7. From Fordism to High-Tech Capitalism: A Political Economy of the Labour Movement in the Baltic Sea Region

Werner Schmidt

The research project “The Labour Movement in the Baltic Sea Region” (Arioso) has worked in a close-knit research environment at Södertörn University since 1997. In different constellations but with a constant inner circle, the project systematically has sought since then to understand the outlines of the social development in the Baltic Sea region during ‘the short twentieth century’ by examining the two competing branches of the labour movement – social democracy and communism – and their endeavour to gain influence and power over this development.

The project started the same year that the Swedish translation of Eric Hobsbawm’s book Age of Extremes was published. The researchers affiliated with Arioso did not yet have a common theoretical framework at the time, but could all agree with Hobsbawm’s general characterisation of the twentieth century. It corresponded fairly well with the results of their own research. Hobsbawm described “the Short Twentieth Century” (1914–91) as a triptych. ‘The Age of Catastrophe’ (1914–45), with its two world wars, its economic world crisis, and the advance of fascist and totalitarian regimes, was followed by about 25 years “of extraordinary economic growth and social transformation”, which he called ‘the Golden Age’. The final period, the one we still live in, is “a new era of decomposition, uncertainty and crisis” (Hobsbawm 1994: 6) – accentuated by the economic world crisis that started in 2007.

According to Hobsbawm (1994: 55), one of the constitutive factors of the short twentieth century – especially during the catastrophic years 1914 to 1945 – was the conviction, the vague feeling or fear that “the old society, the old economy, the old political systems had, as the Chinese phrase put it,
‘lost the mandate of heaven’”, and that humanity waited for a better alternative. Up to the First World War such an alternative was mainly associated with the social democratic labour movement. After the October Revolution of 1917 – and failed revolutionary attempts in the West – the Soviet Union claimed to be the embodiment of the one and only alternative. It is this aspect of the ‘Age of Catastrophe’ on which the first phase of the project mainly focused. Out of this research grew a common set of problems, which found its condensed expression in the title of one of the books resulting from this project, the anthology *Kommunism – hot och löfte: Arbetarrörelsen i skuggan av Sovjetunionen* (Communism – Threat and Promise: The Labour Movement in the Shadow of the Soviet Union) (Blomqvist and Ekdahl 2003). The book treated different aspects of the ideologies and the practices of the labour movement in their interplay with the power emanating from Soviet communism.

The second period (1950–75) was the era of both the global confrontation of systems in the Cold War and different welfare regimes. The vital impulse for the formation of the welfare regimes in the West was the specific balance between different social and political forces – nationally and internationally – that arose out of the victory over Hitler-Germany and its allies. With the economic, social, and political crises of the 1930s still fresh in people’s minds, there was a general consensus at the end of the Second World War that, for social and political reasons, mass unemployment was not to be allowed to emerge again and that “a return to *laissez-faire* and the unreconstructed free market was out of the question” (Hobsbawm 1994: 272). Although this approach was transformed into a material force through strong demands from below, an even more significant factor for the willingness to reform was the fear that the influence of the Soviet Union would spread westward. Partly because of the competition between the two major political and economic systems during the Cold War, mass consumption and the welfare state were elevated to hallmarks of the bourgeois-capitalist system in the West. Hobsbawm (1994: 286) characterised this period, the ‘Golden Age’, with good reason as the time when “the most dramatic, rapid and profound revolution in human affairs of which history has record” was initiated and “largely achieved”.

The project’s research on this period resulted in, among other publications, three biographies that attracted much attention in Sweden. They dealt with representatives of different wings of the Swedish labour movement who contributed to the creation of its Golden Age: The communist leader C-H Hermansson (Schmidt 2005), the trade union economist
Rudolf Meidner (Ekdahl 2001 and 2005), and the social democratic prime minister Olof Palme (Östberg 2008 and 2009). The Arioso project resulted furthermore in the anthology Efter guldåldern: Arbetarrörelsen och fordismens slut (After the Golden Age: The Labour Movement and the End of Fordism) (Blomqvist and Schmidt 2012).

