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> IT'S A JUNGLE OUT THERE, ISN'T IT?

An Ecological
Perspective on
Community Economics,
with application in
a case study of
the Toronto Fashion
District, and
implications for
local economic
development.

by

Jeff Solway

November, 1987

This paper is one of a series of discussion papers on trade in services. Research in this series is supported by a grant from the Department of Regional Industrial Expansion (DRIE), Government of Canada. Views expressed in the paper are those of the author alone, and are not necessarily those of the Institute for Research on Public Policy or DRIE.

For Marilyn Laiken

Thanks, beyond words.

ABSTRACT

This study explores a community-of-interest approach to local economic development. It is observed, at the outset, that the traditional perspective on economic life is wholly adversarial. The mainstream assumption is that the economy succeeds best with each firm acting entirely independently, in a "dog-eat-dog" jungle where only the fittest survive. However, despite the fact that economic life is becoming ever more competitive, many of the successful developments in local economies over the last decade build on common ground. Whether we look at emergence of interdependent business networks, CEO affinity groups, joint public-private committees for economic development, or dynamic, sectorally specialized, economic communities such as Silicon Valley or the Toronto Fashion District, it appears that economic development today may be as much a matter of building linkages as improving the competitiveness of individual firms.

Noting that interdependency is now recognized to be the dominant characteristic in biological communities, Part I utilizes ecological thinking to develop an alternative analysis of local economic life. Drawing from both biological ecology and organizational ecology, the paper looks closely at the nature of community boundaries and the importance of physical and sectoral concentration; the types of relations that occur within local economies, (traditionally the focus is strictly on competitive relations); and at the system of relations as a whole. It is suggested that healthy local economies resemble dynamic, complex, natural ecosystems more than they resemble an adversarial "jungle". It is postulated that, like natural ecosystems, healthy, dynamic local economies are most strongly characterized by interdependence, and can be expected to exhibit properties resulting from systemic integration.

Part II explores this "ecological economics" model empirically, in a case study of what was suspected to be an ecological economy, the vibrant Toronto Fashion District. The case study found that the District was indeed much like a complex ecosystem, and that the ecological metaphor was useful as an analytical device. Physical concentration was shown to be extreme, vital, and strongly defended. Interfirm linkages were shown to be a strong survival/success mechanism, particularly in a high change environment, and particularly for smaller firms. Even competitors were found to engage in mutually beneficial relations, within

subtle limits, when extreme differentiation reduces rivalry. And the community as a whole, through system-level institutions, was found to be remarkably successful in its handling of many community-wide problems.

The growth of these various linkages appears to be an important factor driving the dramatic rise in dynamism, creativity and problem-solving capacity that has characterized the District since the recession of the early eighties. The industry's greatest internal threat, labour shortage and the growing likelihood of labour strife, are seen as a fracture in the linkage web. Traditionally, labour relations in this industry have not been classically polarized; relations are often characterized as familial. However, this veils a paradoxical and longstanding tension between exploitation and community that now calls to be resolved.

The rising issue is whether the District, as an ecological economy, can somehow employ its systemic character to propel it through a further transformation that alters relations on the shop floor.

Part III considers implications for local economic development policy and practice. The various linkages conceptualized and observed are seen as synergy generators. As a forest is more than just a collection of trees, so a tightly linked group of economic actors seems to generate synergistic benefits unavailable to any single member as an isolated entity. The chief benefits appear to be increases in communication, learning, creativity, energy, efficiency and resilience, plus a potential for systemic transformation. Three generic types of linkage are identified, and the role and skills of a professional "linkage agent" are explored.

While some opportunities for economic linkage development are noted as potentially viable on a fee-for-service basis, it is concluded that in many cases this approach to local development should be supported in government policy and programs.

Finally, the potential for linkage development in a number of quite different settings is considered. The most powerful application does appear to be where a highly differentiated collection of firms in a single trade sector are physically concentrated. However, the approach is judged promising in a number of other settings as well.

The study concludes that local economic vitality can be built from within, through the development of local economies as tightly linked systems of symbiotic and synergistic enterprises.

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PART I

COMMUNITY ECONOMICS

Chapter 1

IT'S A JUNGLE OUT THERE, ISN'T IT?

It has long been accepted that economic life mirrors Darwin's competitive view of the natural world. At least since the industrial revolution, economic life in the market economies has been seen as a dog-eat-dog struggle, where only the fittest survive. No one questions the basic economic fact of life: "It's a jungle out there."

Ironically, the Darwinian model of competitive struggle -- or at least, Darwin's model as it is popularly understood -- has become obsolete as a full explanation for the way life works in the natural world. It has been replaced by a broader, ecological perspective that sees competition as one type of interaction among many. It is time that we update the jungle view of the economy in a similar fashion.

Most of the exciting, new activity in market economies today lies

outside the iron law of the jungle. Increasingly, economic actors are linking together in joint ventures, strategic partnerships, and economic networks. In some cases, whole economic communities are working together, collaborating toward the resolution of problems common to all. In a few countries, Japan in particular, such collaboration is integral to the national way of life (Ouchi, 1984). And in rare but closely watched cases, such as California's Silicon Valley and the dynamic cities of the Pacific Rim, the very fact of economic community appears to lie at the root of the explosively creative energy these centres exhibit. These dynamic economic communities are more than the sum of their parts; they have become synergistic.

At one and the same time, paradoxically, economic life is clearly growing ever more competitive, and in a wider and wider arena. The jungle view explains competition, but it is at a loss to make sense of cooperation. This paper will demonstrate that the broader, ecological perspective explains both, resolving the competition/cooperation paradox. This ecological economics offers us a new map, a new, insightful framework for understanding both the positive linkages between actors in the economic environment, and the mysterious phenomenon of local economic dynamism.

Furthermore, ecological economics may be the key to successful intervention toward economic development.

Many of the new phenomena in the economy are essentially local in

character. This too is addressed by an ecological analysis, because ecology is fundamentally concerned with community and the relationships between community members. Traditional micro-economics focuses on the competitive resolution of supply and demand forces at the level of the individual firm.

Macro-economics focuses on similar issues at the nation state level. Neither is concerned with local community, but that is where to look for economic innovation.

Since the recession of the early 1980's, interest in local action toward local economic development has risen sharply in Canada, the United States and the countries of the European Common Market. This shift arises from failures at the senior government level, new research, and success at the local level.

The public's faith in the ability of senior levels of government to facilitate lasting economic development has been shaken by fundamental, structural changes in the economy. These changes have resulted from the hypermobility of international capital, deindustrialization, rising structural unemployment, technological change, and international competition.

Traditionally, senior governments viewed their economic role in terms of social and physical infrastructure development, and adjustment of the climate for business. In recent decades, senior governments have offered assistance to individual and generally

large firms, in an effort to increase their competitiveness or to entice their location in depressed areas. But except for infrastructure improvements, none of these interventions have been particularly successful or lasting, and infrastructure is obviously not a solution in itself. Regional development, based on "imported" or "transplant" businesses (Jacobs, 1984) has in most cases been a clear failure. Although many municipalities have now become involved in solicitation, it is evident that the demand for potential transplants far exceeds supply.

In contrast, both research and experience have lent credence to indigenous development and small business. The first and most important research along these lines was an MIT study of U.S. business by David Birch (1981). Birch has shown that since the early 1970's, most innovation and job creation has occurred in firms of less than twenty employees. Small firms were also found to be much more firmly tied to their community of origin.

Subsequently, studies conducted by the Canadian government have produced similar conclusions.

Also during the 1970's, the dramatic success of a few local economies of the concentrated trade sector type, such as Silicon Valley, attained almost mythic status, and a wide range of promising program initiatives at the municipal level have appeared. Joint public sector/private sector development committees, science and technology parks, small business

incubators, small business education and consultancy services, community development corporations, community loan funds, and targetted solicitation to fill key niches in the local economy have become common features of municipal action in Canada, the U.S. and in Europe. Also emerging are confidential CEO clubs (Kahn, 1985), which provide regular opportunities for discussion, business contacts and mutual assistance in problem solving.

A new perspective on economic development, and on economic life itself, is implicit in these local initiatives. The emerging perspective is not explicit, however, and the obvious paradox between intensifying economic competition and the growing importance of economic cooperation has not been resolved. Therefore action based on the new perspective is severely constrained.

Science and technology parks, for example, are often discussed in terms of linkage, networks and synergy, terms not at all part of the traditional economic vocabulary. It is often said that the economic success of these ventures has something to do with linkage between participants. However, while science and technology parks have been set up all across North America, few of these intentional economic communities have generated the expected synergy (Engstrom, 1987). This may well be due to the almost universal, if tacit, acceptance of the view that economic life is an adversarial jungle.

In contrast, the ecological metaphor for economic life reflects the changes in our understanding of the natural environment that have occurred in recent years. Foremost, it is now recognized that natural environments are systems with properties unique to the system as a whole, and that many relations within most natural systems are symbiotic.

The term ecosystem was first proposed in 1935 by A.G. Tansley to describe the unity of organisms and their environment. The ecosystem concept, and ecology, the study of ecosystems, until recently referred strictly to relations in the natural environment. Since the late 1970's the term ecology has been used more widely, as in human ecology (Hawley, 1950), organizational ecology (Trist, 1977), and social ecology (Bookchin, 1982). To avoid confusion, traditional ecology, the field of study which is concerned with the natural (biological and abiotic) environment will here be referred to as "bioecology".

Modern bioecology has important roots in general systems theory, first expounded by Bertalanffy in 1950. In this respect, bioecology focusses on relations between system elements, and on the study of the whole that is created by the integration of the parts. As such, it is a grounded and tested application of general systems theory.

From a variety of viewpoints, several authors have argued for a broader view of economic life. Each, to a lesser or greater degree, utilizes the terminology of bioecology, but rarely is the parallel made explicit. It is as if the ecological perspective were floating beneath the surface of our collective consciousness, emerging in occasional flashes of insight and the casual turn of phrase, but not yet directly recognized.

Jane Jacobs (1984), for example, contends that economic vitality is neither the product of national economies, nor of individual firms. Economic vitality, she argues, is the product of "tight-packed bunches of symbiotic enterprises". From an analysis of city economies, present and historical, she asserts that innovation, new venture formation, and economic dynamism in general are always the result of local synergy.

Piore and Sable (1984), while they do not use ecological terminology, also find that in today's most dynamic and flexible economic pockets, business is carried out by an integrated network of independent small firms, or by large firms acting as if they were a collection of small firms. The authors present historical evidence from the United States, France, Germany and Japan suggesting this was also the case prior to the industrial revolution.

Similarly, William Ouchi (1984) asserts that the large

multi-divisional company, characterized by a balance of competition and collaboration between independent but related divisions under a single corporate umbrella, is the most effective and profitable form of large organization. After reporting on his a study of business-business and business-government relations in Japan, Ouchi calls for a new balance between competition and collaboration in Western societies. In the United States, he argues, it is believed to the point of "economic superstition" that the economy succeeds best with each firm acting entirely independently.

The contrasting view, that today's organizations do not and cannot exist in isolation, has been given form and a conceptual context by Eric Trist (1977, 1985) in his concept of organizational ecology. Central to Trist's work is the idea that interorganizational relations, and interorganization-environment relations, are becoming the critical theatre for action. Trist argues that today's "turbulent" environment presents complex, unpredictable and rapidly changing problems that cannot be resolved by any single organization acting alone. He suggests that organizations sharing a "domain" need to set up a joint body to deal with their common problems. However, Trist does not explore bioecology in detail, and does not distinguish economic relations from interorganizational relations in general.

The most direct application of the bioecology model is offered by

W. Graham Astley (1985). He utilizes bioecology to further develop Trist's concept of organizational ecology. However, there is evidence that business relations are a special case within organizational ecology (Van de Ven and Walker, 1984). Also, it has been found in fieldwork for this paper that the term organizational ecology had less meaning than either economic ecology or ecological economics, when discussed with those interviewed. Therefore this paper uses the latter term, and limits itself to a study of the ecology metaphor in the world of business.

Astley notes that organizations sharing a common root technology, and therefore a common pool of competencies (a "compool") are closely analogous to biological "populations", or same species groups of organisms in a locale, groups sharing a gene pool.

Within populations, natural selection through competition is the dominant relation, as it is between similar firms, and over time as resources become more scarce, selection through competition leads to homogeneity and a reduction in the size of the population. In an organizational population, Astley describes this process in terms of increasing homogeneity, shake-out, and a transition from competition based on innovation to price competition. That is, as the initially diverse and numerous population of firms encounters increasingly saturated markets, selection leads to fewer, larger, similar firms in high volume production.

Astley's central point is that in the wider perspective of community ecology (communities being made up of a number of diverse populations), the characteristic relation is symbiotic interdependence. The organizational parallel is the interdependence of firms based on different but functionally related technologies.

The community ecology approach thus explains organizational evolution as the joint product of forces that simultaneously produce homogeneity and stability within populations and diversity between them... Interdependencies between the technologies of different populations fuse those populations together into functionally integrated systems, or organizational communities.

This is readily apparent when one looks at any industry that is not dominated by a few large, vertically integrated firms. Disk drive manufacturers, for example, compete with other disc drive manufacturers, but they must work closely, symbiotically, with their own component suppliers and their clients. Disk drive manufacturers form a population within which the dominant relation is competition. The group of specialized, symbiotic firms, one of which makes drives, that work to bring a complex product to market is the community. In a local economy with a high tech character, there may be many such communities, or economic networks, together forming a local economic ecosystem.

Continuing the bioecological parallel, Astley observes that both

biocommunities and organizational communities evolve over time, as allowed by the external environment and the internal environment that the community creates for itself. Both mutation (innovation in organizational terms)[1] and "open environmental space" are required in the early stage. Later, the tight weave of interdependencies at the climax or equilibrium state begets an efficient and stable but relatively closed condition. However, this stability is precarious, as new, exogenous factors can cause severe disruption, including the rapid disappearance of whole populations or in the organizational case, whole classes of organizations built around now-obsolete technology. The process can then begin again in the open environmental space created.

From Astley's analysis it follows that extraordinarily dynamic local economies, whether new or renewing economic communities, can be viewed as economic ecosystems in a highly creative, pre-climax phase.

To this ecological explanation of the episodic character of economic development ("punctuated equilibrium" in bioecological terms) Astley adds a parallel technological evolutionary cycle. A technological climax state is reached when innovation has been

^{1.} Astley is mixing metaphors in his reference to mutation. Properly, mutation applies in the species selection process; the parallel in community evolution (succession) would be randomness, or chance, but not at the genetic level.

succeeded by refinement, and refinement has reached a stalemate in cost-effective terms. And in this technological climax there is potential instability as investment and imagination locate elsewhere. In this sense, "... technological stalemates produce conditions that introduce random elements," the key random elements being totally new technology and the presence of open environmental space. Regarding this environmental receptivity, Astley here refers to Piore and Sabel's notion of "industrial divides" (1984), historical moments when more than one technological option is available, but for reasons apart from intrinsic technical superiority, one road is taken.

Jane Jacob's study of city development today and through history leads her to similar conclusions about the episodic nature of both economic and technological development. She sees import replacement as the factor driving periods of explosive city development:

Any settlement that becomes good at import-replacing becomes a city. And any city that repeatedly experiences, from time to time, explosive episodes of import-replacing keeps its economy up to date and helps keep itself capable of casting forth streams of innovative export work. ... In real life, whenever import-replacing occurs significantly at all, it occurs in explosive episodes because it works as a chain reaction.... once replacements start, they stimulate more replacements. When such an episode is over, a city must build up new funds of potentially replaceable imports, mostly the products of other cities, if it is to experience another chain reaction.(Jacobs, 1984)

Although technological examples offered by Piore and Sabel,
Jacobs and Astley are generally physical (eg. steel, railroads,
transistors, integrated circuits), their perspective on
innovation deserves a much broader interpretation. Social
technologies, such as organization development and potentially,
local economic development, "soft" technologies such as computer
programming, and generally, the reconceptualization of any
product into a knowledge industry, can be viewed as a
technological break with the past. However, as Astley emphasizes,
the limiting factor tends not to be the presence of innovation,
but the presence of open environmental space in which the
innovation can take root, and in which a collection of diverse,
symbiotic organizational populations can emerge to develop and
produce the innovation. If these organizational populations
develop adequate linkages, the new industry takes off.

"Take-off" is the dramatic bonus implicit in the Silicon Valley phenomenon. "Take-off" is raw synergy, when the whole is suddenly very much more than the sum of the parts. This potential is inherent in any system, and it is uniquely a systemic feature.

Formally, bioecology expresses this in terms of emergent properties (Odum, 1983). These are properties of the system that are not present in the parts. Distinct from "collective properties", which are summations of the behavior of components,

emergent properties involve new or unique characteristics resulting from the functioning of the whole unit. They result from the interaction or "integration" of the parts. Put simply, "The old folk wisdom about the forest being more than just a collection of trees is indeed a first working principle of ecology." (Odum, E., 1983)

Ecological economics thus resolves the competition/collaboration paradox emerging in the current economy. It offers us a model in which competition between organizations based on similar technologies is complemented by symbiosis between organizations based on complementary, interdependent technologies. If economic life is indeed moving in a network direction, where increasingly specialized firms work in collaboration with other firms, then this understanding will grow ever more important.

And ecological economics is a systemic model which accounts for system effects. It is the systemic character of economic communities that explains why the health of any individual firm or organizational population is related to the health of the whole community, how the whole can be more than the sum of the parts.

This clarifies the point made by most of the authors cited above (Jacobs, 1984; Ouchi, 1984; Piore and Sabel, 1984; Trist, 1977, 1985) that highly successful economies are inherently local

phenomena, involving an extremely interactive network of enterprises, usually with a capacity for joint problem solving.

The emphasis on localism, undoubtedly, is related to the need for critical mass, the need for a threshold level of potential face-to-face contact. The more dense the community, the greater will be the likelihood of contact, both formally in system-level organizations, and informally, on the street, in restaurants and health clubs, and wherever paths cross.

IMPLICATIONS

Implicit in the ecological economics model are a number of hypotheses regarding both the nature and the development of healthy local economies. These must be made clear:

- 1. Integration of local economic actors into a highly interactive local economic ecosystem will yield a high level of local economic health.
- 2. The minimum requirements for such integration are open environmental space, the formation of business networks (symbiotic relations between complementary firms), and the evolution of a collaborative system-level institution involving representatives of all members of the economic community to work on problems-in-common.
- 3. The level of economic health in the system is related to the ecosystem's "metabolism"; that is, it is positively related to the rate of information passage through linkage channels.
- 4. Systemic health is reflected in the level of innovation at the firm level, and in "emergent" properties such as synergy at the system level. Synergistic effects may be very difficult to measure; they are often felt by a general excitement that

"something is happening here". However, these effects would be reflected in a quantum leap in economic innovation and output over a short span of years, or at the least, in relative stability in times of economic contraction.

5. If the above hypotheses prove valid, then intervention to facilitate truly symbiotic and collaborative linkages may be much more effective in promoting local economic development than assistance to improve the "competitiveness" of individual firms alone.

This paper, then, has a series of objectives:

- * To develop the concept of ecological economics as an analytical model that can be used to better understand local economies.

 Specifically, such a model would identify the patterns of interaction within a local economic community, and the systemic properties of the community as a whole. The construction of such a model is the task of the following Chapter.
- * To use the ecological economics model in a case study of a thriving localized economy. This will be done in Part II.
- * To reconsider the model in the light of the case study, drawing implications for economic development theory, and to identify implications for economic development practice. This will be done

in Part III.

The core of this paper is the case study presented in Part II. The case selected is the dynamic Toronto fashion industry. Formerly a smokestack garment industry, this forty-six block beehive of over seven hundred firms has, in the space of five years, remade itself as a knowledge industry based on design and market responsiveness. The industry dream -- voiced often and publicly by manufacturers, leaders of manufacturers' organizations, designers, labour leaders, staff members of related educational institutions, and the elected officials and staff of the City of Toronto -- is to put Toronto on the world stage beside New York, Paris, Milan and Tokyo.

Chapter 2

ECOLOGICAL ANALYSIS AND COMMUNITY ECONOMICS

2.1 INTRODUCTION

The ecological perspective on economic life -- ecological economics -- updates the longstanding view that economic life is an adversarial jungle. The ecological view suggests that in healthy local economies, competition is complimented by interdependent relations. Furthermore, ecological economics suggests that healthy local economic communities are well integrated systems, with strong and valuable systemic properties.

If ecological economics is to provide the basis for a new approach to economic development, it must first provide a mode of analysis that can help us better understand existing local economies. Essentially, an ecological approach to analysis maps

relationships in a system, and observes the system of relationships as a whole. As bioecology provides an analytical framework for application in the natural environment, so ecological economics must do the same for the economic environment. This chapter develops that framework, utilizing both the well established methodology of bioecology, and the insightful parallels drawn in organizational ecology.

In looking at a biological community as a whole, bioecology is concerned first with the community boundary, second with the community elements (both biotic members and abiotic components). third with the relationships between community elements, and finally with the community as a system.

Ecological analysis of a local economy should logically undertake a similar sequence of inquiries. Specifically:

- 1. What are the boundaries of the economic district under study?
- 2. Who are the economic players in the district, and what is the nature of their internal and external economic environment? If the information if available, how has the composition of players, and their environments, changed in the past?
- 3. What types of interactions exist between players, in what proportion at what intensity?

4. To what degree is the bounded study district a well integrated system, an economic community, and what are the observable manifestations of this "systemness"?

The balance of this chapter explores these questions, providing concrete parameters for local economic analysis.

2.2 BOUNDARIES

The Spacial Dimension

Bioecology recognizes a number of levels of analysis. A focus on individual organisms is considered the province of biology. The study of the relations between individuals of one species in a particular locale, and of their relations with the inanimate environment, is the province of "population" ecology. The study of the relations between populations in a locale, and between populations and their inanimate environment, is termed "community" ecology. (Odum, 1983.)

