Iamie Gough continues the reassessment of industrial intervention from the left, starting with Goodwin and Duncan's critical look at Sheffield's experience in Capital & Class 27 and Cochrane's review of the London **Industrial Strategy** in Capital & Class 28, but shifts the analysis from their emphasis on the local versus national problematic to the more general implications of the underlying models of intervention. He argues that recent left-wing restructuring policies seek to sidestep the powers of capital and end up by exacerbating divisions between groups of workers. and suggests that we have to return to intervention which takes as its main aim the combatting of these divisions and strengthening of workers' collective organisation.

Industrial policy and socialist strategy: Restructuring and the unity of the working class

• DURING THE seventies and early eighties debate on economic policy on the left centred on different forms of *control* to be exercised by the state and the labour movement over capital: extended collective bargaining, planning agreements, partial or total public ownership, workers' control. The economic *content* of state interventions received less attention. Two rather simple lines tended to predominate: either 'modernisation', centering on a more or less radical reorientation of British capital away from the traditional concerns of the City and towards serious accumulation in domestic industry; or state subsidy of loss-making enterprises in order to preserve jobs. The former has now been given a new lick of paint in the Labour Party's Jobs and Industry campaign; while the latter was the principal demand of the miners' strike (Glyn, 1984).

Recently, however, a new element has been added to the debate on industrial policy, associated particularly with the economic interventions of the Greater London Council (GLC, 1985a) but also elaborated elsewhere. It has been argued tht state industrial interventions can and should aim to strengthen the position of labour via changes in production technology, in the labour process, in products produced and in forms of economic coordination. The strategies draw on academic work on the labour process, neo-Fordism and 'regulation', but also on a concern with 'enterprise' and marketing which has a politically much broader cur-

rency. This orientation has counterposed itself both to a simple 'modernisation' strategy (Introduction, in GLC, 1985a, para 122) and to one of subsidy and protection (ibid, para 120). In this paper I assess two versions of this approach and suggest an alternative.

I start with a critique of two restructuring strategies, the first of which I call 'postmodern' (Part 1) and the second the one proposed by Robin Murray (Part 2). (This article therefore does not make an assessment of the GLC's London Industrial Strategy as a whole, since this contains other quite different strategies.) I argue that the postmodern approach centres on tendencies which are only a limited part of current restructuring, and does not provide a basis for a sustained revival of the economy. Moreover, it is often incapable of strengthening labour in the way it claims, and in fact tends to create divisions among workers and weaken collective organisation. I argue that these political problems are connected with the postmodernists' view of state planning.

Murray's alternative (as set out in the introduction to the London Industrial Strategy) correctly insists, against the post-modernists, on the need for strong state intervention into current restructuring in order to increase workers' immediate control over the labour process and combat deskilling. However, Murray shares with the postmodernists an analysis of long waves and on the present period of stagnation which one-sidedly focuses on the use value aspects of production, to the neglect of value production. As a result he too presents a falsely optimistic view of the possibilities for side-stepping the crisis of overaccumulation of capital by means of 'productivist' interventions. In this respect Murray's strategy has the same divisive effects as that of the postmodernists, and leads back to the 'modernisation' strategy of the Labour leadership.

If restructuring cannot alleviate the pressure of the crisis of overaccumulation, the central task for restructuring is to help to combat divisions within the working class and to support collective organisation. This can contribute towards building a counterpower that can lay the basis for a systematic reorganisation of the economy in the interests of labour. This approach to restructuring is discussed in Part 3.

While the strategies criticised wish to shift the debate from the form of state intervention to its content, they nevertheless have strong implications for the form of intervention. The postmodern strategy participates in the current general retreat in the labour movement from support for public ownership, while Murray's strategy is weak on this question. Restructuring aimed at strengthening collective organisation, on the other hand, requires public ownership under workers' control if it is to be Part 1: A postmodern strategy carried through consistently, and can therefore contribute to building support for this aim (section 3.3). In this it is politically, and I will argue economically, compatible with the kind of macro policy proposed by the Campaign Group in *One Million Jobs a Year* (Glyn, 1985).

1.1 An explicit presentation of this strategy can be found in Best (1984 and 1986) and in Piore and Sabel (1985). Examples of the approach at sector level are the strategies for furniture and for cultural industries in the GLC's *London Industrial Strategy* (LIS) (GLC, 1985a) and for clothing in Zeitlin (1985a).

The postmodern strategy is based on the view that the present crisis is a period of transition between an epoch of 'Fordism' and an emerging epoch of 'flexible specialisation' (FS). 'Fordism' here denotes standardised products, mass production, the predominant use of semi-skilled labour in repetitive tasks. and distribution to large, undifferentiated markets. 'Fs', in contrast, denotes medium or small batch, or even customised, production, and the use of predominantly skilled labour to perform multiple and changing tasks. Within the labour process, the transition from Fordism to FS is seen as a result of the use of computer-controlled production equipment and Computer Aided Design (CAD) based on the microprocessor enabling small batches to be produced much more cheaply than before, while cheaper data processing and new developments in telecommunications enable stock control and ordering of small batches of a large range of styles to be handled more easily. The need for skilled labour, however, comes as much from the flexible organisation of the labour process as from the advanced production technology (Best, 1988: 71-2). Within consumption, the demand for standardised consumer durables is said to be saturated, while relatively homogeneous taste is giving way to taste which is more varied and 'individual'.

Flexible specialisation

FS is seen as being the new model of competitive behaviour throughout the international economy (or at least the advanced countries); any regeneration of the economies of countries or regions therefore depends on their ability to adapt successfully to this model. But FS is not only a necessity for capital; it also has important advantages for labour. Not only is work more skilled and thus wages higher, but FS requires capital to abandon authoritarian control of labour. Thus Best (1984: 14) argues that FS 'is enhanced by consultative, participating roles for shop floor workers'. Job security is greater because 'production here depends on special knowledge and a trained labour force, one that the

employer cannot readily replace in the labour "market".' Moreover, the quality competition characteristic of FS weakens the motivation for capital to indulge in wage cutting. The transition to FS thus strengthens labour against capital.

