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Towards Global Fordism?

Is the 'industrialization of the Third World' the spectre which now haunts old Europe? Certainly in the apologetic discourse of governments, as well as in the obsessional thinking of trade-union leaders, the resulting 'unfair competition' is at the root of the jobs crisis in the old industries. But there is also a quite different point of view. For the dynamic managers of multinational or export-oriented corporations, for philanthropic economists and various Third World leaders, the industrial development of the periphery brings a more equal balance to North-South relations, both offering a way out of the crisis and heralding the end of unequal development. Beyond such unwarranted outbursts of praise or indignation, we must adopt a critical approach to the concept of Third World industrialization through a new international division of labour. It cannot even be accepted, for example, that 'the Third World' or 'the periphery' actually designates a unitary reality. For while national per capita income varies from 1 to 3 in the OECD 'centre', the corresponding spread is 1 to 27 in the rest of the world outside the eastern bloc. Moreover, the crisis in

the centre has so dramatically sharpened differences among peripheral countries that it seems questionable to bracket together Kuwait, Mali and Brazil.

Still, in three 'glorious' post-war decades, a crucial change was introduced by the system of capitalist accumulation that various French economists, following Gramsci, have baptized 'Fordism'. A 'centre', displaying a cohesive internal logic at the level of blocs (North America, the EEC) if not individual countries, came to stand against a 'periphery' which, whatever the internal dynamic of its component parts, was ever more disconnected from this 'autocentred' logic. The onset of crisis, however, affected the centre much more sharply than the periphery *as a whole*: whereas the annual growth-rate by volume of OECD industrial production fell from 6.4 per cent before 1967 to 4.6 per cent and then to 1.6 per cent between 1973 and 1978, the rate in the 'developing countries' rose, without a break in 1973, from 5 per cent to an average of 7.1 per cent since 1967.¹

Can we, then, really speak of a 'world-wide extension of Fordism'? Is it true that, although the rise of Fordism in at least some parts of the Third World stimulated the present capitalist crisis, it is now an element in the solution to that crisis? Which countries would gain, and which would lose, from such a development? In this article, we shall try to answer these questions by building upon the existing analysis of Fordism.

I—Central Fordism in Crisis

Fordism is intrinsically bound up with the socio-economic formations of the old industrial heartlands, where the problem was to *adjust* the long-stabilized relation between capital and wage-labour.² This should never be forgotten when we speak of the extension of Fordism to countries where the problem is the *creation* or establishment of the wage-relation.

1. Fordism

The concept of Fordism denotes two relatively distinct, though historically and theoretically interlinked, phenomena. First, it refers to a *mode of capital accumulation*: one based upon radical and constant change in the labour process, such that the workers' 'know-how' is incorporated in the form of machinery. This 'system of intensive accumulation', combining a rise in apparent labour productivity with an increase in the per capita volume of fixed capital (the 'technical composition of capital'), presupposes that the body movements of the old craft-worker have been systematized through the methods of Scientific Work Organization. This

¹ See G. Lafay, M. Fouquin and L. de Mautort, 'Spécialisation et adaptation face à la crise', *Economie Prospective Internationale* No. 1, 1980.

² See, for the United States, M. Aglietta, *A Theory of Capitalist Regulation*, London (NLB) 1979; for France, B. Coriat, *L'Atelier et le chronomètre*, Paris 1979, J. P. Benassy et al., 'Approche de l'inflation: l'exemple français', CEPREMAP duplicated paper, Paris 1977, and J. Lafont, D. Lehrogne and A. Lipietz, 'Redéploiement industriel et espace économique: une étude intersectorielle comparative', CEPREMAP paper, Paris 1980; and for Italy, the writings of the *operaista* current.

'Taylorist' stage widens the gap at the heart of the work collective between conception and performance, technical and unskilled labour. Most characteristically in the case of metal-processing, however, the new production line does require the presence of skilled workers—above all, in such key areas of 'incorporation' as the manufacture of equipment goods and machine-tools. Besides, although Fordism and Taylorism appear to reduce 'know-how' to norms issued by the Methods Department to a completely unskilled workforce, they actually require a great deal more than the theoretically necessary, and socially recognized, level of involvement and skill. In fact, the aim is to systematize the ever-new content of workers' skills, and to ensure capitalist control over it by hunting down the 'free space' left in the labour process.

