BETWEEN THE LABOR PROCESS AND THE STATE: THE CHANGING FACE OF FACTORY REGIMES UNDER ADVANCED CAPITALISM*

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The paper develops the concept of politics of production through a double critique: first, of recent literature on the organization of work for ignoring the political and ideological regimes in production; and second, of recent theories of the state for failing to root its interventions in the requirements of capitalist development. The paper distinguishes three types of production politics: despotic, hegemonic, and hegemonic despotic. The focus is on national variations of hegemonic regimes. The empirical basis of the analysis is a comparison of two workshops, one in Manchester, England, and the other in Chicago, with similar work organizations and situated in similar market contexts. State support for those not employed and state regulation of factory regimes explain the distinctive production politics not only in Britain and the United States but also in Japan and Sweden. The different national configurations of state intervention are themselves framed by the combined and uneven development of capitalism on a world scale. Finally, consideration is given to the character of the contemporary period, in which there emerges a new form of production politics—hegemonic despotism—founded on the mobility of capital.

This paper has two targets and one arrow. The first target is the underpoliticization of production: theories of production that ignore its political moments as well as its determinations by the state. The second target is the overpoliticization of the state: theories of the state that stress its autonomy, dislocating it from its economic foundations. The arrow is the notion of a politics of production which aims to undo the compartmentalization of production and politics by linking the organization of work to the state. The view elaborated in this paper is that the process of production contains political and ideological elements as well as a purely economic moment. That is, the process of production is not confined to the *labor process*—to the social relations into which men and women enter as they transform raw materials into useful products with instruments of production. The process of production also includes *political apparatuses* which reproduce those relations of the labor process through the regulation of struggles. I call these apparatuses the *factory regime* and the associated struggles the *politics of production* or simply *production politics*.[1]

Although organization theory has recently begun to pay attention to micropolitics (Burns et al., 1979; Clegg and Dunkerley, 1980; Zey-Ferrell and Aiken, 1981), there has been a failure to theorize about, first, the difference between the politics of production and the political apparatuses of production that shape those politics; second, how both are limited by the labor process on one side and market forces on the other; third, how both politics and appara-

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I should like to thank Steve Frenkel and three anonymous referees for their detailed comments. Erik Wright has read more versions of this paper than he cares to remember. As ever, I am grateful for his persistent encouragement and criticism.

[1] Definitions are not innocent. I have defined politics by its *arena*, so that state politics refers to struggles in the arena of the state, production politics to struggles in the arena of the workplace, gender politics to struggles in the family. For others, such as Stephens (1979:53–54), politics is always state politics and what distinguishes one form from another is the *goal*. Thus, production politics aims to redistribute control over the means of production, consumption politics focuses on the redistribution of the means of consumption, and mobility politics involves struggles to increase social mobility. These differences in the conception of politics are not merely terminological but reflect alternative understandings of the transition from capitalism to socialism. Whereas Stephens sees the transition as a gradual shift in state politics from consumption and mobility issues to production issues, I see it in terms of the transformation of production politics and state politics through the reconstruction of production apparatuses and state apparatuses. What Stephens regards as the driving force behind the transition to socialism—the "changing balance of power in civil society," in effect the organization of labor into trade unions—I regard as the consolidation of factory regimes which reproduce the capital-labor relationship more efficiently.

tuses at the level of production differ from and relate to state politics and state apparatuses. The purpose of this paper is to specify the form of politics at the levels both of production and of the state and to examine their interrelationship through a comparison of an English and an American factory. The first part of the paper develops the concept of production politics and the associated political apparatuses of production in the context of the dynamics of capitalism and its labor process. The second part uses the two case studies to highlight national variation in the form of production politics. The third part explains those variations in terms of the relationship between apparatuses of production and apparatuses of the state, a relationship which is decisively determined by the combined and uneven development of the capital-labor relationship. The final part considers the emergence of new forms of production politics in the latest phase of capitalist development.

FROM MARKET DESPOTISM TO HEGEMONIC REGIMES

The Marxist tradition offers the most sustained attempt to understand the development of production within a systemic view of capitalism—that is, a view which explores the dynamics and tendencies of capitalism as well as the conditions of its reproduction. Production is at the core of both the perpetuation and the demise of capitalism. The act of production is simultaneously an act of reproduction. At the same time that they produce useful things, workers produce the basis of their own existence as well as that of capital. The exchange value added through cooperative labor is divided between the wage equivalent, which becomes the means of the reproduction of labor power so that the worker can turn up the next day, and surplus value, the source of profit which makes it possible for the capitalist to exist as such and thus employ the laborer.

How is it that the *labor power*—the capacity to work—is translated into sufficient *labor*—application of effort—so as to provide both wages and profit? Marx answers, through coercion. In his analysis, the extraction of effort occurs through a despotic regime of production politics.

> In the factory code, the capitalist formulates his autocratic power over his workers like a private legislator, and purely as an emanation of his own will, unaccompanied by either that division of responsibility otherwise so much approved of by the bourgeoisie, or the still more approved representative system. This code is merely the capitalist caricature of the social regulation of the labour process which becomes necessary on a large scale and in the employment in common of instruments of labour, and especially of machinery. The overseer's book of penalties replaces the slave-driver's lash. All punishments naturally resolve themselves into fines and deductions from wages, and the law-giving talent of the factory Lycurgus so arranges matters that a violation of his laws is, if possible, more profitable to him than the keeping of them. (Marx, [1867] 1976:549–50)

Although Marx never conceptualizes the idea of political apparatuses of production, he is in fact describing a particular type of factory regime which I will call market despotism. Here the despotic regulation of the labor process is constituted by the economic whip of the market. The dependence of workers on cash earnings is inscribed in their subordination to the factory Lycurgus.

Marx does not recognize factory regimes as analytically distinct from the labor process because he sees market despotism as the only mode of labor process regulation compatible with modern industry and the pressure for profits. In fact, market despotism is a relatively rare form of factory regime whose existence is dependent on three historically specific conditions: (1) Workers have no other means of livelihood than through the sale of their labor power for a wage. (2) The labor process is subject to fragmentation and mechanization so that skill and specialized knowledge can no longer be a basis of power. The systematic separation of mental and manual labor and the reduction of workers to appendages of machines strip workers of the capacity to resist arbitrary coercion. (3) Impelled by competition, capitalists continually transform production through the extension of the working day, intensification of work and the introduction of new machinery. Anarchy in the market leads to despotism in the factory.

If history has more or less upheld Marx's analysis of competitive capitalism, it has not upheld the identification of the demise of competitive capitalism with the demise of capitalism per se. What Marx perceived as the embryonic forms of socialism, in particular the socialization of production through concentration, centralization and mechanization, in fact laid the basis of a new type of capitalism, monopoly capitalism. The hallmark of twentieth-century Marxism has been the characterization of this new form of capitalism—its politics, its economics, and its culture. Curiously, it is only in the last decade that Marxists have begun to reconsider Marx's analysis of the labor process, in particular its transformation over time.

These studies have generally dwealt on historicizing the second and third conditions of market despotism: deskilling and perfect competition among firms. Braverman (1974) argues that deskilling really established itself only in the period of monopoly capitalism when firms were sufficiently powerful to crush the resistance of craft workers. Friedman's (1977) analysis of changes in the labor process in England counters Braverman's unilinear degradation of work by underlining the importance of resistance in shaping two managerial strategies: direct control and responsible autonomy. Direct control corresponds to Braverman's process of deskilling, whereas responsible autonomy attaches workers to the interests of capital by allowing them limited job control, a limited unity of conception and execution. In the early period of capitalism, responsible autonomy was a legacy of the past and took the form of craft control, whereas under monopoly capitalism it is a self-conscious managerial strategy to preempt worker resistance.