FS is also progressive in the realm of consumption. Whereas within Fordism product design is tailored to the possibilities of production technology and labour process, within FS production is flexible enough to allow product design to flow from consumer demands and needs ('Furniture' in GLC, 1985a, para 51). In particular, it can allow production more easily to meet minority or 'alternative' cultures and tastes ('Cultural industries', in GLC, 1985a, paras 40-43, 65, 66).

The postmodernists argue that FS gives an edge to small and medium-sized independent companies against large firms and within large firms to substantially independent subsidiaries over tightly controlled ones. Specialisation and flexible equipment weaken the importance of economies of scale; vertical integration limits flexibility; detailed knowledge of micro-markets becomes crucial. This undermining of large capital is seen by many postmodernists as itself progressive, in weakening the largest centres of capitalist power and in facilitating greater responsiveness to demand ('Food', in GLC, 1985a, para 64; 'Cultural industries', in GLC, 1985a, paras 63-66).

FS is thus clearly a Good Thing for both capital and labour, and any progressive state intervention needs to be geared to promoting it. This, it is argued, requires forms of intervention quite different from those appropriate to Fordism. There is less role for state investment or purchasing to support massive indivisible and inflexible fixed investments. State-sponsored concentration and centralisation of capital aimed at economies of scale and vertical integration is now an irrelevance. More generally, state direction and state production are seen as being too 'bureaucratic' to be appropriate to the new model, which above all requires fast footwork and entrepreneurial flair (Best, 1984: 11; Warpole, 1984: 27).

There are, however, two legitimate roles for state intervention. Firstly, the state may have a role in the **provision of economic 'infrastructure'** which firms in the sector are too small to provide for themselves: training, joint marketing organisations, market information systems, or stages of production with large minimum efficient size. The 'bureaucratic' state is thought to be better at providing these relatively homogeneous services. It is important that these services do not attempt to transgress the independence of the client firms (Best, 1984: 9, 11 and 1986: 74; Zeitlin, 1985a: 21-22; 'Cultural industries' in GLC, 1985a, paras 51, 56).

Secondly, the state may promote forms of competition appropriate to a regime of FS. FS as an industry is undermined by price wars which reduce the ability of firms to finance R&D and fixed investment, or by wage cutting which undermines the supply of skilled labour power. A stable regime of FS thus depends on minimising quantitative forms of competition and on promoting competition via innovation (Piore and Sabel, 1984). Moreover, certain types of coordination between firms may be appropriate, for example a carving up of markets, or subcontracting relations (best, 1986: 71-7; Zeitlin, 1985a: 22-25). The state may be able to play the role of broker in arranging these forms of coordination, and the role of police in sanctioning 'harmful' forms of competition.

Why 'postmodern'?

We can now see the justification for dubbing this strategy 'postmodernist'. (For discussion of this concept, see Foster, 1985.) Firstly, Fordism is modernism par excellence: international standardisation within consumption, scientific management, smashing of craft, ever-increasing scale within production; postmodern industrial strategy predicts and urges the demise of this system. Secondly, to the extent that modernism is identified with industrialism, postmodernism identifies itself as 'postindustrialist', particularly insisting on the increasing importance of consumption relative to production. Thirdly, this economic strategy places a typically postmodern emphasis on the variety of taste, and on the inability of scientific-rational product design to satisfy this taste. Finally, at the level of organisation, there is the postmodern antipathy to large-scale or centralised planning whether by firms or by the state.

Labelling the strategy as 'postmodern' points to the fact that it conceives of itself as a social and cultural strategy as much as an economic one, involving a restructuring of social relations between and within the classes and of the relations of consumption (Best, 1986: 67). Moreover, it signals that the strategy is part of, and is thus supported by, a major contemporary ideological movement.

Connectedly, postmodernism can provide a more sophisticated rationale for the policies of the Labour leadership. (For a recent review, see Harrison and Morgan, 1986.) Thus it provides an argument for abandoning any serious attempt to control the transnationals and for a concentration on small and medium firms, as in Labour's National Investment Bank (NIB) proposals. Similarly, the forms of state intervention proposed by the postmodern strategy and its antipathy both to centralised planning and large-scale state production dovetail with Hattersley's hostil-

ity to nationalisation and his enthusiasm for fragmented 'new forms of social ownership'. Postmodernism can provide Labour's strategy with a rationale based not simply on Britain's 'backwardness' but on new developments in the international economy. And it can claim to extend the scope of policy beyond numbers of jobs and higher wages to the quality of the labour process. The integration of postmodernism into social democratic ideology would have many parallels and shared assumptions with the Labour Party's appropriation of academic discourse on 'post-industrial society' in the fifties. In the Jobs and Industry campaign the party has indeed started to take up some postmodern themes (e.g., Labour Party, 1985).

If the postmodern approach is to constitute a *strategy* then the transition to FS which it posits and seeks to promote must be relatively homogeneous, extending across large sections of the economy, and relatively permanent, lasting for a phase of the long wave, for example. However, one can note, by no means exhaustively, a number of points at which this model breaks down.

