

University of Warwick institutional repository: <http://go.warwick.ac.uk/wrap>

A Thesis Submitted for the Degree of PhD at the University of Warwick

<http://go.warwick.ac.uk/wrap/4247>

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it. Our policy information is available from the repository home page.

AN ANALYSIS OF VALUE THEORY, THE SPHERE OF PRODUCTION
AND CONTEMPORARY APPROACHES TO THE REORGANISATION OF WORKPLACE RELATIONS

JONATHAN CRUDDAS

SUBMITTED FOR THE QUALIFICATION OF Ph.D.

WARWICK UNIVERSITY

SCHOOL OF INDUSTRIAL AND BUSINESS STUDIES

JULY 1991

TABLE OF CONTENTS

1. CHAPTER ONE: INTRODUCTION	Page 1
1.1. INTRODUCTION	Page 1
1.2. SECTION ONE: RESTRUCTURING	Page 2
1.3. SECTION TWO: RESTRUCTURING IN THEORY	Page 10
2. CHAPTER TWO: THE DIMENSIONS OF ORTHODOXY: ECONOMICS AND SOCIOLOGY	Page 18
2.1. INTRODUCTION	Page 18
2.2. SECTION ONE: THE MARGINALIST PROJECT	Page 19
2.3. SECTION TWO: CLASSICAL POLITICAL ECONOMY	Page 25
2.4. SECTION THREE: IMPLICATIONS OF THE MARGINALIST REVOLUTION	Page 31
2.5. SECTION FOUR: MAX WEBER AND THE ORIGINS OF MODERN SOCIOLOGY	Page 36
3. CHAPTER THREE: ORTHODOXY AND THE TRANSACTION COSTS APPROACH	Page 45
3.1. INTRODUCTION	Page 45
3.2. SECTION ONE: TRANSACTION COSTS AND ORTHODOX ECONOMICS	Page 46
3.3. SECTION TWO: TRANSACTION COSTS AND ORTHODOX SOCIOLOGY	Page 54

3.4. SECTION THREE: THEORETICAL PROBLEMS	Page 59
3.5. SECTION FOUR: IMPLICATIONS	Page 69
4. CHAPTER FOUR: MARXIST ECONOMICS AND THE LAW OF VALUE	Page 76
4.1. INTRODUCTION	Page 76
4.2. SECTION ONE: CENTRAL CONCEPTS AND CATEGORIES	Page 77
4.2.1. The Circuit of Capital	Page 82
4.2.2. The Composition of Capital	Page 88
4.3. SECTION TWO: THE CAPITALIST PRODUCTION PROCESS	Page 91
4.4. SECTION THREE: MARXIST ECONOMICS AND THE SPHERE OF PRODUCTION	Page 99
4.4.1. A Recent Approach	Page 105
4.5. CONCLUSIONS	Page 115
5. CHAPTER FIVE: MARXIST ANALYSIS AND THE LAW OF VALUE	Page 116
5.1. INTRODUCTION	Page 116
5.2. SECTION ONE: THE GENERAL CONTOURS OF MARXIST SOCIAL THEORY	Page 117
5.2.1. Targeting the Economic	Page 120
5.3. SECTION TWO: HISTORICAL MATERIALISM AND THE SPHERE OF PRODUCTION	Page 124
5.4. SECTION THREE: GERRY COHEN AND CONTEMPORARY MARXIST ANALYSIS	Page 131
5.5. SECTION FOUR: A RETURN TO VALUE THEORY	Page 142

5.6. SECTION FIVE: MARX, THE RESULTATE AND THE FORMAL AND REAL SUBSUMPTION OF LABOUR	Page 148
5.7. CONCLUSIONS	Page 159
6. CHAPTER SIX: LABOUR PROCESS THEORY	Page 160
6.1. INTRODUCTION	Page 160
6.2. SECTION ONE: 'LABOUR AND MONOPOLY CAPITAL'	Page 162
6.2.1. Locating 'Labour and Monopoly Capital'	Page 165
6.3. SECTION TWO: DE-SKILLING REVISITED	Page 175
6.4. SECTION THREE: BURAWOY, FRIEDMAN AND EDWARDS	Page 181
6.5. SECTION FOUR: SECOND GENERATION LABOUR PROCESS THEORY	Page 195
6.6. SECTION FIVE: POST-BRAVERMAN LABOUR PROCESS THEORY: SOME COMMENTS	Page 199
7. CHAPTER SEVEN: ECONOMIC RESTRUCTURING AND VALUE THEORY	Page 204
7.1. INTRODUCTION	Page 204
7.2. SECTION ONE: TRANSACTION COSTS AND LABOUR PROCESS FRAMEWORKS	Page 205
7.3. SECTION TWO: FLEXIBLE SPECIALISATION AND ECONOMIC REGULATION	Page 208
7.4. SECTION THREE: FORDISM AND THE BRITISH ECONOMY	Page 216

7.5. SECTION FOUR: PRODUCTIVITY AND ECONOMIC REGULATION	Page 224
7.6. SECTION FIVE: FLEXIBILITY AND THE 'FLEXIBLE FIRM'	Page 235
7.7. CONCLUSIONS	Page 243
8. CHAPTER EIGHT: ENDPIECE: RECONSIDERING THE HISTORICAL	Page 244
CHAPTER ONE : FOOTNOTES	Page 252
CHAPTER TWO : FOOTNOTES	Page 253
CHAPTER THREE : FOOTNOTES	Page 256
CHAPTER FOUR : FOOTNOTES	Page 259
CHAPTER FIVE : FOOTNOTES	Page 261
CHAPTER SIX : FOOTNOTES	Page 262
CHAPTER EIGHT : FOOTNOTES	Page 264
BIBLIOGRAPHY	Page 265

TABLES AND ILLUSTRATED MATERIALS

Table 3.1. DEGREE OF HIERARCHY (LEAST TO MOST)	Page 51
Table 3.2. OWNERSHIP PATTERNS AND CONTRACTUAL RELATIONS: EFFICIENCY PROPERTIES	Page 52
Table 3.3. SOCIAL AND INFORMATIONAL PREREQUISITES OF CONTROL	Page 56
Table 5.1. THE FORCES OF PRODUCTION	Page 134
Table 7.1. UK BALANCE OF TRADE: BY WORLD REGION	Page 217
Table 7.2. INDUSTRIAL PRODUCTION: ANNUAL AVERAGE GROWTH (%)	Page 217
Table 7.3. MANUFACTURING OUTPUT: ANNUAL AVERAGE INCREASE	Page 218
Table 7.4. TOTAL INVESTMENT (Gross Fixed Capital Formation) AS A PROPORTION OF GDP	Page 219
Table 7.5. PRODUCTIVITY: REAL VALUE ADDED PER PERSON IN MANUFACTURING	Page 220
table 7.6. KEY LABOUR MARKET INDICATORS (1979-1989)	Page 226
Table 7.7. INTERNATIONAL LABOUR COSTS IN MANUFACTURING IN THE MID 1980s	Page 227

ACKNOWLEDGEMENTS

This thesis owes a great deal to many comrades, students and colleagues at Warwick University, the University of Wisconsin- Madison, and at the Labour Party Headquarters at Walworth Road in London. At Warwick I am grateful to all the teaching staff and researchers within the Industrial Relations Research Unit for their continuous help and encouragement spread over many years. In this capacity I would like to thank in particular Dave Winchester and Steve Evans. Amongst my post-graduate colleagues the stimulus provided by Miquel Martinez and Jimi Adesina must be acknowledged and the outcome of the many intense discussions we had is obvious in what follows. At Madison I must acknowledge the supervision provided by Lee Hanson and the series of stimulating lectures in marxist social theory provided by Joel Rogers in 1988/89 within the sociology department. In London I would like to thank colleagues within the Labour Party Policy Directorate and more broadly across the Party for encouragement and help in completing this project. The strengthening of my critical perspective is a direct outcome of my experiences in the corporate political domain. Most importantly, I would like to thank Anna Healy for continuous support and encouragement. Finally, I would like to thank Peter Nolan for his patient and sympathetic supervision over the years. The largest debt of all is reserved for my mother and father for their belief in the value of education and knowledge and allowing me to see its connection with liberty.

London, July 1991.

SUMMARY

This project considers contemporary theoretical and practical approaches to the restructuring of work relations by engaging with dominant traditions within micro-economic analysis. It is proposed that a full understanding of the contemporary debates can only be achieved by locating the various contributions within the history of social thought, specifically in terms of the different conceptions of value within economics which underscore different approaches to the world of capitalist work relations.

The first section, Chapters Two and Three, considers the theoretical premises of orthodox economics and modern sociology. On the basis of this analysis we offer a critique of the popular 'Transaction Costs' approach to capitalist work organisation. The second section, Chapters Four, Five and Six, considers the dimensions of Marxist social theory. Chapter Four studies the Marxist approach to economic relations and the sphere of production. In Chapter Five we unify certain developments within Marxist economics and sociology in terms of an abstract understanding of capitalist production through a specific analysis of value theory and the method by which it informs an analysis of how the social relations of production endogenously determine the forces of production. In Chapter Six we use this method to offer a critique of 'Labour Process' theory in terms of its theoretical understanding of the sphere of production. In the concluding Chapters Seven and Eight we return to the notion of restructuring and contemporary industrial relations analysis and offer a critique of contemporary debate determined by our understanding of the status of value within economics and social theory in general.

1. CHAPTER ONE: INTRODUCTION

1.1. INTRODUCTION

The terms 'flexibility' and 'restructuring' appear all-embracing within contemporary industrial relations research and general debate. The central problem, which has yet to be resolved, is how to conceptualise and investigate employers' quest for flexibility in production and in international and domestic labour markets. This introductory Chapter documents the main issues of this thesis which pivot around the notion of restructuring.

This project considers contemporary approaches to restructuring by engaging with dominant traditions in micro-economics, specifically focussing attention on alternative theories of work organisation. It is proposed that a full understanding of the contemporary debates can only be achieved by locating the various contributions within the history of social thought, specifically as regards the different conceptions of value which underscore different approaches to the world of capitalist work relations. The first section of this chapter schematically charts some of the central issues involved in the restructuring literatures. The second section develops these theoretically with the introduction of the twin notions of *system maintenance* and *system transformation*. The third and final section sets out the way the project will proceed.

1.2. SECTION ONE: RESTRUCTURING

This research began by considering many of the debates emerging out of the changing context of industrial relations in Britain and the dimensions of contemporary restructuring in relation to both the labour market and the labour process. It is useful initially to identify some of the practical issues involved in these debates.

Firstly at the micro level, the notion of restructuring ostensibly relates both to the changing composition of the labour force and general changes in the recruitment and deployment of labour at the level of the individual firm, set against the backdrop of a new phase of technological innovation, tending, for analytical purposes at least, to imply a stricter duality between fixed and variable labour components within the production process.

In terms of the changing composition of the labour force, the most prominent statistic remains that of a reserve army of unemployed numbering well over two million once we take into account the thirty changes in the method of calculation introduced by the Conservative Government (Unemployment Unit, 1990). Set against this has been the massive decline in manufacturing employment and the relative growth in service sector employment. From 1979 to 1986 manufacturing as a percentage of total employment fell from 31 to 24%, whilst services grew from 59 to 66%. These quantitative developments inter-relate with a qualitative spatial dimension serving to intensify disproportionately the effects of general recession within specific geographical boundaries when considered in association with the long term decline in traditional industrial sectors such as coal and steel. Alongside these sectoral changes, there has been continued proportional growth in female labour market participation, which in 1986

accounted for 45% of total employment compared to 42% in 1979. These developments remain integrally conditioned by the form that the employment relationship takes, specifically in relation to the growth in female part-time employment within the service sector. Moves away from the full-time employment relationship are given extra impetus when the growth in part-time employment is analysed in association with the proliferation in self-employed and temporary work arrangements throughout the economy.

It is within this general context of labour market restructuring that the heuristic, 'flexible firm' construct was developed (Atkinson, 1984). On the one hand, the marginalisation or casualisation of certain occupations amounts to the construction of a firm-specific secondary labour force which constitutes diversified buffer stocks of labour power for management - part-time, those on cheap labour schemes, short-term contracts, agency labour, homeworkers, the self-employed etc. These variable labour components allow quick and easy adjustment in the context of intensified product market pressures, whilst passing off many of the fixed costs of employment onto third parties - the state, sub-contract firms etc. On the other hand, the numerical flexibility characteristic of the secondary labour market is counterposed to the functional flexibility secured by management within the core or primary labour force. Here increasing market pressures serve to prioritise notions of productivity, performance and survival, reflected in the systematic retraining of labour, made more interchangeable with the removal of certain internal demarcations and craft barriers.

This construct of the 'flexible firm' is in certain respects a useful academic device. It allows for a firm specific analysis of labour market variation which dichotomises the forms taken by labour power at the point of production, not on the whole considered within labour market

segmentation theory, which remains content to posit aggregate indicators of labour market division. However, the genuine lack of supporting evidence means that the construct remains little more than an educated conjecture. Moreover, it does little more than chart what are seen as labour market developments rather than seek to explain them. This is because the model is not grounded in any conceptual approach as to the nature and dynamics of capitalist work organisation.

Second, we can highlight the macro level characteristics of restructuring, which focus on the changing role of the state *vis a vis* capital accumulation which, when cast alongside technological developments within the economy, tend to imply the breakdown of the social democratic hegemonic framework or, as some have argued, represents a movement away from the Fordist Mode of Regulation (see later) within the U.K.

The breakdown of the Keynesian era, and its replacement by post-keynesian techniques through the mid-to late 1970's, signalled the space for a revolution in economic thinking. This revolution which, although emerging prior to 1979, was granted a consolidating ideology and political legitimacy with what has come to be known as 'Thatcherism', (Fine and Harris, 1987; Clarke, 1987). The turnabout in economic ideology embraced by the state reconsiders the role of the state as regards the workings of the labour market and labour process. That is, the reconstituted supply side orthodoxy of the New Right actually reverses the economic logic embraced by the keynesian state. The macro economic engineering characteristic of keynesian job creation is replaced by micro-level intervention allegedly designed for jobs and for growth, set against the macro-level strategy of de-regulation. Accordingly, the Keynesian emphasis on productivity as a key regulator of price changes, reflected in the labour cost component in cost push inflationary theory, is replaced by a macro-level anti-inflationary

package centred around the quantity theory of money. In the abstract, the state is denied a role as an economic actor given the assumptions of perfect competition, the rationality of exchange relations and the purely flexible or atomistic labour market. In practice, compared to the keynesian era, the state does not simply withdraw but acts in a different fashion to secure flexible market operations and thus, presumably, withdraw once market rigidities have been removed. For industrial relations specialists, the questions that need to be addressed centre around the changing ideologies embraced by the state in terms of the workings of the labour market and the labour process, and the practical interjections of the state in these areas.