This contradiction between 'dispossession' and 'involvement' is a major source of the 'work crisis' in industrialized countries. It impels the systematic quest for manpower supplies which, though skilled *in reality*, have been downgraded through employment in labour-intensive industries: for example, women uprooted from dress-making activity in the West of France, or the redundant workforce of declining industries in the North of France.³ It also lies behind 'neo-Fordist' attempts to temper direct control with a little 'responsible autonomy'.⁴ Generally speaking, however, it is still true that Fordism propels industrial skills towards two poles. Thus in French industry in 1973, engineers and technicians accounted for 8 per cent of the workforce, skilled workers for 36 per cent, and unskilled workers for 33 per cent. In the typically Fordist 'equipment industries', the two extremes rose to 13 and 36 per cent respectively, while the proportion of skilled workers fell to 33 per cent.⁵

Secondly, Fordism refers to the *continual adjustment of mass consumption* to the historically unprecedented rise in productivity generated by intensive accumulation. The realization problem, associated with the flooding of commodities onto the market, had caused the great crisis of the thirties. But after the war, 'monopolistic' forms of wage-regulation linked the nominal wage to both the cost-of-living and productivity, thereby ensuring that final demand would keep pace with supply. As a result of this 'normalization', the life-style of wage-earners underwent a dramatic change, and was even integrated into capitalist accumulation itself.

2. The Crisis of Fordism

This system of intensive accumulation combined with monopolist regulation may go on indefinitely, the rise in mass purchasing-power making it possible to ward off a crisis of overproduction. However, capital can only remain profitable on two conditions: unless increased productivity in the producer-goods sector offsets the rising technical composition of capital, the proportion of immobilized assets will become dangerously high; and unless increased productivity in the consumer-goods sector balances the rise in mass purchasing-power, the share of wages in total value-added will climb to the detriment of profit.

³ See Lafont et al.

⁴ These phrases are quoted from A. Friedman, *Industry and Labour*, London 1977.

⁵ See Lafont et al.

These two conditions were broadly fulfilled during the 'golden years' of post-war intensive accumulation. In France, for example, the basic variables (productivity, purchasing-power, per capita fixed capital) all increased threefold in the space of twenty years. But the general rise in productivity began to slacken at the end of the sixties, so that Fordism became an ever more 'costly' endeavour.⁶ Government and employers then precipitated the crisis when, on the pretext of 'passing on' the increased oil rent, they set out to halt the rise in mass purchasing-power. To be sure, it has taken the *form* of a crisis of mass underconsumption, particularly apparent, in France, in the motor and construction industries. Unlike the thirties crisis, however, it is *essentially* due not to the tendency of supply to exceed popular demand, but to the fact that insufficient surplus-value results from a growing mass of invested capital. For capital in general (not, of course, for each individual capitalist), the problem is not so much to find markets as to drive up the rate of exploitation. And that has been the case since the late sixties.

II—The 'Outside World' in Post-War Growth

The reduced importance of the classical 'question of markets' has a number of consequences for international trade that would be difficult to overestimate. In its early stages, capitalist trade was above all a world phenomenon, its structures floating like icebergs on a sea of natural economy. The first manufactures had to find customers, and the search was world-wide. Although capitalist development and the breaking-up of village agriculture allowed a 'domestic' capitalist market to be formed in Britain, Manchester had to comb the whole of Europe, even India, in quest of a market for its cotton-goods.

At the beginning of the twentieth century, a number of debates began to divide the Marxist movement. Some theorists argued that balanced development of production offered capitalism a market of its own; others, like Rosa Luxemburg, maintained that capitalism was in need of external outlets. The 1914-18 war, a struggle to redivide the world, confirmed that Rosa Luxemburg had been right; and the underconsumption crisis of the thirties once more refuted her opponents' position. After 1945, however, the spread of Fordism throughout the imperialist metropolises would completely alter the picture.

In the 'old' imperialist division of labour, the 'outside world' appeared as a giant thermostat regulating capitalist growth: it provided a market for the finished goods of capitalist industry, offering, in exchange, raw materials and labour for export. Now, the need to find cheap raw materials and manpower does, of course, remain today. But the question of markets was solved on an *internal* basis through the post-1945 development of mass consumption in the metropolises. Whereas exports still accounted for 26 per cent of goods manufactured in France in 1913, the corresponding figure for 1959 was 18 per cent. The fall was even more spectacular in the case of Japan (from 40 to 23 per cent), and truly gigantic in the case of Britain (from 45 to 19 per cent). It is true of all industrial

⁶ Figures for the major industrial countries may be found in A. Lipietz, 'Derrière la crise, la tendance à la baisse du taux de profit', CEPREMAP paper, Paris 1981.

countries, in fact, that the share of exports in GNP reached its historical bottom in the mid-sixties.⁷ At that point, the 'developing countries' accounted for no more than 7 per cent of the total world trade in manufactured goods—trade which, as far as they were concerned, mainly referred to net imports. Exports of manufactured items to the 'developing countries' had fallen to 2 per cent of GDP in the EEC, 0.8 per cent in the United States, and 3.2 per cent in Japan. As for imports, the figures is in all three cases less than 0.2 per cent of GDP. It would appear that capitalism grew out of imperialism, and not the other way round!

