

play a role and are plainly mixed in with the formation of dominant ideologies cultivated by the mass media, religious and educational institutions, the various arms of the state apparatus, and asserted by simple articulation of their experience on the part of those who do the work. Here, too, the 'mode of regulation' becomes a useful way to conceptualize how the problems of organizing labour power for purposes of capital accumulation are worked out in particular places and times.

I broadly accept the view that the long postwar boom, from 1945 to 1973, was built upon a certain set of labour control practices, technological mixes, consumption habits, and configurations of political-economic power, and that this configuration can reasonably be called Fordist-Keynesian. The break up of this system since 1973 has inaugurated a period of rapid change, flux, and uncertainty. Whether or not the new systems of production and marketing, characterized by more flexible labour processes and markets, of geographical mobility and rapid shifts in consumption practices, warrant the title of a new regime of accumulation, and whether the revival of entrepreneurialism and of neo-conservatism, coupled with the cultural turn to postmodernism, warrant the title of a new mode of regulation, is by no means clear. There is always a danger of confusing the transitory and the ephemeral with more fundamental transformations in political-economic life. But the contrasts between present political-economic practices and those of the postwar boom period are sufficiently strong to make the hypothesis of a shift from Fordism to what might be called a 'flexible' regime of accumulation a telling way to characterize recent history. And while I shall, for didactic purposes, emphasize the contrasts in what follows, I shall return to the evaluative question of how fundamental the changes really are by way of general conclusion.

8

Fordism

The symbolic initiation date of Fordism must, surely, be 1914, when Henry Ford introduced his five-dollar, eight-hour day as recompense for workers manning the automated car-assembly line he had established the year before at Dearborn, Michigan. But the manner of general implantation of Fordism was very much more complicated than that.

Ford's organizational and technological innovations were, in many respects, a simple extension of well-established trends. The corporate form of business organization, for example, had been perfected by the railroads throughout the nineteenth century, and had already spread, particularly after the wave of mergers, trust and cartel formation at the end of the century, to many industrial sectors (one third of US manufacturing assets were subject to merger in the years 1898-1902 alone). Ford likewise did little more than rationalize old technologies and a pre-existing detail division of labour, though by flowing the work to a stationary worker he achieved dramatic gains in productivity. F. W. Taylor's *The principles of scientific management* - an influential tract which described how labour productivity could be radically increased by breaking down each labour process into component motions and organizing fragmented work tasks according to rigorous standards of time and motion study - had, after all, been published in 1911. And Taylor's thinking had a long ancestry, going back via Gilbreth's experiments of the 1890s to the works of mid-nineteenth-century writers like Ure and Babbage, which Marx had found so revealing. The separation between management, conception, control, and execution (and all that this meant in terms of hierarchical social relations and de-skilling within the labour process) was also already well under way in many industries. What was special about Ford (and what ultimately separates Fordism from Taylorism), was his vision, his explicit recognition that mass pro-

duction meant mass consumption, a new system of the reproduction of labour power, a new politics of labour control and management, a new aesthetics and psychology, in short, a new kind of rationalized, modernist, and populist democratic society.

The Italian communist leader, Antonio Gramsci, languishing in one of Mussolini's jails some two decades later, drew exactly that implication. Americanism and Fordism, he noted in his *Prison notebooks*, amounted to 'the biggest collective effort to date to create, with unprecedented speed, and with a consciousness of purpose unmatched in history, a new type of worker and a new type of man.' The new methods of work 'are inseparable from a specific mode of living and of thinking and feeling life.' Questions of sexuality, the family, forms of moral coercion, of consumerism, and of state action were, in Gramsci's view, all bound up with the search to forge a particular kind of worker 'suited to the new type of work and productive process.' Yet, even two decades after Ford's opening gambit, Gramsci judged that 'this elaboration is still only in its initial phase and therefore (apparently) idyllic.' Why, then, did it take so long for Fordism to mature into a fully-fledged regime of accumulation?

Ford believed that the new kind of society could be built simply through the proper application of corporate power. The purpose of the five-dollar, eight-hour day was only in part to secure worker compliance with the discipline required to work the highly productive assembly-line system. It was coincidentally meant to provide workers with sufficient income and leisure time to consume the mass-produced products the corporations were about to turn out in ever vaster quantities. But this presumed that workers knew how to spend their money properly. So in 1916, Ford sent an army of social workers into the homes of his 'privileged' (and largely immigrant) workers to ensure that the 'new man' of mass production had the right kind of moral probity, family life, and capacity for prudent (i.e. non-alcoholic) and 'rational' consumption to live up to corporate needs and expectations. The experiment did not last too long, but its very existence was a prescient signal of the deep social, psychological, and political problems that Fordism was to pose.

