

Robin Murray

Fordism and Post-Fordism

During the first two centuries of the industrial revolution the focus of employment shifted from the farm to the factory. It is now shifting once more, from the factory to the office and the shop. A third of Britain's paid labour force now works in offices. A third of the value of national output is in the distribution sector. Meanwhile 2.5 million jobs have been lost in British manufacturing since 1960. If the Ford plants at Halewood and Dagenham represented late industrialism, Centrepoint and Habitat are the symbols of a new age.

The Right portrayed the growth of services as a portent of a post-industrial society with growing individualism, a weakened state and a multiplicity of markets. I want to argue that it reflects a deeper change in the production process. It is one that affects manufacturing and agriculture as well as services, and has implications for the way in which we think about socialist alternatives. I see this as a shift from the dominant form of 20th-century production, known as Fordism, to a new form, post-Fordism.

Fordism is an industrial era whose secret is to be found in the mass production systems pioneered by Henry Ford. These systems were based on four principles from which all else followed:

- a) products were standardised; this meant that each part and each task could also be standardised. Unlike craft production – where each part had to be specially designed, made and fitted – for a run of mass-produced cars, the same headlight could be fitted to the same model in the same way.
- b) if tasks are the same, then some can be mechanised; thus mass production plants developed special-purpose machinery for each model, much of which could not be

switched from product to product.

- c) those tasks which remained were subject to scientific management or Taylorism, whereby any task was broken down into its component parts, redesigned by work-study specialists on time-and-motion principles, who then instructed manual workers on how the job should be done.
- d) flowline replaced nodal assembly, so that instead of workers moving to and from the product (the node), the product flowed past the workers.

Ford did not invent these principles. What he did was to combine them in the production of a complex commodity, which undercut craft-made cars as decisively as the handloom weavers had been undercut in the 1830s. Ford's Model T sold for less than a tenth of the price of a craft-built car in the US in 1916, and he took 50 per cent of the market.

This revolutionary production system was to transform sector after sector during the 20th century, from processed food to furniture, clothes, cookers, and even ships after the second world war. The economies came from the scale of production, for although mass production might be more costly to set up because of the purpose-built machinery, once in place the cost of an extra unit was discontinuously cheap.

Many of the structures of Fordism followed from this tension between high fixed costs and low variable ones, and the consequent drive for volume. First, as Ford himself emphasised, mass production presupposes mass consumption. Consumers must be willing to buy standardised products. Mass advertising played a central part in establishing a mass consumption norm. So did the provision of the infrastructure of consumption – housing and roads. To ensure that the road system dominated over rail, General Motors, Standard Oil and Firestone Tyres bought up and then dismantled the electric trolley and transit systems in 44 urban areas.

Second, Fordism was linked to a system of protected national markets, which allowed the mass producers to recoup their fixed costs at home and compete on the basis of marginal costs on the world market, or through the replication of existing models via foreign investment.

Third, mass producers were particularly vulnerable to sudden falls in demand. Ford unsuccessfully tried to offset the effect of the 1930s depression by raising wages. Instalment credit,

Keynesian demand and monetary management, and new wage and welfare systems were all more effective in stabilising the markets for mass producers in the postwar period. HP and the dole cheque became as much the symbols of the Fordist age as the tower block and the motorway.

The mass producers not only faced the hazard of changes in consumption. With production concentrated in large factories they were also vulnerable to the new 'mass worker' they had created. Like Taylorism, mass production had taken the skill out of work, it fragmented tasks into a set of repetitive movements, and erected a rigid division between mental and manual labour. It treated human beings as interchangeable parts of a machine, paid according to the job they did rather than who they were.

The result was high labour turnover, shopfloor resistance, and strikes. The mass producers in turn sought constant new reservoirs of labour, particularly from groups facing discrimination, from rural areas and from less developed regions abroad. The contractual core of Taylorism – higher wages in return for managerial control of production – still applied, and a system of industrial unions grew up to bargain over these wage levels. In the USA, and to an extent the UK, a national system of wage bargaining developed in the postwar period, centred on high-profile car industry negotiations, that linked wage rises to productivity growth, and then set wage standards for other large-scale producers and the state. It was a system of collective bargaining that has been described as implementing a Keynesian incomes policy without a Keynesian state. As long as the new labour reservoirs could be tapped, it was a system that held together the distinct wage relation of Fordism.

Taylorism was also characteristic of the structure of management and supplier relations. Fordist bureaucracies are fiercely hierarchical, with links between the divisions and departments being made through the centre rather than at the base. Planning is done by specialists; rulebooks and guidelines are issued for lower management to carry out. If you enter a Ford factory in any part of the world, you will find its layout, materials, even the position of its Coca Cola machines, all similar, set up as they are on the basis of a massive construction manual drawn up in Detroit. Managers themselves complain of deskilling and the lack of room for initiative, as do suppliers who are confined to producing blueprints at a low margin price.

These threads – of production and consumption, of the semi-skilled worker and collective bargaining, of a managed national market and centralised organisation – together make up the fabric of Fordism. They have given rise to an economic culture which extends beyond the complex assembly industries, to agriculture, the service industries and parts of the state. It is marked by its commitment to scale and the standard product (whether it is a Mars bar or an episode of *Dallas*); by a competitive strategy based on cost reduction; by authoritarian relations, centralised planning, and a rigid organisation built round exclusive job descriptions.

These structures and their culture are often equated with industrialism, and regarded as an inevitable part of the modern age. I am suggesting that they are linked to a particular form of industrialism, one that developed in the late 19th century and reached its most dynamic expression in the postwar boom. Its impact can be felt not just in the economy, but in politics (in the mass party) and in much broader cultural fields – whether American football, or classical ballet (Diaghilev was a Taylorist in dance), industrial design or modern architecture. The technological *hubris* of this outlook, its Faustian bargain of dictatorship in production in exchange for mass consumption, and above all its destructiveness in the name of progress and the economy of time, all this places Fordism at the centre of modernism.