At the macro-level, Thatcherite restructuring relates to the methods by which we have witnessed the internationalisation of the U.K. economy in terms of inward investment together with the growing international orientation of U.K. finance capital, alongside the emerging role of the City as the centre of international financial transactions. Within the domestic economy it relates to the de-regulation of much of the public sector through privatisation and the introduction of more rigorous commercial criteria into the operations of what is left under state control. This restructuring is also characterised by the attacks on organised labour through Conservative collective labour law legislation. Cumulatively, these developments shape the general framework within which Thatcherite policies have been constituted with regards to interventions at the micro-level on the supply side of the labour market. The removal of many individual employment rights demonstrates this, as do strategies as regards youth training and training schemes for the unemployed based around direct and indirect forms of compulsion which offer a source of subsidised labour power for employers. This process of restructuring also relates to

general attempts to re-commodify labour power both through securing a reserve army of unemployed and the sustained attack on welfare payments and the benefit system. These policies would appear to dovetail neatly with management's quest for numerical flexibility within the secondary labour market. At the same time Government policies also help in the construction of a firm-specific functionally flexible labour force, as general attacks on organised labour and centralised collective bargaining, together with the threat effects of unemployment, make unions less able to defend previously won benefits and divisions within the primary labour market.

This then is the general framework within which contemporary restructuring takes place. These developments allegedly centre around the breakdown of the employment unit, the firm, into a core, functionally flexible elite, highly trained in the use of new technologies, and a peripheral, numerically flexible labour force which remains vulnerable to the worst effects of economic recession. These issues pose major questions for industrial relations research. In terms of theory, it has to provide a way of explaining contemporary developments. For example, can it account for the changing role of the state in industrial relations and can it provide a conceptual grid to account for change and discontinuity in employment relations? Research needs to focus on the inter-relationships between new political and economic agendas, state activity, and its effects on material social relationships. It quickly becomes clear that the question of **analytical method** is of central importance when attempting to understand and explain the present conjuncture.

It is therefore important that we attempt to identify the theoretical elements of these main competing explanations of current transformations from the outset. Although periodising the actions and ideologies of the state over time is useful as regards Keynesian and monetarist solutions, it

is also important to consider the continuities that have characterised state activity. On closer inspection of the economic ideologies embraced by the state it becomes clear that we have been locked into a dualist economic discourse that restricts the parameters of debate, denies the possibilities of alternative economic strategies to cure the long term structural weaknesses of the British economy and hinders an understanding of current economic and social transformations. Monetarism and Keynesianism come to be seen as the two extremes on a continuum of viable alternative economic strategies. In reality, once we introduce into our discussion the notion of analytical method, then we realise that they remain variants within an orthodox economic logic which places out of reach a specific social appreciation of capitalist production relations. An overemphasis on the spheres of exchange and distribution permeate both frameworks, providing for the construction of oversimplified causal solutions to complex economic phenomena. Only economic fluctuations as opposed to economic crises are allowed to occur. These models provide no method by which to consider the complex unity of production, distribution and exchange, as they remain integrally conditioned by a fetishistic conception of social relations within the sphere of production. The trappings of this orthodoxy translate into limited policy prescriptions. We either deny the state a role as an economic actor and point to the long run efficiency of the market, or we assume that the state plays a neutral role when in the aggregate it tinkers with the institutions of society. The ahistorical assumptions of orthodoxy naturalise capitalist social structures and point to the long term efficiency, stability and economic bouyancy of this mode of social organisation. We need to appreciate why this is so and point to its limited relevance for industrial relations research, given its ignorance of the sphere of production in which industrial relations are

actually constituted.

Because of the inherent limitations of conventional economic debate it is crucial that industrial relations researchers engage with alternative approaches to the current economic conjuncture. Two literatures need to be located here. These are associated with, first, French political economy in the form of 'Regulation' theory (Palloix, 1976; Aglietta, 1979; Boyer, 1979; Lipietz, 1984), and second, with the U.S. 'Flexible Specialisation' writers (e.g. Sable, 1982; Piore and Sable, 1984). Although often simplistically grouped together to form an integrated approach to contemporary economic and social transformations, fundamental differences separate the two approaches.

Regulation theory considers the crisis emerging throughout western market economies since the 1960's as representing the decline of one 'Regime of Accumulation' and its possible replacement by another, the move from the 'Fordist' to the 'Post-Fordist' regime. The former is associated with the production and consumption of standardised commodities through the post-war era, the later with flexibility in production and differentiated patterns of consumption increasingly prominent through the 1970's, and especially in the 1980's.

It is at this point that the approach of the 'regulationists' appears closest to that of the 'Flexible Specialisation' writers. This literature considers developments which apparently allow for the closer integration of advanced computer technology with flexible all purpose machine utilization which, for competitive reasons, render obsolete the mass assembly line which is taken to be synonymous with the Fordist tradition. As such, we see the variable 'consumer requirements' retains key causal significance, serving to segment what were previously standardised mass markets and production processes. Both for practical as well as conceptual reasons it

is important to consider these literatures above and beyond their apparent similarities. The regulationist approach, in some variants at least, remains linked to a marxian tradition of analysis which maintains and seeks to operationalise the labour theory of value. The 'Flexible Specialisation' approach does not; indeed its whole theoretical method is premised on the absence of such a theory and has more in common with orthodox economics. For the regulationists, emphasis is placed on multiple contradictions, whereby breakdown within and between the three spheres of production, distribution and exchange necessitate new processes and patterns of commodity production and circulation, (see Aglietta, 1979: 116-122). In stark comparison the 'Flexible Specialisation' approach emerges out of a U.S. functionalist tradition centred around linear causal assumptions. In this case, the independent variable remains consumer choice which exclusively determines forms of commodity production, forms of labour organisation and patterns of circulation; the dependent variables. It is important for contemporary analysis of restructuring that the conceptual divergences between these literatures are fully detailed

In a general sense then the notion of restructuring appears all-embracing within industrial relations. It covers practical developments at the micro level, the changing role of the state through the period of crisis and goes so far as to propose not just the breakdown of the post-war industrial relations 'system', but a new epoch of capitalist regulation.

1.3. SECTION TWO: RESTRUCTURING IN THEORY

As was intimated in the previous section the issues posed by the question of restructuring, in terms of the de-stabilisation of the 'system' of labour relations, entails for industrial relations a re-examination of the theoretical premises of the discipline, specifically in terms of how it conceptualises the relative stability of the employment form, and the factors which maintain or induce a breakdown in social systems.' In this sense, the project simply attempts to reconsider within the industrial relations paradigm the central characteristics of any social theory, namely how it posits the relationship between *maintenance and transformation* within social systems. If no consistent and clear relationship between the two is provided then the project becomes problematic. For example, if a social theory provides only for an account of transformation without maintenance, then social relations and the forms they take become indeterminate and purely contingent. Alternatively, if no space is granted for a consideration of transformation then we have no method of allowing for rupture or discontinuity as opposed to stability and continuity in social relations. An overemphasis on the maintenance of the industrial relations 'system' appears to form the basis of many of the current problems facing industrial relations analysis in the context of the alleged economic restructuring. This static attribute dominated the popular modelling of the industrial relations 'system' grounded in systems theory and characterised in the U.K. by positive sum economic expansion in the post war period, the growing maturity of the institutions of collective bargaining and the voluntarist accommodations between capital and labour,

set against the backdrop of the social democratic keynesian project (see for example, Clegg, 1979; Flanders, 1970). This method was increasingly brought into question during the 1970s and apparently has been all but shattered with the economic and social transformations of the 1980s.

The methods by which industrial relations analysis has begun to make sense of contemporary developments is, first, by the construction of new heuristic devices to study changes at the micro-level; second, by the integration of generalised schemata relating to restructuring at the macro-level; and, third, by the employment of different theories of work organisation popular either within industrial sociology or labour economics. The first approach is best represented by the 'flexible firm' literature. This is not grounded in any theoretical understanding of work organisation so it simply replicates the dilemma facing industrial relations analysis: it can only take account of transformations within the system of work relations by invoking exogenous factors - at best a limited form of explanation - the most common exogenous variable being 'product market pressures'. It simply documents with recourse to exogenous explanation, rather than seeks to explain, labour market and labour process developments. The second method is associated with the use of approaches to restructuring as provided by the regulationists and the flexible specialisation writers. The method by which they have been appropriated into mainstream industrial relations often serves to mystify more than clarify, as these two literatures tend to be grouped together to form an integrated approach to contemporary economic changes (for example, Hyman, 1986; Streeck, 1986; Murray, 1985). For there is a general ignorance of the different locations of these literatures within the history of social thought. The third method by which industrial relations attempts to use popular theories of work organisation is equally troublesome for, while the

frameworks themselves, such as the popular 'Transaction Costs' and 'Labour Process' frameworks (for example, see Francis et al, 1983; Kelly, 1985), have been integrated into mainstream industrial relations, the underlying theoretical traditions upon which these frameworks are themselves predicated have in general been ignored.

These problems can be put another way. Restructuring would imply the de-stabilisation of the employment unit, the firm, through changes in the organisation of production. This process of transformation causes problems for orthodox industrial relations analysis which has traditionally tended toward overemphasising the maintenance of the 'system' of industrial relations, whilst theoretically tending to ignore the nature of capitalist work organisation. The first two developments, as regards the construction of new heuristic devices and the integration of generalised restructuring literatures, does not in fact redress this imbalance as neither fully specify the nature of the social relations that are under transformation. That is, whilst they seek to highlight and explain the factors which structure and restructure the employment relationship, a seemingly necessary discussion as to the nature of the employment relationship itself is overlooked. Accordingly, when considering the changing structure of the firm, these literatures, in any rigorous sense, fail to discuss theoretically what the capitalist firm actually is. In so doing the categories of the firm and the employment relationship, which are actually being investigated, are taken as givens, despite the fact that they are not theoretically resolved categories within industrial relations in particular, and the social sciences in general. The third method, whereby industrial relations more fully considers alternative theories of work organisation apparently resolves this paradox. Yet in reality it does not, as the integration of these models into industrial relations is at the

expense of their dislocation from the underlying approaches to the employment relationship and the firm upon which these whole frameworks are in fact premised, emerging out of different theories of value within economics. Thus on the one hand, the recent industrial relations literature on restructuring ignores the employment relationship and the firm, and on the other, the literature currently appropriated into industrial relations research which should robustly define these categories does not in fact do so as the theoretical premises of these literatures, for example 'Transaction Costs' and 'Labour Process', tend to be ignored.

1.4. SECTION THREE: THE PROJECT

It is against this backdrop of the apparent de-stabilisation of industrial relations, the inherent limitations of traditional industrial relations approaches to the employment relationship and the conceptual problems of the frameworks currently being appropriated into industrial relations discourse that this project considers the notion of restructuring. We initially examine the employment relationship and the firm. This necessarily requires an analysis of alternative micro-economic traditions of analysis. It is on the basis of this review that we provide a critique both of the 'Transaction Costs' and the 'Labour Process' theories of capitalist work organisation in terms of their theoretical and practical significance. The two approaches, commonly associated with the work of Williamson (1975; 1980; 1981) and Braverman (1974), are predicated on two alternative economic logics. The 'Transaction Costs' approach remains shackled to the foundations of marginalist economics. The 'Labour Process' approach has as its origins the marxian labour theory of value and the Marxist critique of classical political economy. By locating these

frameworks and entering into a sustained critique of them, we are able to construct an alternative approach to the organisation of capitalist production from which finally to reconsider the contemporary debates as to the nature of the alleged restructuring of the social relations of capitalist production.

The first section, Chapters Two and Three, considers the theoretical premises of orthodox economics and modern sociology. We proceed by offering a critique of the 'Transaction Costs' approach to capitalist work organisation. In order to assess and locate this approach we have to appreciate the central characteristics of the marginalist project and the method by which this revolution in economic thinking has conditioned contemporary sociological investigation. By displacing the specific social relations of capitalist production outside of the domain of economics, the firm simply becomes a technical construct within which individual utilities become reconciled. Within the tight logical confines of marginalism we are not provided with a framework from which to study the realities of work organisation. Nevertheless, the emergence of this new science of society provided the space for the development of alternative disciplines within the social sciences from which to engage in more practical research. This allows us to detail the evolution and the complementary status of Weberian sociology *vis-a-vis* the marginalist revolution. It is on the basis of this delineation of economic and sociological orthodoxy that we consider the new insights offered by the 'Transaction Costs' literature. To this end, Chapter Two considers the dimensions of orthodox social theory, on the basis of which Chapter Three offers a critique of the 'Transaction Costs' literature.

In contrast to orthodox social theory Marxism does not falsely distinguish between economy and society, given the method by which it

exposes the historically determined, social basis of technical economic categories. As such, capitalism is seen as a specific form of social organisation in which use-values are produced primarily as bearers of value; where the production of specifically capitalist social relations, captured by the circuit of capital, dominates material production. The law of value provides the basis for the social appreciation of the economics of commodity production and exchange and, therefore, is the cornerstone of the Marxist theorisation of capitalist society. Yet within the last twenty years or so we can detect a separation between Marxist 'economics' and Marxist 'sociology', particularly in the analysis of capitalist work organisation and work relations. The former tends to analyse the valorisation process in isolation from the practical, concrete aspects of capitalist production, the latter overemphasises the use-value dimensions of labour process relations and never fully considers the capitalist labour process as a unified duality of labour process and valorisation process. The second section of this project, Chapters Four, Five and Six, considers the theoretical and practical significance of this rupture in Marxist social theory with reference to the nature of authentic historical materialism.

This general breakdown within Marxist theory serves to understate the qualitative importance of the Marxist perspective in terms of our understanding of capitalist work organisation in that the fundamentally important analytical linkage between system maintenance and system transformation is never fully elaborated. The absence of a dynamic conception of the sphere of production hinders the development of a Marxist analysis of the contemporary restructuring of work relations. Chapter Four considers the Marxist approach to economic relations and the sphere of production, and points out the importance of value theory for an

understanding of the social relations of capitalist production. It also highlights how the practical aspects of labour process organisation have in general been overlooked within marxist economics and considers some of the central controversies in marxist economics. In Chapter Five we unify certain developments within Marxist economics and sociology, in terms of an abstract approach to capitalist production, through a specific analysis of value theory and the method by which it informs an analysis of how the social relations of production endogenously determine the forces of production. This approach creates a systematic linkage between our twin concerns of system maintenance and system transformation as regards the social relations of production, in that the very maintenance of systems of production relations produce tendencies toward their very transformation given the value relations that work 'behind the back' of specific labour process contexts. This approach is then utilized in terms of our understanding of the historical emergence of the factory with reference to the formal and real subsumption of labour. Throughout this Chapter our method is elaborated by locating our specific approach to value theory developed in Chapter Four within the broader terrain of marxist social theory and alternative approaches to defining historical materialism. In Chapter Six we use this method to offer a critique of 'Labour Process' theory in terms of its theoretical understanding of the sphere of production. Because this literature in general fails to understand the valorisation process it can do no more than prioritise its own sociology of work relations over an economic analysis of work organisation, and in so doing tends toward a method which in a one-dimensional fashion studies the maintenance of social relations whilst ignoring the question of their transformation.

