

CONTENTS

Acknowledgments ix

PART I: OVERVIEW

① BIG FIRMS, SMALL FIRMS, NETWORK FIRMS 3

Concentration without Centralization: How the Big Firms Are Reorganizing Global Capitalism. Why Small Firms Do Not Drive Economic Growth and Create the Most New Jobs. Why Are We So Ready to Accept the Small Firms Story? What's Wrong with the Small Firms Story? Trouble in Paradise: Hierarchy and Inequality in the Industrial Districts. Why Should We Care? Rethinking National and Regional Economic Development in a World of Production Networks.

PART II: REASSESSING THE IDEA THAT SMALL FIRMS ARE THE ECONOMIC DEVELOPMENT DRIVERS

② THE MYTH OF SMALL FIRMS AS JOB GENERATORS 37

Alternative Explanations for the Apparently Growing Importance of Small Firms. The Conventional Wisdom, Revisited. Reassessing the Evidence on Small Firm Shares of Job Creation and Employment Growth. Small Firm Dynamics. Wages and Working Conditions in Smaller Firms. The Making of a Myth.

3 ARE SMALL FIRMS THE TECHNOLOGY LEADERS? 53

Product Innovation and Small Firms. Do Computer-Controlled Manufacturing Process Innovations Privilege Small Firms? Biotechnology Networks. Toward the Greater Standardization of Computer Programming: Japan's Software Factories. Technological Change and the Continuing Tendencies toward Standardization, Size, and Scale.

4 THE EVOLUTION (AND DEVOLUTION?) OF THE ITALIAN INDUSTRIAL DISTRICTS 75

Small Firm-Led Growth Models and the Northern Italian Industrial Districts. Penetration of the Industrial Districts by Outside Financial Conglomerates: The Case of Sasib. The Emergence of Hierarchy within a District-Based Production Network: The United Colors of Benetton. The Negative Competitive Consequences of Excessive Fragmentation: The Case of Prato. Further Evidence of Crisis and Concentration in the "Third Italy."

5 IS SILICON VALLEY AN INDUSTRIAL DISTRICT? 106

Silicon Valley as an Industrial District: The Debate. Inequality and Dual Labor Markets in the Silicon Valley Production System. Concentrated Power and the Role of the Military in Silicon Valley's Economic Development. The Three Faces of Silicon Valley.

PART III: THE EMERGING SYSTEM OF GLOBALLY NETWORKED PRODUCTION

6 "FLEXIBILITY" AND THE EMERGENCE OF LARGE FIRM-LED PRODUCTION NETWORKS 125

Crisis and the Corporate Search for Flexibility. Production Networks as a Means of Achieving Flexibility. Types of Interfirm Production Networks. Territorially Based Production Systems as Networks. Some Basic Definitions. Types of Input-Output Systems. The Territorial Dimension. Governance Structures. Networked Production Systems. Developmental Tendencies. Putting the Context Back In.

7 LARGE FIRM-CENTERED NETWORKED PRODUCTION SYSTEMS IN JAPAN AND EUROPE 150

Japanese Production Networks. Supplier Relations. Keiretsu Governance. Keiretsu Production Networks in a Changing World Order. European Intercompany Networks. Strategic Alliances. Government Encouragement of High-Tech Networks: The Case of ESPRIT. A Particularly Successful Public-Private Production Network: Airbus Industrie. Production Networks as an Expression of Concentration without Centralization.

8 INTERFIRM PRODUCTION NETWORKS IN THE UNITED STATES 172

Corporate Restructuring and Production Networks in U.S. Industry. Growth in Cross-Border Alliances. General Motors and the Japanese Join Forces in Making Cars. Why Many American Companies Still Do Not Get It. Chronic Short-Termism: Explaining the Short Time Horizons of American Managers. A Chain Needs All Its Links.

9 THE DARK SIDE OF FLEXIBLE PRODUCTION 189

The Growing Polarization of Wages. Why Conventional Explanations Do Not Fill the Bill. How Lean Production and Networked Firms Promote the Polarization of Wages: The New Dualism. The Devolution of Internal Labor Markets and the Erosion of Employment Security. The Growth in Contingent Work. Dualism in the Nike Production System: A Case Study. Playing Off Insiders against Outsiders. The High Road or the Low Road to Long-Run Economic Growth? Whither the Dark Side?

PART IV: RETHINKING ECONOMIC DEVELOPMENT POLICY

10 ECONOMIC DEVELOPMENT POLICY IN A WORLD OF LEAN AND MEAN PRODUCTION 219

Who Is "Us"? Why a Home Base Remains Important to Global Companies. Regulating the Global Companies and Their Networks.

Government Industrial/Technology Policy and Interfirm Alliances. Planning for Conversion from Military Production. Manufacturing Modernization. Regional, State, and Local Economic Development in a World of Networked Production. Coordinating Federal and State/Local Approaches to Working with Production Networks. The Dark Side, Redux.

11 POSTSCRIPT: REASSESSING *LEAN AND MEAN* ON THE EVE OF THE NEW MILLENNIUM

The Stubborn Myth about Small Business as the Engine of Economic Development. Further Evidence of a Dark Side to Flexibility. As for Agglomeration and Industrial Districts, It Depends. What about This Idea of "Globalization"? (A Bit) More on Economic and Social Policy in the Age of Lean and Mean Business.

<i>Notes</i>	279
<i>Index</i>	349