This chapter provides an analysis of the 25-year period of the Golden Age by means of certain regulation and hegemonial theoretical tools. These are the result of the analysis of Fordism; the latter are inspired by the theoretical work of Antonio Gramsci. With hindsight, the short period 1950–75, the middle panel of Hobsbawm’s triptych, represents an exceptional historical period in the transition from one era of crises to another. This article asks how the process can be explained that led from the golden age of the post-war era to the present world of crises and insecurity. It also examines how the labour movement acted and how it was affected in this process. With the ongoing third phase of the Arioso project, “The Labour Movement in the Baltic Sea Region – in a New World of Crises and Insecurity” we intend to contribute to an understanding of this process. This article revolves around this question, too.

**Fordism – an international phenomenon with a Swedish variant**

From a global perspective the period 1950–75 was characterised by the Cold War, that is, the global confrontation and competition between the capitalist system in the West and the state-socialist system in the East (cf. Schmidt 2008). During this period, as Samir Amin (1999: 121) explained, development became the most important goal of all regimes. Amin distinguished between three different projects: (a) the capitalist Fordist development type in the West, (b) the Soviet system in the East with a special type of Fordism (cf. Busch 2009), and (c) the rapid modernisation in parts of the Third World (‘developmentalism’).

The following figures on the annual increase of the gross domestic product (GDP) in different world regions (Table 1) confirm the notion of a golden age and show that development was not only a high priority, but also an achievement across the world:
A common trait in the Swedish historiography of the post-war era is that it exaggerates national uniqueness or – in other words – it underestimates the over-determining importance of the international context.\(^1\) In fact, the development in Sweden is a variation on an international phenomenon, a variation with distinctive national features.\(^2\)

As in the other capitalist industrialised countries, the period from the end of the Second World War to the early 1970s was an exceptionally successful era for the Swedish economy (see Magnusson 1996: part IV). Although the annual increase of the gross domestic product (GDP) from 1870 to 1980 was on average 2.5 per cent, it climbed to 4 per cent during the Fordist period, reaching its peak during the ‘record years’ 1960–65, when the increase was on average 5.3 per cent annually. Industrial production increased by more than 6 per cent each year and tripled in inflation-adjusted real value during the Fordist period. Workforce productivity within the industrial sector increased annually by 6.5 per cent, that is, faster than production. The industrialisation of Sweden was completed during this period. In 1950 about one-fifth of the population earned its livelihood from agriculture; by the 1970s this number had dropped to 5 per cent. The number of industrial workers reached a maximum of almost one million during the 1960s and then slowly started to decline, losing workers mainly to the service sector. Because of rapidly increasing productivity, the value of the total industrial production continued to grow nevertheless, increasing threefold in real value between 1950 and 1974.

Unemployment decreased rapidly in Sweden after the end of the Second World War and remained steady at about 2 per cent until the 1970s –

---

\(^1\) This is to some extent also true for the rest of Scandinavia (cf. Torfing 1997: 227).

\(^2\) In Swedish research the term Fordism is mainly used by economic historians in the sense of a technical-economic paradigm. Here it is used as a tool to analyse society as a whole, encompassing its different spheres and their internal relations (cf. Tanner 1999).
despite a growing population (which increased by 15,000 per year through net immigration) and a vastly increasing number of women in the workforce. In the interwar period it was mainly unmarried women who worked outside the home. Among married women, only one out of ten was in paid employment in 1930; the number more than doubled (from 15 to 36 per cent) between 1950 and 1964. In the 1960s and 1970s half a million women entered the workforce. From the 1960s the expanding public sector played a decisive part in the increasing number of women in paid employment, because the number of women working in the industrial sector did not grow at all after the mid-1960s.3

The exceptional and sustained economic growth both enabled and, in turn, was enabled by a consumption that doubled between 1950 and 1970. Private consumption increased by just under 2 per cent annually during the 1950s and by 3 per cent annually during the 1960s. A characteristic trait during this period was that private consumption increased at the same time as public spending expanded rapidly, growing even faster than the former. An increasing part of the newly created resources was reserved for redistribution to the economically and socially less fortunate. The revenues of the state almost tripled in the ten years following the Second World War. The public sector, defined as the part of the GDP that passes through any public budget, reached one-quarter in the beginning of the 1950s. Twenty-five years later it had increased to one-half. Of this, 20 percentage points were used for the redistribution of resources between different social and demographic groups through public budgets.

