

Factory regimes and wage relations as institutions in capitalist development.

Laurids S. Lauridsen:

Introduction.

My presentation is oriented towards studies of the micro-level and meso-level of capitalism. By factory regimes, I refer to Michael Burawoy's work on the social relations in the manufacturing industry. By wage relations, I refer to the French regulation approach, and in particular the writings of Leborgne and Lipietz on different types of wage relations. The two approaches are similar in the sense that they are concerned with the overall questions of the expanded reproduction and integration of capitalist economies/societies. How is it possible for such a conflictual and contradictory system as the capitalist to stabilize and reproduce itself. A common answer in the French structuralist marxist school give credit to the state as the central factor of cohesion but that is not considered as a sufficient explanation. Therefore, these authors contend that we need to look into factors of cohesion in society and in the workplace, themselves.

Factory regimes - Michael Burawoy.

Michael Burawoy's book on *The politics of Production* from 1985 'defends an unfashionable thesis about an unfashionable class formed in an unfashionable place'. His focus is upon the industrial proletariat and he defends the thesis that the process of production decisively shapes the development of working class struggle. The process of production here is understood as a political regime. The aim of his work is not to claim any privileged status of the working class but to examine the conditions under which the working class has intervened and might continue to intervene in the historical process.

In order to answer the overall question of how it is possible for capitalist economies to reproduce and stabilize themselves,

Burawoy focuses on the political and ideological dimension of production.¹ The fundamental problem of capitalism is not just that of reproduction of relations of production but also reproduction of relations in production. The latter cannot be taken for given. The general managerial problem is how to translate the capacity of labour into actual labour. Moreover, the dilemma of capitalist control is to secure surplus value (and thus reproducing relations of production) while at the same time to obscure it - to keep it hidden. According to Burawoy, these core processes of reproduction are regulated by a *political apparatus of production* which shapes the ongoing struggles in production and organizes consent at the shop floor.² These ongoing struggles in the arena of production, Burawoy refers to as *production politics*, and the overall political ideological form of production (including both the political and ideological effects of the labour process and the political apparatus of production) he refers to as *factory regime*. Further he distinguishes between two generic forms of factory regimes: despotic regimes, which are based on the unity of reproduction of labour and the process of production and where coercion prevails over consent, and hegemonic regimes in which social security legislation guaranties a certain minimum level reproduction of labour, independent of participation in production, and in which labour legislation limits the arbitrary power of managers, the result being that workers must be persuaded to cooperate with management. The crucial point in Burawoy's analysis is that the specific character of despotic regimes varies with the pattern of proletarianization, the character of the labour process, the type of state intervention and the form of inter-firm competition.³ Having studied factory regimes, in among other thing early cotton industries in England and Russia, Burawoy found that *market despotism* (Marx' prototypical form of factory regime)

¹ The following presentation is based on Michael Burawoy, *The Politics of Production*, Verso, London and New York, 1985.

² "An alternative way of characterizing changes in the production process would be to focus on the emergence of particular ideological and political structures at the point of production that serve to obscure and secure surplus by organizing consent on the shop floor, displacing struggles, and thus guaranteeing the reproduction of the relations *in* production." *Ibid.*, p.49.

³ Concerning patterns of proletarianization, the crucial question is the unity or separation of reproduction of labour power and capitalist production i.e. whether workers are separated from or united with their means of subsistence.

was a rare form of factory regime. By market despotism, he refers to the pure capitalist form in which the relationship of worker to employer is entirely mediated through wage - that is the anarchy and whip of the market leads to despotism in the factory. In his historical analysis, Burawoy found that patriarchal, paternalist and company state forms of despotic factory regimes were prevalent and that patterns of working-class struggle could be explained by reference to these different factory regimes. *Company state* factory regimes went beyond market despotism and intervened coercively in the reproduction of labour power. The factory village became a state within the state - a company state - controlling housing, provisions, company stores, education, religion. *Patriarchal regime*: involved the collaboration between the subcontractor and the employer so that the former offered and organized the labour of the family (or proto-family) in exchange for wages and support of autonomous domination of the patriarch over the women and children who assisted him. The risk and the responsibility for direct control of work is contracted out. Finally, in the labour regime of *paternalism*, the family was shaped, regulated and subjected to close surveillance by employers. The community had lost its autonomy and factory owners exercised their influence by constructing a communal leisure life around the factory - swimming baths, day schools, Sunday schools, canteens, libraries and churches. Local sports events, workers' dinners at the masters residence, public ceremonies and holidays to mark the marriage, birth and death in the masters family etc..⁴

In distinguishing between relations of production and relations in production and by separating the organization of the work process and the political apparatus of production, Burawoy makes it possible to find similar relations in production combined with different relations of production, and find the same labour process combined with very different types of politics of production and factory regimes. He thus opens for historically concrete studies of various forms of factory regimes according to how they secure and obscure surplus value from workers, and studies of their conditions of existence and transformation.