Since 1965, however, the share of international trade in capitalist production has once again begun to increase. The two basic reasons for this, both corresponding to the latent crisis of Fordism, are a quest for gains in productivity and a search for cheaper wage-zones. The first is a genuinely Fordist rescue-operation, involving use of the system's own resources. Insofar as rising productivity is for Fordism coupled with the expansion of markets through mass production and economies of scale, greater international trade *within the centre* heightens the interdependence of developed economies, yielding fresh gains in productivity. This process, whereby systems of production tend to 'overstep' national boundaries, has led to the formation of huge blocs (the USA and Canada, the EEC), and even affects an 'inner periphery' of intermediate industrialized countries in the Mediterranean and Eastern Europe. As we shall see, the same phenomenon has appeared in the American South and the area surrounding Japan. Such internationalization within the centre will produce a very serious situation in which the regulation of growth is still further weakened. Indeed, as each country strives to boost its competitiveness at the expense of domestic purchasing-power, there will be an overall decline in world markets.⁸

Greater flexibility in the 'inner periphery' corresponds to the second objective of Fordist strategy: namely, discovery of cheaper wage-zones. Of course, the aim is also to gain a foothold in countries protected by customs barriers. But in a sense, this merely develops an intrinsically Fordist mechanism, spreading 'branch circuits' over a pool of unevenly skilled and unevenly paid workers.⁹

From the point of view of the labour process, Fordism involves a disjunction between conception and unskilled execution, although skilled productive operations continue to play a minor role. It is very tempting to relate these three forms to corresponding geographical regions: engineering and conception in region I, skilled production in region II, unskilled assembly in region III. As far as France is concerned, such a regional distribution has indeed occurred. Thus in 1975, skills were so distributed in equipment industries that engineers and technicians constituted the same proportion as unskilled workers in the Paris region (21 per cent), yet made up only 8 per cent of the workforce (against 46 per cent for unskilled workers) in the *Massif Central*. The North, the Rhône-Alpes and Alsace were in an intermediate position.

⁷ See S. Mistral, 'Compétitivité et formation de capital en longue période', *Economie et Statistique* No. 57, February 1977.

⁸ For a further discussion of this point, see Lafont et al.

⁹ See Lipietz, 'Derrière la crise...'

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Let us assume that the shift of unskilled industrial jobs to the cheaper wage-zones of the Third World, and the retention of 'grey-matter' activity in the developed countries, would allow a massive rise in the rate of surplus-value. We must now ask ourselves whether this would solve the crisis of Fordism. One thing is certain: unless there is also a huge expansion of world markets, it would only be a solution for *capital*, and not for manual workers in the centre faced with a rising tide of unemployment.

III—Third World Industrialization

Despite the figures on industrial growth mentioned in the introduction, and despite the fact that industry accounts for a growing proportion of jobs in the 'developing countries' (20–35 per cent in 1978, against 5–15 per cent in 1960), two types of argument have been used to contest the reality of Third World industrialization.

1. *The low level of investment in the Third World.* According to IMF figures, investment abroad (a mere 25 per cent of it going to 'developing countries') is still a negligible quantity when compared with domestic investment in the developed countries. Between 1974 and 1977, it hovered around 0.3 per cent of GNP for France, 0.5 per cent for West Germany, 0.6 per cent for the United States, and 0.3 per cent for Japan. In other words, the yearly flow remained steady at about 6,500 million current dollars. At the same time, domestic fixed capital formation fluctuated around 23 per cent in France and West Germany, 14 per cent in the United States, and 30 per cent in Japan. As at the turn of the century, 'the export of commodities' would appear much more significant than 'the export of capital'.

In reality, these figures are quite misleading. The last ten years have witnessed 'a new type of external financing for a new model of growth',¹⁰ or what Christian Palloix calls the rise of an 'international credit economy'.¹¹ In this mechanism, 'developing countries' buy industrial equipment with international credit that increasingly comes from private sources. Thus in South Korea, direct investment accounted for 82 per cent of the inward flow of capital in 1960, and loans on the international financial market for the remaining 18 per cent. By 1975, however, the figures were 18 and 82 per cent respectively—a reversal exactly corresponding to France's 'contribution' to Third World industrialization in 1975! It remains to be seen whether this foreign currency flow, which at most allows means of production to be bought from the developed countries, really does involve a process of industrialization and a new international division of labour.

2. *The low level of exports to the developed countries.* Christian Palloix has argued that the export of equipment goods to 'developing countries' signifies no more than the 'delivery of commodities'. They cannot serve as fixed capital, since they do not find 'socially formed workers' capable of

¹⁰ See C. Ominami, 'Un nouveau type de financement extérieur pour un nouveau modèle de croissance: l'exemple du Chili', *Problèmes d'Amérique latine*, Paris 1980.

