

The End of ORGANIZED CAPITALISM



Scott Lash & John Urry

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Preface

We are immensely grateful to social scientists in various countries who have helped us in the writing of this book. Its historical and comparative nature has made us particularly dependent upon the assistance and encouragement of many scholars in many places. In different ways all of the following have provided advice, help, criticism or encouragement: Nick Abercrombie, Bengt Abrahamsson, Paul Bagguley, Philip Cooke, Simon Duncan, Mike Featherstone, Mats Franzen, Anthony Giddens, Derek Gregory, Ulf Himmelstrand, David Keeble, Jim Kemeny, Anders Kjellberg, Olivier Kourchid, Jane Mark Lawson, Brian Longhurst, Claus Offe, Mike Savage, Dan Shapiro, Wolfgang Streeck, Göran Therborn, Rolf Torstendahl, Sylvia Walby, Alan Warde, Sam Whimster, Annie Witz.

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Introduction

In a sparkling passage in the otherwise maligned *Manifesto of the Communist Party*, Marx and Engels wrote of the

Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations . . . all swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned. . .¹

Bourgeois or capitalist society, then, is one of intense change, particularly in relation to where people live and how their lives are organized over time. According to Marx and Engels, as production is revolutionized in order to bring about massive savings of labour-time, people's relationships to each other across space are transformed since

- 1 Capitalism has 'pitilessly torn asunder the motley feudal ties that bound man to his "natural superiors".'
- 2 The need for a constantly expanding market 'chases the bourgeoisie over the whole surface of the globe and destroys local and regional markets'.
- 3 The 'immensely facilitated means of communication draws all . . . nations into civilisation' (for 'civilisation' we can read 'modernity').
- 4 Enormous cities are created and this has 'rescued a considerable part of the population from the idiocy of rural life'.
- 5 Political centralization is generated as independent, loosely connected provinces 'become lumped together into one nation'.
- 6 Masses of labourers 'organised like soldiers' are 'crowded into the factory', the proletariat 'becomes concentrated in greater masses'.
- 7 The development of trade unions is 'helped on by the improved means of communication that are created by modern industry and that place the workers of different localities in contact with one another'.²

Marx and Engels in the *Manifesto* are very much the analysts of ‘modernity’ and indeed see the bourgeoisie as a profoundly revolutionary class, setting in motion an extraordinary train of events, creating more formidable and sophisticated forces of production than all the previous centuries had managed.³ People’s lives are thus controlled by a revolutionary bourgeois class – by a class with vested interest in change, crisis and chaos. The citizen in this modern era must learn not to long nostalgically for the ‘fixed, fast-frozen relationships’ of the real or fantasized past, but to delight in mobility, to thrive on renewal, to look forward to future developments in their conditions of life. As a world of change, it is a world which swings wildly out of control, menacing and destructive. The bourgeoisie thus moves within a profoundly tragic orbit. It has unleashed tremendous powers, but these powers are destructive as well as constructive, producing as well as resolving conflicts. Within this uncontrollable maelstrom the temporal and spatial structuring of people’s lives are continuously transformed.

What Marx and Engels do in the *Manifesto* is thus to presage a massively influential set of social developments which have characterized western societies roughly from the end of the nineteenth century onwards. What we want to suggest, however, is that this era of ‘organized capitalism’ that they in part outline has, in certain societies, come to an end, and that there is a set of tremendously significant transformations which have recently been literally ‘disorganizing’ contemporary capitalist societies – transformations of time and space, of economy and culture – which disrupt and dislocate the patterns that Marx and Engels so brilliantly foresaw.

In this claim that organized capitalism is – if sporadically and unevenly – coming to an end, in our claim that we are moving into an era of ‘*disorganized* capitalism’, we are contravening the conventions, not just of ‘orthodoxy’, but of a good deal of solid and reasoned social science opinion. We risk offence, not especially to fundamentalists among Marxists and Weberians, but to purveyors of some of the more creative and better thought-out work which draws on these two traditions. In this context both Marxists and Weberians will generally contend that we are living in increasingly *organized* societies. Marxists will speak of ‘monopoly capitalism’, characterized by the increasing concentration of constant and variable capital complemented by the unidirectional tendency towards centralization of money capital. They will speak of ‘finance capitalism’, most notably marked by the interpenetration of money capital and productive capital. They may speak of ‘state-monopoly capitalism’ or ‘late capitalism’, in which a low-growth and low-profitability phase of capitalist development is counteracted through a combination of state economic subsidies and growth in size of the public sector. Weberians will similarly claim that contemporary society is imbued with increased levels of organization. They will point to the seemingly teleological growth of state bureaucracy in both capitalist and state socialist countries. They will point to an ineluctable rationalization in our whole gamut of institutions – of the

school, the police, the civil service, the factory, trade unions and so on. They will view this process of further organization as the obverse side of secularization, in which the dissolution of internal constraints is progressively replaced by normalizing, individuating and ordering external constraints. We risk offence then to some of the best Marxist and Weberian opinion in this book's contention that contemporary capitalism is undergoing a process of disorganization.

