136 million pairs in the five-year period from 1961 to 1965.[36] In 1970, this number had almost tripled; in 1990, ten times as many shoes were produced.[37] As noted, the principal destinations for these exports were those countries with the highest GDP (Gross Domestic Product) per capita, mainly the United States and European countries, led by the Federal Republic of Germany and the United Kingdom. U.S. imports were on a grand scale; non-rubber footwear, which in the mid-1950s amounted to around 10 million pairs per year, or 2 percent of global consumption, increased to 95 million pairs per year and 13 percent of consumption in 1965. In 1969, these imports exceeded 200 million pairs and represented a quarter of total consumption. The trend continued during the following decades. In 1978, the imports represented almost 48 percent of consumption; in 1988, more than 80 percent; and in 1998, with more than 1,200 million pairs, 93 percent.

This expansion of international trade in footwear was facilitated by the prevailing context of an economic opening up after the postwar period. In the United States, concessions during GATT (General Agreement on Tariffs and Trade) rounds and bilateral agreements signed with various countries substantially reduced the customs tariffs applied to imported footwear. By the end of the 1960s, they had fallen to half what they were

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[35] U.S. Department of Commerce, *Boot and Shoe Industry Statistics* (Washington, D.C., 1946), 20.

[36] Schnitzer, *Leather Footwear: World Production and International Trade*, 6.

[37] Food and Agriculture Organization of the United Nations, *World Statistical Compendium for Raw Hides and Skins, Leather and Leather Footwear, 1961-1979* (Rome, 1980), 1-100, and *World Statistical Compendium for Raw Hides and Skins, Leather Footwear, 1979-1997* (Rome, 1998), 140-53.

before the Second World War.[38] These progressive reductions in tariffs coincided with an intensification of the influence of fashion on consumption, especially in women's shoes. This obliged the industry to provide the market with a more diversified supply and continual innovations in design. This reduced possibilities for obtaining economies of scale in the larger companies and of improving worker productivity through the automation of tasks.[39] Consequently, the shoe industry in southern Europe, where wage costs were low and there was a production structure capable of adapting to the demand of the markets with the largest consumption, significantly increased its international competitiveness. In the mid-1970s, Italy and Spain were the lead exporters of leather footwear; together with France they represented almost half the value of world shoe exports and two-thirds of that exported to OECD (Organization for Economic Co-operation and Development) countries.

France was the first European Mediterranean country to become a large global shoe exporter. Its exports exceeded 3 million pairs per year in 1950, and from then on grew rapidly at an average annual rate of more than 25 percent, until they reached 35 million pairs in 1960. Between these two dates, the proportion of shoes exported to external markets rose from 5 percent of production to around 25 percent. In this first phase, almost 90 percent of those exports went to Algeria and the rest to the franc area, but from 1959 on, sales of shoes to the United States and members of the EEC (European Economic Community) became more significant. At the end of the 1960s, the franc area represented only 15 percent of French shoe exports. In the 1950s, the rate of growth in these exports decreased, in line with an increase in France's shoe imports. So, despite maintaining more than 5 percent of the volume of global exports, by 1975 France was importing a greater number of pairs of leather shoes than it was exporting.[40]

Italy took the lead in shoe exports at the beginning of the 1960s. Between 1950 and 1957, the number of pairs of shoes Italy exported increased by more than thirty times. The creation of the EEC boosted these sales beginning in 1958, and the average rate of annual growth for the whole decade was almost 60 percent. Despite the smaller size of its companies, the lower level of mechanization, and the production of a greater variety of models per factory, the Italian industry was able to export good quality footwear. They made mainly women's shoes, at a very competitive price, cheaper than any other high-quality European shoes, and gained an increasingly solid position in the American and Northern

38 U.S. Tariff Commission, *Nonrubber Footwear: Report to the President on Investigation Nº. TEA-I-18 under Section 301(b)(1) of the Trade Expansion Act of 1962* (Washington, D.C., 1971), 43.
39 OECD, *The Footwear Industry: Structure and Governmental Policies* (Paris, 1976), 38.
40 *Annuaires statistiques de la France*, several years.

European markets. In the 1960s, Italy began a massive export program of lower quality and lower-priced footwear, but in very attractive designs. In 1961, it was exporting more than 30 million pairs, which represented more than 40 percent of output. In 1970, exports exceeded 170 million pairs, almost two-thirds of output, and footwear was the country's second-most important industry (after the car industry) in terms of the value of its exports. Italy represented a third of the global export value of footwear.[41]

The export boom in Spanish shoes began later in the 1960s, but it was rapid. The number of pairs exported by Spain grew at an average annual rate of almost 70 percent between 1966 and 1971, and amounted to almost 60 million pairs in that last year. In the early 1970s, this sector became the country's largest exporting industry, surpassing naval construction and materials for road transport, and much higher than the iron and steel industry, which were the other large exporting sectors at the time.[42] In the space of a few years, Spain had risen to second in the world ranking of shoe exporters, producing 10 percent of these global exports. In a first phase, the destination of two-thirds of Spanish shoe exports was the United States. After the mid-1970s, the volume of sales to European countries increased, and from the 1980s those markets represented the largest share of exports.[43]

Other countries with significant volumes of footwear exports in the 1960s were Czechoslovakia, Yugoslavia, and Hungary, accounting for about 15 percent of world exports. However, these countries did not represent significant competitors for southern European producers, because their sales were practically limited to the Soviet bloc. The real competition, especially in the American market, would come from Latin America and the Far East. With much lower labor costs and, in some cases, abundant leather production, they created a powerful exporting industry with the intervention of companies from the consuming nations, particularly the United States. Brazil was the first Latin American country to join the group of large shoe exporters. After rapid growth in its production and exports during the 1960s, in the mid-1970s it already represented almost 5 percent of the global leather footwear exports. This percentage would double in the following decade, placing it among the top

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[41] E. Camagna, "The Italian Shoe Industry," *Review of the Economic Conditions in Italy* 25 (Nov. 1971): 460-73; Renato Frigeni and Willem Tousijn, *L'industria delle calzature in Italia* (Bologna, 1976), 56-77; Segreto, "L'industria calzaturiera in Italia," 293-323, and Giovanni L. Fontana, "Dall' industrializzazione dell'-artigianato all'esplosione distrettuale: strategie e trasformazioni del calzaturiero Brentano tra gli anni '50 e gli anni '70," in *100 anni di industria calzaturiera nella Riviera del Brenta*, ed. Giovanni L. Fontana (Venice, 1998), 217-314.

[42] *Información Comercial Española* (Dec. 1976), 100-101.