¹¹ C. Palloix, 'Les firmes transnationales d'origine française implantées dans le Tiers Monde et l'économie de crédit internationale', *La France et le Tiers Monde*, Grenoble 1979.

operating them. The foreign debts therefore have to be paid with unfinished goods and emigré manpower, so that the 'old division of labour' continues to reproduce itself. The fact that manufactures imported from the centre theoretically have the use-value of means of production does not in any way alter the situation. For in macroeconomic terms they are no different from armaments.¹²

This is an attractive theory, which contains a good deal of truth. With reference to Algeria, Linhart has well demonstrated the difficulties in the way of autonomous development;¹³ while a CEPII paper of 1981 uses the term 'air bubbles' to refer to the new markets which the Third World producer-goods sector now represents for the developed countries.¹⁴ Nevertheless, Palloix's general argument against the notion of a challenge to the division of labour is profoundly unsatisfactory. He remarks that the level of manufacturing exports from the developed to the developing countries increased 170 per cent between 1963 and 1977, and remains far higher than the level of imports. But he forgets to add not only that 'developing countries' quadrupled such exports during these years, but above all that the global figures conceal wide variations. First, we should mention the emergence of several 'newly industrializing countries': four in Asia (South Korea, Taiwan, Hong Kong, Singapore), two in Latin America (Brazil, Mexico). Their share of world manufacturing exports grew by 2½ per cent per annum between 1967 and 1977 (as against 2.1 per cent per annum for Japan and West Germany, 1.5 per cent for the EEC, and – 2.9 per cent for the United States), and now stands at 4.6 per cent of the total. Over the same period, the other non-OPEC 'developing countries' saw their share fall at the rate of 2.6 per cent. If we include another 'special case', namely the OPEC countries, then it is clear that we are witnessing an *explosive fragmentation* of the old periphery. In 1977, these 'newly industrializing countries' accounted for 15.5 per cent and 17.3 per cent of imports for the United States and Japan respectively, and it would appear that the United States and Japan have already gone a long way in relocating their productive processes.

As one would expect, the process mainly affected labour-intensive industries run along Taylorist, rather than Fordist, lines, with a very low composition of capital. The most typical examples are textiles and electronics. Thus between 1968 and 1978, the share of 'newly industrializing countries' in world exports progressed as follows: leather and shoes—from 4 to 16 per cent; ready-made clothes and hosiery—from 20 to 29 per cent; electronic components—from 4 to 22 per cent; clocks and watches—from 2 to 15 per cent; widely consumed electronic goods—from 4 to 13 per cent. Still more significant, however, is the growing strength of countries like South Korea and Brazil in shipbuilding, automobiles, and other industries with a medium composition of capital. Whereas Brazil turned out one-thousandth of the world's motor-cars in 1959, it already produced 2.6 per cent, or 800,000 units, in 1978. Of these, only 7 per cent more were exported than registered in the country.

¹² See C. Palloix, 'Les firmes transnationales. . .'

¹³ R. Linhart, 'Le transfert des technologies et ses contradictions', *Revue française d'administration publique* No. 4, October 1977.

¹⁴ CEPII, 'Redéploiements géographiques et rapports de forces industriels', *Economie Prospective Internationale* No. 5, Paris 1981.

These two cases suggest, more clearly than others, that Fordism is spreading not only as a labour process, but also as a mode of consumption. However, while South Korea has all the features of a 'base for export production', exports rising from 12 per cent of GNP in 1968 to 36 per cent in 1977, Brazil seems to be undergoing an expansion in its own market proportional to the steady 6-8 per cent growth in output. Even within the newly industrializing countries, therefore, various modes of accumulation and regulation, no doubt based upon different wage-relations, have to be carefully distinguished.

IV—Different Models of Accumulation

We cannot here examine in detail the different modes of accumulation present in the 'Third World', but nor can we simply 'start from the centre', defining the periphery as a mere function of it. We must now consider the 'peripheral' countries for themselves, as social formations with their own social relations and policies corresponding to their own dominant classes. Only such an investigation, stemming mainly from local researchers and militants, will reveal how each country might be integrated into a 'world-wide extension of Fordism'. For present purposes, however, we must confine ourselves to a few typical situations.

In two recent articles,¹⁵ Tissier has distinguished three types of Third World industrial accumulation: a) 'export promotion', developing the old specialization in the export of industrial and agricultural raw materials; b) classical 'import substitutions', boosting the local assembly of consumer goods formerly purchased from the developed countries; and c) 'export substitution',¹⁶ involving the production of manufactured goods for export. Only the last two types are clearly relevant to this article: the conception of 'industrializing industries' is more a doctrine than a description of reality.

