



“Summary of article by Michael J. Piore: Work, Labor, and Action: Work Experience in a System of Flexible Production” in Frontier Issues in Economic Thought, Volume 4: The Changing Nature of Work. Island Press: Washington DC, 1998. pp. 388-391

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In recent years, a number of studies have confirmed the notion that since the 1970s there has been a trend towards smaller business units in the industrial economies. This is a marked difference from the tendency of the earlier post-war decades. The neoclassical competitive market model may have been useful in explaining the operations of larger units, but falls short of being able to describe these new trends. Drawing from case studies of Italian flexible specialization and the philosophical categories developed by Hannah Arendt in *The Human Condition* (1958), an alternative analytical perspective is offered that captures the salient features of work experience in these newly emergent forms of industrial organization.

THE CHARACTERISTICS OF INDUSTRIAL DISTRICTS

A growing number of case studies can be summarized as observing the following characteristics of industrial districts: (1) Technological dynamism that continuously changes product types and production techniques; (2) A close relationship with the culture and community of the geographic region in which they are lodged. This has been described by some as a "thickening of industrial and social interdependencies in a certain place." [309]; (3) Commercial networks, with the ability to cooperate among firms. Producers even visit each other's production facilities as if there were few trade secrets to be lost; (4) A combination of seemingly contradictory traits of competition and cooperation; (5) "The spontaneous and unpredictable character of success and failure." [309] (6) A "bottoms-up" approach to innovation where changes in product and technique occur with shop-level input.

A few general observations may be made about the kinds of public policies that are supportive to such industrial districts. Firms within these districts have common needs as research and development, training and education, and for the coordination of production on production related activities when there are economies of scale. These may include, e.g., financial services, common-eating facilities, or medical care. Their success also depends upon observation of a common set of standards and norms, with some means of enforcement. Of special importance are the norms or laws that limit competition. While there is little agreement about the historical or other processes that give rise to institutions which can supply these public goods in the particular fashion required to enable dynamic cooperative action within a network of small firms, one aspect of leadership does stand out: a willingness to spend a major part of the leaders' time in mediating disputes.

HANNAH ARENDT AND THE HUMAN CONDITION

In *The Human Condition*, Hannah Arendt distinguishes three modes of productivity: *work*, *labor*, and *action*. Originally conceived of in the structure and philosophic tradition of the Greek city-state and the later analytical structure of Marx, these categories can be particularly useful in understanding work experience in industrial districts.

For Arendt, work and labor involve relationships between humans and their physical environment. With work, the product is characterized as permanent and it achieves an independent existence. Thus, through work humans are able to exert a kind of immortality. Labor, on the other hand, is associated with the services and consumption that ensure basic needs for human survival. Most important is her concept of action, which is "the activity through which individuals reveal themselves to other individuals, and through which they achieve meaning as persons." [312] Likewise, action is dependent on human plurality, "the twofold character of equality and distinction."¹ Similar to the civic life of the Greek citizen in the city-state, action is an end in and of itself because it is how people define themselves as men and women, but action is also a means to an end because the sequence of actions over one's life (i.e., work) constitute a story that is told in the community.

Arendt argues that action has disappeared from human activity. In the world of mass production, work has been reduced to labor by the removal of contemplation and discourse from production. Individuals have therefore cut themselves off from other people, withdrawn into themselves, and have lost their ability to act. The flexible specialization of small firms in industrial districts might thus best be understood in terms of a return to action.

INDUSTRIAL DISTRICTS AS ACTION

If production is conceived of as an arena of action, apparently contradictory characteristics of industrial districts are explained, and it can be seen why they maintain their strength. By thinking of production as "an arena of discourse and a stage for action," [314] one can understand the workings of the bottom-up network of producers, employees, and politicians that characterizes the open production process of small firms and their ability to be innovative. The workplace can then be seen as a realm where those involved reveal themselves to each other as individuals. The act of producing goods and services in collaboration with others eases the transition back and forth between production, on the one hand, and the politics of the organization of production, on the other.

The paradox of competition and cooperation also dissolves under such a framework. Industrial districts have been described as paradoxical because they were viewed from a model in which work is a means toward an end of individual income. It was therefore hard to understand how the notion of individual profit maximization could be consistent with the need for collaboration. What results is that

[w]e have mistaken competition for the individual's attempt through action to differentiate himself or herself. What appear to be collaborators or cooperators in the

market model are interlocutors in the discourse through which the differentiation of the individual occurs and the audience for the story of a life which actions create.[315]

The essential concept in Arendt's view of action as extended to contemporary industrial districts, is therefore the notion of a community of equals wherein the individual can differentiate his or her self. Arendt also believed that communities should be small (as are industrial districts), but that size and the creation of a community of equals are not enough since the culture of the community must also value action enough to enter this realm of productive relationships.

PUBLIC POLICY

What does this discussion of action contribute to the public policy problem of creating and maintaining industrial districts of this kind? The problem can be split into two components. The first is how to foster a sense of a need for action in a community. Very little can be gleaned on this subject from the case studies or from economic theory; it remains an issue for further study. The second regards the problem of labor.

Flexible specialization in small industrial reconciles the means and ends of production. In mass manufacturing, the production process is a means of securing income. In flexible specialization, the production process is a means to get income *and* an active source of meaning in one's life. Balancing these two purposes is the central public policy problem to be resolved. The question thus remains

[h]ow is it possible to ensure that production serves as an effective means for the community's survival without having the members of the community become so preoccupied with income that action, which makes the community dynamic in the first place, loses its centrality in the community's value system?[316]

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1. Hannah Arendt, *The Human Condition*, (Chicago: University of Chicago Press, 1958); cited by the author, 313.