[43] José A. Miranda, "En busca del tiempo perdido: la conquista del mercado exterior y el desarrollo de la industria del calzado en España en la segunda mitad del siglo XX," *Revista de Historia Industrial* 19-20 (2001): 188-89.

five countries in terms of the value of their footwear exports. Exports from the Far East would not become relevant until the 1980s, when Taiwan and South Korea, followed by the People's Republic of China and Vietnam in 1990, would also become large global suppliers of leather footwear. The Asian competition would prove to be particularly difficult for the European producers to face at the end of the twentieth century, when China represented almost a third of global footwear exports. Nevertheless, southern European exports still amounted to a third of the international consumption of footwear, and Italy and Spain maintained their second and third positions, respectively, in world rankings of foreign sales.[44]

The Background of the Spanish Shoe Industry

The expansion of the Spanish shoe industry into international markets was undertaken in direct competition with the Italian shoe industry, with the two vying for the same markets, particularly the United States. Between 1963 and 1973, American imports of Spanish shoes grew at an average annual rate of 52 percent, more than twice the growth rate of imports from Italy. In this way, the Spanish footwear manufacturers increased their U.S. market share from 3 to 20 percent, while the Italian footwear share fell from 50 to 37 percent.[45]

The Spanish industry exported mainly medium-quality women's shoes, similar to the Italian product; the Spanish imitated the design and fashions launched by Italy, but their products were of superior quality.[46] The competitiveness of Spanish footwear with Italian products was based on price; labor costs in Spain were substantially lower. The average wage paid in the Spanish shoe industry during the export boom, for example, amounted to barely 60 percent of what was being paid in Italy.[47] Also, the competitive price of Spanish footwear benefitted from the evolution of the exchange rate of the peseta; between 1968 and 1970 the rate of exchange of Spanish currency with respect to the dollar was 17 percent below the level established after the Stabilization Plan of 1959.[48] The Spanish

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[44] José A. Miranda, "Calzado y distritos industriales en el Mediterráneo: una visión de largo plazo," *Mediterráneo Económico* 7 (2005): 289-92.

[45] Michael Szenberg, John W. Lombardi, and Eric Y. Lee, *Welfare Effects of Trade Restrictions: A Case Study of the U.S. Footwear Industry* (New York, 1977), 17.

[46] José M. Bernabé, *La Industria del Calzado en el Valle del Vinalopó* (Valencia, 1976), 193-94; Bee Y. Aw and Mark J. Roberts, "Price and Quality Level Comparisons for US Footwear Imports: An Application of Multilateral Index Numbers," in *Empirical Methods for International Trade*, ed. Robert C. Feenstra (Cambridge, Mass., 1990), 267-79.

[47] Bernabé, *La Industria del Calzado en el Valle del Vinalopó*, 26; and Frigeni and Tousijn, *L'industria delle calzature in Italia*, 222.

[48] OCDE, *Statistiques rétrospectives, 1960-1981* (Paris, 1983), 19; Josep A. Ybarra, *Sector calzado: presente y futuro (April 1986)* (Alicante, 1986): 21-22.

government also contributed to competitive prices with taxation and financial measures to support the companies, including the reduction of direct taxes and loans for exports.[49]

However, the export success of Spanish footwear was not a simple consequence of low wages, a favorable exchange rate, and government support. For companies to benefit from these advantages, a production structure capable of making the most of international market opportunities was essential. Therefore, the Spanish had to be capable of offering the type of product the importing countries demanded, and be able to increase supply rapidly, while maintaining low production costs. Spain possessed such a production structure, even though dictator Francisco Franco's economic policy and the general situation of the country after the Spanish Civil War had seriously damaged the shoe industry. In fact, the industry was operating in the 1960s with completely obsolete equipment (most of the machinery was more than twenty-five years old), with very low productivity levels (nearly 30 percent less than the Italian industry), and old-fashioned designs, far removed from the tastes and demands of the American and European markets.[50]

The Spanish footwear industry overcame its delayed development and competed successfully in international markets by making use of the clusters that had concentrated throughout a long historical process. In fact, until the mid-nineteenth century, footwear production was dispersed throughout the whole of Spain; almost all the important population nuclei had their own production. However, with the modernization of the sector and the development of mechanized production centralized at the beginning of the twentieth century, Barcelona accounted for more than two-thirds of the country's shoe manufacturing companies with machinery.[51] Modern industrial progress in Barcelona occurred at the expense of Spain's dispersed handicraft workshops, which decreased by one-third during the last decade of the nineteenth century. That modern sector was of only modest size at the beginning of the twentieth century; the majority of Spanish shoe production was still manual, and there were still a large number of small workshops distributed throughout the country.

Growth in mechanized manufacturing was limited until the twentieth century because the technology had to be imported, making information access difficult, complicating purchases, and providing no guarantee of

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[49] Ángel Viñas et al., *Política comercial exterior en España (1931-1975)* (Madrid, 1976), 1254-90; Bernardí Cabrer, "Un análisis econométrico de las exportaciones de calzado," *Información Comercial Española* 544 (Dec. 1978): 173-77.

[50] Miranda, "En busca del tiempo perdido," 191-94.

[51] Arthur B. Butman, *Shoe and Leather Trade in Belgium, Spain, and Egypt* (Washington, D.C., 1913), 32-34. Archivo general Militar, Sección 3ª, División 1ª, Legajo 34: Memoria de la Comisión de Movilización de Industrias Civiles de la 4ª Región Militar para el año 1921.

adequate technical assistance. The main obstacle to modernization of the sector, however, was the internal Spanish market, with its low, irregular demand, which varied as a function of agricultural conditions. This favored small companies with diversified production.[52] For such companies, mechanization did not ensure a reduction in production costs sufficient to compensate for the investment in fixed capital. The technology was not very flexible, and although its profitability was evident in the manufacture of large batches, it was uncertain for small companies with low-cost labor at their disposal. Through piecework and flexible labor relations, these companies adapted perfectly to production needs and achieved more efficient use of raw materials.[53] Thus, the modern industry concentrated in Barcelona could not eliminate the dispersed handicraft system during the nineteenth century or avoid the development of a competitive manual industry on the Balearic Islands of Menorca and Majorca, and in the province of Alicante.

Many of the obstacles preventing the growth of the mechanized industry were overcome during the early twentieth century. The demand for footwear was stimulated by an increase in per capita income, the need to supply the Spanish army, and, most of all, external demand generated by the First World War. This increase in demand, especially for military footwear—a standardized product that was easier to manufacture mechanically—stimulated the diffusion of machinery and initiated a virtual circle of growth. Improved techniques reduced both the production costs and the final price of the footwear, while the resulting increase in consumption generated companies' new investments in technology. Furthermore, the establishment of a Spanish branch office of the United Shoe Machinery Company greatly facilitated the diffusion of this technology. The Spanish branch office of the USMC made information much more accessible and ensured the supply of parts and technical assistance, but most important, the American company financially facilitated access to machinery via its strategy of leasing rather than selling the equipment. For the footwear factories, this eliminated the need for considerable investment, which many could not afford, and at the same time eliminated uncertainty about whether it would be better to wait for subsequent, more advanced technological innovations.[54]

In 1915, Spanish shoe exports amounted to 3 million pairs, about one-third of total output. Although the war would soon generate obstacles to

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[52] Jordi Nadal and Carles Sudrià, "La controversia en torno al atraso económico español en la segunda mitad del siglo XIX (1860-1913)," *Revista de Historia Industrial* 3 (1993): 199-227.

