

ever. The model is redolent of the nineteenth century, and it will not be long before the working classes begin to react in nineteenth-century fashion. As the model exhausts the locally available labour force and has to bring in more and more immigrant labour from the countryside or from neighbouring countries, the social question is further complicated by an urban question and a racial question. Having attempted to solve the problem by using truly 'bloody' methods (the forced sterilization of Malay women, for instance), the workshop states of Asia are now attempting to improve the technological level of their exports by increasing wages and at the same time sub-sub-contracting unskilled, labour-intensive work to their hinterlands. In more densely populated countries like Taiwan and South Korea, where the task is to establish a reasonably cohesive regime of accumulation and a hegemonic bloc (in Gramsci's sense of the term), the ruling classes are being forced to follow the example of Brazil and to adopt a rather different logic which we can describe as 'peripheral Fordism'.

### *Peripheral Fordism*

In the 1970s a new pattern emerged in certain countries. It was characterized by the existence of autonomous local capital and by the presence of a sizeable middle class, and significant elements of a skilled working class. In some cases, its origins lay in an earlier import-substitution policy or in a peripheral form of merchant capitalism (Chinese in Eastern Asia). In other cases, it emerged from the 'miraculous' promotion of exports of raw materials such as oil or from an earlier stage of primitive Taylorization. This conjuncture allowed certain states to develop a new logic which we will refer to as 'peripheral Fordism'. The *political* nature of the choices involved must again be stressed; as they are bound up with an internal class struggle which makes the State truly autonomous from the classic ruling classes. Korea in the 1970s, Mexico and Brazil are all cases in point ... but so were Opus Dei's Spain and Gierek's Poland.

Why peripheral Fordism? First, this is a true Fordism in that it involves both mechanization and a combination of

intensive accumulation and a growing market for consumer durables. Secondly, it remains peripheral in that, in terms of the world circuits of productive branches, jobs and production processes corresponding to the 'skilled manufacturing' and engineering levels are still mainly located outside these countries. Its markets represent a specific combination of consumption by the local middle classes, with workers in the Fordist sectors having limited access to consumer durables, and exports of cheap manufactures to the centre. Growth in social demand (which means *world* demand) for consumer durables is thus anticipated, but at the national level it is not institutionally regulated or adjusted to productivity gains in local *Fordist* branches.

We have, then, a combination of import-substitution *and* export-substitution in varying proportions.<sup>15</sup> Finance, when required, comes from the proceeds of the old division of labour, from the promotion of raw materials exports, from tourism, from the money repatriated by emigrant workers, and so on. At the same time, industrialization is accompanied by an increase in imports from the centre; most of them are capital goods produced at levels 1 (conception, engineering) and 2 (skilled assembly) of the new division of labour, and they have to be paid for by exporting level-3 (unskilled assembly) products to the centre.

Insofar as it is a logic of accumulation, or a component element in concrete regimes of accumulation, peripheral Fordism can, then, be analysed as: 1) an element within each NIC's internal regime of accumulation; and 2) an element within the regime of accumulation which links the centre to the NICs in terms of the overall production process and in terms of all markets.

It must be stressed that the regimes of accumulation which we are proposing to group together under the heading 'peripheral Fordism' can in fact vary enormously. Thus, the ratio of exports (manufactures) to internal demand varies from 4.1 per cent in Mexico to 25.4 per cent in South Korea (1978 figures). The ratios between 'growth in domestic final demand', 'import-substitution' and 'industrial re-exporting' are obviously not the same in every concrete regime of accumulation as they reflect major differences between their modes of regulation, particularly in wage

relations and forms of ruling-class hegemony. Significantly, Mexico (or at least the urban sector) is relatively 'democratic',<sup>16</sup> whereas South Korea is a dictatorship.

Yet, the term 'peripheral Fordism' should only be used when growth in the home market for manufactured goods plays a real part in the national regime of accumulation. In this context, it should be noted that South Korea, which some writers insist upon calling a workshop country because of the primitive Taylorization that exists in some segments of the transferred labour-intensive industries, departed from the Taylorist schema long ago. That schema characterized its growth in the period between 1962 and 1972. Since 1973, growth has centred on the home market; the share of exports fell from 28 to 23 per cent and then stabilized. An active policy of import-substitution then helped the country to 'climb the ladder' and further reduced the share of imports from 27 to 20 per cent of the home market. Real wages, which had been rising more slowly than productivity, took off in 1976, so much so that they began to threaten South Korea's competitiveness vis à vis Taiwan.