⁴*Ibid.*, pp.92-97.

Burawoy basically defends the thesis, that working-class struggles can be explained by reference to the sphere of production (factory regimes).⁵ But his approach can be and has been criticized for not placing the politics of production within the larger framework of the labour market and the broader processes of social reproduction⁶

First and foremost, by denying the importance of wider social and cultural setting in relation to production politics, his analysis reveals a gender bias and he fails to examine more detailed the process of social reproduction of labour. Although, he takes into account how state intervention affects reproduction of labour which in turn affects production politics, he presents no analysis of other forces and traditions which influence the manner of reproduction of labour. Thus A. Warde has suggested that active labour mobilization is constrained not only by the various factory regimes but also by the processes involved in the reproduction of labour. According to Warde, studies of politics of production has to be supplemented by studies of the 'politics of provision'. Labour power is reproduced through multiple processes which affect the character of both class and patriarchal domination. Warde develops the concept of (local) modes of provision, and point at the different types of resources drawn upon in the process of reproduction of labour: wages, state financial payment, state provision of services, employer provision, charity, aid from neighbours and kinship networks and mutualist provision.

The fact that Burawoy fails to make an analysis of labour markets conditions in general and patterns of segmentation of the labour market in particular constitutes a second weak point in his analysis. It is quite obvious that conflicts emerge over such matters as level of wages, working hours, job security etc. and that such wage and recruitment conditions affect politics of production.

⁵ *Ibid.* p. 7 and pp.86-88.

⁶ A Warde, Industrial restructuring, local politics and the reproduction of labour: some theoretical considerations, *Environment and Planning D: Society and Space*, 1988, vol.6, pp. 79ff; Michael Storper and Richard Walker, *The Capitalist Imperative. Territory, Technology and Industrial Growth*, Basil Blackwell, Oxford 1989, p.166.

Wage relations - the French regulation approach

Lipietz and Leborgne have also dealt with capital-labour relations and in their writing both workplace relations and labour market relations are taken into account. As in Burawoy theorizing focus is on social innovations rather than technical innovations. According to Lipietz et al., there is no necessary relationship between new technologies on one hand and specific types of work organization and wage relations on the other hand. Although new technologies influence the model of labour relations, they do not determine which model will succeed. A number of possible outcomes - conflicting models - are possible.

These (post-fordist) outcomes might be described along two dimensions or axes - an "internal" describing forms of cooperation and hierarchy inside enterprises, and an "external" describing the relationship between the enterprise and the labour market.⁷ The extreme position on the former are direct control (total separation of the direct operator from any initiative) versus involvement of the direct operators (reconnecting of conception and execution, horizontal cooperation and participation of labour in the definition of tasks). Such mobilization of the direct producers can be organized on different levels ranging from individual negotiation, over enterprise level bargaining and sectorwise negotiation to bargaining at the societal level between national trade unions and representatives of employers. Along the "external" axe, we can distinguish between the extent of rigidity versus flexibility in labour market regulation. More specifically, that has to do with rules concerning hiring and firing, collective bargaining, unionization, and wage formation, including minimum wage and indirect wages through welfare state intervention. Again, this regulation of labour can be established at different levels.

⁷D. Leborgne and A. Lipietz, New technologies, new modes of regulation: some spatial implications, *Environment and Planning D: Society and Space*, vol.6, 1988, pp.263-280 and Alain Lipietz, Die Beziehungen zwischen Kapital and Arbeit am Vorabend des 21. Jahrhunderts, *Leviathan, Zeitschrift für Sozialwissenschaft*, Jahrg. 19, Heft 1/91, pp. 78-101. D. Leborgne & A. Lipietz, *Fallacies and open issues about post-Fordism*, CEPREMAP, Paris, 1990 (mimeographed).