We must begin here by clarifying our terms. The notion of 'organized capitalism' has a considerable pedigree dating back to Hilferding and was particularly developed by Jürgen Kocka and several other contemporary social historians.⁴ For these writers organized capitalism begins in most countries in the final decades of the nineteenth century as a consequence of the downward phase of the Kondratieff long wave which began in the mid-1870s. In Kocka's summary formulation, organized capitalism consists of the following inter-related features:⁵

- 1 The concentration and centralization of industrial, banking and commercial capital – as markets became progressively regulated; in comparison with the preceding epoch of 'liberal capitalism', special growth in producers' goods industries; the increased interconnection of banks and industry; and the proliferation of cartels.
- 2 The growth of the (famous) separation of ownership from control, with the bureaucratization of control and the elaboration of complex managerial hierarchies.
- 3 The growth of new sectors of managerial/scientific/technological intelligentsia and of a bureaucratically employed middle class.
- 4 The growth of collective organizations in the labour market, particularly of regionally and then nationally organized trade unions and of employers' associations, nationally organized professions etc.
- 5 The increasing inter-articulation between the state and the large monopolies; and between collective organizations and the state as the latter increasingly intervenes in social conflicts; development of class-specific welfare-state legislation.
- 6 The expansion of empires and the control of markets and production overseas.
- 7 Changes in politics and the state, including: the increasing number and size of state bureaucracies, the incorporation of various social categories into the national political arena; the increased representation of diverse interests in and through the state; and the transformation of administration from merely 'keeping order' to the attainment of various goals and national objectives.
- 8 Various ideological changes concerning the role of technical rationality and the glorification of science.

We would add to Kocka's enumeration the following further features:

- 9 The concentration of industrial capitalist relations within relatively few industrial sectors and within a small number of centrally significant nation-states.
- 10 The development of extractive/manufacturing industry as the dominant sector with a relatively large number of workers employed.
- 11 The concentration of different industries within different regions, so that there are clearly identifiable regional economies based on a handful of centrally significant extractive/manufacturing industries.
- 12 The growth of numbers employed in most plants as the economies of scale dictate growth and expansion within each unit of production.
- 13 The growth and increased importance of very large industrial cities which dominate particular regions through the provision of centralized services (especially commercial and financial).
- 14 A cultural-ideological configuration which can be termed 'modernism', one aspect of which is Kocka's point (8) above; the other aspect is counterposed to such rationality and scientism and embraces, *inter alia*, aesthetic modernism and nationalism.

Clearly not all of these developments occurred either simultaneously or in the same way in all western countries. In order to examine the varying developments in Germany, Sweden, Britain, France and the USA, it is necessary to distinguish between organization 'at the top' and organization 'at the bottom'. Organization at the top here includes, for example, the concentration of industry, increasing inter-articulation of banks, industry and the state, and cartel formation; organization 'at the bottom' includes, for example, the development of national trade union bodies, working-class political parties, and the welfare state. In this connection we shall argue that German capitalism was organized early on at both the top and the bottom (1873-95); American capitalism was organized fairly early on at the top but very late on and only briefly at the bottom; Swedish capitalism was only fully organized in the inter-war period at both the top and the bottom; French capitalism was only *fully* organized at top and bottom during and after the Second World War; and Britain was organized only late at the top but rather early at the bottom.

The following are three of the factors which we shall maintain determine the timing that, and the extent to which, the capitalism in each of these countries becomes organized. First, is the point in history at which it begins to industrialize. The earlier a country enters into its 'take-off', the less organized *mutatis mutandis* its capitalism will be. This is because countries which are later industrializers need to begin at higher levels of concentration and centralization of capital to compete with those which have already been industrializing for some time. Secondly, there is the extent to which

pre-capitalist organizations survive into the capitalist period. Britain and Germany became more highly organized capitalist societies than France and the United States: this is because the former two nations did not experience a 'bourgeois revolution' and as a result, guilds, corporate local government, and merchant, professional aristocratic, university and church bodies remained relatively intact. Sweden interestingly occupies a mid-way position, in as much as the high level of state centralization during Swedish feudalism did not allow for the same flourishing development of corporate groups. And the third factor is size of country. For the industry of small countries to compete internationally, resources were channelled into relatively few firms and sectors. Co-ordination between the state and industry was then greatly facilitated, if not necessitated. At the same time there would tend to be higher union densities, more 'organization' of labour, where there were relatively few firms and sectors.

Following the same 14 points, we will now set out what is meant by 'disorganized capitalism':

- 1 The growth of a world market combined with the increasing scale of industrial, banking and commercial enterprises means that national markets have become less regulated by nationally based corporations. From the point of view of national markets there has then been an effective *de*-concentration of capital. This tendency has been complemented by the nearly universal decline of cartels. Such deconcentration has been aided by the general decline of tariffs and the encouragement by states, particularly the USA, to increase the scale of external activity of large corporations. In many countries there is a growing separation of banks from industry.
- 2 The continued expansion of the number of white-collar workers and particularly of a distinctive service class (of managers, professionals, educators, scientists etc.), which is an effect of organized capitalism, becomes an increasingly significant element which then disorganizes modern capitalism. This results both from the development of an educationally based stratification system which fosters individual achievement and mobility and the growth of new 'social movements' (students', anti-nuclear, ecological and women's movements etc.) which increasingly draw energy and personnel away from class politics.
- 3 Decline in the absolute and relative size of the core working class, that is of manual workers in manufacturing industry, as economies are de-industrialized.
- 4 Decline in the importance and effectiveness of national-level collective bargaining procedures in industrial relations and the growth of company and plant-level bargaining. This accompanies an important shift from Taylorist to 'flexible' forms of work organization.
- 5 Increasing independence of large monopolies from direct control and regulation by individual nation-states; the breakdown of most neo-corporatist