In a very subtle analysis of these developments, Benabou identifies five groups of industries in South Korea by tracing the relative movement of export/domestic (X/D) and import/domestic (I/D) ratios:<sup>17</sup>

1. Domestic industries (X/D and I/D low).
2. Export industries (X/D high and rising; I/D low).
3. Import-substitution industries (X/D low; M/D low and falling).
4. Extroverted industries (X/D and I/D high and both rising).
5. Internationalized industries (X/D and I/D average; X/D rising, but I/D falling).

Groups 2 and 4 (clothing and electronic components) are characterized by bloody Taylorization. The difference is purely statistical; it is only because the 'thread and fabrics' branch (import) has been separated from the 'hosiery and clothing' branch (export) that the textiles sector can be broken down into an export industry and an import-substitution industry. In the electronics sector, however, the 'transferred' segments cannot be identified by using Benabou's classification. Thus, electronic components are

classed as an extraverted industry, whereas home electronics and vehicles are classed as 'internationalized industries'.

Two developments are, however, typical of peripheral Fordism. Whereas 'extraverted industries' are moving backwards along the bi-sector, 'internationalized industries' are moving perpendicular to it (see Graph 1 overleaf). Whilst South Korea continues to export Fordist goods at either the final or intermediary stages (groups 4 and 5), it is increasingly producing them for the home market. At the same time, pure exports (group 2) are falling, whilst import-substitution (group 3) is increasing.

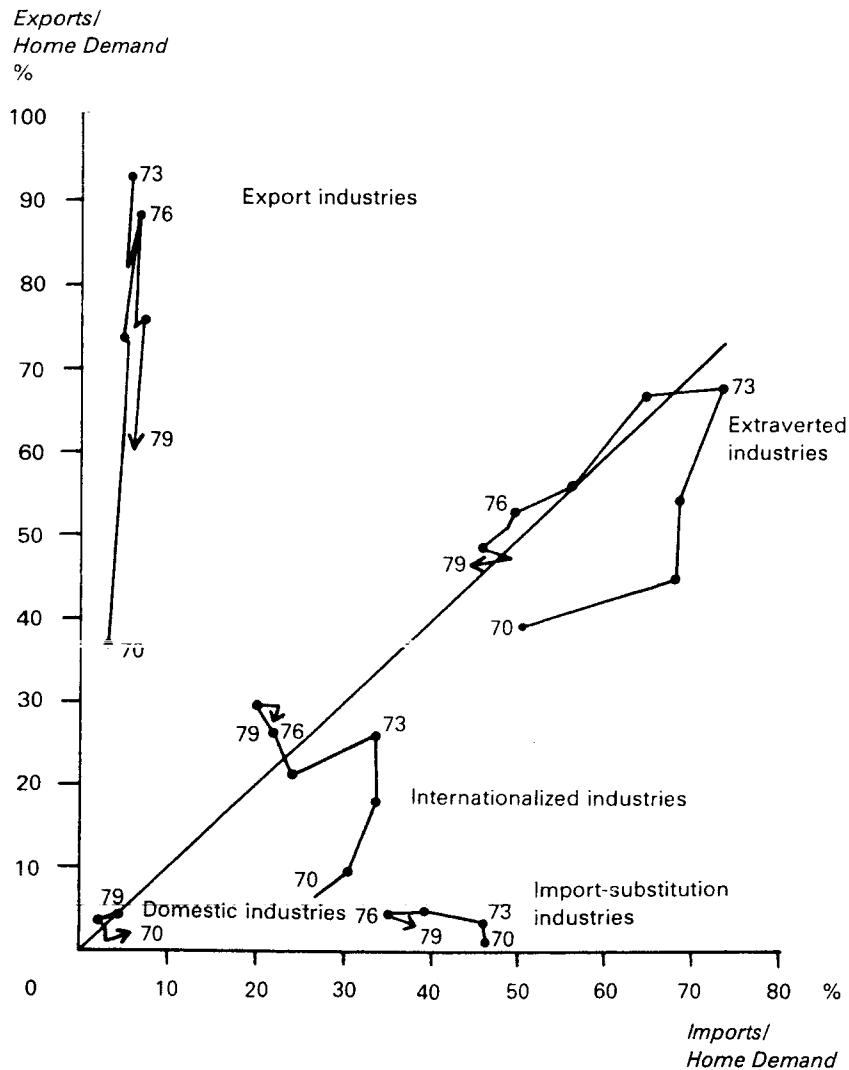
### Scale and Limits of the Movement towards Global Fordism

Danger! Danger! The spectre of the Beast of the Apocalypse is prowling around. As soon as it is unleashed, the concept of 'peripheral Fordism' tends to take on a life of its own and comes back to haunt us, leaving its mark on everything that comes within its reach. It must therefore be made perfectly clear that:

- \* Insofar as it is a regime of accumulation, Fordism is not taking over the whole periphery.
- \* Insofar as it is a form of industrialization, it is not the only form operating in the periphery or even in the NICs.
- \* Equally important developments are taking place in agriculture.
- \* On the other hand, primitive Taylorisms and even peripheral Fordism exist outside the NICs.