In 1945 half the Swedish population lived in rural areas. Many did not yet have access to electricity. A majority of families in towns and urban areas lived in one or two rooms with a kitchen. They did not have access to indoor toilets or warm water. In the 1946 fifteen-year plan for housing construction, quantitative goals were set: two rooms and a kitchen (meeting strictly specified standards) for every family with two children. With the help of municipal planning and the regulation of the capital market, the building rate was propelled from 40,000 apartments annually to double that

3 As Lars Magnusson (1996: 444) has emphasised, although it is correct that the equal pay principle took effect during the 1950s and 1960s, “women were mainly given low paid jobs – thus becoming overrepresented among low-income earners. […] Similarly the proportion of women was higher in industries with lower wage levels, e.g. the textile and food industries. The percentage of women within the badly paid sector of national or municipal health care was also very high. […] All in all the 1950s and 1960s saw a huge step towards better conditions for women. But there was a long way left to a more equal position in working life and in society.”
by the mid-1960s, two-thirds of which were multi-unit homes. Housing standards had improved dramatically.

The Fordist period became the so-called ‘harvest time’ of publicly administered welfare. The national and municipal welfare sector afforded comprehensive social services from cradle to grave. In 1946 all political parties endorsed a state retirement pension raise. The strictly means-tested child benefit, which had existed for ten years, was replaced in 1947 by a universal benefit. The Annual Leave Act of 1951 increased statutory vacation from two to three weeks a year. Working hours decreased gradually to 40 hours a week, and Saturday became a day of rest. The school system was extended and modernised: in 1950 comprehensive schools replaced the old parallel school system, and in 1962 a nine-year compulsory school was introduced. In 1955 a mandatory publicly financed health insurance was established, and Parliament agreed to a more comprehensive insurance for accidents at work. To replace the old poverty relief laws, a new social security act was passed in 1957. Gradually a complex system of building subsidies and housing benefits was created. In the early 1970s reforms of part-time pensions along with more comprehensive health insurance and parental leave completed the picture.

As Lars Magnusson has emphasised, most of these reforms were almost unanimously supported in Parliament. When it came to the introduction of occupational pensions, however, a conflict erupted between the labour movement and the bourgeoisie. The contention was the future of the universal, as opposed to the selective, welfare system (Magnusson 1996: 459).

The rapid increase in private and public consumption formed a new Sweden and a new Swede. The subsistence of the wage labourers, which earlier had been precarious and at the mercy of recessions, became more secure and more long-term. The nuclear family, the spatial separation of work, home, and shopping, the standardised home, mass consumption of cars, electric household machines, and other capitalistically produced lasting consumer goods became the hallmarks of the new way of life. This led to not only a marked rise in the wage labourers’ living standards but also to a complete transformation of their socialisation pattern, that is, to the formation of a specific “Fordist social character” (cf. Lüscher 1985). Gender relations were determined by the dominance of the male industrial worker at the same time as women’s unpaid domestic work was of central importance for the reproduction of the workforce, “for its psycho-physical balance, for leisure, health, child raising” (Haug, F. 2003: 616).
Social regulation and hegemony

Regulation theory assumes that the economic reproduction process is not self-regulating but politically mediated. Only with the help of the state can the rival groups dominating the economy enforce relatively consistent politico-economic strategies to shape the social reproduction process. Political regulation (though not necessarily by the state) is a prerequisite for a relatively crisis-free reproduction process. Institutions, social norms, and forms of individuality shape individual and collective conduct to become compatible with the conditions of the economic accumulation process. This regulation consists of a combination of force and necessity, contract and social control, internalised values and patterns of conduct – it is an actor-driven process, but without a ruling subject. The transmission and articulation of different interests and strategies are finally condensed into a hegemonic project.