Astley (1985) has argued that the community level of analysis is much more appropriate to organizational ecology than is the

population level of analysis. Population ecology stresses competitive relations, which are indeed the dominant relational form between individuals of the same species, or between organizations in the same business. But in the larger, community ecology perspective, it is apparent that a great many relationships between species, or between different types of organizations, are not competitive. Rather, in one way or another, they are cooperative. Astley therefore subsumes the population perspective within the larger community perspective, and that combined perspective is adopted in this study of ecological economics. At the community level of analysis, the full range of relationships should be observable.

The physical dimensions of an ecosystem are a matter of choice. A community, with its abiotic environment, forms an ecosystem, but an ecosystem can also contain many communities. An ecosystem exists in the water collected on each upturned leaf in a tropical rain forest. Alternately, the ecosystem of study could be a rain forest pond, or a large watershed area.

On the next larger scale, the planet's entire rain forest region could be the system of study. In fact, bioecology observes that the entire planet is one interacting unit, hence an ecosystem, and that on the planet there are at least ten major ecological regions, or biomes. One would be the tropical rain forests.

From the outset of this paper, the intent has been to explore the "local" economic ecosystem concept; in this instance "local" is the physical limit chosen to define the system boundary, and therefore, the subject of study. Although this physical dimension is a matter of choice, the choice is not arbitrary. References have been made to the apparent economic significance of cities and city sub-units. The reason for this, I suspect, is the importance of frequency and variety in interpersonal contact, and therefore of information flow, as a critical factor in economic development. Beyond the city scale, despite all that is said of the electronic information age, contact is apparently too sparse to generate a supportive network of symbiotic relations and synergistic effects. In a city, city sub-unit, or town, some concentrated area where face-to-face contact is a frequent chance happening and is easily arranged, systemic development is more likely.

The Sectoral Dimension

As references to Silicon Valley, the Toronto Fashion District, and science and technology parks suggest, in addition to a spacial dimension, there is also a sectoral dimension in the definition of economic ecosystems. The three cases cited are all examples of concentrated trade sectors, where many firms are engaged in the same industry. (Note that this is a distinctly

different case from the one-industry town dominated by a single company.) However, most communities and cities are multi-sectoral, what I will call here mixed local economies. Their membership includes firms involved in a broad range of trade sectors.

There is evidence, referred to in the previous chapter, that it

is in the concentrated trade sector type that the highest levels of innovation and productivity are to be found, likely because of the obviously greater opportunities for linkage between same sector firms, particularly if there is a high degree of specialization (and therefore interdependence) within the sector. Science and technology parks are one obvious manifestation of the recent interest in concentrated trade sector development, and it appears that municipal governments are beginning to recognize and, through zoning, protect existing industry concentrations. The City of Toronto's protection of its old garment district is a case in point. The City of New York, in a variation on this theme in an older city, is developing sector-specific "trade centers", and assisting in the development of "industrial condominiums". These trade centers provide modern industrial space to firms considering relocation (and potentially lost to the municipality), but who are dependent on close interfirm linkages. In this way, valuable concentrations -- to date, of firms in the apparel and print industries -- have been transplanted and preserved.

Piore and Sabel (1984) observe that the phenomenon of dynamic, concentrated trade sectors predates the industrial revolution. They offer a number of examples, including glass-based villages in France, steel-based towns in Germany, and textile-based regions in Italy.

It is vital that we understand what sparks and drives these hotbeds of economic activity, and if possible, discover methodologies to facilitate their development. Especially in a diverse, federated country such as Canada, committed to a sharing of wealth, such centres are of particular importance. The case chosen for detailed study in this paper, the densely concentrated Toronto Fashion Industry, reflects this judgement.

The more common type of local economy, the mixed local economy without a particular sectoral character, is more difficult to visualize in ecological terms. Few linkages are necessary in formal business relations. Retailers, service firms, residents, social service organizations, and relatively self-sufficient, large firms do not appear to need or generate an intensely active web of linkages.

It is difficult to imagine how such a community could develop ecosystem properties and benefits. However, many such communities are static or in decline, and efforts to stimulate their

economies have generally failed. In most parts of Canada, in a net input/output sense (Liontieff, 1966), mixed economies are dependent on a continual inflow of funds from Jobs held elsewhere, or from transfers through the federal government from dynamic centres. Recovery from the 1981/82 recession has been the most uneven in Canadian history (Little, 1987), favouring only south central Ontario, and in particular, the Toronto region. Technological change, what appears to be a long term decline in world demand for Canadian resource products, and the demographic bulge of the baby boom, together portend the growth of a vast underclass (Dahrendorff, 1986) of structurally unemployed. Shrinking transfer payments already suggest that the productive centre will not be able to sustain such an enormous, languishing periphery in the manner to which it has been accustomed.

Recent initiatives in the community economic development field, including the LETTS computerized barter system in British Columbia (Linton, 1986), community development corporations (CDCs), community loan funds, small business incubators, small business education and consultancy services, joint municipal/community/business economic development committees, and local associations of small businesses such as the Briarpatch network in San Francisco can all be viewed in ecological terms. Doing so explicitly may make such efforts much more understandable, focussed and effective. In the words of Michael Phillips, a key figure in the Briarpatch, community linkages

"tighten the weave".

In ecological terms, a reason for the slow gains of such initiatives may well be the self-definition of most individuals and firms in mixed sector economies as neither competitive nor collaborative, but neutral. "What can I gain from association?", it is asked. However, given the jungle view of economic life that we have all inherited, even neutral relations are generally viewed with suspicion as competitive relations in disguise. This issue is discussed further in the following section on relationship types in the ecology model.

For the moment, because it is so difficult to visualize an ordinary community, one that is not collectively specialized, as having a potential and potentially valuable ecological dimension, consider the fascinating story related in Exhibit 1. The teller of the tale is Michael Phillips, speaking in a CBC Radio "Ideas" Series on New Ideas in Ecology and Economics (Caley, 1986).

In the early 1970's, Phillips had left his position as a Vice President of the Bank of California, and was consulting. Increasingly, he found himself involved as a consultant to the panoply of new, hippie businesses that were then opening up in San Francisco. In time he helped in the organization of over 500 of these businesses into the mutual support network referred to

above, the Briarpatch.[1]

Phillips eventually had good records for 500 of these businesses dating back eight years. He discovered that 450 were still in business, for a 90% five-year survival rate. This compares to the 20% five year survival rate taken as normal in the U.S., Canada and England. Something very right was happening in the Briarpatch, and Phillips is clear that the "something" was a dramatic shift in values toward openness, cooperation, and toward love of one's own particular business, as opposed to business being a mere means to wealth.

Both Japan and Sweden have expressed an interest in the Briarpatch, with the Swedes adopting it as a model for small business development. Phillips has been invited to Sweden several times, and from one of those visits comes the intriguing tale presented in Exhibit 1.

^{1.} See also, Honest Business, by Phillips and Rasberry, 1983.

Exhibit 1:

A Tale from Philipstadt

(Philipstadt) was a town that was down to a little over 500 people, from almost 25,000. With a group of other people, I was invited to Philipstadt to meet with the business people. There were about 30 people, and they'd all been asked to bring their financial information about their business.

And they were very reluctant, but the person who invited them was important in the town, and at that point, anybody was willing to try anything. I said, I don't know what good this is going to be, but I do know an awful lot about businesses, and if you give me a specific business, I can give you an awful lot of specific help. You show me the financial information, describe the business and I can tell you how to improve your business. Who's going provide the first information? Well, nobody. No proper, self-respecting Swedish business person is going to show their financial statements, under any circumstances. They don't even talk to strangers... It's like showing your medical records to somebody else.

One woman, one woman (sic), who had a small woolen goods store that appealed to tourists, said okay, here's my financial records, can you see what I can do? And so I projected them on the wall, and I started to ask her some questions and talk about it, and the room began to murmur and seethe and hiss with noise. And the noise just got louder and louder... Everybody was yelling and talking to everybody else, and the whole room was in pandemonium. They were yelling at her, they were running over

to her, they were talking to her as fast as they could. And I'm standing on the sideline, and I ask my friends and the translator what's going on, what's happening here? They slowly translated the various things they heard. And they said, well, here's one guy who said she's paying too much rent. He knows a place she can get lower rent. There's another guy that said her transportation costs are too high. He goes into Stockholm every week, he'll pick up the stuff for her, his truck doesn't have that much in it when he comes back. Everybody was offering her significant ways to reduce all her costs and making connections for her with friends of theirs in different parts of the country who would buy her goods and material and merchandise. They wanted to help her. When she was open and when they understood her business, which they did, they wanted to help her, and they knew how to help her.

This community had a chance to apply its community spirit to the business at hand. Philipstadt has been growing since then. I think it's say 1,500 to 2000 people living in the town, and the number of businesses has almost doubled in that time period. The town changed direction....

It's a fact that these people had the power to use their social skills in a new area of business. Instead of having all the resources in this teeny town isolated in financial terms, in terms of information and skills, they sort of formed one communal dinner. And in the same way, if everybody is eating dinner separately in their own homes, it's much more expensive than if you have a big potluck dinner to which everyone brings a little bit. That potential for community cooperation applies in business, but the first step is openness. Your financial records have to be open, and the potential miracles that flow from that are enormous. ... All I can see is it increases the social fabric, tightens the weave.

Michael Phillips, in "New Ideas in Ecology and Economics" Caley, 1986

2.3 PATTERNS OF INTERACTION

As noted in the opening of the previous section, an ecological analysis of local economies must first define the boundary of the district under study. Then it must identify the players therein, and explore their pattern of interactions. Only then can conclusions be drawn about the level of integration, the degree to which this is an economic community, and only then can informed observations be made about the community's systemic properties. This section develops a typology for understanding the variety of relationships in a local economy.

There are two schemes for distinguishing relationships in ecological systems that are useful here, one from bioecology, and one from organizational ecology.

Analysis of the variety of two-species relations that exist in natural systems has been done with rigor and repeatedly tested in bioecology, using a well-accepted, nine-point scheme:

These (nine important interactions) are as follows: (1) neutralism, in which neither population is affected by association with the other; (2) competition, mutual

inhibition type, in which both populations actively inhibit each other; (3) competition, resource use type, in which each population adversely affects the other indirectly in the struggle for resources in short supply; (4) amensalism, in which one population is inhibited and the other not affected; (5) parasitism and (6) predation, in which one population adversely affects the other by direct attack but nevertheless depends on the other; (7) commensalism, in which one population is benefited, but the other is not affected; (8) protocooperation, in which both populations benefit by the association but relations are not obligatory; and (9) mutualism, in which neither can survive under natural conditions without the other.(Odum, 1983, p.369)

Types 2 through 4 are classified as "negative interactions",

Types 7 through 9 as "positive interactions", and 5 and 6 as

both. Types 7, 8 and 9 collectively are referred to as symbiotic

interactions, with Type 9, mutualism, known as "obligate

symbiosis".

Bioecologist Odum notes that, as Darwin emphasized, negative interactions, can have positive results for the whole: "(They) can increase the rate of natural selection, resulting in new adaptations".(1983, p.372) However, Odum emphasizes that recognition of the importance of symbiotic relations has increased dramatically in recent decades:

Associations between two populations of species that result in positive effects are exceedingly widespread and probably as important as competition, parasitism and so forth in determining the nature of populations and communities...(p.373)

Mutualism (where both depend upon the interaction) seems to replace parasitism as ecosystems evolve toward maturity, and it seems especially important when some

aspect of the environment is limiting... to the extent that mutual cooperation has a strong selective advantage.(p.375)

In clarification, it should be acknowledged that symbiotic relations are primarily self-serving. Externally they may appear to be cooperative, and functionally they may well be, but even when both parties require the relationship for their survival, it reflects a meeting of mutual self-interest.

Only one relationship form peculiar to human society need be added to the nine-point bioecological scheme, that of explicit, conscious collaboration in common cause. In practice, however, this finely divided scheme can be reduced to a simpler and more useful form.

Astley (1984, 1985), in an organizational ecology context, uses a three-point scheme, comprised of competition, symbiosis and collaboration. As emphasized in the previous section, neutralism is a fourth relationship type of great potential importance, particularly in mixed local economies. Under the jungle ethos, neutral relationships are viewed with suspicion, as competitive relationships in disguise, obscuring their symbiotic and collaborative potential. Therefore, neutralism should be added to Astley's scheme. Also, the term symbiosis could be replaced with the more common term, interdependence.

The resulting four-point scheme, comprised of interdependence, competition, collaboration and neutralism, will be used to analyze the patterns of interaction in local economies.

Generally, as stated earlier, competitiveness is the dominant behavior type within populations (or between organizations in the same business), while interdependence or neutral relations are dominant between different populations. However, it should be recognized that this is not universally the case. In the animal world, as Hawley (1950) points out in the first extensive application of ecological analysis to human society,

Organisms with similar requirements frequently combine their efforts to maintain favorable life conditions; an aggregate acting in concert can accomplish what a lone individual cannot... (for example) A large group of animals is more immune to attack by enemies than are individuals or small groups of twos and threes. (Hawley, 1950.p.40)

An organizational parallel is the clustering of directly competing specialty stores one sees so often. In this case, the presence of competitors serves to increase the clientele available to all. Narrowly defined trade associations would be another example of cooperation within populations.

Hawley (1950) also emphasizes that direct competition does sometimes occur between populations. This happens when two or more populations in a community have very similar resource

requirements.

With respect to the "positive" patterns of interaction, interdependence and collaboration, two important issues must be addressed. First, it should be noted that human interdependent relations can indeed be seen as collaborative. However, in this paper the term collaborative will be used in a more specialized sense, referring to conscious collaboration at the system level in common cause, as opposed to the collaboration implied by the mutual self-interest of symbiosis.

Some authors suggest that explicit collaboration actually limits direct competition in a healthy fashion. Disagreeing with the population ecology focus on the dynamics of competition, Astley (1984) views "collaborative social and political arrangements (as) regulating that competition in interorganizational networks" (emphasis mine). He adds,

Given the increased prevalence of collective adaptations both within and across different industries, organization theory has been paying more and more attention to "interorganizational fields" (Warren, 1967), "interorganizational domains" (Trist, 1979), "organizational communities" (Astley and Fombrun, 1983a), and, in general, the "institutional" adaptations governing relationships among organizations (Perrow, 1979). As Hawley (1969) puts it, the "natural" environment is increasingly displaced by a "social environment" that mediates the effect of competition through the construction of a network of cooperative relationships.(Astley, 1983. p.531)

An example of a collaborative institution to be examined in

detail in Part II is the Fashion Industry Liaison Committee (FILC) in Toronto, where representatives of all elements of the densely concentrated industry come together to work on common problems and common dreams. This is a formal expression of linkage at the community or system level.

The other issue with respect to interdependence and collaboration that is in need of attention is misrepresentation. "Positive" relations, interdependent or collaborative, are not always what they seem. This returns us to a discussion of the extant jungle ethos, and its impact on values and behavior.

The impact of ethos on values and behavior has been particularly well addressed by Hawken, Ogilvie and Schwartz (1982) in Seven Tomorrows. This is a scenario-based look at the future of the United States to the year 2000, written as history from somewhat further in the future, and based on the authors' research at SRI International (formerly Stanford Research Institute). The authors suggest that the societal response to any particular set of difficult conditions can fall either of two ways, depending upon the societal values set. In that sense, we can choose our future. A "survivalist" response yields a very different future than does a "communitarian" response. The former values set could be characterized by "looking out for yourself" to the exclusion of others; the latter, by "pulling together".

In the terms of this paper, survivalist values correspond to jungle values: survival of the fittest, dog eat dog, "each man for himself" (the sexual specificity duly noted). Communitarian values correspond directly to the values underlying truly positive interdependent and collaborative relations.

The word "truly" captures the issue: interdependent or collaborative relationships entered into from a jungle/survivalist value stance do not fulfill their espoused functions. For example, nothing is more valuable to a small, specialized business than its business network. Nevertheless, because of the jungle frame of reference, these interdependent relations are frequently feigned, entered into with jungle/survivalist values that will ultimately prove destructive to the relationship. There is adequate evidence that such relations are common, but that they will neither achieve their goals nor last.

Astley (1984) is quite clear about this:

Even apparent instances of collaboration with others are analyzed from a game-theoretic viewpoint. Thus, coalitions — such as those established in oligopolistic practice — are seen as mixed motive games. Although such interaction appears to be cooperative, it is seen, more or less, as an antagonistic, tongue-in-cheek, short term cooperation designed to allow each organization to improve its own long term competitive position. (Astley, 1984, p.533.)

Morgan's discussion (1987) of "just in time" (JIT) management systems illustrates the impact that values have on institutionalized interdependent and collaborative relationships. Also, his discussion reveals the impact that formal interdependent and collaborative arrangements can have on the values of the individuals and organizations involved.

Though often seen as a technology for reducing overheads (through more frequent delivery and reduced inventory), (JIT) actually transforms the management The coordination necessary for just in time process... delivery transforms relations between suppliers, manufacturers and retailers. Formerly, a manufacturing firm may have been able to see itself as a separate organization. Under JIT is must see itself as part of a broader network of relations that must be managed. It is thus not uncommon to find manufacturers taking some measure of responsibility for the management of their suppliers, and engaging in novel kinds of collaboration and exchange. Suppliers, manufacturers and retailers increasingly have to develop new mindsets consistent with this network view of their identity.

Similarly, JIT transforms the patterns of management and control required in an organization... JIT can only work effectively if everyone involved is primed to spot potential problems, and to take corrective action. The system thus calls for a new kind of involvement in the work process, and dissolves traditional relations between workers and managers. The introduction of JIT transforms managerial hierarchies, reduces the need for many middle managers, and depends for its success on the evolution of philosophies, attitudes and mindsets facilitating the diffusion and devolution of control. Though often introduced as a technology, it needs to be supported by an appropriate corporate culture.

This theme has also been explored by Kidel (1979), who reports on the latter stages of an ambitious community-wide initiative to reverse economic decline in Jamestown, N.Y. Initially, a

considerable gains by exploring and confronting problem-in-common (Trist, 1977, 1979). Eventually, as Kidel reports, it was found that the collaborative values demonstrated at the system level were also required at the organizational level, and twenty-seven member organizations subsequently initiated organizational redesign programs in this direction.

An inference in the observations of Astley, Morgan and Kidel is that communitarian values are required for and tend to result from lasting interdependent or collaborative relationships.

2.4 SYSTEMIC EFFECTS

Bertalanffy's General Systems Theory (1950) has been applied in a broad range of disciplines, from electrical engineering to family therapy, from bioecology to biochemistry. It also has application in local economics, to the degree that the many elements of a local economy are or can be interconnected in a community system.

Systems theory makes three primary observations about well formed (well integrated) systems. First, the parts are so interconnected that internal cause and effect cannot be separated. Second, the

whole is not merely the sum of the parts; it exists as a discrete, "emergent" entity with unique systemic properties. And third, the whole affects the parts. In other words, well integrated systems exhibit a "systemness" that did not exist prior to system integration, and that systemness has impacts upon system components.

Bioecology discusses systems effects in terms of "emergent properties". One example is synergistic phenomena, as when some property of the community system (eg. resilience following disruption) is greater than what one would expect by summing the values of that property for all of the system components. Another example is community evolution ("succession"). The development of a biological community over time is acknowledged to have more to do with the community as a whole, than with the rise or fall of particular component populations.

The scope and ephemeral nature of these examples hints at the considerable debate among ecologists as to whether such properties, which appear to be unpredictable, unmeasurable, and inexplicable, really exist (eg. Lowry, 1974, Edson, Foin and Knapp, 1981). Even those immersed in the argument acknowledge that the bantering is largely semantic. However, it may be that the real source of debate is neither a matter of semantics nor a matter of substance, but a lack of theoretical context: how can we make sense of so large an idea?

The resolution of bioecology's debate about emergence -- and considerable insight into "systemness" in any context -- may have been provided by biochemist Ilya Prigogine. In 1977, Prigogine won a Nobel prize for his work in nonequilibrim thermodynamics (1977), work which many consider the most important scientific discovery of the century. Although Priogene's thinking is based on biochemistry, as he himself emphasizes, it need not be discussed in those terms. He argues that the theory provides a conceptual structure that carries systems thinking dramatically further, linking the living and inanimate, the microscopic and the cosmic, the simplest organism and our own complex social systems. (Priogene, 1984) As developed in the discussion below, it would appear that Priogene's insights may also be important for an understanding of systemic properties in local economies.

Classical science, Priogene observes, considers nature to be a passive automaton governed by rigid laws, laws characterized by the stablity, order, predictability, and reversablity of equilibium. In the nineteenth century, however, the science of heat led to the law of entropy, which presents heat as a one-way phenomenon, and the universe, consequently, as inevitably winding down in a slow "heat death". However, such phenomena, those involving heat and time, were considered the unruly and rare exceptions.

Priogogene argues just the opposite: equilibrium systems may not exist in nature at all. Rather, natural systems are "open", they subsist only through a continual influx and dissipation of energy. Prigogine emphasizes this fundamental characteristic by using the term "dissipative structure", rather than "open system".

Increasingly dissipative structures require more and more energy to maintain the increasing number of connections, and they also exhibit increasing levels of random internal behavior. Thus increasingly complex systems are increasingly unstable, at risk of perturbation, frequently from random events generated internally. In other words, increased coherence implies increased instability, and to a large degree this is a product of the system itself, independent of its environment.

A well integrated system will damp a small perturbation, but a large perturbation, in a system integrated beyond some critical density, will cause the system to disintegrate or -- and here is the heart of Priogene's insight -- it will resonate with the system, stimulating a systemic transformation to a still higher level of complexity, order, coherence, and of course, instability.