In an even more far-reaching reconstruction of Braverman's analysis, Edwards (1979) identifies the emergence of three historically successive forms of control: simple, technical and bureaucratic. In the nineteenth century, firms were generally small and markets competitive, so that management exercised arbitrary, personalistic domination over workers. With the twentieth-century growth of large-scale industry, simple control gave way to new forms. After a series of unsuccessful experiments, capital sought to regulate work through the drive system and by incorporating control into technology, epitomized by the assembly line. This mode of control generated its own forms of struggle and, after World War Two, gave way to bureaucratic regulation, in which rules are used to define and evaluate work tasks and govern the application of sanctions. Although each period generates its own prototypical form of control, all nevertheless coexist within the contemporary U.S. economy as reflections of various market relations. In a more recent formulation, Gordon et al. (1982) have situated the development of the three forms of labor control in three social structures of accumulation corresponding to long swings in the U.S. economy.

While all these accounts add a great deal to our understanding of the transformation of work organization and its regulation, they are unsatisfactory as periodizations of capitalist production. We know that the period of early capitalism was neither the haven of the craft worker, as Braverman implies, nor confined to simple control, as Edwards maintains. Thus, Littler (1982) and Clawson (1980) underline the importance of subcontracting, both inside and outside the firm, as an obstacle to direct control by the employer. Nor can the period of advanced capitalism be reduced to the consolidation of deskilling. New skills are continually created and do not disappear as rapidly as Braverman suggests (Wright and Singelmann, 1983). Finally, Edwards quite explicitly recognizes that each successive period contains and actively reproduces forms of control originating in previous periods. All these works point to the distinction between the labor process conceived of as a particular organization of tasks and the political apparatuses of production conceived of as its mode of regulation. In contrast to Braverman, who ignores the political apparatuses of production, and Edwards, Friedman, Littler and Clawson, who collapse them into the labor process, I treat them as analytically distinct from and causally independent of the labor process. Moreover, these political apparatuses of production provide a basis for the periodization of capitalist production.

While not denying the importance of historically rooting Marx's second and third conditions of market despotism—competition among firms and the expropriation of skill—for an understanding of the transformation of labor controls, I want to dwell on the first condition, the dependence of workers on the sale of their labor power. In this connection we must examine two forms of *state* intervention which break the ties binding the reproduction of labor power to productive activity in the workplace. *First,* social insurance legislation guarantees the reproduction of labor power at a certain minimal level independent of participation in production. Moreover, such insurance effectively establishes a minimum wage (although this may also be legislatively enforced), constraining the use of payment by results. Piece rates can no longer be arbitrarily cut to extract ever greater effort for the same wage. *Second,* the state directly establishes limits on those methods of managerial domination which exploit the dependence of workers on wages. Compulsory trade union recognition, grievance machinery and collective bargaining protect workers from arbitrary firing, fining and wage reductions and thus further enhance the autonomy of the reproduction of labor power. The repeal of Masters and Servants laws gives labor the right to quit and so undermines employers' attempts to tie domestic life to factory life.

Although many have pointed to the development of these social and political rights, few have explored their ramifications for the regulation of production. Now management can no longer rely entirely on the economic whip of the market. Nor can it impose an arbitrary despotism. Workers must be *persuaded* to cooperate with management. Their interests must be coordinated with those of capital. The *despotic regimes* of early capitalism, in which coercion prevails over consent, must be replaced with *hegemonic regimes*, in which consent prevails, although never to the exclusion of coercion. Not only is the application of coercion circumscribed and regularized, but the infliction of discipline and punishment itself becomes the object of consent. The *generic* character of the factory regime is, therefore, determined independently of the form of the labor process and competitive pressures among firms. It is determined by the dependence of the livelihood of workers on wage employment and the dependence of the latter on performance in the place of work. State social insurance reduces the first dependence, while labor legislation reduces the second.

While despotic regimes are based on the unity of the reproduction of labor power and the process of production, and hegemonic regimes on a limited but definite separation of the two, their specific character varies with forms of labor process and competition among firms as well as with forms of state intervention. Thus, the form of despotic regime varies among countries according to patterns of proletarianization, so that where workers retain ties to subsistence existence various paternalistic regimes with a more or less coercive character emerge to create additional bases of dependence of workers on their employers (Burawoy, 1982). Hegemonic regimes also differ from country to country based on the extent of state-provided social insurance schemes and the character of state regulation of factory regimes. Furthermore, the factors highlighted by Braverman, Friedman and Edwards—skill, technology, competition among firms, and resistance—all give rise to variations in regimes within countries. Thus, variations in deskilling and competition among firms created the conditions for very different despotic regimes in nineteenth-century Lancashire cotton mills: market despotism, patriarchal despotism, and paternalistic despotism (Burawoy, 1982). Under advanced capitalism the form of hegemonic regime also varies according to the sector of the economy. In the competitive sector we find the balance between consent and coercion further toward the latter than in the monopoly sector, although where workers retain considerable control over the labor process we find forms of craft administration. Notwithstanding the important variations among despotic regimes and among hegemonic regimes, the decisive basis for periodization remains the unity/separation of the reproduction of labor power and capitalist production.

Exceptions to this demarcation further illuminate it. Thus, California agribusiness offers examples of monopoly industry with despotic control. There are two explanations for this anomaly. First, agriculture has been exempt from national labor legislation so that farm workers are not protected from the arbitrary despotism of managers. Second, workers are frequently not citizens and often illegal immigrants, so they are unable to draw any social insurance and must constantly live in fear of apprehension. In effect, California agribusiness has successfully established a relationship to the state akin to that between industry and state under early capitalism in order to enforce despotic regimes (Thomas, 1983; Wells, 1983). Urban enterprise zones—selected geographical areas in which capital is encouraged to invest by lowering taxes and relaxing protective legislation for labor—are similar attempts to restore nineteenth-century market despotism. However, they remain exceptional.

As others have argued (Piven and Cloward, 1982; Skocpol and Ikenberry, 1982), attempts to dismantle what exists of the welfare state can achieve only limited success. More significant for the development of factory regimes is the vulnerability of collective labor, in the contemporary period, to the national and international mobility of capital, leading to a new despotism built on the foundations of the hegemonic regime. That is, workers face the threat of losing their jobs not as individuals but as a result of threats to the viability of the firm. This enables management to turn the hegemonic regime against workers, relying on its mechanisms of coordinating interests to command consent to sacrifices. Concession bargaining and quality of worklife programs are two faces of this hegemonic despotism.

The periodization just sketched, from market despotism to hegemonic regimes to hegemonic despotism, is rooted in the dynamics of capitalism. In the first period the search for profit led capital to intensify exploitation with the assistance of despotic regimes. This gave rise to crises of underconsumption and resistance from workers, and resolution of these conflicts could be achieved only at the level of collective capital—that is, through state intervention. This took two forms—the constitution of the social wage and the restriction of managerial discretion—which, as we have argued, gave rise to the hegemonic regime. The *necessity* of such state intervention is given by the logic of the development of capitalism. But the *mechanisms* through which the state comes to do what is "necessary" vary over time and from country to country. Here we draw on an array of explanations that have figured prominently in recent debates about the nature of the capitalist state: the state as an instrument of an enlightened fraction of the dominant classes, the state as subject to the interests of "state managers," the state as responsive to struggles both within and outside itself. There is, of course, nothing inevitable or inexorable about these state interventions; nothing guarantees the success or even the activation of the appropriate mechanisms. Thus, although we have theories of the conditions for the reproduction of capitalism in its various phases, and therefore of the corresponding *necessary* state interventions, we have only ad hoc accounts of the *actual,* specific and concrete interventions.

Nevertheless, the form and timing of capitalist development frame the nature of state intervention as well as shape the form of factory regime. As will be discussed below we can begin to locate the rapidity and unevenness of state interventions in the context of the combined and uneven development of capitalism at an international level. Moreover, in the contemporary period the logic of capital accumulation on a world scale determines that state intervention becomes less relevant for the determination of changes and variations in the form of production politics. This is the argument of the paper's final section. The very success of the hegemonic regime in constraining management and establishing a new consumption norm leads to a crisis of profitability. As a result, management attempts to bypass or undermine the strictures of the hegemonic regime while embracing those of its features which foster worker cooperation.