- (1) The model of FS proposed contains a misleading analysis of the current fragmentation of demand. This is seen as the result of saturation of demand for mass-produced consumer goods ('Food' in GLC, 1985a, para 24; Zeitlin, 1985a: 5-6; see also LIS I, para 41), and appears to rest on naturalistic notions that 'everyone has now got a TV, fridge, car . . .' and/or that people's taste has become more 'sophisticated'. In fact, there is no reason at the level of use values that new markets for qualitatively new goods or updated versions of old goods cannot still emerge (as indeed videos and home computers have done). The fragmentation of demand should rather be analysed as —
- (a) changes in reproduction of labour power resulting from the crisis: increasing differentiation of incomes, deepening of gender and class differences;
- (b) at a more ideological level, a relegitimation of luxury consumption by the ruling class, and widespread aspirations to variety and luxury in consumption as a compensation for insecurity;
- (c) an active strategy by manufacturers and retailers of product and style differentiation to meet intensifying competition.

This suggests that the fragmenation of demand should be seen not as a *sui generis cause* of the crisis but rather as an *effect* of it, and not as concerning a transition between epochs of Fordism and FS but as relating specifically to the *value* aspects of the long wave.

A number of points follow from this. First, that the stan-

The rule of flexible specialisation?

dardised consumer good still has life in it. Not only is this so from a use value aspect, but intensified competition is quite capable of producing intensified price competition via standardisation and a concentration of sales onto well-known brands: both these latter processes are involved, for example, in the rise of 'own-brand' sales by supermarkets. Secondly, the tendency to fragmentation of demand is unlikely to last through a whole long wave, but appears to have a much more conjunctural character. Thus (a) and (c) above are features specifically of the downward movement of the long wave, while (b) and (in part) (a) have a highly superstructural and fragile character.

A third conclusion concerns political evaluation. In some postmodern formulations the current fragmentation of the market is seen as progressive, representing greater individuality in tastes and an increased responsiveness to needs by producers and retailers. The value analysis of this development, however, suggests that in important respects it is reactionary.

The resilience of large capital

- (2) The point just made about the resilience of mass production in relation to consumer goods can be widened. In the production of machinery, it seems likely that there is a trend away from customised and small batch production towards large batch or mass production (Piore and Sabel, 1984, ch 4). A very large number of components, even those for varied goods, will continue to be mass produced. Moreover, the use of common modules to assemble diverse products extends mass production; for example Benneton, a much-quoted example of Fs, produces most of its clothes bleached, the colour variation being added as the final stage. Forms of the social division of labour and of production technology which are said to be characteristic elements of Fs may well be incorporated into mass production. Amstrad, for example, has a 'typically Fs' concentration on design and marketing with subcontracted production, but to produce standardised goods.
- (3) Even within production and selling of varied goods, there are counter-tendencies to the postmodern scenario of an undermining of large by small capital:
- (i) Within production, large capital is quite capable of organising the design and production of varied, short-run goods, once it appreciates that a large slice of the market is going this way (see 'Comments on the Rejoinder' in GLC, 1985b). For example, Marks and Spencer's largest supplier, S.R. Gent, which employs 5,000 people, produces samples of 200 new styles weekly, and is capable of putting a style into production in three weeks.
 - (ii) Within distribution, postmodernists argue that the power

of the retail and media distribution majors is being undermined by their dependence on producers (small producers particularly) to develop the requisite variety of designs (Zeitlin, 1985a: 8-11; 'Furniture' in GLC, 1985a, paras 42, 43, 52; 'Cultural industries' in GLC, 1985a, paras 36-39). But this neglects the fact that the retailers have a counter-strategy: this is to shift quality competition from competition between individual products to competition between inclusive *styles*; producers who do their own design may have a quasi-monopoly on individual products, but the retailer has the quasi-monopoly on the style. Thus two of the most successful exponents of the new forms of quality competition, Habitat-Mothercare and Next, do not limit themselves even to one type of consumer good but sell a 'life style' across clothes, furnishings, cosmetics, home decorations, etc.

The tendencies concerning the balance of power between smaller, FS-oriented capital and larger capital are thus more varied than postmodernism allows.

The undermining of skill

(4) The postmodernists see a higher level of skill and greater immediate control by workers over the labour process, compared with those typical of Fordism, as necessary features of efficient FS. This thesis, however, extrapolates from traditional craft work, neglecting the fact that the greater ease of carrying out small-run work, so central to FS, is underpinned by technology which can be used both to deskill and to impose new forms of work discipline. Firstly, many craft and design jobs - the very jobs that FS is said to rest on - are being very substantially deskilled with the aid of microprocessor-based control and information systems. CAD and CAD-CAM systems enable many of the tasks required to translate rough designs into operational production specifications to be automated. CNC machine tools and typesetting technology (and now incipiently even sewing machines) can abolish a multiplicity of complex manual skills and replace them with much simpler operator skills.

Secondly, the equation of skilled, small batch work with worker autonomy within the labour process, while it may have had some validity within traditional craft work, is fast losing its validity under the impact of new production control systems. The sewing stage of women's clothing production, involving small to medium batch production with still-skilled producers, provides a good example. Here, computerised production control systems are used by management to plan and monitor the progress of each batch of work through each stage of production, to monitor and judge the performance of each machinist, and to

move machinists from task to task with minimum slack time according to their particular skills. The power of the new information technology from management's point of view is that it can institute this close monitoring and control even over varied and complex work.

(5) The postmodern model of firm structure and labour process is unlikely to avoid at least major modification during any future long wave of expansion. Freeman et al (1982, ch 3) have shown that, far from product and process innovations being concentrated in periods of stagnation, if anything they are more dense during waves of expansion. An increased rate of fixed investment and R&D and, later, tightening labour markets, tend to accelerate restructuring. This point, along with those made in (1), tends to undermine a notion of an extended epoch of FS.

Three conclusions flow from these points. Firstly, the *scope* for the postmodern approach is limited to particular parts of the economy, and is likely to be limited in time. Secondly, its supposed beneficial impact on skills and workers' immediate control of the labour process is more limited than claimed. Correspondingly, the restraint on cost cutting strategies is also more limited. (For a critique of postmodernism's characteristically Proudhonist aspiration to have the 'good' aspects of competition without the 'bad', see Marx, 1976, ed.)