Why we need to understand these deep structures of Fordism is that they are embedded, too, in traditional socialist economics. Soviet-type planning is the apogee of Fordism. Lenin embraced Taylor and the stopwatch. Soviet industrialisation was centred on the construction of giant plants, the majority of them based on western mass-production technology. So deep is the idea of scale burnt into Soviet economics that there is a hairdresser's in Moscow with 120 barbers' chairs. The focus of Soviet production is on volume and because of its lack of consumer discipline it has caricatured certain features of western mass production, notably a hoarding of stocks, and inadequate quality control.

In social-democratic thinking state planning has a more modest place. But in the writings of Fabian economists in the 1930s, as in the Morrisonian model of the public corporation, and Labour's postwar policies, we see the same emphasis on centralist planning, scale, Taylorist technology, and hierarchical

organisation. The image of planning was the railway timetable, the goal of planning was stable demand and cost-reduction. In the welfare state, the idea of the standard product was given a democratic interpretation as the universal service to meet basic needs, and although in Thatcher's Britain this formulation is still important, it effectively forecloses the issue of varied public services and user choice. The shadow of Fordism haunts us even in the terms in which we oppose it.

The Break-up of Fordism

Fordism as a vision — both left and right — had always been challenged, on the shopfloor, in the political party, the seminar room and the studio. In 1968 this challenge exploded in Europe and the USA. It was a cultural as much as an industrial revolt, attacking the central principles of Fordism, its definitions of work and consumption, its shaping of towns and its overriding of nature.

From that time we can see a fracturing of the foundations of predictability on which Fordism was based. Demand became more volatile and fragmented. Productivity growth fell as the result of workplace resistance. The decline in profit drove down investment. Exchange rates were fluctuating, oil prices rose and in 1974 came the greatest slump the West had had since the 1930s.

The consensus response was a Keynesian one, to restore profitability through a managed increase in demand and an incomes policy. For monetarism the route to profitability went through the weakening of labour, a cut in state spending and a reclaiming of the public sector for private accumulation. Economists and politicians were re-fighting the battles of the last slump. Private capital on the other hand was dealing with the present one. It was using new technology and new production principles to make Fordism flexible, and in doing so stood much of the old culture on its head.

In Britain, the groundwork for the new system was laid not in manufacturing but in retailing. Since the 1950s, retailers had been using computers to transform the distribution system. All mass producers have the problem of forecasting demand. If they produce too little they lose market share. If they produce too much, they are left with stocks, which are costly to hold, or have

to be sold at a discount. Retailers face this problem not just for a few products, but for thousands. Their answer has been to develop information and supply systems which allow them to order supplies to coincide with demand. Every evening Sainsbury's receives details of the sales of all 12,000 lines from each of its shops; these are turned into orders for warehouse deliveries for the coming night, and replacement production for the following day. With computerised control of stocks in the shop, transport networks, automatic loading and unloading, Sainsbury's flow-line make-to-order system has conquered the Fordist problem of stocks.

They have also overcome the limits of the mass product. For, in contrast to the discount stores which are confined to a few, fast-selling items, Sainsbury's, like the new wave of high street shops, can handle ranges of products geared to segments of the market. Market niching has become the slogan of the high street. Market researchers break down market by age (youth, young adults, 'grey power'), by household types (dinkies, single-gender couples, one-parent families), by income, occupation, housing and, increasingly, by locality. They analyse 'lifestyles', correlating consumption patterns across commodities, from food to clothing, and health to holidays.

The point of this new anthropology of consumption is to target both product and shops to particular segments. Burton's — once a mass producer with generalised retail outlets — has changed in the 1980s to being a niche market retailer with a team of anthropologists, a group of segmented stores — Top Shop, Top Man, Dorothy Perkins, Principles and Burton's itself — and now has no manufacturing plants of its own. Conran's Storehouse group — Habitat, Heals, Mothercare, Richards and BHS — all geared to different groups, offers not only clothes, but furniture and furnishings, in other words entire lifestyles. At the heart of Conran's organisation in London is what amounts to a factory of 150 designers, with collages of different lifestyles on the wall, Bold Primary, Orchid, mid-Atlantic and the Cottage Garden.

In all these shops the emphasis has shifted from the manufacturer's economies of scale to the retailer's economies of scope. The economies come from offering an integrated range from which customers choose their own basket of products. There is also an economy of innovation, for the modern retail

systems allow new product ideas to be tested in practice, through shop sales, and the successful ones then to be ordered for wider distribution. Innovation has become a leading edge of the new competition. Product life has become shorter, for fashion goods and consumer durables.

A centrepiece of this new retailing is design. Designers produce the innovations. They shape the lifestyles. They design the shops, which are described as 'stages' for the act of shopping. There are now 29,000 people working in design consultancies in the UK, which have sales of £1,600 million per annum. They are the engineers of designer capitalism. With market researchers they have steered the high street from being retailers of goods to retailers of style.

These changes are a response to, and a means of shaping, the shift from mass consumption. Instead of keeping up with the Joneses there has been a move to be different from the Joneses. Many of these differences are vertical, intended to confirm status and class. But some are horizontal centred and round group identities, linked to age, or region or ethnicity. In spite of the fact that basic needs are still unmet, the high street does offer a new variety and creativity in consumption which the Left's puritan tradition should also address. Whatever our responses, the revolution in retailing reflects new principles of production, a new pluralism of products and a new importance for innovation. As such it marks a shift to a post-Fordist age.