- forms of state regulation of wage bargaining, planning etc., and increasing contradiction between the state and capital (cf. fiscal crises etc.); development of universalistic welfare state legislation and subsequent challenges from left and right to the centralized welfare state.
- 6 The spread of capitalism into most Third World countries which has involved increased competition in many of the basic extractive/manufacturing industries (such as steel, coal, oil, heavy industry, automobiles) and the export of the jobs of part of the First World proletariat. This in turn has shifted the industrial/occupational structure of First World economies towards 'service' industry and occupations.
 - 7 The decline of the salience and class character of political parties. There is a very significant decline in the class vote and the more general increase in 'catch-all' parties which reflect the decline in the degree to which national parties simply represent class interests.
 - 8 An increase in cultural fragmentation and pluralism, resulting both from the commodification of leisure and the development of new political/cultural forms since the 1960s. The decodification of some existing cultural forms. The related reductions in time-space distanciation (cf. the 'global village') likewise undermine the construction of unproblematic national subjects.
 - 9 The considerable expansion in the number of nation-states implicated in capitalist production and the large expansion in the number of sectors organized on the basis of capitalist relations of production.
 - 10 Decline in the absolute and relative numbers employed in extractive/manufacturing industry and in the significance of those sectors for the organization of modern capitalist societies. Increased importance of service industry for the structuring of social relations (smaller plants, a more flexible labour process, increased feminization, a higher 'mental' component etc.).
 - 11 The overlapping effect of new forms of the spatial division of labour has weakened the degree to which industries are concentrated within different regions. To a marked extent there are no longer 'regional economies' in which social and political relations are formed or shaped by a handful of significant central extractive/manufacturing industries.
 - 12 Decline in average plant size because of shifts in industrial structure, substantial labour-saving capital investment, the hiving off of various sub-contracted activities, the export of labour-intensive activities to 'world-market factories' in the Third World, and to 'rural' sites in the First World etc.
 - 13 Industrial cities begin to decline in size and in their domination of regions. This is reflected in the industrial and population collapse of so-called 'inner cities', the increase in population of smaller towns and more generally of semi-rural areas, the movement away from older industrial areas etc. Cities also become less centrally implicated in the circuits

of capital and become progressively reduced to the status of alternative pools of labour-power.

- 14 The appearance and mass distribution of a cultural–ideological configuration of ‘postmodernism’; this affects high culture, popular culture and the symbols and discourse of everyday life.

A major part of this book is devoted to substantiating the above ‘disorganization thesis’. To do so we will adduce large quantities of evidence from the recent experiences of five societies: Britain and France, the first to industrialize; the USA, the most capitalistic; Germany, the most ‘organized’; and Sweden, the most corporatist and ‘socialistic’ of the leading capitalist nations. This leads on to the book’s second central thesis, the ‘comparative thesis’: that the greater the extent to which a nation’s capitalism has ever been organized the more slowly and hesitantly its capitalism, *ceteris paribus*, will disorganize. Thus we shall contend that crucial aspects of such disorganization are to be found in Britain and the USA from the 1960s, France from the late 1960s/early 1970s, Germany from the 1970s, and Sweden from the late 1970s/early 1980s.

The aim of this book is not just to amass large amounts of evidence in support of these two theses. Our objectives are also narrative. In the following we shall partly, by way of buttressing our ‘disorganized capitalism’ thesis, attempt to characterize how each society first became organized and subsequently disorganized. This narrative is partly structured through looking at organization and disorganization in the economy, in civil society and in the state. Here the ideal-typical national model – and variance from this will be detailed in the text – is the following: towards the end of the nineteenth century organization – via the concentration of capital – in the economy occurs, followed rapidly by the organization of classes and their interest organization in civil society; organization of the state follows much later, typically between the two world wars. Economic change, most notably in the effects on occupational structure connected with the accumulation of capital, is subsequently the precondition of *disorganization* of civil society. The latter, most visible in multiplication and fragmentation of interest groups – inside and outside of the labour movement – is itself the precondition of disorganization in the state, in the ideal-typical model, instantiated in, for example, the decline of neo-corporatism, the development of the catch-all party, and class dealignment.

We should also stress that what is meant here by ‘disorganized capitalism’ is radically different from what other writers have spoken of in terms of ‘post-industrial’ or ‘information’ society. Unlike the post-industrial commentators we think that capitalist social relations continue to exist. For us a certain level of capital accumulation is a necessary condition of capitalism’s disorganized era in which the capitalist class continues to be dominant. When we argue for the increased centrality of the professional–managerial or ‘service’ class, we shall not contend that such salience poses an obstacle

to the accumulation of capital. Indeed it has been on balance, we shall argue, functional for such accumulation. Moreover, we are far from sympathetic with the ‘farewell to the proletariat’ line of argument associated with writers of the 1980s with much closer historical links with the left such as André Gorz, or even the less forcefully stated marginalization of the working-class theses associated with Eric Hobsbawm and Claus Offe.⁶ Indeed working-class struggles may increase – and arguably have increased – in disorganized capitalism. Consider for example, France, Britain and Italy from the late 1960s, or the industrial struggles of France, Britain and Germany of the early and middle 1980s. Our point is that these struggles in disorganized capitalism are more likely to be sectional; and more likely to be carried out with either community-centred (as in Lorraine metallurgy and British coal) or radical-democratic ideological resources than with characteristically class-struggle *mentalités*. Though this book does not pretend to be programmatically political, it does hold out an implicit argument for qualitative social change through some sort of alliance between working-class and ‘new’ social movements. This would have to be based on the development of a transformed oppositional political culture, whose complexion would not need to be reformist. Thus we should like to differentiate the (at least) implicit politics articulated here from the fundamentalist and often reductionist class politics of some contemporary Marxists.⁷ Though we reject the broader framework of ‘post-industrial’ interpretations, we think that they have highlighted some important truths in regard to important aspects of contemporary societies. What we have attempted to do in this volume is to account for these in a framework which is far more sympathetic to the broad currents of neo-Marxism. We would incidentally stress that what we mean by ‘disorganization’ is not just a shift into a sort of high-entropy random disorder; disorganization is instead a fairly systematic process of disaggregation and restructuration which we have begun to outline in our 14 points above.