So strongly did Ford believe in corporate power to regulate the economy as a whole, that he increased wages with the onset of the great depression in the belief that this would boost effective demand, revive the market, and restore business confidence. But the coercive laws of competition proved too powerful for even the mighty Ford, and he was forced to lay off workers and cut wages. It took Roosevelt and the New Deal to try and save capitalism by doing through state

intervention what Ford had tried to do alone. Ford tried to pre-empt that outcome in the 1930s by pushing his workers to supply the greater part of their own subsistence requirements. They ought, he argued, to cultivate vegetables in their spare time in their own gardens (a practice followed to great effect in Britain during World War II). In insisting that 'self-help is the only means of combating the economic depression' Ford here reinforced the kind of controlled, back-to-the-land utopianism that characterized Frank Lloyd Wright's plans for Broadacre City. But even here we can detect interesting signs of future configurations, since it was the suburbanization and deconcentration of population and industry (rather than the self-help) implicit in Wright's modernist conception that was to become a major element in stimulating effective demand for Ford's products in the long postwar boom after 1945.

How the Fordist system was put into place is, in fact, a long and complicated story, stretching over nearly half a century. It depended on myriad individual, corporate, institutional, and state decisions, many of them unwitting political choices or knee-jerk responses to the crisis tendencies of capitalism, particularly as manifest in the great depression of the 1930s. The subsequent war-time mobilization also implied large-scale planning as well as thorough rationalizations of the labour process in spite of worker resistance to assembly-line production and capitalist fears of centralized control. It was hard for either capitalists or workers to refuse rationalizations which improved efficiency at a time of all-out war effort. Furthermore, confusions of ideological and intellectual practices complicated matters. Both left and right wings of the political spectrum evolved their own version of rationalized state planning (with all its modernist accoutrements) as a solution to the ills to which capitalism was so plainly heir, particularly as manifest in the 1930s. This was the kind of confused political and intellectual history that had Lenin lauding Taylorist and Fordist production technology while the unions in Western Europe refused it, Le Corbusier appearing as an apostle of modernity while consorting with authoritarian regimes (Mussolini for a while, and then the Vichy regime in France), Ebenezer Howard forging utopian plans inspired by the anarchism of Geddes and Kropotkin only to be appropriated by capitalist developers, and Robert Moses beginning the century as a political 'progressive' (inspired by the utopian socialism depicted in Edward Bellamy's *Looking backwards*) and ending up as the 'power broker' who 'took the meat axe' to the Bronx in the name of the automobilization of America (see, e.g. Caro, 1974).

There were, it seems, two major impediments to the spread of

Fordism in the inter-war years. To begin with, the state of class relations throughout the capitalist world was hardly conducive to the easy acceptance of a production system that rested so heavily upon the socialization of the worker to long hours of purely routinized labour, demanding little in the way of traditional craft skills, and conceding almost negligible control to the worker over the design, pace, and scheduling of the production process. Ford had relied almost exclusively on immigrant labour to set up his assembly-line production system, but the immigrants learned, and native American workers were hostile. The turnover in Ford's labour force proved impressively high. Taylorism was likewise fiercely resisted in the 1920s, and some commentators, such as Richard Edwards (1979), insist that worker opposition roundly defeated the implantation of such techniques in most industries, in spite of capitalist domination of labour markets, the continued flow of immigrant labour, and the capacity to mobilize labour reserves from rural (and sometimes black) America. In the rest of the capitalist world, labour organization and craft traditions were simply too strong, and immigration too weak, to permit Fordism or Taylorism any easy purchase on production, even though the general principles of scientific management were widely accepted and applied. In this regard, Henri Fayol's *Administration industrielle et générale* (published in 1916) proved a much more influential text in Europe than did Taylor's. With its emphasis upon organizational structures and hierarchical ordering of authority and information flow, it gave rise to a rather different version of rationalized management compared to Taylor's preoccupation with simplifying the horizontal flow of production processes. Mass-production assembly-line technology, spottily implanted in the United States, was very weakly developed in Europe before the mid-1930s. The European car industry, with the exception of Fiat's plant in Turin, remained for the most part a highly skilled craft industry (though corporately organized) producing up-market cars for elite consumers, and was only lightly touched by assembly-line procedures for the mass production of cheaper models before World War II. It took a major revolution in class relations – a revolution that began in the 1930s but which came to fruition only in the 1950s – to accommodate the spread of Fordism to Europe.