This explains the process underlying "punctuated equilibrim", long periods of apparent calm broken by brief and highly dramatic

periods of change. It also points to the evolutionary potential inherent in any integrated system, highlighting several factors normally ignored. First, randomness is vital; a higher order can emerge out of chaos is chaos is allowed. Second very small perturbations can have great effect, like a seed crystal, if connectedness in the system has reached a critical density; a particular random event at a particular time in a system's life may initiate dramatic transformation. Third, this all implies that change is not altogether an external matter. On the contrary, dissipative structures have a capacity for self-organization. As Gareth Morgan observes,

... the problem of change hinges on the way systems deal with variations that influence their current mode of operation. Our attention is thus drawn to system processes that try to maintain identity by ignoring or counteracting threatening fluctuations and to the way variations can lead to the emergence of new modes of organization." (Morgan, 1986)

Priogogene argues that the alternative to transformation is either dissolution under stress, or entropy, a systemic winding down as energy sources are exhausted. Morgan observes, in the organizational context, that competitive relations are unidimensional paths toward a static, stable state. This echos Astley's observation (1985) that competition among similar types of organizations leads to homogeneity: fewer, larger, more similar firms. Here Astley portrays a "mature" or "smokestack" industry far from innovation and transformation, merely hanging

on until it is displaced by a radical innovation embodied in some other new or remade industry.

Marilyn Fergusson (1980) points out that Priogene's seemingly esoteric theory is in fact very close to the personal experience of us all. Stress is necessary for truly new solutions. Crisis yields opportunity. Creativity demands chaos before form emerges.

At the social level, it can be seen that in dense, mobile, communication-oriented societies, there are more connections, and more potential for new connections. Fergusson reports Priogene to have remarked that cultures are the most coherent and strangest of dissipative structures. Similarly, his theory suggests that in a highly differentiated, well connected local economy with a capacity for learning and change, density and random events can lead to rapid transformation.

The power of the right random perturbation, one that resonates with the system to yield large effects, suggests a potential for powerful intervention. However, as chance and unpredictability are inherent in Prigogine's notion of transformation (you can't predict the emergent order), so intervention must be undertaken without determinist expectations.

Perhaps, if Prigogine's theory holds in local economic systems,

the most promising intervention is not the introduction of a particular "perturbation", but an intervention which increases the system's capacity to generate, transmit and respond to random influences in general. This might be accomplished by increasing social and perhaps physical density, and by improving the effectiveness of existing or emergent linkages. And perhaps intervention could help the system as a whole respond to new possiblities as a self-organizing, learning organism, resisting the stonewalling of random perturbation. But intervention that tries to lead a highly differentiated industrial community in a particular direction is a hopeless proposition.

Of course, this open-ended approach to local economic development is a tremendous challenge to all of us, brought up as we are with a mechanistic world view that demands predictable outcomes. And of course, it is an even greater challenge to governments which desire predictable, dependable outcomes that fall neatly between one election and the next.

In Priogene's words, "Perhaps the challenge in these coming years will be to master complexity." (Weintraub, 1984)

2.5 THE NETWORK ECONOMY

Astley and others have argued that interdependent and collaborative relations are of rising importance in economic life, relative to competitive relations. Empirical observations indicate that this may well be so, despite the rising severity and increasingly global nature of competition. We now witness competition between networks of interdependent and collaborative economic ecosystems.

As Ouchi (1984) and others have discovered, a close network of interfirm contacts is a feature of the highly successful Japanese economy. John Kohut (1987), in a recent feature article in the Globe and Mail on the emerging dominance of Japan as the world financial leader, quotes Ezra Vogel of Harvard:

Because Japanese companies are linked to each other... Japan has stronger organizational capacity than anything the United States had.

Kohut goes on to describe how this plays out in Japanese foreign investment:

The close links between firms give Japanese investors greater depth than, for example, OPEC nations had during the heyday of their huge, oil-generated surpluses. For instance, when a Japanese auto maker moves into a North American town, it is soon followed by Japanese spare parts makers. Construction work is likely to be alloted to a Japanese company, and the skills of a Japanese bank will be brought into play.

As noted in the previous Chapter, Piore and Sabel do point out that large companies structured as an interdependent and collaborative network of smaller firms can achieve the same dynamic results, paralleling observations made by Ouchi (1984) regarding large, multi-divisional companies.

Recent events, however, suggest that even this organizational model may give way to the diversified network form. The future's economic structure may be moulded by its ability to support interdependence and collaboration. Some futurists have argued that the demise or subdivision of most very large corporations is in sight. At the least, current developments suggest an end to the tendency of big to swallow small, for the ever expanding umbrella of huge corporations to give way to networks of smaller firms.

One manifestation of this fundamental shift in the character of the economy is the emergence of "strategic partnering". In a speech to the York Technology Association in Toronto on April 30, 1987, Steve Burrill identified strategic partnering as a vitally important trend in American high technology. Steve Burrill is a partner in Arthur Young International, San Francisco, Chairman of its National High Technology Group, and a long time participant in and observer of events in Northern California's Silicon Valley.

Burrill explained that the high technology electronics industry has now recognized, through bitter experience, that highly innovative firms are usually driven by an undercapitalized "technostar" who generally knows little about marketing and professional management. For a period, large firms with the needed resources were buying up small ventures and bringing them inside, but it is now recognized that this doesn't work. The vital, exploratory culture of the small firm is extinguished by the much larger buyer, and the culture of the larger firm is often rocked adversely by the presence of a misfit in their midst.

A solution has been found in strategic partnering, where the two firms remain independent, but develop a contractual interdependent relationship in which the small firm innovates, and the large firm supplies capital, marketing skills, and production management. Burrill described this as a "win-win" situation, and offered as examples the arrangements between IBM and both Microsoft and Lotus. And just as strategic partnering is occurring between large firms and small, he reports that for similar reasons it is also emerging between domestic and off-shore firms. In both cases, each firm maintains its own identity and intrinsic assets, while working closely with the other for mutual benefit.

Burrill observes that mainstream corporate culture in the U.S.

has changed radically in this regard. What used to be perjoratively termed "minority investment", is now called "strategic linkage", and the CEO who is not making strategic linkages is considered to be doing less than his job.

John Sculley (1987), currently president of Apple Computer and former president of Pepsico, makes a similar argument. In his view, tomorrow's largest businesses will often be network oriented. Apple, which he offers as a forward thinking example, is a very small direct employer, relative to sales, but maintains links with a large, "independent network of third-party business partners". Secondly, Sculley sees the successful global firms of the future as more "multi-local" than "multi-national". This means that each node of the company attunes itself to local norms and conditions. It does not try to remake a foreign market in the image of the initial domestic market. And given its network orientation, it also means that many of the largest corporations, those who communities now feel have the least local allegiance, will become generators and committed members of local economic networks wherever they do business.

The vitality of smallness, and the limitations of bigness, do suggest that the economy we know, the economy dominated by relatively few giants, may not be the economy of the future. But

what a more differentiated economy loses in mass, it will very likely have to make up in linkage. One of the seven futures brought to life by Hawken, Ogilvie and Schwartz (1982) in Seven Tomorrows paints just a picture:

During the ninties there arose a new economy of scale, only the scale that turned out to be the most appropriate proved to be fairly small, rather than very large. For some industries, the most appropriate scale remained very large: industrial redwoods remain redwoods. The very idea of scaling them down to the size of houseplants proved ludicrous. But on the economic forest floor, in the partial shade of the few remaining giant corporations, a secondary growth flourished. Amidst the mottled patches of sunlight that move across the ground as a day passes, a rich ecology of smaller businesses was taking root as the century closed.

The degree to which well linked, localized systems of economic actors -- true economic community -- will replace the present domination of business giants is of course unknown. But clearly, the nature and potential benefits of economic community need to be explored through direct observation in local economies. Only empirical tests will determine whether the ecological approach is of value in understanding local economic vitality. If so, then we can utilized the ecological economics model to draw implications for economic development practice.

The following four chapters confront the first problem, the need for an empirical test, by utilizing the model developed in Chapters 1 and 2 in a case study of the Toronto Fashion District.

PART II

THE TORONTO FASHION DISTRICT, A CASE STUDY

Chapter 3

CASE METHODOLOGY

Fundamentally, the preceding chapters were concerned with two central propositions. The first proposition, which was developed in some detail, is that healthy local economies appear to behave more like complex ecosystems than one-dimensional, adversarial jungles. The second proposition, which was been noted but as yet has not been explored, is that interventions which help local economies develop interdependent and/or collaborative linkages may be powerful tools in economic development. Part 2 of this paper will explore the ecological concept further, through a case study of a dynamic local economy, the Toronto Fashion District, and will observe an innovative intervention that by all accounts has contributed greatly to the District's resurgence.

The Fashion District case study utilizes the ecological economics model developed in Part 1 as an analytical metaphor. The use of metaphor to pattern the observed, it has been argued, is at the root of all understanding and indeed, is the basis of language itself. Gareth Morgan, in Images of Organization

(1987) explores in fascinating detail a series of metaphors, or images, or lenses, through which one can view and understand individual organizations. The traditional view of organizations, he points out, is as a machine: unthinking, replaceable parts performing predictably, repetitively, on command. Most of our organizations have been built with this model mind, but recently, more and more have had other metaphorical roots. Although Morgan emphasizes that there are many other metaphors of value in organization analysis, depending on what is observed and the purposes of the observer -- organization as culture, for example, or as agent of domination, or as self-organizing brain -- he is clear that the image that has most successfully challenged the machine metaphor in recent decades, and one than can comfortably subsume or co-exist with many of the others, is organization as organism. And a critical element in the organism perspective is that an organism never exists in a vacuum. Rather, it exists as a member of a species group, in an organizational community. The use of metaphor in local economic analysis, then, is well grounded in organization analysis, and Morgan's use of metaphor in that context is a powerful indicator of the power of metaphor itself.

These thoughts on the use of metaphor in analysis suggests that the question for Part II of this paper is not merely, "How is the Toronto Fashion District like an ecosystem?" A fullsome answer to that question would support the thesis that at least this

healthy local economy is like an ecosystem. Of at least equal significance, is the question reframed: "How does thinking of the Toronto Fashion District as an ecosystem help us understand it in a useful way, in a way that can serve as a guide for action?"

So the Chapters of Part II tell the story of the Toronto Fashion District, exploring its ecological qualities, utilizing the ecology metaphor to help order the mass of data collected, and ultimately reconsidering the validity and value of the ecological metaphor itself.

The Toronto Fashion District was chosen for study for a number of reasons. First and obviously, the District's remarkable transformation and resurgence in the last six years demands investigation, as does the Fashion Industry Liaison Committee (FILC), the City government's innovative intervention from 1985 to the present. Second, from my initial contact with this intense, complex, industrial District appeared to present a clear challenge to the dog-eat-dog metaphor of economic life. As the following five chapters makes clear, this is a dense industrial area, heavily dominated by firms in a narrow and supposedly "mature" industrial sector, where one would expect to see brutal competition among fewer and fewer, ever larger firms. But the reverse appears to be happening. In terms of employment, firms are getting smaller, there are more firms, and in some curious way, while competition is hotter than ever, it is no longer

described as dog-eat-dog. To the contrary, this is an intense and complex community that increasingly works together in business networks or as a community of common interest. As a challenge to the jungle image of economic life, it appeared that the District might be an excellent example of an ecological economy, and therefore a valuable subject for study in the exploration of an ecological approach to local economics.

Research for this case study of the Fashion District involved a review of existing data, attendance at industry meetings and events, and two series of interviews. Specifically, the meager statistical information on the local industry was reviewed, as were all studies of the District conducted by the City of Toronto, and as much other research on the local industry as could be found. For twelve months, meetings of the Fashion Industry Liaison Committee (FILC) were regularly attended, as were other industry events such as FILC's Human Resources

Workshop and the 1987 Festival of Canadian Fashion. Twenty interviews were conducted with key people in the Fashion District. In a number of cases, these interviews have launched an ongoing dialogue.

The interviews were undertaken in two phases, in November and December of 1986, and in June of 1987. All were semi-structured and open-ended. They were conducted at the interviewee's place of business, and eighteen of the twenty were taped and transcribed.

They varied in length from 30 to 90 minutes.

of the ten interviewees in the initial phase, nine sat on or served the Fashion Industry Liaison Committee, and the tenth was conspicuous in his absence. The nine associated with FILC were selected because together they appeared to provide a wide, balanced view of the local industry. The tenth, the labour leader who led the womenswear sector into its first strike in over thirty years, was added to check this assumption. (See Appendix A for a list of interviewees in phase 1, and the interview guide.)

Ultimately, as the ecological analysis developed, it was realized that all ten had even more in common than expected: they are all collaborators. In most cases, they sit on FILC as representatives of an important constituency, and they all are professionals working for the good of the economic community as they see it. What would be said, I wondered, by those in the thick of the adversarial area?

To answer this question, a second series of interviews were undertaken in the shops with business owners themselves. (See Appendix B for a list of interviewees in phase 2. and the interview guide.) Statistics, other research studies, attendance at industry meetings and events, and the first series of interviews had allowed me to form a tentative picture of what is by all accounts a freshly remade industry. Although my general

picture of the local industry at that time was complex and full of perplexing contradictions, several distinct trends had been identified. Therefore, the second group of interviewees were selected to be representative, not of the industrial district as a whole, but of what appeared to be its leading edge.

Following the first set of interviews, it became apparent that a well thought out theoretical model was necessary to make sense of the tremendous amount of data gathered, data that at the time frequently appeared to be contradictory. The model detailed in Chapters 1 and 2 was developed to meet that need, and as it took shape, the limitations of the first set of interviews became clear. The model indicated that interdependent and competitive relations among producer firms required more attention, through a second set of interviews, and provided a theoretical basis for the second interview guide.

Subsequent to transcription of the second set of interviews, the case study was begun, using the ecological economics model as a structuring device: physical and sectoral boundaries, competitive, interdependent, collaborative and neutral relationships were to be discussed in turn, followed by a look at systemic properties. However, it was found that the data was too voluminous and complex to be handled without a more structured approach to analysis.

The data was therefore sorted into as many categories as were required to cover all themes that that had emerged (44 categories, see Appendix C), and subsequently, the data categories were sorted by chapter, utilizing the structure derived from the theoretical model. Each chapter was then prepared, using the appropriate data set, the objective being an analysis which was internally consistent with all the data. At this stage of analysis, it was found that the the ecology model rarely appeared in explicit form; rather, it provided the underlying structure and perspective.

obviously, a study such as this cannot hope to present a wholly complete ecological analysis of a District composed of over 700 discrete firms and numerous other actors. However, there is a basis for confidence that the picture presented is reasonably accurate. The first group included all elements of the economic community, and the second represented its leading edge. There was a high degree of consonance between interviewee comments and the "hard" data available. The most basic questions were put, in the same words, to all interviewees, and each was invited to take the interview in whatever direction he or she felt was important. Such leads were followed up in subsequent interviews and discussions, and where necessary, people interviewed earlier were recontacted to explore ideas that had emerged later.

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Chapter 4

THE DISTRICT, THE INDUSTRY and INTERDEPENDENCE

4.1 THE DISTRICT

The Toronto Fashion District is a small area with an unusual concentration of activity in a single trade sector. In a mere forty-six city blocks -- about one mile square -- over 700 firms, employing almost 10,000 people, are engaged in the business of making and selling clothes, or servicing such firms. (City of Toronto Planning Department, October, 1987).

The area has been an industrial district, and primarily a garment centre, since the the turn of the century. In 1978, industrial zoning was applied to the area, by then known as the King-Spadina planning district, in order to prevent the erosion of industrial space by conversion to residential or commercial uses. This

protection of industrial space continues, in 1987, with the narrowing of a provision allowing commercial activity in up to 25% of existing or new industrial buildings. Commercial conversion is now permitted only where the developer can demonstrate that the commercial use would support existing industry.

Presently, the garment industry dominates the industrial structure of the district by far, at 50% of manufacturing firms (up from 36% in 1975) and 60% of workers. Print follows at 15.5% of firms and 13.6% of workers. Only 14% of garment manufacturing in the City of Toronto lies outside King-Spadina.

In addition to the 414 garment manufacturers identified, there were 180 garment sales agencies, and 127 retailers. (Metro Toronto Employment Survey, 1985.)

Most of the buildings in the area are five to eight story structures built specifically for garment manufacturing between 1920 and 1940. Once dominated by large factories owned by major clothing retailers, and a workforce of Eastern European Jews, by the thirties many of these workers had struck out on their own creating a rich ecology of interconnected small businesses. A young woman, whose father and grandfather were also immersed in the District's garment trade, recalls her grandfather's description of the industry in those early days:

In early times you had to be multi-talented... You had to be able to design the idea basically in your head -- they didn't have designers in those days -- and they'd say OK, lets put out a grey flannel pant, with these dimensions, and they'd just do it, on the run. And you had these little Polish Jews running down the street to their friend who had the grey flannel, running back with the flannel, slapping down some kind of half put together pattern, and the next thing you know its sewn and gone, before you can turn around.

From the 1920's through the 1950's the area was very much a Jewish settlement. Bisecting the district north to south is the broad expanse of Spadina Avenue. Affectionately known as "the Avenue", Spadina and the surrounding blocks throbbed with old world street life. Synagogues, food markets, housing and fabric businesses were packed shoulder to shoulder, amid never-ending activity.

A walk down Spadina Avenue reveals that in many ways little has changed. Most owners of the well established garment firms are Jewish, and the street life is as every bit as intense. But today the most visible ethnic group is the Chinese. North of the garment district itself, the Avenue is dominated by Chinese restaurants, stores and markets. Within the district, the majority of workers are Chinese, as are nearly all of the owners of the many small, garment contracting firms that have recently appeared.

A walker's perception that King-Spadina is dominated by small

business is correct, and has been for decades. In 1975, over 80% of manufacturing firms in King-Spadina employed fifty or fewer workers, and of all firms in the district, nearly 7.5% were new firms that had been established in the district in the previous year. The City Planning Board concluded that "traditionally, the area has been an 'incubator' area, a place where new firms can get a start." It noted that even the architecture supported small industry; most of the old buildings contain "factory apartments", a variety of spaces which could be adapted to the needs of different sizes and types of firms. It was also found that most of the garment firms in the district were tenants, and that the architecture was such that the space each occupied could easily expand or shrink as their fortunes ebbed and flowed. (City of Toronto Planning Board, May, 1975; City of Toronto Planning Board, October, 1975; City of Toronto Planning Board; March 1977.)

Union leader Tom Abrahams recalls, "There used to be the story that if a cutter and a presser shook hands on Spadina, there was another business. There was a lot of truth in that."

The small business character of the garment industry is actually increasing. As of 1985, there were four apparel firms in King-Spadina employing over 200 workers, up from three in 1977, but there were only eight, half as many as in 1977, employing between 100 and 200. Many employed fewer than five, with the

largest number of firms employing between 15 and 25. In 1971, the average size of garment firms in Toronto as a whole was 38.

In the 50s and 60s it appeared that the district might break up.

A number of large firms moved to suburban locations, seeking

modern, single-level space. Several interviewees recalled the

difficulties those businesses had in getting re-established. At the

time, the degree that industry suppliers, labour and markets were

concentrated in the District downtown was not widely recognized.

By the late seventies, however, the lesson had been learned.

Despite significantly higher costs and poorer quality space,

garment respondents to an extensive survey conducted in 1975 by

City of Toronto displayed a remarkable reluctance to leave the

area, and in fact by that time the erosion had stopped.

One questionnaire item asked respondents to rate 23 items encouraging them to remain in their present location. The five rated highest by garment manufacturers all referred to business relations: business connections, related industries, proximity to market, the fact that they had established a reputation in the district, and proximity to suppliers. Of the five rated highest by print manufacturers — the industry found second most affected by location — only the first two referred to business relations: established business connections, proximity to market, replacement costs, public transit and capital costs.

This data, which was based on interviews with a 17% sample of all industrial firms in the district, backs up some of the comments received from individual garment company owners:

When we asked firms if they had ever considered locating in the suburbs, the answers received were emphatic. "Absolutely not." "Never." "Moving would kill my business." Are you kidding? And drive fifteen miles downtown every time I need a spool of thread?"

A furrier explained why he could never leave:

Our furs are finished across the street, we subcontract for linings, we subcontract our work if we get too busy. All facets of manufacturing fur coats are within four blocks. I have coffee every morning at the same place. I know everyone here. It's my home here.

Another City planning study done in the same period (Mock, 1976) explained this locational loyalty in terms of "industrial linkages". The study described a tight web of business ties that seemed to be the key to survival and success. This was found to be true of the print and publishing industry, moreso for the apparel industry, and especially so for the garment industry sectors with the most rapid style changes, and for smaller garment firms. It was found that because of the unstandardized nature of materials used, and the rate of change in both style and materials, face-to-face contact and "visual selection" were very important to both manufacturers, in the purchase of materials, and to buyers, in the purchase of the finished product.

For a large segment of firms, especially those which manufacture women's clothing and fur goods, a downtown location is not simply desirable, it seem necessary for survival because of the ties which the industry relies upon with its suppliers and with its markets. These firms operate, not separately, but as part of a complex system of related industries which derive economic advantages from being located close to one another. (City of Toronto Planning Board, October 1975, p. 35)

The district was described as a "communication-oriented",

"functional industrial complex." It was found that close ties
between manufacturers and their labour pool, their suppliers,
their service firms, and their clients, allowed the elimination
of inventory, in just the same fashion as do today's "just in
time" manufacturing networks. Even the larger firms, it was
found, did not keep inventory, but relied on the fast response of
nearby suppliers.

Also, both buyers and people seeking work were found to focus on the concentrated district. Plants outside the district were at a serious disadvantage, as buyers could do a great deal of business within a few blocks of Spadina. The garment labour pool was so concentrated that plants outside the district advertised there for workers.

Physical concentration remains essential today. Every manufacturer or designer firm interviewed for this study indicated that they could never move out of the district for just

the same reasons identified a decade early. The smallest firm

(Bent Boys, a 2-1/2 year old design partnership with occasional part-time help, operating out of one room, but marketing across Quebec and Ontario and in New York) reported that "finding good people in close proximity" was "almost mandatory". Nearly all of the contractors they use are in the same building, and all other elements in their network are close at hand. One of the owners of the largest firm contacted — the largest "dress and sportswear" sector firm in the district — said that despite being well equipped and relatively self-sufficient, because of transit access to downtown for their workers, "we're basically downtown people"..[1] Marilyn Brooks, owner-designer of a well established fashion business, who depends on contractors for all her production, commented that "Everything has to come together at the right time... That's why we decided to stay downtown."