There have been parallel shifts in manufacturing, not least in response to the retailers' just-in-time system of ordering. In some sectors where the manufacturers are a little more than subcontractors to the retailers, their flexibility has been achieved at the expense of labour. In others, capital itself has suffered, as furniture retailers like MFI squeeze their suppliers, driving down prices, limiting design, and thereby destroying much of the mass-production furniture industry during the downturns.

But the most successful manufacturing regions have been ones which have linked flexible manufacturing systems, with innovative organisation and an emphasis on 'customisation' design and quality. Part of the flexibility has been achieved through new technology, and the introduction of programmable machines which can switch from product to product with little manual resetting and downtime. Benetton's automatic dyeing plant, for example, allows it to change its colours in time with

demand. In the car industry, whereas General Motors took nine hours to change the dyes on its presses in the early 1980s, Toyota have lowered the time to two minutes, and have cut the average lot size of body parts from 5,000 to 500 in the process. The line, in short, has become flexible. Instead of using purpose-built machines to make standard products, flexible automation uses general-purpose machines to produce a variety of products.

Japanisation

Manufacturers have also been adopting the retailers' answer to stocks. The pioneer is Toyota which stands to the new era as Ford did to the old. Toyoda, the founder of Toyota, inspired by a visit to an American supermarket, applied the just-in-time system to his component suppliers, ordering on the basis of his daily production plans, and getting the components delivered right beside the line. Most of Toyota's components are still produced on the same day as they are assembled.

Toyoda's prime principle of the elimination of wasteful practices meant going beyond the problem of stocks. His firm has used design and materials technology to simplify complex elements, cutting down the number of parts and operations. It adopted a zero-defect policy, developing machines which stopped automatically, when a fault occurred, as well as statistical quality control techniques. As in retailing, the complex web of processes, inside and outside the plant, were co-ordinated through computers, a process that economists have called systemation (in contrast to automation). The result of these practices is a discontinuous speed-up in what Marx called the circulation of capital. Toyota turns over its materials and products ten times more quickly than western car producers, saving material and energy in the process.

The key point about the Toyota system, however, is not so much that it speeds up the making of a car. It is in order to make these changes that it has adopted quite different methods of labour control and organisation. Toyoda saw that traditional Taylorism did not work. Central management had no access to all the information needed for continuous innovation. Quality could not be achieved with deskilled manual workers. Taylorism wasted what they called 'the gold in workers' heads'.

Toyota, and the Japanese more generally, having broken the

industrial unions in the 1950s, have developed a core of multi-skilled workers whose tasks include not only manufacture and maintenance, but the improvement of the products and processes under their control. Each breakdown is seen as a change for improvement. Even hourly-paid workers are trained in statistical techniques and monitoring, and register and interpret statistics to identify deviations from a norm – tasks customarily reserved for management in Fordism. Quality circles are a further way of tapping the ideas of the workforce. In post-Fordism, the worker is designed to act as a computer as well as a machine.

As a consequence the Taylorist contract changes. Workers are no longer interchangeable. They gather experience. The Japanese job-for-life and corporate welfare system provides security. For the firm it secures an asset. Continuous training, payment by seniority, a breakdown of job demarcations, are all part of the Japanese core wage relation. The EETPU's lead in embracing private pension schemes, BUPA, internal flexibility, union-organised training and single-company unions are all consistent with this path of post-Fordist industrial relations.

Not the least of the dangers of this path is that it further hardens the divisions between the core and the peripheral workforce. The cost of employing lifetime workers means an incentive to subcontract all jobs not essential to the core. The other side of the Japanese jobs-for-life is a majority of low-paid, fragmented peripheral workers, facing an underfunded and inadequate welfare state. The duality in the labour market, and in the welfare economy, could be taken as a description of Thatcherism. The point is that neither the EETPU's policy nor that of Mrs Thatcher should read as purely political. There is a material basis to both, rooted in changes in production.

There are parallel changes in corporate organisation. With the revision of Taylorism, a layer of management has been stripped away. Greater central control has allowed the decentralisation of work. Day-to-day autonomy has been given to work groups and plant managers. Teams linking departments horizontally have replaced the rigid verticality of Fordist bureaucracies.

It is only a short step from here to sub-contracting and franchising. This is often simply a means of labour control. But in engineering and light consumer industries, networks and

semi-independent firms have often proved more innovative than vertically integrated producers. A mark of post-Fordism is close two-way relations between customer and supplier, and between specialised producers in the same industry. Co-operative competition replaces the competition of the jungle. These new relationships within and between enterprises and on the shopfloor have made least headway in the countries in which Fordism took fullest root, the USA and the UK. Here firms have tried to match continental and Japanese flexibility through automation while retaining Fordist shopfloor, managerial and competitive relations.

Yet in spite of this we can see in this country a culture of post-Fordist capitalism emerging. Consumption has a new place. As for production the keyword is flexibility – of plant and machinery, as of products and labour. Emphasis shifts from scale to scope, and from cost to quality. Organisations are geared to respond to rather than regulate markets. They are seen as frameworks for learning as much as instruments of control. Their hierarchies are flatter and their structures more open. The guerrilla force takes over from the standing army. All this has liberated the centre from the tyranny of the immediate. Its task shifts from planning to strategy, and to the promotion of the instruments of post-Fordist control – systems, software, corporate culture and cash.

On the bookshelf, Peters and Waterman replace F W Taylor. In the theatre the audience is served lentils by the actors. At home Channel 4 takes its place beside ITV. Majorities are transformed into minorities, as we enter the age of proportional representation. And under the shadow of Chernobyl even Fordism's scientific modernism is being brought to book, as we realise there is more than one way up the technological mountain.

