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Introduction

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This volume contends that while the enterprises operated by petty capitalists may be small, there is nothing petty about their significance for the operation of economies and for our understanding of contemporary societies, families, and localities. Petty capitalists regularly operate in the ambiguous boundaries between capital and labor, cooperation and exploitation, family and economy, tradition and modernity, friends and competitors. By examining how these relationships vary over time, space, and culture, the study of petty capitalists offers insights into an era where assembly lines are deconstructed and scattered across the globe, and where rapid and flexible response to desires can make the difference between economic success and failure.

An ever-increasing proportion of interactions cross national boundaries. At the same time, changing technologies and regulatory contexts have made it more compelling for even the smallest firms to either compete on a transnational terrain, or at least to be wary of competitive threats from beyond their nation's border. Globalization has usually been seen in terms of the activities of large private corporations and the governments of the World Trade Organization (WTO), Group of 7 (G-7) or Organization of Economic Cooperation & Development (OECD-23) who are changing conditions to facilitate freer flow of trade and investment. Hypermobile capital is widely thought to have improved its negotiating position vis-à-vis workers and localities, potentially producing a race to the bottom in terms of working conditions and welfare provisions. Conversely, small business is usually assumed to be local business, while business activities that operate regionally, nationally, or transnationally are seen to be the province of increasingly larger enterprises.

Yet, the greater ease with which goods, money, and ideas move around the world also makes it possible for very small firms and individuals to operate in global markets. Small entrepreneurs can operate in a global economy in ways that would not have been feasible a few decades ago. For example, a study of Canadian companies doing business in Japan found that companies established before 1970 waited an average of over 20 years before exporting to Japan. By the 1980s, the average lag between starting business and exporting to Japan had dropped to 1.9 years and to 1.1 years in the 1990s. The report concluded that relaxed trade barriers, as well as cheaper travel costs and ease of e-mail and fax machines, have helped smaller business globalize more quickly than in the past (Walton 1999:B10).

As Hill Gates (1996; this volume) reminds us, however, small enterprises have operated across borders for at least a millennium, sometimes in the forms of what Weber called pariah capitalism. Brokerage across borders provides risky opportunities that appeal particularly to those with little capital but higher risk tolerance (A. Smart 1999). At the same time, international migration and study abroad creates kin and friendship ties that can facilitate taking advantage of opportunities created by local difference (Smart and Smart 1998; M. P. Smith 2001). In this volume, a variety of scholars explore the impact of contemporary circumstances on petty capitalists. They consider how operating in transnational markets influences the dynamics of these enterprises. An analysis of petty capitalists, we suggest, provides a different perspective on the contemporary era, and on how people respond to its challenges and opportunities. Our argument is not that petty capitalists, or even the larger category of small and medium enterprises, are the most important driving forces of the contemporary global economy, although many studies suggest their increasing significance in a variety of settings (Blim 1990; Buechler and Buechler 1992a). Rather, we are suggesting that when conditions make production across national borders more feasible and attractive, petty capitalists may be among the pioneers in taking advantage of this situation. Doing so may involve mobilizing ethnic links (a major focus of a recent flurry of work on transnationalism, see Glick Schiller, Basch, and Szanton Blane 1992; Faist 2000), particularly when the "rules of the game" are poorly elaborated or are rigged against members of particular ethnic groups. The "rules of the game," in the form of international standards or trading regulations may also work against the viability of smaller enterprises, as with the Rugmark process to certify the absence of child labor on exported rugs discussed in Tom O'Neill's chapter. Conversely, social movements that have been promoting "fair trade" instead of free trade can sometimes provide new opportunities for small producers, as B. Lynne Milgram's chapter on craftworkers in the Philippines argues.

The advantages of smaller businesses may involve the use of family labor and other kin-based resources (e.g., using the home for production and informal loans in situations where formal finance is unavailable). Exploitation, both of household dependents and workers, is certainly not uncommon, as the chapters by Frances Abrahamer Rothstein, Hill Gates, and Gavin Smith and Susana Narotzky make clear. Rothstein in particular argues that the flexibility of the small and medium Mexican firms she has studied is largely the result of the vulnerability and exploitation of their workers and subcontractors, as well as their own self-exploitation. Thus, while small does not necessarily mean "doomed to disappear," it may not be "beautiful."