However, it may well be that the mid-seventies linkage study overstated the degree to which inventory had been eliminated, because it was unsold inventory and unfilled order books that brought scores of businesses to close their doors in the disastrous recession that followed in the early eighties. From a near zero vacancy rate in 1977, 40% of industrial space was found

^{1.} The "dress and sportswear" sector, as defined by the Provincial Department of Labour, includes most adult womenswear, excluding outer coats, suits and undergarments. Sportswear refers to more casual clothing.

to be unoccupied in 1982. (City of Toronto, Department of Planning and Development, 1983)

Doom was the order of the day. The entire garment industry was labelled a smokestack industry, suitable only for low wage countries, and a 1983 City study suggested developing the district as a communications and technology area. (City of Toronto, Planning and Development Department, November, 1983.) The City considered the idea, but industry supporters won the day, pointed out that the city could not afford to throw away this labour intensive industry, the second largest industrial employer in the City (after food processing), and for sixty years a source of employment for one immigrant group after another.

When the dust settled, the City's faith was proven to be well founded. The industry had changed radically, but was flourishing. It was now a fashion industry, dominated by design-oriented, upscale products in womenswear and furs. In the five years following the recession, these sectors have demonstrated a vigor and creativity that was totally unexpected. Interestingly, it was these same sectors that had been found, in the mid-seventies, to experience the highest rate of product change, and to be the most dependent on linkage.

4.2 THE INDUSTRY TODAY

In 1986, the City Planning Department completed another industrial survey of the King-Spadina district. (City of Toronto Planning Department, October, 1986.) The study found that womenswear now dominated by far, at 53% of garment industry employment, compared to 12.8% in men's fashions, 6.1% in fur products, 17.9% in other fashion-related products, 5.8% in raw materials processers, and 4.1% in wholesale and industrial support firms. (The total number of garment manufacturers in the District at the time was 414.) Womenswear and fur were showing "particular strength", while in menswear there was "little evidence of additional local growth".

The study also noted that the number of designers had increased radically, and almost all were oriented to women's fashions.

Interviews revealed that local designers found it imperative to be in what was now officially called the Fashion District. Also important, the report noted that the number of sales agencies/showrooms had increased considerably (to 180 firms), and that most of these showed lines not manufactured in the District,

underscoring the District's importance as a marketing centre. Finally, considerable growth was observed in fashion industry retail stores (to 127 firms), "giving a stronger sense of identity" to the district.

The 1987 report was quite clear that lower priced and men's fashions were dwindling, and it argued that "differentiated", "upscale" designer products, which "derive value from intangible qualities", could indeed compete successfully with low-wage countries.

This does seem to be the case. The number of firms in Ontario's dress and sportswear sector (which would include the women's fashion firms referred to here) rose from 102 in 1982, to 170 in 1987. Over 90% of these firms are located in the Toronto fashion district. As of the October 1986 planning report, the vacancy rate for industrial space was dangerously near zero (too low and rents would be driven up), and fully 53% of older industrial buildings in King-Spadina had undergone some upgrading or total renovation in the previous five years. In addition, for the first time since the twenties, a garment industry building boom was underway.

These projects reflect a new optimism in the local garment industry. For many years, manufacturing companies were likely to locate new factories in suburban areas... This trend has been reversed. The advantage of lower rental rates for space in suburban areas is offset by a shortage of appropriate services,

suppliers and skilled workers, In addition, the quality of the buildings in King-Spadina is now more competitive... While some companies still choose to locate the manufacturing portion of their operations in the suburbs, there is a stong need to have at least a showroom in the King-Spadina area. (City of Toronto Planning and Development Department, October, 1986.

The environment within which this rapid, industrial transformation has occurred makes the feat all the more remarkable. On the positive side, "Toronto has become Canada's major buying centre, the heart of the country's retail structure" (Business Journal, April, 1987). Moreover, 60% of retail expenditures occur within 200 miles of Toronto.

On the other hand, the industry faces tremendous threats. There was complete agreement among those interviewed for this study that the most critical of these are imports, fabric tariffs, the local labour supply, and free trade.

The flow of imports from countries with a small fraction of Canada's labour costs, and duty-free access to the world's fabric, has steadily increased. Imports accounted for about 17% of Canadian the apparel market in 1975 (City of Toronto Planning Board, October, 1976), and 50% in 1985 (Kuzik, July, 1986). From 1986 to 1987 alone, imports increased 20%, and while retail sales increased 10%, production dropped 4%. (Kuzik, presentation to Fashion Industry Human Resources Workshop, May 11, 1987.) The quality of imports is now competitive in all price brackets.

Aggravating the situation, the Canadian federal government applies significant tariffs to most fabric brought into Canada by domestic manufacturers. The fashion industry is totally dependent on imported fabric, since neither adequate selection of fabric, nor exclusive Canadian rights in relatively small quantities is available from Canadian manufacturers.

As these two issues suggest, and as many in the industry frequently emphasize, the greatest threat to the industry may be the federal government, with free trade being the final straw. Although quality and fashion oriented firms in a well-defined niche are considered to have the best chance by all those interviewed, the general feeling seems to be that free access to Canada by large, American firms that can afford intensive advertising would wipe out much of the Canadian industry. Most Canadian fashion firms are young and small, and not yet ready to compete on that basis. It is also feared that the small, entrepreneurial company that can't yet afford to market internationally will be wiped out. Willy Villano, longtime union leader in the District's womenswear industry, commented:

Yes, free trade will have negative fallout, and they balance it off by saying, "Oh yeah, you're going to get killed. But we're giving you fabric availability and duty remission (on certain imported garments) as a palliative".

Details of the free trade agreement, revealed in early October, 1987, indicate that Willie Villano was overly optimistic; the industry didn't even get fabric availability. If the agreement stands in its present form, tariff elimination will apply only to North American fabric, but 40% of the fabric used in Canada is non-North American. This imported fabric is the mainstay of Canada's fashion oriented firms, so the most competitive Canadian firms remain hobbled. (Inside Fashion, October 12, 1987.)

This latest development underscores the bitter remarks of a city planner with a close and long term relationship to the district's fashion industry:

We're still coming off the bureaucratic mind set that said the industry can't survive, write it off, in favour of computers, high tech... That was the common wisdom during the recession and it didn't go away. It's not so permanent now, but it certainly hasn't gone away.

On the other hand some people in Ottawa suddenly learned to love the designers to death, so they are cancelling all the Manpower Training programs for workers in the industry, and opening programs for training young designers. Which is the last god damn thing we need... They are five years behind, and when they try to catch up they stumble. They just don't know what they are dealing with. I'd say they are the only real block left. The potential for them to do something really stupid and wipe out the whole industry in one swoop is really there. These guys are so far out of reality. They don't know. I grew up there. They all live in this fantasy world. I can't even talk to them anymore.

The third critical environmental threat, a chronic labour

shortage, comes from within the industry. A survey done in the summer of 1986 by the City of Toronto found 800 vacancies in the Fashion District, three-quarters for sewing machine operators. A fur industry study completed in November of that year (T. Karolewski, 1986) found that 57% of the 32 manufacturers surveyed intended to expand, but the greatest concern of all of those firms was finding appropriate workers. Employers said 10 to 30% of their present production capacity was affected by a shortage of skilled workers. Alderman Dale Martin, who has worked closely with the fashion industry for the last three years, suggests the labour shortage begs the further question: "Why is it that Canadians don't want to work in this industry?", and he answers the question with reference to the sexism and paternalism that many people see in employer-employee relations.

Others are less kind, claiming that the industry has been built on the backs of underpaid, mostly female, workers, labouring in substandard conditions.[2] Some argue that the decline of the unionized sector (now only 1/3 of workers in the district are unionized) and the rapid growth of small, non-union contracting shops is causing the situation to worsen. On the other hand, all of those interviewed, including Winnie Ng, a spokeswoman for unorganized, immigrant workers involved with garment worker

^{2.} See Laurel and Robert Johnson, 1982, and Charlene Gannage, 1986.

services (daycare, English language training, health and safety), and Herman Stewart, the union leader that led the dominant womenswear union into its first strike in thirty years in 1986, stated that while outright exploitation did occur, it was relatively rare. Working conditions are improving as buildings are modernized, and as better employers move toward a human resource policy, leaving behind them the attitude that workers are "disposable".

The fact is that workers today are not disposable. Chris Kuzik is intimately familiar with both the broad issues and the day to day problems of the industry. Widely respected, he is Executive Director of the guild of unionized womenswear manufacturers, and also manages the joint labour-management "Advisory Committee" that enforces minimum wage standards over both the union and non-union shops in the dress and sportswear. He argues that the only intelligent labour policy today is a humane one:

Because labour is in such short supply, especially high quality people, nobody is an idiot. If you wish to abuse the people, not only will your labour rights people from the Department of Labour be on your tail, but I, for the Advisory Committee, will be on you tail in thirty seconds, and your people will leave you because they can just go to the next floor. There are signs all over the place... Be an idiot, and the market will handle you.

Alderman Dale Martin's observation is that the unions have and still do have interest in collaborating with management. But

until recently, because the industry was in such jeopardy, the unions did most of the collaborating.

As the industry turned around, so did the workers. I think they have begun to look for a more militant leadership, and that's what happened (in the International Ladies Garment Workers Union election) about a year ago. The traditions of the union and the collaborative edge remain in the existing leadership, although they are more capable of a more militant position... So they could go two ways. They could develop new ways of collaborating with management that saw the workers benefit more from the industry expansion, or they could become a more typical industrial union.

Whether labour strife, or labour shortage, the labour issue is critical in the district. For the most part, technology does not exist to reduce the need labour in this industry, at any cost, and a fresh wave of immigration to supply labour to the industry is politically unlikely. Moreover, being largely a matter of the entire industry's image, an individual firm can do little to increase the labour pool.

of the four greatest threats, only the labour issue can be affected by direct action within the local industry; import controls, textile tariffs and free trade issues can only be affected through national lobby tactics. Certainly, there is no possibility that the labour issue can be resolved through direct interference in the internal management policies of individual companies, and there is no question that image manipulation would be disregarded by labour as superficial. This is clearly a very

sensitive issue. Nevertheless, many industry leaders do feel that the problem requires attention. How the labour issue is being handled, or not handled, by the industrial community will be discussed further when collaborative institutions are examined. The unusual historic relationship between labour and management, which may prove important for the future, will be discussed in Section 4.4.

4.3 TRANSFORMATION AND INTERDEPENDENCE

Perhaps the most interesting question at this point in the discussion is how the District has managed such a dramatic turnaround in the face of these seemingly overwhelming constraints.

Analysis of interview data indicates the industry transformation has been built on changes in three interdependent and mututally reinforcing aspects of the local industry: the nature of the product, the structure of the industry, and the nature of relations.

The product shift, of course, is captured in the shift in terminology, from "garment" to "fashion". Chris Kuzik has

commented that the sole competitive advantage for a Canadian garment manufacturer, relative to firms in low labour cost countries, lies in quality, continuous creativity and immediate responsiveness to market demand. These three product characteristics were consistently offered as a definition of "fashion". Together with positioning in a well defined market niche, they are consistently identified as the ingredients to success, particularly in a free trade environment.

This represents a shift from a mass production base, to a knowledge base. A traditional garment industry is not so knowledge based. Products are relatively standardized, little information flows back from the consumer, and the primary measure is production cost per unit, not quality, creativity and responsiveness. Today, the same type of item will carry a dramatic range of price tags, depending on whether it is merchandized and identified as "fashion" or "garment". Naturally, everything on the market now claims to be fashion, but increasing buyer sophistication is maintaining the distinctiveness of products that embody true fashion characteristics.

District Planner John Dunn reports that ten years ago there were just a handful of professional designers in the District, and that at that time, the term designer would have referred to people working in the "readywear" clothing business. Five years ago, he says, there were about sixty, with accelerated growth

since then:

The turnaround in the industry is exactly parallel to the increasing number of designers. There is a link. It's more than coincidence.

The new emphasis on marketing and design became very apparent three years ago at the first Festival of Canadian Fashion.

Organizer of the flashy and successful festival, Steve Levy, certainly one of the most sophisticated and visionary marketers in the local industry, comments on the emergence of design:

Canada has only been in the fashion industry for maybe two decades, and in terms of a strong marketing thrust, maybe eight nine years... What we were seeing at that time, eight or nine years ago, was the whole new growth of designers, who were different from the traditional manufacturers, with a different mentality. They were promotion and advertising and marketing oriented and media hungry...Fashion is show business. Its dressing people up, entertainment. The fashion industry is a new industry. We're facing an industry that's just learning how to walk.

Intrinsic to fashion products is rapid change. Product life is now eight weeks. Where there used to be three or four lines introduced a year, now the stores expect to see new goods every week. Lines are continuously altered according to what is moving, where. The result is a frenetic pace and what one interviewee described as "insane productivity". Steve Levy quite effectively communicates the feeling of perpetual rush, and points out the difficulties this presents to small companies that do not have the "luxury" of a large, specialized staff:

The average guy is far too busy to sit down and think out fundamental issues. You're running by the seat of your pants. You're producing something 3 maybe 4 or 5 times a year, and the fabric's changed, the styling's changed, the buttons, the findings, the marketing, the promotion, advertising, sales, discounting, consumer relations -- I'm talking one season now, say from August to November. As soon as I'm finished selling then I've got to cut, and ship, then deal with the bullshit of shipping. If I'm shipping to the States I may end up getting everything back on my doorstep a week later because they've refused it. Meantime, I've got to go to a show in Europe to look at the fabric because my designer wants something (I'm talking now about a design house, not a guy who makes beanies), I've got to figure out what's going on trend-wise, got to be subscribing to forcasting services, I have to make my line commercial, sellable, I've got to tone my designer now, I've got to deal with his bullshit, he's quitting again, oh fuck, I've got to get my production in gear, my prototype's cut, samples made, my salesmen briefed, my promotion, marketing, advertising, you know?... I'm telling you there's not a lot of rational scientific decision making because of the rhythm in businesses that are on the average 50 people. are competing with international companies that have specialization. A marketing manager, an advertising director, a merchandizing director, a design team headed up by two major design names, a special retail sales force for certain size accounts, another one for other size accounts. You're dealing, in Canada, with no specialization, or with a very generic type of operation, versus offshore and American companies that are highly specialized... You're dealing with an industry that does not have the luxury of a great deal of specialization, with a few exceptions such as Alfred Sung (Monaco Group) and Peter Nygarrd (Tan-Jay International).

Recent changes in the nature of the industry's product, and recent increases in pace, are closely paralleled by changes in industry structure. Chris Kuzik:

It used to be a significant economic advantage to have your own production capability, to say I have a plant

so that I can get these goods for you tomorrow or the day after, whatever, but now it doesn't matter anymore because you can take your goods (fabric and design) and get the work done by a contractor in two weeks. what is the advantage of your plant? You can import very quickly now, CP flies twice a day from Hong Kong.... So the point of the matter is that the strength of having your own indigenous manufacturing capability has eroded, and that used to be the prime strength. The goal 20 years ago would be to have your own plant as big as possible, as efficient as possible, because then the stores would deal with you, because you would always have the inventory and support capability. Now the stores pursue no loyalty to any particular manufacturer. They're in and out, out and They import, they use contractors, they use manufacturers, they use Montreal people, even Mr. Jax in Vancouver, an unheardof phenomenon twenty years ago... The edifice complex is just not relevant. reality has been that you cannot have a thousand or two thousand people working (in one plant) anymore. plant) can't move that quickly in a very dynamic marketplace.

It is important to emphasize that there still are relatively large firms that both design and manufacture in the district, and that most established firms employ a judicious mix of their own production, contracted production and imports. The district's largest fashion firm employs about 700 (in seven independent but coordinated units, it should be noted), and normally does everything in-house. There are also a few smaller, newer integrated design-manufacturing firms that do everything in-house to maximize control over the entire process, but this is not the general direction. Cost advantages, lack of capital, and a lack of interest in managing a factory seem to be the main reasons that more of the newer designer-entrepreneurs are not in production. One successful designer employing 35 people directly

and, by her estimate, another 75 indirectly in contracting firms, said she found early on that "I'm just not a factory person..."

In a factory you have to lay people off when you don't have any business for them... I can't handle that. I bleed inside.

One of her peers, another successful designer, does operate her own factory, complete with computerized pattern grading and marker making, but was one of the lucky few to receive "modernization" assistance from the federal government under a program that is no longer in effect.

The most significant indicator of this trend away from the integration of design and manufacturing in a single plant (the "edifice complex") is the growth of contractors in the womenswear sector. Five years ago, there weren't ten; today there are seventy-one. With this increase in numbers has come increased experience, quality and differentiation.

Contractors serve design firms, manufacturers, jobbers and retailers. Design firms often do not handle production at all.

Manufacturers increasingly see their own plant as a core facility, sized to ensure plant capacity, with excess production sent to contractors. Other manufacturers now perform only non-production functions -- design, pattern and sample making, sales and shipping -- and rely on domestic and foreign

contractors for production. For this reason the very largest firms in terms of sales often employ relatively few people.

Retailers, increasingly, are bypassing both designers and manufacturers, taking their ideas directly to contractors for "private label work", goods produced under their store label.

These goods are frequently "knock-offs" or variants of goods purchased the previous season by design firms or manufacturers.

Contractors also work for jobbers. The jobber is an element of the district's business structure that is just now reappearing. They are a strong indication of the growing importance of networks in the structure of business, and of interdependence as the chief relationship within those networks. Common in the garment districts of both Montreal and New York City, centres which have long had highly developed contracting sectors, the jobber is a pure entrepreneur, a one-person firm specializing in building linkages. The jobber goes to the stores with ideas, then goes to contractors, fabric suppliers, importers, designers, whoever, to produce what is needed. Piore and Sable (1984) report that people in this role are the key drivers in the dynamic high fashion textile district of Prato in central Italy. In Prato, large firms have all but disappeared, replaced by 10,000 very small, specialized firms. These firms, employing 45,000 workers and advanced textile technology, are organized into flexible networks by individuals who we would call jobbers.

Most contractors receive cut fabric and a sample, and perform a sewing and pressing function. Many specialize by both product type (pants and skirts, dresses, jackets) and by price level (and therefore complexity). Some do pattern grading and cutting, some make samples (all but the biggest and smallest fashion firms design shops usually do these steps themselves), and there are now several contractors that just do pressing. No doubt, as capital costs come down, the District will soon have an operation offering computerized pattern grading, marker making, and possibly computer cutting, to smaller firms in the District. Most important, whatever their specialty contractors are distinguished by the quality of their work, and by special considerations, such as the ability to do quality work in a particularly difficult fabric.

The net result of the contracting out phenomenon is interdependence: there are now more garment firms in the District with more interdependent linkages than in the past. Each of the four fashion firms contacted used at least four carefully selected contractors (even the large, integrated firm used several for about 15% of their production). James Tang, the skirt and pant contractor interviewed (who was recommended as running a well established, quality operation) has three regular clients, one manufacturer and two that do design and sales only, and said he could only handle one or two more. Contracting linkages, of

course, are in addition to traditional linkages: suppliers of fabric, linings, yarn, thread, buttons (sometimes dyed to match), zippers, belts and other trimmings, as well as specialized firms providing services ranging from custom knitting to hand embroidery to screen printing.

The web of interdependency in the District now has more nodes, and sometimes there are more links in a single production chain. As stable business arrangements are forged (to the extent that anything is stable in this industry), we see the emergence of business networks.

To understand the way these networks operate, it is important to look at the assessment criteria, and their impact on relations. In contrast to a traditional mass production industry, every business owner consulted indicated that today, quality and timely delivery were the two most important considerations, with price only third. Moreover, it was apparent that quality and timing are a matter of judgement. In contrast, price is a simple criterion, and one that can be clearly established in advance. Quality must be maintained or improved over time, and is a complex goal in a complex product. Timing requirements frequently change due to changes at other links in the design/production/marketing chain, and therefore are as much a matter of personalized service, as the ability to meet pre-set deadlines. This goes two ways since both the contractor and

design firm have timing concerns. James Tang, the contractor interviewed, explained some of the implications for relations:

Relations between the designer-oriented manufacturer and the contractor are very important, especially when times are busy or quiet. There are times when the whole industry is busy or not busy. It's quiet in the tiny gap between two seasons. As a contractor you want to have work in the gap, so relations are very important. The contractor depends on the contractor to expend extra effort in peak time, and when times are slack, the contractor expects the same. Its a two way street. You help someone out and they help you out.

Missed timing can also have drastic implications for quality. For example, as one of the young designer-entrepreneurs at Bent Boys described,

If your fabric is late, and you've booked time with a cutting contractor, you've lost it. Then you're really in trouble, because then you find yourself going to the third rate contractors and trying to get them to give your first quality garments, and that doesn't happen. We've had some terrible experiences, luckily few.

As quality expectations rise, as the pace quickens and timing becomes more critical, and as the number of interdependencies increase, it appears that the quality of relations in these business networks grows more important.

Because every contractor will have a different production cycle (it could be one day, one week, two weeks, for example, depending largely on the type of product), as retired union leader Willy Villano put it, "you've got to know who you are dealing with".

The amount of contact has also increased for reasons of quality consistency. Chris Kuzik:

I remember a time when you could not go into a contractor's shop, the manufacturer or anybody would not be allowed in there because it was a nickel and dime operation. "Here's your garments, give me the money", very off bounds, very protective. Now everybody's in and out of their own contractors, importers, they're seeing the quality, back and forth, collaborating, because there's no repeat business if the quality suffers.

The large manufacturer interviewed, whose use of contractors was relatively infrequent, said that unlike the small entrepreneurial enterprises, his relationships to contractors was a simple matter because he could pay immediately. His formula for good relations with his contractors was simple: "Give them work, pay them on time, and on his side, deliver a decent product."