[53] Ministerio de Hacienda, *Memorias sobre la industria fabril redactadas por los ingenieros al servicio de la investigación de la Hacienda Pública,* 367.

[54] José A. Miranda, *La industria del calzado en España (1860-1959): La formación de una industria moderna y los efectos del intervencionismo estatal* (Alicante, 1998), 67-85.

production and international trade, footwear sales overseas between 1915 and 1919 were double those during the previous five-year period, and they remained high until the summer of 1920.[55] The demand generated by the war particularly benefited the industry in Alicante; the footwear industry there and in the Balearic Islands accelerated in both growth and modernization. The evolution of the various shoe industry areas can be followed by their use of USMC machinery.[56] Barcelona was the machinery's primary destination until the First World War; subsequently it was replaced by the Balearic Islands and Alicante, which by the 1930s had become the two areas in the country with the highest shoe manufacturing capacity.[57]

The modernization of the footwear industry had concentrated initially in Barcelona because of the advantages of industrial agglomeration and proximity to a large center of consumption. In terms of demand, Barcelona's income level and market for consumer goods were superior to the national average. In terms of supply, the city's dynamic, industrial nature gave rise to entrepreneurial initiative, capital for investment, appropriate infrastructures, technical and trade services, and other external economies of location. The raw materials were guaranteed because the port of Barcelona was the main point of entry for imported leathers, and Catalonia had the largest leather industry in the country. Furthermore, the majority of footwear exports to America departed from this port.[58]

The Spanish industry's location pattern until the First World War was the same as that in the initial development of the American shoe industry. In the United States, the industry began in towns in eastern Massachusetts and in areas surrounding Philadelphia and New York City. A similar pattern, until well into the twentieth century, positioned Paris as the principal shoe-manufacturing area of France and the Milan-Turin area as the main footwear-producing area in Italy. However, the wage differences between Barcelona and the shoe-making towns of the Balearic Islands and Alicante led to the industry's gradual displacement. Around 1900, the

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[55] *Estadísticas del Comercio Exterior de España*, 1915-1920.

[56] USM España Archives: fichas de maquinaria.

[57] *El arte de curtir* 302 (Feb. 1933): 19.

[58] Albert Carreras, "Cataluña, primera región industrial de España," in *Pautas regionales de la industrialización española (siglos XIX y XX)*, ed. Jordi Nadal and Albert Carreras (Barcelona, 1990), 281; Josep M. Torras, "La industria del curtido en Cataluña: del trabajo manual al uso de la energía eléctrica," in *La cara oculta de la industrialización española: La modernización de los sectores no líderes (siglos XIX y XX)*, ed. Jordi Nadal and Jordi Catalán (Madrid, 1994), 295-320; Nadal, "La transición del zapato manual al zapato mecánico en España," 334-35; Joam Carmona, "Crisis y transformación de la base industrial gallega, 1850-1936," in *Pautas regionales de la industrialización española (siglos XIX y XX)*, ed. Jordi Nadal and Albert Carreras (Barcelona, 1990), 23-48; and Ministerio de Hacienda, *Memorias sobre la industria fabril redactadas por los ingenieros al servicio de la investigación de la Hacienda Pública*, 357.

average daily wage of a footwear worker in Barcelona was 2.5 pesetas; in Majorca it was around 1.5 pesetas (60 percent less), and in the shoe-making towns of Alicante wages were even lower.[59]

The high labor costs in such work-intensive activity was undoubtedly the reason for the earlier mechanization of the industry in Catalonia. Because of the product characteristics and the available technology, however, even the most exhaustive mechanization could not compensate for the large wage differences. The machinery generated an increase in productivity, which enabled companies to compete with the low-wage areas until those areas also began to mechanize their production. Beginning during the First World War, the series of advantages that Barcelona offered the shoe industry could not compensate for the wage differences. Catalonia-produced shoes suffered a decline, while those produced in the Balearic Islands and Alicante gained market share.[60]

These two areas could enforce their wage advantage because they also had a specialized work force, investment capacity, and business initiative. Several authors have highlighted the influence that the geographical area had on the formation of these characteristics. According to this interpretation, the development of the shoe industry was stimulated by agricultural insufficiency in these regions, obliging the inhabitants to supplement their income from agriculture. The presence of trade networks, favored by a geographical position that enabled access to wider markets, contributed to creating a business initiative and investment capacity.[61] These conditions created an appropriate environment for

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[59] Ibid., 367-68. In Elche, statistics provided by the employer's association in 1911 attribute an average daily wage of stitchers and assemblers was between 3 and 4 pesetas, when in Barcelona it was 5 pesetas (see Butman, *Shoe and Leather Trade in Belgium, Spain, and Egypt*, 16) and showed that 75% of the work force were apprentices who earned only between 0.25 and 1 peseta per day (Archivo Municipal de Elche, Sección H, Legajo 104, Expediente 19).

[60] Archivo de la Corona de Aragón, Seción Hacienda: Matrículas industriales de Barcelona, 1915-1930; Archivo Histórico Municipal de Elche, Sección Estadística: Matrículas industriales de Elche, 1911-1935; Archivo de la Cámara de Comercio, Industria y Navegación de Mallorca: Matrículas industriales de las localidades de la isla, 1923-1935.

[61] For the Balearic Islands, see Vicent Roselló, *Mallorca: El Sur y Sureste (Municipios de LLucmajor, Campos, Ses Salines, Santanyí, Felanitx y Manacor)* (Palma de Mallorca, 1964), 432; Emili Farré-Escofet, Ramón Marimon and Josep M. Surís, *La via menorquina del creixement* (Barcelona, 1977), 21-22; Antoni Vidal, "Les activitats industrials a LLucmajor (1870-1936): De les farineres a la importància del calçat," in *Del taller a la fàbrica: El procés d´industrialització a Mallorca*, ed. Carles Manera and Joana M. Petrus (Palma de Mallorca, 1991), 135-43; and "La fabricació de calçat de pell a LLucmajor: Factors de localització i de producció," *Estudis Baleàrics* 43 (1992): 83-94; Nadal, "La transición del zapato manual al zapato mecánico en España," 337. For Alicante, Josep M. Bernabé, *Indústria i subdesenvolupament al País Valencià: El calçat a la Vall del Vinalopó*

specific business initiatives to emerge and prosper, transforming a traditional local handicraft into an increasingly developed industry.

During the second half of the nineteenth century, following the success of the first footwear companies, these locations became areas of intense sectorial specialization dominated by small and medium-sized companies, like Marshallian industrial districts. The external economies and the favorable environment in which the companies were located in the heart of these local production systems were fundamental factors in offsetting the initial advantage of the industry and its continuity in growth in Catalonia. In the industrial districts, with a highly specialized economy and few alternatives to the principal activity, the social environment facilitated the diffusion of knowledge regarding markets, technology, and work methods and contributed to the training of entrepreneurs and specialized workers who fueled the growth of the industry. This environment played a fundamental role in an activity as highly labor-intensive as shoe manufacturing; it provided an abundant flow of workers without the companies having to invest directly in their training. The availability of a qualified work force, together with the scarcity of better employment alternatives, kept wages at low levels while affording the possibility that total family income could be increased by women and children working in their homes and for different companies.