In contrast to the state socialist regimes, the political power in the bourgeois capitalist system does not rest mainly on dominance through violence but rather on social hegemony or – as Gramsci expressed it – on consensus armoured with force. We understand social hegemony as economically, politically, ethically, culturally, and intellectually leading and creating influence. Established social hegemony does not mean that conflicts are eradicated but that they are given a certain form, a form that rarely resembles a stable, unchanging order. Social hegemony is a general consensus on a certain direction of development in order to come to terms with existing or emerging conflicts.

The hegemony is materially rooted in certain ways of production, work, and living and in corresponding socialisation patterns, social characters, and gender relations. Thus, a mutual and relatively coherent connection between these material elements, on the one hand, and political consent and ideological accord, on the other, is created. Through economic, social, and political practices a sort of “social concrete” (Poulantzas) is mixed out of ideas and conceptions, customs, and lifestyles. A hegemony created in such a comprehensive way and rooted in the everyday life of the people can rest confidently on the popular ‘common sense’.

For modern societies the economic sphere together with the civil and political society are woven into a hegemonic historical bloc. Such a bloc achieves an always contradictory yet functioning social unity, an active and activating interplay of different social groups that drives society into a certain direction. A historical bloc always has to be “based on the decisive
function exercised by the leading group in the decisive nucleus of economic activity” (Gramsci 1971: 161). During the Fordist period industrial capital groups were this nucleus. However, into the bloc of these capital fractions and other leading groups some subordinate, dominated groups were also incorporated, mainly the industrial workers. The historical bloc of Fordism is therefore a bourgeois–proletarian industry bloc. This compromise between the classes took the institutionalised form of the corporatist triangle of state – capital – trade unions.

The increasingly homogenous working conditions of the industrial wage labourers led to a growing awareness of their shared problems and common living conditions. The relatively strong trade unions could use this ‘organic’ form of working-class awareness to gain a crucial influence over the formation of social labour during the Fordist industrialisation process. The correlation between productivity gains and raised wages constituted the basis for the Fordist class compromise. The labour movement, building on this compromise, succeeded in combining conflict strategies on the company level with regional and national regulation of social labour. Through the extension of welfare state arrangements, a partial decommodification of the workforce was achieved.

*The third panel of the triptych opens*

What at first looked merely like an economic crisis in the mid-1970s in actual fact started a profound process of change in all areas of society. The Fordist development type dissolved and with it eroded also, as Frigga Haug put it, “the protest potential, which we had up to then recognised as solidarity, labour movement, the community of male workers, risen from Fordism, Taylorism, mass production” (cited in Tanner 1999: 586).

The new development type that arose out of the eroding Fordism has not yet taken its final shape, something that also explains the difficulty of finding an adequate term for it. It has become increasingly common to identify the main traits of the predominant politics as neoliberal, but these politics are still disputed and their long-term hegemonic potential is questionable. Regarding a general characterisation of present-day society, there is so far only a consensus as to what it is not or is not any more. We seem to live in a post-society: in a post-Fordist, postmodern, post-democratic, post-national, or post-industrial society. I prefer as a provisional term ‘high-tech capitalism’ (cf. Ohm and Haug, F. 2004; see also Haug, W.F. 2003a). The choice of this term is based on the understanding that the new
development type requires that we take the starting point in an analysis of the relationship between the changing capitalist means of production and the new material and human productive forces.

The erosion of the capitalist Fordist development type started with the economic world crisis of 1974/75. Like the depression in the 1930s, this was no ordinary crisis following a recession, but an ‘organic’ or structural one (Gramsci). In this kind of crisis different critical processes are condensed and interwoven, leading to conflicts and obstructions in the existing historical bloc and eventually to a rearrangement of this bloc. Thus, an organic crisis cannot be solved within the framework of the existing development type; instead it triggers a longer period of economic and social restructuring and results in a complete transformation of the mode of production and living.