A false claim on job creation

Thirdly, the postmodern strategy has not justified its claims to be a strategy for job creation, unless this is understood in a purely parochial, and thus class collaborationist way. A FS approach can of course contribute to improving the competitiveness of firms or sections of industries, of regions or of countries (Best, 1986: 74, 77; for a critique see Gough, 1986). But for the strategy to provide a basis for international recovery, the essential origin of the present crisis must be located in the difficulty of effecting the transition from an epoch of 'Fordism' to one of 'FS'. This thesis is implausible in the light of the points made above.

It may be objected that sponsoring FS can contribute to job creation, not through the installation of a new regime of accumulation, but more modestly through contributing to increased productivity and thus profitability. But the transition to FS is likely to increase the organic composition, via automation of stages of production and via shorter moral depreciation time of fixed capital, and thus tend to exacerbate the crisis of profitability. It is true that increases in productivity in Department II can aid in increases in the rate of exploitation. But even if FS contributed to a net increase in profit rate, its effect on employment depends

crucially on the phase of the long wave. Only on the upward slope of the long wave does an increase in profit associated with an increase in productivity lead to an acceleration of increase of output sufficient to offset the negative effect of productivity on employment. However, in a period of stagnation such as the present, such increases in productivity (and profitability) contribute at best to jobless growth. (For further discussion see Gough, 1986: 5-9). Glyn (1985) is therefore right to argue that a strategy for job creation in the medium term must centre around reflation made effective by serious controls on capital.

We may conclude, then, that the postmodern strategy thus cannot create (net) jobs either in the medium or the long term.

In those parts of the economy where the postmodern strategy can be applied, what are the likely effects of such an intervention on the politics of the labour movement?

The most obvious political problem of the postmodern strategy are the well-known difficulties presented to trade union organisation by fragmented industrial structure (Murray, 1983; Rainnie, 1985). However, postmodernists argue that on the basis of FS, the fragmented structure which they seek to promote is quite compatible with strong labour organisation (Zeitlin, 1985b). Labour's strength within a system of efficient FS is said to be based on two forms of market 'imperfection': firstly, capital's dependence on skill within the market for labour power; and secondly, avoidance of wage cutting through quality competition in the market for the final product. I will argue that, on the contrary, the reliance on modulations of these two markets is a source of weakness rather than strength for labour.

The model of the 'Third Italy'

As evidence of the benefits of FS for labour, postmodernists often cite the 'Third Italy', and I will use this case to exemplify my counter-argument. Postmodernists see the Third Italy as something of a model: specialised industrial districts containing many small, highly flexible and innovative firms, but which have a record of adopting and developing advanced production technology (e.g. Zeitlin, 1985a: 11; Best, 1986: 69-72). In the Third Italy unionisation extends to much smaller firms than is usual elsewhere: firms employing over 30 people are typically organised. Skill levels are high, and average hourly wages are good by Italian standards (Brusco, 1982: 167-68).

However, there are severe problems in the region from the point of view of labour's solidarity and collective organisation.

The politics of postmodernism

This is in spite of the leading role of a workers' party, the PCI, in the creation of the region's economy (Edwards, 1981: 1-9; Berger, 1981: 81-3), and in spite of comparatively low unemployment for the last two decades. The problem appears, first, as an enormous uneveness of conditions of work between workers and lack of security of continuous employment which makes organisation for common, class objectives extremely difficult. Secondly, around half of the industrial workforce is non-unionised (Brusco, 1982: 173); and both for workers at the firm level and for the unions at the industry or district level there tends to be a strong identification and compliance with the interests of the employers (Berger, 1981: 83).

These problems are rooted in the reliance of the postmodern strategy on the economic and social differentiation of the market for the final products and the market for labour power, rather than on collective organisation. Thus:

(i) The market for labour power

For postmodernists, capital's need for skill is a major source of labour's strength. But this strength is inherently uneven, firstly because the levels of objective skill necessary vary enormously between workers in a given industry, even in a high skill industrial district of the Third Italy type; and secondly because the rewards for given skill are dependent on the anarchic system of realisation of the value created by the worker. Thus any bargaining strength that labour derives from skill depends on exploiting differentiations within the labour market, and this encourages an active strategy among sections of workers of protecting and reinforcing these differences.

In this situation, access to the skilled jobs tends to rely on, and reinforce, social inequalities. This can take a mediated or unmediated form. The latter is largely the case in the Third Italy, where access to skilled jobs is regulated directly by gender, age and family connections. Thus Solinas (1982: 338-346) has shown in the case of the Carpi knitwear industry that even among women workers access to work experience and to the more highly skilled and better paid jobs is strongly differentiated by age and by whether the worker's family is indigenous to the region or a migrant from the South. Alternatively, as in many traditional systems of Fs, the union may control access to skilled jobs (or to jobs deemed 'skilled' for these purposes: Cockburn, 1983). This control is often used to restrict entry and thus increase bargaining power, and has typically been used to reserve the best jobs for privileged sections of the working class.

Whether in a mediated or unmediated form, the family thus

plays a crucial role in this form of 'strong labour': as position within the family (gender), generation (age), or the family that you are born into (race/nationality). The exploitation of skill as a major bargaining weapon thus tends both to rely on and to exacerbate reactionary divisions among workers.