Furthermore, the series of auxiliary activities that were developed in the districts, the facilities for accessing information regarding the sector, the division of labor, the possibility of collaboration among companies (for the purchase of raw materials, distribution, and so forth), and the easy access to technology through leasing USMC machinery contributed to reducing the entry barriers for new companies. The flexible structure adopted by the industry was particularly appropriate for a product such as footwear, with an irregular and non-homogeneous demand. The USMC, as the principal supplier of machinery for the sector, maintained common leasing conditions, irrespective of the companies' scale of production and location, and tried to offer the same services to the industry as a whole. Beginning in the early 1920s, it established branch offices in the Balearic Islands and the shoe-manufacturing towns of Alicante. Thus, there arose in these areas a highly flexible and varied production framework that included all kinds of companies, from manual home workers to large-scale mechanized firms. This framework was capable of manufacturing large quantities of the same product, but also of withstanding times of recession without great losses, of constantly surveying the market for new products,

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(Palma de Mallorca, 1975), 7-22, and *La Industria del Calzado en el Valle del Vinalopó*, 15-16; Josep A. Ybarra, *Les precondicions per al desenvolupament econòmic de les comarques meridionals del País Valencià* (Alicante, 1978), 10-21; Julia Salom and José M. Bernabé, "Geografía de la industrialización alicantina," *Debats* 7 (March 1984): 17-18, and José A. Miranda, *Hacia un modelo industrial: Elche, 1850-1930* (Alicante, 1991), 43.

and of rapidly transferring to manufacture the type of product in highest demand at the moment.

The footwear industry began to develop in the Balearic Islands in the second half of the nineteenth century, stimulated by exports to Cuba, supported by the trading networks that emigrants from the islands established in the then-Spanish colony. Until the 1936 Spanish Civil War, the sector gained the most economic weight on Menorca. At the end of the nineteenth century, this island's annual output was almost one million pairs, and footwear had become the primary industrial activity, with more than 3,000 workers. Almost three-quarters of the value of its goods was exported.[62] Although the Cuban war of independence had a very negative short-term impact on the sector, leading to the closure of some companies and the emigration of workers, after 1898 exports to the Spanish Antilles began to recover and a slow penetration into the Spanish market commenced. The First World War brought a new export boom, this time to France, while the Cuban market was almost completely abandoned. After the war, the Menorca shoe industry concentrated in the towns of Mahón, Ciudadela, and Alayor. It became dependent on Spanish demand, although it maintained its specialization in a high-quality and fundamentally hand-made product, and the level of mechanization remained low. After suffering a slump during the Civil War, the Menorca shoe clusters survived the economic scarcity during the first years of Franco's regime in Spain and, beginning in the mid-1950s, increased and modernized their production, with Ciudadela as the sector's principal center.[63]

The shoe industry in Majorca followed a similar path, highly dependent on Cuban demand until the years during the First World War, and then dedicated to the Spanish market. The main difference was that in Majorca there was a higher level of mechanization, although truly mechanized production was scarce, and there was less specialization in high-quality shoes.[64] At first, the sector was concentrated mainly in Palma, the island's capital, whose port received the raw materials and traded the majority of the output. It is also where the main part of the Majorcan tanned leather industry and other footwear components and accessories industries were based.[65] The 1887 population census recorded almost 1,500 employees in

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[62] *Estadísticas del Comercio de Cabotaje*.

[63] Farré-Escofet, Marimón, and Surís, *La via menorquina del creixement*, 20-39; Miquel A. Marqués, "Una visió de l'evolució industrial a Alaior (1852-1936)," *Estudis d'Història Econòmica* 13 (1996): 91-108; Miranda, *La industria del calzado en España (1860-1959)*, 104-9; Miquel A. Casasnovas, "La industria del calzado en Menorca, 1400-2001," in *Las islas del calzado: Historia económica del sector en Baleares (1200-2000)*, ed. Carles Manera (Palma de Mallorca, 2002), 15-137.

[64] United Shoe Machinery España Archives: fichas de maquinaria.

[65] Archivo de la Cámara de Comercio, Industria y Navegación de Mallorca: Matrículas industriales de las localidades de la isla.

footwear production, almost a quarter of the total number of registered artisans in the town. Palma was also where the first shoe factories with machines were installed, beginning in the 1880s, and where the island's main shoe-exporting companies were based at the end of the nineteenth century. Probably under the influence of the industry in the capital, another important shoe nucleus soon was formed in Lluchmayor. Beginning in the 1920s the island's new center of the footwear industry was the municipality of Inca, on which other smaller nuclei such as LLoseta, Alaró, and Binisalem depended to a greater or lesser extent. During the Civil War, the island became the principal source of footwear supplies for the area dominated by Franco's troops, which boosted the growth of the sector.[66] In the 1940s, Inca established itself as the principal footwear nucleus, with more than 2,000 workers in the industry, a few mechanized companies that had over a hundred employees (including Gelabert y Beltrán, Juan Gelabert, Lorenzo Fluxá, and Bartolomé Payeras) and around fifty much smaller establishments dedicated to manual production.[67] Despite the difficult economic context, the industry gradually expanded, and the number of employees on the island as a whole exceeded 8,000 when the Majorcan companies began to penetrate the European and Latin American markets.[68]

The footwear industry in Alicante was located in the Vinalopó Valley, specifically in the towns of Elda and Elche and their respective spheres of economic influence. In Elda, the shoe industry began its development in the mid-nineteenth century as a consequence of the intense commercial activity in the area, which is located in the valley through which road transport between the plateau and the port of Alicante occurred. Until approximately 1875, shoe production grew within purely handicraft

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[66] *Boletín de la Cámara Oficial de Comercio, Industria y Navegación de Palma de Mallorca* (June 1938), 24-25.

[67] Archivo del Reino de Mallorca, Sindicatos B/1342: Censo sindical de las empresas de calzado de Inca.

[68] Butman, *Shoe and Leather Trade in Belgium, Spain, and Egypt*, 32-34; Roselló, *Mallorca: El Sur y Sureste,* 110-55; Antoni Penya, "La ciutat i les manufactures: aspectes de la indústria urbana al segle XIX," in *Del taller a la fàbrica*, 59-72; Antoni Vidal, "Les activitats industrials a LLucmajor (1870-1936)," 135-43, and "La fabricació de calçat de pell a LLucmajor," 83-94; Carles Manera, "La resistencia del calzado mallorquín, 1940-2001: de la crisis de posguerra al desarrollo turístico," in *Las islas del calzado*, 341-465; Miranda, *La industria del calzado en España (1860-1959)*, 109-15; Andreu Bibiloni and Jerònia Pons, "El lento cambio organizativo en la industria del calzado mallorquina (1900-1960)," in *Trabajo y relaciones laborales en la España contemporánea*, ed. Carlos Arenas (Seville, 2001), 355-69; Joana M. Escartín, *La Ciutat amuntegada: Indústria del calçat, desenvolupament urbà i condicions de vida en la Palma contemporània (1840-1940)* (Palma de Mallorca, 2001), 15-258, and "El calzado en Mallorca, 1800-1939: producción dispersa y mercado de trabajo," in *Las islas del calzado*, 217-340.