In contrast, the smaller operators put a great deal of effort into maintaining close relations. Cedric Fletcher, head cutter and chief liaison to the five contractors used at Marilyn Brooks, explained how the firm maintains good relations with its contractors:

We're good to them... we have good rapport. I don't demand, I speak to them a lot. You've got to speak to them as human beings. We want to know their problems... We speak to them a lot and we get results. We get work back in three weeks, but I've talked to other guys who just make demands that get work back in eight. I know the boss, I have for a long

time. I have a relationship.

But while aggressive behavior seems to be inappropriate within business networks, assertive behavior is very necessary. Every producer interviewed indicated that with so many dependencies, you can't afford to be less than demanding that commitments are met.

4.4 INTERDEPENDENCE, A SECOND DIMENSION

The interdependence that exists between firms in business networks is not the only significant relationship of interdependence in the Toronto fashion district. A second dimension of interdependence is the relationship between labour and management.

In a technical sense, this relationship is almost always interdependent. Except in small, leaderless co-ops, there is always some form of labour and some form of administration, with neither actor able to exist without the other. However, the workplace is more often characterized by "we-they" than by "us", by the conventional notion of dog-eat-dog in an adversarial jungle.

Labour-management relations in the fashion district has always been unusual, in industrial terms. Prior to 1985, the now dominant dress and sportswear sector had not experienced a strike in thirty years. This, and a wage scale that begins at the minimum wage, has led to the view that labour has been passive while management has been exploitive. There is another view, however, that sees labour and management working together in an embattled industry. The difficult, ambiguous, paradoxical reality seems to be that there is considerable truth to both perspectives.

The strike in 1985 suggests that the labour-management relationship is becoming less stable. Labour strife, and worsening labour shortages, are a real possibility, particularly while the industry is doing well. Labour wants its fair share. On the other hand, the historically close relations between labour and management could help the industrial community transcend classic polarization and achieve some mutually satisfactory, interdependent, equity. An ecological study of the fashion district would not be complete without a close look at the labour-management dynamic. That dynamic is intrinsic to the history and spirit of the district, It will unquestionably affect both its viability, and the status of problems requiring collaborative action.

There is an unusually indistinct line between workers and management in this industry. Most firms are small, owner-managed operations, where the owner works alongside the workers, and this has been the case for many decades. The relationship between owners and workers was described as familial by almost everyone interviewed for this study.

However, the family metaphor is not entirely positive. The industry workforce is 90% immigrant, mostly non-English speaking, and 80% female. Winnie Ng is a respected spokeswoman for non-union, immigrant, women garment workers. She suggested that the family concept is used by management to keep workers compliant, despite the stress of piecework (which is standard in the industry), and the poor lighting, crowding, dustiness and lack of air conditioning that she says are found in the majority of shops. Winnie:

The recent strike is just a reflection of a lot of the sentiments of the workers, that they have been kept down for so long... It's not just the money, the lack of respect, that's the key thing. The lack of respect toward immigrant women in particular. They keep assuming that these women are out there because they just need extra pocket money. There is a lot of sexism, sexist attitudes, racist attitudes, that go on. And while on the one hand they keep telling the workers that we are like a big family — it's a traditional way of operating the plants — they are saying on the other hand, I am head of the family, and there's only one person who calls the shots.

Similarly, a City planner points out,

I'm not sure just how far you can push this business about "we're all in a family and we're all in this together" because with a workforce that is so heavily recent immigrants, and in great awe of authority -- which I think is used -- it's an unequal power situation. "Paternal" may not be terrible in each instance but I don't think it's quite as rosy as some would say.

The industry has long hung in this peculiar and intimate balance between exploitation and community, a balance that distinguishes it from most others. Joe Saltzman arrived in Toronto in the early years of the century at age ten, later became a national union organizer, and eventually served as a representative to the Ontario legislature for the garment area of downtown Toronto. He was interviewed in 1984 for a film by David Troster, titled "Spadina", which documents the period between 1920 and 1950 when the garment district centred on Spadina Avenue was a distinctly Jewish settlement. Joe remembers the bitter strikes of the 20's and 30's well. Going on strike was more dangerous at that time; jobs could be lost, and heads could be knocked. The early strikes were often a failure, and the early successes achieved only one year contracts, necessitating another strike the following year. What was unusual, was that these conflicts occurred within a close community. Joe:

There wasn't the capital-labour relationship that exists when you have absentee owners, corporations. Everybody knew everybody... When (workers) felt obliged to go out on a strike they were fighting not only an employer but an employer they knew, who was only briefly removed from their own ranks, a former

worker in the shops with them, who because of skill, ambition, breaks, became an employer.

And in that sense the strikes often assumed a unique character. They belonged to the same synagogue, but all week they'd be at the picket line. On Saturday they would carry it into the synagogue, arguments. In other words there was a little bit, a hanging over of the old family relationship.

Many of the employers were former leaders of the union too you know. I could tell of an instance, in the millinary trade, where a meeting took place between the union and the employers association, and everyone but one of the representatives of the manufacturers was a former officer of the union. And at the meeting there was arguments, and threats, from one side to the other. But when the negotiations were over, they all retired to a Jewish delicatessen and the bosses would argue among themselves, in the presence of the union negotiating team, which of them was a better union man when he was in the union... It was that unique phenomenon here that you couldn't find in a steel town, or a lumber town.

Herman Stewart was elected Manager of the Toronto local of the International Ladies Garment Workers Union in 1985. He is the labour leader that in 1986 led the first Dress and Sportswear strike in 30 years. Young, black, and educated, the City planner quoted above commented, "Finally, a non-stereotypic union leader". Nevertheless, Herman acknowledges that genuine, close relations still exist:

Most of the (unionized) employers are small employers, employing less than fifty people, and the relationship is one of a close knit family, especially in the smaller shops, the dress shops, with anywhere from three to 20 or 25 people. Because of that number, it's easier to get along... The boss is sometimes working side by side, especially since most bosses are former cutters... It's a very positive image.

A typical dress shop has the husband, the owner, he's

on the cutting table, and the wife is either sewing on the machine, or she's handing out the work, and in some instances you have the daughter as the bookkeeper/payroll clerk, so workers are in constant contact. They are like co-workers. In one of the better shops that we have now, it is owned 50% by a former shop steward, a cutter, and the relationship is quite good.

The former shop steward mentioned by Herman is not an exception. Sometimes, to preserve pension benefits, ILGWU has even allowed a former worker, now a supervisor, to remain within the union.

Many, if not most, plant owners today are former workers who because the barriers to entry are low (the cost of a sewing machine and press iron), launched themselves into business on a shoestring. The net result is a blurring of class lines, exactly as Joe Salsberg described as happened in the 20's and 30's. The primary difference is ethnic; whereas then it was the former Jewish worker employing fellow Jews, now it is the former Chinese worker employing fellow Chinese. Culturally, both Jews and Chinese are adept at living with ambiguity; perhaps this has helped the community maintain the ongoing tension between polarization and interdependence.

Certainly the dissatisfaction of some workers has been tempered both by the possibility of owning one's own business, and by the fact that class jumping in this fashion is a familiar part of the District's ongoing history. The vast majority of workers, however, cannot expect such a dramatic change in circumstances, and fewer today seem content to work for the class advance of

their children through education, as so many on the Avenue have in the past. Worker dissatisfaction and worker expectations have grown in this decade, as worker motivation has dwindled. Clearly, workers expect to benefit from an industry that is doing well.

Another source of discontent is technological change. In some important respects, the garment trade has only recently begun to enter age of industrial production, and to Herman Stewart, this is a distinct loss. Traditional operations such as were described by Herman above are being succeeded by larger, more industrial plants. In these, according to Herman, working relations are much worse.

The dress shops Herman refers to are traditional "craft" operations, where skilled workers produce a complete product from the cut fabric. Essentially, each item is handmade by one operator, and this remains the work system in most shops producing complex, upscale garments. However, in the larger "sportswear" shops producing higher volume, more simply constructed casualwear, a production line approach is used, where less skilled workers each complete a small portion of the job. This process, known as "section work", is gradually spreading throughout the industry. Fred Bryan, a central figure in the fine menswear industry where this technological change is further advanced, refers to it as a systematic deskilling made necessary

Stewart, the switch to section work involves a loss of pride in the work, and supervision so "tough" that workers leave in frustration:

The larger shops, that is the sportswear shops that hire 100, 150, 200, its a little bit different because the boss is not there and they have production managers, and they have targets for the employees, so you find the pressure greater on the workers.

Over the decades, the co-existence of polarization and interdependence in the shops has been matched by a similar situation between organized labour and the "guild" of unionized dress and sportswear manufacturers. On the one hand, there is the argument that the unions have done all the collaborating. Some go further (eg. Gannage, 1986), arguing that that most of the unions have become exclusive male clubs, with union leaders mainly concerned with protecting their own positions. On the other hand, there is the argument that interdependence is necessary because strikes in this embattled industry are too expensive and dangerous for both unions and management. A symbol of the longstanding practice of interdependence is the 140 unit, low-cost workers' housing cooperative sponsored jointly in the

negotiates contracts with unionized labour on behalf of management:

Over the years there has been a history of close relationships, not incestuous relationships, because we certainly yell and scream at each other, but basically there's a great harmonization, of working together, in a format that would surprise outsiders... It's not conspiratorial (between management and labour) because the union still has to collect their dues and demonstrate to their constituency that they are doing a wonderful job. But along the way you come to some understandings.

Herman Stewart, manager of the Toronto local of the largest union in dress and sportswear, the International Ladies Garment Workers Union (ILGWU), expresses the counter view:

But you see, one of the reasons why the relationship has been close over the years is that the threat of closing and going into imports, and maybe the leadership of the union was too worried and too scared about protecting jobs. But while we are protecting jobs, I feel we have to be vigilant too, and make sure that workers are not exploited. Because they pay \$14 a month for union dues, and they should get something back for it.

The more traditional union view is expressed by the manager that Herman defeated in winning the leadership, Tom Abrahams:

I could phone half the manufacturers at six-thirty in the morning and you'd find them in... It's a tough, tough game. If you want to play, you'd better be made of the right stuff cause it will kill you. And nevertheless, a lot of the manufacturers have retired very well heeled for all their problems, their aggravations, from imports, you name it... They can handle anything. So you've got this kind of character in the garment industry, and we can't just sit back and

say, "we're just going to fight the bosses for the workers."

... I've been here since 1957, and between imports, and government trying to get rid of us and everything else we've got used to, it's a constant war...

Manufacturers and workers are forced to work together because of a common fight, although we disagree on a lot of things. Obviously we (the union) want the best for workers, we want our share. But many times we have to sit shoulder to shoulder fighting the same damn things. We know if we don't get involved our jobs will be gone. You can't kick a manufacturer out, that's a hundred jobs that are going to disappear...

In 1986 Herman Stewart did lead the ILGWU on strike against the twenty manufacturers of the Toronto Dress and Sportswear Guild, the first strike in over thirty years. A number of factors combined to bring this industrial community to the rupture of a strike: the rising fortunes of the industry, which workers did not feel were shared; technological change, which some workers feel is taking pride out of their work; the change in ILGWU leadership, and perhaps the need for the new leader to make a statement.

The strike lasted only five days, but it shook the industry.

Certainly an industry so tied to seasonal deadlines could be disastrously hurt by labour strife at the wrong time, but this does not seem to be the root of the profound distress engendered by the strike. Chris Kuzik, negotiator for management, expresses the trauma of a community fracture:

Herman's attitudes, actions, disjoint a historic relationship and make things very uncomfortable,

including (weakening) the possibility of ever doing a (joint housing venture) building again... The younger more politicized members love it, but the older workers see the union shops going broke. We've lost two shops in the last two weeks. You will see the reality of the marketplace taking over.

We've never had a strike, and it was an enormously interesting social phenomenon to see these workers scream at the bosses, yet the bosses for years would go to their weddings, bar mitzvahs, would give them personal loans... They had presumed they were part of a family environment. When the strike lasted a week that changed dramatically. There's a feeling it's we and they all of a sudden instead of us...

Of course, there are certain people that support them (the union) very much... that say that this is obviously some form of major class struggle and the thing deteriorates... It's a problem that has not corrected itself yet. (November 14/86)

For a period, the strike was on the lips of everyone in the Fashion District; no one wanted to see the industry polarized and strike-ridden. Since then, the problems have been framed more broadly, as worker-management issues underlying not only unrest in organized labour, but motivation problems and the industry's "sweatshop" image as well. On the basis of that image, Canadians have voted with their feet, resulting in the chronic labour shortage that has become apparent since the federal government closed the doors to the type of immigrants the industry had relied on in the past after the last recession. So despite the fact that only one-third of the workers in the Fashion District today are unionized (down from about two-thirds, twenty years ago), the problems highlighted by the strike remain a concern to the industrial community as a whole.

For decades, communal interdependence and class struggle have co-existed in Toronto's garment district. Perhaps because interdependence has outweighed struggle in the name of industry survival, workers have received less than their fair share. The result is labour shortage and worker dissatisfaction, the dual labour problem that is now widely recognized.

Within some firms, and through the community's formal institutions of collaboration, efforts are being made to redress the imbalance of benefits while avoiding the danger of polarization and conflict. In the last few years, a few leading manufacturers have begun moving in a "human resource management" direction in an effort to attract and retain good staff. (Human resource management initiatives to date in the District involve improved physical working conditions, on-the-job training and profit sharing.) The Fashion Industry Liaison Committee (FILC), at the collective level, has primarily concerned itself with measures to improve the economic viability of the industry as a system of firms. This will protect jobs, and for that reason is of interest to labour, but there is also a commitment by those on FILC to a workers' resource centre, daycare, and through a workshop on human resource strategy, FILC has opened an important discussion within the industry.

There are two reasons for the Committee's commitment to providing

benefits to workers.

First, the chronic labour shortage -- which neither technological change nor immigration is likely to resolve -- has made it apparent that the industry must be made more attractive as a place to work. But this will not likely come through wages; despite the added value attached to "fashion", the enormous wage differential with third world competitors cannot be ignored.

But second, there really is a sense of community, of interdependence, in this industry that crosses class boundaries. If enough of the industry survives the shock of free trade to be called an industry, the next few years will tell whether the traditional close relations between labour and management on the Avenue can be utilized to transcend the stresses becoming critical today. Collaborative efforts in this direction will be explored in Chapter 6.

Chapter 5

COMPETITION

5.1 INTRODUCTION

The ecological perspective suggests that in healthy local economies, economic actors are closely linked in productive interdependent and collaborative relationships. In the examination of the Toronto Fashion District in the previous chapter, it was found that formal interdependence in business networks was important for both survival and success, especially to small firms operating in a high change environment. It also found that informal interdependence between management and labour was important in such an environment as well.

The degree to which genuine co-working can exist in these relationships depends to a great extent on the prevailing value

system, as discussed in Chapter 2. If survivalist values prevail, these relationships are entered into "tongue-in-cheek, as short term cooperations designed to allow each organization to improve its own long term competitive position" (Astley, 1984). In this case, neither interdependent nor collaborative relationships can be expected to be fruitful and endure. If communitarian values prevail, if it is truly believed that "pulling together" has economic benefits, these relationships are more likely to be productive and lasting.

But what of relations between direct competitors? What if economic actors live by one ethic in linkage relationships, and an opposite ethic in competitive relationships?

Let us assume for a moment that the players in the Toronto

Fashion District manage to live by such a dual ethic. Let us

assume that circumstance has forced interdependence on

complementary economic actors, while direct competitors live in a

brutal survivalist jungle where winning and losing are believed

to be the only possible outcomes. What then are the prospects for

collaboration? It seems unlikely that the same direct competitors

-- which would include management and labour -- could engage in

genuine collaboration around community problems. However, as is

detailed in the following chapter, such collaboration has

recently flowered in the Toronto Fashion District.

This suggests that we take a close look for any recent changes in the nature of competition.

5.2 IS IT A JUNGLE OUT THERE?

Among the questions posed to the twelve interviewees most familiar with competition in the fashion industry, there were two that almost invariably brought the same, seemingly contradictory responses. All replied, yes, "It is a highly competitive industry". But with one exception, the largest manufacturer interviewed, they all said no, "It's not a jungle."

"Jungle behavior", on further questioning, was found to refer to "back-stabbing" (for example, a supplier selling the same fabric to two competitors), "cutthroat competition" (usually price cutting), and the exploitation of workers to gain cost advantage.

Competition, in contrast, was described in terms of the market.

Each of the producers interviewed explained the intensity of competition in much the same words: "There is only so much money out there" (to be spent on garments). The organizer of the Festival of Canadian Fashion, Steve Levy, agreed. He emphasized that there are a lot of sellers, but Canada's retail structure is

dominated by a few chains: "It's very competitive because they are fighting over the same thousand buyers." And as Chris Kuzik pointed out, the fight is never over for long, with "each season a new pressure point in which to establish ourselves."

This competitive environment is keenly felt. Several designer-manufacturers referred to their vulnerability in a marketplace that shows absolutely no allegiance. Marilyn Brooks:

It is definitely a highly competitive industry... You've got to keep on top of your prices, keep abreast of the right colours, shapes. You silhouette is very important. As a designer you've got to keep on top of things... All you need is two seasons of the wrong colors, the wrong fabric, wrong fabric deliveries.

Joe Goskie, one of the older generation of middle size manufacturers (38 employees at his peak), who was closing down his operation as I spoke to him, observed, "It's how good you are now, today, not Friday, but Monday morning. Our industry can forget so fast what you did. There's always somebody new coming up with a good look, something new."

5.3 COLLEGIALITY

However competitive the environment, relations between direct competitors seem to be more collegial than rivalrous. The design oriented producers did not see each other as threatening rivals, and were, for the most part, unconcerned with secrecy. The chief constraint to market share expansion was perceived to be one's own abilities, not other local firms.

The considerable sharing that goes on between direct competitors in the district stands as evidence that such statments were genuine. For example, the guild of unionized dress and sportswear manufacturers, under Executive Director Chris Kuzik, has organized several technology tours over the last five years. Recently, pressers from across the industry were invited to see an advance in pressing technology acquired by one particular firm.

In a somewhat similar fashion, over twenty established designers are involved in Toronto Ontario Designers (TOD). For twelve years, this organization has "created a venue for growing and

learning on the part of its members", to quote member Linda Lundstrom. Marilyn Brooks, founding president, sees the organization as facilitating sharing:

I think a manufacturer would talk about a dog-eat-dog jungle, whereas the designers, we meet... We meet once a month and we talk... We're manufacturers but we're designers, and there's a major difference between a designer who manufacturers a line and a manufacturer who could care less about a designer. The manufacturer could be someone who goes to New York and says, "Let's knock off this blouse, or this whole line". That's much more dog-eat-dog.

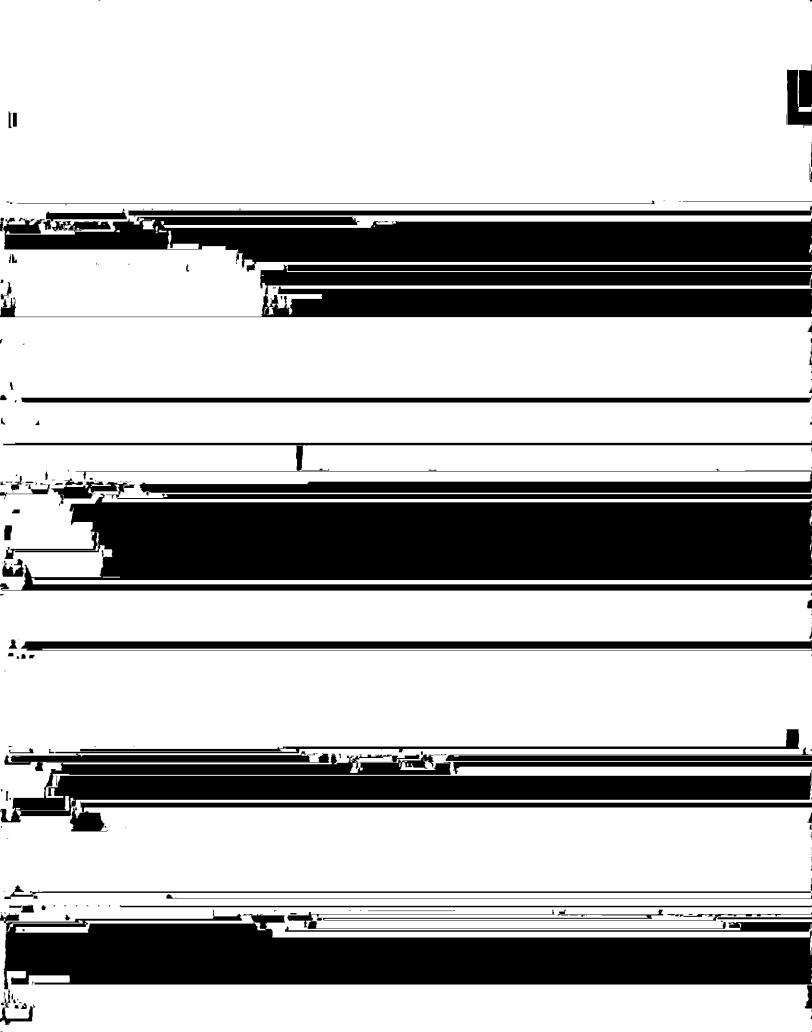
In Montreal they don't, but in Toronto we share, we talk. We talk about colours, about silhouettes, ideas, promotion, promotion, promotion. Tonight we're having a dinner to raise money for design students' bursuries. We talk about what we want to do... I think community enters into everything you do.

Considerable contact and exchange also occurs among many of the young, new, designer- entrepreneurs that have emerged on the scene in the past five years. Brenda Bent and Lorren Laveille (Bent Boys) speak of the ties they have with their closest competitors, other new designers:

Lorren: We're friends with almost every (new designer) that you could name, we know them and there's a rapport there, a friendship.

Brenda: We went to school with most of those kids... We socialize a lot. (Do you talk about your work?) Of course, non-stop.