We define petty capitalists here as "individuals or households who employ a small number of workers but are themselves actively involved in the labor process." We suggest that the category of "petty capitalist" is more useful for an ethnographic approach that emphasizes the meaningful experience of actors than other popular terms like *entrepreneur* or *family business*. A category such as "entrepreneur" that includes both a flower vendor in a street market and Bill Gates has certain analytic limitations. "Family business" similarly covers a vast range in terms of size of enterprise, but it also makes the assumption that kinship is the underlying basis for organization, which may be common but not universal for petty capitalist enterprises. By concentrating on enterprises where the proprietors are actively engaged in the labor process, even if only to the extent, for example, of producing prototypes or setting up the equipment during product shifts, the assumption about the sharp boundary between capital and labor, so common in the discussion of globalization, is brought into question. By being productively engaged on the workshop floor, the petty capitalist may be able to emphasize the commonality of purpose with workers, and also has considerable advantages in surveillance of the labor process (Bowles and Gintis 1990). Seen positively, reduced separation between labor and management creates opportunities for gradual improvement of production processes through mobilization of tacit knowledge available to workers, and for flexible resolution of conflicting demands characteristic of a business environment. Michael Dell, founder of Dell Computing, has stated that one of his goals has been to maintain the culture of a start-up even with thousands of employees. Seen negatively, petty capitalists can take advantage of their closeness to the production process to heighten their control over, and exploitation of, their workers. Petty capitalists are an intermediate category, bounded by petty producers and subsistence producers on one side, and by "real" capitalists on the other. Such a position is inherently unstable, since improved fortunes may lead to the shedding of the "petty" status, while a decline in fortunes may result in proletarianization or impoverishment. People's strategies and life trajectories move them back and forth between the categories.

Many approaches to entrepreneurship and small business take a position of either promotion of the merits, or debunking of these alleged merits as ideological cover for heightened labor exploitation. In this volume, we do not adopt a common position on this, but instead suggest that there is sufficient internal diversity among petty capitalist enterprises to support both polar positions. Instead, by drawing on expertise from a variety of different contexts, the many distinct facets of smaller enterprises come into comparative focus.

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There is a vast literature on petty capitalists, some of it produced by authors included in this volume; whether or not those studies refer to them with that label, or as petty producers, petty bourgeoisie, entrepreneurs, or peasants. We do not attempt to surpass or synthesize these traditions. Instead, we pursue a more modest goal: to build on this impressive scholarship, and to make a contribution to seeing how petty capitalist practices and enterprises have changed in an era where even small businesses must either sell on global markets or defend themselves from foreign competitors. Eric B. Wolf (1982) and Sidney W. Mintz (1998) among others, remind us that globalization is far from new. Still, the easing of international trade, transportation, and communication through political and technological developments has meant that the world has indeed shrunk for small business operators. In the past, it was only certain kinds of petty capitalists, particularly long-distance traders, who could produce directly for world markets. In most cases, petty producers of coffee, grain, cloth, or crafts were dominated either by states or by merchants who controlled access to markets and investment capital (or both).

Ethnographic studies of peasants and urban residents in anthropology increased dramatically after World War II, due in large part to the collapse of the prewar intellectual division of labor in a context of decolonization. It would hardly have been politically correct for college textbooks to continue to refer to anthropology as the study of primitive societies. Redefining itself as the study of humanity in its full diversity across time and space, anthropologists could no longer justify studying only the least developed, least urban cultures on the planet. Ethnographers began to explore how non-Western people made a living in part through involvement in market processes, particularly in the form of the informal sector in cities (J. Smart 1989) and in peasant production in the countryside (Cook and Binford 1990), as well as through involvement as wage laborers in colonial plantations and mines. Much early work on these topics tended to adopt, explicitly or implicitly, modernization assumptions common in development studies at the time, so that small, locally run production was seen as transitional and its replacement by "rational," bureaucratically managed firms just a matter of time and cultural adaptation.

Dissatisfaction with such approaches spawned more radical, political economy alternatives: dependency theory, world-systems theory, and Marxist analysis. All of these approaches departed from prewar anthropological perspectives in emphasizing interactions between different societies and differential access to surplus production within societies (class). Where they differed primarily was in their relative emphasis on the importance of intersocietal influence (dependency and world-systems approaches) and internal dynamics (Marxist approaches).

Classic Marxist analyses of small producers, such as Lenin's, argued that these forms of production were inherently unstable and transitional, since even minor demographic or economic differences would result in some producers being more successful than others, with the result that some would become merchants or capitalists while others would lose their means of production. The failure of differentiation to produce a clear-cut polarization into capitalist and proletarian classes generated renewed interest in peasant economies. By the 1970s, there was a sophisticated debate about the nature of noncapitalist forms of production, and a proliferation of excellent ethnographic studies. Much of this work concentrated on producers who controlled their means of production, produced at least in part for the market, but who had no employees beyond the confines of their household, relying instead on "self-exploitation." As Henry Bernstein pointed out, however, as a result of feminist analyses that have "demolished hitherto residual, unproblematised, and unitary notions of family and household . . . the concept of self-exploitation remains unambiguous only in relation to those enterprises in which capital and labour are combined in a single person" (1986:22).