structures and through local initiative. All of the work was carried out manually, although within a system of centralized trading in a few workshops. After 1875, with capital invested by traders from consumer areas outside the municipality, the first factories began to appear and machinery was introduced in the production process; the quality of the product improved. The need for specialized labor attracted immigrants from Almansa and Mahón, places that had a long tradition in the shoe industry.[69]

In the late nineteenth century, Elda had several medium-sized factories with more than a hundred workers; it had begun to generate a relatively dense auxiliary economic system in the surrounding area, made up of mold and packaging factories and sales of tanned leather and other footwear articles. The shoe factories did not eliminate the small workshops or the home industry; instead, they used them as a way to reduce costs and to adapt production capacity quickly. Production decentralization occurred with different types of business coordination, especially in product sales. This rapid growth concluded around 1903; until the outbreak of the First World War, the number of shoe companies in Elda stabilized, although the productive capacity continued to increase with the introduction of machinery. The installation of tanning factories in Elda increased auxiliary industries, while the leather footwear industry began to extend into other municipalities in the Vinalopó Valley, where labor was cheaper than in Elda. Shoe workshops and some footwear factories were established in Petrel, Monóvar, Biar, Benejama, Sax, and Villena.[70]

The First World War gave a new and decisive boost to the industry in Elda, where almost 4,000 workers increased its production to almost 1.8 million pairs in 1915. In the 1920s, the benefits accumulated during the war and the increase in demand from the Spanish market stimulated the growth and technical renovation of the sector, giving rise to a large group of companies, each with more than one hundred employees, which controlled the district's production. In 1935, the local industry had more than 6,000 workers and output exceeded 5 million pairs per year. According to the 1940 municipal register of inhabitants, industry employed almost 73 percent of the active population, 85 percent of which worked in the shoe industry; almost all of the remaining 15 percent were employed in auxiliary industries.

After the Civil War, the footwear industry languished for more than a decade, resulting in the municipality's economic standstill. The population of Elda, which had grown at an average annual rate of over 5 percent between 1920 and 1930, scarcely increased between 1940 and 1950. At the

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[69] Bernabé, *Indústria i subdesenvolupament al País Valencià*, 64-71.

[70] Archivo Histórico Provincial de Alicante, Sección Hacienda: Padrones de la Contribución industrial de las localidades de la provincia de Alicante en 1908; Archivo de la Delegación del Instituto Nacional de Estadística en Alicante: Estadística de empresas de la provincia de Alicante en 1910.

beginning of the following decade, the local industry was about the same size as it had been in 1935, and its technological development was significantly retarded. Economic policy modifications and increased consumption in the Spanish market allowed some growth, mostly during the second half of the decade, but it would not recover the pre–Civil War expansion until the 1960s, when the sector experienced considerable modernization.[71]

As for Elche, from the outset it was a town that specialized in textile footwear because of its proximity to hemp-producing areas. The manufacture of this type of footwear evolved from home and handicraft production to industrial production in the second half of the nineteenth century. At the century's end, the town's companies produced around 6 million pairs of espadrilles, probably a quarter of the national output. In the early 1900s, the espadrille industry had become the primary local economic activity, with almost 4,000 workers, more than 38 percent of the working population.[72] The sector's growth maintained a good pace during the first third of the twentieth century, led by companies such as Viuda de Maciá and Vicente Serrano. Between 1900 and 1925, the average annual growth rate of textile footwear production in Elche was 4.6 percent, more than double the average growth rate of Spanish industrial production during this time. From the second half of the 1920s until the Civil War, growth was even more intense; some sources calculate that annual production reached 48 million pairs at the end of the period. Furthermore, since the beginning of the century, the textile footwear industry had begun to spread to Elche's neighboring municipalities such as Aspe, Crevillente, and Callosa del Segura.[73]

Specialization in the espadrille industry created a highly favorable context in Elche for developing the production of leather footwear. There were business people with knowledge of the market and a production process that had a lot in common with the shoe industry. Elche also had a work force trained in techniques similar to those used in the manufacture of leather footwear. There was a network of auxiliary services and industries that facilitated the footwear companies' activities and enabled them to begin operating with very little equipment. This series of external economies made possible the establishment of a dozen shoe factories in Elche at the beginning of the twentieth century, primarily created by people in the espadrille business. The production of this type of footwear grew from 33,000 pairs in 1900 to more than 500,000 in 1935. This growth was dominated by a multitude of small-scale companies, but factories with more than two hundred workers were also established,

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[71] José R. Valero et al. , *Elda, 1832-1980: industria del calzado y transformación social* (Alicante, 1992), 82-160.

[72] Archivo Histórico Municipal de Elche, Sección H, Legajo 104: Datos estadísticos referentes a la industria del calzado en 1911.

[73] Archivo del Registro Mercantil de Alicante: Libros de Sociedades.

including those of Hijos de Vicente Pérez and Vicente Sansano. The textile footwear industry continued to dominate until the 1950s, when vulcanized footwear (which had evolved from textile footwear) experienced a surge in growth, giving rise to several companies with more than a thousand workers, such as FACASA, Ripoll Hermanos, and INCASA. However, the production of leather shoes also continued to grow, until it became the principal industry in the 1960s. With the rapid expansion of this industry in Spain in the mid-1960s, Elche became the principal destination for investment in the sector, accumulating 30 percent of the investments recorded by the Industrial Registry between 1964 and 1974. This converted the town into the leading leather footwear producer in Spain, with an annual output of more than 30 million pairs, more than 40 percent of the national total.[74]

Collective Efficiency and International Competitiveness in the Spanish Footwear Clusters

Until the end of the nineteenth century, technological characteristics favored the establishment of large footwear companies in the most developed countries. These large companies achieved higher productivity, could demand better terms in the purchase of raw materials, and had more resources available to stimulate the sale of their products. After 1900, this situation began to change, because the technology and the conditions under which the footwear companies could access it also changed. The creation of the United Shoe Machinery Company, with its quasi-monopoly position, enabled companies to access lines of machinery that could be used efficiently with smaller-scale production. Furthermore, although USMC's practice of leasing equipment meant that all companies could access the technology, its strategy of charging a royalty based on machine usage (as did its affiliates in other countries) reduced the economies of scale that the footwear companies could attain.

After the First World War, the influence of fashion on footwear became stronger, especially in women's shoes, leading to increased diversification in production, with the manufacturing of more models in shorter series with more seasonal changes. Those changes were also reflected in company size, and they contributed to preventing dominance by large factories and to maintaining smaller companies in business. Until the Second World War, however, factories with more than a hundred workers characterized the production of footwear in the industry's leading countries. Thus in Great Britain, according to the production census of 1930, 77 percent of employment in the sector was concentrated in plants with more than one hundred workers, 44 percent in plants with more than three hundred workers, and 26 percent in plants with more than five

[74] Bernabé, *La Industria del Calzado en el Valle del Vinalopó*, 92.

hundred.[75] Countries such as Italy and Spain, where the industry was dominated by small firms with flexible production structures, were not internationally competitive.