James Tang, the contractor employing sixty workers in a quality pant and skirt operation, experiences two levels of community at



day, so the guidelines on how much to say to whom are provided by subtle cues, by a kind of etiquette. Lorren and Brenda of Bent Boys:

Lorren: You sort of feel it out, whether you can call up and ask for a good small contractor from somebody, whether they'd be willing to tell you theirs, or a fabric source. It depends on how close you are, how much it means for them to tell you or not tell you. They are more likely to tell you the less their work depends on that information. Our going to the same contractor might crowd them out a little.

Brenda: You'd know (the limits) if you were down here and part of the scene. You'd know by instinct. It's like social etiquette almost.

What and how much to share are also issues at TOD; indications of the sometimes difficult relations within this organization surfaced in a number of interviews. Marilyn Brooks' head cutter, Cedric Fletcher, who has been in the business much longer than his designer boss and her peers, observed succinctly, "They talk enough, and then they keep quiet."

Contractor James Tang also talked about limits. Equipment gets lent, he said, but people are not, since they are such a scarce resource. Work is very seldom subcontracted, because that would reduce the control needed to maintain his company's standards, but sometimes another firm will help finish a job. For example,

If a pressing machine breaks down, you will talk to someone at a similar quality level and send (the work) to them. We are a community with good relations. But in general, unless we know people really well we won't send it out.

5.4 ANALYSIS

How can this be happening? How can those in the most direct competition at the leading edge of the industry, the fashion firms and one of their contractors, be involved in startling collegiality?

Chris Kuzik sees the explanation in the industry's structure. He argues that because of extreme differentiation, there really is little head-to-head competition. With literally hundreds of firms, "nobody competes with anybody... They have for years avoided direct competition." To illustrate, he explained that there are seven sectors in womenswear. Looking just at one, dresses, there are firms specializing by size, by fabric type (natural or synthetic), by price bracket, and by market (some sell only to majors, some to independents). Some push Canadian design, some go for the export market, some work closely with coat manufacturers. Some, like the eight bridal gown shops, have differentiated within a subsector, by type of client, or by size, or by some other feature: "They have niched themselves to provide special services in the marketplace."

You work out the permutations. So Max sits down with Harry, and you say, you two must be competitors, and they look at you like you're crazy. They're in the same building making dresses but they don't consider themselves competitors and neither do the buyers.

As they get too close, buyers start to try to play one against the other over price, so to avoid the price dropping situation they get out of the competitive environment, by trying to be more creative, or finding another niche... They knew about niche marketing before the MBA's discovered it.

This statement by Chris Kuzik was made early in the first round of interviews, and therefore it was possible to test his differentiation theory in each subsequent interview. While all the interviewees emphasized the competitive nature of the industry, most agreed with Chris that differentiation reduced the feeling that other firms in the district were directly threatening. All emphasized the importance of their own creativity.

Linda Lundstrom:

I think there is lots of business for everyone... My feeling is that it's competitive but it's not vicious. (Because each firm exists in a unique niche?) That might be it... It's just not practical to go after the same market, and it is really practical to carve out your own niche and do what you do really really well... I can think of customers who buy from other manufacturers but I think they perceive our product as very different from the others and vice versa. They see that they need to make space in their stores for each. We're competitors but we don't seem to be taking dollars away from one another... (Is it dog-eat-dog?) At the lower end of the market, and maybe in Montreal, the business is a little bit different there, it is,

but I haven't experienced it here...

Marilyn Brooks said much the same thing: "I think that we (the designer-manufacturers) feel that we each have our own strong identity."

The low concern for secrecy at the high end of the business is a second factor that facilitates positive relations between competitors. Extreme secrecy obviously would reduce the amount and quality of communication. Chris Kuzik's observation, another that received support in subsequent interviews, was that the relative unimportance of secrecy is the result of both structural changes in the industry, and its pace. He observed that industry tours would never have happened twenty years ago, in the age of large, integrated garment plants; the "edifice complex" permitted and encouraged secrecy. Today, with trade shows, and with designers and manufacturers constantly in and out of their contractors and importers, who each serve a number of clients, there is no such thing as a production secret. The producer's advantage now lies in the design and marketing functions, but in the fashion market innovations in both areas are highly transient. Chris:

To protect is a joke. The idea is to keep the change going rapidly. You can't defend a hot style, or fabric, because it won't be hot that long... You go to the store, you see this is selling quickly, you adjust your styling accordingly to respond to this guy's innovation, and pretty soon everybody's into whatever the creative niche is.

Most of the designer producers agreed. Marilyn Brooks:

I've not worried about secrecy. Our styles change so much... I haven't seen anybody rip us off yet.

There are limits and exceptions here too, however. The large manufacturer interviewed agreed that secrecy is not a major issue -- "What's hot today is cold tomorrow." -- with one particular exception: "The one product you don't give out (to contractors) is pants, because the fit is very difficult to get."

At the other end of the fashion continuum from the large, integrated manufacturer are the new designer entrepreneurs who have entered the scene in increasing numbers recent years. Bent Boys, the young design partnership, was more concerned about secrecy than most of the other interviewees, perhaps because originality is all new designers have to sell. They can't offer advertising support, or a known name, or a wide line. Lorren and Brenda would disagree that secrecy can be dismissed as unnecessary because of the transience of design. Their existence depends on transience:

Lorren: It's that sometimes you'll see something that is very close to being borrowed, an idea, or a sensibility.

Brenda: It's one thing to be interpreted a season after you've done it, its another thing to be interpreted the same season. We're to the point of paranoid.

The previous chapter described the transformation of the old garment industry, which was based on mass production, into a fashion industry based on knowledge production. It was observed that this transformation also involved a structural change in the industry — the emergence of business networks as a dominant element — and that sensitive relations seemed to dominate within those networks to maintain both quality and the pace of change.

In this chapter, the nature of competition was explored. It was found that the changes in product and industry structure have led to a reduction in the number of perceived competitors, due to differentiation, and to a broader range of behavior between competitors. Relations are no longer adversarial and secretive. There are real if subtle limits to interdependence and collaboration between direct competitors, but such linkages do exist and are very important.

Chapter 6

INSTITUTIONS OF COLLABORATION

6.1 INTRODUCTION

Chapters 4 and 5 portrayed the Toronto fashion industry as a dense, closely integrated, highly interdependent industrial system where, within subtle limits, even direct competitors frequently derive benefits from close relations. Particularly given the size of the industrial community, at about 700 firms and 10,000 workers, the dynamics of the system are intensely complex. The ecological image of community — a rich, multi-dimensional web of relations in constant activity and flux over time, where all possible relations occur but where interdependence dominates — appears to be an appropriate metaphor for life in the Fashion District, and one that helps make sense of complexity and ambiguity.

At this high degree of integration, or connectedness, it is not surprising that there is broad agreement regarding significant problems of an environmental nature, problems that affect the entire community or large portions of it. The local industry's very struggle for existence in the face of imports, fabric tariffs and free trade, the need to rapidly transform the industry's image in the marketplace in accordance with the transformation of its product, and the complex labour problem are issues that no individual firm can resolve on its own.

These are problems requiring a collaborative approach, and there are two primary formal institutions of collaboration in the District for this purpose. The oldest is the Dress and Sportswear Advisory Committee. This consists of a joint labour-management board, and a well staffed office. For nearly thirty years it has policed wage and workday regulations over both union and non-union shops. The second, the Fashion Industry Liaison Committee (FILC), has existed for only three years, but its membership includes a much broader range of stakeholders, and its mandate is much broader.

6.1.1 THE DRESS AND SPORTSWEAR ADVISORY COMMITTEE

Those interviewed for this study, including ardent spokespeople for workers, say that exploitation is rare in the District's garment trade today. But in the early decades of the century, the industry across Canada was unquestionably a vicious jungle.

Labour was viewed by management as just another competitive factor to be squeezed as hard as possible. The situation became so plainly inhumane, and the industry so unstable (bitter strikes were an almost monthly occurrence), that a broad federal investigation of the industry was undertaken in the early 1930s.[1]

The investigation found gross abuses of garment industry workers, and in response, the Province legislated specific minimum wages and working conditions for the industry. Wages and standard hours of work (after which overtime rates must be paid) were specified, as were the maximum allowable overtime hours. Most important, the Provincial legislation covered both union and non-union shops.

^{1.} The Federal Mass Buying and Price Spreads Investigation.

Until 1958 the Ontario Department of Labour administered the laws in Ontario, but at that time the Department passed the responsibility on to "advisory committees" made up of representative of management and organized labour. In the terms of this paper, the Advisory Committees are collaborative institutions dealing with a shared problem, the unfair exploitation of labour and the advantage gained by shops that engage in such exploitation.

Today, four advisory committees remain, covering women's coats, mens and boyswear, fur products, and what is known as dress and sportswear.[2] Of the four, the Dress and Sportswear Advisory Committee protects the largest number of workers by far. Like the others, it has province-wide jurisdiction, but 90% of the 185 companies and 6000 workers under its authority are located in the Toronto Fashion District. Its joint union/management board meets monthly, and the day to day work is carried out by two "inspectors", support staff, and its Executive Director Chris Kuzik. The organization is funded by mandatory weekly contributions from both workers and management.

The intent of the Act, according to both Chris Kuzik and Fred

^{2.} The "dress and sportswear" sector, as defined by the Provincial Department of Labour, includes most adult womenswear, excluding outer coats, suits and undergarments. Sportswear refers to more casual clothing.

Bryan, Executive Director of the Apparel Manufacturers'
Association of Ontario, is "to take labour out of competition".
Contrary to its sweatshop reputation, under the Advisory
legislation the maximum straightime workweek (before overtime
rates must be paid) is lower, 35 hours, than the maximum allowed
by law in other industries in Ontario (44 hours), and the minimum
wage for all but the least skilled workers is above the
provincial minimum wage. Chris Kuzik:

The reason we have this system is that in the 1930's we were idiots. It was a cutthroat environment, and to protect the industry from ever getting into that type of nonsense, to use labour as a competitive device, we police ourselves.

Each week, every employer under the Advisory's jurisdiction is required by law to submit payroll records. The data is fed into a computer, and any "violations" are quickly identified. The two inspectors investigate these deviations, and respond to complaints from both workers and management.

Inspector Bill Villano reported that worker complaints were in the hundreds last year, somewhat heavier than usual due largely to bankruptcies, resulting in about \$80,000 in payments. He emphasized that the role of the Advisory is to protect both sides, but acknowledged that in most cases the Advisory acts to protect the worker. Occasionally, when there is some doubt that a worker will actually be paid an awarded sum, the Advisory takes

payment from the company and makes the payment itself.

Complaints are handled confidentially, but nevertheless workers are sometimes too frightened of consequences to complain. To promote awareness of workers' rights and the role of the Advisory, the Committee will shortly begin publication of a newsletter for distribution throughout the industry. To improve workers' ability to defend their rights, since 1983 the Advisory has been involved in workplace English language education. Several thousand workers have graduated through the program's three levels. One hour classes take place after work two days a week, in ten to twelve plants per season. The courses use a textbook specially prepared for garment workers, with stories set in garment factories and short pieces on industry— and life—related skills. Half the cost is provided by the Dress and Sport Advisory, and half by the Toronto Board of Education.

The legal mandate of the four Advisory Committees is limited to policing the minimum standards. This in itself is important, particularly in a de-unionizing industry where many workers are paid at or near the minimum wage, and the Dress and Sportswear Advisory Committee has gone somewhat further. But the advisory system appears to have value beyond its immediate activities. While an assessment of system lies outside the scope of this paper, it does appear that the advisory committees have been important precursors to the Fashion Industry Liaison Committee.

In their limited fashion, the Advisory Committees have demonstrated to the industrial community at large that long term, mutually beneficial collaboration is possible.

6.2 THE FASHION INDUSTRY LIAISON COMMITTEE: ORIGINS AND MEMBERSHIP

The Fashion Industry Liaison Committee, FILC, is an official Committee of City Council, City of Toronto. It is chaired by Alderman Dale Martin, and co-ordinated by Beata Bowron of the Department of Planning and Development's Economic Development Division, who devotes almost all her time to Committee related projects. FILC meets monthly at City Hall, and is provided secretarial support. At the request of the Committee, City Council considers financial and other measures of support for the fashion industry, which are delivered through the Committee. In 1987, FILC's budget was nearly \$1 million, with much of that in capital expenses for long term projects. This compares to an initial budget in 1984 that provided for little more than coffee.

FILC has been a major success at City Hall and in the industry.

It is referred to as the "flagship" of City Hall committees, and all interviewees from the industry itself were very pleased

with both FILC and the City's support. John Dunn, the planner for the Fashion District and the individual who did the initial work in establishing the Committee, observes that FILC now "has a life of its own", and has gone "much farther than my wildest dreams".

Although the Committee resulted from a City planning initiative, its origins are as well rooted in the industry. Prior to any formal city move, Chris Kuzik, as Executive Director of the Toronto Dress and Sportswear Guild and the Dress and Sportswear Advisory Committee, had invited city staff and officials on an industry tour. His objective was to build the support and involvement of local government, which many industry and labour industry leaders had been advocating for some time. Also, in the early stages of committee formation, a specific proposal from organizer Steve Levy regarding financial support for the first Festival of Canadian Fashion underscored the need for a City Hall mechanism to deal with the industry.

City Hall's interest stems from the fact that the garment industry is the City of Toronto's second largest industrial employer, and also from an optimistic planning report in 1983 that reported "vitality and growth" in the industry. The specific spark was a succession of applications for conversion of industrial space to commercial use, which would reduce the amount of industrial space, and put upward pressure on the cost of the remaining industrial space. The City planner for the area, John

Dunn, thought that the area needed an organized voice:

We were going to lose one of these (commercial zoning requests) pretty soon, because there was no one from the industry to speak. Every other neighbourhood has a residents' group that attends to its own interests, but the industry itself has nothing. They don't even know what this is about, because nobody ever speaks to them about it.

During the summer of 1984, Dunn discussed the concept with industry leaders, union leaders, and industry-related educators. Contacts were made through a simple networking process whereby each individual was asked who else should be approached, and an outline was distributed describing possible goals, composition and work items for the Committee. On the basis of the positive response, the concept was proposed to Council, and on October 26, 1984, Council adopted a report defining the Committee's role and membership.

The mandated objectives of the Garment Industry Liaison Committee, as set down by Council, are as follows:

- * to advise City Council on issues directly related to the garment industry and its workers in Toronto
- * to assist in improving the public image of the City's garment industry
- * where appropriate, to encourage and promote Toronto as a location for major trade fairs and garment industry exhibitions
- * to improve linkages between educational institutions and the industry to facilitate worker training and technological upgrading

The committee membership, which is determined by the City, includes representatives of the following stakeholder groups:

- * the unionized womenswear (dress and sportswear) manufacturers guild
- * the Ontario Apparel Manufacturers' Association
- * the two large unions in the Fashion District
- * womenswear manufacturers (three seats)
- * fur garment manufacturers (one seat)
- * two educational institutions, George Brown College of Applied Arts and Technology, and Ryerson Polytechnical Institute
- * industrial real estate owners (one seat)
- * Toronto Ontario Designers, the association of established designers
- * the Festival of Canadian Fashion (trade and trade/retail shows)
- * Ontario Fashion Exhibitors, the major association for sales reps
- * the Immigrant Womens' Centre (a spokesperson for non-union, immigrant, women garment workers, the majority of workers in the industry)
- * the Economic Development Division, City of Toronto (Beata Bowron, as Committee co-ordinator)
- * the Neighbourhood Services Division, Department of Planning and Development, City of Toronto (John Dunn, area planner)
- * Toronto City Council (Committee Chairman Alderman Dale Martin, and Councillor Ben Grys, the latter involved in name only)
- * City Clerks' Office (Christine Dodds, Committee Secretary)

The monthly FILC meetings are open to the public, and others with an interest in the industry attend regularly and participate on subcommittees.

6.3 FILC ACCOMPLISHMENTS

FILC's accomplishments in its brief three year history fall into

nine categories. The most significant of these are listed below, with comments as necessary.

* Permanent status for FILC, and a change in its name from "garment" to "fashion".

This proposal, approved by City Council, sealed the City's commitment to the industry, and significantly affected the industry's image. All City references henceforth were to the fashion industry.

* District signage.

Another simple measure, but one that has had significant impact, was the erection of "Fashion District" signs at all street corners in the area. The subtly coloured signs are unique in the City, and have had significant impact. Planner John Dunn:

Something like that does affect people. People now talk about the Fashion District. When the issue comes up about where it is, well, it's where the street signs are... There are times these little and silly gestures end up being an awful lot more important.

* City of Toronto Awards for Excellence in Fashion Design.

First given in 1986, the City now annually honours one professional designer who has been in the field at least five

years, and one new designer. Awards are based on a FILC-sponsored competition, and are given with much fanfare and media attention by the Mayor at a special reception in the fall. Industry and media response has been highly positive.

* City participation in the Festival of Canadian Fashion and Collections; Promotion of new designers.

With three highly successful shows to its credit, the late winter Festival of Canadian Fashion has been recognized as the paramount Canadian fashion event of the year. A commercial endeavour with a budget of \$1.5 million, it is a glossy, well produced and fast-paced event open to both the public and the trade. In 1987 its mix of retail and wholesale booths, and its forty fashion shows on three separate runways, attracted over 60,000 people. Organizer Steve Levy sees this as

a pretty cheap way for a fashion company to introduce itself to the three pillars of any consumer-based business: the press, the media; the trade, the buyer; and the consumer, the public...

Levy also sees this as just a beginning. One of his visions for the future involves live satellite transmission of the shows to huge screens in the other fashion centres around the world. More immediately, in the fall of 1987 his firm initiated a trade-only show, Collections, which was also a strong industry success.

FILC has used the Festival to promote the City's fashion industry and to give exposure to new designers, and the Show has benefited from City participation; Levy's presence on FILC is clearly to mutual advantage. A special show is mounted for the ten winners of the annual new designer competition, in a high profile time spot on opening night. A City booth showcases both FILC and the work of the chosen new designers. All shows at the festival are videotaped, so a copy of the new designer show is shown continuously in the booth. To promote the Toronto fashion industry at large, FILC also buys newspaper and magazine advertisements for the Festival, provides taxi vouchers to encourage buyers to visit Fashion District showrooms, and hosts a reception for buyers and the media on opening night.

* Fashion Trademart

FILC noted early on the need for a permanent trade centre in the District to provide space for tradeshows, conventions and showrooms. The absence of such a facility had been apparent for years, but the economics were unattractive, particularly considering fashion industry events would only occupy the large show area five weeks a year.

However, in 1987 an arrangement was finalized whereby a developer was granted permission to build a structure containing the necessary facilities along with a 300 bed hotel. Ontario Fashion

Exhibitors (who are represented on FILC) guaranteed occupancy of substantial showroom space, and the City made the deal more attractive by allowing the developer to apply the 25% office-commercial density allowance to hotel space.

* Fashion Incubator

The opening of a fashion incubator, offering work space and an incubator manager/mentor to ten promising new fashion firms is expected by spring of 1988. This complements FILC's other commitments to new designers, the annual new designer award, and the show and booth space for top new designers at the Festival of Canadian Fashion. City support leveraged provincial and federal support for this venture.

* Garment Workers Resource Centre

Since at least the Toronto Planning Board report dated October 14, 1975, planning reports have mentioned the need for daycare in the Fashion District. In the fall of 1987 the first such daycare, for 54 children, will finally open in a City owned building.

Space below the daycare will be used after hours for "English as a second language" classes, literacy programs and a Youth Employment Services office.

The daycare centre will be operated as a training program by George Brown College, a linkage credited to the involvement of the College on FILC. City planning staff persuaded the Metropolitan level of government to conduct the means test interviews for low income daycare subsidies in the workplaces of applicants. They also convinced Metro to waive the usual six month waiting period following the opening of a new daycare centre during which subsidies are not provided. City Council has approved \$400,000 for renovations, and the province, the guild of dress and sportswear manufacturers, and the two major unions have committed funds for the balance of start-up costs. The city has also committed \$15,000 to production of a video that will document the process of establishing a daycare, with the hopes that the tape will stimulate additional daycare projects in the District.

* Opposition to the Spadina Light Rapid Transit (LRT) Proposal

This is the one area in which FILC found itself in active conflict with City policy. The LRT proposal involves replacing the bus service on Spadina with a streetcar service in a right-of-way protected by concrete curbs. This would reduce right and left turns off the Avenue, prevent U-turns and angle parking, prevent the movement of goods by pushcart, and effectively divide the District. Given the density and highly interactive nature of business on the Avenue, and a number of specific factors such as

already limited parking and a lack of rear access to buildings on the west side, the industry is vociferously opposed to the proposal. The LRT is considered an extreme threat.

The LRT is not designed to serve the Avenue at all, but is a conduit from the Bloor subway line to the planned Domed Stadium and Railway Lands Development. The proposal has met a startlingly unified opposition, including residents' groups, business groups, churches, ethnic groups, the Chinese business community, and hardened veterans for the coalition that successfully stopped the Spadina Expressway in the seventies.

The Committee has been active in this battle, through communications to various levels of the City, Metro and Provincial governments, through its own LRT subcommittee, and as individuals, through participation in the Friends of Spadina Coalition and representation on the "Consultative Committee" formed by Metro in its latest effort to resolve the issue. Many FILC and FILC subcommittee members spoke eloquently in defense of Spadina and against the LRT at the October/86 LRT public meeting and undoubtably will speak again.

* Workshop on Human Resources

As discussed in earlier chapters, one of the most serious threats to the Toronto fashion industry is its labour problem. Labour is in chronic shortage, indicating that Canadians do not want to work in this industry, and labour strife in the unionized sector appears to be on the upswing. For most of the Committee's first two years in existence, this potentially divisive issue was avoided as outside the Committee's mandate, since in the past, the garment industry labour strategy had been immigration. That is not a likely solution today, leaving the situation much more complex. By the spring of 1987, Committee members concurred that the subject should receive discussion within the industry, and about 50 people were invited to a one-day workshop on the subject on May 11.

Most of the business owners interviewed for this study were selected because they exemplified the leading edge in the industry in terms of their design and marketing orientation, and their labour policies as well. Several of these business owners were invited by FILC to the Workshop because of those policies. Their comments in the interviews reflected the sentiments expressed after the Workshop at a FILC meeting, and those expressed privately to coordinator Beata Bowron: appreciation that a discussion has been initiated, but impatience that more has not been done.