Patriarchal relations create ambivalences and conflicts between capital and labor even in enterprises that only include household members. Access to unpaid family labor has often been seen as a main reason for the survival of petty production and petty capitalism. However, when markets for wage labor exist in the same area, even the use of family labor is influenced by considerations of its market value elsewhere. In Winnie Lem's study of French wine growers she found that "Ideas surrounding the value of labor power . . . have penetrated to the heart of the domestic sphere" (1999:110), resulting in resistance by children and wives against pressure to work in the family firm. Divisions of interests within families means that control over labor remains a concern even within family firms, as the chapters by Rothstein and Simone Ghezzi demonstrate. More generally, petty commodity production has never been the sole or dominant mode of production. Despite having existed for thousands of years, it has been a minority or subordinate form of livelihood, usually existing in conjunction with tributary or capitalist relations of production (Gates 1996). The interaction between petty production/capitalism and its more powerful neighbors has a tremendous impact on the organization and management of these enterprises, and to a large extent accounts for their diverse forms. Interaction with dominant fractions of the economy has as much, or more, influence on how petty capitalists operate than does anything inherent in the form of production itself. It is for this reason that we insist on paying attention to history and local context. Even less than capitalism itself, petty capitalism is not always the same kind of entity or process. It is generally less than helpful even to talk about petty capital*ism* since it implies some kind of coherence, when instead petty capitalist practices are always distributed within, and interpenetrated by, other ways of doing things. It is for this reason that the articulationist approach within Marxian anthropology ultimately failed. Modes of production do not articulate with each other; instead relations of production and the actions of individuals and collectivities are involved with the multiple ways of livelihood found in any social formation, but particularly in an interconnected world-system.

Edmund R. Leach's comments on Burma foreshadowed a shift in worldview that is relevant for understanding petty capitalists: "In situations such as we find in the Kachin Hills Area, any particular individual can be thought of as having a status position in several different social systems at one and the same time. . . . such systems present themselves as alternatives or inconsistencies in the scheme of values by which he orders his life" (1964:8, orig. 1954). Petty capitalists may draw on and broker social and cultural resources to allow them to take advantage of opportunities that are not available or are more risky for larger concerns. They may be on a trajectory toward wealth and control over large workforces, such as some of the entrepreneurs in the chapter by Jinn-Yuh Hsu, or forced into it by losing a secure salaried position, or may at different times in a year be both employee and employer. The chapters in this volume illustrate the opportunities and pitfalls created by ambiguous positioning between social systems and class positions.

Prior to the last few decades, for the most part petty producers and petty capitalists were seen as threatened with extinction or marginalization. There was a continual preoccupation with survival: whether or not the sector could persist, or was fated to fade away in the transition to monopoly capitalism or to bureaucratic rationality. With the publication of two books in the 1980s, the emphasis started to shift toward seeing small enterprises as dynamic contributors to economic growth, and growing rather than shrinking in importance. Michael Piore and Charles Sabel (1984) perceived that a *New Industrial Divide* was generating an era of flexible specialization in which regional ensembles of interconnected small firms reliant on artisanship would be increasingly important in comparison to mass production. David Harvey's (1989) *Condition of Postmodernity* drew wide attention to the alleged shift from Fordism (and its attendant hypertrophism of enterprises and government) toward flexible accumulation, with smaller, more flexible ways of producing and organizing societies. Petty producers and petty capitalists are key parts of these new ensembles, in the form of small and medium enterprises that subcontract work for larger firms, and through the phenomenon of neo-artisanal production "where technological innovations allow workers to produce a varied output of goods and services as specified by purchasers" (Eberts and Norcliffe 1998:122).

These shifts create more opportunities for small enterprises. Alan Scott and Michael Storper argue that in comparison to mass production

> flexible production systems are characterized by progressive vertical disintegration of production with numerous producers (of different sizes) caught up in tightly knit network structures. . . . In these networks, groups of industrial establishments with especially dense interrelations tend to locate close to one another to facilitate exchanges of goods and information, and to take advantage of external economies in labor markets and infrastructure. (1992:7–8)

While technological changes such as improved transportation, communication, and computer systems have facilitated the rise of the "global factory" (Rothstein and Blim 1992), where production is widely distributed across national boundaries, some of the processes are also related to the core features of labor management. Samuel Bowles and Harold Gintis (1990) argue that capitalist economies are profoundly influenced by conflicts inherent in the transformation of contracted labor-power into actual labor of a desired quantity and quality. This transformation is normally taken for granted, but in reality is a major concern in labor relations and an important source of transaction costs. Issues of labor discipline and surveillance are necessarily grounded in particular workplaces as a result of the transaction costs involved in utilizing third-party guarantors of labor contracts to ensure the acceptable completion of work (Smart and Smart 1993). As global capitalist competition intensified from the oil crisis in 1973 (which exacerbated a postwar trend toward lower corporate profit levels), reducing labor costs and increasing fast and flexible response to market demand became key areas of innovation. For example, between December 1989 and July 1997, the self-employed share of total employment in Canada increased from 13.8% to 18.1% (Smart 2001). Technology has complex effects on petty enterprise.

Economies of scale operate against it, and raise barriers to entry, but information and transportation technologies make it easier for them to operate over distance in ways that were not imaginable two hundred years ago.

There has been considerable debate about the implications of these shifts. The more positive views of Piore and Sabel have tended to be replaced by perspectives that see flexibilization as a new form of sweatshopping, with the costs of adjustment thrust upon workers and communities (Nash 1989). Our view of petty capitalists in this volume is neither dismissive nor romantic. There are both positive and negative aspects of their involvement in production. Viewed optimistically, petty employers are more likely to recognize flaws in the process than if they simply give orders. By working side by side, there may develop a sense of "us" working together to compete or just to survive. Conversely, such working conditions make surveillance of workers, and perhaps their exploitation, easier and more immediate (Narotzky 1997a). More generally, the characteristics of petty capitalist enterprises vary across time and space: given the very strong influence of the broader economy and society on their operation, sustainable generalizations are difficult to achieve.