The sector conditions truly changed from the 1950s on. It was then that the influence of fashion on footwear became a decisive condition of production and when flexible production structures, with their greater capacity to diversify production and innovate products, proved to be more competitive in the international market. In Spain, the shoe clusters' exporting boom did not occur until the 1960s, because of the isolation and economic slowdown in the country, and because Franco's economic policy seriously impaired the consumer goods industries until then. Even at the end of the 1950s, when the model of manufacturing footwear through large centralized companies was losing ground, the Spanish government, in collaboration with the United States, tried to "Americanize" the Spanish footwear industry, increasing the size of the companies, advancing mechanization, and reducing the variety of products.

The body responsible for this task was the National Commission for Industrial Productivity, financed with funds from the North American Assistance Program associated with the 1953 Pact of Madrid between Spain and the United States.[76] The Spanish footwear entrepreneurs, especially those from Majorca, used this initiative to modernize their companies and to establish preliminary contact with the American market, but they did not adopt the American production model; rather, they did the opposite, basing their competitiveness on productive flexibility and product diversification.[77]

The change in economic policy and the economic progress that this change generated were critical for the Spanish footwear industry boom in the 1960s. The progressive liberalization of foreign trade and the increased availability of currency, after more than two decades of restrictions, provided an adequate supply of raw materials and machinery. The bureaucratic red tape involved in the modernization of companies diminished, and the rapid increase in income per capita enabled an increase in internal demand, which formed the basis for the industry's development in the first half of the decade. With these developments the average quality of the product improved and designs were modernized—essential factors for export success. Fixing the exchange rate of the peseta at a realistic level increased the international competitiveness of Spanish production.

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[75] Hillmann, "Size of Firms in the Boot and Shoe Industry," 276.

[76] Archivo General de la Administración, Industria, 9488-9490: Minutes of the CNPI.

[77] José A. Miranda, "La Comisión Nacional de Productividad Industrial y la 'americanización' de la industria del calzado en España," *Revista de Historia Económica* 3 (Autumn 2004): 637-68.

The improved economic context was particularly advantageous for the country's traditional shoe clusters (see Table 1). The Balearic Islands, which had maintained high-quality production, were the leading exporter

TABLE 1
Geographic Distribution of the Footwear Industry in Spain, 1960-1970

Provinces	Number of Shoe Factories		% of Total Spanish Output in 1970
	1960	1970	
Alicante	793	1,084	41.1
Balearic Islands	436	450	16.8
Castellon	94	33	9.1
Zaragoza	181	190	7.8
La Rioja-Navarra	98	78	7.2
Rest of Spain	2,008	981	18.0
Total	3,610	2,816	100.0

Source: *Revista de la Piel* (June 1971), 11.

until the mid-1960s, and then the Alicante province took the lead, representing more than 60 percent of Spanish shoe exports in the early 1970s. As when they had used the advantages of territorial concentration to overtake other producing areas in the first three decades of the twentieth century, the shoe-making regions of Majorca, Menorca, and especially the Vinalopó Valley took advantage of the external economies and the cooperation possibilities between companies, which produced their highly specialized cluster. In the main producing nuclei (such as Elda, Elche, and the district of Raiguer), the qualities of genuine Marshallian industrial districts (according to Giacomo Beccattini's definition) provided a collective efficiency that enabled them to take maximum advantage of the export opportunities that arose after the Second World War.[78] The predominance of small and medium-sized firms continued to characterize these districts, but they also generated larger companies that formed part of the general dynamics of the district and (although they did not determine the evolution of the district) exerted significant influence.

[78] Giacomo Beccattini, "Dal 'settore' industriale al 'distreto' industriale: Alla recerca dell'unità di análisis dell'economia industriale," *Rivista di economia e politica industriale* 1 (Jan. 1979): 7-21, and "Riflessioni sul distretto industriale marshalliano come concetto socio-economico," *Stato e mercato* 25 (April 1989): 111-28; Roberta Rabellotti, *External Economies and Cooperation in Industrial Districts: A Comparison of Italy and Mexico* (London, 1997), 23-42.

In the case of the Balearic Islands, the development of the sector was cut short by the strong expansion of tourism, which offered more attractive investment alternatives, even for capital generated by the footwear industry. This deprived the sector of workers, and increased labor costs.[79] Thus, the majority of investment growth in production and exports of the sector in Spain was concentrated in the Alicante-based clusters, beginning in the mid-1960s (see Table 2).

TABLE 2
Officially Registered Investments in the Footwear Industry in 1970
(companies, employment, and investment located in the province of Alicante as a percentage of the Spanish total)

	New Companies	Extensions	Total
Companies	82	73	75
Employment Created	79	53	66
Investment	78	56	64

Source: Cámara Oficial de Comercio, Industria y Navegación, *Alicante exporta, 1980* (Alicante, 1982), 99.

These data demonstrate that these clusters were industrial organizations with a competitive advantage with respect to other territories and other types of production organizations. A frequently used competitiveness indicator is export propensity (that is, the quotient between the value of exports and total sales). If we apply this indicator to the footwear industry in Alicante in 1968 and 1970, years for which reliable information is available, and compare the results with those in the rest of Spain, we can clearly see the Alicante districts' greater competitiveness (see Table 3).

The large shoe factories in other parts of the country, of which Silvestre Segarra e Hijos, in Vall d'Uixó (Castellón) with its almost 4,000 workers is the best example, despite their economies of scale and greater resources for accessing external markets, did not penetrate these markets any better than the industrial districts' production. In fact, the majority of these companies, with Segarra leading the way, ended up in crisis and disappeared in the 1970s. The industry scattered throughout the whole country could not maintain the growth rate of the districts. The case of the shoe clusters in the Balearic Islands is also a good example of how the evolution of these socioeconomic formations was influenced not only by their own dynamics, but also by the regional economic context.

[79] *Revista de la Piel (*April 1972), 61-64; Manera, "La resistencia del calzado mallorquín," 395.

TABLE 3
Export Propensity of the Spanish Footwear Industry, 1968 and 1970

	Year	Alicante Province	The Rest of Spain	All of Spain
Value of Footwear Output[a]	1968	7,302	9,394	16,696
	1970	10,444	11,428	21,872
Value of Footwear Exports[a]	1968	2,492	2,103	4,595
	1970	4,137	3,481	7,618
Export propensity (Export Value/Total Sales)	1968	0.34	0.22	0.28
	1970	0.40	0.30	0.35

Source: Diego Such, *Plan de estabilización e industrialización de la economía alicantina* (Alicante, 1982), 186.

[a] Millions of pesetas

In the 1960s, when it became necessary to increase shoe production rapidly to respond to international demand, the industrial districts played a vital role in achieving this goal, because of the capacity of the multiple small companies to increase supply. Low entry barriers for new companies in the sector enabled rapid growth in the number of firms.