Not all these can be read off from the new production systems. Some are rooted in the popular opposition to Fordism. They represent an alternative version of post-Fordism, which flowered after 1968 in the community movements and the new craft trade unionism of alternative plans. Their organisational forms – networks, work-place democracy, co-operatives, the dissolving of the platform speaker into meetings in the round – have echoes in the new textbooks of management, indeed capital has been quick to take up progressive innovations for its own

purposes. There are then many sources and contested versions of post-Fordist culture. What they share is a break with the era of Ford.

Post-Fordism is being introduced under the sway of the market and in accordance with the requirements of capital accumulation. It validates only what can command a place in the market; it cuts the labour force in two, and leaves large numbers without any work at all. Its prodigious productivity gains are ploughed back into yet further accumulation and the quickening consumption of symbols in the postmodern market place. In the UK, Thatcherism has strengthened the prevailing wind of the commodity economy, liberating the power of private purses and so fragmenting the social sphere.

To judge from Kamata's celebrated account, working for Toyota is hardly a step forward from working for Ford. As one British worker in a Japanese factory in the North-East of England put it, 'they want us to live for work, whereas we want to work to live'. Japanisation has no place in any modern *News From Nowhere*.

Yet post-Fordism has shaken the kaleidoscope of the economy, and exposed an old politics. We have to respond to its challenges and draw lessons from its systems.

Political Consequences of Post-Fordism

Firstly there is the question of consumption. How reluctant the Left has been to take this on, in spite of the fact that it is a sphere of unpaid production, and, as Gorz insists, one of creative activity. Which local council pays as much attention to its users as does the market research industry on behalf of commodities? Which bus or railway service cuts queues and speeds the traveller with as much care as retailers show to their just-in-time stocks? The perspective of consumption — so central to the early socialist movement — is emerging from under the tarpaulin of production: the effects of food additives and low-level radiation, of the air we breathe and surroundings we live in, the availability of childcare and community centres, or access to privatised city centres and transport geared to particular needs. These are issues of consumption, where the social and the human have been threatened by the market. In each case the market solutions have been contested by popular movements. Yet their

causes and the relations of consumption have been given only walk-on parts in party programmes. They should now come to the centre of the stage.

Secondly, there is labour. Post-Fordism sees labour as the key asset of modern production. Rank Xerox is trying to change its accounting system so that machinery becomes a cost, and labour its fixed asset. The Japanese emphasise labour and learning. The Left should widen this reversal of Taylorism, and promote a discontinuous expansion of adult education inside and outside the workplace.

They should also provide an alternative to the new management of time. The conservative sociologist Daniel Bell sees the management of time as the key issue of post-industrial society. Post-Fordist capital is restructuring working time for its own convenience: with new shifts, split shifts, rostering, weekend working, and the regulation of labour, through part-time and casual contracts, to the daily and weekly cycles of work. Computer systems allow Tesco to manage more than 130 different types of labour contract in its large stores. These systems of employment and welfare legislation should be moulded for the benefit not the detriment of labour. The length of the working day, of the working week, and year, and lifetime, should be shaped to accommodate the many responsibilities and needs away from work.

The most pressing danger from post-Fordism, however, is the way it is widening the split between core and periphery in the labour market and the welfare system. The EETPU's building a fortress round the core is as divisive as Thatcherism itself. We need bridges across the divide, with trade unions representing core workers using their power to extend benefits to all, as IG Metall have been doing in Germany. A priority for any Labour government would be to put a floor under the labour market, and remove the discriminations faced by the low paid. The Liberals pursued such a policy in late 19th-century London. Labour should reintroduce it in late 20th-century Britain.

Underlying this split is the post-Fordist bargain which offers security in return for flexibility. Because of its cost Japanese capital restricts this bargain to the core; in the peripheral workforce flexibility is achieved through insecurity. Sweden has tried to widen the core bargain to the whole population with a policy of full employment, minimum incomes, extensive

retraining programmes, and egalitarian income distribution. These are the two options, and Thatcherism favours the first.

Could Labour deliver the second? How real is a policy of full employment when the speed of technical change destroys jobs as rapidly as growth creates them? The question — as Sweden has shown — is one of distribution. There is the distribution of working time: the campaign for the 35 hour week and the redistribution of overtime should be at the centre of Labour policy in the 1990s. There is also the distribution of income and the incidence of tax. Lafontaine's idea of shifting tax from labour to energy is an interesting one. Equally important is the need to tax heavily the speculative gains from property, the rent from oil, and unearned and inherited income. Finally taxes will need to be raised on higher incomes, and should be argued for not only in terms of full employment, but in terms of the improvements to the caring services, the environment, and the social economy which the market of the 1980s has done so much to destroy. Full employment is possible. It should be based on detailed local plans, decentralised public services and full employment centres. It cannot be delivered from Westminster alone.

Thirdly, we need to learn from post-Fordism's organisational innovations, and apply them within our own public and political structures. Representative democracy within Fordist bureaucracies is not enough. What matters is the structure of the bureaucracy and its external relations. In the state this means redefining its role as strategist, as innovator, co-ordinator, and supporter of producers. In some cases the span of co-ordination needs to be extended (notably in integrating public transport and the movement of freight): in others production should be decentralised and the drive for scale reversed (the electricity industry, education and health have all suffered from over-centralised operations). Public services should move beyond the universal to the differentiated service. Nothing has been more outrageous than the attack on local government as loony leftist, when councils have sought to shape policies to the needs of groups facing discrimination. Capitalist retailers and market researchers make these distinctions in the pursuit of sales, and socialists should match them in pursuit of service. If greater user control and internal democracy were added to this, then we would be some way towards the dismantling of mass-produced administration, and the creation of a

progressive and flexible state.