Our own interest in petty capitalists operating on global markets has derived from research on Hong Kong's informal sector and on small Hong Kong-run industrial enterprises in China. Hong Kong developed an industrial structure composed largely of many small companies, primarily producing for export. In 1977, 92.1% of the total manufacturing establishments and 40.2% of the employment in manufacturing were in enterprises employing less than 50 workers (Sit, Wong, and Kiong 1979:10). The average number of employees per manufacturing enterprise dropped from 30.04 in 1959 to 27.65 in 1973 (Lin, Mok, and Ho 1980:94), and to 18.5 by 1984. These small businesses are usually either subcontractors or dependent on orders from import-export firms,[1] and act as a buffer between volatile market demand and large, well-established businesses. The proportion of employers and the self-employed in the labor force has been surprisingly stable over decades.

The continual re-creation of the entrepreneurial stock and the preservation of an economy based on small and medium firms is related to a context where employees have few protections and where unions have been generally ineffective. Immigrants from China were more likely to become proprietors in the manufacturing sector than in commerce, because their backgrounds put them at a linguistic disadvantage in service sectors. Making the transition from employee to employer, however, requires assets such as capital and connections, as noted in Milgram's chapter; and thus effective utilization of networks is critical for those with small amounts of capital themselves (Chiu 1998). A similar set of processes were critical in making possible the establishment of enterprises in China by entrepreneurs from Hong Kong's lower middle class (Smart and Smart 1991, 2000). When little capital and much skilled labor is required, economies of scale have little significance so that large and small manufacturers can operate side by side (Lin & Mok 1985:227). Low capital-intensivity also facilitates changes of product lines in response to market conditions, which is especially important in markets where fashions change quickly.

Tony Yu argues that Hong Kong's entrepreneurs are of the Kirznerian rather than Schumpeterian variety. Schumpeterian, or creative, entrepreneurs disrupt industries by developing new products, processes, or financial strategies. Kirznerian, or adaptive, entrepreneurs are imitative followers, adopt rather than develop technology and products, and frequently are small firms that produce goods to be sold under another company's brand (see the chapter by the Buechlers). In order to cope with strong global competition, "producers adopt Kirznerian entrepreneurial strategies including small business operation, original equipment manufacturer (OEM) business, product imitation, spatial arbitrage and subcontracting. Such strategies provide the firms with flexibility and adaptability to cater to rapidly changing global markets" (1997:27). A variety of conditions encouraged adaptive entrepreneurship in Hong Kong, including the small domestic market, political uncertainty, as well as social and cultural factors that foster "entrepreneurial familism" (Yu 1997:29, see Smart and Smart 2000 for a critical discussion of the latter claim).

By the mid-1970s, low unemployment combined with high rents to raise labor and other production costs above regional competitors. At about the same time, China's economic reforms started opening China to capitalist investment. Access to cheap labor and land across the border encouraged a Kirznerian adaptive response, rather than upgrading technology and attempting more Schumpeterian approaches (A. Smart 2001b). Small and medium Hong Kong entrepreneurs have been active investors in China. Particularly in the first decade after opening in 1979, and even at present to a lesser extent, the rules for doing business in China were far from clear and reliable. Small and medium Hong Kong enterprises were the first to commit themselves to the risks of investing under these circumstances and still retain a substantial importance (Lever, Tracy Ip, and Ivaey 1996). They took advantage of social connections, since many of them were first-generation migrants from China. Our research into how poorly educated individuals with few financial assets could start factories in China began a decade's research into how this was accomplished, how they dealt with the uncertain property rights and sociopolitical differences between the two systems, and what the effects of this investment was on the receiving communities. An interest in how petty capitalists resemble and differ from this pattern in an era of increasing global interconnectedness sparked the decision to edit this volume.

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This volume is something of a sequel to *Anthropology and the Global Factory,* edited by Fran Rothstein and Michael Blim in 1992. Of this volume's authors, Rothstein, Blim, Hans and Judith-Maria Buechler and Alan and Josephine Smart all contributed chapters. As well, many of the themes of that volume are echoed here, although we do not attempt to cover as wide a range of topics. Rothstein wrote that the concept of a global factory "incorporates the fluidity and flexibility that characterizes contemporary processes and units" (1992:239) and its study concerns all of the contributors to our volume. In addition, the authors in the 1992 volume "all take their cues from the particular situation or situations in which they have lived and studied," as well as attending to approaches to political economy that span all the social science disciplines. One difference is that two chapters of this volume are written by geographers, a discipline that has become increasingly influential in ethnographic research and theory. While all of the chapters both build on ethnographic research and political economic analysis, Adrian Smith's chapter is the furthest on the political economy pole of the spectrum, although it implicitly reflects the detailed case studies he has conducted in Slovakia.