We need, first of all, to get at least a rough idea of the scale of the phenomenon of peripheral industrialization. We will then look at a number of objections which ought to temper the enthusiasm that such suggestively named concepts are likely to inspire. Finally, we will take the thesis seriously and look at its real implications: the establishment of a new international division of labour.

Graph 1  
South Korea: Position of Five Groups of Industries 1970-79



Source: R. Benabou, 'La Corée du Sud ou l'industrialisation planifiée', *Economie Prospective Internationale*, 10, August 1979.

### A Widespread, Uneven and Precocious Phenomenon

The easiest way to gauge the extent of the phenomenon is to refer to World Bank statistics (which deal with virtually the whole world, notably excepting Taiwan). With a disarming methodological placidity, the World Bank ranks countries in terms of GNP per head of population, and then uses arbitrary distinctions to classify them into groups of twenty to thirty countries. The only countries which are not classified in this way are high-income oil-exporters (Libya, Saudi Arabia, Kuwait and the Emirates) and 'Eastern European countries with planned economies'. For 1981,<sup>18</sup> this classification gives us:

- 1) Low-income countries ranging from Kampuchea (less than \$80 per head of population per year) to Ghana (\$400). Total population: 2 billion, 200 million.
- 2) Lower middle-income countries ranging from Kenya (\$880) to Paraguay (\$1,630). Total population: 1 billion, 130 million.
- 3) Upper middle-income countries ranging from South Korea (\$1,700) to Trinidad and Tobago (\$5,670). Total population: 464 million.
- 4) Industrial countries with a market economy, ranging from Ireland (\$5,230 - less than Trinidad or Singapore!) to Switzerland (\$17,430). Total population: 719 million.

*Preliminary comments.* Both the countries and categories are so heterogeneous that the average indicators relating to 'categories' do not mean a great deal and that those relating to certain countries do not mean a great deal more. Thus, China and India together account for more than half the total output of the first category. But in terms of per capita income, India comes into the same category as Upper Volta, Ruanda, Somalia and Tanzania.<sup>19</sup> It is an old industrial country and it does have a Fordist sector, but it is swamped by an impoverished peasantry. The World Bank gives statistics for the category 'low-income countries, excluding China and India' - and we will be using them - but the same category includes Bangladesh and Pakistan, which are

classic examples of 'primitive Taylorization', and which are also swamped by an impoverished peasantry.

The 'lower middle-income' group (which takes in Senegal, Morocco, Bolivia, the Philippines and Indonesia) includes some countries which are characterized by the promotion of traditional exports, others characterized by import-substitution and still others characterized by bloody Taylorization. The 'upper middle-income' group contains all our NICs, with the exception of Spain, which has been promoted to being an industrial country. But it also takes in most of the most densely populated OPEC countries and 'Newly Deindustrializing Countries' like Argentina and Chile, which began to deindustrialize in the seventies. Ireland, for its part, is a perfect example of the logic of peripheral Fordism, but it can scarcely be described as an industrial country.

This classification does, however, provide us with a starting point. In terms of Table 2, the 'industrial countries' can be regarded as representing the centre, the 'upper middle-income countries' as classic NICs and 'lower middle-income countries' as 'the second wave of emerging NICs'. The category of 'low-income countries excluding China and India' can be regarded as being outside the Fordist world regime of accumulation. On the other hand, we shall also identify three typical NICs: Mexico, Brazil and South Korea.

Bearing in mind all these provisos, let us look at what happened in the periods 1960-70 and 1970-81. These periods are generally held to be typical of 'before the crisis' and of the first phase of the crisis itself.<sup>20</sup>

We note first that Gross Domestic Product increased in all categories, including the poorest. This is not true of all countries, especially after 1981. That in itself does not mean a great deal; in purely statistical terms, rural depopulation and the break-up of 'natural' economies lead to an increase in GDP.<sup>21</sup> Nor does it necessarily imply a rising average standard of living; population growth can more than wipe out an increase in GDP, and, I repeat, GDP does not give a measure of all the forms whereby the means of existence are reproduced.