FACTORY POLITICS AT JAY'S AND ALLIED

To highlight both the generic character of the hegemonic regime and its different specific forms, we will compare two workshops with similar labor processes and systems of remuneration situated within similar market contexts but different national contexts. The first company, Jay's, is British and was studied by Tom Lupton in 1956. It was a Manchester electrical engineering company with divisions overseas. Lupton was a participant observer for six months in a department which erected transformers for commercial use. Jay's was part of the monopoly sector of British industry, dominated by such giants as Vicker's. It was a member of an employers' association which engaged in price fixing and barred competition from smaller firms. The other enterprise, Allied, was the engine division of a multinational corporation whose primary sales ventures were in agricultural and construction equipment. For ten months, in 1974–1975, I worked in the small parts department of this South Chicago plant as a miscellaneous machine operator. Donald Roy (1952, 1953, 1954) had studied the same plant thirty years earlier, when it was a large jobbing shop, before it was taken over by Allied. It was then known as Geer.

The Labor Process

Allied's machine shop was much the same as any other, with its assortment of mills, drills and lathes, each operated by a single worker who depended on the services of a variety of auxiliary workers: set-up men, who might help "set up" the machines for each new "job"; crib attendants, who controlled the distribution of fixtures and tools kept in the crib; the forklift "trucker," who transported stock and unfinished "pieces" from place to place in large tubs; the time clerk, who would punch operators in on new jobs and out on completed ones; the scheduling man, who was responsible for directing the distribution of work and chasing materials around the department; and the inspectors, who would have to "okay" the first piece before operators could "get going" and turn out the work. Finally, the foreman would oversee operations, coordinating and facilitating production where necessary: signing double red cards, which guaranteed a basic "anticipated piece rate" when operators, through no fault of their own, were unable to get ahead, and negotiating with auxiliary workers on behalf of the operators.

The labor process at Jay's was similar in that workers controlled their own instruments of production and were dependent on the services of auxiliary workers. In the erection section, operators used hand tools such as soldering irons, wire clippers and spanners. There was no mass production sequence: each electrical assembly was completed by an erector, or by two and sometimes even three "working mates" (Lupton, 1963:104–105). There were fewer auxiliary workers than at Allied: the floor controller ("scheduling man"), the inspector, the charge hand ("set-up man"), the store-keeper ("crib attendant") and the time clerk. There was less intrasection tension and conflict than at Geer and Allied, which sprang from the dependence of piece-rate operators on day-rate auxiliary workers. The lateral conflict at Jay's was instead between sections over delivery of the right parts at the right time and in the right quantity. Thus, the erectors at Jay's formed a relatively cohesive group based on their antagonism toward and dependence on other sections and departments.

The System of Remuneration

The systems of remuneration in the two shops were also organized on similar principles. Operators at Allied were paid according to a piece-rate system which worked as follows: each job had a rate attached to it by the methods department, which stipulated the number of pieces to be produced per hour—the "100%" bench mark. Operators were expected to perform at 125%, the "anticipated rate" defined in the contract as production by a "normal experienced operator working at incentive gait." Producing at 125% would earn the operator an extra 25% of the *base* earnings established for the particular labor grade. In terms of *total* earnings, producing at 125% brought in about 15% more than did producing at 100%. When operators failed to make out at the 100% level, they nevertheless received earnings corresponding to 100%. An operator's total earnings were thus composed of base earnings; an incentive bonus, based on percentage output; override, which was a fixed amount for each labor grade; a shift differential; and a cost of living allowance.

The weekly wage packet at Jay's was made up of three items. First, there was the hourly rate or guaranteed minimum wage—either a "time rate" for day work or a "piecework rate" for piecework. Second, there was a bonus, which was itself composed of three elements: a bonus of 45% on the piece rate for time spent waiting for materials or inspection or wasted on defective equipment; a negotiated percentage bonus for jobs that did not have a rate (known as "covered jobs," as at Allied); and the piecework bonus itself. The third item of the wage packet was a group productivity bonus based on the output of the entire section for the week.

The piecework bonus was derived as follows: each job was given a rate in terms of "allowed time." A job completed in the allowed time obtained a bonus of 27½% of the rate. Rate fixers were supposed to set the allowed times so that the erectors could, with little experience, earn an 80% bonus. Workers were content when they could produce at 190%. Thus, the anticipated rate of 125% at Allied corresponded to the 180% rate at Jay's. In monetary terms, then, the expected earnings from piecework relative to base rates were significantly higher at Jay's than at Allied, where the 140% output was the collectively understood upper limit.

Making Out

The similarity in systems of remuneration and labor process at the two factories gave rise to similar operator strategies. At both Allied and Jay's piecework was constituted as a game, called "making out" in both plants, in which operators set themselves certain percentage output targets. Shop-floor activities were dominated by the concerns of making out; shop-floor culture was couched in the successes and failures of playing the game. It was in these terms that operators would evaluate each other. The activities of the rate fixer and the distribution of "stinkers" (jobs with difficult or "tight" rates) or "gravy" work (jobs with easy or "loose" rates) were the subjects of eternal animation and dispute.

The rules of making out were similar in both shops. Workers engaged in the same forms of "restriction of output." That is, there was a jointly regulated upper limit on the amount of work to be "handed in" (Allied) or "booked" (Jay's), viz. 140% and 190%, respectively. Higher percentages invited the rate fixer to cut the rates. Holding back work which was completed at higher than these ceilings was called "banking" (Jay's) or "building a kitty" (Allied). This practice enabled workers to make up for earnings lost on bad jobs by handing in pieces saved from easy jobs. However, such "cross-booking" ("fiddling" at Jay's, "chiselling" at Allied) was easier and more legitimate at Jay's. Allied had clocks for punching on and off jobs, making cross-booking more difficult, whereas there was no such constraint at Jay's. Moreover, cooperation from auxiliary workers in making out and fiddling by pieceworkers was more pronounced at Jay's.

This form of output restriction, known as quota restriction, in which workers collectively enforce an upper limit on the amount of work to be handed in, affects the second form of restriction. "Goldbricking" occurs when operators find making the rate for a certain job impossible or not worth the effort. They take it easy, content to earn the guaranteed minimum. Goldbricking was more common at Allied than at Jay's, for two reasons. First, as already stated, it was much easier to cross-book at Jay's, and it was therefore more likely that a bad performance on a lousy job could be made up with time saved on easier jobs. Second, the percentages earned on piecework were much higher at Jay's, and the achievement of 100% was virtually automatic. Accordingly, the bimodal pattern, observed by Roy at Geer and still discernible at Allied, in which output levels clustered around both upper and lower limits, could not be found at Jay's. These differences suggest that workers had more control over the labor process and therefore more bargaining power with management at Jay's than at Allied.

Rate Fixing

In broad outline, there are close resemblances in the patterns of conflict and cooperation as they are played out in the two shops. However, the continual bargaining and renegotiation at Jay's contrast with the broad adhesion to a common set of procedural rules at Allied. This is particularly clear in the relationship between rate fixers and operators. The Allied rate fixer was an "industrial engineer" who retired to distant offices. Rather than stalking the aisles in pursuit of loose rates, as had been the custom at Geer, he had become more concerned with changes in the organization of work, introducing new machines and computing rates on his pocket computer. At Jay's, where piecework earnings were a more important element of the wage packet, the rate fixer was still the time-and-motion man with stopwatch in hand. His presence, as at Geer, created a "spectacle" to which all workers in the section were drawn.

But the air of tyranny that pervaded Geer—the sly attempts of time-study men to clock jobs while they had their backs to the operators—was absent at Jay's. First, unlike both Geer and Allied, operators at Jay's had to agree to new rates before they were introduced. Second, the conflict which brought the rate fixer and operator into opposition obeyed certain principles of fair play which both observed. The shop steward in particular maintained a constant vigilance to prevent any subterfuge by the rate fixer or hastiness by the operator. On those rare occasions when industrial engineers came down from their offices at Allied, shop stewards were usually far from the scene. They shrugged their shoulders, denying any responsibility for rate busters who would consistently turn in more than 140%.