This commonality in research approach means that the chapters in this volume are not only supported by extensive fieldwork, but also deal to a considerable degree with categories that are "experience-near" for people doing petty business: questions of loyalty, trust, exploitation, and market conditions. We suggest that an ethnographic approach is particularly useful for a topic such as small fish doing business in transnational or global arenas. This is because many of the processes described in these well-researched studies are hard to identify, at least in part because they don't coincide with the informational categories of nation-states. Since quantitative information such as censuses and surveys of economic conditions are usually compiled to represent nation-states or their constituent units it means that things like entrepreneurs' linkages with Fair Trade organizations, or Hong Kong petty capitalists doing business in their home villages in China are hard to even notice without an ethnographic approach. In this, they partake to a considerable extent of the methodological problems attendant on studying transnational networks, diasporas, and the ways in which they may enable transnational business (A. Smart 1999; Lessinger 1992).

Although we emphasized the utility of exploring "experience-near" categories, the chapter by Smith and Narotzky stresses the dangers involved in such a perspective. Anthropology and regional development discourses have converged on an emphasis on everyday life and local culture, and the contributions that they make to the constitution of effective networked clusters of small firms facilitated by high levels of social capital. They argue that emphasis on the embeddedness of economic practices in local culture and everyday concepts such as trust may obscure as much as it reveals, because local culture itself may serve to cover over conflicts, exploitation, and past events, in their case the Spanish Civil War. Instead of working with "ahistorical and class-neutral calculations of entrepreneur-like social agents," they deploy a careful examination of historical process to understand how an entrepreneurial culture came to be. Other chapters also demonstrate a careful attention to local histories, for example, the legacies of socialism addressed by Adrian Smith and Hans and Judith-Maria Buechler. The Buechlers insist as well that this history not be seen as monolithic, an effort to overcome the generic mind-set of communist socialization, since the specific situations of firms and individuals under socialism influenced their responses in the postsocialist transition.

The chapter by Gates provides an ambitious use of the historical imagination, sketching the varying relations between petty commodity production (PCP) and its accommodation with surrounding political economies and endeavoring to locate the sources of this "enduring alternative." Attempting this task is particularly appropriate for her, since her book *China's Motor* (1996) reinterpreted the last thousand years of Chinese history in terms of the interaction between petty capitalism and the dominant imperial tributary mode of production. After an impressive review of the varying forms taken by PCP due to the broader context, she argues that our difficulties in conceptualizing this chameleon-like form of production are due to "an empty center" that requires a better understanding of human nature than "the passionless plasticity that has been attributed to us by extreme constructionists." (55) She reviews recent developments in demography and human biology to argue that through the medium of nurture and affect, households will form economic units whenever external conditions permit. The result is that "the shared life and labor of PCP meet affective needs that larger institutions are rarely structured to attain." (55) Her argument will no doubt be controversial, but she is careful to avoid genetic determinism or an ethnocentric position on the nature of the family. One issue is that petty capitalists do not always rely on solitary kinship ties, but can sometimes rely more on non-kin alliances and networks. For example, Hsu Jinn-yuh's chapter finds that small high-technology companies in Taiwan are based more on networks of classmates and friends than kin, since family members are not likely to have the specialized skills or contacts that are required.

Smith and Narotzky examine the Vega Baja region of Spain, an area that shares many similarities with the classic industrial districts focused on by Piore and Sabel and by others involved with the flexible specialization perspective. They note that the implications of such arguments for regional development have had an intense impact on policy formation, particularly in the European Union (see also Buechler and Buechler 1992b). Industrial districts are not only seen in the literature as agglomerations of small firms usually specialized in one kind of product, but also as having a characteristic form of organization, cemented by social relationships and a common social culture which facilitates diffusion of innovation. This emphasis on commonality, on social capital, on an entrepreneurialism that unites employers, employees, and politicians, downplays the heterogeneity and difference that they find a particularly striking feature of the region (G. Smith 1994).

Smith and Narotzky find that rather than a common experience, the life histories of workers varied across a spectrum between fixity in place and movement through local space.

Tenants (*aniagas*) had long-term dependency relationships with landlords, whereas day laborers (*jornaleros*) worked on a daily basis for a variety of employers. Security for the *jornaleros* relied on movement through the region, putting together a variety of strategies to survive, whereas *aniaga* families tried to ensure the maintenance of their ties with their patron. The Spanish Civil War and the Franco era exacerbated these divisions. Both lifestyles relied on networks and relationships, but in one case these were horizontal networks where vulnerable individuals sought opportunities and niches and learned a wide variety of skills, and the other emphasized vertical linkages characterized by deference, paternalism, and exploitation. The crucial point here is that the two experiences and patterns are fused in the dominant ideas of flexible industrial districts, yet they do not arise out of common culture, but precisely out of a divided and conflictual class landscape. These conflicts continue today, as movement attempts to limit the exploitation that dependency on an employer facilitates.