The second major barrier to be overcome lay in the modes and mechanisms of state intervention. A new mode of regulation had to be devised to match the requirements of Fordist production and it took the shock of savage depression and the near-collapse of capitalism in the 1930s to push capitalist societies to some new conception of how state powers should be conceived of and deployed. The crisis

appeared fundamentally as a lack of effective demand for product, and it was in those terms that the search for solutions began. With the benefit of hindsight, of course, we can more clearly see all of the dangers posed by national socialist movements. But in the light of the evident failure of democratic governments to do anything other than seem to compound the difficulties of an across-the-board economic collapse, it is not hard to see the attraction of a political solution in which workers were disciplined to new and more efficient production systems, and excess capacity was absorbed in part through productive expenditures on much needed infrastructures for both production and consumption (the other part being allocated to wasteful military expenditures). Not a few politicians and intellectuals (I cite the economist Schumpeter as an example) thought the kinds of solutions being explored in Japan, Italy, and Germany in the 1930s (stripped of their appeals to mythology, militarism, and racism) were along the right lines, and supported Roosevelt's New Deal because they saw it precisely in that light. The democratic stasis of the 1920s (albeit class-bound) had to be overcome, many agreed, by a modicum of state authoritarianism and interventionism, for which very little precedent (save that of Japan's industrialization, or the Bonapartist interventions of Second Empire France) could be found. Disillusioned by the inability of democratic governments to undertake what he considered essential tasks of modernization, Le Corbusier turned first to syndicalism, and later to authoritarian regimes, as the only political forms capable of facing up to the crisis. The problem, as an economist like Keynes saw it, was to arrive at a set of scientific managerial strategies and state powers that would stabilize capitalism, while avoiding the evident repressions and irrationalities, all the warmongering and narrow nationalism that national socialist solutions implied. It is in such a context of confusion that we have to understand the highly diversified attempts within different nation states to arrive at political, institutional and social arrangements that could accommodate the chronic incapacities of capitalism to regulate the essential conditions for its own reproduction.

The problem of the proper configuration and deployment of state powers was resolved only after 1945. This brought Fordism to maturity as a fully-fledged and distinctive regime of accumulation. As such, it then formed the basis for a long postwar boom that stayed broadly intact until 1973. During that period, capitalism in the advanced capitalist countries achieved strong but relatively stable rates of economic growth (see figure 2.1 and table 2.1). Living standards rose (figure 2.2), crisis tendencies were contained, mass democracy was preserved and the threat of inter-capitalist wars kept remote.