Within the bourgeois capitalist social system, the political transformation process that the crisis results in always takes the form of what Gramsci termed ‘passive revolution’. Passive refers to the transformation and integration of the interests and aspirations of the subaltern groups in such a way that they remain dominated while their intellectual and leading groups are absorbed into a new hegemonic historical bloc. According to Gramsci, a passive revolution does not consist of a strategic frontal assault on the subaltern groups and their organisations. Instead it takes place ‘behind their backs’ in a process of silent undermining of the existing power structures.

Such a transformation process moves through several phases and at different speeds, depending on specific national or regional conditions. Although an organic crisis always has its epicentre in economic conflicts, the nature and course of the crisis can be shaped by political disputes and phenomena. Examples are the protests of 1968 with their criticism of certain aspects of the Fordist development and civilisation type and their individualistic tendencies (that were later rearticulated and then integrated into the neoliberal project), Pinochet’s coup d’état in Chile which resulted in a neoliberal social experiment, Thatcherism, and Reaganomics, and, last but not least, the implosion of state socialism.

As Gramsci (1971: 184) emphasised, organic crises in themselves cannot “produce fundamental historical events; they can simply create a terrain more favourable to the dissemination of certain modes of thought, and certain ways of posing and resolving questions involving the entire subsequent development of national life”. The transition from the Fordist to the neoliberally influenced development type is therefore not the replacing of the old type by a new and completely developed social type in its final
form. Out of the crisis process itself and as a complex result of certain crisis resolution measures and methods, a new social development type eventually evolves. An important aspect of this transformation method, which Bob Jessop terms “conservation-dissolution effects” (2001: 12), is that earlier social relations, institutions, and discourses are transformed and sublated into a new context through the incorporation of selected parts thereof into different relations, institutions, and discourses.

The petrification of the communist labour movement

According to Hegel, the owl of Minerva spreads its wings only with the falling of dusk – history must have completed its work before it can be judged wisely. Gramsci (1999: 2191) expressed a similar thought about the labour movement. In his view it is not until “the end of a historical cycle” that its actions can be judged. This cycle, the historical period during which the labour movement developed and proved its emancipatory potential, seems to have reached its end with the crisis and erosion of Fordism.

It is quite obvious that the implosion of state-socialism in the years 1989–91 marked the end of the historical cycle of the communist labour movement. Whereas the bourgeois capitalist systems succeeded in dealing with the crisis by self-transformation (with the passive revolution as a method), the crisis in the East proved insoluble within the framework of the repressive political system. It imploded and along with it went the communist labour movement.

In the German Democratic Republic (GDR), starting in the early 1960s, several attempts were made to reform the socio-economic system in order to make it compatible with the changes that were there called the ‘scientific-technological revolution’. However, to break the command structure that resulted in passivity, irresponsibility, and a general atmosphere of suspicion, not only economic but also political and cultural reforms would have been necessary – a complete change of the intellectual climate in society.

The fundamental problem for the ruling power bloc in the GDR was its hegemonic weakness. Since the ‘workers’ rising’ of 17 June 1953 – a traumatic experience for the workers’ party – the power of the SED rested on a kind of compromise between the party officials, the ‘new class’ (Djilas 1983[1957]), and the class of manual labourers. Through this compromise, construction and factory workers gained a privileged position in the socio-economic system, with social security and a reduced workload.
This favoured position was accentuated furthermore, as the sociologist Wolfgang Engler (1999: 173–208) has pointed out, by the fact that the East German society was culturally and socially marked by the workers; he calls the East German society *arbeiterlich* (workerly). But the price the workers had to pay for their social advancement was the surrender of their political self-determination to the party bureaucracy and ultimately to its highest leadership: the *Politbüro* (the executive committee of the ruling party, the *Sozialistische Einheitspartei Deutschlands* [Socialist Unity Party of Germany], SED). Analogous with the Fordist historical bloc in the West, the state-centred Fordist historical bloc in the GDR was therefore a Politbürocratic-proletarian-industrial bloc.

The result of this compromise was ambiguous: On the one hand, it led to a relatively high material living standard for the working masses; on the other, it restrained innovation and slowed the increase in productivity and efficiency. The hindrance of innovation and the repressive hostility towards the emerging ‘cultural left’ (the new cultural, environmental, civil rights, and peace movements) were crucial elements in the inability of the state-socialist system to self-transform.