Chapters 2 and 3 are devoted to an explication of the development and profile of organized capitalism in Germany, Sweden, Britain, France and the USA. In this context we will speak of two ‘moments’ of organized capitalism: the first starting with the expansive phase of the Kondratieff cycle, beginning in the 1890s, during which capitalism begins to organize at the top; the second, involving organization at the bottom, which in most societies commenced during the inter-war period. Germany is closest to approximating the ideal type outlined above of organized capitalism, achieving high levels of organization very early on both at the top and the bottom. Germany’s industrial-sectoral profile, for instance, displays the greatest preponderance of production of capital goods. We shall argue, contrary to common wisdom, that German banks were a conservative influence on industrial investment. None the less, the framework of financial institutions in Germany which was accessible to industry and the willingness of industrialists to borrow was greater than elsewhere.

Readers familiar with Perry Anderson's *Lineages of the Absolutist State* – which portrays a Sweden of the 'early modern period' as marked by autocracy, bureaucracy and military might – may have made the inference that Swedish capitalism would be as organized and rationalized, if not more so, than that of Germany.⁸ We would rather describe Swedish development in a different way, as more of a hybrid between the German and English experiences. First, an unusually profoundly experienced eighteenth-century Enlightenment infused important elements of liberalism into nineteenth- and twentieth-century Swedish politics. Second, the fact that Sweden in the early years of organized capitalism competed in sectors in which there were lacunae on international markets meant that levels of capital concentration were rather low. Third, very little state intervention into the economy occurred until the inter-war period. If the key agents of organization in Sweden's early years of organized capitalism were (as we shall argue) merchant and then finance capital, then the crucial counterpart from midway into the inter-war period was social democracy. State intervention in the economy came increasingly to be the rule. Capital began to concentrate effectively, as Sweden's now more conventional organized capitalist industrial sectoral profile brought enterprises face to face with the largest international competitors. Perhaps most crucially Swedish capitalism began to organize rapidly at the bottom. The important years, however, of Swedish industrial growth, especially in relative terms, we shall underline were not the post-war years (and especially not the 1960s and 1970s when only British growth was slower), but were the very early years, the decades before and around the First World War.

In Britain, we shall argue, neither the idiosyncratic and much noticed role of financial institutions nor the more general phenomenon of slow organized capitalist growth can be understood apart from the broader, what we want to call the *Makler*, or 'middleman', nature of the British economy. Central to the British *Makler* economy have been the absolute size and international scope of the financial sector, the early export of capital goods, the early shift into production of services, and especially a sectoral profile in which concentration was focused not in the characteristically organized capitalist sectors but in consumer industries such as food and drink. It was the absence of horizontal and vertical integration, of diversification and modern managerial structures in the key organized capitalist sectors which we shall maintain was the decisive feature of Britain's *Makler* economy.

France was a growth laggard for most of organized capitalism, we shall argue, not because France was economically backward, but because it was rather economically 'forward', by being more British than Britain. France suffered from an extreme version of the British syndrome – too many small workshops, too much skilled labour, too localized markets, too little rapport between banks and industry – which posed enormous obstacles to the organization of French capitalism. These phenomena, along with a very gentle process of urbanization and industrialization, also meant less harmful levels

of dislocation in French economy and society. Though the 'triumph of the engineers' in their takeover of French management helped create respectable levels of growth in the first three decades of the twentieth century, it was the shift towards corporatism, and later Vichy's 'state corporatism', which in the low-growth 1930s and 1940s laid the groundwork for the rapid expansion of the rational planning decades of the 1950s and 1960s.

Finally, considerable attention is devoted to the USA, partly because more individuals have experienced what we take to be the beginning of capitalist disorganization in America than in all four of our other countries combined. Many social scientists are fond of making general statements about contemporary capitalism drawing on data relating to large numbers of small countries. For all of the value of such comparative analysis, over 40 per cent of the population living in advanced capitalist countries in the West in fact live in the United States. The size of the American population living under *non*-corporatist, low-welfare state disorganized capitalist relations is more than *three times* larger than the combined population of Austria, Switzerland, Denmark, New Zealand, Holland, Belgium, Finland, Norway and Australia; that is more than three times the size of those small countries most often cited as proofs of high levels of corporatization and organization of contemporary capitalism. In any event, chapter 3 notes that the early and thorough organization of American capitalism at the top was unmatched by such organization at the bottom, and that the American polity in organized capitalism's first moment (from the 1890s) was characterized by the state apparently acting as the instrument of the economically dominant class. Subsequently the 'progressivism' of the New Deal helped American capitalism to organize at the bottom and lent relative autonomy to the state. 'Progressivism', an ideology and a movement associated with the rising service class and related middle classes from the beginning of the twentieth century, is key to the understanding of American capitalist organization and disorganization. Our claim is that in the twentieth century some variety of 'progressivism' has always been the main source of opposition to unregulated capitalist accumulation in the USA. And that 'American exceptionalism' is due, not as much to an ethnically divided and weak working class, as to the very early presence, size and access to organization of the American new middle classes, and especially the 'service class'.