The workshop is the closest FILC has come to confronting the negative aspects of the curious relationship between labour and management in this industry. Often referred to as close and

familial on the shop floor, and collaborative at the union-guild level, the nature of relations is also decried as paternalist, passive (on the part of workers and unions), and at times, exploitive. Alternative personnel policies are relatively unknown; harrassed small business owners rarely have time to think about their business policies in an analytical way, and have little industry-specific input. Also, the pressure of minimum cost production in a high change environment seem to suggest that there is no alternative to the traditional ways of operating.

Presentations and small group discussions at the Workshop clarified the dimensions of the labour shortage. According to one speaker, the industry in Netropolitan Toronto needs 1000 new workers a year, just to replace attrition. But immigration was judged a politically unlikely solution, as is relocation; the firms that moved to North Toronto in the fifties to be close to Italian workers are now finding their workforce is aging, and they too are having trouble finding labour.

The obvious solution is to attract Canadian workers, but these seem hard to find. Representatives of Canada Employment Centres (CEC) said that they don't see higher paid workers, and their own research has found that while there presently are 1100 sewing machine operators on UIC, they are underqualified for the specific openings available or don't want to retrain. Several

participants stated that CEC referrals almost never last more than a few months. The educational level in the industry is significantly higher than twenty years ago, implying that there is potential for retraining, but little is done when technology eliminates jobs or plants move.

Many at the workshop felt the solution lay deeper, with the industry's image as an employer, and some argued that changes need to occur in the nature of work at the shop floor. Herman Stewart, Manager of the Toronto ILGWU local, pointing out that the minimum rate of \$4.35 is not a "living wage", and that the poor working conditions that exist in some shops drive workers elsewhere, such as to hospitals, for work at similar pay. However, the focus of Herman's argument had to do with the nature of work. His view is that the move from craft to section (production line) work is eliminating pride and a sense of control. He feels that skilled people are indeed available, or can be trained, if the industry was concerned about the quality of work. While Herman did not appear to change the consensus at the workshop, that skilled labour was unavailable, and that craft operations were inevitably on the wane, the discussions did turn in a sympathetic direction.

The challenge, as it was framed toward the end of the day, was to pass the sense of artistry, of creativity, down to the shop floor, so that workers at all levels feel pride, are involved,

and carry a world-class self-image. On-the-job training was emphasized, but it was pointed out that small operations have difficulty providing training. This suggested that the role, selection and training of supervisors needs to be reconsidered from a training and human resource development viewpoint. The consensus seemed to be that even if significant wage increases are not possible, an industry committed to getting the most from its workers, respecting their value as a human resource, would be a more attractive industry to Canadians.

Interviewee Linda Lundstrom was at the workshop. Linda is this year's winner of the prestigeous City of Toronto award for Best Professional Designer. Her integrated design-manufacturing operation is now in its thirteenth year, selling to 450 retailers across Canada with a growth rate of over 25% a year. She presently employs sixty people full time and another fifteen to twenty homeworkers. Her homeworkers receive the same benefits as those in the shop. While one interview is insufficient to evaluate her labour policies and their implementation, she is a committed and persuasive spokesperson for the human resource direction in labour policy. While she does not speak of work redesign, as does Herman Stewart, her words, recorded subsequent to the Workshop, do help shape the image of a labour policy alternative:

I really feel that some of the ways of running businesses, the philosophies or lack of them, have been

not in keeping with the times... I think that the business is notorious for exploitation and sweatshops, and that the negative image that this industry has is very justified in many ways. But I feel that there is a recognition that things have to change. We are in a period of transition. The changes haven't been all incorporated, or people don't know how to incorporate them because there has been a mind set in the business for such a long time.

We have a very participatory form of management in this company. There isn't a decision, I don't think, that I make independent of everybody. We're very open with our information within the company, all the members of the management team know our financial statement, we go over it every month. We have a profit sharing plan, our employees are involved in a clothing and fabric allowance so that every single employee here is can wear products from this company which are given to them free. Our homeworkers receive exactly the same benefits...

The environment should be a people environment, we should be meeting people's needs in terms of their desire to have responsibility, their desire to have information, their desire to have, even though this place is not air conditioned, to have a relatively nice work environment, to be included in the workings of the company, all those kinds of things, and to have onsite daycare if necessary -- my baby isn't here today, but normally I bring her into work. I believe that the whole area of human resources and interpersonal relationships is an area of this industry that I really feel a responsibility to focus on...

It would make me feel really good if I can in some way set an example, and the best way to show people is to be so goddamned successful. The bottom line is, if I can have great labour relations, if I can have employees that are motivated, involved and part of this company, if I can have facilities to meet their needs, their personal needs, and I can make a shitload of money, then it has merit. That's my goal. To have a very progressive, leading edge company and to make money. A lot of companies see that as having a negative impact on the bottom line. What I want to show them is that it has a positive impact on the bottom line.

6.4 FILC MEMBERS' EVALUATION

The most common explanations offered by the nine FILC members interviewed for the Committee's dramatic success were related to membership. The "right people" were involved at the right time. They had "good chemistry". They shared a common desire to protect "the Avenue". And they all wanted to make Toronto a better fashion centre.

Each FILC member interviewed was asked what his or her dream was for the District's industry over the coming five to ten years.

Most hoped Toronto would become the fashion center of Canada; a few hoped Toronto would become a world class fashion center challenging New York, Paris, Milan and Tokyo.

This common concern for the industry often results in unusual alliances and a norm of reciprocity: support by union representatives for a management priority is eventually returned in kind. Observations at the monthly FILC meetings, over the course of a year, indicate that the group works well together, despite their diverse allegiances. Everyone is heard, and no one dominates. The strongest leadership comes from the Chairman Dale Martin and from Chris Kuzik, but both are accorded high respect,

in part because neither are seen to be attempting to control the Committee process. Many others take leadership in specific areas.

An interesting indication of the close relations now apparent within FILC is the lack of any discernible public sector/private sector division. Both Dale and Beata refer routinely to "our decisions", or to some action "we have taken", a self-inclusion that is plainly a fact of life within the private-sector dominated Committee.

To the contrary, public sector members are for valued their proven ability to advance the Committee's goals. Beata refers to this "wonderful triangle": the Committee as a unit from the industry, herself, and Dale. Dale acknowledges Beata's ability to "work" her own and other Departments around Committee needs and concerns, and observes that his own key role in meetings is to "keep the diverse interests moving in one direction." Dale also emphasizes that he is able to "deliver politically":

Obviously, if I had no political credibility and I couldn't mobilize either political or bureaucratic forces then the Committee wouldn't work.

In part, Committee effectiveness has involved learning the possibilities and constraints within which the Committee functions. Area planner John Dunn observed,

It takes a while to get a feeling for what you can and

can't do. The municipality itself is exceedingly limited in what it can and can't do, when you take on a field like developing the fashion industry.

A large measure of FILC's success is related to the historic web of interdependencies within this dense and precarious economic community, including the surprising if sometimes questionable collaboration between labour and management. Tom Abrahams, until recently the FILC representative for the ILGWU, emphasizes that common cause has resulted in a democratic give and take, and sometimes surprising alliances:

I do have a point of view, and they accept it. It's more like family quarreling... We just refuse to recognize hierarchy or anything like that. We just all speak up. It's amazing. It works, it works because people like Dave Goodman, who's a fur manufacturer, fighting unions all this life, and on so many things Dave is pushing me, and I'm pushing him, yet we're both in agreement and we're both sitting there amazed that two of us could be so far apart and yet agreeing, because we have that interest in the Avenue.

Beata, co-ordinator of the Committee, commented that

... everybody gets something out of this Committee... They all have a stake, which means they don't want to jeopardize the Committee's existence. We haven't ever had a really awful meeting. There are disagreements, but usually this is then referred to one of the subcommittees (where) people try to find some way around it. There's a commitment to accommodate people.

The Committee's process, the way in which it does its work, is also related to the work itself. Dale Martin emphasizes that early successes have been very important:

In my experience, in order for anybody to remain committed to working with City Hall they have to overcome their initial cynicism that anything can get done, that it's a lot of show and no go. That was accomplished quite quickly by this Committee... In a matter of one month, from one meeting to the next, we dealt with a couple of problems that had been plaguing the industry for some time. That went a long way toward building the credibility of the process.

For years Toronto Hydro had been denying requests for industrial power (600V 3 phase) on Spadina, saying that it wasn't possible, or against policy. This made improvements like air conditioning impossible, and required expensive conversions of imported industrial equipment. The Committee wrote a letter to Toronto Hydro about the problem, and by the next meeting, there was a representative present saying the problem could be solved. John Dunn notes that there were no backroom dealings. As an official City Committee, they were simply in a much stronger position: "Hydro just didn't want to face a hostile City Committee."

From here the Committee's skill and confidence took off. Dale:

The Committee immediately became a vehicle for the industry that the industry saw some value in. That's still happening. As we achieve one thing after another, it touches another part of the industry in a different way, so you get people coming to meetings who didn't come in the past, and other people clamouring to get on. So (the Committee) creates its own dynamic.

With reference to this early success, Chris Kuzik observed,

The process has had its own synergy. We've had a lot of successes along the way, and there's no animosity.

A final reason offered by a number of members for the Committee's success was the early development of strategy and objectives. Committee members observed that the industry suffered from a bad image, an image that discouraged labour from working in the industry, that failed to gain public interest, and failed to communicate to buyers that the District was a fashion centre. Thus it is understandable that the report submitted on March 18, 1985 by FILC's subcommittee on image development laid out both the general strategy and a detailed action agenda. Twenty specific objectives were identified, and two years later, almost all had been achieved.

6.5 ANALYSIS

FILC demonstrates what can be done through joint action involving all of the major stakeholders, including the municipal level of government. Unlike most citizens groups, FILC has been proactive, rather than reactive, a stance that has been reinforced by success.

The direct involvement of the City is a major but not dominant

factor in this success. FILC's status as an official committee of Council is a significant asset, and aside from project funding, the City has committed valuable human resources. Specifically, a planner works nearly full time as committee coordinator, the district planner works in the Committee's interests as required, and a respected elected official with vision and the ability to make the political wheels turn is Committee chairman.

The City, through its various resources, has played a number of roles. The City was the initial stakeholder convenor, and continues to act as a process facilitator. It has provided space in City Hall for FILC meetings, and in several instances has committed City real estate to Committee projects. As a lobbyist, it has won co-operation from other levels of government for FILC initiatives. As an agency with powers over zoning and development, it has been able to strike deals with developers favourable to the industry, while preventing the erosion of industrial space.

But FILC's success also builds on existing linkages; most of the stakeholders had felt themselves to be members of a single community for years. For the public/private collaborative committee approach to work in a less integrated local economy would require a skillful advance process whereby stakeholders identified joint interests, built commitment to common cause, and learned to work together.

FILC's weakest link is it's work on labour-related issues. There is a distinct possibility that FILC will become, or will be perceived to be, a manufacturers' group. Most of the goals achieved to date most directly serve the manufacturers.

Generally, these can be classed as advances in support of design, marketing and the technical infrastructure. Indirectly, anything that aids industry health and survival aids labour, but this is not enough to win active labour participation.

The Garment Workers Resource Centre, the daycare film and associated efforts to develop further industry daycare facilities, the workshop to develop a human resource strategy, all occurring in 1987, may improve the situation. Also, changes in FILC membership in 1987 to replace less active individuals may marginally increase labour's voice. However, labour organizations that declined participation at inception, or were not invited, remain outside the Committee. Nor has there been any move to expand "representation" from non-unionized labour, including homeworkers.

The critical view is expressed by Winnie Ng, until recently the spokesperson for non-union, immigrant women garment workers on FILC:

Now in terms of the issues that they have touched on I think a lot of it is more a decorative type of thing,

like putting street signs, changing the Garment Industry District to Fashion Industry. I mean it's more image building, doing the Fashion Awards, supporting the Fashion Trademart in a big way... I think those are necessary, but then sometimes I wonder whether that money is well spent. There are also things that should be done, more substantial things that would impact on the workers in bigger ways, in the whole area of health and safety in the industry. And nobody has... I guess that might be the whole can of worms that people are not ready to start opening up yet. I mean in that sense, it's not the Committee's fault because those issues have to come out from the unions, right?, and in a big way the unions still haven't seen the effectiveness or the function of that Committee... It's about economic development, and I think economic development should take into account the well being of the workers in the workplace.

FILC Chairman Dale Martin is particularly concerned about labour issues, and is quick to acknowledge that more needs to be done in this area:

The Committee has done well in delivering to the manufacturers, but it has been more difficult to identify tangible ways in which the Committee can deliver to the workers.

FILC's service to labour is of three kinds. First, not to be ignored, by strengthening the industry it protects and perhaps expands employment. Second, it is an instrument for the provision of non-monetary collective benefits. Third, FILC may be in a position to influence personnel policy in the district and encourage the exploration of new work practices that would be of mutual benefit to both management and labour.

At the first of these, FILC has excelled. The second it has begun

to tackle, but the reality is that the new services provided through FILC will affect only a handful of workers at present, if ever. The third has received only a tentative first glance, through the Human Resources Workshop, and follow-up to the Workshop has yet to occur.

The industry currently lies under the shadow of an extremely unfavourable free trade deal. American access to Canada is complete, but Canada's most competitive garment sector, the fashion firms, still do not have duty free access to the world's fabrics. Survival, once again, will be the dominant consideration. The danger is that the exploration of participative organizational forms, which have been shown to have high performance potential, will be put aside as overly expensive, risky and time consuming in a time of crisis. The tragedy would be that this industry may have an advantage in this area. The decades of close relations between workers and management, at all levels, suggests that the collective and nurturing aspects of the traditional, paternalist garment shop could provide a strong base for developing the fashion firms of the next century.

What is now called "organizational redesign" by organization development professionals may be a solid survival tactic, but the skills to make such projects work are new and expensive. FILC should find some way to help the industry move in this direction.

There may be innovative firms in the District that would like to go further, as demonstrations, if the experiment and their demonstration role were subsidized. Certainly the discussion initiated in the Human Resources Workshop could be pursued. What Committee co-ordinator Beata Bowron once said of the Trademart is well worth pondering in this context: "It will be talked up so much it will have to happen."

Chapter 7

A SYSTEMIC PERSPECTIVE

7.1 INTRODUCTION

"It will be talked up so much it will have to happen."

In that remark, which closed the preceding chapter, lies the suggestion that there are ephemeral but broadly based social processes in the Fashion District, which can have great power. That power appears to be the ability of the District's social network to effect change at the community level.

The Fashion District's social network has not been mentioned in previous chapters. But as we examined the District's spacial and sectoral dimensions, and the pattern and character of

relationships, the sense grew that we were observing various aspects of a single, integrated community, a system. If a local economic system behaves like other systems, we would expect to find the myriad parts linked by an information system that transcends all other relations.

Ecologists have demonstrated that natural communities are indeed systems, with highly developed information networks that reach all community members. The network channels and the messages carried take a variety of forms, including "microbal subsystems that regulate the storage and release of nutrients, behavior mechanisms, and predator-prey subsystems that control population density" (Odum, E. 1982, p.48). Secondly, ecologists have demonstrated that information networks play a vital role in both community stability and community development since both are largely system functions. Similarly, within any single organism, both stability and change involve the distribution of information throughout the system, in this case via thousands of specialized chemical messengers.

The social network that links all members in a well integrated human community is directly analogous. Eric Trist, father of organizational ecology, describes networks as organic, amorphous non-organizations, being non-ordered and unbounded, and while he has not explored social networks deeply, he wrote:

The concept of social network is as basic to the understanding of systems of organizational ecology as the concept of the primary work group is to the understanding of the single organization. (Trist, 1977)

Being such an intangible phenomenon, one might expect that networks would perform poorly as a tool to be applied in the resolution of a particular systemic problem. Nevertheless, Trist identifies social networks, along with collaborative system level organizations, as the two most promising means of handling system-level problems. Clearly, social networks and collaborative institutions must work in very different ways.

Referring again to the ecological and biological parallels, we might reasonably expect, that in a well integrated human community, the social network would play an important role in maintaining system health and managing system change. But Ilia Prigogine, whose work was discussed at some length in Section 2.4, goes further. He suggests that systemic connectedness is also critical to the dramatic process of system transformation.

Change of this order is vastly more significant than incremental change at the community level, or any change limited to a single organization or group of organizations. At a critical system density, when the network's weave is close enough, a random event can initiate a dramatic, rapid process whereby the system is radically transformed. The transformed system typically is more differentiated and complex, more closely linked, more efficient,

and more productive. Anyone who has watched a seed crystal drop into a supersaturated solution will appreciation the awesome nature of systemic transformation.

This chapter then, steps back and looks at the Fashion District from a distance, as a whole. It asks, is the Toronto Fashion District more an ecological economy than an adversarial jungle? To what degree does is the Fashion District a closely integrated system? What is the current state of its social network? What is the potential for further transformation? And specifically, is there any way the community can consciously self-organize? While the specific path and outcome will always be unpredictable, to what degree can the Fashion District encourage and direct its own next transformation?

7.2 THE FASHION DISTRICT AS AN ECOLOGICAL ECONOMY

The ecologist sees biological community as a tight web of relations, some of which are predatorial or parasitic, but most of which are mutually beneficial. The community members, their relations, and the abiotic components together compose the community system, a whole which is greater than the sum of its parts. The community system provides stability and

development possibilities that are unavailable in the absense of integrated, systemic community.

Contrary to the popular view, which holds that economic life is almost wholly dominated by adversarial relations, it has been proposed in Chapters 1 and 2 that healthy local economies resemble ecological systems.

The case study of the Toronto Fashion District supports this contention. Physical concentration is extreme and strongly defended. Interfirm linkages have been shown to be a strong survival mechanism, particularly in a high change environment, and particularly for smaller firms. Even competitors engage in mutually beneficial relations, within subtle limits, when extreme differentiation reduces rivalry. And the community as a whole, through system-level institutions, has successfully handled many community-wide problems.

The community's present health is a direct result of a rapid transformation of the basic character of the community in the early eighties, from garment district to fashion district. This was not a transformation limited to a few remarkable firms, but a systemic change, that involved an evolution in the nature of the industry's product, the industry's structure, and the nature of relations. This transformation moved the industry in a knowledge-oriented direction, which seems to be a more highly

differentiated environment more supportive of linkage relations. In short, the District is becoming increasingly ecological.

The degree of connectedness in business networks, between competitors, and as a community system seems to be closely related to the evident dynamism, creativity and problem-solving capacity in the District. The industry's greatest internal threat, its labour problem, may be seen as a fracture in the web of interdependencies. Traditionally, labour relations in this industry have not been classically polarized; relations are often characterized as familial. However, this veils a paradoxical and long standing tension between exploitation and community that now calls to be resolved.

The rising issue is whether the District, as an ecological economy, can somehow employ its systemic character to propel it through a further transformation that alters relations on the shop floor. The following section addresses this question.

7.3 BONDS, RIFTS, AND TRANSFORMATIVE POTENTIAL

Since at least the 1920's, the area surrounding lower Spadina Avenue has been an identifiable community. During most of that time it was also a closely knit ethnic community, or several ethnic communities at once, so in the past it has been difficult to distinguish the degree to which this is an industrial community. Today, the Jewish character of the area has faded, but the 46 blocks that are now called the Fashion District are as yet far from becoming a Chinatown. So the many statements of affection, loyalty, appreciation and responsibility expressed by the those interviewed can be taken to refer to the industrial community itself.

In most cases, the feelings expressed for the concentrated fashion community were clearly distinguished from pragmatic considerations reflected in business linkages. People often referred to the "energy" of the District. Designer-manufacturer Linda Lundstrom, for example, still spoke warmly of the District, while at the same time noting that she doesn't "really have much to do with anyone else in the business". I asked her, "Is it important to be downtown?"

Yes, very. It's an emotional thing with me. The very minute I came down Spadina to get my first job as a pattern maker I fell in love with the area. It's not a particularly pretty part of the city, but I really feel there is an energy down here, and I like it down here, and I will not move to a northern industrial park. I will do anything I can to avoid that.

Design studio partners Brenda Bent and Lorren Laveille, only three years in the business, say much the same thing: Brenda: There's something about the energy, psychologically. You're in the "garment district". If you are up in nowheresville...

Lorren: There, you'd be feeling nothing, there's no pulse, and it'll reflect in your work. Even when you walk out on the street and everybody's in a hurry, and you're in a hurry. It's just a feeling down here. As you're coming from home, and you're riding your bike down, and you get to this building, you can feel the energy rising...

Herman Stewart, union leader, referred to the downtown "hustle and bustle". Alderman Dale Martin referred to the District's "creative inter-firm electricity". He noted that this "electricity" is related to density, which the City has been successful in preserving, largely through zoning controls. Chris Kuzik, Executive Director of both the Dress and Sportswear Manufacturer's Guild and the Dress and Sportswear Advisory Committee, reported that expanding businesses facing high downtown rents are no longer moving out of the area to set up enormous single-level plants; instead they are reducing their downtown operations by using contractors or by setting up satellite plants outside the District, while automating the core business and "keeping it close to the dynamic of the area". Steve Levy, organizer of the Festival of Canadian Fashion spoke a little more generally:

To me, fashion is a downtown phenomenon... If you want to have a feeling, a rhythm, and the energy for fashion, you've got to be downtown. These various comments suggest that the industrial community, as a whole, gives to those within it in important ways. In return, individuals give back to the whole loyalty, protectiveness and a sense of responsibility. For example, in the face of a potentially lethal light rapid transit (LRT) proposal, over forty people spoke passionately at a public meeting against the plan and in defense of the Avenue. Many of the speakers represented the fashion industry, including both labour and management. One speaker was fur business owner Dave Goodman. A FILC member and an industry elder, he later spoke to me about his industry:

If people see something that just isn't right, they'll speak up. They're not scared to go up and say, "Hey, what are you doing? Its unethical." That's extremely important...