Bargaining over "custom and practice" (Brown, 1972) rather than consent to bureaucratically administered rules shaped production politics at Jay's. Thus, jobs without rates became the subject of intense disputation between foreman and worker, whereas at Allied such jobs were automatically paid at the "anticipated rate" of 125%. In the allocation of work, operators in Jay's transformer section were in a much stronger position to bargain with the foreman than were the operators at Allied. Indeed, this was the basis of much of the factionalism within the section, intensified by the absence of well-defined procedures.

These differences exemplify a more general distinction between the two workshops. At Allied the balance of class forces was inscribed in rules whose form was stable but whose content was determined in three-year collective agreements negotiated between management and union. For the duration of the contract, all parties agreed to abide by the constraints it set on the realization of interests. Strikes broke out when the contract under negotiation was unacceptable to the rank and file. At Jay's, by contrast, the balance of class forces was continually renegotiated on the shop floor. "Unofficial" short strikes were part and parcel of industrial life. In the one, the political apparatuses of production are severed from the labor process; in the other, the two are almost indistinguishable. The differences between the two patterns can be clearly discerned in the operation of the "internal labor market."

The Internal Labor Market

We speak of an internal labor market when the distribution of employees within the firm is administered through a set of rules defined independently of the external labor market. At Allied it worked as follows: when a vacancy occurred in a department, any worker from that department could "bid" for the job. The bidder with the greatest seniority usually received the job, and his old job became vacant. If no one was interested in the opening, or if management deemed the applicants unqualified, the job would be posted plantwide. If there were still no acceptable bids, someone would be hired from outside, from the external labor market. Generally, then, new employees entered on those jobs that no one else wanted, usually the speed drills. Similarly, workers who were being laid off could "bump" other employees whose jobs they could perform and who had less seniority. An internal labor market not only presupposes some criteria for selecting among bids—in this case a heavy emphasis on seniority—but also some hierarchy of jobs based on basic earnings and looseness of piece rates. Otherwise workers would be in constant motion. Efficiency in the organization of the plant depends on a certain stability of job tenure, particularly on the more sophisticated machines whose operation requires a little more skill.

The internal labor market has a number of important consequences. First, the possessive individualism associated with the external labor market is now imported into the factory. The system of bidding and bumping elevates the individual interest at the expense of the collective interest. Grievances related to the job can be resolved by the employee's simply bidding on another job. Second, the possibility of bidding off a job gives the worker a certain autonomy vis-a-vis first-line supervision. If a foreman begins to give trouble, an operator can simply bid off the job into another section. The possibility and reality of voluntary transfer deter foremen from exercising arbitrary command since turnover would lead to a fall in productivity and quality. The internal labor market is therefore much more effective than any human relations program in producing supervisors sensitive to the personalities of their subordinates. Indeed, the rise of the human relations program can be seen as a mere rationalization or reflection of the underlying changes in the apparatuses of production since World War Two.

The third consequence of the internal labor market is the coordination of the interests of workers and management. Because seniority dictated the distribution of rewards—not only the best jobs but vacation pay, supplementary unemployment benefits, medical care and pensions as well—the longer a person remained at Allied, the more costly it was to move to another firm and the more he or she identified with the interests of the firm. From management's standpoint, this involved not only greater commitment to the generation of profit but *also* reduced uncertainties induced by changes in the external labor market. Thus, voluntary separations were necessarily reduced, particularly among the more senior and therefore more "skilled" employees. And when layoffs occurred, the system of supplementary unemployment benefits retained hold of the same labor pool for sometimes as long as a year.

At Jay's the distinction between internal and external labor markets was harder to discern. There was no systematic job hierarchy, such a central feature of the organization of work at Allied. All piecework operators in the erecting section, except those undergoing training, were on the same piece or time wage. There was no system of bidding on new jobs and the issue of transfers never seemed to come up. Opposition to management could not be resolved by "bidding off" the job. Grievances had to be lived with or fought out or, as a last resort, workers could leave the firm. Thus, in contrast to Allied's organization of rights and obligations in accordance with seniority, a radical egalitarianism pervaded in the relations among workers. Factional squabbles within the section frequently arose from the foreman's supposedly discriminatory distribution of work (Lupton, 1963:142, 163). As others have argued (Hyman and Brough, 1975; Maitland, 1983), English workers are acutely aware of differentials in pay and working conditions. Conflict on the shop floor often arises from attempts by specific groups to maintain their position relative to other groups rather than an implacable hostility to management. Technological innovations that upset customary differentials are bitterly resisted by those whose positions are undermined. At Jay's, production politics revolved more around notions of social justice and fairness rather than the pursuit of individual interest through the manipulation of established bureaucratic rules. These differences are reflected more generally in the system of bargaining.

Systems of Bargaining

Formally, the internal labor market at Allied was an administrative device for distributing employees into jobs on the basis of seniority. By promoting individualism and enlarging the arena of worker autonomy within definite limits, it was also a mechanism for regulating relations between workers and management. Its effects were similar to two other apparatuses of production, viz. the grievance machinery and collective bargaining. Here, too, bureaucratic regulations dominated. Union contracts were renegotiated by the local and the management of the engine division every three years. Once the contract was signed, the union became its watchdog. Processing grievances was regularized into a series of stages which brought in successively higher echelons of management and union. Grievances would always be referred to the contract. Workers would approach the shop steward as a guard rather than an incendiary. The shop steward would pull out the contract and pronounce on its interpretation. The contract was sacrosanct: it circumscribed the terrain of struggle.

Production politics at Jay's followed a very different course. There was no bureaucratic apparatus to confine struggles within definite limits. There the "collective bargain" was a fluid agreement subject to spontaneous abrogation and continual renegotiation on the shop floor. "Custom and practice" provided the terrain of struggle, and diverse principles of legitimation were mobilized to pursue struggles. Rules had not the stability, the authority nor the specificity they had achieved at Allied. The engineering industry, of which Jay's was a member, did have a regularized machinery for handling grievances, but there was no clear demarcation between disputes over "rights" and disputes over "interests"—that is, between issues pursued as grievances and issues which were part of collective bargaining. The results are clear. Whereas the grievance machinery at Allied dampened collective struggles by constituting workers as individuals with specific rights and obligations, grievances at Jay's were the precipitant of sectional struggles which brought management and workers into continual collision (Maitland, 1983).

We can *begin* to interpret the differences between the two firms in terms of the structure of relations between management and union in the two countries. At Allied (and more generally in the organized sectors of U.S. industry) a single union (in this case the United Steelworkers of America) had exclusive rights of representation at the level of the plant. It was a union shop, so that after fifty days' probation all employees covered by the contract had to join the union. Collective bargaining took place at the plant level, although the issues were usually borrowed from negotiations which took place between the union and the largest corporations, such as the United States Steel Corporation—a system known as pattern bargaining. Rank and file had the opportunity to ratify the agreement struck between management and union but, once signed, the collective bargain was legally binding on both sides of the industry.

At Jay's, and more generally in England, a different situation pertained. Formal collective bargaining took place at the national or regional level of industry, not at the level of the plant. It established minimal conditions of employment. Shop-floor bargaining was therefore the adjustment of the industry-wide agreement to the local situation, which also explains why the wage system was much more complicated at Jay's than at Allied, despite the latter's graduated job hierarchy (Lupton, 1963:137–38). The adjustment to the conditions of the particular firm or workshop explains why it is necessary to amend national and regional agreements, but why are "collective bargains" not struck first at the plant level?

One set of explanations for this concerns the differences in union organization and representation in the two countries. Until recently, only a few British industries, such as coal mining, have had exclusive representation at the plant level. At Jay's, for example, two unions, the electrical Trades Union and the National Union of General and Municipal workers, competed for the allegiance of the workers in the transformer section (Lupton, 1963:115). In the United States not only is there exclusive representation, guaranteed by a union shop, but disaffiliation of a local from its international is notoriously difficult (Herding, 1972:267–70). Attempts by some Allied workers hostile to the United Steelworkers to change affiliation to the United Auto Workers were effectively smothered by union and management. Furthermore, the exclusive rights of representation, union dues check-off systems, and the greater number of paid officials enjoyed by unions in the United States contribute to a more complacent local. The complacency dovetails well with the union's role as night watchman over the collective agreement.