*The ‘de-Fordisation’ of the reformist labour movement*

In the mid-1970s a book was published containing letters and conversations by three leading European social democrats: Willy Brandt, Bruno Kreisky, and Olof Palme. The book documents the labour movement’s lack at the time of a plausible concept for how to transform the crisis-ridden Fordist development type and a widening credibility gap the social democratic parties faced. Kreisky pointed out, almost unintentionally satirically:

> As long as everything went swimmingly this capitalist order was termed social market economy [soziale Marktwirtschaft], and the social democratic parties, too, were quick to take refuge under the roof of this social market economy (Brandt, Kreisky, and Palme 1975: 121).

But now that the capitalist market economy grew less and less ‘social’, the leaders of the social democratic labour movement no longer knew where to turn.

As Mario Candeias has pointed out, the transition of the German Social Democratic Party to neoliberal positions, “has to be seen in the context of profound structural transformations of the party’s class and social structure” (2004: 22–3). He focused in this connection on the salient point
PART 2. LABOUR IDENTITIES

for a Marxist or materialist understanding of both the ideological impact of neoliberalism and the adaptation of the social democratic movement to it. There is a danger of ‘structural idealism’, that is, of viewing society upside-down, formed and regulated by ideas or ideals, when the latter are really a consequence of the existing material conditions. It is insufficient to ridicule neoliberalism as merely a set of beliefs that are out of touch with reality, cherished by the ‘seriously rich’, to explain the neoliberal conversion of social democracy as the result of a ‘coup’ or to portray the return to the Swedish welfare state as a simple act of volition (see e.g. Josefsson 2005: 12–21). Rather, a scientific analysis needs to focus on the actual transformation of social conditions and has to take as its starting point the alteration of the productive forces and the means of production. Although it is true, as W.F. Haug has pointed out, that with such an approach we still do not understand everything, “without it we certainly understand nothing” (2003b: 173).

The long period of full employment and the wage labourers’ faith in Keynesian growth and employment policies gave them in the early 1970s – in a general climate of radicalisation – an unusually strong position in relation to capital. Capitalists perceived a wave of strikes and other actions – not only for higher wages but also for better working conditions and participative decision-making – as a threat to their own position of power. In connection with this labour offensive, the capital accumulation problems that had arisen some years earlier became increasingly apparent. Capital intensity had increased, and full employment had driven up wage costs. But the key reason for the crisis of Fordism was that, under the existing conditions (that is, with the means of regulation of the Keynesian welfare-state), the productivity reserve within the Fordist accumulation model was insufficient to guarantee the long-term stability of capital profits. The Fordist-Taylorist work process rested heavily on the separation of living labour from the knowledge of production and its incorporation into the machine system. This type of work process had exhausted its potential by the late 1960s. The increase in productivity slowed, the organic composition of capital rose, and profits declined (see, e.g., Röttger 2010).

The crisis of Fordism became apparent. Its resolution did not follow a predetermined plan, but the measures taken followed a certain direction of development. The productivity problem was solved partly through the implementation of a new technology: the automation and computerisation of production. This demanded a greater ‘responsible autonomy’ for the direct producers, the incorporation of their intellectual capacities and their voluntary cooperation with management and engineers. The flexibility
necessary for this led to the individualisation of work tasks and demanded adaptability and mobility.

During the last third of the twentieth century, automated work penetrated almost all parts of the production and reproduction process. Thus monotonous-repetitive, standardised mass work was reduced to a subordinate position, while work relations characterised by communication skills and independent thought and group work became increasingly important. The combative power of the workers fell during that period, victim to mass unemployment. The destructive side of this crisis claimed the attention of the left to such an extent that the constructive aspects and possibilities of the transformation process were left almost exclusively to the organic intellectuals of capital. The political and trade union branches of the labour movement let themselves be all but overwhelmed by this development, especially as they concentrated on the illusory defence of the status quo. The consequence was a passive revolution in the world of labour. Just as industrialisation had crushed the power of the qualified craftsmen, automation and computerisation crushed the force of the Fordist mass workers.