In chapters 4 and 5 the focus is on shifts in the spatial structuring of economy and society in the development of organized capitalism and especially in the transition from organized to disorganized capitalism. If the process of organization meant the spatial concentration of the means of production, distribution and social reproduction, disorganization has meant a spatial scattering or deconcentration of this gamut of social relations. This spatial scattering has been translated in terms of a decline of not just the city, but of the 'region' and the nation-state. It includes a process of, first, the spatial deconcentration of the various production processes within today's large firm. Second, of

the disurbanization of the means of production, not just to the suburbs and Third World subsidiaries but to the countryside in the First World. Third, the disurbanization of executive functions and of commercial capital. Fourth, the spatial scattering of the means of collective consumption, which has meant the residential deconcentration of labour power, of the working class itself. Finally, the growth of the highly capitalized establishment – in industry, commerce, the services – and the corresponding decline in number of employees per workplace has resulted in the spatial deconcentration of labour on the shopfloor. One overriding consequence of all these spatial changes has been (and this for us is perhaps the key explanatory factor, though not ultimately the crucial determinant, of disorganized capitalism) the decline of working-class capacities. ‘Class capacities’ are a matter not just of the numerical size of a social class but the organizational and cultural resources at its disposal.⁹ Not only has the size of the working class and especially its ‘core’ declined in disorganized capitalism, but spatial scattering has meant the disruption of communicational and organizational networks, resulting in an important diminution of class resources.

If the class capacities of the proletariat have been diminished in disorganized capitalism, the size and resources of the professional–managerial strata, or ‘service class’, have enormously increased. This is the subject matter of chapter 6. The rise of the service class, first and most dramatically in the USA, has been not just a function of the accumulation of capital (though it has been this too), but has been a matter of engineers, managers, planners, social workers and so on creating space for their own class formation through the expansion of universities and professional associations (organizational resources) and through the development of arguments justifying their position in terms of superior education and expertise (cultural resources). The service class has in this process, partly as cause, partly as effect, been a considerable factor in the growth of higher education in disorganized capitalism. Our claim here is that the service class which is an effect or outgrowth of *organized* capitalism, is subsequently, largely through its self-formation, an important and driving factor in capitalism’s disorganization process. Our comparative argument in large part rests on the time of appearance and size of the service class – hence much of our discussion is devoted to the American case – and in large part on the differing balance in the various countries of private-sector versus public-sector fractions of the class.

Chapter 7 is devoted to bringing the discussion of chapters 2 and 3 up to date and into the era of disorganized capitalism. Here we will consider the decentralization of finance capital and especially the effects of the substantial privatization of international money which has undermined the capacity of states to pursue national economic policies. We will also consider changes in the organization of industry, the decline in mass production and the growth of more specialized markets and of specialty producers. We will also consider the varying patterns of class dealignment in voting patterns and of the

growth of 'catch-all', non-class-based parties in the various countries. This latter discussion will be in the context of the decline and transformation of working-class capacities, the growth of the service class and of a split between its private- and public-sector fractions, and the range, extent and effects of 'new' social movements. We shall also consider the recent evolution of the welfare state, at its challenge from the right and the left, and at the ways that its growth has itself partly disorganized contemporary societies.

In chapter 8, concerned with changes in working-class organizational and cultural resources, it is argued that neo-corporatism is in decline. Often it is maintained that Sweden's industrial relations are the most highly corporatist of any country. With specially close analysis, based on original source materials, of recent developments in the Swedish case, we argue that here, too, the corporatist consensus has undergone fragmentation. We then in less detail turn to the breakup of Concerted Action in Germany, of corporatist type initiatives in France, especially after 1981, and the problems of getting neo-corporatist institutional arrangements off the ground in Britain, before some very brief discussion as to why there has been so little corporatism in the USA. Our more general case here rests on the situating of neo-corporatism in the framework of organization and disorganization and shifts in class capacities. Our view is that organized capitalism is in the main structured along capital-labour lines. Such structuration can take a class-versus-class form as in France and Germany, or a 'class-with-class' form as in Sweden and Britain. Given the institutional framework of Swedish trade unions and the employers' associations and the early assumption of power by Social Democracy, this class-with-class, or class-compromise structuring of Swedish organized capitalism took place from the late 1930s by means of working-class *organizational* resources and neo-corporatism. In Britain, the class compromise from the 1920s until the mid-1960s, from the first to second shop stewards' movements, came about not so much through corporatism, or organizational resources, but took a more *cultural* form. What we mean is that the codes of working-class communication during this period, while reinforcing collective identity, did not result in any substantial salience of fundamentally oppositional meanings. And that such codes were loaded strongly with significations of tradition and deference. It was the breakdown of such cultural coding beginning from the mid-1950s which was importantly responsible for the decentralized assertiveness of the British shopfloor from the mid-1960s.¹⁰ The failed attempts to install neo-corporatist institutions from this time were a matter of trying to substitute an organizational solution where cultural modes of incorporation had broken down. But the instrumental collectivism and 'democratic anarchy' of the second shop stewards' movement should not be seen as an increase in class capacities *per se*. The instrumental collectivism was largely a matter of class fragmentation and the language of anarchic democracy of the shopfloor was not necessarily the Marxist-inflected language of *class* struggle.