One issue that is nearly unavoidable in discussions of petty capitalists is how to evaluate these small firms. Should they be encouraged and fostered as sources of dynamic creativity and freedom from the deadening bureaucracy of large organizations? Or are they made viable only by engaging in higher levels of exploitations than their larger competitors can get away with or by playing fast and loose with environmental or labor laws (Harrison and Kuttner 1997)? The chapter by Rothstein addresses this issue carefully, asking the crucial question of "flexibility for whom?" Subcontracting has become widely associated with offshore sweatshops with harsh working conditions and high levels of exploitation, and activists call for boycotts against companies such as Nike that take advantage of the global assembly line in this way. Rothstein notes that Piore and Sabel argue that sweating is not inherent in flexible production, and that the politics of industrial districts can restrict forms of competition to those that encourage innovation, not just exploitation. She argues that in many cases innovation and sweating are not alternatives, but paired sources of advantage. Drawing on research in a rural community in central Mexico, she concludes that flexibility at the local level is "largely an illusion which hides a reality of greater control by fewer people at the global level." Despite having a population of only eight thousand people, hundreds of small garment workshops opened in the 1990s, most of them doing subcontract piecework for larger enterprises.

Rothstein emphasizes the ambiguous class position of most employers, which results in some mobility in and out of the status. Although owners in general do better out of the arrangements, they are also at the mercy of wholesalers and retailers that they produce for. They participate in a classic buyer-driven commodity chain, in which the producers are small and numerous and have little control over the process. Flexibility, she argues, is primarily a way in which local people work harder and with even less control over the process than in the past. Seen from the perspective of our research in Hong Kong, we wonder to what extent we can generalize from the case of San Cosme. A different situation is seen with the petty capitalists in 1950s Hong Kong, who were just as vulnerable to buyer-driven commodity chains and could not resort to subsistence agricultural strategies. Yet, a complex economy with few safeguards and protections continued to expand and increase the colony's prosperity. There were sweatshops on an epic scale, small factories crammed into three-hundred square-foot apartments or in smaller public housing units, yet small manufacturers managed to continually increase production until the mid-1980s, when most of the work was transferred offshore, most of it to China.

As Rothstein points out, offshore producers are reliant on market demands over which they have no control. Yet, if the small fish are able to change over to supply new markets, they can overcome their reliance, by only being provisionally committed to particular products. To maintain this kind of flexibility, however, sunk capital costs must be kept relatively low, privileging labor-intensive production. If petty capitalists, and local economies can "ride the wave" of changing markets, they can regain a degree of control, in the same way that the Vega Baja *jornaleros* learned skills through the necessity of movement through different opportunities to make a living. Nothing guarantees, though, the survival of individual entrepreneurs, even if the small and medium sector persists through all the crises.

In his scathing critique of regionalist neo-orthodoxy, John Lovering (1999) points out that a rather small number of examples of flexible specialization are repeated again and again. The archetypes are particular regions in Italy (see the chapter by Ghezzi), Germany, Silicon Valley (see the chapter by Hsu) and to a lesser extent South China (Christerson and Lever-Tracy 1997). These success stories have produced a policy paradigm (and consultancy industry) that has attempted to promote similar forms of regional dynamism in less prosperous areas. Adrian Smith's chapter on

Slovakia explicitly engages with these regionalist ideas (e.g., Smith and Narotzky's chapter) and criticizes them for various theoretical and empirical inadequacies. The strength of this chapter is particularly seen in the cogency of the argument and in the careful evaluation of European Union (EU) policies that promote small and medium enterprises (SMEs) in the former socialist states of East-Central Europe. Policy emphasis on small firms and flexibility is particularly central to transition policy because the failure of socialist economies is widely seen in terms of the lack of flexibility and responsiveness in the large, centrally planned production complexes. Katherine Verdery (1993) for example, argues that while socialist economies were already losing the competition with the West, the shift to flexible accumulation practices and its attendant speeding up of competition and change sealed their fate (for a dissenting analysis of the applicability of this account to all socialist economies, see A. Smart 1998 on China).

Adrian Smith concludes that where local clusters of small and medium firms have been most successful, it has been in locations where former state enterprises were located. The production traditions in these areas provide the basis for a proliferation of new firms, as state managers leave and start new establishments. Thus, echoing the historical emphasis just discussed, the legacies of socialism clearly influence small firm development, and not only in negative ways. One result is that small and medium enterprises with a reasonable prospect of survival are located in only a few areas, particularly near Bratislava. The implication is that development policies cannot ignore local conditions and histories: one size does not fit all, and a crucial lesson would seem to be that in order to have a chance at good results, policies must find ways to build on the past in constructive ways. Another reason that he offers for skepticism is the dependence of small firms on their subcontracting links with more powerful firms outside the region. In his examination of the garment industry, he echoes Rothstein in emphasizing the impact of the buyer-driven nature of the commodity chains in this sector, and the danger that buyers will shift their contracts to lower-cost competitors elsewhere. His evaluation is that while petty capitalist production provides partial and temporary mechanisms for economic development, whether or not they have the potential for upgrading production remains an open question.