The dense networks of economic ties in the district aided in renewing the product to satisfy the tastes of the import markets and in modernizing the production process. The productive capacity of the area and the initiatives of the various institutions attracted large European and (mainly) American footwear importers, which contacted companies in the districts and commissioned them to manufacture the type of footwear in demand in their countries. Business people and professionals who travelled to foreign trade fairs also captured information regarding the products in demand at the moment by the international market. Through sub-contracting relationships among the companies and the multiple contacts among economic agents, which enabled an agile transfer of information, the footwear-producing companies as a whole quickly assimilated the improvements required in shoe design and other characteristics.

The proximity of the companies supplying the inputs made it easier for them to receive the flow of information regarding new needs, while the broad scope of this auxiliary economic fabric was a decisive factor in the shoe factories' ability to revise their products quickly. The companies in the districts that were supplying materials and technology, some with international contacts, channeled information on new techniques and stimulated product and process innovations in the footwear factories. The extraordinary level of competition in the districts boosted the diffusion of innovations. The accumulation of many companies with the same type of production obliged them all to strive continually to improve their competitiveness and, therefore, to find optimum solutions to reducing

costs in the production process and to adapting their products to market demands.

Furthermore, the accumulation of technical knowledge and specialization in the shoe districts gave rise to a constant source of small incremental innovations, which influenced the competitiveness of production. Although the majority of these innovations were not officially recorded, the data regarding the application for patents in Spain's Industrial Property Registry in the years prior to the export boom of 1967 clearly reveal that the most active process of technical change in the sector occurred in the shoe districts of Alicante (see Table 4). The province of Alicante not only represented 40 percent of patents for the footwear industry applied for by residents in Spain between 1958 and 1966; it also

TABLE 4
Distribution by Province of Patents Linked to the Footwear Industry Registered by Spanish Residents, 1958-1966

Province	No. of Patents	Employees in the Footwear Industry (1958)	% of Patents (over the Spanish total)	% of Footwear Employees	% of Patents/ % of Footwear Employees
Albacete	3	1,852	0.73	3.73	0.20
Alicante	163	17,475	39.66	35.18	1.13
Balearic Islands	43	9,454	10.46	19.03	0.55
Barcelona	67	1,619	16.30	3.26	5.00
Burgos	6	175	1.46	0.35	4.14
Castellon	2	3,725	0.49	7.50	0.06
Gerona	8	250	1.95	0.50	3.87
Guipuzcoa	13	364	3.16	0.73	4.32
La Rioja	13	2,414	3.16	4.86	0.65
Madrid	33	541	8.03	1.09	7.37
Malaga	3	81	0.73	0.16	4.48
Murcia	3	757	0.73	1.52	0.48
Navarra	3	628	0.73	1.26	0.58
Pontevedra	8	217	1.95	0.44	4.46
Salamanca	10	64	2.43	0.13	18.88
Tarragona	4	136	097	0.27	3.55
Valencia	6	1,390	1.46	2.80	0.52
Vizcaya	2	374	0.49	0.75	0.65
Zaragoza	14	2,311	3.41	4.65	0.73
Others	7	3,886	1.70	7.82	0.22
Total	411	49,671	100.00	100.00	1.00

Sources: Database of the Historical Archive of the Spanish Patent and Trademark Office and Instituto Nacional de Estadística, *Censo industrial de España 1958: Enumeración previa de localización* (Madrid, 1962), 89.

reached a much higher ratio of patents per worker in the sector than the other provinces with significant footwear production (Balearic Islands, Castellon, Logroño, Zaragoza, and Valencia), with the exception of Barcelona, which, because of its leadership in many branches of industry, was the province with the most patents of all types.

When Spanish shoe exports increased, their main destination was the United States, where more than two-thirds of the total output was sold. American distribution companies initially facilitated the introduction of Spanish footwear into the U.S. market by using their companies' brands. However, the connections of the Spanish footwear companies with American importing companies became crucial, just as they subsequently did with European companies; the dynamics of the industrial districts also created such connections.

Companies in the shoe-producing districts collaborated to create exporting companies. The most ambitious project emerged from Elda in 1960, with the constitution of Elda Exportadora: Cooperativa Industrial del Calzado, which united 126 companies with an annual joint production capacity that exceeded 2 million pairs. This company coordinated the marketing and sales activities of its associated companies and provided them with the designs, leathers, and other intermediary products used in production. The company also had a pilot workshop for product innovation and the diffusion of new techniques among the associated companies.[80] Another attempt at creating a large collaborative structure among the companies in the Vinalopó Valley took place in 1966, with the creation of the Agrupación Sindical de Fabricantes de Calzado, conceived to serve as a channel for diffusing information, providing services to the companies (tax, labor, legal advice, and so forth), and facilitating agreements for financing the purchase of raw materials and product marketing.[81] In the Balearic Islands, Selec Balear was the main initiative of this type, created in the early 1970s.[82]

The companies also collaborated with local institutions to create footwear trade fairs and exhibitions inside the districts. The most influential event of this type was the International Footwear and Related Industries Fair, founded in Elda in 1960, thanks to the close ties that existed between the industry and the public authorities there.[83] The fair

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[80] Banco de Crédito Industrial, *Informe de carácter general sobre la industria del calzado en España* (Madrid, 1962), 40-43.

[81] José Ramón Valero et al., *Elda, 1832-1980, industria del calzado y transformación social* (Alicante, 1992), 149-50.

[82] Casasnovas, "La industria del calzado en Menorca," 119.

[83] AGA, Sindicatos, caja 4.503: Informe sobre la Feria nacional del Calzado e Industrias Afines; *Piel* (Aug.-Sept. 1960), 4-5; (Oct. 1960), 42-47; (June 1962), 11-12; (July-Aug. 1962), 27; (Oct. 1962), 19-23. *Información Comercial Española* 398 (1966): 143-47; 445 (1970): 181-84; Bernabé, *La Industria del Calzado en el Valle del Vinalopó*, 195.

and the bodies derived from it (such as the Export Promotion Centre [CEPEX] and the Spanish Footwear and Related Industries Institute [INESCOP]) not only fostered contact with foreign importers, but also served as channels for distributing technical change and all types of innovations among the footwear companies.[84]

The rapid growth of Spanish footwear exports was maintained until the mid-1970s; from then on the industry experienced a decline in foreign sales from which it did not recover until the beginning of the 1980s. The decline was the result of a combination of the international economic crisis, the increase in labor costs in Spain, and competition from footwear manufactured in Latin America and the Far East. The negative impact on the shoe districts was very deep, particularly in the Balearic Islands, where between 1979 and 1983 employment in the sector declined by 43 percent, as compared with a fall of 35 percent in Alicante.[85] However, in both areas the flexibility of the production structure enabled the sector to survive. The adaptation to the new international scenario, which was an authentic spontaneous reconversion, was broadly based on the possibilities of the division of labor and the production interrelations within the districts, as well as the black economy. The uncertainty regarding the future of the industry led businesses to cut costs and increase flexibility by reducing the size of the companies, and also by evading tax and social security payments. Many companies disappeared, and at least one-third of output was produced illegally in homes, in small, undeclared workshops, and in companies that were apparently legal, but that concealed a part of their work force and activity.[86]

Use of the black economy proved to be a strategy with very high social costs, but it was effective in the short term for recovering competitiveness, at least in the districts of the Vinalopó Valley. This region's exports grew rapidly until 1985, when they reached a real value that was 45 percent greater than in 1976. The results of insufficient investment in technological renovation, design development, and improved marketing techniques, however, became evident in the second half of the 1980s, when revaluation of the peseta exchange rate reduced the price competitiveness of Spanish shoes and exports dropped again.