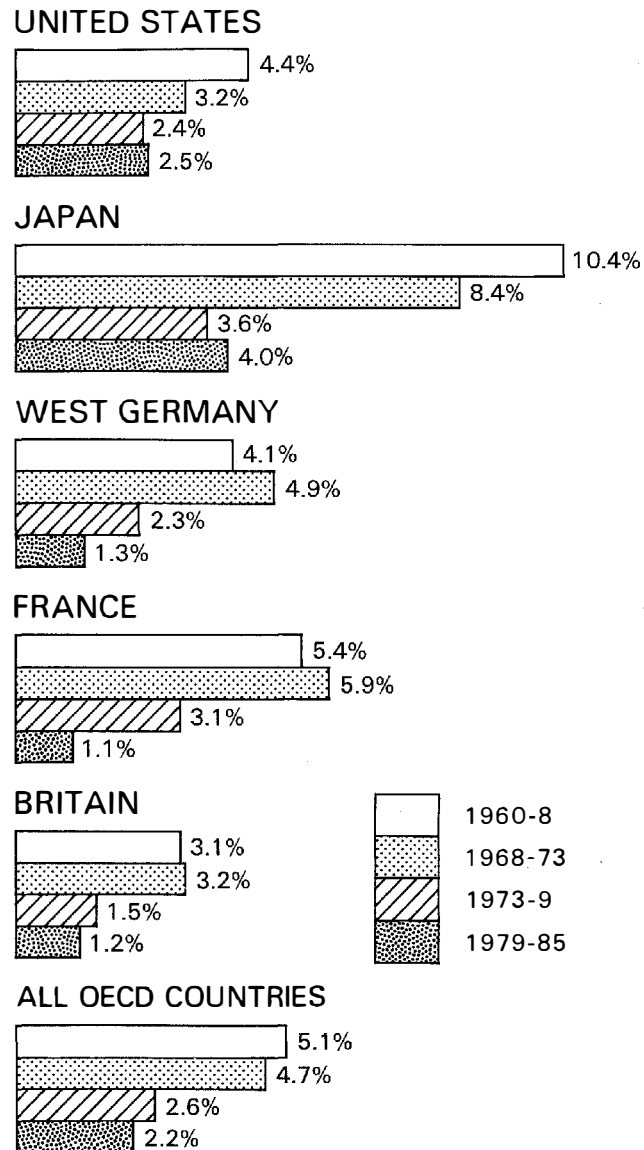


Figure 2.1 Annual rates of economic growth in selected advanced capitalist countries and the OECD as a whole for selected time periods, 1960-1985 (Source: OECD)

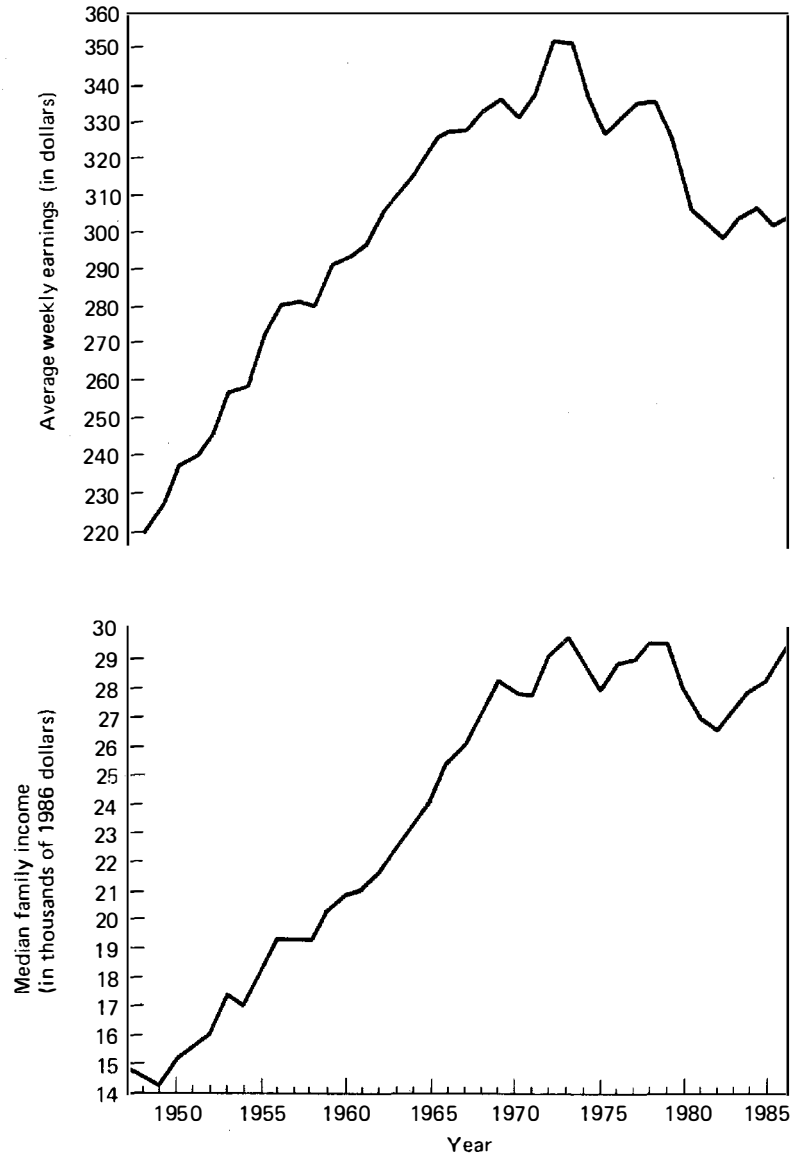


Figure 2.2 Real wages and family incomes in the USA, 1947-1986 (Sources: Historical Statistics of the United States and Economic Reports to the President)

Fordism became firmly connected with Keynesianism, and capitalism indulged in a splurge of internationalist world-wide expansions that drew a host of de-colonized nations into its net. How such a system

Table 2.1 Average rates of growth for the advanced capitalist countries over various time periods since 1820

	Annual percentage rates of change		
	Output	Output per capita	Exports
1820–1870	2.2	1.0	4.0
1870–1913	2.5	1.4	3.9
1913–1950	1.9	1.2	1.0
1950–1973	4.9	3.8	8.6
1973–1979	2.6	1.8	5.6
1979–1985	2.2	1.3	3.8

Sources: Maddison, 1982 (1820–1973) and OECD (1973–85)

came to be is a dramatic story that deserves at least cursory scrutiny if we are better to understand the transitions that have occurred since 1973.