Lastly, there is private industry. In many sectors both industry and public policy are frozen in Fordism, even as the leading edge of competition has shifted from scale to product, and from costs to strategy. In spite of the restructuring that has taken place in the 1980s, largely at the expense of labour, manufacturing competitiveness continues to decline. By 1984 only five out of 34 major manufacturing sectors did not have a negative trade balance.

The Left's response to this decline has been couched largely in terms of macro policy: devaluing the pound, controlling wage levels and expanding investment. Industrial policy has taken second place, and centred on amalgamations and scale and the encouragement of new technology. This has been Labour's version of modernisation.

The fact remains that size has not secured competitiveness. Neither has a declining exchange rate with the yen, nor wage levels which have made the UK one of the cheap labour havens of Europe. The changes are much deeper than this.

An alternative needs to start not from plans but from strategies. Strategic capacity within British industry is thin, and even thinner in the state and the labour movement. Sector and enterprise strategies need to take on board the nature of the new competition, the centrality of skilled labour, the need for specialisation and quality, and for continuous innovation.

What public policy should do is to find ways of ensuring that the resultant restructuring takes account of social priorities: labour and educational reform is one part of this; industrial democracy another; environmental and energy saving a third; user concerns about quality and variety a fourth. Some of these will require new laws; others incentive schemes; others collective bargaining. They all need to be a part of strategic restructuring.

In each sector there will be giants barring the path towards such a programme. One will be the stock-market. A priority for a Labour government will be to reduce the stock-market's power to undermine long-term strategic investment (in this we need to follow the example of the Japanese). Another will be multinationals which dominate so many industrial and service sectors in the economy. The urgent task here is to form coalitions of states, unions and municipalities across the

European Community to press for common strategic alternatives at the European level. A third will be the retailers. In some cases retailers will be important allies in restructuring industry progressively (the co-op has a role here); in others the conduct of retailers is destructive, and a Labour government should take direct measures against them.

At the same time, Labour needs to develop a network of social industrial institutions, decentralised, innovative and entrepreneurial. For each sector and area there should be established one or more enterprise boards. They would be channels for long-term funds for new technology, for strategic support across a sector, for common services, and for initiatives and advice on the social priorities.

Public purchasing should be co-ordinated and used not just to provide protection in the old manner, but as supporters of the sectoral programme, as contributors to the improvement of quality, and as sources of ideas. New technology networks should also be set up, linking universities and polytechnics with the sectors and unions (this is an effective part of Dukakis's Massachusetts programme).

In short we need a new model of the public economy made up of a honeycomb of decentralised, yet synthetic institutions, integrated by a common strategy, and intervening in the economy at the level of production rather than trying vainly to plan all from on high. The success of the Italian consortia, and the German industrial regions has been centrally dependent on such a network of municipal and regional government support.

A key role in taking forward this industrial programme should be played by the unions. Restructuring has put them on the defensive. They have found their power weakened and their position isolated. Few have had the resources to develop alternative strategies and build coalitions of communities and users around them. Yet this is now a priority if unions are to reclaim their position as spokespeople of an alternative economy rather than defenders of a sectional interest. Research departments should be expanded, and commissions given to external researchers. There should be joint commissions of members, and users and other related groups, as well as supportive local authorities. The production of the policy would itself be a form of democratic politics.

Mrs Thatcher has led an attack on the key institutions of Fordism: on manufacturing, on the centralised state, on industrial unions and on the national economy. She has opened up Britain to one version of post-Fordism, one that has strengthened the control of finance and international capital, has increased inequality and destroyed whole areas of collective life.

There is an alternative. It has grown up in the new movements, in the trade unions, and in local government over the past twenty years. It has broken through the bounds of the Left's Fordist inheritance, in culture, structure and economics. From it can develop — as is already happening in Europe — an alternative socialism adequate to the post-Fordist age.



Robin Murray

Benetton Britain: The New Economic Order

This was written in 1985 – before Thatcher's third term and the Labour Party Policy Review, while the GLC still existed. But, though the times have changed this essay remains an important contribution to the popularisation of the notion of post-Fordism.

If there is one economic lesson we should have learnt from the last twenty years, it is the limits of Keynesian policy. Whether in this country or abroad – in Spain, France, Greece or Australia – social-democratic governments have come in on a platform of expansionism and redistribution, only to traumatise both their electorates and themselves by introducing cuts and deflation. In this country such turning points occurred in 1966 and 1976. The general election of 1983 was a trauma of a different kind, but with a similar lesson. Since then Labour has fought monetarism with Keynesianism, and has lost both the economic argument and elections.

In spite of this, Labour's current economic policy is still predominantly in the Keynesian mould. Its main axes are reflation, redistribution, and balance of payments control – in short, the management of markets. A few Labour politicians may still believe that such measures will restore full employment. Most have lowered their sights to what they think Keynesian orthodoxy can deliver. But in the movement as a whole there is a deeper ache, a sense that what has happened to Mitterrand will happen here. As a result, there is a real openness to new policies, without any clear idea along which path a credible alternative actually lies.

Part of the problem is that progressive alternatives to Labour orthodoxy have shared a similar Keynesian outlook. Reflation

has been a common starting point. What has divided the Left and Right has been the extent of reflation and the severity of controls necessary to complement it. The size of the public sector borrowing requirement (PSBR) has become an index of economic progressiveness: the higher the braver. The larger the deficit, the more severe must be protection and exchange controls, and the more extensive the internal control of the economy. Around the Keynesian problematics of expanding demand and protecting the national economy there is a continuity which runs from the Alliance on the Right to virtually all versions of the alternative economic strategy on the Left.