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[84] There was also an attempt to initiate a footwear fair in Palma de Mallorca in 1961, but the project did not materialize. Footwear exhibitions were held in Ciudadela in the early 1970s; see Manera, "La resistencia del calzado mallorquín," 397, and Casasnovas, "La industria del calzado en Menorca," 119.

[85] Manera, "La resistencia del calzado mallorquín," 423.

[86] Lauren Benton, "La informalización del trabajo en la industria," *Papeles de Economía Española* 26 (Jan. 1986): 333-50; José A. Miranda, "El fraude fiscal en la industria del calzado: la lógica del clandestinaje en una perspectiva histórica," *Hacienda Pública Española* I (1994): 343-56; Casasnovas, "La industria del calzado en Menorca," 125-26.

The decline intensified during the 1990s because of the economic recession in the main importing markets. This new phase of difficulties, however, stimulated the reconversion of production and marketing structures. The trend toward decentralization and specialization by production process phases continued, but with a diminished presence of the black market and greater efforts toward technological renovation, improving quality and design, creating fashion, market diversification, brand image reinforcement, and forming their own distribution channels. Devaluation of the peseta strengthened competitiveness, giving rise to a new export boom, which also affected the industry in the Balearic Islands. The previous maximum export levels were surpassed, and new records in the value of foreign footwear sales were recorded in the districts of Alicante in 1998, and in the Balearic Islands in 2000.

In this new expansion phase, within a productive structure still characterized by the small company (more than 70 percent of firms had fewer than twenty workers), some larger companies acted as engines for introducing innovations and searching for new markets. The best case studied is that of Coflusa SA, which marketed the Camper and Lottusse brands. Coflusa was created in Majorca in 1975, with no production structure of its own. In order to manage the creation and design of products directly, it commissioned the manufacture of industrial fabric in the district of Raiguer and other shoe-producing areas. From the start, the company took great care with brand image and established its own distribution channels. Its Camper brand exports reached a significant volume in the 1990s; at the end of that decade they amounted to almost 2 million pairs, almost two-thirds of its output.[87]

Conclusions

Historically, the Spanish footwear industry responded largely to the country's economic evolution, but it was also greatly influenced by changes in the sector internationally. Until the mid-twentieth century, the underdeveloped economy of Spain was responsible for the slow growth of the footwear industry there, its delay in mechanization, and its adoption of a structure dominated by small companies. These conditions, together with the loss of Spain's colonies in the Antilles at the end of the nineteenth century, meant that the country could maintain only low export levels, except in extraordinary circumstances such as during the First World War. The development of Spain's footwear manufacturing depended fundamentally on weak internal demand. Although the technology became more flexible at the beginning of the twentieth century, the influence of fashion increased during the 1920s, especially in women's footwear.

Until the period after the Second World War, footwear exports were dominated by countries whose industry was characterized by the

[87] Manera, "La resistencia del calzado mallorquín," 444-61.

predominance of highly mechanized medium-sized and large companies, benefiting from greater productivity and significant economies of scale. On the whole, these were industrially advanced countries with large domestic markets. For Spain to follow this model, an extraordinary business initiative would have been necessary, similar to that carried out by Thomas Bata in Czechoslovakia.

At the beginning of the 1960s, the footwear industry in Spain as compared to other countries was probably at a lower level than in 1930, especially with respect to technology. The international market was very different, however, because it now offered those countries capable of manufacturing attractive and differentiated footwear in short series and with low costs the possibility of large export volumes. France and, most of all, Italy paved the way. Despite the dreadful situation after more than two decades of interventionism and autarchy in the country, the Spanish industry managed to become a large global exporter of footwear. This was possible because it rapidly improved its product and production, adapting to the demand from America and Western Europe.

This fast adaptation was facilitated by the capacity of growth and innovation of the clusters in which the industry had concentrated since the beginning of the twentieth century. In fact, although the first development phase of the modern footwear industry had taken place in the large industrial city of Barcelona, since the First World War the sector concentrated its development in a few towns in the province of Alicante and on the islands of Majorca and Menorca, which were highly specialized in this industry. These towns began to acquire the characteristic economic and social features of Marshallian industrial districts as defined by Beccattini. These districts showed a capacity to adapt to changes in market circumstances and in the economic context. Until the 1960s they successfully competed with other footwear manufacturing areas of Spain, and later they were capable of penetrating the international market with force and subsequently of resisting the competition from other production areas with much lower labor costs.

However, the territorial concentration of footwear production has not been limited to the Spanish industry. Many countries have always shown a tendency to concentrate their modern footwear manufacturing industry in a few very sectorially specialized clusters, even when not dominated by small companies. Well-known cases in Europe are those of Leicester and Northampton (in England), Pirmasens (in Germany), and Vigevano, la Rivera del Brenta, and the Fermano area (in Italy); there are also many more examples on other continents. This tendency highlights the importance of the external economies generated by agglomeration in a sector where the companies need a lot of specialized workers, a closer interaction with suppliers of inputs and intermediate services, and rapid communication channels with the markets.

The concentration in specialized clusters has proved, in the long term, an efficient way of organizing footwear production. However, it has not

always been a guarantee of success or of continuity in the industry. In the Spanish case, the different evolution of the shoe districts of Alicante and the Balearic Islands allows us to determine that the potential of the districts, the agglomeration economies, and the mechanisms of cooperation that they generate are not in themselves a guarantee of long-term success. They can give rise to very different results in combination with the regional context in which they occur, and with the specific actions of the companies and the series of agents that intervene in the dynamics of the districts.[88] The growth of the footwear industry in the Balearic Islands was cut short after the mid-1960s, not just because the strong development of tourism activities pushed up the price of labor and reduced investment in the sector, but also because the companies in this region were less willing than those in Alicante to cooperate with each other to penetrate external markets; their local institutions also provided less support.

The footwear clusters of both Alicante and the Balearic Islands were characterized by the predominance of small and medium-sized firms. However, there have also been some larger-sized companies, which had special influence on the districts as a whole during the different phases of their evolution. These companies were not intended to be alternatives to the districts, but they arose as a consequence of their development and served to reinforce them. At no time did a situation arise, however, in which a district came to depend on the leading companies; thus, when companies disappeared, districts continued their development, and new initiatives emerged to take over their leadership.

[88] Along the lines indicated by John F. Wilson and Andrew Popp, "Districts, Networks and Clusters in England: An Introduction," in *Industrial Clusters and Regional Business Networks in England, 1750-1970*, ed. John F. Wilson and Andrew Popp (Aldershot, 2003), 1-18, at p. 8.