Not only do different British unions compete for the allegiance of the same workers, but a geographical region rather than the plant forms the basic organizational unit. Such interunion rivalry and the separation of the organization base from the shop floor lead to shop steward militancy. This is further encouraged by the limited financial ability of the branch to pay union officials and by the union's need to collect its own dues. Finally, union rivalry and the legacy of a powerful craft unionism in Britain continue to lead to demarcation disputes and struggles to protect wage differentials, thereby threatening collective agreements. In the United States the struggles for union representation in a given plant—jurisdictional disputes—are no longer as important as they were when industrial unionism was in its expansionary phase.

A second set of reasons for the contrasting status of "collective bargains" in the two countries revolves around the relationship between apparatuses of production and apparatuses of the state. Thus, in England the collective bargain is not legally binding. It is a voluntary agreement of no fixed duration which can be broken by either side. Strikes may be "unconstitutional"—in violation of the collective agreement—or "unofficial"—in opposition to union leadership—but only under exceptional circumstances are they illegal. In the United States, on the other hand, collective bargains are legally binding and no-strike clauses can lead to legal action against the union. Unlike its British counterpart, the U.S. trade union is a legal entity subject to legal provisions: it is legally responsible for the actions of its members. The law is one mode through which the state can shape factory politics: it is one expression of state regulation of factory regimes.

PRODUCTION APPARATUSES AND STATE APPARATUSES

We have now dealt with our first target by showing that factory regimes both vary independently of the labor process and effect shop-floor struggles. But how do we explain the differences between the hegemonic regime at Jay's based on fractional bargaining and the one at Allied based on bureaucratic rules? As we have controlled for labor process and market competition, these cannot be the source of the differences. A more promising variable is the form and content of state intervention. Confirmation that some such national variable is at work comes from the industrial relations literature dealing with the postwar period which suggests that fractional bargaining has been typical of the manufacturing industry in England (Hyman, 1975; Kahn-Freund, 1977; Clegg, 1979; Maitland, 1983), just as bureaucratic procedures have been typical of the corporate sector of the United States (Strauss, 1962; Derber et al., 1965; Herding, 1972; Brody, 1979: chapter 5).

What is it about state interventions that creates distinctive apparatuses? The same two interventions that served to distinguish early capitalism from advanced capitalism also serve to distinguish among advanced capitalist societies. The first type of state intervention separates the reproduction of labor power from the process of production by establishing minimal levels of welfare irrespective of work performance. In the United States workers are more dependent on the firm for social benefits, although these may be negligible in the unorganized sectors, than they are in England, where state social insurance is more extensive. The second type of state intervention directly regulates production apparatuses. As we intimated at the end of the last section, in England the state abstains from the regulation of production apparatuses whereas in the United States the state sets limits on the form of production apparatuses, at least in the corporate sector.

Our two case studies demonstrate the existence of different hegemonic regimes and point to the state as a key explanatory variable, but they present a static view and, moreover, one in which the relevant contexts appear only indirectly. We must now move away from Allied and Jay's themselves and examine state interventions in their own right—both their form and their origins. We must develop a dynamic perspective, situating the two factories in their respective political and economic contexts through a broader historical and comparative analysis. To do this we must first complete the picture of state interventions by adding two more national configurations of state regulation of factory regimes and state support for the reproduction of labor power. Our third combination is represented here by Sweden, where extensive safeguards against unemployment—an active manpower policy and a well-developed welfare system—coexist with substantial regulation of factory regimes. In Japan (our fourth combination), on the other hand, the state offers little by way of social insurance, this being left to the firm, and is only weakly involved in the direct regulation of production apparatuses. The following table sums up the different patterns. These, of

		State Support for the Reproduction of Labor Power	
		HIGH	LOW
Direct State Regulation of Factory Regime	HIGH	Sweden	United States
	LOW	England	Japan

course, represent only broad national patterns. Within each country, there may be wide variations in the relationship of production apparatuses to the state.[2] State interventions give rise to only the generic form of factory regime: its specific forms are also determined by the labor process and market forces.

But what determines the form of state intervention? We must now withdraw our arrow from the first target and point it in the opposite direction, at the second target: theories of the state that explain its interventions in terms of its own structure, divorced from the economic context in which it operates. Nor is it sufficient to recognize the importance of external economic forces by examining their "presence" in the state, as in corporatist bargaining structures or the struggles of parties, trade unions, employers' associations, etc., at the national level. As Panitch (1981) has argued, the effects of class forces cannot be reduced to their mode of "internalization" in state apparatuses. State politics do not hang from the clouds; they rise from the ground, and when the ground trembles, so do they. In short, while production politics may not have a directly observable presence in the state, they nevertheless set limits on and precipitate interventions of the state. Thus, for example, the strike waves in the United States during the 1930s and in Sweden, France, Italy, and England in the late 1960s and early 1970s all led to attempts by the state to reconstruct factory apparatuses.

Accordingly, just as the state sets limits on factory apparatuses, so the latter set limits on

[2] Although the focus of this paper is on differences between societies, the existence of variations within societies cannot be overemphasized. Thus, in the United States the marked difference in factory regimes between sectors is a product not merely of market factors but of different relations to the state defined by Taft-Hartley provisions, exclusion of up to half the labor force from the NLRB, state right-to-work rules which outlaw union shops, free speech amendments favoring employer interference in organizing campaigns, disenfranchisement of strikers in union elections, etc.

the form of state interventions. Examined statically there is no way of giving primacy to one direction of determination over the other. Considered dynamically, however, as I will suggest below, the direction of determination springs from the substratum of relations of production. The combined and uneven development of capitalism—that is, the timing and character of the juxtaposition of advanced forms of capitalism and pre-capitalist societies—shapes the balance of class forces in production, setting limits on subsequent forms of the factory regime and its relationship to the state.

England

We can begin with England and its distinctive pattern of proletarianization. In the early stages of industrialization, workers were either expelled from the rural areas or they migrated to town of their own accord. By the end of the nineteenth century all new reserves of labor had been exhausted. Although being cut off from access to means of subsistence weakened workers as individuals, it also impelled them to develop collective organization. In countries which industrialized later, wage laborers often had access to alternative modes of existence, in particular subsistence production and petty commodity production, undermining working-class organization.

Britain's second phase of industrialization (1840–1895) was dominated by the search for outlets for its accumulated capital, which turned to exports based on the development of heavy industry at home. In addition, Britain's imperial expansion laid the basis of class compromise between labor and capital (Hobsbawm, 1969: chapters 6–8). As the erosion of the British Empire was gradual, so was the changing balance of class forces. As a result, British labor history offers no parallel to the powerful wave of strikes that swept the United States in the 1930s. Even the General Strike of 1926 soon fizzled out and marked a definite weakening of labor through the containment of factory politics (Currie, 1979: chapter 4).

If the patterns of proletarianization and colonialism provided the impetus and the conditions for labor to erect defenses against the encroachment of capital, it was the development of capitalist production that provided the means. As a pioneer industrial nation, English capital traversed all the stages of development, from handicrafts through manufacture to modern industry. From the earliest beginnings capital and labor advanced together, strengthening each other through struggle. Capital was dependent on the skills of preindustrial craftworkers, as evidenced in the prevalence of systems of subcontracting (Littler, 1982: chapter 6). Competition among firms weakened capital and increased its dependence on labor. Thus, relative to other countries, English workers were often better organized to resist capital. We can see this in the early development of craft unions, although as Turner has persuasively argued (1962: part IV), the sectionalism of craft unions would eventually retard the development of a cohesive labor movement, postponing the development of general unions until late in the nineteenth century.

In the manufacturing sector, in particular engineering industries, the strength of craft unions retarded mechanization and provided the basis of continuing shop-floor control, as we saw at Jay's (Clegg, 1979: chapter 2). Only in the last decade has there been a shift from informal, fragmented workplace bargaining to plant-wide agreements (Brown, 1981). Particularly in the new industries with automated production, factory regimes more closely approximate the United States pattern (although comparisons with France suggest that this change should not be exaggerated [Nichols and Beynon, 1977; Gallie, 1978]).