1. The Failure of Earlier 'Import Substitution'

Advocated for many years as a development strategy, import substitution was practised by various Latin American populist regimes in the 1940s, and taken up by South Korea and Taiwan in the 1950s. By the sixties, however, it no longer seemed capable of producing results, at least in its pure form. The idea had been to finance the importation of 'Fordist' producer goods out of the agricultural surplus or the mineral and oil rent. Massive customs barriers, as high as 100 per cent in Latin America, would then nurture a sector producing consumer goods for the narrow middle-class market within the country. Hopefully, this would later make it possible to 'move up the ladder' to producer goods. As it turned out, the model ran up against three obstacles: a) The terms of trade between exported raw materials and imported equipment goods shifted against the former. Even today in an oil-exporting country like Venezuela, the stages preceding final assembly involve such a rise in the composition of capital that the profit-levels of imported capital sharply decline. Hence, although

¹⁵ P. Tissier, 'L'industrialisation dans huit pays asiatiques depuis la fin de la seconde guerre mondiale', and 'Conditions de travail et zones franches d'exportation dans quelques pays d'Asie', *Critique de l'Economie Politique* No. 14, January 1981.

¹⁶ The term is borrowed from H. Myint.

there does not appear to be any external constraint, the process of internal growth very soon runs out of steam.¹⁷ b) Lacking industrial experience and good management, the young working class which operated the imported machinery could not attain the productivity levels of Fordist theory. c) The narrow internal market, which in the 1920s blocked the first wave of intensive accumulation in the centre, made it impossible to introduce a genuinely Fordist system.

We may therefore use the term 'sub-Fordism' to denote this caricature of Fordist industrialization, which rested on the illusion that technological acquisitions are the only factor in industrial development. Neither in the labour process itself, nor in the structure of demand, had the *social* conditions for such a system of accumulation really been achieved. In every case, this initial experience ended in failure: slow growth, a rising external debt, high rates of inflation, and so on. Ominami has described the final crisis in Chile, where a model based on the domestic market collapsed with the fall of the Popular Unity government in 1973. Four years earlier, the Brazilian military had already put an end to such populist illusions in their own country.¹⁸

2. Export Substitution: 'Bloody' Taylorization

Although things initially remained at the level of intentions, it soon became apparent that a fraction of industrial capital in the centre countries was seeking to relocate parts of Fordist industry in the cheapest available wage-zones. In the course of the sixties, however, this tendency began to conflict with the ambition of local dominant classes to base their own development strategy upon this peculiar 'natural endowment'. The countries in question were not at all of the same type: some had just interrupted or altered an import-substitution programme (South Korea, Brazil), while others had traditionally played a sub-contracting role (Singapore, Hong Kong). Some would appear, in the statistics-based CEPII classification, as 'newly industrializing countries', while others like Morocco (where more and more of the French textile and electronics industry is being relocated) remain merely as 'developing countries'. Still, a number of common features have to be noted.

First, it is more a question of Taylorism than of Fordism. The 'transferred' jobs are typically fragmented and repetitive, not linked by any automated system of machinery. The equipment is light and designed for a single operator: for example, sewing machines in the clothing industry, or microscopes and tweezers in electronics. In short, these are labour-intensive industries in the strictest sense of the term. As Pierre Salama has pointed out,¹⁹ even within individual countries the composition of capital widely varies between industries working for the home market and export-industries. In South Korea, for example, per capita

¹⁷ See R. Hausmann and C. Ominami, 'The realization of the oil rent: A preliminary study of the Venezuelan example, 1946-1979', CEPREMAP paper no. 8101, Paris 1981.

¹⁸ See C. Ominami, 'Sous-développement et régulation économique', CEREM duplicated paper, Paris 1981.

¹⁹ P. Salama, 'Recherche d'une gestion libre de la force de travail et divisions internationales du travail', *Critique de l'Economie Politique* No. 13, October 1980.

fixed capital is four times lower in export-oriented manufacturing industry as a whole, 23 times lower in the electrical and electronics sector, and 192 times lower in textiles and clothing! Unlike 'import-substitution', such 'export-substitution' costs local capital virtually nothing in terms of capital goods. The 'mega-tools', corresponding to the heaviest parts of branch-circuits, most often remain in the hands of technicians and production-workers in the centre. But Ivan Illich need not fear: micro-tools may, within certain social relations, be perfect instruments of alienation and the exploitation of man by man.

It is not difficult to find the labour suitable for Taylorization. For whatever Palloix may think, the relationship of the working class to material production does not make it the sole depository of skills. Since the advent of patriarchy—the most widely distributed phenomenon in the world—women's exploited role in household production has prepared them for the twin requirements of Taylorist industry: complete acquiescence in the goals of the labour process, and complete involvement in the job. Even the body-movements are very similar in domestic labour and the two key transfer-branches: textiles and electronic assembly. A Malaysian investment brochure puts the point well: 'Oriental women are famous throughout the world for their dexterity. With their small hands, they work fast and pay great attention to detail. Who could be better qualified by nature and tradition to raise the efficiency of an assembly line? (. . .) Wage rates in Malaysia are among the lowest in the region, and women-workers can be employed for about us \$1.50 a day.'