Three Weaknesses

There are three weaknesses in this general approach. First, as Roy Hattersley himself is acutely aware, there will be balance of payments and inflationary pressures even with an injection of the £5 billion into the economy that he is currently proposing. With the collapse of so many sectors of British production, an increase in consumer demand and capital investment cannot but help draw in imports in the short and medium term – however severe the protection. To take a recent example from the Enterprise Board's work in London. The Board has been backing an attempt to move the leading electric bicycle design from prototype to mass production. It could find no firm remaining capable of manufacturing the frames in this country. The designer has turned instead to Italy and the USA.

Strategies of reflation aim to counter this problem by concentrating their short-run plans on activities with a low import content (like construction) or on labour-intensive projects (like job creation schemes). But there will still be import pressures when the new wages are spent and there will still be inflationary bottlenecks in sectors like construction. Taking London again: there are already skill shortages reported in the engineering and building trades, reflecting the departure of skilled labour from those industries and the decline in the number of apprentices to replace them. As with a person who has been starved, there are limits to which the British economy can be force-fed.

The key issue is under what conditions and at what speed 're-industrialisation' could take place. All the evidence we have

from the GLC's firm and sectoral studies of the London economy is that many sectors are unlikely to recover, even with protection, without profound restructuring.

The second weakness of the Keynesian approach is that the power of any government to control the national economy through macro measures has been seriously eroded by the growth of multinationals and the openness of the British economy. In the late 1930s imports accounted for a tenth of the UK market for manufactures. Today the figure is nearer a third. Four-fifths of all UK exports are accounted for by multinationals, much of it transferred between affiliates within the same company. Industrial and banking multinationals also dominate flows on the foreign exchanges. Changes in tariffs and exchange rates do affect the pattern of multinational trade and investment, but in different ways and over different time periods than they did in the days of more integrated national economies.

The third, and perhaps the most significant weakness of Keynesianism, is that it has no direct purchase on the major economic issue of our time, which is the restructuring of production. The central fact of the present era of capitalism is that Fordist production (mass production of standardised goods, using specially designed machinery, production lines and a semi-skilled workforce) began to run out of steam in the 1960s. Its earlier spread had been the basis of the postwar boom, but, as markets became saturated, profit rates fell. Expansions of credit and government-financed consumer demand slowed down but did not reverse this process.

From Fordism to Neo-Fordism

The major counter-tendency has come from another quarter — the introduction of a quite new stage of capitalist production. In the USA it is referred to as 'flexible specialisation', in France as 'neo-Fordism'. It consists of applying computer technology not only to each stage of the production process, from design to retailing, but also to the integration of all stages of the process into a single co-ordinated system. As a result, the economies of scale of mass production can now be achieved on much smaller runs, whether small batch engineering products, or clothes, shoes, furniture and even books. Instead of Fordism's specialised

machinery producing standardised products, we now have flexible, all-purpose machinery producing a variety of products. Computers have been applied to design, cutting down the waste of materials, and to stock control. Distribution has been revolutionised, as has the link between sales, production and innovation.

A good example of the 'new production' is that of the Italian clothing firm, Benetton. Their clothes are made by 11,500 workers in northern Italy, only 1,500 of whom work directly for Benetton. The rest are employed by sub-contractors in factories of 30–50 workers each. The clothes are sold through 2,000 tied retail outlets, all of them franchised. Benetton provide the designs, control material stocks, and orchestrate what is produced according to the computerised daily sales returns which flow back to their Italian headquarters from all parts of Europe. Similar systems are at the heart of the success in the UK of the 'new wave' clothiers — Burton's, Next and Richard Shops.

In industry after industry a parallel restructuring has been taking place. Japan has been the home base for the new production, together with West Germany, northern Italy and parts of the Scandinavian economy. The UK and the USA, mostly deeply bound into Fordism, have been slowest to respond (the car industry is a notable example), though the USA is now changing rapidly. Policies which are restricted to managing markets, providing finance, or merely changing formalised control, do not begin to address these issues. What is needed is for the labour movement to shift the whole focus of policy, from money and markets, to production. It is the crisis in production which is at the root of the world recession and the British slump, and it is the way in which the labour movement addresses restructuring which should be at the centre of economic debate.

The Japanisation Strategy

What are the alternatives? The first is a 'Japanisation' strategy which would aim to restructure industry in the interest of British-based capital. It would require a central restructuring institution — in the tradition of the Industrial Reorganisation Corporation, and on the scale of the Japanese planning ministry MITI. It would also need a source of long-term finance, as well

as specific government policies of protection, research funding, and state support, that would be linked to the individual industrial plans and financial packages. There are traces of such a 'Japanisation' project in Alliance policies and in parts of Labour's economic programme. But in both cases industrial policy is obscured beneath the shadow of Keynesianism.

Socialists have been understandably wary of restructuring proposals along these lines. Such restructuring is merely another word for rationalisation, involving loss of jobs, and the undermining of labour's position in the workplace. It recalls the 'Mondist' movement in Britain of the 1920s and 1930s, which was concerned with the introduction of Fordist methods of production with the consent of the trade unions.

In the case of Japanese-type restructuring, the dangers go well beyond the workplace, as the Benetton example shows. For the establishment of single integrated systems of production and distribution has permitted the break-up of large factory complexes and the growth of a sub-contract and franchise economy. In Japan the resulting dualism is particularly sharp. On the one hand, there is a central core accounting for a third of the workforce (with the celebrated corporate welfare systems, high skill levels and jobs for life). On the other, there is a peripheral sub-contract and sweated economy, casualised, low-paid, weakly organised, and restricted to a grossly inadequate public welfare system.

We should certainly be suspicious of such trends. But we cannot ignore them. For already they are taking root in the British economy. Sub-contracting has expanded. So has franchising. Private welfare systems, from health to pensions to job security and even to housing, are growing as the welfare state is being run down. There is a deepening dualism in the labour market. The problem is that in the market sectors of the economy, the failure to match the new flexible production systems has meant the destruction of many of the manufacturing strongholds of the labour movement.