In the concluding Chapters Seven and Eight we return to the notion of

restructuring and contemporary industrial relations debate. We demonstrate that it is only possible systematically to consider the issues being forced onto the industrial relations agenda as well as the contemporary restructuring literatures by beginning with a systematic discussion of what we understand capitalist production to be - determined by a rigorous understanding of the status of value within economics and social theory in general.

2. CHAPTER TWO: THE DIMENSIONS OF ORTHODOXY: ECONOMICS AND SOCIOLOGY

2.1. INTRODUCTION

It is a common observation that the academic social sciences are characterised by a rigid intellectual segmentation. The constituent areas of social scientific investigation ('disciplines') are systematically separated out within centres of learning. This necessarily raises the question of whether or not this segmentation is in fact legitimate. Is it the case, as J.K. Galbraith argued, that 'specialisation is a scientific convenience and not a scientific virtue' and 'a source of error' in the social sciences? (1967: 293).

The most visible division within the social sciences occurs with the dislocation between economy and society, reflected by the separate fields of economics and sociology. This Chapter probes the theoretical dimensions and ideological implications of this rupture. We argue that on closer inspection the distinction between orthodox economics and sociology is in fact more apparent than real. This conclusion can only be drawn by, first, dissecting the nature of contemporary economic analysis and locating it within the history of social thought and, second, by identifying the foundations of modern sociology and its relationship to the marginalist revolution in economic thinking of the late Nineteenth Century. Thus we briefly review the central characteristics of the marginalist revolution in economic thinking. We then locate this within the history of economic thought by discussing its relationship to Classical Political Economy. This is followed by an analysis of Weberian sociology, its conditioning of contemporary sociology and the implications of such developments as regards

the study of work relations. The essential argument that is developed and which informs subsequent chapters is that the academic divorce between economics and sociology performs certain ideological functions. It sustains a social scientific discourse which seeks to transform human subjectivity by articulating a series of normative beliefs which serve to naturalise the historically specific capitalist methods of social reproduction.

2.2. SECTION ONE: THE MARGINALIST PROJECT

Since the latter stages of the Nineteenth Century the dominant economic orthodoxy has set itself the task of providing a rigorous model of the resource allocation process in a pure exchange system. This project has rested on a view which sees the economy in terms of the aggregation of individual acts of exchange within the market place. What emerged is a general equilibrium approach to exchange which initially atomizes, and then proceeds to aggregate, acts of market transaction which are determined by crude psychological assumptions about the formation and impact of subjective preferences in the pursuit of maximum utility. Although, as we shall see, certain continuities remained intact as regards Classical Political Economy, the so-called marginalist revolution in economic thought contained a number of fundamentally important breaks with this body of thought. Most notable of these is the reduction of social relations to technical ones (Fine, 1982: 87), and the redirection of value theory away from material social relations into the subjectivist realms of utility theory. At the same time the economic is separated from any notion of time lived and historical processes experienced by economic actors, because of a naturalisation of historically specific methods of social organisation,

(Aglietta, 1979: 9).¹

The emergence of this body of thought can be seen partly as an attempt to define systematically the limits of state intervention within the economy, set against the backdrop of growing pressures for social reform especially as regards developing working class organisation and the declining relevance of strict laissez faire political economy. It was assumed that the most effective method through which to gauge the relative merits of economic and social reform was through a strict economic consideration of market prices through an abstract modelling of the pure economy (see Clarke, 1982: 148-151).

This attempt at providing a coherent theory of price begins with individual economic agents entering the market place equipped with their own subjective preferences in terms of consumption and the allocation of time. This is of crucial importance as the bedrock of the marginalist framework - subjective preferences - are given exogenously, outside of the explanatory power of the framework. The next stage is to assume that all economic agents (do) obtain maximum utility in the context of scarcity. It does not matter if our agents are producers or consumers.² The project then aims to determine prices by aggregating the numerous individual acts of economic exchange, where price is determined on the demand side by the marginal utility derived from the marginal unit of the good and on the supply side by the relative scarcity of the good in question.

The above analysis centres on two economic units - the firm and the household. The marginalist approach to the firm is basically one of seeing production as a byproduct; something that is introduced conceptually only after it is recognised that goods do not just appear in the market place. In this respect the analysis of the efficient properties of individual choice is simply extended to introduce into the framework a theory of

production, specifying the purely technical relationship between factors of production and outputs.³ The production function is the academic device from which to identify the relative contributions of the factors of production in the final output. An array of factor prices are translated into efficient outcomes based on relative productivity at the margin. Labour is treated as one of these fixed technical inputs into production whilst technology itself tends to be identified as an exogenous constant.⁴ The initial assumptions of perfect information and rational activity ensure that the firm is technically efficient, for as Henderson and Quandt argue:

'An entrepreneur transforms inputs into outputs, subject to the technical rules specified by the production function. The difference between his revenue from the sale of outputs, and the cost of his inputs, is his profit if positive or his loss if negative.'

(Henderson and Quandt, 1971: 52)

Therefore, as Nolan argues:

'It is thus axiomatic for this theory that the firm is technologically efficient, that the maximum quantity of output is always produced from any feasible combination of inputs.'

(Nolan, 1983: 292)

The organisation of work is itself unimportant for this approach. The deductive method employed implies that, in the abstract, the rational solution to production through utility maximisation is already contained within the model, albeit implicitly, prior to the analysis of production as such. This is important as it signifies the technical symmetry of the

approach; the 'functional interdependence' of general equilibrium theory (Clarke, 1982: 186), in that logically everything has to, and does, fit together perfectly. This provides for the 'scientific' status of the model as no space is provided for theoretical advancement as all the theoretical answers are provided from within. Any theoretical deviation, for example positing unbalanced relations or imperfect information or irrational behaviour, undermines the internal consistency of the approach, the purity of the building blocks (see Fine, 1982: Chapter 1), by breaking with the functional logic of the theory. Thus if production is considered in purely technical terms we can actually say nothing more about production, except of course by relaxing some of our prior assumptions, but in so doing we break with the 'functional interdependence' upon which the study of production is itself predicated. The whole framework is dependent on a pure theory of what rational individual economic agents actually are (see Himmelweit, 1977), from which is deduced a pure theory of the technical constructs which collectively form the economy; hence the results cannot be altered without theoretically reconstructing the nature of individual economic agents. Practical inconsistencies as regards the pure theory of individual economic agents can only be studied in a practical and not a theoretical way. Accordingly, in terms of concrete application, we can only have 'practical ad hoc and piecemeal prescriptions' as our theoretical grid is abstract, asocial and institution free, the pure theory of exchange relations is all that there is (Mohun, 1979).⁵

This neglect of production can be traced to the marginalist approach to human labour, whereby its assumed predetermined nature prior to entering production means that the variability of the human labour potential is ignored. It has to be, for if there were any recognition of the importance of setting labour to work within the sphere of production it would then be

necessary to question the basic conception of what economic agents are. Given that labour is reduced to the status of all other non-human inputs into the production process, further insights can only be gained by, either, exploring what the model says about economic relations prior to production, i.e. labour market exchange, or by considering what the model does not say about production, what it takes as given. In terms of the former, on the supply side, labour market participation is seen as purely voluntary, dependent on the way that individuals resolve the trade-off between wages and the marginal disutility of work. This dovetails with the hiring policies of the firm in terms of examining the prospective employee's marginal productivity. That is, the entrepreneur only hires an individual if the benefits, predetermined productivity, exceed the wage. The necessary prerequisite for such fluid market transactions is perfect information on the part of both parties into the workings of the labour market. In this abstract sense the labour market is characterised by voluntary participation and mutual benefit between both parties - as is so often remarked, it does not matter who hires whom. If we absolve ourselves of a discussion of the social relations of production then, as we have noted, organisational form becomes unproblematic. Variations in efficiency function on variations in the technology employed. As Williamson notes:

'Questions regarding alternative modes of internal organisation do not arise naturally within, and in some respects are even alien to, the neo-classical tradition.'

(Williamson, 1980: 5)

Even though this abstract model remains ahistorical, in that it cannot consider economics in association with the time dimensions within which

economic actors shape economic relations and economic institutions, there are contained within the model implicit teleological assumptions relating to the trajectory of technological, and thus historical, change. It has to be assumed within the framework that the emergence of technologies that require large numbers of workers to be employed under the same roof, the modern factory, is a natural exogenous development. Although this is never fully elaborated, as economics remains enclosed within rigid theoretical confines, the factory system and the division of labour are deemed natural and efficient. The problem of management does not arise as factor services are simply coordinated through a series of market exchanges, which entails a straightforward formal solution. By ignoring these issues the model falls foul of the worst form of technological determinism, devoid of any conception of power, conflict or the need for control, as it provides:

'No scope for supervision and discipline except for that imposed by the market mechanism. Any recognition of the importance of supervision and discipline as motivating forces between the establishment of factories is tantamount to admission of important violations of the assumptions of perfect competition.'

(Marglin, 1974: 45-6)

As Williamson argues, referring to the assumption that technical considerations promote the need for a large number of workers to combine under a single work station: 'joining these workers under an employment relation is thought to be a 'natural' way to organise production. What is referred to as the firm is thus the outcome of these underlying technological considerations' (1980: 11).

2.3. SECTION TWO: CLASSICAL POLITICAL ECONOMY

Marx provided a critique of political economy by uncovering how the concepts employed are neither natural nor universal, but historically specific in their partial understanding of economic phenomena. Developments in economic theory after 1830 and through to the marginalist revolution ignored this appropriation of political economy. Instead economics remained predicated on similar naturalised foundations. This remained the basic continuity that spanned Nineteenth Century economic orthodoxy and set the agenda for successive variants of orthodoxy in the Twentieth Century. Marginalist theory went further than what had gone before however. It developed and extended the apologetic aspirations of political economy in terms of the ideological justification that it offered for the capitalist system due to the method by which it systematically removed from subsequent economic study any notion of value as emerging out of the social relations of production, instead preoccupying itself with individual psychological disposition as the sole source of value - utility. Referring to this trend after 1830 through vulgar economy and culminating with the marginalist 'breakthrough' Dobb has argued:

'Economists, becoming increasingly obsessed with apologetics, had an increasing tendency to omit any treatment of basic social relations and to deal only with the superficial aspects of market phenomena, to confine their thoughts within the limits of the 'fetishism of commodities' and to generalize about the nature of the 'exchange economy', until in the end these were made to determine, rather than be determined by, the system of production and production relations.'

(Dobb, 1972:44)

On the one hand, these developments finally systematised by the marginalists, maintained a mystified analysis of the objective social relations of capitalist production as inherited from Classical Political Economy. On the other, this revolution in economic thinking retreated from certain elements within political economy that allowed for a relational conception of class within production. It ignored the insights on offer in terms of an understanding of the labour theory of value given the reorientation of economic orthodoxy towards a more rigorous formulation of exchange ratios through the aggregation of individual acts of exchange. As such, distribution comes to be associated with subjective preferences within the market as compared to earlier analysis of class remuneration through the expansion of the productive forces.

Although important differences characterise the work of Smith and Ricardo, the essential feature that informs all of their respective studies is their appreciation of the importance of class within capitalism (see Fine, 1982: 19). Classical Political Economy basically remains a theory of production, or rather more correctly, a theory of the expanded reproduction of production, upon which the relations of distribution and exchange are understood. The three classes - landlords, workers and capitalists - are identified in accordance with the distribution of revenues associated with the three factors of production - land, labour and capital - the so called 'Trinity Formula'.⁶

Both Smith and Ricardo attempted to provide an analysis of income distribution between classes that was dependent upon social relations within production and reproduction, as compared with the subjective individualism of the marginalists. Although it was assumed that distributional conflicts could exist, for example Smith on the big capitalist or Ricardo on landlord privilege, a basic harmony of interests

could be established and understood with reference to the expansion of production. Thus positive sum economic expansion, set against certain institutional arrangements, for example in the sphere of education, could guarantee the advancement of all three social classes. This relationship between economic bouyancy and class advancement helped the political economist obscure the nature of objective class antagonisms. As Cohen argues: 'confusion of content and form supports the reactionary illusion that physical production and material growth can be achieved only by capitalist investment', (1978: 105). Thus an uneasy tension permeated the work of the political economists from the outset in that whilst they attempted to gloss over the nature of class antagonism through the assumption of ongoing economic advancement, by premising their conception of distribution and exchange on a class based approach to production, they provided the space, developed by Marx, for actually 'discovering' the nature of class antagonism, and this therefore contradicted the positivist assumptions of ongoing economic development contained within their work.⁷ In a material sense concrete economic transformations clarified this tension, most notably in the form of working class organisation, and the growing pressures for reform which provoked the marginalist response, accordingly reformulating economics with reference to the individual and not class and therefore ejecting this analytical tension by ignoring the sphere of production (Clarke, 1982).

On deeper study the shortcomings of Classical Political Economy can be located with reference to the unresolved analysis of labour and value contained within the work. For example, Smith (1937) appears to locate both the source and the measure of value within the sphere of production: value being validated at the point of commodity exchange in expanding markets. This then raises questions as to the status of both profits and rent in his

work. This confusion is compounded with his manoeuvres between value originating in production through labour times and his alternative conception of value as labour commanded, as the quantity of labour that could be employed, (Fine, 1982: 76-9; Colletti, 1972: 81).

To put this point another way, Smith considers the law of value as being the basis for establishing the equivalent dynamic of commodity exchange, but he ignores the key analytical distinction between labour and labour power. We must assume therefore that equivalence also characterises the employment relationship itself. He is then locked into an inherently contradictory theoretical location given his law of value, as Colletti argues, when he points out this double equivalence within the work of Smith but also the existence of exploitative employment relationships under capitalism :

'Now the 'paradox' is that the production of commodities (production for exchange) becomes dominant for the first time only under purely capitalist conditions; yet just when the law of value should find its fullest application it seems to be contradicted by the existence of surplus value and exploitation, in other words, the emergence of *unequal* exchange.'