The Asian 'free zones' are, indeed, the most typical of this kind of 'development' (if we dare use the word). Women frequently make up 80 per cent of the workforce, earning some two dollars a day. They are young women, seeking an escape from poverty or a forced marriage (90 per cent under 30, and 50 per cent under 20 years of age). For the Gulag Archipelago does not offer them many years of work: pregnancy leads to dismissal from the company, even expulsion from Singapore in the case of Malaysian women; and the whole model is based upon extraction of the maximum surplus-value in the shortest possible time. Moreover, the reserve-supply of labour is virtually inexhaustible if one includes the 'hinterlands' of Thailand, the Philippines, Indonesia and, more recently, People's China.

Secondly, this model characteristically involves 'bloody' exploitation—in the sense of 'bloody' used by Marx to describe the legislation that launched primitive accumulation in eighteenth-century Britain. This is not to say, of course, that a country like South Korea is following the 'British model': the partial transfer of central production to the periphery is quite different from the formation of a new centre. In their studies of Asia and Brazil, Salama, Tissier and Mathias²⁰ independently point out that 'export-substitution' always involves centralized measures (a wage-freeze, inflation) to keep workers' living standards at a very low level, or even, in Brazil and Chile, drastically to reduce them. In general, these

²⁰ G. Mathias, 'Transfert de technique et transfert de théories: du 'dualisme' du marché du travail aux nouvelles formes de résistance ouvrière en Amérique Latine', *Critique de l'Economie Politique* No. 14, January 1981.

authors underline the state's role in managing labour-power: a role which involves *regulation* (social legislation, or rather the lack of it, the creation of free zones, etc.); *repression* (police control or dismantlement of trade unions, systematic use of imprisonment and torture on a more or less selective basis); and *regimentation* (the whole army of South Korean workers who, under cover of the Vietnam War, could be directed to large-scale public works).

As the 'scissors' opened between stagnant purchasing-power and a rising apparent productivity of labour, the rate of surplus-value climbed to a level markedly higher than the equivalent rate in the 'Fordist' centre. Moreover, the increased per capita output was obtained more on a yearly than an hourly basis, through the lengthening of the working day and the production of absolute surplus-value. In South Korea, for example, where 30 per cent of women workers have a 15-hour or even longer day, disablement as a result of work-accidents has increased by an annual average of 17 per cent since 1970. This makes it easier to understand why women workers are discarded after the age of 30. Once their eyes and hands no longer correspond to the norm, they fall back into the 'traditional sector' of prostitution.

Now, although this model of accumulation is highly profitable, it cannot escape its narrow limitations. In world terms, the existence of nineteenth-century enclaves within twentieth-century branch segments can only temporarily augment the surplus-value extracted in what are, after all, very minor areas of world production. To be sure, these enclaves raise profit-levels for foreign capitalist investors, or, much more generally, for the multinational companies which assign a link in their branch circuit to local capitalists. In 1974, according to Salama, Japanese conglomerates already controlled 40 per cent of South Korea's and 56 per cent of Taiwan's foreign trade. In 1971, 80 per cent of Brazil's and 90 per cent of Mexico's electronics exports represented 'captive trade' between contractors and subcontractors. These gains do not, however, solve any of the macro-economic problems of world accumulation, and leave unchanged both the mode of production and world consumption patterns. For a branch such as textiles, where world demand is only slightly increasing, it is a zero-sum game in which the loser is employment in the centre. In global terms, of course, the spread of capitalism to the periphery does serve to extend the world market, and new jobs in the centre's equipment-goods sector roughly offset the loss of traditional employment.²¹ Still, the global balance conceals the sectoral and regional problems caused in the old industrial countries by 'competition' among unequally exploited workers. All this explains the protectionist reactions which have sharply reduced textile imports from the 'developing' and 'newly industrializing' countries.

For their part, the local dominant classes are well aware that they cannot forever remain the wardens of capitalist prisons. It will not be long before this nineteenth-century model elicits a corresponding response from the working classes. Indeed, since the model rapidly exhausts the available

²¹ See OECD, *The Impact of Newly Industrializing Countries on Production and Trade in Manufactures*, Paris 1979; and Lafont, et al.

labour-supply and requires ever more immigrant workers, the social question will soon be combined with an urban and a racial question. At first, the subcontractor-states tried to solve the problem through such 'bloody' methods as the forced sterilization of Malaysian women. But now their aim is to raise the technological level of their exports, increasing domestic wage-rates and sub-contracting labour-intensive contracts to their hinterland. In the more populous countries of Taiwan and South Korea, where the task is to establish a more cohesive system of accumulation and 'hegemony' (in the Gramscian sense of the word), the dominant classes must follow Brazil in a new-style 'import-substitution' programme that we shall call 'peripheral Fordism'.