In England the transition from despotic to hegemonic regimes has been gradual. Craft traditions led the labor movement to advance its position through the control of production and labor market rather than through state-imposed regulations. Trade unions and the Labour Party aimed to keep the state out of production (Currie, 1979). Employers, concerned to protect their autonomy to bargain directly with labor, were equally mistrustful of state intervention. As the postwar consensus unraveled in the 1960s, Labour and Conservative governments tried to impose incomes policies, but with little success. As the Donovan Commission of 1968 underlined, workplace bargaining outside the control of trade union leadership undermined any centralized wages policy. Therefore, beginning in the late 1960s governments sought to regulate production politics through legislative measures. Most famous of these was the Industrial Relations Act of 1971, which attempted a comprehensive restructuring of production politics by restricting the autonomy of trade unions. For three years the trade unions mounted a unified assault on the act, until the Conservative government was forced out of office. The new Labour government repealed the law in 1974 and, as part of the "social contract," a spate of new laws was introduced. The Trade Union and Labour Relations Act of 1974 (amended in 1976), the Employment Protection Act of 1975, the Health and Safety at Work Act of 1974, and the Sex Discrimination Act and Race Relations

Act of 1976 all protected the rights of employees and trade unions, but within narrower limits. However, these statutory reforms did not of themselves have much impact on production politics (Clegg, 1979: chapter 10). The real forces behind changes in production politics must be sought in the changing relations of capital and labor as part of broader economic changes, as we shall see in the last section.

The United States

Compared to England, capital moved through its stages of development more rapidly in the United States while proletarianization proceeded more slowly. The development of enclaves of Black and immigrant labor combined with mobile white workers to balkanize and atomize the labor force, militating against strong unions. With the notable exception of the IWW, those unions that did form were usually craft unions. During World War One unions enjoyed a short reprieve from the open shop drive. Arbitrary employment practices such as blacklisting, imposition of "yellow dog" contracts, and discrimination against union members were prohibited, and labor was protected from arbitrary layoff through the enforcement of the seniority principle (Harris, 1982). Employers renewed their offensive against independent unions in the 1920s, and company unions were created in their stead. This was the era of welfare capitalism when despotic factory regimes were combined with material concessions in the form of social benefits. Company paternalism collapsed with the Depression as unemployment increased and wages and benefits were cut (Brody, 1979: chapter 2). Massive strike waves assaulted production apparatuses as the source of economic insecurity. Despite rising unemployment, workers were able to exploit the interconnectedness of the labor process and the interdependence of branches to bring mass production industries to a standstill. At the same time the exhaustion of new supplies of nonproletarianized labor limited capital's ability to counter the strikes (Arrighi and Silver, 1983).

Only an independent initiative from the state in opposition to capital could pacify labor, an eventuality made possible by the fragmentation of the dominant classes in this period. The Norris-La Guardia Act of 1932, followed by the National Industrial Recovery Act of 1933, inspired union organizing efforts, even though both had uncertain constitutional validity and ineffective enforcement mechanisms. Nevertheless, the newly created National Labor Board pursued its mission with bureaucratic enthusiasm. Denounced by industry, ignored by the Roosevelt administration and the courts but supported by the AF of L, Robert Wagner, aided by a series of fortuitous circumstances, maneuvered the National Labor Relations Act through Congress in 1935 (Skocpol, 1980). The National Labor Relations Board set about replacing despotic production politics with new forms of "industrial government" based on collective bargaining, due process, compromise and independent unions.

In the immediate aftermath, unions developed through the momentum of self-organization, but in the face of a renewed employer offensive in 1937–1939, the NLRB helped to defend workers' gains. In 1939 the Board itself came under heavy attack for being too partisan, forcing a moderation of its policies. Subsequently, the National War Labor Board (1942–1946) guided the development of unions—establishing their security but curtailing their autonomy. Collective bargaining was confined to wages, hours, and a narrow conception of working conditions; grievance machinery defined the role of unions as reactive; and an army of labor experts was created to interpret and administer the law (Harris, 1982). Taft-Hartley only represented the culmination of a decade-long process in which the pressure of class forces constrained factory politics within ever narrower limits. Over time the NLRB was molded to the needs of capital: industrial peace and stability.

Nevertheless, the emergent labor legislation that governed the postwar period still bore the marks of the period in which it was created, in particular the response to despotic factory regimes and the dependence of workers on capricious market forces. On the one hand, social and labor legislation offered, albeit in a limited way, the one thing workers strove for above all else: security. Welfare legislation, particularly unemployment compensation, although slight compared with that in other countries, meant that labor did not have to put up with arbitrary employment practices. As we saw at Allied, rights attached to seniority and union recognition did offer certain protections within the plant. On the other hand, dismayed with the initial legislation, capital has managed to reshape it in its own image, containing conflict within narrow limits through restrictive collective bargaining and grievance machinery. Internal labor markets may have offered security to labor but, by the same token, they introduced a predictability to the labor market that corporate capital had already achieved in supply and product markets. Even the social legislation which boosted the purchasing power of the working class, reconstituting the consumption norm around the house and the automobile, steered capital out of its crisis of overproduction (Aglietta, 1979).

If, in the course of time, corporate capital would stamp its interests on the new labor legislation, small-scale competitive capital could not afford concessions to labor, and unionization in this sector faced greater obstacles. A distinctive dualism developed in which the gains of the corporate sector came at the expense of the competitive sector. In England, where unionization had developed before the consolidation of large corporations and across most sectors of industry, dualism has been weaker. In summary, the very success of United States capital in maintaining its domination over labor through factory despotism simultaneously created crises of overproduction and unleashed massive resistance from labor, demanding state intervention and the installation of a new political order in the factory. The hegemonic regimes which established themselves after World War Two, such as the one at Allied, undermined labor's strength on the shop floor, leading to its present vulnerability.

Japan

It is difficult to penetrate the mythologies of harmony and integration associated with the Japanese hegemonic regime, but for that reason the task is all the more necessary. It is easy to miss the coercive face of paternalism.[3] Of our four cases, the Japanese most closely approximates the despotic order of early capitalism in which the state offers little or no social insurance and abstains from the regulation of factory apparatuses. In the aftermath of World War Two, Japan adopted labor laws similar to those of the United States, but these have not led to the same extensive state regulation of production apparatuses. In the early years of the United States occupation, trade unions expanded their membership from under a million in 1946 to over 6.5 million in 1949. However, the consequences of the top-down formation of unions through legislative acts were very different from the plant-by-plant conquests that shaped production politics in the basic industries of the United States. Where militant enterprise unions did develop, they were often replaced by management-sponsored "second unions" (Halliday, 1975: chapter 6; Kishimoto, 1968; Levine, 1965:651–60; Cole, 1971: chapter 7). Labor legislation has not held back the development of an authoritarian political order within the Japanese enterprise.

The basic organizational unit of the trade union is the enterprise. Its leadership is often dominated by managerial personnel and provides little resistance to the unilateral direction of work. At best, it is a bargaining agency for wage and benefit increases, and even then it is usually a matter of average increases, internal distribution being left largely to management's discretion (Evans, 1971:132). In the bargaining itself unions generally accept the parameters defined by management without reference to rank and file (Dore, 1973: chapters 4, 6; Cole, 1971: chapter 7). Moreover, the few concessions unionized (permanent) employees may obtain within large enterprises come, at least in part, at the expense of the temporary employees (up to 50 percent of the total), of which a large proportion are women. There are few avenues for workers to process grievances. They must rely on personal appeals to their immediate supervisor, who often is also their union representative (Cole, 1971:230). Moreover, in the absence of regularized procedures for moving between jobs, such as a bidding system, workers can exercise little autonomy in relation to their supervisors (Cole, 1979:111, 114). The result is intense rivalry among workers (Cole, 1971: chapter 6). Undoubtedly Japanese "paternalism" has its despotic side.