(Colletti, 1972: 93)

This is precisely the point where the inherent naturalism of political economy comes into conflict with its value theory. For example, within the context of equivalence and value theory based on labour, where do profits come from? Because of these tensions Smith resorts to locating the relevance of value theory in terms of his historical approach, in that it is considered to be relevant only for pre-capitalist societies. Within the

commercial stage prices are now assumed to be formed by the independent components of wages, profits and rent, which can be seen as a tautological theory of price, (Fine, 1982: 47, 78). Throughout then Smith maintains a confusing relationship between value, the formation of value, price, labour time and stages of social development. As we discuss in much greater detail later this confusion is avoided in Marx. His achievement was to identify the central characteristics of generalised commodity production through which, in the abstract, labour equivalence is established, rather than isolating price and tracing back to a use-value consideration of inputs into the labour process.

Ricardo's usage of the labour theory of value appears slightly less confused (1973), although it remains problematic. For he attempts to understand class relations by arguing that prices are regulated, indeed determined, by embodied labour times. This theory of price fails to distinguish between the use-value dimension of the commodity, determined by concrete labour, and the value producing abstract labour. It therefore fails to recognise labour as the essence of value compared to the numeraire of price.

Because Ricardo fails to make the distinction between value and exchange value then his whole theory of value is brought into serious question when price and value diverge. This does not diminish the importance of Ricardo's work. Although his 'formal economics' may be questioned, by focussing on the role of value within production he does begin to unravel the secret of commodity production. As Engels writes: 'Behind the formal economic error may lie concealed a very true economic content' (see Engels, 1892: 99). This economic content was clarified by Marx, by separating value and exchange value, concrete and abstract labour and labour and labour power. As Ricardo concerns himself solely with price

formation through embodied labour times he fails to distinguish between value and exchange value, and accordingly labour and labour power. The familiar question that faces political economy, the nature and status of profits within the economy, therefore re-emerges. Finally, as Fine has pointed out (1982: 22), the position that Ricardo takes on the labour theory of value creates ammunition for those those who support the labour theory of value and those who do not. For the former, Ricardo can be criticised for simplistically linking the abstract status of value with the more concrete process of price formation; of failing to recognise the crucial distinction between abstract value creating labour and the more concrete, use-value creating labour. For the latter, by his own failings, Ricardo can be seen as having proved that the labour theory of value, due to the divergence between embodied labour time prices and actual prices, is either a formal economic irrelevance or at worst an economic hindrance. As such, a labour theory of value can be dismissed. In either case his work is an important intellectual benchmark.

Thus the work of Smith and Ricardo can be viewed from both a positive and negative perspective. Of the many important insights that they offer, the most important, despite its theoretical flaws, lies in conceptualising the value of commodities in terms of the labour times invested in them. They attempted to move beyond the fetishism of subjective preferences and exchange, in that they appreciated the crucial importance of human endeavour in the production of things. However, the limits of their writings emerge as the concept of value is elaborated; for it is one that never probes beyond the role of embodied labour in exchangeable commodities to consider the specific social forms of human labour in capitalist production. This provides for an understanding of its incipient naturalism as it necessarily tends toward correlating production with generalised

commodity production and implicitly assumes that human labour within the labour process must always take the form of labour for exchange, generalised commodity exchange within the market.

2.4. SECTION THREE: IMPLICATIONS OF THE MARGINALIST REVOLUTION

The reorientation in economic thinking that the early marginalists pioneered and which formed the basis of full blown general equilibrium, neo-classical theory contained many significant divergences with Classical Political Economy. Value is removed from objective economic conditions within production and placed into the subjectivist realms of utility theory. The scope of economic inquiry becomes gradually narrowed as social relations become reduced to technical relations and thus technical precision replaces theoretical content. The focus of economic study, for political economy the question of economic growth through distribution, is replaced by the question of economic allocation through the process of exchange. Alternatively, however, major continuities remained, in that this breakthrough in economic thinking continued to be premised on a naturalised conception of the social relations of capitalist production. This naturalism, seeing the historically specific institutions of capitalist society as eternal, was systematised by the marginalists by ejecting from economic analysis the notion of class and by perfecting the distinction between economy and society implicit in the work of their predecessors. As we shall see later, these ideological dimensions to the work set the agenda for other social scientific disciplines set upon similar foundations, notably modern sociology, thereby consolidating the divide between economy and society.

The most important implication of the marginalist revolution occurs in

relation to the status and meaning of value within economic thought. Ongoing national and class conflicts challenged the harmonious, distributional aspirations of political economy. Mainstream economics could either develop a rigorous critique of capitalist society as was the case with Marx, or it could provide a tighter justification of capitalist society (as it in fact did) by removing from economic theory its most important insights, most notable of which was its emphasis on class relations and seeking a value theory through an analysis of labour. Thus political economy is replaced by an economics that retreats into the realms of subjectivism through a methodological individualism. It is in this sense that the crisis in political economy marks a watershed in social theory, where political context acts as a catalyst for the further reification of mainstream economic thought (see Lukacs, 1972: 83-149). Marginalist economics appropriated the naturalism of political economy whilst ejecting the inherent tensions of the classics by transforming the concept of value into the domain of metaphysical individual assumption and desire. The notion of initial endowments activates a chain of analytical events through the operation of the technical instruments of economic exchange which allows for the outcome of utility maximisation. Value, as such, can never be quantified and has to be distinguished from price which facilitates rather than empirically quantifies value.⁸

This retreat from value within production to psychology and the 'declassing' of society through the atomisation of economic relations means that economics could remove itself from social realities and provide, what Korsch describes as, a 'disinterested scientism' (Korsch, 1963: 45). On close inspection the ideological underpinnings of the approach become clear. From the outset the marginalists attempted to provide a blueprint for the pure exchange economy; the ascendancy of complete economic

rationality. In this sense the theory is highly abstract, removed from social context and the institutions of human interaction. Moreover this modelling of the economic also provides the ideal framework from which to gauge the efficient properties of capitalist society through the allocation of resources. In this sense natural laws of social development or maturity are equated with the stylised dimensions of capitalism. Economic institutions specific to the capitalist mode of social organisation are dislocated from their material existence and perceived as scientifically neutral at the level of objective economic inquiry. This is where the apologism of the marginalist project is at its most intense. By taking as given specifically capitalist institutional structures it dislocates these structures from their social origins and thus renders them asocial, technical constructs, thereby abdicating a study of the origins of these structures. The quest for economic rationality is equated with the pure exchange economy and as such, capitalism, as the closest approximation to this abstract idealism, is not considered as historically specific but as the pure expression of economic truth. By naturalising capitalist institutional structures this enables subjective preferences to determine patterns of ownership functioning on thrift, time preference etc. Variations in personal taste and the full rational pursuit of these dispositions underscores the distribution of resources. As such, no space is allowed for a study of wealth and poverty as this has to be a functional effect of individual economic activity, which is in effect exogenously defined, (see Dobb, 1973). The distribution of wealth simply parallels the distribution of innate tastes.

This linkage between wealth distribution and personal disposition is only systematically created by demonstrating the rational properties of the institutions of economic exchange, most notably the market and money.

Exchange itself is premised on the assumption of private ownership, and this was assumed to express the rational development of the relationship between individual and thing within the context of scarcity, which safeguarded against open conflict over goods, (see Clarke, 1982: 159). Having provided a technical argument for the dominance of private ownership, it is a short analytical step to explain the dominance of exchange relations with reference to the psychology of individual desire. Exchange simply represents the forum where individuals achieve maximum utility by freely exchanging their own privately held goods with other utility seeking individuals. Accordingly, money is seen as simply facilitating these transactions. This chain of causation, from the individual through private property to exchange and the market to money, also technically caters for the marginalist analysis of production and the firm, seen as theoretical extensions which provide for the achievement of utility. Production therefore comes to be seen as a technical construct and not a social process. The role of the individual in society is considered solely as a technical relationship between him/her and the forums for achieving utility, whether the individual in question is a wage labourer, landlord or capitalist.

This has the effect of breaking the link found in Classical Political Economy between the different principles that determine class location and individual class rewards, as here the principles that determine whether an individual is a worker, capitalist or landlord are exactly the same. There is no 'Trinity Formula' only the link between the individual and the forces of production. The early marginalists saw their project as providing a pure, neutral and scientific analysis of economic rationality. But the theory is in no sense neutral, despite arguments to the contrary, as it pertains only to certain historical forms where specific institutional

arrangements exist (see Godelier, 1972). That capitalism does not fully correspond to the pure theory should not necessarily repudiate the theory itself. Instead it points to the conclusion that capitalism has not yet perfected its own institutions. This escape clause, however paradoxical it might appear, is consolidated by the method that the capitalist relations of production are ignored. That is, production is only considered after the marginalist conception of value and the assumptions relating to the nature of market exchange have been established. In so doing a full blown critique of the framework can only be made from outside of the theory's own building blocks; only by systematically taking issue with the conception of value that underlies the framework. For Marx, value theory provides for the delineation of various modes of production through understanding alternative methods of setting the indeterminate human labour potential to work, and upon which institutional economic forms emerge. For the marginalist, production becomes strictly epiphenomenal, simply introduced to facilitate technically the full maximisation of subjective value requirements. In this sense the two paradigms remain mutually exclusive, the fundamental divergency being traced back to their respective ruptures and that which they retain as regards Classical Political Economy.

In conclusion, if everyone is a price taker, if technological change occurs at an exogenous rate, if initial endowments are taken as given, and if we assume that everyone acts rationally within the context of full and perfect information, then what we are left with are technical relations between things upon which are derived quantitative solutions to outputs, inputs and prices, all of which have an equal analytical status. Therefore nothing more can actually be added to the model within its own strict confines and nothing else can actually be explained (see Fine, 1982: 24).

The equal status of the quantitative economic indicators, outputs,

inputs and prices, and the models specific conception of society emerge out of the theory's methodological individualism. Thus the logic of the framework increases as its explanatory power actually diminishes, as it depends on isolation from concrete phenomena. As Himmelweit argues: 'since the goals and constraints of the individual units are the only building blocks of orthodoxy theory, it is impossible that the results about the economy as a whole could be altered without altering these building blocks' (1977: 22). This relates directly to the status of the many variants of partial equilibrium theory, (see Fine, 1982: 24-31), whereby concrete explanation is at the expense of the micro-economic functional interdependence of orthodox economics. Generally this takes the form of introducing aggregate economic indicators into a framework that remains premised on the same theoretical analysis of atomised economic agents. The building blocks remain intact whilst practical economic necessities mean that economists attempt to bridge the economy/society divide whilst failing to alter the foundations upon which this divide is constituted.

An alternative approach is to reconstruct explicitly the micro-economic foundations of this orthodox approach and then to extrapolate out an alternative conception of society. We study one example of just such an approach in Chapter Three through our discussion of the 'Transaction Costs' model.

2.5. SECTION FOUR: MAX WEBER AND THE ORIGINS OF MODERN SOCIOLOGY

We have argued that the self-contained nature of the general equilibrium approach does not provide for a programme for social research because the rigid divide between economy and society limits the possibility of theoretically extending and developing the model. Yet despite its

neglect of many real institutions and social agency it does provide the analytical foundations for alternative social sciences from which to develop more practical research, such as that which is presently constituted as modern sociology, (see Clarke, 1982). Thus modern sociology complements the individualised naturalism of economics by extending through other areas of the social sciences the ideological project of subjectivist value theory. As such, the dominance of subjective value theory is part of a general movement within orthodox social theory in the Nineteenth Century, of which the positing of individual economic rationality lies at the core. We therefore need to extend our critique of the method and content of marginalism and discuss the relationship between economics and sociology.

The structural relationship between the marginalist revolution and orthodox sociology has been characterised in the following terms:

'The connection is very simple: economics, retreating to a subjective value theory, has come to rest on a set of assumptions about human wants and needs and the way they are articulated in preferences for and evaluations of commodities. These assumptions are necessarily broadly psychological and cultural in nature. In this way economic theory of the neo-classical school generally *anticipates* the development of sociological theory from Weber to Parsons, with its concern for subjective values.'

(Shaw, 1975:78)

It is not just the question of anticipation however, it is the actual structuring of the very foundations of modern sociology.

One point needs to be discussed from the outset that would apparently contradict the general thrust of the argument being constructed here. The

conception of value generally utilized within orthodox sociology in terms of human preferences and motivations leading to action is more broadly defined than the more enclosed concept found within orthodox economic theory. Here subjectivism is integrally conditioned by cultural factors and human experience rather than simply pre-given. In other words, what was purely exogenous for the economist is endogenised by the sociologist. This does not however contradict the marginalist project as it simply reinforces the agenda set by orthodox social theory by extending the economists' departure point, value orientation and the role of the individual, throughout social theory. As such, it complements the technical self-enclosure of economics; first by the areas of mutual interest, and second by the method through which it reinforces the economy/society divide by its ignorance of objective social relations within production and by generally ignoring economic categories. As Shaw argues: 'sociology shares the retreat of economics from the objective social relations of production, and elaborates the pseudo-basis of subjective values into a formal system', (1975: 80).

The work of Weber more than anyone else established this complementary divide within orthodox social thought. Weber appreciated the abstract rigour of the marginalist model and continually paid tribute to its status and conception of pure economic rationality. His work is littered with marginalist categories and he accepted the scientific status of the theory.⁹ For Weber the domain of sociology was one of identifying ideal typical patterns of human action and value orientation related to non-economic forms of behaviour. He therefore posited forms of social rationality in relation to politics, ethics, religion etc. In this sense capitalism is considered over and above its purely economic properties and other forms of culturally deduced rationalities are detailed which, when

considered alongside that of the economic, provide for the overall rationalisation of capitalist society. For Weber there was no finite model of society as such, only the method of selection and partial theorising, of 'rendering intelligible' subjective values and associated processes of historical transition and development. This position dominates his methodological writings especially *Economy and Society* (Weber, 1978). This led to a rather crude methodological dilemma for Weber however which has been widely detailed in relation to the subjective and the objective aspects of his epistemology and relates directly to his relationship to marginalist positions. His search for ethically neutral social theory devoid of value judgements as the basis of a scientific dissection of history hinges on two premises. First, his emphasis on value orientations and subjective action as the focus of history, utility theory, and second, his view of sociology as being culturally defined but which can be objectively considered by the sociologist. His search for objectivity in social research can never be realised as it is premised on a subjective economic theory which ignores objective economic (value) relations. Colletti points this out quite brilliantly:

'Objectivity only has a bearing as a *vehicle of human communication*; only as a *means* used by men to manifest their ideas and sentiments (in writings, speeches, paintings, acts and gestures etc.). The reciprocity is never seen; namely that the exchange of ideas not only takes place between subjects who are natural beings - and hence cannot fail to produce, with their interconnections, *objective* social relations - but also that these social relations themselves arise, in turn, on the basis of *production*, as an organic exchange with nature, and hence only on the basis of a relation in which man and society

appear (in the final analysis) as the vehicle and means for a mediation with nature.'