Simone Ghezzi situates his study in the context of differences between analyses that emphasize deterritorialization made possible by time-space compression and those that highlight the revitalization of regional production complexes. While both discourses are associated with ideas of flexible accumulation, one emphasizes locality while the other stresses the increasing mobility of capital and its disengagement from local responsibilities. The Brianza region of northern Italy is a classic example of an industrial district, with an emphasis on small firms in woodworking, metalworking, and plastics. The success of the region, in the context of increasing global competition, cannot be separated from the process of exploitation, Ghezzi argues. In order to remain competitive everyone, owners, family members, and their employees alike, must work hard. (Interestingly, he specifically mentions that firms that used to outsource production in the Brianza have established firms in Eastern Europe, taking advantage of the EU development programs that Adrian Smith discusses.) He explains how "working hard" in a context of petty capitalism has tended to devalorize the work of women (see also Blim 2001). The crisis of larger firms in the region in the 1950s both provided the context for the upsurge of small workshops and for the reduced status of women. Despite the fact that women work as hard in these family businesses as do men, much of their work is seen as "unproductive" despite being indispensable. Working hard is also crucial in a context where increasing the quality of products is a key to survival. "Quality" has become a preoccupation and thus an "experience-near" concept, but ironically the meaning of quality has become associated with external demands for standardized guarantees, particularly the ISO 9001 certification. The interface between global harmonization of standards and petty capitalist production processes is a particularly fascinating issue, addressed further in the discussion of the chapters by Tom O'Neill and B. Lynne Milgram.

Hans and Judith-Maria Buechler examine a range of firms in the former eastern Germany (GDR or the German Democratic Republic), some of which are classic petty capitalist enterprises while others would not fit our definition, due to their size or because they are subsidiaries of larger conglomerates (although some actually became small enterprises as a result of traumatic restructuring). However, by systematically comparing this spectrum of firm sizes, they are able to identify both commonalities and differences and thereby enhance our understanding of the dynamics of petty capitalist firms. They analyze the trajectory after reunification of firms that had operated under the GDR, examining how the nature of the industry and the strategies of the operators influence the outcomes. Their general conclusion is that it is misleading to focus too narrowly on contrasts between economic systems as a whole (capitalism vs. communism) or firm size, because similarities across the divisions and diversity within a type are just as apparent as the converse. Constraints within markets, and the impact of external actors such as foreign investors, need to be examined carefully to see how firm owners respond and their chances of success.

Most of the chapters in this volume are concerned with the "old" economy, even if information technology is used in certain cases to improve the competitiveness of the small firms that are discussed. This makes it easier to dismiss the relevance of such petty enterprises. Hsu Jinn-yuh's chapter is particularly useful in that it deals with small enterprises (in terms of numbers of employees, if not necessarily the quantity of capital invested) whose owners can still be seen as petty capitalists (in our sense of active involvement in the production process), but operating in the "new" economy, producing semiconductors. If petty capitalists can operate in this kind of sector, they are less likely to be dismissed as remnants of the past. However, it also makes it possible to examine how petty capitalist practices adapt to new conditions of work and doing business. One question addressed by Hsu is whether or not it is sensible to think of small Integrated Circuit (IC) firms as at all related to other forms of petty commodity production or petty capitalism. The dynamics are clearly different. Most high-tech firms, even if they start small, are not likely to stay small: either they grow or they fail. However, a small enterprise component can still survive, if new start-ups continue to be generated. Hsu argues that the conditions for this continue to exist, fostered in part by the shift away from economies of scale (which privilege the largest firms) toward economies of scope (which encourage vertical disintegration and alliances). Hsu also argues that some of the legacies of a petty commodity production style persist even in large Taiwanese technology firms, particularly the emphasis on trust and personalistic relations of production that facilitate informal technical cooperation between firms, and build on the tacit knowledge embedded in learning communities. In contrast to most of the other chapters in this volume, however, the key lines of cooperation are not defined by kinship, but are created through common experiences in school and in former workplaces. Family members usually do not have the specialized knowledge and contacts required in this field. Of great interest is the contribution that Taiwanese that have returned from working in Silicon Valley have made to building the semiconductor industry in Taiwan and in constructing alliances that closely link the two areas.

Hsu also demonstrates that even in an industry of the future, history is central. There is a surprising parallel in his account to Adrian Smith's finding that SMEs tended to be most successful where they spun off out of the large production complexes of the socialist era. Hsu describes how many of the start-up firms, and key personal ties, can be traced back to state-owned firms; he also describes how government investments eventually created an environment in which private initiatives in high-tech could thrive.

Donald M. Nonini also provides a variety of insights into interaction between governments and petty capitalists in his chapter on Malaysia. The specifics of this interaction are refracted through the medium of ethnicity, providing a dynamic that does not appear in any of the other chapters in this volume. Reflecting colonial history, the small business sector became identified with the Chinese minority, and government policies attempted to promote the economic development of the Malay, or Bumiputra, majority, usually at the expense of the Chinese. Nonini's analysis reveals the complex history by which the interaction between government actions and discourses (or governmentality, to follow his Foucauldian usage) and the organization of petty capitalist activities. One sharp contrast with Hsu's chapter is that the interaction between the Malaysian state and petty enterprises actively discouraged them from involvement in high-tech ventures, while Bumiputra and foreign investment in these areas were subsidized. He suggests that the relationship between the state and petty capitalists should be seen as involving predation that has encouraged the proliferation of numerous small firms rather than their expansion, because larger enterprises are subject to greater restrictions and extractions. He points out that this pattern has demographic implications (echoing Hill Gates's call to pay more attention to the demography of petty capitalism) since the petty capitalist sector tends to produce more progeny than capital accumulation allows for reproduction employers. This promotes career trajectories of professionalization, but for the Chinese this route is also discouraged by the state, resulting in pressures toward study abroad and emigration. Thus, despite the considerable hostility between petty capitalists and the Malaysian state, the organization of the sector cannot be understood without attending to these interactions.