The fur business and this Avenue have treated my family well. And after 71 years we may be moving off it, but only one block, only one block, and further into the heart of the manufacturing... I honestly feel I owe this Avenue something.

Another elder of the Avenue, Joe Goskie, was closing down his plant as I talked to him, but he shared his hopes of getting involved with the young entrepreneurs in the planned Fashion Incubator.

(A new business venture) is the last thing on my mind after 41 years. The incubator is a lot more exciting to me because I feel that if you're a manufacturer, once you're gone its forgotten. If I can take ten kids, they'll always remember what I've done for them. The retailer won't. But if I can help put somebody on the right track its very very important, because I've had some good people teach me a lot. I think there's a

lot of people who will give (to those in the incubator). I think there are a lot of people who have a lot more to give than to get.

Tom Abrahams, until recently an official with the largest union in the District, the ILGWU, has defended the industry for decades, sometimes side by side with the manufacturers. He has been to Ottawa, he has marched on Queen's Park. He said,

I have a tremendous feeling for the Avenue. I will not let anything happen to hurt it if I can do anything about it, including the LRT. We all worked extremely hard getting out the Chinese business community (ie. to oppose the LRT) and just about every group up and down Spadina. I found groups I never knew existed who all felt very strongly about Spadina and its history... We're going to win it.

Clearly, the identification reflected in the comments above is to the industrial community as a whole. Transcending linkages in business networks, between management and labour, or in collaborative organizations, it is identification with the community system as a whole. And as there is system-level identification, there also is web of communication at that level. This interaction between individuals as community members, outside those linkage channels discussed in earlier chapters, is the social network. Most of this contact is informal and serendipitous, on the street, in restaurants. Some occurs through worker mobility between firms. Other occurs through linkage agents, such as union leaders and city planners who come into contact with many different firms. Chris Kuzik:

Everyone knows what's going on. It's very unique in terms of social structure... This is a very personal type of industry. The word of mouth is a very powerful tool here... In this cesspool of gossip you get a complete reading of who's doing well at any point in time. All you have to be is plugged in. There are certain outlets, usually certain strategic restaurants.

Marketing and FILC-sponsored events, both of which are becoming more frequent, bring a wider range of people together, more often. Most of these occasions are now annual events. The reception at the Festival of Canadian Fashion, the workshops associated with the Festival, the Human Resource Management Seminar, the Awards Night, the reception at the new Collections wholesale show, and receptions opening FILC sponsored facilities such as the first industry daycare or the Fashion Incubator, each bring together from 50 to 300 people.

Linda Lundstrom noted that somehow "there is a sense of community even though the community doesn't often get together". This can be explained in part in terms of physical density, the industry's narrow ethnic roots, its long history, and the high degree of interdependence. But Linda also emphasized that FILC, the primary collaborative institution in the District, is making a significant contribution:

The Liaison Committee is performing a wonderful role, because it is providing forums with topics that are thought provoking, a learning environment... So even though I may not go and compare notes with (another manufacturer) -- I still feel that it's important that

I run my company my way and they run theirs their way -- I do think it's good for us to have an occasion like (the Human Resource Seminar) for a topic to be discussed or whatever. To hear another viewpoint, be stimulated in some way, and then you go back to your company and incorporate whatever you've learned in whatever way you want.

The community is also busy making myths for itself, myths which bind it more closely together yet. Within Just a few years, for example, largely because of the erection of about 200 street signs, the old garment district has been wiped out of existence. You may have thought it was a garment district, but look again, it's a Fashion District. No one uses the old terminology anymore without an apology, although many are less than comfortable with the new term. They know that a myth has been constructed, but they live within it and foster it, nevertheless.

The height of myth-making must the Festival of Canadian Fashion. Glitter, fashionable crowds, noise, banks of video displays, continuous action, loud music, seemingly endless, highly professional shows carried off without a hitch, the celebration of the young -- "their sales amount to zilch but they offer hope", says organizer Steve Levy -- altogether the Festival says, THIS IS IT.

Myth making is culture making, and to a great degree reality is socially constructed. To a large degree, it is what people think is happening that matters, and the Fashion District has come

together to say, very loudly, something incredible is happening here.

But there is a crack in the myth, a potentially fatal flaw: the labour issue. As the industry succeeds, labour feels increasingly left behind. Patience with low wages, poor working conditions in most plants, and paternal, authoritarian management -- patience which has sustained the industry in hard times -- is waning.

Ironically, the existence of FILC may have aggravated the situation. FILC is built upon, and operates under a collaborative ethic whereby community members work together to solve common problems. The very success of FILC as a working group highlights how different are most relations on the shop floor. And FILC's achievements for management underscore how little FILC has really done for workers.

It may be that the formation of a community institution, where representatives work together as equals, makes a public statement about community ethics — that all members should be treated fairly and be given a chance to use their full capacities. And it may be that such a statement eventually returns to the stakeholders themselves, the individual businesses and their employees, the unions, the other organizations, as a demand for ethical consistency throughout the community.

This phenomenon has been observed elsewhere. In Jamestown, New York, throughout most of the 1970's, Eric Trist and his colleagues from the Wharton School at the University of Pennsylvania, and later others from Cornell University, worked to reverse the fortunes of that dying industrial centre. The initial action was municipally-initiated, the formation of a joint labour/management co-ordinating committee. (Not incidentally, a major reason for Jamestown's decline, aside from deindustrialization in general, was its history of labour strife.) Trist and his team was subsequently brought in to assess the situation, and found that an absence of trained young employees was a critical problem and, by labour, a well recognized issue. It was also a problem that all plants had in common, and whose resolution required, not only community-wide collaboration, but labour/management collaboration within each plant. The collaborative process thence moved to support collaborative initiatives in the training area in the various plants, and from this base, the community moved on to a number of other plant-based collaborative initiatives.

Keidel's study (1979) of the process found that "to make the transition from survival to development, collaboration must occur both among and within organizations."

This view is grounded in the hypothesis that community well-being and organizational well-being are interdependent; therefore, collaboration at either level alone is not sufficient for coping with the

turbulence stemming from a shared environment. The scope and complexity of problems facing communities thus require organizational responses that are directly correlated with community responses... The question becomes this: in light of their need for some measure of autonomy, how can organizations be encouraged to undertake autonomous action that reinforces the positive values represented by interorganizational collaboration?

If economic vitality continues in the Toronto Fashion District without a rapid change in labour's condition, there will likely be a fracture in the social network, a breakdown of formal collaboration, labour strife, and a worsening of the labour shortage as the industry's traditional reputation regarding labour relations is upheld. As the external environment grows more challenging, possibly as a result of an unfavourable free trade deal, the most competitive design firms and the District as a whole will find themselves crippled from within.

Is there an alternative? Can the industry in some way initiate another transformation, not of product, industry structure and interfirm relations, but of the quality of life on the shop floor, that is of benefit to both workers and management? Employee involvement and gains-sharing, for example, have repeatedly been shown to increase motivation, job satisfaction and productivity, and by moving decision-making downward, involvement can take pressure off harried supervisors and senior management.

But to have any effect, this must be a dramatic, rapid transformation, as was the last, which took shape in little more than five years. Reliance on a gradual change over twenty or thirty years, as new firms and a new generation replace old, would be futile.

Essentially, this presents two problems. The first is to develop workplace initiatives appropriate to this industry. The second, is to ensure that this learning is shared within the industrial community.

The Jamestown experience, in a community dominated by small, job or batch production plants in two traditional industries (metal and woodworking), was that with some facilitation, worker committees and worker/management collaboration generated useful initiatives in a number of areas. These groups of initiatives became well recognized "themes" in the community.[1] Through exchange of information between participating plants and throughout the industrial community as a whole, "individual projects within organizations became culturally present throughout Jamestown".(Keidel, op. cit. p.45) As a result, concepts that faltered in one plant were often taken up elsewhere

^{1.} Eight "themes" were identified by Keidel (op cit, p.46): skill development, gains-sharing, performance development, layout redesign, work restructuring, job bidding, administrative (contract) review, employment maintenance. These are listed roughly in relation to the degree of implementation.

in a process of community learning.

The degree of community integration in the Fashion District suggests that a systemic approach to the resolution of labour issues has great promise. It is beyond the scope of this present paper, which focuses on the local industry as an organizational system, to consider the transformation of individual fashion firms. What this research can point out, is that a community approach to this challenge seems both possible and fruitful.

PART III

IMPLICATIONS FOR ECONOMIC DEVELOPMENT
POLICY AND PRACTICE

Chapter 8

ECONOMIC DEVELOPMENT AS COMMUNITY DEVELOPMENT: TIGHTENING THE WEAVE

The central finding of this study is that economic life is not invariably a merciless, dog-eat-dog jungle, wholly dominated by adversarial relationships; in the Toronto Fashion District this is certainly not the case. Numerous examples of mutually advantageous linkages have been discussed in the opening theoretical chapters, and many were subsequently illustrated in the Fashion District. Examples range from those involving a very small number of people, such as confidential discussion groups with multi-firm membership, to design/production/distribution networks, to the Toronto Fashion District as a whole, a community system composed of over 700 firms.

In each case the benefits are clearly related to one simple fact: the act of linkage creates a system, and a system can have emergent properties of its own. As a forest is more than just a collection of trees, so a tightly linked group of economic actors can generate synergistic benefits unavailable to any single member as an isolated entity. The chief benefits appear to be increases in communication, learning, creativity, energy, efficiency and resilience, plus a potential for systemic transformation.

Linkage appears to be of three types:

- a. Interdependent linkage, in production chains (also referred to as business networks or "metafirms"), and within firms, between labour and management[1]
- b. Collaborative linkage, in community-wide institutions committed to identifying and resolving problems-in-common, and to defining and achieving collective visions.
- c. Personal linkage, through one-to-one contact in the community's human network, and in small, confidential "affinity" or "peer mentoring" groups, as exemplified by the two designer groups described in Chapter 5.

The City of Toronto's intervention in the Fashion District, the

^{1.} The case suggests that genuine interdependent and collaborative relations at the interfirm and community levels seems to pressure individual firms to move the labour/management relationship in a similar direction. Further discussion of intrafirm relations is beyond the scope of this study.

convening of a public/private committee, demonstrates that linkage can sometimes be facilitated by a third party. The questions for exploration in the future are what linkages can be facilitated most effectively, by whom, and how. With genuine respect for the skill and commitment exhibited by those at the City of Toronto, it must be remembered that the Fashion District was already a tightly integrated economic community prior to the City's initiative. The same stakeholder committee approach, in another situation, would be more difficult. The feasibility and methodology of facilitating other types of interorganizational linkages is largely unknown.

The implication here is that a new professional field is opening before us. A number of labels come to mind. Economic network development. Economic community development. Economic linkage development. Interorganizational relations.

Practitioners in this new field must be able to evaluate linkage potential, constraints, and benefits, and play a facilitation role in a range of linkage situations. They would require skills in four areas. They must have a theoretical base in local, ecological economics in order to identify high potential opportunities, and to provide situationally-specific direction. Second, such "linkage agents" must have a wide range of skills in group development and group process facilitation. Thirdly, they must have a background in small business development, and be able

to establish rapport and credibility with businesspeople.

Likewise, they must be familiar with the workings of government,
particularly at the municipal level, and be able to establish
good working relations with elected officials and staff as
required.

The three classes of linkage listed above suggest a linkage agent has three primary intervention roles:

- in business networks, as a "metafirm" management consultant
- at the economic community level, facilitating the development and operation of collaborative institutions
- 3. at the human network level, as a promoter and perhaps organizer of community events (markets, parties, awards, etc.) in support of random one—to-one contact; and as a facilitator of more intense linkage through mentoring groups.

In view of the demonstrated economic benefits of successful economic linkage, and considering that linkage facilitation appears feasible, if at present mysterious, support for economic linkage development should be incorporated into public economic development policy at all levels. However, governments must appreciate that the linkage agent's role is largely to facilitate an open-ended, client-driven process, whose outcome is unknown

from the outset.

Since economic networks are local phenomena, implementation would often be handled at the municipal level, whether using internal staff or external consultants, but financing provisions should be made in provincial and federal economic development programs to provide support. The initial program implication of such a policy would be the funding of a diverse range of pilot interventions.

In time, as methodologies and a solid record are established, practitioners will often be able to market their services successfully on a fee-for-service basis in the private sector. This may already be possible in certain cases, such as with CEO peer mentoring groups and established JIT (just in time) production networks. However, most linkage work would involve small companies that cannot afford ongoing consulting assistance, or latent economic communities. The latter would be coherent groups only in the mind of the linkage agent, and could not be expected to contribute more than time to a joint project.

As discussed in some detail in Chapter 2, opportunities for economic linkage development can be assessed along two dimensions, physical concentration and sectoral specialization.

At the extreme on both dimensions are physically concentrated collections of businesses in the same trade sector. The more

these firms are differentiated and specialized, the greater their potential complementarity and linkage. The Toronto Fashion District is a large scale example of this case. With so many specialized firms in the same industrial sector, close at hand, the full range of linkages are present. Industrial parks, science and technology centres, industrial condominiums, and business incubators, that are sectorally specialized, would have similar characteristics. A small city with one or two strong but dispersed sectors would have to concentrate on the promotion of frequent face to face contact, but an integrated sectoral industrial system could be built in such a setting.

Physically concentrated collections of highly differentiated firms in a single trade sector, where potential complementarity is high and fundamental constraints are frequently shared, are clearly high potential targets for local economic system development. Knowledge-oriented industries appear to have higher linkage potential, perhaps because the exchange commodity in linkage is often knowledge.

A small town or city with a mixed economy, or a conventional industrial park, or a neighbourhood merchants' "business improvement" association, would lack the linkage potential associated with sectoral specialization. However, other potential linkages remain, including economic strategic planning, collaborative problem solving, "import" replacement and

production efficiency increases resulting from an increased awareness of local capacities, and peer mentoring. In struggling communities without sectoral specialization, or where sectoral specialization is high but under one roof (as in a declining company town), unemployment will be high and cashflow very low. However, people still have goods and services to exchange, so the integration of individuals, not firms, may be possible through a community barter system (Linton, 1986). This may be a way to develop a synergistic, if modest, community economic system in parallel with the cash economy.

One further case needs mention here, the artificial and transient community-of-interest created among clients of entrepreneurship and community enterprise development programs. Minimally, if enough program clients for a small support group are located within an easy commute of each other, a linkage agent could work with them collectively.

It will be observed that small, confidential, peer mentoring groups have emerged as a possibility regardless of sectoral specialization or physical concentration. Kahn (1985) reports that such groups are finding favour with CEOs, entrepreneurs and venture capitalist across the United States. Involvement in the same trade sector does expand the assistance members could offer each other; in the extreme, members could be in exactly the same type of business (eg. lawyers, art dealers, hairdressers), but

remain non-competitors because of a localized clientele and spacial distribution. On the other hand, as the Swedish example described on pages 29 and 30 so strongly illustrates, members in totally unrelated businesses could still be of tremendous value to each other.

Peer mentoring groups could be thought of as interorganizational quality circles. The critical factor in many cases will be trust; in a high trust group, where members feel secure enough to place their business plans, financial statements and problems on the table for discussion, a great deal could be learned. On the other hand, groups designed to match entrepreneurs with venture capitalists, or to simply exchange contacts and leads, may have more of a market flavour. An intermediate example would be a transformed trade association luncheon. Typically, people attend these events as an opportunity to build links with people in other companies, but these events are not designed for that purpose. A well facilitated program involving small group work would build linkages much more effectively.

Economic development intervention in Canada does not have a good track record. Generally, where local economies are strong, credit cannot be given to conventional development practices. The idea that healthy local economies are tightly linked systems of symbiotic and synergistic enterprises, that can collaborate as a community around common problems and aspirations, offers a new

vision for development practice. This vision suggests that communities do not need to be "saved" by some outside hand bringing jobs. It suggests that economic vitality is built from within.

APPENDICES

Appendix A

INTERVIEWEES, PHASE 1, and INTERVIEW GUIDE

Interviewees, in order of interview date:

- Beata Bowron, FILC Co-ordinator, Economic Development Division
- Chris Kuzik, Executive Director of the Toronto Dress and Sportswear Manufacturers' Guild, and Administrator of the Dress and Sportswear Advisory Committee
- Dale Martin, Alderman and Chairman, Fashion Industry Liaison Committee
- Kelly Okamura, (formerly) Toronto Ontario Designers, fashion journalist, recent graduate of fashion marketing, Ryerson
- Fred Bryan, Executive Director of the Apparel Manufacturers' Association of Ontario
- David Goodman, Victor Goodman Ltd. (furs); spokesman for the South Spadina businessmens' Association, the Fur Trade Association of Canada, and the Greek Fur Trade Association
- Winnie Ng, (formerly) Immigrant Womens' Centre, Metro Toronto Centre for Labour Studies, (unofficial) representative for non-organized workers and immigrant women
- Tom Abrahams, Business Agent, International Ladies Garment Workers Union, Toronto local.
- Herman Stewart, Manager, International Ladies Garment Workers Union, Toronto local.
- John Dunn, Area Planner, Community and Neighbourhood Planning Division

Interview Guide

Each interview opened with a brief explanation of my project, specifically, that I was interested in both the nature of the industry, and the City's recent involvement in industry development. Interviewees were then asked three categories of questions:

- 1. Questions about the interviewee, his/her history in the industry, his/her role, and organizational affiliation
- 2. Questions about the nature of the industry.
- 3. Questions about the Fashion Industry Liaison Committee.

Before each interview, the interview guideline was adjusted to draw most effectively from each individual's knowledge base. This was fine tuning; the interview guides were more similar than they were dissimilar, and basic questions were repeated verbatim. In most cases these questions opened discussions that were then prompted by more specific questions. At the conclusion of each interview the interviewee was asked who else he or she felt I should talk to.

A sample outline of questions in categories 2 and 3 above is as follows.

The Industry:

- 1. I get the impression the industry has changed a great deal in the last few years. Can you tell me about that?
- 2. What is the secret of the industry's current success?
- 3. People talk about the Spadina garment district as if it is a world of its own. Is that so? Could you explain?
- 4. I get the impression that the district is a bubbling hotbed of activity. Is that a myth?...
- 5. What are relations like between firms?
- 6. What are relations like between labour and management?
- 7. What do you see as the biggest threats to the industry?
- 8. Do you have a dream of where the industry could be in, say, ten years? What are the biggest blocks?

The City's Development Role:

- 1. Was the City involved in the Spadina garment district prior to formation of FILC?
- 2. Why and how was the Committee formed? What is its role?
- 3. How did you come to be involved? What is your role?
- 4. Are you pleased with the Committee and its work? What in particular are you pleased/displeased about? Does the Committee get results? Do you get support when you make recommendations to the City?
- 5. In what ways has the Committee worked well, not so well? If you were to relive the Committee experience to date, what would you do differently?
- 5. My impression at the first meeting I attended was that everyone seemed to be working together. There was no obvious private sector/public sector split, nor a management/labour split. Was that a misimpression?...
- 6. Have there been conflicts? How have they been managed? Does everyone participate? Is anyone dominant?

Appendix B

INTERVIEWEES, PHASE 2, AND INTERVIEW GUIDE

Interviewees:

Chris Kuzik, Executive Director of the Toronto Dress and Sportswear Manufacturers' Guild, and Administrator of the Dress and Sportswear Advisory Committee, with

William Villano, former Manager, International Ladies Garment Workers Union, Toronto local.

Marilyn Brooks, Marilyn Brooks Boutiques Inc.

Brenda Bent and Loren Leveille, partners in Bent Boys Ltd.

James Tang, Tang Apparel Ltd.

Joe Goskie, Charm Fashions Ltd.

Linda Lundstrom, Linda Lundstrom Ltd.

George Levine (pseudonym), partner in a large design/manufacturing firm

Bonnie Shore, Fairweather Ltd.

Steve Levy, Partner, The Festival of Canadian Fashion

Bill Villano, Inspector, Dress and Sportswear Advisory Committee

Interview Guide

Each interview opened with a brief explanation of my project and the focus of this set of interviews, specifically, the nature of relationships between firms in the District.

This set of interviews was slightly more structured than the first set, but the each interview was still allowed to take its own direction. Questions fell into five categories, as follows:

- Personal/company history
- 2. Competitive relations
 - Is this a highly competitive industry?
 - Is it a dog eat dog jungle?
 - Who are your competitors?
 - What is the basis of competition?
 - Are there limits to competition... is all fair?
 - Do you ever do business with your competitors? Do you help them out in any way, or them you?
- 3. Interdependence
 - How much of the process do you do in your own shop?
 - On whom do you depend? Describe the chain.
 - If you do depend on other firms to handle part of your production, how do you build a "good" network? What makes it work? What are your criteria, what is "good"?
 - Has the business changed? Are there fewer plants doing everything under their own roof than in the past? Why?
 - Do you talk to other business owners? Your competitors? About what?
- 4. Collaboration
 - What are the greatest constraints to your success that lie beyond your own control?
 - Do you know about FILC? What do you think about the job it is doing?
- 5. Systemic Factors
 - It is often said that the Avenue is a community, with its own culture. What does that mean to you? Is the community supportive in any way?
 - Does what's happening in the District affect you?

Appendix C

CATEGORIES USED IN INTERVIEW DATA ANALYSIS

Dress and Sportswear Advisory Committee agents balance, between competition and community business as network chains (of businesses interdependencies) community competition contractors contractor relations (with manufacturers, designers, jobbers) contractor/contractor relations contracting criteria culture, "family feeling" designers designer community downtown, importance of concentration differentiation dream, for the industry entry environmental constraints (imports, tariffs, free trade, labour) exploitation, the strike fabric The Festival of Canadian Fashion generational change manufacturers' quilds human resource management the incubator investment jobbers labour, its power labour/management relations the market management style

pace, speed of response to the market profiles (of interviewees) price committees retail secrecy symbiosis, linkages structure of the industry vulnerability workers: the industry as their start on the social ladder technology timing (within interdependent networks, to be successful) transformation (of the industry) unionism, its decline

Appendix D

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