By combining these two axes, a set of possible outcomes appear. The main form of regulation in labour relations in the postwar period in the advanced capitalist countries was *Fordism*. Fordism incorporates Taylorism in the semi-automatic assembly line. Conception (design and engineering) is separated from manual manufacturing at the shop-floor, and operating practises are standardized in order to obtain a maximum of labour productivity and labour intensification. These standardization procedures are then incorporated in the apparatus of machines. Associated with such workplace organization exists a set of relative fixed job rules and in the labour market, we observe a rigid organization (collective agreements and welfare state). Combined with a set of rules of games which regulates inter-capitalist relations, these institutional forms in workplace organization and exchange relations ensure the functioning of a predictable and relative stable regime of accumulation - a virtuous circle between production and consumption.

According to Lipietz et al., the Fordist pattern of accumulation has been internationalized and in the NIC countries has taken the form of *Peripheral Fordism*. It is Fordism at the level of production. However, its is peripheral for two reasons. In the first place, because the knowledge-intensive parts of the world circuits of production processes mainly are located outside these countries. Second, although the domestic market for manufactured goods plays a real part in the national regime of accumulation, mass production and mass consumption links up in a specific combination of restricted local consumption (by the new middle class and a privileged part of the working class) and export of the same products to the core economies. Therefore, demand is not regulated institutionally at the national level and not related to development in productivity in the local Fordist industries.⁸

In the afterglow of the Fordist model of accumulation, two main patterns of labour relations appear, *Kalmarism* and *Neo-Taylorism*. *Kalmarism* combines rigidity in labour market regulations with a societal and and collective involvement of direct producers. *Kalmarism* represents a compromise in which employees accept higher labour productivity and improved

⁸ See Lipietz, 1987, *op.cit.*, p. 78-81.

product quality (as a result of among other things new technology) in return for social guaranties and a share in the profit. *Neo-Taylorism*, on the other hand, combines flexibility in labour market regulations with a hierarchical system of direct control in the workplace. Neo-Taylorism represents a return to pre-Fordist flexibility with low wages, insecure employment and poor working conditions and might even be combined with the introduction of new technology (computer-assisted Taylorism).

In less developed countries, and even in the NICs, Neo-Taylorism will not indicate a return to pre-Fordism. Here, *Primitive Taylorism* ("*Bloody Taylorism*") exists already in manufacturing. Lipietz utilizes this term to refer to forms of production in which labour intensive moments of an international fragmented process of production are located in Third World countries (often in Export Processing Zones). Here, low paid, predominantly female, labour works long hours and with high intensity. It is "Taylorist" rather than Fordist, because the fragmented, monotonous and repetitive workprocesses are not linked to a machine system. Moreover, at the demand side, it is linked to consumption in the capitalist core countries (re-export) rather than in the countries of production. "Primitive" and "Bloody" refer to the fact that this regime of production is characterized by lack of effective labour legislation and an authoritarian and repressive state policy towards workers and their organizations.⁹

Other obvious models of regulation of capital-labour relations are *the Californian Model*, in which flexible labour market conditions are combined with individual involvement and individual contracts; and *Toyotism*, that combines a dual labour market structure (partly flexible and partly rigid, dependent on which labour market segment we refer to) with an enterprise-based involvement of the direct producers. Finally, it should be mentioned that due to inconsistency, a model which combines collective involvement and a high level of external flexibility is considered as an impossible outcome by Lipietz and Leborgne.

⁹ *Ibid.*, pp.74-78

Concluding remarks.

The two approaches presented demonstrate that a variety of institutional or organizational solutions are and have always been present in capitalist development. In order to explain and understand capitalist development we need to understand the underlying institutional patterns. Institutions not only affect the pace of development, they also affect the nature of development. Although both Burawoy and the chosen representatives for the French regulations approach are concerned with labour institutions they differ in several respects. Burawoy mainly deals with institutional mechanisms at the micro-level and how they affect working class struggle, while Leborgne and Lipietz are concerned with both micro-and meso-level institutions, and they look at these labour institutions as being part of a larger cluster of regulative mechanisms in society. As he is much more concerned with the political and ideological dimensions of production, the scope of Burawoy's approach, however, is broader along a different dimension . "Any work context involves an economic dimension (production of things), a political dimension (production of social relations), and a ideological dimension (production of an experience of social relations). These three dimensions are inseparable. Moreover, they are all 'objective' in as much as they are independent of the particular people who come to work, of the particular agents of production."¹⁰

¹⁰ Burawoy, *Ibid*, 1985, p.39