Other chapters suggest the same, although the dynamics of the interaction differ considerably.

Regulation of business practices is not confined to the domestic actions of governments. The chapters by Milgram and O'Neill illustrate the impact that supranational organizations and transnational nongovernment organizations can have on petty enterprises. Ghezzi's account of the demand that Italian firms adopt the ISO 9001 quality certification process shows a comparable process of transnational standards being imposed on and influencing local practices.

O'Neill examines the impact of the international campaign against child labor on small-scale carpet production in Nepal. This resulted in a branding system named Rugmark, which certifies enterprises as "child labor free." Certification was demanded by the major importers, particularly European importers, who control the market in what is clearly another "buyer-driven commodity chain" (see the chapter by Rothstein). Building on careful analysis of the organization of carpet production, he demonstrates how the inspection and registration regime has had the effect of making the position of small producers even more precarious and reducing their market share. While they had previously been largely dependent on subcontracting for carpet exporters, they also had alternative routes to exports, the stock trade, but this was largely closed off by the certification system. O'Neill points out that the decline of small-scale enterprises is unusual in comparison to other sectors within the Nepalese economy, where petty enterprise and the informal sector continue to proliferate, and where child labor continues to be common. It was the international exposure of the carpet trade that made the small producers vulnerable to the imposition of a transnational social labeling system that imposed costs that contributed to the loss of viability for smaller producers.

Milgram examines another social labeling system with rather different effects on small producers in the Phillipine, the "fair trade" movement. By developing links with the Alternative Trade Organizations that promote fair trade rather than free trade, artisans and petty capitalists in the rural Phillipines have been able to open channels that allow them to enter the global craft market "more on their own terms." Although several other chapters, particularly those by Ghezzi and Rothstein, examine the position of women within petty capitalist enterprises, Milgram here focuses specifically on female producers. National rural enterprise development programs that targeted handicraft promotion largely failed to assist petty producers and instead primarily benefited merchants who acted as brokers of the producers' goods. By contrast, networks between producers' cooperatives and Alternative Trade Organizations that assist in the marketing of "fair trade" goods have been more effective at assisting petty producers and small entrepreneurs. Fair trade ideologies emphasize the responsibility of consumers to pay reasonable prices to producers and the need to bypass the middlemen who often reap the greatest rewards from Third World handicrafts, coffee, and other goods. Although acknowledging some limitations, Milgram sees these transnational linkages as empowering rural producers. Despite the sharp differences between the goods and the actors, there are some similarities here with Hsu's account of the Taiwan/Silicon Valley interface in that personal ties serve to enable new practices. On the other hand, the outcomes of the social labeling process here contrasts sharply with O'Neill's study: small producers are boosted in the Philippines while losing out in Nepal.

All of these chapters contain many more points of interest and contributions to our understanding of the place of petty capitalists in the contemporary world than we have been able to highlight here. There are also more commonalities and points of convergence, as well as points of intriguing differences, than we could draw out. We hope that at least we have managed to demonstrate that petty capitalists do indeed have something to offer, both practically and intellectually, as a way of focusing on the transformations of recent decades, and the way in which this "enduring alternative" continues to modify its operations in order to take advantage of opportunities and niches within a world where massive corporations are usually seen as the main economic forces of globalization. However, as many of the chapters have emphasized, petty capitalists are more than just economic agents. They are members of households and of communities. They are fathers or husbands or sons, wives or mothers or daughters, classmates, neighbors, and friends. The survival of their businesses may require profits, but their goals may also involve maintaining traditions, avoiding the humiliation of being an employee, helping to build a locality or producing new products, or avoiding the exactions of more powerful individuals and institutions. Small enterprises possess a dynamic that is distinct from that of larger companies, at least in part, and that plays its own role in the constitution of the contemporary interconnected world. More so than large conglomerates, petty businesses are rooted in local places, even while they may be empowered by their participation in transnational networks and spaces. Yet their voices are largely silent, even while the merits of SMEs are touted widely by policy wonks and public intellectuals in the European Union and elsewhere. By attending to the fascinating stories in this volume we see some of the ways in which the smaller fish of the world are swimming in global, not just local, ponds.

Notes

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1. Contrary, perhaps, to expectation, most import-export firms are small in size as well, although there are large and influential exceptions such as Li and Fung. In 1991, there were 69,066 such enterprises, with an average of 5.35 workers per firm; by 1998, 92,604 firms had an average of 5.1 workers (Census and Statistics Department 1999:93).