The unusually low level of state-provided social insurance compounds employees' subordination, making them dependent on the enterprise welfare system for housing, pensions, sickness benefits and so on. Dore (1973:323), for example, has calculated that receipts other than direct payment for labor were divided in the ratio of four-to-one in favor of enterprise as opposed to state benefits in Japan, whereas in Britain the division was roughly equal. In the corporate sector of the Japanese economy,

[3] Because few ethnographic studies of work in Japanese factories have been available in English, the translation of Satoshi Kamata's account (1983) of his experiences as a seasonal worker at Toyota is particularly welcome. He presents a rich and detailed description of the factory regime: the company union is inaccessible and unresponsive to the membership; outside work, life in the dormitories is subject to police-type surveillance; on the shop floor workers face the arbitrary domination of management, whether this concerns compulsory transfers between jobs, speed-up, overtime or the company's carefree attitude toward industrial accidents. Regular employees face equally oppressive conditions but have more to lose (in terms of fringe benefits) by quitting than do the seasonal workers. As one of Kamata's co-workers put it, life-time employment becomes a life-time prison sentence. In his introduction, Ronald Dore tries to explain away the coercive features at Toyota in the early 1970s as atypical, but the fact that they exist at all in such a large corporation says a great deal about hegemonic regimes in Japan.

where the *nenko* system of "lifetime employment" has been most fully developed, the importance of enterprise benefits is correspondingly greater. Since benefits and wages are linked to length of service, the longer workers remain with a company the more costly it is to move to another firm, the more they identify with the firm's interests, and the greater their stake in company profits. This dependence on the enterprise, without the countervailing feature of the United States system of internal labor markets and grievance machinery, leaves labor with fewer opportunities to carve out arenas of resistance.

One can begin to explain the Japanese system of production politics in terms of the timing of industrialization and the availability of reserves of cheap labor. Late development meant that the early stages of industry—handicrafts and manufacture—were skipped, with direct entry into modern industry with large-scale enterprises. The recruitment from the rural reserves of labor compounded labor's defenselessness against capital. Japanese labor never developed job rights and job consciousness, so central in the United States, because industry never passed through an intensive phase of scientific management and detailed division of labor which rests on careful job specification. The very concept of job is amorphous and job boundaries are more permeable than in the early industrializing nations. Instead of a system of rights and obligations there developed a more flexible system of work-group relations and job rotation which permits a limited collective initiative that is carefully monitored from above (Cole, 1979: chapter 7). As in the United States, the corporate sector with its welfare regimes has advanced at the expense of the subordinate competitive sector. Dualism is, if anything, more marked in Japan than in the United States by virtue of the weakness of both labor and capital in sectors dependent on large corporations.

Just as welfare capitalism in the United States broke down with the Depression, so the Japanese "permanent employment system" is also vulnerable to down-turns in the economy. Cutbacks in production can be absorbed by transferring workers or expelling transient workers but at the expense of increasing the proportion of permanent employees. The more general problem afflicting the *nenko* system, that of an aging labor force, is exacerbated in times of economic contraction so that older workers are demoted or displaced into peripheral jobs or encouraged to retire (Thomas, 1982). None of the solutions to these problems is satisfactory, as all would increase costs of production.

Sweden

Our fourth case, Sweden, is the polar opposite of Japan. Here we find state regulation of production politics combined with one of the most highly developed welfare systems. Underpinning this pattern is the "Swedish model" of class compromise, developed during the 44 years of social democratic rule (1932–1976) and revolving around the centrally negotiated "frame agreement" between the employers' federation (SAF), the federation of industrial unions (LO) and the largest white-collar federation (TCO). Sweden is unique among the advanced capitalist countries in that 87% of its paid labor force is unionized. LO represents 95% of blue-collar workers, while TCO represents 75% of salaried employees. SAF covers the entire private sector. Both LO and SAF exercise power, including significant economic sanctions, over their member organizations (Korpi, 1978: chapter 8; Fulcher, 1973:50).

The central frame agreement provides the basis for both industry bargaining and collective bargaining at the plant level. Two principles inform the central bargaining. The first is an incomes policy which attempts to keep wage increases within limits so as to guarantee the international competitiveness of Swedish industry. The second is a "solidaristic wages policy" which attempts to equalize wage differentials across sectors. Apart from the goal of social equity, the principle of equal pay for equal work irrespective of the employer's ability to pay is designed to encourage technological change and to force uncompetitive enterprises out of business. At the same time, the Swedish welfare system offers compensation for those laid off, and an active manpower policy redistributes workers in accordance with the needs of capital. In short, while capital accepts the centralized wages policy, trade unions are expected to cooperate in the pursuit of efficiency.

Swedish central wage agreements are not determinate at the level of the firm, although they are more closely adhered to than in England. Wage drift—local deviation from central stipulations—has accounted for about half of recent increases in actual earnings (Martin, 1980). Sectors of the labor force in stronger bargaining positions have been able to extract higher wage increases, binding workers more effectively to individual firms. The extensive use of locally negotiated piece rates has facilitated disproportionate increases in actual earnings while basic wages conform more closely to central agreements. Unofficial strikes, although not as frequent as in England, have nevertheless been another major force behind wage drift, indicating the independence of production politics from centrally imposed agreements (Fulcher, 1973).

Despite the centralized pattern of wage negotiations, production apparatuses assume a form quite similar to the hegemonic regime at Allied (Palm, 1977:9–65; Korpi, 1978: chapters 7, 8).

> The work of Swedish and American workplace representatives, however, is determined less by union rules than by the procedure agreements under which they operate. In other countries the substantive collective agreements are tightly drawn to provide standards intended to be strictly followed within the plan. . . . Consequently in both countries, but especially in the United States, the first and overriding job of the workplace organization is to supervise the application of standards set by the agreements and to raise "grievances" where the shop stewards discover any kind of infringment. In both countries the procedure agreements prohibit the use of strikes and other sanctions so long as a grievance is in procedure, and since collective bargaining is binding in law in both countries, such strikes are unlawful. . . . Consequently the agreements which give workplace representatives their authority also place limitations on their power. (Clegg, 1976:61)

Although plant-level policing of the collective agreement assumes similar forms in the two countries, there is a lower level of coordination of the interests of labor and capital in Sweden. On the one hand the extensive-rewards to seniority are absent, while on the other hand social insurance and the active manpower policy offer workers greater independence from capital.

How do we explain the distinctive combination of state regulation of production apparatuses and an extensive welfare state? Are Weir and Skocpol (1983) correct when they argue that the centralized character of the Swedish state accounts for the development of "social Keynesianism"? Certainly the form of the state shapes the solutions devised to meet specific economic problems, but this doesn't mean that the problems themselves are unimportant in determining public policy. Precisely because, for example, the Swedish and American states encountered a different balance of class forces inscribed in different factory regimes, their responses to the Depression were bound to be different regardless of their state structure.

Industrialization came late and fast to Sweden. It occurred when labor movements on the continent were already influenced by socialism and linked to social democratic parties. Early craft unions sponsored the Swedish Social Democratic party in 1889, and the party was soon active in promoting further unionization. The LO was formed in 1898, and a nationwide strike in 1902, demanding general suffrage, prompted employers to form the SAF. Late industrialization had led to highly concentrated industry dominated by the export-oriented engineering sector (Ingham, 1974:45–48). It was relatively easy for employers to form a powerful association. Following a major lockout, the first industry-wide agreement was signed in 1905. And in 1906 came the "December Compromise," according to which employers would recognize unions and, in return, the LO accepted management's right to hire and fire and to direct work (Korpi, 1978:62). Again, because of late development and the resulting mechanization of the labor process, craft unions were never strong and were soon subordinated to industrial unions favored by the SAF. These retained considerable power on the shop floor while, in line with the customary strategy of industrial unionism, they pursued their interests through state politics—that is, through public regulation of conditions rather than exclusive controls over work and labor markets.

In 1928 legislation made collective bargaining legally binding, and strikes over issues in existing contracts became illegal. When the Depression came labor was widely organized into industrial unions and supported a relatively strong social democratic party. During the Depression the major struggles therefore would not be over the reconstruction of factory regimes but over the extension of social insurance. Again we see how the form of factory regime is shaped by the combined and uneven development of capitalism, in particular the concentrated and centralized character of capital resulting from late development and the legacy of weak craft traditions, both directly and indirectly, through capital's relationship to the state.