German organized capitalism, by contrast, was fundamentally structured on a class-versus-class basis until Hitler's 'unmaking' of the German working class. Then, with the Third Reich, the Second World War and the Cold War, the East German and Soviet presence so disrupted working-class communicative patterns, so seriously reduced class cultural resources that, given an institutional and organizational framework already present on the ground, the way was paved for some 30 years of corporatist bias, culminating in the decade of Concerted Action ending in 1977. Working-class marginalization, in the polity and more specifically in social democracy itself, largely accounts, we think, for subsequent decentralizing tendencies. In France the marginalization of the working class – which in spite of low union density figures, has possessed substantial capacities¹¹ – has come about in the absence, for a number of largely organizational reasons, of a neo-corporatist intermezzo. In the USA, as we have suggested above, partly because the service class possessed such extraordinary resources so early on to pose opposition to capital, the working class never had the type of organized capitalist structuring presence that it had in Europe.

We should emphasize here that we are not pushing a thesis of the imminent demise of the proletariat. We think that the industrial struggles of the late 1960s and middle 1980s are evidence of the continued existence of considerable working-class capacities. The struggles of the late 1960s were, however, importantly infused with the (non-class-specific) radical–democratic discourse which also informed the contemporary social movements; and those of the mid-1980s often part of a bid to pre-empt the attempt of large capital to bid adieu to the proletariat.

The first part of chapter 9 deals with the problem of culture in the shift from organized to disorganized capitalism. The central issue here was first systematically formulated by Daniel Bell in *The Cultural Contradictions of Capitalism*, though a number of writers on the left, and notably much of the work of the Birmingham Centre for Contemporary Cultural Studies, have also addressed it.¹² The issue is the implications of the mass distribution of modernist/postmodernist cultural forms for relations of domination in contemporary capitalism. 'Modernism' we take to be a cultural–ideological configuration which breaks with what Frederic Jameson has called the 'realist' configuration of liberal capitalism.¹³ That is, modernism breaks with a paradigm of representation in art and in theoretical discourse, and breaks with any sort of absolute or categorical conceptions in moral discourse. Hence the turn-of-the-century flourishing of non-representational painting and lyrical poetry coincided with the advent of sociologicistic epistemologies and ethics in Durkheim and Weber. But modernism is not limited to high culture, and its assumptions pervade everyday discourse, for example in the assumptions of even popular Marxism and nationalism, that knowledge and morals are interest-linked.

We shall not exaggerate the differences between modernism and post-modernism. In terms of the implications for social relations in disorganized capitalism the most important fact is the *mass* distribution of postmodernist cultural forms through television, advertising, film, fashion and so on. It is this which is most important for relations of domination. The main differences are as follows:

- 1 Postmodernism is about the transgression of boundaries – between what is inside and what is outside of a cultural ‘text’, between reality and representation, between the cultural and the social, and between high culture and popular culture.
- 2 Whereas modernism and postmodernism (though much more ambiguously) can be said to break with an aesthetics of representation, the more Apollonian modernism stands in an affinity with the conscious mind that the Dionysian postmodernism with the Freudian id.
- 3 If communications in liberal capitalism are largely through conversation, and in organized capitalism (modernism) through the printed word, disorganized capitalism’s (postmodern) communications are through images, sounds and impulses. That is, to draw on some concepts of J. F. Lyotard, modernism’s *discours* is replaced by postmodernism’s and disorganized capitalism’s *figure*.¹⁴

We should, though, emphasize here that not all cultural forms in disorganized capitalism are ‘postmodernist’, but only that such forms take on added weight and have an elective affinity with disorganized capitalism. We also claim that there are important postmodernist characteristics of not only high and popular culture but of the discourse, styles and symbols of everyday life. We do not claim that postmodernist culture is necessarily ‘liberating’ or a culture of resistance, but that it can (as could modernism) provide cultural resources for either dominant or subordinate collective actors. Postmodernism on one side, with its glorification of commercial vulgarity, its promotion of ‘authoritarian populism’, reinforces relations of domination; on the other side, with its opposition to hierarchy, it is a cultural resource for resistance to such domination. Postmodernism, on one side, opposes a liberating ‘desire’ to a traditional and patriarchal superego; on the other side, the new putatively free id is – in many instances and to a large degree – itself recolonized by patriarchy in the interests of new forms of gender domination.¹⁵ Finally, there are also all sorts of postmodernist cultural objects that have very little to do with domination at all; i.e. all cultural objects are not necessarily ‘cultural resources’.

Two final remarks about culture in disorganized capitalism. First, domination through cultural forms takes on significance in disorganized capitalism which is comparable in importance to domination in the sphere of production itself.¹⁶ Second, there is something importantly ‘classless’ about

postmodernism. With its core assumption of the breakdown of boundaries, postmodernism finds an audience when the boundaries which structure our identities break down; that is, during personal experiences of 'liminality' during which identity is unstable. Bernice Martin argues that the 'birth of adolescence' in the 1950s among British working-class teenagers was accompanied by such a destabilization of identity and created conditions of reception for rock music and youth culture.¹⁷ This partial revaluation of values in conjunction with the dissipation of constraints is associated and contemporaneous with the gradual demise of the so-called 'traditional' working class, arguably contributed to the anti-hierarchical attitudes which underlay the radical shopfloor democracy from the middle 1960s. At the same time, Martin notes, for the 'middle classes' in Britain in the 1960s, with the extension of education the category of 'youth' first makes its appearance, again with the beginnings of an even more extended period of liminality, of unfixed identity. Martin goes on to argue that the nature of work in the vastly proliferating 'expressive professions' (i.e. service class members in part of the public sector, the communications media, etc.) can mean that liminality extends right through adulthood. Middle-class youth, then, and the expressive professions in the service class are a potential audience for postmodernist culture, and potential sources of resistance to domination in disorganized capitalism. This partly, we think, explains their overwhelming presence in the so-called 'new social movements'. The point here is that much of such popular culture (which possesses important postmodernist attributes), whoever consumes it, is largely 'classless' in content and form, and the radical anti-hierarchical values and practices, the 'anti-authoritarian populism', it *can* engender are equally not particularly marked by class characteristics.

