

Division of Labor

BY REBECCA JOHNSEN

Imagine a world without businesses: no supermarkets, auto repair shops, dry cleaners, or manufacturers. Imagine there are no occupations: no teachers, bricklayers, or farmers. If you want food, you must grow it; if you need a house, you must build it. You must be completely self-sufficient to survive. In such a world, you would be so busy taking care of life's basic necessities that you would have little time for anything else.

The idea of subsistence living is foreign to most of us; in virtually all communities, each person specializes in certain skills and uses money to exchange goods and services. This system, known as the division of labor, is something that we take for granted every day.

Although this concept had been discussed since the time of Plato, two 18th century Scottish philosophers, David Hume and Adam Smith, did much to promote it among economists. In Hume's *A Treatise of Human Nature* (1739), he notes that when an individual relies upon only his own labor, "his force is too small to execute any considerable work ... [and] he never attains perfection in any particular art." Hume asserts that the division of labor is society's remedy for this: "By the conjunction of forces, our power is augmented: By the partition of employments, our ability increases."

Adam Smith echoed this idea about four decades later in *The Wealth of Nations*. Smith began his text with a chapter on the division of labor, forever popularizing the concept. Smith's famous example is the division of labor in a pin-making factory. In a factory of 10 workers where each manufactured pins from beginning to end, Smith surmises that each worker could produce at most a few pins a day. He contrasts this with his observations of a factory of the same size where the process was divided into 18 steps, and each man was responsible for one to three steps. Even though none of the workers was especially skilled, the factory produced almost 50,000 pins daily.

Two centuries later, the contribution of the division of labor to economic efficiency is largely undisputed. The concept was central to the development of the assembly line, which revolutionized the way goods are produced. The division of labor ultimately benefits both producers and consumers; this can be seen in a number of common transactions. For example, a software engineer, needing a new place to live, can go to a company to build a single-family home. That company assigns many workers to the job, including framers, roofers, painters, electricians,

plumbers, and landscapers. This way, building the whole home takes just a few months. If the software engineer were solely responsible for building his home, it would likely take him months to build just the frame of the house. The engineer's time has a higher value if he uses it to create software.

The division of labor also occurs at the national level, in a sense, as countries develop advantages with regard to certain goods or services. Consider the trading partnership between the United States, the world's largest exporter of corn, and Japan, a leader in electronics. The United States has about 80 million acres devoted to corn production alone, comparable to Japan's entire surface area. Due to Japan's topography, less than 12 percent of its land is arable. Thus, the United States accounts for almost 60 percent of world corn exports, and Japan is its top customer. Conversely, Japan dominates the global market in electronics. In the electronics industry,

three of the top five leaders in sales are Japanese companies. And Americans account for the bulk of these sales; brands like Sony, Panasonic, and Toshiba are in almost every American home.

There are clear economic benefits to the division of labor. If Japan had to grow its own corn and the United States had to produce all of its electronics, both countries would be less productive and would have lower quality goods.

Although the economic benefit of the division of labor is mostly unquestioned, two prominent 19th century scholars objected to the system. American author Henry David Thoreau was an advocate of subsistence living, and he isolated himself in his woodland cabin for more than two years. In his classic book *Walden*, he criticized the concept of the division of labor, calling it "a principle which should never be followed but with circumspection." He declared that the division of labor denied humans the pleasures of experimenting with different kinds of work.

Across the Atlantic Ocean, German philosopher Karl Marx had more dire concerns. Marx condemned the division of labor as a mechanism that "impoverishes the worker and reduces him to a machine." He perceived that overspecialization would lead to less enthusiastic workers and poorer quality work. Marx dedicated himself to urging individual workers to seek their own interests in the face of opposing and "pernicious" economic forces.

Only a small share of the public, however, has found such objections compelling — at least in practice. For example, the next time you enjoy a product or service, you will probably have a lot of people to thank for it. **RF**



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