(ii) The market for the final product

Within the postmodern model, strong bargaining power for workers and good employment conditions rest on semi-monopoly prices and profits arising from product differentiation. Wages and conditions are inevitably sharply dependent on differences in the success of firms in establishing and maintaining semi-monopolistic positions in the market. Collective bargaining is therefore typically carried out at the firm level, and results in a wide range of wage levels and conditions between firms, even those doing very similar types of work (Brusco, 1982: 174). Even in the most design-centred industries, there also tend to be systematic differences in conditions between firms carrying out very varied, high design work and those doing more routine work (Solinas, 1982: 336, 347).

Design-led competition with a fragmented ownership structure not only produces sharp differences between firms at a given time, but makes the competitive position of each firm subject to sharp reversals. There thus tend to be large fluctuations of employment in each enterprise and frequent closures (Edwards and Raffaelli, 1979: 16). Even at times of low unemployment (as for a long period in the Third Italy) this disrupts continuity and strength of collective organisation.

The differences I have been discussing between firms and between different parts of the workforce are typically exacerbated by their geographical form. In the Third Italy, for example, low unemployment and good employment conditions, and thus paternalistic capital-labour relations, are maintained in some districts by contracting out low value added work and surplus work at peak periods, together with the poor employment conditions and insecurity these involve, to surrounding areas (Solinas, 1982: 334, 350). Brusco (1982: 17) has aptly compared this relationship to that between metropolis and colony. But the postmodern strategy not only involves these geographical differences but seeks to promote them. The strategy is presented as a way of maintaining higher wages and better conditions in the imperialist countries beside those in the Third World, or in a local industry beside its national rivals (Best, 1986; for a critique see Gough, 1986).

We can conclude, then, that postmodernism's reliance on

skill and product differentiation as the basis for labour's strength tends to lead to divisions between workers and to obstacles to collective organisation. Connectedly, policies for equal opportunities and for promoting trade union organisation are not integral to the strategy; these therefore tend to be treated at best as moral questions, 'social' issues tacked on to the economic substance ('Scientific instruments', 'Furniture', 'Cultural industries' in GLC, 1985a; for a critique of the GLC's practice in this respect see Bruegel, 1985).

Postmodernism and the state

Finally, it is useful to note the way in which the postmodernist strategy's reliance on the modulation of markets is theoretically underpinned by a problematic of 'the market versus planning' within which the specificity of *capitalist* planning of commodity production and the *capitalist* state disappear. The cultural industries strategy in the LIS (GLC, 1985a), for example, sees attempts at planning of cultural production as being threatening to serving the market in a sensitive fashion. The main contrast running through the chapter is between production by a bureaucratic state or multinational capital on the one hand and production responsive to the market on the other (paras 51, 56, 61). Thus even subsidies to cultural producers are opposed (para 3). The narrowing of the range of cultural products is seen as a result of the 'market' rather than of concentration of capital and strategies specific to capitalist oligopoly (e.g. paras 58, 60, 62). Past interventions of the British state are criticised, but their class content is not brought out. For example, the BBC is criticised as 'elitist'; state censorship is not mentioned (paras 17-21).

In this way, capitalist and socialist planning come to be equated as 'bureaucratic', equally guilty of insensitivity to the market. Consequently, the possibility of democratically-controlled enterprises which produce for the market (the form in which many consumer goods would be produced in a postcapitalist economy) is ruled out in advance. ('What kind of records would we get from a label run by a mangement committee of elected trade unionists, Labour Party nominees and central government accountants?': Warpole, 1984: 27). Strategy inevitably falls back on modulation of markets, rather than confronting capital. The problems I have argued as flowing from this are thus intimately connected to the anti-statism of the strategy.

Part 2: Murray's alternative In his introduction to the London Industrial Strategy (GLC, 1985a, henceforward LIS) Robin Murray has put forward an approach which, while it shares much of the analysis of the postmodernists, differs in important ways in its prescriptions. I will argue that while it provides an important advance on postmodernism,

it does not escape its central problems.

Murray's strategy shares postmodernism's analysis of the present period of stagnation as arising from a transition between an epoch of Fordism and an epoch of FS. The crisis is therefore seen as originating essentially in problems of institutional and managerial innovation, rather than in overaccumulation of capital (LIS I, paras 100-109); see also Murray, 1986). Indeed, this erroneous view is given a theoretical basis by using 'production' to mean only the use value aspects of production, such as production technology or the labour process in its physical aspect (LIS I. paras 47, 51, 69, 79, 91), ignoring the fact that production of commodities is always also production of value and surplus value. (I use 'use value' here in its widest sense, to denote the concrete and contingent aspects of commodity production in contrast to its abstract form as value production.) All questions of value become simply 'distributional', and therefore secondary (paras 69, 79). As Levidow (1983) has argued, this tends to make Murray's account of the crisis, and its solutions, technicaldeterminist (e.g. paras 91, 99-105).

However, Murray differs from the postmodernists in seeing capital's use of FS as not being necessarily positive for labour, and in many cases as being retrogressive. As I have already argued, I agree with this conclusion, even if the examples Murray gives are questionable.³ Murray therefore argues that state intervention is necessary in order to channel restructuring into paths which can maintain or even increase labour's strength.

The aspects of labour's strength that Murray highlights are control over the immediate labour process via skill and socially useful products. State intervention aimed at encouraging and enabling these forms of production is entirely progressive. But Murray is contradictory on the extent to which such an intervention conflicts with capital. On the one hand, as just stated, capital is not itself necessarily going to introduce these changes; it may therefore be necessary to go beyond the 'hands-off' approach of the postmodernists and intervene directly via substantial state minority shareholdings or outright ownership. Moreover, Murray argues that possibilities for progressive restructuring can only be found in the details of an industry (Murray, 1986: 31), implying that there are no systematic bases for these opportunities and that they may often be absent. This is consistent with my arguments in Part 1.