The postwar period saw the rise of a series of industries based on technologies that had matured in the inter-war years and been pushed to new extremes of rationalization in World War II. Cars, shipbuilding, and transport equipment, steel, petrochemicals, rubber, consumer electrical goods, and construction became the propulsive engines of economic growth, focused on a series of grand production regions in the world economy – the Midwest of the United States, the Ruhr–Rhinelands, the West Midlands of Britain, the Tokyo–Yokohama production region. The privileged workforces in these regions formed one pillar of a rapidly expanding effective demand. The other pillar rested on state-sponsored reconstruction of war-torn economies, suburbanization particularly in the United States, urban renewal, geographical expansion of transport and communications systems, and infrastructural development both within and outside the advanced capitalist world. Co-ordinated by way of interlinked financial centres – with the United States and New York at the apex of the hierarchy – these core regions of the world economy drew in massive supplies of raw materials from the rest of the non-communist world, and reached out to dominate an increasingly homogeneous mass world market with their products.

The phenomenal growth that occurred in the postwar boom depended, however, on a series of compromises and repositionings on the part of the major actors in the capitalist development process. The state had to take on new (Keynesian) roles and build new

institutional powers; corporate capital had to trim its sails in certain respects in order to move more smoothly in the track of secure profitability; and organized labour had to take on new roles and functions with respect to performance in labour markets and in production processes. The tense but nevertheless firm balance of power that prevailed between organized labour, large corporate capital, and the nation state, and which formed the power basis for the postwar boom, was not arrived at by accident. It was the outcome of years of struggle.

The defeat of the resurgent radical working-class movements of the immediate postwar period, for example, prepared the political ground for the kinds of labour control and compromise that made Fordism possible. Armstrong, Glyn, and Harrison (1984, chapter 4) provide a detailed account of how the attack upon traditional (craft-oriented) and radical forms of labour organizing was mounted both in the occupied territories of Japan, West Germany, and Italy and in the supposedly 'free' territories of Britain, France, and the Low Countries. In the United States, where the Wagner Act of 1933 had given the unions power in the market place (with explicit recognition that collective bargaining rights were essential to the resolution of the effective demand problem) in return for sacrificing powers in the realm of production, the unions found themselves under virulent attack in the postwar years for communist infiltration, and were ultimately brought under strict legal discipline through the Taft–Hartley Act of 1952 (an act put through at the height of the McCarthyite period) (Tomlins, 1985). With their principal adversary under control, capitalist class interests could resolve what Gramsci earlier called the problem of 'hegemony' and establish a seemingly new basis for those class relations conducive to Fordism.

How deeply these new class relations penetrated is a matter of some dispute and in any case evidently varied a great deal from one country or even region to another. In the United States, for example, the unions won considerable power in the sphere of collective bargaining in the mass-production industries of the Midwest and North-East, preserved some shop-floor control over job specifications, security and promotions, and wielded an important (though never determinant) political power over such matters as social security benefits, the minimum wage, and other facets of social policy. But they acquired and maintained these rights in return for adopting a collaborative stance with respect to Fordist production techniques and cognate corporate strategies to increase productivity. Burawoy, in his *Manufacturing consent*, illustrates how deeply co-operative sentiments ran within the work-force, though modified by all kinds

of 'games' of resistance to any excessive incursions of capitalist power on the shop floor (with respect, for example, to the pace of work). He thus broadly confirms with American data the profile of the co-operation stance of *The affluent worker* compiled by Goldthorpe in Britain. Yet there has been a sufficient record of sudden eruptions of discontent, even among affluent workers (in, for example, the General Motors plant at Lordstown shortly after it opened, or among the affluent car workers that Goldthorpe studied) to suggest that this may be more of a surface adaptation than a total reconstruction of worker attitudes with respect to assembly-line production. The perpetual problem of habituating the worker to such routinized, de-skilled and degraded systems of work, as Braverman (1974) forcefully argues, can never be completely overcome. Nevertheless, bureaucratized trade union organizations were increasingly corralled (sometimes through the exercise of repressive state power) into the corner of swapping real wage gains for co-operation in disciplining workers to the Fordist production system.