3. 'Peripheral Fordism': Its Nature and Crisis

Whether it was based on an old-style import-substitution drive, or on an export-substitution programme combined with classical export-promotion, local capitalism had become a not-insignificant force by the early seventies in a number of 'newly industrializing countries'. The middle classes, immediately below the richest five per cent, have grown considerably in the last 15 years and, together with the local bourgeoisie, account for virtually all the consumption of consumer durables.²² This layer, too, has grown rich on surplus-value extracted in the export sector; but whereas, in the preceding model, this surplus-value was garnered by the multinationals, it here serves to fuel a local petty-bourgeois market. This has opened the way for a new twin-pronged programme of import-substitution. The first prong is an attempt to integrate more advanced technological links in the chain of the relevant export branch: South Korea, for example, having captured its own market for textile machinery, now actively exports some of its output. The second prong involves an attempt to assimilate higher stages in the production of local consumer goods. Thus, although the export of such goods is continuing and even expanding, the main effort is directed towards 'processing industries' for building material (cement), and above all towards links in the motor and home-equipment industries prior to final assembly.

The motor industry perfectly illustrates the combined dynamio of this new 'peripheral' Fordism: namely, import-substitution plus export-substitution. The problem with motor-car assembly in the 'region III' periphery was, on the one hand, that it required a skilled-labour component as well as some industrial experience on the part of unskilled male workers, and, on the other hand, that this particular commodity, unlike T-shirts or pocket-calculators, had to find large, nearby markets. The ideal region-III labour force would have been: a) very cheap to reproduce; b) close to major markets; and c) endowed with a skilled component. But in the Fordist system, for which local consumption norms (and hence wages) are yoked to productivity, this would have been to square the circle. There can be no room for regions located in 'excessively' dominated economies that lack an adequate local market. Given the high transport charges, and the relatively minor share of wages in total costs, there can be no question of using Third World labour-reserves merely as a base for re-exporting operations.

²² See P. Salama, 'Recherche d'une gestion libre ...'

With these simple points in mind, we can identify two 'inferior' variants of 'decentralization'. First, it is possible to replace vehicle exports with 'completely knocked-down' sets of parts that will be assembled in the Third World for the small markets of local dominant classes. The costs involved in acclimatization, the loss of economies of scale, and so forth, make this a rather unsatisfactory alternative. But since importing-countries began to insist on local assembly, there has often been no other available form of export. Secondly, it is possible to use cheaper wage-zones near a central market as an assembly base for light vehicles that will then be re-exported to the centre. Citroën *deux-chevaux*, for example, can be assembled in Galicia and sold on the French market.

In the course of the 1970s, two 'conceptual breakthroughs', once again due to Ford Motor Company, cast the problem in a completely new light. Already, considerable economies of scale had been achieved through the distribution of branch output over North-West Europe, such that a number of large units each produced a standardized component for the whole continental market. It was no longer the assembly of finished vehicles, but the production of components—essentially, engines, gear-boxes, axles, etc.—which most clearly typified such industrial relocation. The closeness of markets, regional costs, economies of scale and, above all, benefits conceded by the 'recipient' country combined to dictate the choice of location. As described, of course, this system remained internal to the industrialized countries. In the sixties and seventies, however, new countries became technically integrated into the world branch circuits of Fordism, without being able to master its overall dynamic in an autonomous national framework and, in particular, to assimilate its mode of social regulation. This solved the contradiction to which we referred earlier. Fordism could find here a working class together with certain managerial structures; the standard of living did not necessitate a high wage-level; and yet, a sizeable middle-class market was already in existence. Most of these countries had totalitarian regimes: Eastern Europe, Spain towards the end of Franco's rule, Brazil, countries in the 'inner periphery' or 'newly industrializing countries' from the wider periphery. With an eye to national development, however, these countries usually required a high rate of 'integration'. In other words, they expected that local manufacturing industry would make the greatest possible contribution to the final product, or even, in extreme cases, that an all-round national industry would be established.