An optimistic view of skill

On the other hand Murray argues that there always exist labour processes emobodying high skill and worker autonomy 72

which are just as efficient and competitive as any deskilled strategies capital may adopt (para 117). This is really an assertion based on one or two examples, and seems likely to be generally true only within highly specialised production. Only in this case will higher skill leading to better quality generally compensate for the greater time taken in exercising more options and for the high cost of the more sophisticated equipment necessary to exercise them; and only in this case will direct management control of workers' time to eliminate slack time and produce speed-ups not be worthwhile.

Murray's optimism that skill does not conflict with market success is an aspect of his belief that via judicious intervention into the use value aspects of production it is possible to sidestep the contradictions of surplus value production. By using the most 'advanced' techniques (which for Murray means FS), it is possible to give public sector-backed enterprises a semi-permanent competitive advantage over their rivals (Murray, 1985: 31) or even a 'strategic place' in the economy (LIS I. para 116). But, even supposing that the policy were able to increase the number of enterprises that are in such a 'strategic position', this does not strengthen the position of the working class as a whole. The 'strategic' firms are able to charge a price above the price of production for their product; this is deducted from the total surplus value produced (either directly if the firm is in Department I, or through raising the value of labour power if the firm is in Department II), but does not alter it. The net effect of the policy is thus to widen differences of profitability between firms and/or sectors, without even shifting the (average) rate of exploitation.

Murray's policy thus reproduces the effects of the crisis and of neo-liberal policies by weakening the weaker capitals in order to benefit the strong. But more dangerously it echoes neo-liberal politics in attempting to link the wages and conditions of sections of the working class more closely to the profitability of their employers (an aspect of monetarism which Murray, significantly, misses: LIS I, para 27). Like the postmodernists, it ends with a divisive policy by basing labour's strength on strong competitiveness for sections of capital.

Restructuring and the crisis

However, Murray also argues a stronger proposition: that if restructuring towards 'the new forms of productive organisation' were generalised it would resolve the underlying crisis. Thus a systematic national policy of this type could create a 'secure economy' (para 195) and eliminate unemployment (paras 192-7,

though the passage is rather ambiguous). This of course returns us to his (and postmodernism's) analysis of the crisis.

Murray avoids the problems of this analysis and makes his prescriptions more plausible by concentrating not on the international crisis but on British 'backwardness' (Murray, 1985: 30; LIS I, paras 112-3). Slow adoption of FS may well be a reason for the low competitiveness of British manufacturing, but it is implausible as a reason for the international crisis. This focus on the need for 'productivism' as a solution to specifically British problems is common gruond with the policy of the Labour leadership. Apart from its chauvinism, it does not address the massive barriers which exist to any 'modernising' reorientation of British capital (Leys, 1985).

The powers claimed for a productivist strategy weaken Murray's argument both for public ownership and for strong trade unions. His faith that progressive restructuring does not injure competitiveness means that pressure is needed only to change the culture of management towards the more progressive solutions, rather than to force capital to carry out restructuring to which it is opposed. Similarly, on the question of job security and wages, if the impact of the crisis on enterprises (or the economy as a whole) can be sidestepped through 'productivism', then public subsidy is unnecessary and the strengthening of workers' defensive organisation becomes optimal.

As with the postmodernists, this minimisation of the opposition of capital is theorised by focussing on the problems of the market rather than those of capital. For example, Murray rightly points out the pressure on both publicly-backed enterprises within capitalism and on post-capitalist economies from the world market in final products (para 120). But he then glosses over the vital distinction between these two cases by maintaining that the traditional debate on the left has been between 'the plan and the market': evidently, in both cases one is equally under pressure of 'the market'. But the crucial counterposition of strategies is not between the plan and markets in general but between the plan and markets in the means of production, i.e. the basis of capital. The effect of this elision is to avoid posing the question of how capital is to be confronted, by posing the formally ultra-left question of how the market in general ('a political force', LIS I, para 20) is to be confronted. Having rightly pointed out that the latter project is utopian, Murray then falls back on modulating the market through 'productivism'.

To summarise: Murray correctly insists, against the post-modernists, on the need for state intervention, particularly through public ownership, to effect progressive changes in the labour process. But like the postmodernists, his ignoring of the

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crisis of overaccumulation of capital and a sole focus on the use value aspects of production leads him to policies which divide the working class. Connectedly, they lead him to minimise the need to oppose capital in order to achieve either these changes in the labour process or simply adequate wages and number of jobs. At the level of policy, then, the crucial gap in Murray's strategy is the lack of restructuring policies aimed at decreasing the divisions between workers and increasing the strength of collective organisation. I now discuss how such policies might be developed.

PART 3: Oppositional restructuring

An alternative perspective

'Restructuring for labour', understood to mean a systematic reorganisation of the economy to benefit the working class as a whole and strengthen its unity, can only be undertaken when capital no longer rules. A socialist economic policy which sets itself this aim today should therefore first and foremost be concerned with building the means for this dictatorship over capital, that is, building strong and politically independent workingclass organisation with a perspective of workers' veto over capital's decisions ('workers' control') as a step towards a workers' state. In particular, the aim should be to use state investment to increase the power of labour against capital. That is, its overriding aim should be political, not economic. In contrast to a project of economically strengthening the class as a whole, this aim is achievable, because the self-organisation and political maturity of the working class can change qualitatively under capitalism (albeit with destabilising effects).

This approach is particularly important during a period of crisis. I have suggested that the fundamental coherence of the long wave is to be found, not in the concrete use value aspects of the economy, but in value processes. And during a phase of crisis, the value processes impinging most widely on the working class are the attempts of capital to disorganise and fragment it. Policies to oppose these processes are therefore fundamental.