The roles of the other partners in the general, if often tacit, social contract that reigned over the postwar boom were similarly well defined. Large corporate power was deployed to assure steady growth in investments that enhanced productivity, guaranteed growth, and raised living standards while ensuring a stable basis for gaining profits. This implied a corporate commitment to steady but powerful processes of technological change, mass fixed capital investment, growth of managerial expertise in both production and marketing, and the mobilization of economies of scale through standardization of product. The strong centralization of capital that had been such a conspicuous feature of US capitalism since 1900 allowed the curbing of inter-capitalist competition within an all-powerful US economy and the emergence of oligopolistic and monopoly pricing and planning practices. Scientific management of all facets of corporate activity (not only production, but also personnel relations, on-the-job training, marketing, product design, pricing strategies, planned obsolescence of equipment and product) became the hallmark of bureaucratic corporate rationality. The decisions of corporations became hegemonic in defining the paths of mass consumption growth, presuming, of course, that the other two partners in the grand coalition did whatever was necessary to keep effective demand at levels sufficient to absorb the steady growth of capitalist output. The massing of workers in large-scale factories always posed, however, the threat of stronger labour organization and enhanced working-class power — hence the importance of the political attack upon radical elements within the labour movement after 1945. Nevertheless, corporations

grudgingly accepted union power, particularly when the unions undertook to control their membership and collaborate with management in plans to raise productivity in return for wage gains that stimulated effective demand in the way that Ford had originally envisaged.

The state, for its part, assumed a variety of obligations. To the degree that mass production requiring heavy investment in fixed capital in turn required relatively stable demand conditions to be profitable, so the state strove to curb business cycles through an appropriate mix of fiscal and monetary policies in the postwar period. Such policies were directed towards those areas of public investment — in sectors like transportation, public utilities, etc. — that were vital to the growth of both mass production and mass consumption, and which would also guarantee relatively full employment. Governments likewise moved to provide a strong underpinning to the social wage through expenditures covering social security, health care, education, housing, and the like. In addition, state power was deployed, either directly or indirectly, to affect wage agreements and the rights of workers in production.

The forms of state interventionism varied greatly across the advanced capitalist countries. Table 2.2 illustrates, for example, the variety of postures taken by different governments in Western Europe in relation to wage contract negotiations. Similar qualitative as well as quantitative differences can be found in the patterning of public expenditures, the organization of welfare systems (kept very much within the corporation in the Japanese case, for example), and the degree of active as opposed to tacit state involvement in economic decisions. Patterns of labour unrest, shop-floor organizing and union activism likewise varied considerably from state to state (Lash and Urry, 1987). But what is remarkable is the way in which national governments of quite different ideological complexions — Gaullist in France, the Labour Party in Britain, Christian Democrats in West Germany, etc. — engineered both stable economic growth and rising material living standards through a mix of welfare statism, Keynesian economic management, and control over wage relations. Fordism depended, evidently, upon the nation state taking — much as Gramsci predicted — a very special role within the overall system of social regulation.

Postwar Fordism has to be seen, therefore, less as a mere system of mass production and more as a total way of life. Mass production meant standardization of product as well as mass consumption; and that meant a whole new aesthetic and a commodification of culture that many neo-conservatives, such as Daniel Bell, were later to see as

Table 2.2 *The organization of wage bargaining in four countries, 1950–1975*

	<i>France</i>	<i>Britain</i>	<i>Italy</i>	<i>West Germany</i>
Unions				
Membership	low	high blue-collar	variable	moderate
Organization	weak with political factionalism	fragmented between industries and trades	periodic with mass movements	structured and unified
Owners	divided among tendencies and organizations	weak collective organization	private–public rivalry	powerful and organized
State	widespread interventions and regulation of work and wages through tripartite accords	voluntary collective bargaining with state-set norms after mid-1960s	periodic legislative intervention depending on class struggle	very weak role

Source: after Boyer, 1986b, table 1

detrimental to the preservation of the work ethic and other supposed capitalist virtues. Fordism also built upon and contributed to the aesthetic of modernism – particularly the latter's penchant for functionality and efficiency – in very explicit ways, while the forms of state interventionism (guided by principles of bureaucratic–technical rationality), and the configuration of political power that gave the system its coherence, rested on notions of a mass economic democracy welded together through a balance of special-interest forces.