The reason why this book concludes with an analysis of culture is first because of the disorganizing effects of contemporary culture, and secondly because of the greater importance that relatively 'classless' cultural forms assume in the context of social life today. If social action always involves an intermingling of presence and absence, modern culture permits an extraordinarily heightened 'presence-availability', of social situations, events, myths and images which cohere around and 'construct' diverse 'subjects'. With the sea change in modern society, in which large organizations, workplaces and cities are of diminishing significance for each individual, the processes of forming, fixing and reproducing 'subjects' is increasingly 'cultural', formed in diverse ways out of a myriad of myths and images, of consumer products, of available 'life-styles' not at all based on where one lives or whom one knows, that is, on those who are immediately present.¹⁸ Central to our analysis then is an investigation of the changing temporal and spatial contours of liberal, organized and disorganized capitalism. Table 1.1 summarizes the main features of such changes, at the level of the wider societal processes, giving the organizational forms and the various cultural changes which occur in each of the three phases.¹⁹

Table 1.1 Temporal and spatial changes in liberal, organized and disorganized capitalism

<i>Phase of capitalist development</i>	<i>Predominant temporal/spatial organizational/ structures</i>	<i>Spatial changes within each territory</i>	<i>Predominant means of transmitting knowledge and executing surveillance</i>
Liberal	Large-scale collapsing empires that had been built up around dynastic rulers or world religions; emergence of weak nation-states.	Growth of tiny pockets of industry. Importance of substantial commercial cities as well as the expansion of new urban centres in rural areas.	Handwriting and word of mouth.
Organized	Nation-states within the ten or so major western economies increasingly dominate large parts of the rest of the world through colonization.	Development of distinct regional economies organized around growing urban centres. Major inequalities between new industrial and non-industrial regions and nations.	Printing developed through 'print-capitalism'.
Disorganized	Development of world economy, an international division of labour, and the widespread growth of capitalism in most countries.	Decline of distinct regional/national economies and of <i>industrial</i> cities. Growth of industry in smaller cities and rural areas, and the development of service industry. Separation of finance and industry.	Electronically transmitted information dramatically reduces the time-space distances between people and increases the powers of surveillance.

The development of organized capitalism (1)

Chapters 2 and 3 are devoted to a lengthy analysis of the development of organized capitalism. They are intended to give the reader not only an idea what is meant by 'organized capitalism', but also to present him or her with an account of its differential development in five major countries (Germany, Sweden, Britain, France, and the USA). This is important, in part because it lays the groundwork for our subsequent cross-national analyses of capitalism's disorganizing process; it is important also because little of this sort of analysis exists in the available literature. The (few) comparative economic history textbooks often tend to ignore the role of the state, banks, social classes and the development of the welfare state, all of which are central to the account of the growth of organized capitalism presented here. There is even less available sociological analysis of such a comparative nature.

We begin with an account of Germany which, though it draws on new material, is not especially contentious in nature. Because Germany has come closest to approaching the organized capitalist ideal type, our objective here is largely to establish a touchstone for subsequent comparative analysis. Some may wish to turn directly to the analyses of Sweden, Britain, France and the USA which are more fully interpretive and at points we think, novel.

GERMANY: THE 'IDEAL TYPE'?

Why, briefly, has Germany been the organized capitalist society *par excellence*? First, German industry was highly bureaucratized very early on, both at management level and on the shopfloor. Second, the German state was interventionist and at the same time relatively autonomous. Third, German industry became highly concentrated in terms of fixed capital per enterprise,

number of employees per enterprise, and vertical (forward and backward) integration and diversification. A large part of the increase in capitalization of German firms was due to simple horizontal integration, that is, to straight-forward takeovers and mergers. Fourth, German industry became highly cartelized. It is important to distinguish the impact of cartelization from that of the formation of employers' associations. Cartelization became highly important in the 1890s and is the German equivalent of the British holding company. It rightly belongs to the first step of organization, that is, organization at the top. Employers' associations assumed much greater importance just after the First World War, at about the time that organization at the bottom gave to German politics a very definite 'corporate bias'. Fifth, the joint-stock company assumed an unusual importance quite early on in Germany. Sixth, the interarticulation of banks with industry was more pervasive in Germany than elsewhere. And finally, Germany was the birthplace of the welfare state and of the mass political party.

Let us address some of these points, first considering German organization at the top – capital concentration in heavy and the new industries, cartels, banks, the role of the state – and then looking at organization at the bottom – the welfare state and the issue of corporate bias in German politics. While we do not claim to challenge in what follows the thesis that Germany has been indeed the country which has most closely approximated the organized capitalist ideal type, we do want to show that the received wisdom on a number of these matters is overly simplistic.