The point was brought home to us in London by the experience of one of the Greater London Enterprise Board's clothing factories. GLEB bought it from the receiver, re-equipped it, and improved the plant lay-out and the flow of work. The company slowly raised wages, and has been developing an enterprise plan. But when it bid for one public

contract, it found itself undercut by quotations which were from 18–36 per cent below its own direct labour and material costs. Initially, GLEB thought that the competitors must have been relabelling imports from south-east Asia. But they found that their rivals had set up flexible systems in this country, linking design, production, distribution and sales. The lower bids reflected the large increases in efficiency that resulted.

Differences of this magnitude are common in other industries. Ford Europe, for example, found that their Japanese associate, Mazda, was able to produce an Escort in Japan £1,000 per car cheaper than Ford. A top-level Ford management team were astonished when they discovered that only 10 per cent of the difference could be accounted for by labour factors (wages, running along the line and so on). 90 per cent was due to factors of flexible specialisation.

Another Path?

Such findings show up the futility – even from capital's point of view – of the present government's cheap labour solution. But they also pose as great a problem to the Left as did Fordism to the Bolsheviks after 1917. What policy should socialists adopt towards the most advanced forms of capitalist technology? Lenin's answer was to embrace the principles of Fordism and scientific management. Trotsky argued along similar lines, that if socialism failed to adopt the most modern technology and narrow the gap between domestic and world prices then, at some point, internal political opposition would emerge, arguing for imports. Hence he supported and organised the massive import of western technology as a means of restructuring Soviet manufacturing on Fordist lines. Henry Ford's largest tractor plant in the world was built in the Soviet Union.

All socialist countries have faced the force of the world market. However strong the protection, a Labour government would face it here. This means we cannot avoid having a policy on restructuring. If we do not have such a policy, the market and its managers will settle it for us. Some version of Japanisation will take further hold of the British economy, with British factories being increasingly confined to the periphery – as subcontractors, assemblers, finishers – the screwdriver plants of the world economy.

But while agreeing with Lenin and Trotsky that we cannot ignore foreign technology, the question we must pose is whether there is an alternative path of restructuring to that offered by the Japanese model. Can we have restructuring in the interests of labour rather than of capital? Can we take over the advantages of new computer systems of production without the deskilling, fragmentation, and dualism that goes with it? Can we talk of a strategy of alternative production?

I believe we can, though its outlines are hazy. In this, as in so many other fields, Brecht's maxim 'Truth is in concrete' applies. Our answers will necessarily be in the details of particular sectors. Take retailing, for example. The modern superstores, hypermarkets and out-of-town shopping centres have pioneered the new principles of flexible specialisation. But they have done it in such a way as to destroy local shops. They have made access to shopping harder for the immobile and for those without cars. They have followed a policy of employing casual, part-time, largely female labour, and have failed – in the food sector – to transform the nutritional quality of food and its conditions of production, in line with their extraordinary advances in systems of physical distribution and stock control. The conditions and wages in meat product factories in London, for example, are atrocious.

The transformation of retailing need not be like this. The technology could be developed to bring the advantages of the supermarket to local corner shops. There is wide scope for improvements in food quality, and in the provision of fresh food using the 'just-in-time' systems of stock control. Supermarkets could provide creches and independent nutritional advice centres. Many of these policies may conflict with the market. They do not conflict with need.

Or take software. The computer programmes that are written to control the new systems of production are geared to control labour rather than emancipate it. There is no necessity in this. Busworkers in Leeds, for example, found that computerised bus schedules could be rewritten (with the help of a friendly programmer) in a way in which was just as efficient in time terms, but which took into account their own (and the passengers') needs in a quite different way. Professor Rosenbrock's human-centred lathe and automatic factory systems – designed to extend traditional engineering skills rather than dispense with

them – provide another example.

Britain has great strength in programming. But the private software economy is about to be swamped by US mass-produced programmes. Software, like retailing, is one of the new commanding heights of the present phase of capitalism. Its effects have already gone deep into market production. The next phase of expansion is to be directed at public services. It is therefore critical, in terms of a strategy of alternative production, that a public software capacity is secured to develop the alternative computer programmes on which the advances in production will be based.

Some Lessons Learnt

I have given examples of how computer systems can be applied in the interests of need rather than merely of profit. But their implications go beyond this. If, for instance, such systems are developed for the furniture industry, and if they are applied in plants under social control, then those plants will have a competitive advantage. It is this advantage which will give scope for those things that have been driven out by the market economy: adequate wages, training, full access for women and for black people (in all industry where the workforce is still almost entirely white and male), designs that take into account those needs which have no power in the market (like those of the disabled), planned imports from progressive Third World countries that are desperate for foreign exchange. The scope will be wide, too, for an extension of real control by the workforce. I say 'real' as well as 'formal' since real control requires the development of confidence and strategic skills, and this takes time, resources and groups of support workers.

All these we have been trying to put into practise, in conjunction with the trade unions, through the Enterprise Board in London and the GLC. In one factory, one thing will work, but not in another. We have learnt as much from the failures as from the successes. But there are four overall conclusions:

- (a) there is enormous scope for public intervention in the restructuring of production. Many sectors in which medium-sized firms are significant have been or are being destroyed by imports, and have shown themselves quite incapable of innovating on the scale required. In sectors

where large, multinational firms predominate, some have found it difficult to escape from their Fordist traditions. In others, particularly those involved in military production, there is an appalling waste of technological capacity which could be applied to civil markets and to social need. Local enterprise boards cannot take on these giants, though councils have supported trade unionists in pressing for alternative plans. It is here that a National Enterprise Board – committed to a strategy of alternative production – is needed.