Postwar Fordism was also very much an international affair. The long postwar boom was crucially dependent upon a massive expansion of world trade and international investment flows. Slow to develop outside the United States before 1939, Fordism became more firmly implanted in both Europe and Japan after 1940 as part of the war effort. It was consolidated and expanded in the postwar period, either directly through policies imposed in the occupation

(or, more paradoxically, in the French case, because the communist-led unions saw Fordism as the only way to assure national economic autonomy in the face of the American challenge) or indirectly through the Marshall Plan and subsequent US direct investment. The latter, which had sputtered along in the inter-war years as US corporations sought market outlets overseas to overcome the limits of internal effective demand, sprang to life after 1945. This opening up of foreign investment (chiefly in Europe) and trade permitted surplus productive capacity in the United States to be absorbed elsewhere, while the progress of Fordism internationally meant the formation of global mass markets and the absorption of the mass of the world's population, outside the communist world, into the global dynamics of a new kind of capitalism. Furthermore, uneven development within the world economy meant the experience of already muted business cycles as so many local and broadly compensating oscillations within a fairly stable growth of world demand. At the input end, the opening up of foreign trade meant the globalization of the supply of often cheaper raw materials (particularly energy supplies). The new internationalism also brought a whole host of other activities in its wake – banking, insurance, services, hotels, airports, and ultimately tourism. It carried with it a new international culture and relied heavily upon new-found capacities to gather, evaluate, and disseminate information.

All of this was secured under the hegemonic umbrella of the United States' financial and economic power backed by military domination. The Bretton Woods agreement of 1944 turned the dollar into the world's reserve currency and tied the world's economic development firmly into US fiscal and monetary policy. The United States acted as the world's banker in return for an opening up of the world's commodity and capital markets to the power of the large corporations. Under this umbrella, Fordism spread unevenly as each state sought its own mode of management of labour relations, monetary and fiscal policy, welfare and public investment strategies, limited internally only by the state of class relations and externally only by its hierarchical position in the world economy and by the fixed exchange rate against the dollar. The international spread of Fordism occurred, therefore, within a particular frame of international political-economic regulation and a geopolitical configuration in which the United States dominated through a very distinctive system of military alliances and power relations.

Not everyone was included in the benefits of Fordism, and there were, to be sure, abundant signs of discontent even at the system's apogee. To begin with, Fordist wage bargaining was confined to certain sectors of the economy and certain nation states where stable

demand growth could be matched by large-scale investment in mass-production technology. Other sectors of high risk production still depended on low wages and weak job security. And even Fordist sectors could rest upon a non-Fordist base of sub-contracting. Labour markets therefore tended to divide into what O'Connor (1973) called a 'monopoly' sector, and a much more diverse 'competitive' sector in which labour was far from privileged. The resultant inequalities produced serious social tensions and strong social movements on the part of the excluded – movements that were compounded by the way in which race, gender, and ethnicity often determined who had access to privileged employment and who did not. The inequalities were particularly hard to sustain in the face of rising expectations, fed in part by all the artifice applied to need-creation and the production of a new kind of consumerist society. Denied access to privileged work in mass production, large segments of the workforce were equally denied access to the much-touted joys of mass consumption. This was a sure formula for discontent. The civil rights movement in the United States spilled over into a revolutionary rage that shook the inner cities. The surge of women into low-paying jobs was accompanied by an equally vigorous feminist movement. And the shock of discovery of awesome poverty in the midst of growing affluence (as exposed in Michael Harrington's *The other America*) spawned strong counter-movements of discontent with the supposed benefits of Fordism.

While the division between a predominantly white, male, and highly unionized work-force and 'the rest' was useful in some ways from the standpoint of labour control, it also had its drawbacks. It meant a rigidity in labour markets that made it hard to re-allocate labour from one line of production to another. The exclusionary power of the unions strengthened their capacity to resist de-skilling, authoritarianism, hierarchy, and loss of control in the workplace. The penchant for using those powers depended on political traditions, modes of organization (the shop steward movement in Britain being particularly powerful), and the willingness of workers to trade in their rights in production for greater market power. Labour struggles did not disappear, as unions often found themselves forced to respond to grass-roots discontent. But the unions also found themselves increasingly under attack from the outside, from excluded minorities, women and the underprivileged. To the degree they served their members' narrow interests and dropped more radical socialist concerns, they were in danger of being reduced in the public eye to fragmented special-interest groups pursuing self-serving rather than general aims.