(Colletti, 1972:39)

Thus the methodology of Weber rested uneasily between two traditions: on the one hand, the scientific naturalism inherited from economics, and on the other hand, a historicist approach when considering the formulation of value orientations outside of those which govern economic behaviour (see Shaw, 1975: 88; Giddens, 1979; 1982: 62; Clarke, 1982). This is a dilemma Weber never really resolved - how can he accommodate his appreciation of marginalist economics with his sociological assumptions that value orientations or subjective preferences cannot be removed from cultural determination. In effect the dilemma relates to different levels of abstraction employed by Weber - the more abstract and scientifically subjectivist aspects related to his understanding of the economic, the more concrete aspects of his subjectivist sociology (which he implies the sociologist can 'objectively' discover) relating to his historicist method. Throughout subjectivist value theory remains intact, but with social mediation between people and the resultant social determination of values introduced at a lower level of theoretical abstraction.¹⁰. Although this method of abstraction was never made explicit by Weber himself it can be deduced from his work, especially, as we shall see, from his 'ideal type' methodology and his approach to class, which also clarifies the relationship between his sociology and marginalist economics.

On the one hand, the 'ideal type' parallels the methodology of the marginalist project. The 'ideal type' remains a purely abstract device, a utopia never fully materially located within society and thus remains a stylised association of actions formalised into a technically self-

contained framework. On the other hand, however, this 'scientific' status glosses over its value laden nature, its historical specificity, genesis in, and reflection of, modern capitalist society. The classic example remains Weber's approach to the capitalist firm through his popular exposition of the nature of bureaucracy, whereby rationality is the product of the relative success of the reified structure in the determination of specific outcomes. This construct demonstrates Weber's relative distance from economic theorisation, as bureaucracy was never located within an economic appreciation of industrial organisation, despite his acknowledgement that the division of labour was a precondition for this form of organisational rationality. In this sense Weber dislocates subordination within the workplace from domination within the social relations of production. The 'ideal type' is then heralded as a crucial scientific insight whilst it remains value-laden in its inception and general applicability.

The formal rationality offered by the advanced bureaucratic form is Weber's greatest theoretical testament to the benefits capitalism could offer, when cast against the backdrop of more abstract economic rationality. Strong parallels exist between bureaucratic efficiency and the economists technical efficiency, whereby individual subjective agency is only introduced to be reconciled with a technical treatment of social outcomes and the technical institutions that facilitate such outcomes. The only difference relates to levels of analysis. Weber's extension of subjectivist value theory into sociology necessitates a more concrete engagement with society whilst leaving untouched the marginalist economic abstractions. In so doing he implicitly considers the divide between economy and society by considering value orientations as developed from economics, outside of the domain of economics and into society, whilst simultaneously taking the economic as given. In this sense he jumps from

economy to society but never explicitly considers the divide between the two. The results essentially remain the same, as 'ideal type' bureaucracy simply serves to reconcile individual and structure thus dovetailing neatly with the efficient inputs, efficient outcomes position held within the economic conception of the capitalist firm.

Next we consider Weber's notion of class. In *Economy and Society* Weber introduces his conception of class whereby 'class' means 'all persons in the same class situation' and goes on to differentiate three class types - property, commercial and social. The first with reference to property differences, the second the 'marketability' of goods and services, the third made up by the 'totality of those class situations within which individual and generational mobility is easy and typical' (1978: 302). Yet the central issue is one of 'marketability' as some 600 pages later he explains:

'Those who have no property but who offer services are differentiated just as much according to their kinds of services as according to the way in which they make use of these services, in a continuous and discontinuous relation to a recipient. But always this is a generic connotation of the concept of class: that the kind of chance in the *market* is the decisive moment which presents a common condition for the individual's fate. Class situation is, in this sense, ultimately market situation.'

(Weber, 1978: 928)

Although never fully elaborated into a systematic theory of class, his basic approach to the issue emerges directly out of his marginalist underpinnings - class as the result of historically specific market

transactions. Classes emerge out of the individuals' attempts to secure personally desired utilities (1978: 63). Therefore, although he may point to definite class divisions or cleavages (if he did not there would be an indeterminate number of classes) these are determined by the market.' The class structure and methods of class exploitation are thus removed from their material location within the division of labour. Class itself becomes epiphenomenal, born out of capitalist market transactions. This point parallels one made earlier: that Weber removes the study of subordination through bureaucracy from an analysis of domination and exploitation through the social relations of capitalist production. This position complements that held by marginalism, as here 'class' emerges (somehow) out of atomised individual market transaction. 'Class' or indeed any notion of collectivism is generated out of individual disposition and the subjectivism of utility theory; discussed by the orthodox sociologist but ignored by the orthodox economist.

In brief then the sociology of Max Weber can be seen as a 'brittle synthesis' of marginalist economic methodology and the 'anti-generalism' of historicist sociological analysis (see Giddens, 1982: 62; Habermas, 1984: 152-7). His sociology attempts to exceed rather than undermine economic orthodoxy by systematising the economy/society divide initiated by Classical Political Economy and perfected in economic terms by the marginalist reorientation. It offers a theoretical analysis of certain aspects of social rationality seen as beyond the enclosed scope of orthodox subjective economic inquiry. In this sense the sociologist remains predisposed to an economic conception of the individual in terms of individual agency in the pursuit of exogenously defined needs or preferences.¹²

Within these parameters the Weberian sociologist cannot escape from

his or her theoretical origins, as seeing the labour process as the technical space for deriving maximum utility as opposed to the social forum constituting the exploitation of a class of wage labourers (we discuss self-professed Weberian labour process writers in Chapter Six). The distinctive characteristic of human labour that separates it from the rest of nature, its own indeterminacy, is ignored, as is an acknowledgement that human beings are capable of an 'infinite variety of function and division of function' on the basis of family, group and social assignment', (Braverman, 1974: 50), which in turn allows for the designation of historical specificity. This remains the paradox of Weber's 'brittle synthesis'. On the one hand he seeks historical explanation when examining some of the contours of society, yet his framework is itself enclosed by a core economy where the social relations of capitalist production, and the social relations that determine any form of social organisation, have to be taken as given and beyond the reach of any consistent, causally defined analysis. In short, we are caught between historicism and an ideological project that shades into naturalism. Explanatory power rests uneasily between empiricist study and abstract assumption.

We now proceed by developing our analysis of orthodox social thought by moving from its general theoretical contours to a specific analysis of its implications for an understanding of work relations and work organisation.

3. CHAPTER THREE: ORTHODOXY AND THE 'TRANSACTION COSTS' APPROACH

3.1. INTRODUCTION

The last decade or so has seen a resurgence of interest in the employment relationship and the organisation of production from within the mainstream of orthodox social theory. Debate has centred on the nature and political significance of organisational structure, and patterns of ownership within contemporary capitalism. Previously we detailed why modern economics has neglected these issues so it is necessary for us to explore the origins and significance of these debates. The major pole of controversy lies between the work of Williamson (1975; 1980; 1981), and Marglin (1974). The former has been a leading exponent of 'Transaction Costs' analysis, or what is often described as 'Neo-Institutionalist' theory, the latter has emphasised 'Social Control' which we discuss in the next section of this thesis'. The crucial issue in this debate is whether or not hierarchical modes of work organisation contain an objective efficiency rationale. In this sense the importance of the debate resides in the significance assigned to organisational structure and the nature of ownership and patterns of class relations within contemporary capitalism.

The 'Transaction Costs' approach grants the organisation of production greater consideration by compromising the 'functional interdependence' of economic theory through the introduction of normative, sociological assumptions into an augmented neo-classical frame of reference. It then attempts to overcome the narrow, technical economic conception of the employment relationship and the firm through the integration of orthodox economic theory and modern sociology. We argue this to be an important new

development. By locating this new framework within the history of economic thought and the parallel development of modern sociology, as broadly considered in the previous Chapter, we demonstrate how, despite its current popularity, it is fundamentally flawed.

3.2. SECTION ONE: 'TRANSACTION COSTS' AND ORTHODOX ECONOMICS

Throughout the Twentieth Century, dating back to the classic study of employment in the shoemaking industry, (Commons, 1909), institutional analysis of capitalist employment relations and work organisation within orthodox economics has maintained a highly uncomfortable relationship with the strict neo-classical conception of production (for later studies see Coase, 1937; Simon, 1951). Institutional analysis tends to broach the segmentation between economics and organisational theory within sociology, but generally fails to locate itself in any systematic fashion in terms of the underlying theory that formed the backdrop to orthodox social theory—that of the marginalist revolution and the subjective theory of value. The work of Williamson and his followers (see for example the collection of papers in Francis et al, 1983), both within economics and sociology, helps us to clarify many of the ambiguities associated with 'institutional' analysis. In this section we attempt to summarise the approach of these writers within economics. The next section carries out a similar task from within sociology.

The central thesis of the 'Transaction Costs' literature is that under certain circumstances economic relations are best coordinated not through the market, but within firms. It is accepted that within society economic units, or firms, operate in an uncertain world whereby the market mechanism

does not supply all of the necessary information to enable individuals to disseminate fully an infinite amount of information. The fluid labour market transactions characteristic of neo-classical economics are replaced by the notion of 'task idiosyncrasy' which provides for a further conception of market rigidity given the importance of 'learning by doing'. For Williamson the key issue is one of transaction costs:

'...the neoclassical firm is characterised as a production function. Economizing thus takes the form of efficient choice of factor proportions, whilst issues relating to the organisation of work mainly involve economizing on transaction costs. The latter rarely surface, much less are prominently featured, under the production function approach.

Economizing on transaction costs involves choices among alternative modes of organisation. A comparative institutional assessment of the properties of alternative modes thus supplants the conventional calculus of cost minimization.'

(Williamson, 1980: 6)

Transaction costs refer to the costs incurred by the capitalist when the 'intermediate product is transferred across technologically separate stages of production', i.e. through various trading or market situations, and therefore 'depends crucially on organisational structure' (Williamson et al, 1975). These costs emerge out of uncertainties within the market, partly conditioned by human failings, in relation both to information processing capabilities and rational economic behaviour. Basically the argument is that the capitalist hierarchical factory system minimises these costs.

Williamson constructs a framework which he alleges can compare various modes of work organisation whilst holding the technology variable constant- which is unobtainable within the traditional confines of neo-classical theory. The key to an understanding of Williamson's project relates to the underlying assumptions as to the origins of transaction costs. They are the actions of individual economic agents, reflecting both self-interest and limitations in terms of information processing capabilities, and of developments in technology through the determination of task specific jobs. These conceptual ideas break away from the orthodox understanding of economic agents and the technology-led frictionless market. They are developed with reference to two human traits. First, 'bounded rationality' which enables Williamson to incorporate into his model imperfect information, knowledge and error. He argues: 'the capacity of the human mind for formulating and solving complex problems is very small compared to the size of the problems whose solution is required for objectively rational behaviour in the real world', (1975: 258). Second, 'opportunism' refers to individual behaviour informed by self-interest. It reflects, in Williamson's interpretation, an 'effort to realise individual gains through a lack of candour or honesty in transactions' and represents the pursuit of self-interest 'with guile' (1975: 258-9). These theoretical innovations, which depart from the strict neo-classical building blocks, generate particular organisational responses in an attempt to curtail the transaction costs arising out of inherent market and behavioural imperfections. Further, and of crucial importance, he adds an historical dimension to the analysis, when he proposes that moves from the putting-out to the hierarchical factory system can be understood as a rational development which reduces the transaction costs incurred by the economic unit. For example, through a decline in embezzlement and a stricter

identification of job specific work requirements within the context of the developing forces of production.

Williamson progresses further from conventional conceptions of the firm when he introduces the notion of 'idiosyncratic exchange'. Labour market rigidities are seen as being a rational response to job specific peculiarities, once again with reference to transaction costs. Continuous market contracting is inefficient in many situations because of developments in technology. The assumption of the purely flexible or atomistic labour market ignores the reality of individual job characteristics that can only be learned 'by doing'. The internal labour market reduces the costs of teaching new incumbents particular job requirements and the development of tacit skills, thereby facilitating maximum productivity.

In possibly his most provocative piece (Williamson, 1980), Williamson has outlined estimates for the transaction costs involved, and therefore the relative efficiency properties of alternative modes of work organisation. He details six modes both in terms of ownership and their forms of contract. Three types of ownership mode are considered: entrepreneurial, collective and capitalist, with two variants within each category. Within the entrepreneurial mode, defined as 'ones in which each (work) station is owned and operated by a specialist', he distinguishes between the 'putting-out' and the 'federated' systems. Under the 'putting-out' system a merchant coordinator enters into contractual relations with a series of entrepreneurs, where he/she puts out raw materials which are worked on at the individuals' homes, generally using their own equipment. The 'federated' system is characterised by the various work stages being located side-by-side. The product being contractually shifted across stages whilst buffer stock inventories at each station reduce the need for

supervision on the part of the central coordinator. In terms of the 'collective' forms, Williamson differentiates the 'communal-emh' and the 'peer group' type. Under the former, stations are collectively owned but with the output of each individual being personally owned, ('emh' denotes 'every man for himself'). There exists no detailed specialisation of tasks as individuals are periodically rotated, with each worker retaining his/her work-in-progress and taking control of the selling of the final product in the market place. The latter mode follows similar ownership patterns but payment is based on average group productivity rather than personal output. Once again job rotation is allowed for in terms of both leadership and work location. Within the 'capitalist' mode he differentiates between 'inside contracting' and the 'authority relation'. The former is characterised by the delegation of control over production to contractors operating within the factory and the latter by the more formalised direct employment relationship between employer and employee.

Williamson details two types of contractual relations which he assumes correspond to the various modes of work organisation. Continuous contracting characterises the putting-out, federated and inside contracting models. Here the contract and its continuous re-negotiation provide for the coordination of production and economic exchange. It closely approximates the neo-classical conception of the market, promoting efficiency and flexibility. Williamson, however, breaks with this position when he assumes that the feasibility of this method is conditioned by the hazards involved in the continuous re-negotiation of contracts, due to bounded rationality considerations on the part of the merchant coordinator and opportunism on the part of the direct producer. The other three modes are covered by periodic contracting. The contract provides the procedural framework for production, 'within the context of this framework, however, day to day

operations are governed by an administration process' (1980: 18). As such, authority relations accommodate bounded rationality considerations, reduce opportunistic behaviour and create room for an acknowledgement of the specifics of idiosyncratic exchange.

Williamson develops his analysis further by assigning degrees of hierarchy to each mode of organisation in terms of their respective decision making and contractual properties

TABLE 3.1

<u>DEGREE OF HIERARCHY (Least To Most)</u>	
<u>Contractual</u>	<u>Decision Making</u>
(1) Federated Communal-emh Peer Group	(1) Federated Communal-emh
(2) Putting-Out	(2) Putting-Out Inside Contracting
(3) Inside Contracting Authority Relation	(3) Peer Group (4) Authority Relation
	(Williamson, 1980: 20)

This process is then followed by a crude (by his own admission) ranking of the efficient properties of each work mode based on a set of

eleven variables (1980: 22-35). He proceeds by providing a composite rating of the various modes whilst holding technology constant.