Central tasks for restructuring are, then, combat divisions within the workforce and to strengthen the basis for collective organisation (or minimise its weakening). Since these are designed to oppose capital, we may call them 'oppositional restructuring'. These interventions are not counterposed, for example, to interventions aimed at increasing skilling. But they are more fundamental than the latter: first, because they are aimed at promoting the unity of the working class rather than seeking benefits for an inevitably limited section of the class; and secondly, because to achieve advances such as increased skilling in any general and permanent way requires an enormous strengthening of workers' collective organisation.

In discussing this approach to restructuring I wish to draw out both its economic content and the forms of state intervention necessary to achieve it. On the latter, let us assume for the moment state intervention into particular firms or a subsector, but without nationalisation of the whole sector and without compulsory powers; in other words, carrots without sticks. One example of this is the present situation of local enterprise boards undertaking 'exemplary' investments. Another would be the 1983 Labour manifesto proposals for pacesetter nationalised firms within particular industries. The main interest here in considering intervention with these limitations is to explore why oppositional restructuring requires going beyond these powers, to nationalisation.

Turning to the content of the restructuring: two aims seem to me to be particularly important (though by no means exhaustive). The first is to combat fragmentation of production and ownership; we have already noted this as an important contemporary trend, posing problems for workers' organisation (Rainnie, 1985). The second is to combat the shift of production to more weakly organised workers. While this is a quite general tendency of capital, it has been particularly prominent since the trend to peripheralisation of manufacturing since the 1960s. Restructuring in the private sector with these aims would constitute a common policy with anti-privatisation campaigns in the public sector, where central aims have been to prevent the breakup of unified employment and the transfer of production to more weakly unionised firms. This could therefore be a unifying campaign across the labour movement.

(i) Restructuring

The forms of intervention necessary and possible to combat fragmentation are strongly dependent on the internal structure of the fragmented sector and its relation to large capital. To show the variety of policy needed, one may distinguish three types of fragmented sector:

(a) small firms operating as sub-contractors to larger firms (which may be producers or retailers/wholesalers). Here, state investment in the larger production firms can be conditional on, and may materially help to implement, a cut in subcontracting. Lucas Aerospace workers in Liverpool in 1978, for example, demanded that National Enterprise Board (NEB) funding should be linked to reversing Lucas management's move to increasing subcontracting (Four Trades Councils, 1980: 108). Where a

distribution firm is involved, or where a production firm lacks the skills to carry out the subcontracted production, subcontracting can be maintained but focussed on firms which are unionised. In the clothing industry, for example, one would want to carry out both these strategies, cutting down on subcontracting by the larger producer firms, which are generally unionised, and compelling the retailers and designer-wholesalers to contract only to unionised firms. This could deliver a blow to the sweatshop sector (GLC, 1986).

- (b) small firms producing their own designs. This is an important group both within capital and consumer goods industries. These firms have a real independence from big capital by virtue of carrying out their own design and marketing, even where their customers are large firms.⁶ As we have seen, the postmodernist strategy towards this type of firm does little to overcome the problems of collective organisation within them. State investment should aim to increase the scale of ownership, by concentrating funds onto a few firms (particularly in order to increase their design and marketing ability) and through pressing for mergers. The latter will of course often be opposed by the enterpreneurs involved. However, contrary to the postmodernists, increased scale does not necessarily impair the innovativeness or productive flexibility of the firms ('Comments on the Rejoinder' in GLC, 1985b).
- (c) small firms supplying a fragmented market but with a low design content. This type of firm is common on the interface between manufacturing and services, and in the service sector. The large number of customers makes it hard to use the approach in (a). Creation of larger units depends, not on design as in (b), but on increasing scale, possibly exploiting economies of scale, in marketing and production. A method of promoting this, which is not available in (b), is franchising, though this does not usually achieve such a degree of homogeneity of conditions of employment as single ownership. This strategy has been attempted by the Greater London Enterprise Board in the sweated instant print sector, using economies of scale in some lines of production to make the franchised units competitive against low paying rivals.

Rainnie (1985: 159-62) argues that the problems posed for workers' organisation by fragmentation mean that any policies for state investment in fragmented sectors are misplaced. But, precisely because of these problems, it is important to consider state intervention in these sectors, and the examples just discussed suggest how this might be begun. Rainnie's strictures are only relevant to a policy which encourages the enlargement of the fragmented sector at the expense of larger firms, and fails to

combat its fragmentation, which is admittedly the content of most current local authority interventions.

(ii) Restructuring against shifts of production to less organised workers

In the same way that trade unionists have to oppose the 'right to work' for scabs, an oppositional restructuring strategy should oppose the transfer of production from well- to poorly-organised workers. This could have two aspects:

- (a) to strengthen the competitiveness of capital employing strongly organised workers threatened to be undercut by firms employing poorly-organised workers. A partial example of this were the demands relating to restructuring made by trade unionists in the well-organised firms into which the National Enterprise Board intervened under the 1974-79 government, which most often were centred on increasing competitiveness via renewed equipment or diversification (Four Trades Councils, 1980). The need for an international approach to this restructuring is indicated by the fact that, while the aim was to 'maintain strong unionisation', in some cases the rival was actually a well-organised foreign firm.
- (b) to abstain from strengthening the competitiveness of firms employing weakly-organised workers against those employing strongly-organised workers. A recent example of this is the decision of Nottingham City Council to not invest in textile dye houses since the employment conditions and organisation in the Nottingham industry are inferior to those in Yorkshire which is threatened with undercutting. This kind of policy, though a negative one, would be a great improvement on most current local authority economic programmes as well as on traditional central government policy.