The state bore the brunt of the increasing discontent, sometimes culminating in civil disorders on the part of the excluded. At the very minimum the state had to try and guarantee some kind of adequate social wage for all, or to engage in redistributive policies or legal actions that would actively remedy the inequalities, address the relative impoverishment and lack of inclusion of minorities. Increasingly, the legitimation of state power depended on the ability to spread the benefits of Fordism over all and to find ways to deliver adequate health care, housing and educational services on a massive scale but in a humane and caring way. Qualitative failures on that score were the butt of innumerable criticisms, but in the end it was probably the quantitative failure that provoked the most serious dilemmas. The ability to provide collective goods depended upon continuous acceleration in the productivity of labour in the corporate sector. Only in that way could Keynesian welfare statism be made fiscally viable.

On the consumer side, there was more than a little criticism of the blandness of the quality of life under a regime of standardized mass consumption. The quality of service provision through a non-discriminating system of state administration (based on technical-scientific bureaucratic rationality) also came in for heavy criticism. Fordism and Keynesian state managerialism became associated with an austere functionalist aesthetic (high modernism) in the field of rationalized design. The critics of suburban blandness and downtown monolithic monumentality (like Jane Jacobs) became, as we have seen, a vociferous minority that articulated a whole host of cultural discontents. The counter-cultural critiques and practices of the 1960s therefore paralleled movements of the excluded minorities and the critique of depersonalized bureaucratic rationality. All these threads of opposition began to fuse into a strong cultural-political movement at the very moment when Fordism as an economic system appeared to be at its apogee.

To this must be added all the Third World discontents at a modernization process that promised development, emancipation from want, and full integration into Fordism, but which delivered destruction of local cultures, much oppression, and various forms of capitalist domination in return for rather meagre gains in living standards and services (e.g. public health) for any except a very affluent indigenous elite that chose to collaborate actively with international capital. Movements towards national liberation – sometimes socialist but more often bourgeois-nationalist – focused many of these discontents in ways that sometimes appeared quite threatening to global Fordism. The geopolitical hegemony of the United States was

threatened and the USA, which began the postwar era by using anti-communism and militarism as a vehicle for geopolitical and economic stabilization, soon found itself facing the problem of 'guns or butter' in its own fiscal economic policy.

But in spite of all the discontents and all the manifest tensions, the centrepieces of the Fordist regime held firm at least until 1973, and in the process did indeed manage to keep a postwar boom intact that favoured unionized labour, and to some degree spread the 'benefits' of mass production and consumption even further afield. Material living standards rose for the mass of the population in the advanced capitalist countries, and a relatively stable environment for corporate profits prevailed. It was not until the sharp recession of 1973 shattered that framework that a process of rapid, and as yet not well understood, transition in the regime of accumulation began.

9

From Fordism to flexible accumulation

In retrospect, it seems there were signs of serious problems within Fordism as early as the mid-1960s. By then, the West European and Japanese recoveries were complete, their internal market saturated, and the drive to create export markets for their surplus output had to begin (figure 2.3). And this occurred at the very moment when the success of Fordist rationalization meant the relative displacement of more and more workers from manufacturing. The consequent slackening of effective demand was offset in the United States by the war on poverty and the war in Vietnam. But declining corporate productivity and profitability after 1966 (figure 2.4) meant the beginnings of a fiscal problem in the United States that would not go away except at the price of an acceleration in inflation, which began to undermine the role of the dollar as a stable international reserve currency. The formation of the Eurodollar market, and the credit crunch of 1966-7, were indeed prescient signals of the United States' diminished power to regulate the international financial system. It was at about this time too that import substitution policies in many Third World countries (particularly Latin America), coupled with the first big push by multinationals into offshore manufacturing (particularly in South-East Asia), brought a wave of competitive Fordist industrialization to entirely new environments, where the social contract with labour was either weakly enforced or non-existent. International competition thereafter intensified as Western Europe and Japan, joined by a whole host of newly industrializing countries, challenged United States hegemony within Fordism to the point where the Bretton Woods agreement cracked and the dollar was devalued. Floating and often highly volatile exchange rates thereafter replaced the fixed exchange rates of the postwar boom (figure 2.5).

More generally, the period from 1965 to 1973 was one in which the