But although, in most of these countries, the home market was too small for the advantages of local production to outweigh the loss of economies of scale, such 'relocation' was initially the only way in which the motor companies could avoid losing their market. Besides, the export market for fully equipped factories was of great importance to two allied branches, mechanical engineering and machine-tools, in which the motor companies are often implicated. Once again, Ford made the 'break-through' by signing an agreement with Spain that laid the basis for a new conception of relocation. This involved not merely import-substitution for an inadequate local market, or use of the country as a base for re-exporting operations, but a combination of the two. On the one hand, Spain would provide an expanding local market despite the relatively low norms of working-class consumption; on the other hand, it would accept

a reduced rate of integration (so that production segments became less dispersed) in return for a clear commitment to produce and re-export in massive quantity a certain number of components. Thus, the 1972 'preference agreement' or 'Ford law' lowered the minimum rate of integration from 95 to 66 per cent, while Ford undertook to re-export two-thirds of output and to increase its sales in Spain by no more than 10 per cent. At the same time, the government accorded major facilities for the importation of machine-tools. When General Motors also set up local factories, Spain became the great 'region III' of the European motor industry. In Portugal, Renault negotiated a variant of the 'Ford law', expanding and building four engine and vehicle plants (13,000 new jobs). In effect, the government extended a certain protection to the Renault subsidiary, whose share of the internal market rose from 12 to 30 or 40 per cent. But three-quarters of the 300,000 locally produced engines were re-exported to Northern Europe. More generally, it has been estimated that, in ten years' time, this new relocation strategy will encompass 15 per cent of world output. The resulting loss of jobs in the industrial heartlands will be partially offset by a rise in tertiary, conceptual employment. But if output remains constant, the balance-sheet will be extremely negative.

It should not be thought strange that such various countries as Poland, Spain, Portugal and Brazil are considered in the same analysis. For it is no longer relevant to conceive the Third World as a single bloc opposed to the industrial countries East and West. To a degree, certain 'newly industrializing' and eastern-bloc countries, like the less industrialized parts of Western Europe before them, are trying to hook on to the accumulation schema of 'central Fordism'. But whereas, some four years ago, this drive appeared so successful that Brazil, Iran and Nigeria were already being described as 'imperialist relay-countries', it is now moving into an extremely dangerous stage. No only do these countries store up all the crisis-factors of central Fordism; they must also face the additional problems associated with their 'peripheral' situation. As in earlier 'import-substitution' programmes, any attempt to climb the Fordist technological ladder involves that very rise in the composition of capital which is throwing the central system itself into crisis. Nor can the newcomers find any longer an expanding world market to provide the profits on their costly imported investments. After Poland, which has chosen a basically similar model of accumulation, Brazil is one of the most heavily indebted countries in the world. In Asia, South Korea's debt-level is second only to that of Indonesia.

Furthermore, the multiplicity of wage-relations, corresponding to the different logics combined in 'peripheral Fordism', prevents the stabilization of a hegemonic political and cultural system. In Brazil, for example, wage-earners fall into at least three categories. First, there are the 'pre-Fordist' car-workers who, though a long way from the corresponding social benefits, already have the collective factory life and the 'firmness' bestowed by the production process which allowed their French and Italian counterparts to grasp such benefits. Indeed, despite the high labour-turnover imposed by the employers, and despite police repression, the trade-union movement is being constructed or reconstructed and already securing relatively high wages for these workers. As

Singer shows,²³ they are thereby gaining access to durable consumer-goods. Secondly, the women-workers suffering 'bloody Taylorization' in the electronics and textile industries are hardly any better off than their Asian sisters. Finally, workers in 'export-oriented' agriculture, particularly the sugar-cane plantations, are close to slavery: adults, and children stunted from undernourishment, usually work for some ten pence a day. These three types of wage-labour, far from moving down a scale of 'backwardness', actually constitute a single whole. The second and third provide finance for the first, and export-agriculture assures an easy life for the middle classes. Thus, the production of sugar-based carburetor as a large-scale alternative to petrol can only be profitable if the old social relations are preserved on the plantations. But this, in turn, presupposes a 'bloody dictatorship', contradictory to the trade-union forms normally compatible with Fordism and the aspirations of the new middle classes.

When this contradiction developed in Southern Europe in the 1970s, it resulted in 'the crisis of the dictatorships'. However, the lifting of political repression in Spain and Portugal rapidly led to the loss of an internationally competitive position based upon what were, for capital, highly beneficial relations. Hence the economic crisis which came hard on the heels of the 'opening towards democracy'. Conversely, the Iranian experience demonstrates the price to be paid if such an opening is not made in time. At any event, the economic crisis in Brazil and South Korea, following the localized strikes and uprisings of 1980, casts doubt on the idea of a 'middle way' for peripheral Fordism.

In 1980, when I was doing research-work on industrial redeployment, a Renault manager cited a list of countries which, a few years previously, had seemed to combine the preconditions of 'peripheral Fordism' and were therefore 'interesting' to motor-car manufacturers. These countries were: Mexico, Brazil, Spain, Algeria, Nigeria, Turkey, Iran, South Korea, Poland, and some other eastern-bloc countries. I leave the reader to ponder this list. My own conclusion is that if there is a 'world-wide extension of Fordism', then the extension is of *the crisis of Fordism*.

²³ See P. Singer, 'Reproduction de la force de travail et développement', *Revue Tiers-Monde* No. 65, October-December 1976.