TABLE 3.2

OWNERSHIP PATTERNS AND CONTRACTUAL OBLIGATIONS: EFFICIENCY PROPERTIES.

MODE	ROW SUM
Communal-emh	4
Putting-Out	5
Federated	5
Inside Contracting	6
Peer Group	8
Authority Relation	9

Williamson draws out from these rankings a number of important conclusions. First, 'the least hierarchical modes, in both contracting and decision making respects, have the worst efficiency properties', (1980: 29). Hierarchy formulated through the administrative structures centrally determines organisational efficiency. Further, apart from the communal-emh mode, those modes based on periodic as opposed to continuous contracting appear as the most efficient. He also proposes that this ranking of modes from the least to the most efficient follows the historical development of the firm, especially the progression from putting-out through inside contracting to the authority relation.

Given the general thrust of the analysis, his final conclusions, formed as part of a general attack on those such as Marglin who have questioned the efficient properties of capitalist hierarchy, are hardly surprising: 'In short, inveighing against hierarchy is rhetoric; both the

logic efficiency and the historical evidence disclose that non-hierarchical modes are mainly of ephemeral duration', (Williamson, 1980: 35). Moreover, it is proposed that this model is transportable across any part of the economy:

'The organisation of any batch manufacturing activity poses very similar transaction costs issues. Additionally, although technology may be either more (as with petroleum refining) or less (as with the organisation of a legal office) determinative of work modes when other than batch manufacture is considered, the same micro-analytic approach to evaluating work modes applies quite generally. This entails identifying the relevant transaction cost dimensions, describing alternative modes of organising the transactions in question, and performing a comparative institutional assessment. Thus although both modes and transaction costs attributes will vary amongst activities, the same micro-analytic and comparative institutional research strategy that is employed in this paper has broad applicability.'

(Williamson, 1980: 36)

Therefore, by amending the micro-economic foundations of the orthodox approach to economic agents, Williamson apparently creates the scope for a study of production relations. It heralds an important development in economic analysis of the firm precisely because of this point. The importance of the approach can be gauged by the speed with which it has been taken up both within, and external to, conventional economics. Organisational theory is the best example of the latter category, where his work has bridged the gap between economic and institutional approaches to the study of the firm. To demonstrate this, before we develop our critique

of the approach, we offer a brief exposition of the work of one leading organisational theorist, Ouchi (1979). This helps to highlight some important implications that need to be drawn out of Williamson's approach, especially in relation to traditional Weberian approaches to organisational structure.

3.3. SECTION TWO: TRANSACTION COSTS AND ORTHODOX SOCIOLOGY

The work of Ouchi (1979) is a fine example of the adaptability of the framework developed by Williamson. Ouchi and organisational theory in general,² emerge out of a theoretical tradition where the notions of power and control have been central concerns for decades, evolving out of Weberian ideas about the nature of bureaucracy³. Ouchi lays out his analytical agenda by stating two questions: 'What are the mechanisms through which an organisation can be managed so that it moves towards its objectives? How can the design of these mechanisms be improved, and what are the limits to each basic design?' (1979: 833). Like Williamson, his emphasis is on methods aimed at reducing inefficiencies through the role of organisational structure.

He then proceeds to construct a model which dovetails neatly with what he describes as the 'pathbreaking' work of Williamson.⁴ He begins his analysis with the acknowledgement that 'the problem of organisation is the problem of obtaining cooperation from a collection of individuals or units who share only partly congruent objectives' (1979: 833). Although never elaborating on the basis of this incongruence, in a similar way to Williamson he considers his project as an attempt to contrast various modes of work organisation with reference to their efficiency properties,

ostensibly through their ability to reduce 'goal incongruence', He outlines three distinct mechanisms- 'markets', 'bureaucracies' and 'clans'- whereby organisations attempt to come to grips with the problems associated with the evaluation of an employee's performance and their respective rewards, and in so doing enhance managerial control over the labour process.

'In a fundamental sense, markets deal with the central problem through their ability to precisely measure and reward individual contributions; bureaucracies rely instead on a mixture of close evaluation and socialised acceptance of common objectives; and clans rely upon a relatively complete socialisation process, which effectively eliminates goal incongruence between individuals.'

(Ouchi, 1979: 833)

For Ouchi the firm cannot be free from bureaucratic traits however, in that control mechanisms have to be introduced once the individual employment relationship has been finalised.⁵

Through empirical evidence, drawn from a parts distribution centre of a major company, he contrasts the market mechanism operating within the purchasing sphere, with the warehousing department which he explicitly links to Weber's bureaucratic model of organisational structure with its assumed efficient properties. Close supervision and surveillance characterise the system; rules substitute for the price mechanism which in turn requires an administrative process to formalise and administer the rules. The emphasis is placed on bureaucracy as many of the tasks are not comparable in the market place, whilst ambiguities over work performance intensify the quest for hierarchy given the latter's job evaluation properties. Overall then, variations in work specifications and the

vagaries involved in the actual specification of performance produce pressures toward the imposition of hierarchy. The third method of regulating the employment relationship is referred to as the 'clan' mechanism. The bureaucratic method can be both costly and time consuming. Therefore, it is in the firm's interest to inculcate in the workforce the goals, objectives and values of the organisation. As such the role of the formal system in terms of monitoring and surveillance is relegated, instead being replaced by an informal social system which attempts to instill normative behaviour patterns into the workforce.

TABLE 3.3

SOCIAL AND INFORMATIONAL PREREQUISITS OF CONTROL

Type of Control	Social Requirements	Informational Requirements
market	norm of reciprocity	prices
bureauracy	norm of reciprocity legitimate authority	rules
clan	norm of reciprocity legitimate authority shared values, beliefs	traditions

(Ouchi, 1979: 838)

This table affords greater insights into a number of central assumptions implicit within the model. The criterion of cost remains the central determinant of organisational efficiency, in a similar way to Williamson's transaction costs; social requirements simply serve as independent variables. The 'norm of reciprocity' relates to a notion of

honesty in employment relations, the inverse of 'self-seeking with guile' or 'opportunism', which reduces the costs of control for the organisation. Market failure underlies and signifies the limits of this 'reciprocity', needing to be counterbalanced by rules and procedures. The more advanced bureaucratic form reduces the need for explicit rules, procedures and authority stipulations, although of course always being covertly present. Thus the three types vary in terms of social mechanisms, the control apparatus and information channels, (the market, formal rules and the social system).

'In reality, of course, we will never observe a pure market, a pure bureaucracy, or a pure clan. Real organisations will each contain some features of each of the modes of control. The design problem thus becomes one of assessing the social and informational characteristics of each division, department and task and determining which of the forms of control ought to be emphasised in each case.'

(Ouchi, 1979: 841)

Variations in organisational structure, which he implies are a matter of organisational choice, are conditioned by two related variables: first, the degree to which 'clarity of performance can be assessed' and second, by the amount of 'goal incongruence', or in relation to orthodox economic theory, ambiguity over the definition of the prospective employee's marginal product.

In sum therefore, the work of Ouchi parallels that of Williamson, yet these writers emerge out of apparently separate disciplines within the social sciences. In both, the pure (neo-classical) market mechanism is seen as both rational and efficient; for Williamson transaction costs would be

zero, for Ouchi the frictionless market ensures cost minimisation (although Williamson, at least, immediately rejects this model as a description of reality). Both writers proceed however to relax central orthodox assumptions by introducing concepts related to organisational structure and bureaucracy inherited from the Weberian tradition. For Williamson, bounded rationality, opportunism and idiosyncratic exchange require a departure from the pure market as transaction costs arise. For Ouchi the notion of 'goal incongruence', together with the vagaries associated with the specification of marginal products, promote the need for rules and procedures with reference to costs incurred. In this sense developments away from the pure economic theory of market exchange are the product of an acknowledgement of labour market and labour process relations that cannot be catered for within the dominant paradigm. The result of these conceptual deviations away from economic orthodoxy is that their work appears Weberian in orientation. This remains implicit for Williamson whilst explicit for Ouchi writing in management journals. One famous quote from Weber clarifies many of the methodological similarities:

'The decisive reason for the advance of bureaucratic organisation has always been its purely technical superiority over any other form of organisation. The fully developed bureaucratic apparatus compares with any other organisation exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of the friction and of material and personal costs- they are raised to the optimum in the strictly bureaucratic administration, and especially in its monocratic form.'

(Weber, 1968: 973)

As we have seen in the previous Chapter, the Weberian notion of bureaucratic efficiency complements the technical efficiency ascribed to production by the marginalists. Williamson and Ouchi actually reconstruct the notion of economic efficiency. We now discuss the implications of such a reconstruction.

3.4. SECTION THREE: THEORETICAL PROBLEMS

The model developed by the 'Transaction Costs' writers is of importance as it attempts to reconstruct the foundations of neo-classical economics so as to deflect the most commonly noted criticism of the approach - its ahistorical method determined by its neglect of the social relations of production. If successful it could produce a serious reply to those radical opponents of orthodoxy, whilst it explicitly legitimises capitalist modes of work organisation, only implicit within the abstract neo-classical tradition. In this sense the naturalism of marginalism is replaced with a causal, and apparently an historical account of the evolution of the firm as correlated with the efficient properties of the direct (capitalist) employment relationship. It thus reworks the bland apologism of orthodoxy and provides the space for a positive comparison between capitalist hierarchy and authority relations and more collective methods of work organisation.

The efficient institutions approach surrenders the analytical complementarity between orthodox economics and sociology however, whilst never actually breaking with the foundations of orthodoxy. By integrating both disciplines theoretically, the framework can propose to harness the rigours of economics with the realities of sociology. This is the level on which this new framework needs to be considered, at least initially.

Criticism solely on the basis of historical omission (see Jones, 1982; 1983), although valid, is not enough.

In the previous Chapter we demonstrated how modern economics and sociology cannot be integrated as they operate at different levels of theoretical construction. Economics operates at a more abstract level than sociology, which takes the economy as given but provides for a more complex study of alternative social rationalities. Economics constructs an internally symmetrical model of pure economic rationality through a methodological individualism which extrapolates a pure theory of society and which cannot be simply amended by integrating elements of society which deviate from the model without altering the underlying method, as this shatters its whole internal consistency. Alternatively, however, if this underlying method is conceptually amended then this necessarily requires for the sake of coherence an alternative conception of society.

If we first turn to Williamson, we see that he begins his analysis by highlighting the limited insights offered by neo-classical theory in terms of the internal structuring of the capitalist firm. Because of its purely technical view of the firm, it has nothing to say about organisational structure. Because of Williamson's acceptance of the limited applicability of this approach to production, we might expect him to consider the reasons for this dismissive approach to production. He fails to do this however. Rather he takes the production process and removes it out of its theoretical context. He does not even mention, let alone discuss, the question of individual economic rationality in relation to subjectivist value theory, except implicitly when he introduces into his discussion of production the concepts of 'opportunism' and 'bounded rationality'. They enter into the discussion because of his appreciation of some of the most incredible assumptions contained within the model of perfect competition,

or, more specifically, because of his sole focus on the firm, they appear as concepts exclusively formed within the context of the production process. However within orthodox theory, production is only introduced as an intermediary to facilitate rational individual economic behaviour. Throughout, he fails to relate his intermediary concepts to the underlying model of economic rationality and the pursuit of utility. This remains a fundamentally ambiguous theoretical position for Williamson. Therefore, we have to impute the relationship between what Williamson assumes within the production process and the broader implications of such assumptions in terms of the subjective theory of utility. Moreover, we have to recognise from the outset that when we refer to Williamson and the 'production process' we are not in fact referring to the production process and its constituent social relations which for Marx determine different modes of social organisation, but to the technical aspects of capitalist production. For Williamson develops his concepts in the context of his analysis of capitalist exchange. The transaction, and not production is the basic unit of his analysis.

For Williamson, 'bounded rationality' acknowledges that there are physical limits to the amount of information that a human being can process. He is here proposing that in reality individuals are not in a position to maximise their innate preferences fully, given the limits on human capabilities in relation to gaining full information. Crucially, however, this does not mean that he simply states that the notion of 'rational economic man' might be problematic, but rather that he is actually theoretically amending what individual economic agents actually are - we are left with a form of 'neo-rational man'. This is accepted by Williamson when he introduces the concept of 'bounded rationality'. This is the sense in which he reconstructs the building blocks of the marginalist

project. Interestingly this form of theoretical amendment only appears to occur on the supply side of the labour market; in that he tends to assume that only workers are limited in their information processing capabilities. This does produce a curious dilemma for him, as if employers have unlimited rationality they would not be fooled by the opportunistic behaviour of an employee because they would be in the position to specify fool-proof contracts. Problems emerge only after the worker has been hired under continuous contracting. This leaves the hiring process and the status of marginal productivity theory in an entirely ambiguous theoretical position. Hierarchy is imposed, once bounded rationality considerations emerge after the hiring process, as the worker, and not the individual as such, fails to understand fully his/her own subjective preferences and how to achieve them. Hierarchy then somehow redresses this existential dilemma for the worker and thus allows for the outcome of economic self-realisation

'Opportunism' is an even more important conceptual deviation. Here he actually posits forms of human rationality in conflict with economic rationality. Previously this non-correspondance was the result of physiological problems, here he posits a natural form of activity informed by self-interest reflected in cheating in the market. This obviously cannot be easily catered for by orthodox economics, as it contradicts the modelling of fluid labour market relations and implicitly questions the assumption of predetermined productivity. Whereas for Weber notions of social rationality complemented economic rationality, Williamson attempts to reconstruct the very notion of economic rationality. Again what is really important is what is left unsaid. Do we still assume voluntary labour market participation? Does this not imply some indeterminateness to the human labour potential given that opportunistic behaviour can be corrected within production? Despite these sorts of issues, Williamson

still assumes that with the advent of hierarchy, we can still achieve outcomes which correspond to maximum transaction costs efficiency (although Williamson tends to avoid speaking of maximum efficiency and instead refers to minimizing transaction costs). In this sense Williamson breaks with the model of perfect competition with the introduction of his environmental and behavioural assumptions, but the internal structuring of the firm helps produce the same results as within the strict neo-classical model, i.e. the same rational outcomes, as Williamson's concept of maximum efficiency parallels the neo-classical maximum utility. The problem, however, for Williamson is of a much deeper nature. The logical coherence of the neo-classical theory turns upon the method by which the analysis moves from the independent economic units, individuals, to the neutral units of economic exchange and is dependent upon demonstrating the method by which market relations facilitate harmonious economic outcomes. This in turn is achieved by considering the institutions of exchange as technical economic constructs, rather than as social systems which themselves condition human subjectivity. Williamson breaks with this method. Although he defines the nature of economic agents he does not provide an alternative conception of society.