THE RISE OF A NEW DESPOTISM?

So far we have argued that the different forms of state intervention are conditioned by class interests and class capacities defined primarily at the level of production. The autonomous dynamic comes from the relations and forces of production which shape both the character of the factory regime and its relationship to the state. We periodized capitalism in terms of the transition from despotic to hegemonic regimes. Thus, we characterized early capitalism not in terms of competition among capitalists, not in terms of deskilling, but in terms of the dependence of workers on the class of employers, the binding of the reproduction of labor power to the production process through economic and extra-economic ties. This provided the basis for the autocratic despotism of the overseer or subcontractor.

Despotism was not a viable system from the point of view of either capital or labor. On the one side, workers had no security and therefore sought protection from the tyranny of capital through collective representation in production and social insurance outside production. An external body, the state, would have to impose these conditions on capital. On the other side, as capital expanded through concentration and centralization it required the regulation of class relations in accordance with the stabilization of competition and interdependence among firms. At the same time the success of despotic regimes had so reduced the purchasing power of workers that capital now faced worsening crises of overproduction—it could not realize the value it produced. Individual capitalists, therefore, had an interest in boosting the wages of the workers of other capitalists but not of their own. Again only an external body, the state, could enforce, for all capitalists, mechanisms for the regulation of conflict and a minimal social wage. In short, both capital and labor had an interest in state interventions that would establish the conditions for a hegemonic production politics; the specific form of that intervention was influenced by the character of the state itself.

However, if the separation of the reproduction of labor power from the production process helped to resolve the crisis of overproduction and to regulate conflict, it also laid the basis of a new crisis of profitability. Thus, in the United States hegemonic regimes established in the leading sectors of industry placed such constraints on accumulation that international competition became increasingly threatening. First, in some countries such as Japan the hegemonic regime gave capital greater room to maneuver. Second, in semiperipheral countries such as South Africa, Brazil and Iran, manufacturing industry did not install hegemonic regimes but instead relied on a combination of economic and extra-economic means of coercion. Third, in yet other countries with export processing zones, women workers have been subject to an autocratic despotism fostered by the state.

Advanced capitalist states have responded by carving out arenas in which labor is stripped of the powers embodied in hegemonic regimes. The urban enterprise zone is one such attempt to return restricted areas to the nineteenth century through the withdrawal of labor protections and the abrogation of minimum wage laws, health and safety regulations, and national labor relations legislation. In other countries such as Italy and, to a lesser extent, the United States, one finds the re-emergence of artisanal workshops and sweated domestic work subcontracted out by large firms (Sabel, 1982: chapter 5). Portes and Walton (1981) refer to this phenomenon as the peripheralization of the core. Sassen-Koob (1982) describes a more complex picture of peripheralization and recomposition. The exodus of basic manufacturing from some of the largest cities, such as New York, has been followed by the creation of small-scale manufacturing based on low-paid immigrant labor servicing the expanding service industry and the "gentrified" life styles of its employees.

Peripheralization at the core, although growing, is still a marginal phenomenon, subordinate to the (albeit declining) manufacturing core. In the old manufacturing industries such as auto, steel, rubber and electrical, a changing balance of class forces is giving rise to a new despotism. Two sets of conditions, in particular, are responsible for this new political order in the workplace. First, it is now much easier to move capital from one place to another, as a result of three phenomena: the generation of pools of cheap labor power in both peripheral countries and peripheral regions of advanced capitalist societies; the fragmentation of the labor process, so that different components can be produced and assembled in different places (sometimes at the flick of a switch); and the metamorphoses of the transportation and communications industries (Fröbel et al., 1980). All these changes are connected to the processes of capital accumulation on an international scale, whereas a second set of changes is located in the advanced capitalist countries themselves. The rise of hegemonic regimes, tying the interests of workers to the fortunes of their employers, embodying working-class power in factory apparatuses rather than state apparatuses, and the reinforcement of individualism have left workers defenseless against the recent challenges from capital. Even industrial workers in England, the acme of shop-floor control, find themselves helpless before job loss through rationalization, technological change, and particularly the intensification of work (Massey and Meegan, 1982).

The new despotism is founded on the basis of the hegemonic regime it is replacing. It is in fact a *hegemonic despotism*. The interests of capital and labor continue to be concretely coordinated, but whereas before labor was granted concessions on the basis of the expansion of profits, now labor makes concessions on the basis of the relative profitability of one capitalist vis-a-vis another—that is, the opportunity costs of capital. The point of reference is no longer primarily the success of the firm from one year to the next but rates of profit that might be earned elsewhere. At companies losing profits workers are presented with a choice between wage cuts (even zero-pay plans have been announced) or the loss of their jobs. The new despotism is not simply the resurrection of the old: it is not the arbitrary tyranny of the overseer aimed at *individual* workers (although that happens too) but the "rational" tyranny of capital mobility aimed at the *collective* worker. There is a renewed binding of the reproduction of labor power to the production process, but, rather than via the individual, it occurs at the level of the firm, region or even nation-state. The fear of being fired is replaced by the fear of capital flight, plant closure, the transfer of operations, and disinvestment.

The pre-existing hegemonic regime established the ground for concession bargaining. Alternatively, management may by-pass the hegemonic regime. Recent fads such as Quality of Work Life and Quality Circles signify management's attempt to invade the spaces workers created under the pre-existing regime and mobilize consent for increased productivity. There have been concerted attempts to decertify unions and fire workers for trade union activities. At the same time states and communities are pitted against one another in their attempt to attract and retain capital. They outbid each other in granting tax shelters and relaxing both labor legislation and welfare provisions (Bluestone and Harrison, 1982).

The response of labor has been conditioned by pre-existing hegemonic regimes and their relationship to the state. Thus, in the United States debates in the labor movement have revolved around whether or not to make concessions, symptomatic of the confinement of production politics to the level of the plant. Occasionally, plant closings have been followed by worker buy-outs, but it is hard to see these as more than attempts to contain levels of community devastation. In England, there were attempts at extending the sphere of production politics from the regulation of the labor process to the regulation of investment, with workers either taking over plants or producing alternative plans (Coates, 1978; Wainwright and Elliott, 1982). This was a short-lived movement during the last Labour government, which dissolved before the unleashing of market forces when the Conservative Party took office.

More ambitious and potentially more effective strategies aim at state control over the flow of capital, involving a range of measures from plant closing legislation to nationalization and indicative planning. Here different countries are in a more or less advantageous position. Thus, in both the United States and Britain, but particularly in the former, labor has supported the export of capital as part and parcel of the postwar economic expansion. In Britain and the United States the state is unaccustomed and ill-equipped to regulate flows of domestic capital. These two hegemonic powers have maintained their dominance through the free movement of financial and industrial capital. In other countries one finds an inverse relation between the constraints imposed by production politics on state politics and the capacity of the state to regulate investment (Pontusson, 1983). Thus, in Sweden, where the welfare state reflects the constraints of production politics, the state has not had much success in controlling investment, whereas in Japan production politics pose weaker constraints and the state has been more successful in controlling the movement of capital. In Sweden the working class has supported attempts to collectivize the investment process through the establishment of "wage earner funds" from the taxation of company profits. But in a country so dependent on the export sector such attempts gradually to expropriate capital are bound to meet with effective resistance, even when the Social Democrats are in office.

Irrespective of state interventions there are signs that in all advanced capitalist societies hegemonic regimes are developing a despotic face. Responses may reflect the different relations between production apparatuses and state apparatuses, but the underlying dynamics, the changing international division of labor and capital mobility, are leading toward a third period: the period of hegemonic despotism. In this period one can anticipate the working classes beginning to feel their collective impotence and the irreconcilability of their interests with the development of capitalism, understood as an international phenomenon. The forces leading to working-class demobilization may also stimulate a broader recognition that the material interests of the working class can be vouchsafed only beyond capitalism, beyond the anarchy of the market and beyond despotism in production.

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