The need for coercive powers and comprehensive public ownership

To carry through the two aims just considered in any systematic and durable way will require greater powers than have so far been assumed. There are a number of reasons for this:

(i) The kind of interventions proposed are only acceptable to a limited set of firms, and then only in a conditional, temporary way: as general policies they are opposed to the interests of capital. Insistence on trade union recognition, prevention of subcontracting, creation of larger units, or maintenance of employment in well-organised workplaces are not necessarily against the interests of particular capitals at particular times. But it follows from the discussion of Parts 1 and 2 that these are not

universal tendencies of capital in the present period. For many firms and subsectors subcontracting and fragmentation are crucial. In any case, even where the restructuring policies are in line with the strategy of capital, there are few firms, and even fewer industries, willing to commit themselves to these policies, since this involves a high degree of certainty not only about the validity of the strategy in the abstract, but also about the future success of each firm in carrying it out.

We may put the point in a more abstract way. Capital has a strong tendency to free itself from ties to particular workers: in order to maintain its ability to exploit labour power by asserting its right to fire particular workers, to shed labour through productivity increases or because of realisation difficulties, to liquidate assets in order to begin the circuit of industrial capital anew, and to reproduce the reserve army. These tendencies tend to produce an undifferentiated proletariat, abstract labour power. They are contradicted by capital's dependence on particular, concrete labour powers, to an extent dependent on the period and sector; I have discussed aspects of this dependence in the present period. But this contradiction does not mean that the underlying tendencies towards undifferentiated proletarianisation are suspended or 'cancelled'; on the contrary, they are 'always and everywhere' present. This has to be taken into account to go beyond the partial, favourable interventions discussed above to a more systematic strengthening of collective organisation.

Some final points

A number of points follow from this. The first is the need for powers for the state to impose investment plans on firms. If oppositional restructuring is only to be done by agreement it is likely to be done only with semi-bankrupt firms who have no alternative source of funds; this has been the experience of the Greater London Enterprise Board even with its mild insistence on union access. Secondly, capital has to be held to any agreements made. As the GLEB experience again shows, this requires continuous and detailed surveyance of management decisions by the state and with the active involvement of the workforce, and the power to fire managers; and this generally requires majority state shareholding. Thirdly, oppositional restructuring interventions into particular companies do not have any necessary tendency to spread by being imitated by other managements, in the way envisaged in most versions of 'leading firm' investment or 'exemplary projects'. Fourthly, one cannot assume that oppositional restructuring will always be profitable (cf. LISI, paras 115,

- 135). In contrast to the strategies of Murray and the postmodernists, in this perspective the question of restructuring cannot in general be separated from that of subsidy (see Glyn, 1985: 28-29).
- (ii) The private and fragmented ownership of industries creates problems even in interventions which have quite direct benefits for capital (such as policy (ii)(a) in section 3.2). On the one hand, fragmentation creates barriers to replicating 'exemplary' interventions: through the unavailability of state funding (in the case of weaker firms), through the availability of more profitable investments in other fields (in the case of stronger firms), and through business secrecy. On the other hand, to the extent that an 'exemplary' investment depends for its exemplary character on superprofits, replication will tend to undermine those superprofits. Moreover, business secrecy severely limits the involvement of workers in planning investments (Gough, 1986: 15-16).
- (iii) The state may abstain from promoting undercutting of strong labour (section 3.2, (ii)(b)), but this does not prevent capital from doing so (given the argument in (i) above). To do so requires the state to have a veto over such investment within the particular industry, which amounts de facto to nationalisation.
- (iv) The tendency of policies (i)(a) of section 3.2 is to preserve jobs for the better organised, who moreover would typically be white men. A positive intervention is therefor eneeded into sweated sectors competing with well-organised firms (perhaps along the lines of (i)(b) and (c) of section 3.2). But to the extent that productivity is increased, the better-organised firms are threatened; this Catch 22 is only manageable if the whole sector is nationalised.

We can conclude, then, that the attempt to carry through oppositional restructuring without coercive powers throws up a number of contradictions whose artial resolution is found in nationalisation of the sector. Moreover, oppositional restructuring requires the trade union movement, backed by statutory powers, to make inroads into capitalist perogatives. The nationalisations required are therefore necessarily of a new type: they are under a substantial degree of workers' control, in the real sense of workers' imposition of their most essential interests.

There are many other reasons than the fight for strong trade union organisation for supporting nationalisation. But the discussion of this paper indicates a *method* for building support for this aim. This method is counterposed to one of propaganda, of 'making socialism the common sense of the age'. It is to start from the immediate needs of workers, in this case the need for defensive collective organisation in the crisis, and to map out the *actions*

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necessary to consistently fight to meet these needs in a nondivisive way. A restructuring strategy which centres on combatting divisions and building collective organisation is capable of this dynamic.

Notes

- 1. Piore and Sabel however argue that an international Keynesian strategy for mass production is an alternative.
- 2. This problem is exacerbated by the widespread use of (extended) family labour, where the power relations within and between families *directly* structure work relations.
- 3. Murray's principal example is the Japanese dual economy and dual labour market (LIS I, para 114; Murray, 1986: 30). But this economy was in Murray's own periodisation a feature of Japanese 'Fordism' (a confusion which indicates the problems of this periodisation). Moreover, the tendency of FS has been to weaken the distinction between quality of labour process and skill between contractor and sub-contractor and thus erode the division in the labour market.
- 4. The resulting superprofits can finance benefits for labour (Murray, 1986: 31). There is a strong similarity between Murray's redistribution of technical rents to the working class and the traditional social democratic strategy of redistribution which he rightly criticises (LIS I, paras 45-6).
- 5. To this extent both the strategies considered here, like traditional craft trade unionism, are policies for a privileged (though not necessarily fixed) section of the working class. Their preoccupation with the worker's immediate control over the labour process is also similar to that of craft trade unionism.
- 6. Rainnie (1985: 152), following Schutt and Whittington (1984), downplays the importance of this type of small firm, regarding them as existing only in marginal market niches. This biases Rainnie's assessment of the relation between small and large firms.

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