The theoretical location of Ouchi's work is similar to that of Williamson. The debts he pays both to Williamson and also to Weber are clearly detailed. Initially his model is based on the perfect competition approach when discussing the market mechanism. Perfect information provides for the efficient frictionless market. Once again, however, all departures away from this position are ostensibly a product of supply-side vagaries. These stem from information problems in the specification of work tasks given limitations on the part of individual workers, together with the notion of 'goal incongruence' which he considers to be a universal, natural

human trait. For Ouchi the solution to these problems lies within the confines of organisational structure. Once again the issues that are raised are only considered within the confines of production and not in terms of society in general, whereby bureaucracy closely details work specifications and produces 'socialised acceptance of common objectives'. These objectives remain those of the reified organisation, and not, despite the assumption of natural incongruence, those who are employed by it. Although problems associated with the identification of work tasks are pointed to, they are considered to be of importance only once people have been hired. How this relates to the predetermined productivity assumed within marginal productivity theory is never fully elaborated, although marginal productivity theory itself is never explicitly rejected. There are no compromises, despite natural 'goal incongruence', only the values of legitimate authority, which demonstrates the underlying managerialism of the approach.

The assumptions always implicit within the efficient institutions approach are now fairly clear. Organisational structure is seen as synonymous with mechanisms for securing goal congruence, or more specifically, the values of management which facilitate economic rationality. Supply side deviations away from the model of perfect competition lead to a reconstruction of the orthodox consideration of economic agents. When considered alongside the role of organisational structure, this allows for a return to economic rationality. Weberian concepts of social rationality relating to the actions of workers are introduced so as to amend the neo-classical model. It now does matter who hires whom- capital hires labour. However, once hierarchy has been introduced then both economic and social imbalances are corrected. What enters as economically inefficient, but socially rational inputs (as the

notion of 'bounded rationality' must be considered as a rational disposition), emerge as economically and socially efficient outcomes. Marginalist economic theory and Weberian sociology are therefore theoretically integrated to produce social and economic rationality. The dehumanised elements of economic theory are then integrated with a normative assessment of human (worker) agency when considering the real as opposed to the technical firm.

The problem that Williamson and his followers fail to appreciate relates to the level at which orthodox economic theory is constructed; its self-contained status and dislocation from real capitalist institutions such as the firm and the market, and real people in terms of being active social and economic agents. It is not necessarily concerned with reality, although ideologically it conditions a naturalised conception of capitalist economic institutions, but these are not considered as capitalist but as objectively and scientifically efficient. Accordingly, there are no workers or capitalists just atomised economic units acting as producers and/or consumers. The model can either be accepted or rejected but not theoretically amended given its own internal symmetry; its functional interdependence is a point which, as we saw earlier, was understood by Weber if not by modern economists:

Clarke clarifies the marginalist method as follows:

'The extension of the analysis from the abstract and isolated individual to the exchange society depends on establishing the neutrality of the institutions of economic exchange by showing that the market provides the means by which individual preferences can be realised without imposing any external constraints on individual choice. In this sense it depends on establishing that the market is a

technical instrument through which human beings can achieve economic self-realisation, rather than a social institution that structures particular social relations and subjects individuals to particular forms of constraint. This is achieved by establishing the technical rationality of the institutions of exchange.'

(Clarke, 1982: 158)

Williamson, by the logic of his own argument, questions the method of determining technical rationality in relation to the role of the capitalist firm, whilst reconstructing the building blocks of marginalism, although never breaking with the fundamental basis of orthodoxy - subjectivist value theory - and never detailing an alternative conception of society which he must do for the sake of intellectual coherence. Given these points, his whole project is plagued with theoretical ambiguity. He places constraints on the realisation of individual preferences. He then assumes that with the advent of capitalist hierarchy, the conditions are imposed which facilitate pure economic rationality. In this sense the market is different from that contained within orthodox economics, a social as opposed to a technical construct, which 'structures particular social relations' rather than simply allowing for the pursuit of individual economic self-realisation. With this break from orthodoxy, Williamson assumes that he can now more rigorously allow for the achievement of economic rationality. In this sense, what he initially poses as neutral forms of social rationality, for example opportunism, have no basis for being described as rational as he later disposes of them in favour of economically rational outcomes through the imposition of hierarchy. He thus rejects rather than complements the orthodox economic theory of the firm, but never goes on to account for the full dimensions of capitalist society, which the economist does through

abstract approximation through a specific conception of the economic agent. Because of this, Williamson's notion of 'efficiency' makes little theoretical sense given his break with 'rational economic man'. We have to ask efficient in what sense and efficient for whom? He prioritises economic over social rationality for no apparent reason.

The model employed by Ouchi is open to the same criticism. Given his attempt at accommodating forms of social rationality within a framework predicated on the model of perfect competition, organisational structure acts to remould what were initially seen as rational forms of social behaviour more closely toward the values of those who own and control the firm. The firm therefore represents the forum where rational social inputs are translated into rational economic outcomes. Concepts relating to rational social activity are integrated with the subjective economic categories of orthodoxy. The market is not considered in a technical sense but as a social institution that reconstructs social rationalities. Even within its own terms of reference the model is so ambiguous as to become illogical. Logically, if you begin by questioning the departure point of marginalism by focusing on the sub-optimal (in the economic sense) activities and capabilities of the individual worker, then you have to follow through such observations across the whole of the economy and reconsider all the technically rational (in the economic sense) institutions of exchange. It is not enough to progress to the capitalist firm and argue that here the realignment of individuals takes place on economic lines, as you materially remove the firm from the rest of society. Moreover, by introducing conceptions of social rationality, for example opportunism or what lies behind goal incongruence, at the same analytical level as the assumptions of economic rationality, then there appears no logical reason why you should surrender one form of rationality (social) in

favour of the other (economic). Why should this process simply not be reversed? The answer to this lies with the prescriptive managerialism of the approach. Even within its own terms of reference however, it makes no sense to begin with asymmetrical social relations then to proceed to the level of the capitalist firm and conclude with symmetrical economic relations.

Overall then the efficient institutions approach does not have a secure theoretical foundation. It is caught between integrating high level theory with elements of social rationality, but fails to appreciate that this remains an illegitimate theoretical task. Elements of social rationality are introduced, not as a complement, but in opposition to economic theory, serving to undermine the consistency of the economic framework by ambiguously trying to locate the economic and social dimensions of individual agency within the same theoretical parameters. By implicitly questioning the assumptions of predetermined human productivity, by the attempt to harness a recognition of the incongruence between employer and employee, writers within this neo-institutional tradition do actually signify the troublesome nature of orthodoxy when considering the social relations of capitalist production. These writers do not pursue this insight and hence remain locked into a contradictory theoretical location. Their contributions fail to comprehend the difference between technical and real institutions, but in doing so point to the misguided nature of the abstractions of orthodoxy. What is required is a fuller appreciation of these social relations.

3.5. SECTION FOUR: IMPLICATIONS

Our critique of 'Transaction Cost' economics has been rather abstract. In this final section we attempt to identify the practical implications of this critique - which we will return to in the final Chapters of this thesis - by returning to our twin concerns of system maintenance and transformation which we introduced in Chapter One.

If we initially return to orthodox economic theory, then it provides only for a technical analysis of the maintenance of relations within production. Its underlying method means that the production process is axiomatically efficient, changes can only occur through changes in the technology employed and the demand and individual supply conditions. Obviously here we are not discussing the social relations of production, but the technical solution to the organisation of work. Its abstract status means that it can tell us little that will enhance our understanding of contemporary restructuring as these practical issues within the sphere of production are outside the domain of economic inquiry.

Within Weberian sociology, the relationship between system maintenance and system transformation presupposes a 'brittle synthesis' between a naturalised subjectivist methodology inherited from marginalism and an empirical and historical elaboration of the cultural determination of social rationality. The former focuses on a static naturalised maintenance of efficient, technologically determined economic systems whilst ignoring social relations within the sphere of production. The latter, focuses on the development, or transformation, of cultural mores and traditions - but crucially not in terms of economic transformations. In terms of restructuring, this method is of very limited use given its self-enclosed dislocation from the economic and economic categories, even within orthodox

thought itself. If we believe that restructuring takes the form of economic restructuring then we should discard this approach⁶.

The relationship between system maintenance and system transformation as regards the 'Transaction Costs' approach is of a different variety, although equally problematic. It would appear to harness an understanding of both concepts given the way it relaxes central neo-classical assumptions and thereby apparently produces an historical account of changes in work organisation. Once again the issues raised relate to theoretical method. Williamson and his followers do offer an account of system maintenance given the way that it is assumed that hierarchical work modes based around the capitalist authority relationship accommodate bounded rationality considerations on the part of workers, whilst eliminating opportunistic behaviour and allow for the specifics of task idiosyncrasy within the labour process. However, he never provides a sufficient account of system transformation. Here we need to return to Williamson's use of comparative statics that were introduced in Section One of this Chapter. His limited selection of eleven variables apparently allows for an historical account of changes in work organisation. But on closer inspection the excessively crude rankings attached to these variables, the complete absence of historical evidence and the purely stylised and simplified account of what the various modes actually are, place limits on the usefulness of the approach. Moreover, this method only considers these different methods of organising production at a very general level and provides no method of considering variations within each mode of organisation, for example transformations within the capitalist authority relation itself. What Williamson does not provide is any history, but rather he simply crudely compares different (static) states of the world. The questions raised by contemporary restructuring necessitate a method which caters for

transformations within the capitalist mode of work organisation, for example in terms of the apparent fragmentation of hierarchical firms in the 1980s and the return of the putting-out system, which lies outside of the 'Transaction Costs' approach. Moreover, because of the method of the approach, the relationship between 'dependent' and 'independent' variables, it tends not to offer a causal, dynamic account of transformations within work organisation, except by offering an account of these transformations by granting explanatory power to exogenous variables which are not clearly defined. Despite the notion of 'opportunism', the social relations of production are ignored, as the unit of analysis retained throughout is the transaction and not social relations of production. Therefore, all factors which structure the internal organisation of production must be of an independent nature. This is best demonstrated by the method by which opportunism and bounded rationality are considered as exogenous variables that enter into production to be reconciled with the reified capitalist organisation in order to produce efficient economic outcomes. The fundamental point, however, is that because these variables are exogenous and because Williamson and his followers dislocate their analysis of production from the rest of society, then what they identify as exogenous variables are themselves never satisfactorily defined or causally explained. For example, the notion of 'uncertainty' employed within the approach remains analytically highly ambiguous.

Finally a number of general practical conclusions can be drawn from our preceding analysis. First, we must question the methodological individualism upon which orthodox social theory is premised. We should not begin with our isolated individual economic agent before departing from meta-individualism to our stylised society. Rather, we should attempt to locate the individual with reference to the social processes that make up

historically distinct methods of social reproduction. We begin with the indeterminate nature of the human labour potential and the various methods that have been invoked in order to set this potential to work. Thus when we talk about capitalism, we discuss the specific characteristics of this system in terms of this human labour potential.

'Freed from the rigid paths dictated in animals by instinct, human labor becomes indeterminate, and its various determinate forms henceforth are the products not of biology but of the complex interaction between tools and social relations, technology and society. The subject of our discussion is not labor 'in general' but labor in the forms it takes under capitalist relations of production.'

(Braverman. 1974: 51-2)

By locating centre stage the social relations of capitalist production, we can theoretically allow for the contradictory realities of workplace relations. In contrast to orthodoxy, we can then confront power, conflict and control considerations within the workplace. Rather than assuming away questions of this order within production and the labour market, we then discuss the commodification of human labour power and the exploitation of a class of wage labourers within the production process. The task of management is not seen as the technical coordination of factor inputs into production, but one of realising, after the commodification of the capacity to labour, human capacities in the creation of other commodities exchanged in the market place. Within the capitalist labour process the central feature of human labour power is that it can create value for the owner of this potential over and above that which it was sold for in the form of money wages prior to its entry into production.

These general points allow us to make a number of further points about orthodoxy. First, we need to return to the question of history. Our understanding of history is not one that is premised on teleological assumptions as to an overriding logic of pure economic rationality which tends to ignore history itself.⁷ Rather, we locate history in terms of our understanding of the human labour potential, the various methods by which a surplus is extracted and appropriated out of this potential. Because orthodox social thought tends to ignore this approach to history then the historical aspects of Williamson's work are misplaced as he maintains a technical view of the production process. This point underlines the criticisms of Jones (1982; 1983), when pointing out that Williamson's method and historical analysis are both partial and inconsistent, for example, when discussing the putting-out system. This point arises directly out of a theoretical analysis which means his project continues to operate within ahistorical parameters.

Next, the theoretical method that underscores orthodox social theory means that capitalism as a form of social organisation is legitimised by failing to probe beyond the simplest of technical appearances, of not 'seeing behind the machinery, those who use it, those who profited from it, and those who paid for it' (Marcuse, 1972: 153). In so doing there is no method by which they can make sense of the realities of conflict and coercion within labour/management relations. This produces the simplistic view of opportunism and goal incongruence which remain unexplained concepts. By beginning our analysis with human labour however, we can see how economic power, objective class conflict, and accordingly, the need to coerce and control the labour force are integral features of the capitalist mode of social organisation. These practical realities cannot simply be appended onto orthodox theory, for example by an 'institutional' approach,

as this contradicts the underlying methodological individualism of subjectivist value theory which is born denying any relationship between a theoretical analysis of the economic and social conflicts and the realities of conflictual labour/management relations. By beginning at the level of social relations within production we can therefore more rigorously systematise those criticisms of the efficient institutions approach which focus on their neglect of power and ownership considerations in their treatment of the capitalist firm (e.g. Marginson, 1986).

In brief conclusion therefore, the efficient institutions approach falls apart when we locate it within the history of social thought in terms of our understanding of the complementary status of orthodox economics and modern sociology. Even more fundamental, however, is the ignorance of social relations within production which is the central characteristic of all of the orthodox social thought that has emerged in the aftermath of the economic reorientation of value theory away from objective economic conditions within production and into the subjectivist realms of orthodox individualism. This revolution in economic thinking, by redirecting economics toward apologetic price theory based on an overemphasis on exchange, systematically isolates the study of economy away from a satisfactory birth within society. Its logical coherence increases as it removes itself further from the practical economic institutions of society. Because of this, the model of perfect competition is theoretically more robust when compared to the many augmented neo-classical traditions, which are doubly suspect, for while they lack the theoretical rigour of the strict theory they are still open to the same fundamental criticism with regard to its failure to appreciate social relations within the sphere of production. Thus attempts at theoretical amendment, either by ad hoc or partial social observation, or by reconstructing the building blocks

without providing an alternative conception of society, remain highly ambiguous within their own terms of reference. We now progress by considering capitalist work organisation in terms of the marxist and radical approaches to the labour process and labour relations.