The Fordist work organisation had an essential feedback function for the formation of a political consensus. The organisational strength, internal unity, and political impact of the trade unions and the social democratic party rested on the large number of members who volunteered and sacrificed parts of their leisure time, energy, and intelligence to trade union or party work. With the erosion of the Fordist work organisation and the transition to a more flexible organisation this political resource disappeared. Furthermore, the strictly hierarchically structured trade unions did not correspond to the expectations of new groups of workers, who were used to relative autonomy in the work process and to self-organisation in the lifeworld.

From the mid-1970s the partly deliberately produced mass unemployment constituted a form of structural violence which undermined the negotiating power of the workers and the trade unions: the fear of unemployment demobilised them. In that situation working conditions and terms of employment that used to be general and standardised started to become individualised. Collective interest representation yielded to competition within the company, to individual strategies of resistance, adaptation, and submission. The creation of mass unemployment and precarious forms of employment constituted the material foundation for the transition to neoliberal means of production and life.

These phenomena were diverse but connected steps in a capitalist solution of the crisis, ultimately aiming at a fundamental restructuring of
the global means of production and thereby at an alteration of the power balance on the national level in favour of capital. Globally, the liberalisation of currencies, capital, and commodity markets was a prerequisite for the creation of transnational production networks. New communication and information technologies overcame geographic boundaries and significantly lowered the transaction costs of decentralised production. Transnational production – which followed the inclined plane of global wage levels – constituted yet another way of undermining wage negotiations and gaining acceptance for new forms of employment.

The increase of precarious employment and the loss of collective bargaining power do not lead to a complete cessation of collective representation of interests but transform it into a competitive corporatism; that is, it accepts the supremacy of company interests in a time of globalisation. The trade unions have thus ceased to fill the strategic role that they had during the era of Fordism: to function as the transmission belt of social democracy.

The fundamental requirement for the breakthrough of neoliberalism was the transnationalisation of production and financial markets beginning in the mid-1970s. But that was not the only requirement. The crisis of Fordism and the implosion of state socialism led to the discrediting of not only state socialist economic planning but also its Keynesian variant. Neoliberals succeeded in blaming the crisis on ‘overregulation’ and portrayed it as a general crisis of state regulation, which necessitated extensive deregulation and ‘state slimming’. The latter did not mean a smaller state in general but rather a dismantling of public welfare. This process incorporated earlier criticism (dating back to 1968) of the hierarchical and centralistic structures of the Fordist state that did not allow radical democratic influence from below.

From the Golden Age to strategic paralysation – a tentative conclusion

The changes sketched above contributed to the weakening of the conditions the reformist labour movement rested on and – lacking alternatives of its own – facilitated its adaptation to the dominating neoliberal frame of reference. Thus the social democratic labour movement contributed considerably to the hegemonic position of neoliberalism.

In conclusion, the labour movement that for some decades after the Second World War experienced its golden age suffered a “strategic paralysation” (Deppe 2009: 19). The question is, whether it will recover. On the one hand, the historian can, in Eduardo Galeano’s (1988[1971]: 11) word, be compared to a prophet looking back; on the other, the historian
must, as Karl Marx pointed out, be wary of “writing recipes […] for the cook-shops of the future” without knowing which ingredients will be available (Marx 2007[1867]: 21). Thus, historians – including researchers of contemporary history – need to be careful when making predictions about the future. Yet, I hazard to state – against the backdrop of the process described here – that the type of labour movement that once helped to form the Golden Age of the post-war era belongs to history and will never again arise as historical subject – at least not in our part of the world.
Welding job at a generator, AEG turbine plant, West Berlin, 9 July 1955 (Bundesarchiv, B 145 Bild-F002761-0001 / Photographer: Brodde)
Computer-based steering of a robot at a youth event, Germany 1988 (Bundesarchiv, B 145 Bild-F077869-0023 / Photographer: Engelbert Reinecke)
References


7. FROM FORDISM TO HIGH-TECH CAPITALISM