Organization at the top

Proportionately, Germany at the turn of the century had the most developed heavy industrial sector of any western country. No other country at that time had such a high proportion of coal producers or iron and steel manufacturers among its top 100 industrial companies. In the United States, for example, which had a thriving and well-articulated development of heavy industry, a much larger proportion of the top companies was comprised of petroleum and food-processing companies. In France there was a marked lack of coal. British coal was very unconcentrated, and 20 of the British top 50 firms were in the area of food-processing, mostly breweries. Sweden had inordinately rich iron ore deposits, but a good deal of this was exported, and it was not until much later that a thriving Swedish steel industry was developed.¹

German economic development in the Kondratieff A-phase from 1850 to 1873 was closely tied to the growth of the railway system. The cyclical boom which began in 1869 was brought about through a burst of railroad expansion and underlay the *Gründerjahre* or founding years of the Reich, the period from 1870 to 1874 during which a large number of joint-stock companies were floated. The crisis which began in 1873 should not be overexaggerated: it was more a matter of falling prices and its length than of a sharp absolute

fall in production. However, only in 1880 did German production again reach the level of 1872. The downturn of 1873–80, though, was accompanied by a large shakeout of labour and a significant improvement in productivity. Thereafter, as the British and French economies continued to stagnate, Germany entered into a period of steady growth which involved an increase in net domestic product of on average 2.5 per cent per annum over the 1880s. This growth, unlike that of the 1850s and 1860s, was not primarily fuelled by demand from the expanding German railways, but by exports and increased levels of consumer spending. The end of this decade of steady growth was accompanied by another flurry of the founding of joint-stock companies.

It is difficult to overestimate the preponderance of German heavy industry in Europe. From 1910 to 1913 Germany produced over two-thirds of European steel output, and during these same years mined over one-half of the coal and lignite extracted on the European continent.² The country which most closely approached Germany's industrial profile in this period was the United States.³ Of the top 50 firms in industry and extraction in Germany in 1907 and in the USA in 1917 there were 13 coal or oil companies, while in Britain in 1905 the equivalent figure was only one. In 1907 26 of the top 50 firms in Germany and 20 in the USA were metal or machine-building (engineering) firms, while the corresponding figure for Britain in 1905 was eight. Further, if we disaggregate a little we can see important divergencies between Germany and the USA, with a preponderance of heavy industry on the German side. Germany, for example, had only one sizeable oil firm, while eight of America's top 82 industrial firms in 1909 were petroleum refineries. On the other hand, energy production and iron and steel were interlocked in the German Ruhr to an extent obviously impossible between Texas and Oklahoma oil and Illinois, Ohio and Pennsylvania steel. Of Germany's top 80 industrial firms in 1907 31 were in iron and steel, compared to 25 of America's top 82 in 1909. Finally, while a large proportion of American (and French and British) engineering firms made machines for private consumption – bicycles, sewing-machines and, especially, motor cars – the majority of German engineering was heavy engineering, destined for productive consumption – shipbuilding, locomotives and diesel engines.

At the heart of German heavy industry was of course the iron and steel sector. Notwithstanding the railway-connected boom from 1851 to 1872, the German iron and steel industry was in these early years uncompetitive internationally. This was because the Bessemer process – which Krupp, for example, adopted in 1861 – was unable to make use of the low-grade phosphoric iron ore in German Lorraine. The patenting of the Gilchrist-Thomas process changed this. Germany overtook Britain in pig iron and steel production in 1900; from the late 1880s German basic steel became cheaper than elsewhere. From 1898 to 1903 exports doubled and almost reached British levels. Indeed, during many years of the same period, 25 per cent and more of finished iron and steel was exported. The formation of the iron and steel

cartels in the mid-1890s was undertaken with the intention not so much of protectionism, but of keeping domestic prices high in order to sell more cheaply abroad.⁴

In 1887 Krupp was the largest German firm, with 20,000 employees and 40 million marks of share capital. Twenty years later it was still the country's number-one firm but now with 64,000 employees and 180 million marks of share capital. Moreover, contrary to Chandler's thesis that cartels are incompatible with the rational expansion of the firm, from 1887 to 1907 German iron and steel had cartelized *and* expanded through backward and forward integration, diversification and, perhaps most of all, through straightforward takeovers and mergers.⁵ Most important, maybe, was backward integration, especially into coal mining. A great proportion of the capital for the enormous expansion of coal production from 1894 to 1913 was provided by backward integrating iron and steel firms. It has been estimated that in 1900 some 20 per cent of coal output was through these now 'mixed' metal-producing enterprises.⁶ But forward integration was also important. Merchant profits in the late 1880s badly damaged iron and steel, as most firms at that point did not possess distribution outlets. The solution was to create syndicates for distribution of product lines of very high demand. Some firms also diversified downstream into machine building. For example, Krupp had made Essen a company town with his steel plant, machine shops, coal mines and large tracts of company housing; Gelsenkirchen was similarly dominated by the Schalker iron works.⁷

Now let us consider the 'new' industries.⁸ Before 1860 there was little application of chemical processes to industry on any kind of scale in Germany.⁹ France and Britain at that time were international leaders, using the traditional Leblanc process of soda manufacture which was the basis of many other inorganic chemical processes. Germany, however, pioneered the industrial application of *organic* chemical processes, first (in the commercial production of synthetic dyestuffs, in the late 1880s) to pharmaceuticals production at Hoechst and Bayer, but also to the manufacture of explosives and artificial fibres and many other products. Chemicals was the fastest-concentrating branch in German industry from 1887 to 1907 – represented in 1887 by 12 firms in the top 100, and in 1907 by 17 firms. The enormous capital needs of such rapid growth were provided through the involvement on a large scale of banks. This expansion did not involve the tremendous increases in share capital that was the case in the very largest firms in iron and steel and the electrical industry. Also in the 1880s chemicals was not highly diversified. The most marked improvements were in forward and backward integration, which took place partly through cartelization and quasi-cartelization. In 1887 the top chemicals firms had little distribution apparatus. In 1907 all the most important concerns had sales subsidiaries in the most important commodity market-places. The tertiarization of the workforce was far advanced in chemicals. The 'abstract-rational' pure-science training that was only available