- (b) the main constraint in extending public intervention is people: people who have managerial skills (to turn round a factory, for example) and who, at the same time, are sympathetic with the strategy. Because of a lack of such staff, the enterprise boards have often been forced into joint ventures with private owners. For GLEB at least, the relationship has again and again been unsatisfactory, compared to those cases where there has been full, or majority, municipal control.
- (c) there is a need for new systems of investment appraisal and social accounting. These must shift the emphasis from short-term financial return, to the longer-term questions of the product, its relative strength with respect to other products and the extent to which it can meet non-market, as well as market, needs. As the Japanese have found, restructuring of any kind often takes a long time. They have geared their institutions and methods of assessment accordingly.
- (d) the robustness of the strategy depends above all on the involvement of the workforce. Strategic plans have been developed not by economists divorced from production, but by researchers in conjunction with those working in the industry, who again and again have provided a level of deep knowledge, and a sense of what practicably could be.

The enterprise boards have intervened in market sectors. What local councils have also been sharply aware of is that there are restructuring issues – usually on a much larger scale – in public services themselves. As with market production, there are clear alternatives in restructuring. Some of them are not confined to issues of flexible specialisation. In energy, for instance, there is a choice between nuclear power, on the one

hand, and conservation on the other. This cannot be settled on financial grounds, but rather on the basis of employment, ecology, and political considerations. With London Transport, on the other hand, the battle between the alternatives did involve questions of how new systems were put into practice (as well as fares). The growing strength of the progressive alternative led to the government 'nationalising' LT. Similarly with cable – which will provide the basic infrastructure for the electronic era – there are wide options about how fibre optics will be introduced and controlled.

In each of these cases restructuring is taking place. There is no one way in which it has to happen. The alternatives have very different implications for labour, and the choice that exists cannot be settled by comparing rates of return. It is rather a question of social and political choices. There are even some cases where the options which are desirable socially are greatly superior on narrow cost grounds as well (preventive health care, for example).

A Strategy of Alternative Production

My argument then is this. The present economic crisis should be seen first and foremost as a crisis of restructuring. It is a restructuring which is taking place at great cost. The priority for the Left should be to intervene in this restructuring in order to change its course. This requires detailed popular planning, sector-by-sector and firm-by-firm, and the development of a material capacity for intervention at a national, as well as a local, level. This is what I mean by a strategy of alternative production.

There are implications for political as well as economic strategy in all this. Policies which enter from the Keynesian end, or from the end of abstract systems of control, concentrate the mind on the need to take state power. For it is the state which can alter the interest rate, and taxation, and who owns what. Part of the problem with this is that, for many people, it all seems abstract and far away from their immediate abilities to act for themselves.

An alternative production approach is different. It starts from where people are: the particular plant, or shop, or office; the kind of food on sale at the local supermarket or the programme

on television. Not only can alternative plans start from there, but something can almost always be done. It will be limited and difficult, but will have that one overwhelming political virtue of practicality. And the limits, soon felt, lead to new connections, more general demands and to detailed practical policies which only a progressive government can deliver. Instead of the state being seen as the 'great deliverer' and the focus of power, it becomes the supporter of initiatives begun and fought for elsewhere by trade unionists, communities and municipalities. And, paradoxically enough, a movement developed in this way provides a stronger, not a weaker, foundation from which a progressive government can build.

I say all this not as a litany of wishes, but as a reflection of what has happened over the last fifteen years. That great flowering of local alternative action in the 1970s, through a myriad of community papers, women's groups, trade-union support units, peace groups, legal advice centres, tenants' groups, trade-union branches, and combine committees, all these have been the basis for a change in municipal politics. In London it came first at the level of boroughs, and then in 1981, at the GLC. And the GLC in its turn, like other councils, has tried to see itself as giving strength to, and not merely drawing strength from, the innumerable groups from which it sprung.

What is now possible is for all this to be extended to the national level. In the field of economic strategy, groups of local authorities have already got together to produce national alternatives for the clothing industry, for Ford's, for steel, cable television and combined heat and power. Each has the detail and the organised support necessary to make a strategy of national industrial intervention a serious possibility.

The development of national company and sectoral plans is, I think, the most urgent task for the next two years. It is only when these are in hand that the Keynesian measures, left or right, will become credible and capable of supporting a programme of progressive restructuring. Without such plans, the Keynesian interlude will be short-lived, and will do nothing to protect British labour from the gathering embrace of 'Japanisation' and all that follows in its wake.

Fred Steward

Green Times

One of the most positive and encouraging developments in the present period of New Right ascendancy is the emergence of green politics as the focus for a creative and engaging opposition. This success has been achieved by a diverse movement with little formal political power yet a compelling capacity to influence the political agenda. In Britain, in spite of its growing support shown in the 1989 Euro-election, it remains unrepresented at parliamentary level. Yet the prime minister feels obliged to treat it with respect rather than contempt. In Brazil local landowners feel confident enough to kill the union organiser and rainforest champion Chico Mendes, yet internationally politicians compete to express their outrage. Why does green politics have such a purchase while its status remains limited in terms of established political and economic power?

What is it that the greens express which makes them in tune with those same new times in which the Right has flourished and the Left has foundered? There are many dimensions to the green outlook which relate to different aspects of the changing economic and cultural context. Care is needed to avoid one-sided interpretations. One of the features of the new times appears to be the offer of new opportunities for social diversity and individual choice. Does this relate to the emergence of green politics in any significant way?

Some dimensions of green politics do indeed express aspects of change in which issues of individuality, diversity and choice figure very strongly. Personal responsibility for the consequences of one's actions is a prominent theme on matters ranging from recycling newspapers to the purchase of fur coats. Decentralisation of economic power is expressed in relation to self-sufficiency and emphasis on small-scale local enterprise. Choice of new patterns of work and consumption for individual