The important point is that, whereas the crisis put an end to growth in the countries of the centre, growth scarcely

Table 2 (continued overleaf)  
Changes in World Production, 1960-81

	Industrial Countries	Upper Middle Income	Lower Middle Income	Low Income <sup>1</sup>	South Korea <sup>2</sup>	Brazil	Mexico
GNP per head of population \$ 1981	11,120	2,490	850	240	1,190	2,220	2,250
Annual growth of GNP per head of population 1960-81	3.4	4.2	3.4	0.8 <sup>3</sup>	6.9	5.1	3.5
Annual growth of GNP 1960-70	5.1	6.4	5	4.7	8.6	5.4	7.6
1970-81	3.0	5.6	5.6	3.6	9.1	7.6	6.4
Growth in manufacturing sector 1960-70	5.9	7.8	7.1	5.9	17.6	n.a.	10.1
1970-81	3.1	6.3	5.8	2.8	14.5	7.8	7.1
Growth in gross investment 1960-70	5.8	7.5	7.9	4.3	23.6	6.1	9.9
1970-81	0.9	7.2	8.2	3.7	11	6.5	9.0
Share of agriculture in GNP 1960	6	18	36	48	37	16	16
1981	3	10	22	45	16	13	8
Share of manufacturing in GNP 1960	30	23	15	9	14	26	19
1981	25	24	17	10	28	27	22

Table 2 (continued)

	Industrial Countries	Income			South Korea <sup>2</sup>	Brazil	Mexico
		Upper Middle	Lower Middle	Low Income <sup>1</sup>			
Exports/GDP							
1960	12	18	15	15	3	5	10
1981	20	23	23	12	39 <sup>2</sup>	9	13-17 <sup>2</sup>
Structure of exports % 1960-81							
Primary	34 → 28	84 → 55	96 → 82	91 → 71	86 → 10	97 → 61	88 → 61
Textiles	7 → 5	4 → 1.0	1 → 5	4 → 21	8 → 30	0 → 4	4 → 3
Machinery and transport	29 → 35	2 → 1.3	0 → 2	0 → 2	0 → 22	0 → 17	1 → 19
Other manufactures	30 → 32	10 → 2.2	3 → 11	5 → 6	6 → 38	3 → 18	7 → 17

1) Excluding China and India

2) 1982 figures

3) China: 5%; India 1.4%

All growth rates are given as annual percentages.

Source: World Bank, *Report on World Development*, 1983, 1984.

slowed down at all in the 'upper middle-income' group, which had been growing faster than the centre in the 1960s. The 'lower middle-income group', in which growth had been slower than in the centre, began to catch up with the upper middle-income countries. Growth in the manufacturing sector is even more significant;<sup>22</sup> growth in this sector was still stronger in the middle-income countries than in the centre, and it scarcely slowed in the seventies. The upper middle-income countries did, however, begin to grow faster. Growth rates in low-income countries, which were weaker than those in the centre, fell at the same time.

Changes in investment rates were even more spectacular: the crisis interrupted the dynamics of accumulation in the centre, but in the middle-income countries accumulation sped up. In low-income countries, accumulation fell, but it did so more slowly than in the centre. From the early 1960s onwards, there was, then, real accumulation and growth - including industrial growth - in the whole middle-income category, in countries ranging from Kenya<sup>23</sup> to Trinidad. Growth in that category was not affected by the crisis in central Fordism until at least 1981. On the other hand, the vast majority of low-income countries were stagnating when compared to the centre, and they appeared to have been affected by the crisis in the centre.

The only middle-income countries in which manufacturing output did not increase in the 1970s were Senegal, Zambia, El Salvador, Nicaragua, Congo, Peru, Jamaica, Panama, Argentina, Chile and Trinidad, which all performed less well than the average in the centre. On the other hand, the following performed at least three times better than the centre in terms of growth in manufacturing between 1970 and 1981: Bangladesh (the fifth poorest country in the world!), Kenya, North Yemen, Indonesia, Lesotho, Thailand, Nigeria, Ecuador, Tunisia, South Korea, Malaysia, Algeria, Hong Kong and Singapore. Brazil and Mexico performed almost as well.

In the 1960s, no middle-income country had done so well, but if we use 11% growth as a criterion (twice the average of the centre), Iran, Nicaragua and the Ivory Coast have to be added to the list (reclassification can sometimes be significant!). Conversely, Indonesia, Nigeria and Tunisia