4. CHAPTER FOUR: MARXIST ECONOMICS AND THE LAW OF VALUE

4.1. INTRODUCTION

The previous two chapters referred to the subjective value theory that underlies orthodox social thought. In passing we noted that marxist social theory is to be counterposed to this because of its objective status. This Chapter clarifies this distinction. Marxist value theory, the labour theory of value, evolved out of Marx's appropriation of Classical Political Economy and lies at the centre of some of the most intense debates within the broad body of work known as marxism. This Chapter examines the issues that underscore these controversies.

In the previous two chapters we discussed the approach to value which dominates the neo-classical school, which sees value as originating in the psychology of individual desire, subjective preferences.¹ Chapter Two also considered the basic Ricardian position where the value of a commodity can be considered quantitatively in terms of the amount of labour embodied in it. Other analysts, most notably Sraffa, have focussed on the issues considered by Ricardo whilst rejecting the neo-classical position as well as the concept of value (Sraffa, 1960). By operating with a dated labour scheme which reduces all inputs to their embodied labour time, Sraffa rejected the idea that there is a unique quantifiable relationship between price and embodied labour.

This Chapter seeks to highlight an alternative interpretation of Marx's value theory. This alternative approach focuses on the social relations of capitalist production which make possible the general commensurability of private labour through the process of commodity

exchange; abstract labour objectified through the process of exchange is the source of value. The first section offers a brief account of central concepts and categories within Marxist economics. This is followed by an introductory examination of the Marxist conception of production, seen as a unity of labour process and valorisation process. Finally, on the basis of the first two sections, we consider some of the more important debates within Marxist value theory. These debates, it is argued, have failed to provide a systematic grid from which to consider the nature of capitalist work organisation.

4.2. SECTION ONE: CENTRAL CONCEPTS AND CATEGORIES

The labour theory of value dominates much of Marx's writings. *Capital* offers the clearest and most systematic elaboration of the concepts and categories which make up this theory. Value theory produces two interrelated theories: the law of the tendency of the rate of profit to fall and the theory of surplus value. They form the core of the Marxist account of the exploitation of labour under capitalist social relations together with movements and transformations within this system. In itself it provides analytically for the intricate set of relations and tensions that constitute capitalism as a dynamic world system. By way of introduction we start with Marx's approach to the commodity, then we progress by considering four dimensions of human labour and the theory of commodity fetishism. Next we outline the circuit of capital and the exploitation of labour, finally leading into a brief consideration of the law of the tendency of the rate of profit to fall.

As regards the commodity, Marx notes:

'The wealth of those societies in which the capitalist mode of production prevails, presents itself as 'an immense accumulation of commodities', its unit being a single commodity. Our investigation must therefore begin with the analysis of the commodity.'

(Marx. 1976: 125)

The commodity is something that is produced not for personal consumption by the producer but for public exchange in the market place. Under all forms of social organisation production occurs in order to produce use-values, things that impart satisfaction to their users. Historical specificity is assigned to the capitalist mode of production when we appreciate that under generalised commodity production, goods are not produced simply for their use-values but primarily as bearers of value in the market place. Thus 'exchange value appears first of all as the quantitative relation, the proportion, in which use-values of one kind exchange for use-values of another kind' (Marx, 1976: 126). and as such 'the exchange relation of commodities is characterised precisely by its abstraction from their use-values' (1976: 127). Exchange value represents the quantitative aspects of various commodities, allowing for their relative correspondence through the act of exchange, as opposed to their qualitatively different components, their use-values. Value is the conceptual link that enables Marx to abstract from the qualitatively different, use-value aspects of various commodities, and in so doing locate the 'common something' that allows for their relative equivalence through exchange. The common property of commodities is that they are products of human labour.

Just as we make a distinction between the use-value and exchange value of a commodity, so we can make a similar distinction relating to the labour contained within a commodity, between the concrete and abstract dimensions of labour. These aspects of labour, when subsumed under capitalist social relations, can only be understood with reference to the other two categories of labour - its private and social dimensions (see Elson, 1979). Concrete labour refers to those aspects of human labour which remain qualitatively different - the heterogeneous aspects of physical toil in the production of use-values. The private aspects of labour relate to independent production in isolation from any social mediation. Under capitalist social relations these private and concrete aspects coincide where heterogeneous labours initially appear in production as autonomous from any social determination; governed by individual preference and disposition in the generation of use-values. Abstract labour is labour in general, homogeneous labour distinguishable only by quantity. In this sense it is the expenditure of labour power, not in its isolated heterogeneous sense, but in its undifferentiated, collective sense. Social labour relates to the collective, social location of private labour; the objective social form it takes in society.

These four aspects of labour are two couplets: the opposing pair, abstract and concrete, and the opposing pair, private and social. They are couplets in the sense of 'one sided abstractions' in terms of the labour invested in commodities. As Elson suggests, all four pertain to all forms of social organisation,² but within each form of social organisation their forms of representation vary. Within capitalism 'the distinctions between the two pairs, as a practical reality, tend to be obliterated: the concrete aspect of labour is 'privatised', and the social aspect of labour is 'abstracted' (Elson, 1979: 145).

For Marx, under capitalist social relations the abstract and social dimensions of labour overlap; abstract labour giving social labour the dimension of quantity. Yet, it is the abstract dimension which is dominant and the social dimension of labour is generated through the representation of the abstract dimensions of labour through the act of market exchange, and this is what is specific to the capitalist economy - the objectification of abstract labour through commodity exchange. The dominance of abstract labour over the other dimensions occurs because of the dominance of exchange value over use-value; the production for exchange over private consumption under capitalist social relations, as abstract labour is the 'common something' of commodities which gives them value. Exchange value is the mode of representation of materialised abstract labour, objectified in the market place when products become commensurable as commodities. The measurement of value is the measurement of abstract labour considered as average units of labour socially necessary for the production of the commodity. Therefore, socially necessary labour time is the measurement of value; 'what exclusively determines the magnitude of the value of any article is therefore the amount of labour socially necessary, or the labour time socially necessary for its production' (Marx, 1976: 129).

Thus the commodity can be considered as a unity of use-value and value, of concrete, use-value producing labour and abstract labour producing value. The use-value characteristics appear as natural or eternal, the value dimensions, dominant in capitalist relations, are only revealed at the point of exchange where private labour is rendered social (see Rubin, 1973). The fetishism of commodities dominates this social process: the social form of commodity exchange appears as the technical relationship between the products of human labour, (Marx, 1976: 163-178).

relations, as expressed in portions of the total social labour expended throughout society. Hence the apparent paradox, that whilst labour only becomes social when it is validated through the act of exchange, it is at this point that the illusion emerges that exchange is simply the relationship between two independent commodities:

'To the producers, therefore, the social relations between private labours appears as what they are, i.e. they do not appear as direct social relations between persons in their work, but rather as material (dinglich) relations between persons and social relations between things'

(Marx, 1976: 165-6)

Marx signifies the unified social and economic basis of the characteristics of the commodity. His analysis of economic exchange is premised on a social understanding of the relations between producers. In this sense analysis of exchange does not simply focus on technical economic categories, as in orthodox economics, but on the integration of the social relations of production and exchange. The value form, exchange value, i.e. price, only expresses the social relations between producers which cannot be simply empirically quantified, as this would isolate out the individual producer, or indeed the actual commodity, away from its social basis.³ In this sense value can only be expressed when commodities collide within the exchange arena; when it becomes visible and is materialised. Therefore, in contrast to Classical Political Economy, the value theory employed here is not simply an economic determination of price, as exchange value is the 'form of appearance' of the indeterminate labour potential in its generalised dimensions made social through commodity exchange. Obviously

generalised dimensions made social through commodity exchange. Obviously the fact that commodities exchange means that they are commonly compared in the market, but this does not necessarily mean that value itself can be quantified through exchange. This is the basic difference between Ricardo and Marx. The former's theory falls apart when price differs from value, the latter makes the key distinction between value and exchange value or price.

Marx's identification of commodity fetishism is central to his discussion of capital. In ordinary usage capital is considered as material assets. Marx's usage is completely different, in that capital is considered as an ongoing social relation, of value in motion, which at different moments takes different forms. Capital is geared toward its own self-expansion. The question is how does it expand? What are the processes that allow for the self-expansion, or valorisation, of value? The answer can be found in an appreciation of surplus value and the accumulation of capital through the relations between the three spheres of production, distribution and exchange. Surplus value is the key conceptual linkage that allows for an understanding of the specific form of exploitation within the capitalist mode of production.

4.2.1. THE CIRCUIT OF CAPITAL

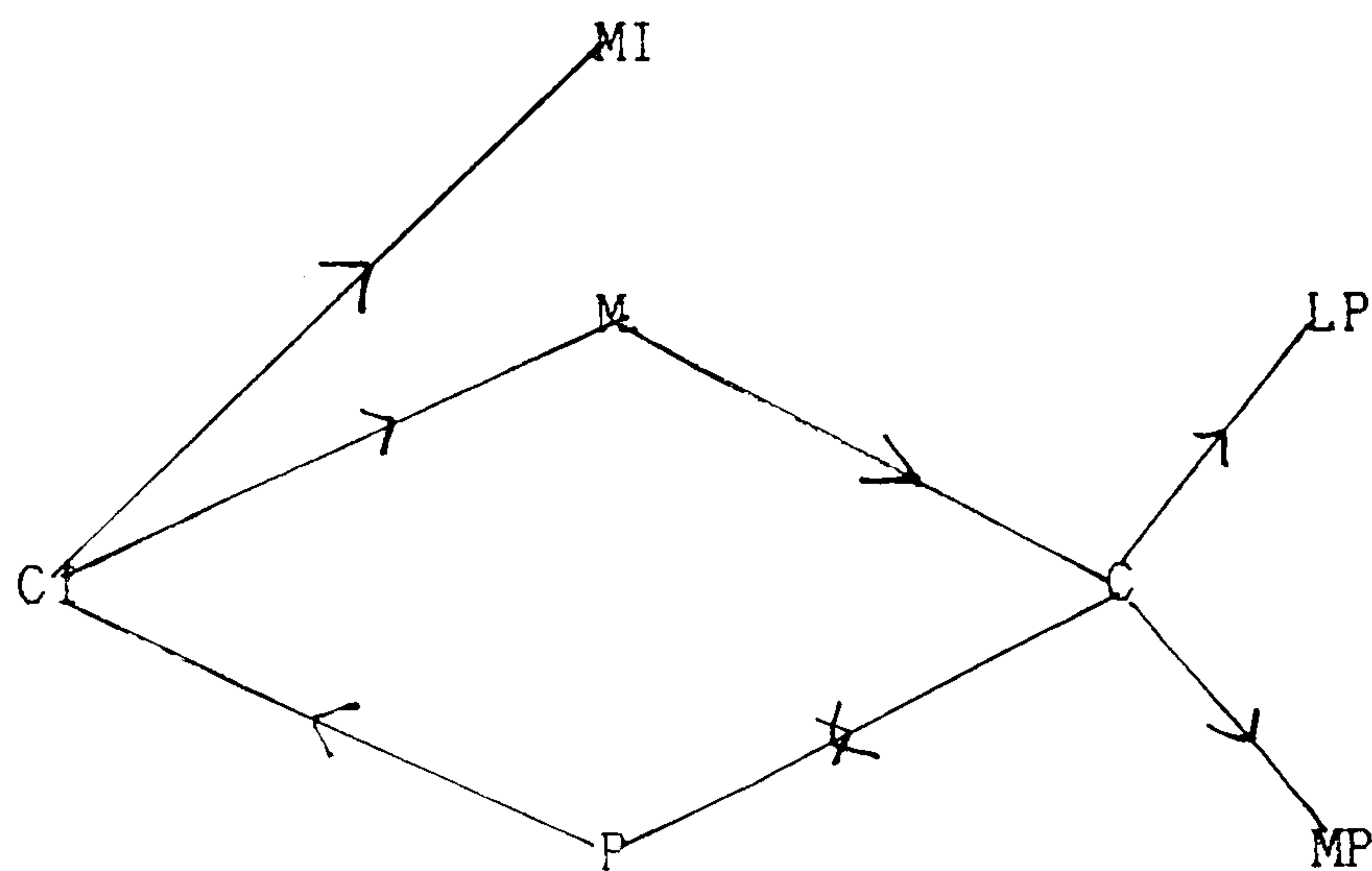
The basic method of understanding the forms, or the circuit of capital, is initially to take a step back and consider two forms of economic exchange. The first is C-M-C the second is M-C-M where C stands for commodities and M for money. The first formula represents the selling of commodities for money in order to purchase other commodities; the latter

specifies the exchange of commodities for money in order subsequently to sell them for more money. What is the source of this extra money? The solution to the apparently mystical generation of new money, when considered as the money form of value, lies in an appreciation of the unique commodity labour power, whose use-value to the purchaser, the capitalist, lies in its value creating properties. This leads Marx to identify two sets of relations between capitalist and labourer. First, the relationship in exchange where labour power is bought and sold. Second, the relationship after this commodity has been exchanged, when the capitalist seeks to extract value out of the labourer over and above that which the latter receives in the form of money wages. Once again the appearance of labour market equality, with the free act of exchange of labour power given that labourers receive the value of their own commodity, is a product of a failure to probe beyond the appearances that characterise economic transactions. It is not a straightforward economic transaction between individual economic units; rather it is an exchange between representatives of social classes, with the purchaser of the commodity entering the market as a capitalist, and the seller of labour power entering the market as a member of the working class. The purchaser must already be in charge of money capital prior to the transaction. Accordingly, the worker has to be socially separated from the means of production, and labour power must be commodified with the lifting of feudal rigidities, so that workers are socially coerced into parting with their own capacity to labour. This demonstrates the socio-historical basis of the economic categories that make up the labour theory of value.

The transaction C-M-C relates to the exchange of the commodity labour power. The labourer sells his/her capacity to labour and is rewarded by wages, which are used in order to reproduce this potential by the purchase

describes the alternative form of economic and social exchange that occurs. Here the capitalist purchases commodities, labour power as well as other means of production, which are then worked on so as to produce other commodities for exchange for a greater quantity of money.

THE CIRCUIT OF CAPITAL



LP = Labour Power

P = Production

MP = Means of Production

C = Commodities

M = Money, as the money form of value

The self-expansion of value takes place through the dynamic capitalist relations between the three spheres of production, distribution and exchange. Within the sphere of production, P, the commodities, C, productive capital, made up of both the fixed and variable components of production, means of production and labour power, are worked on in the

creation of a new set of commodities, CI, or commodity capital. Within the sphere of exchange the selling of these new commodities takes place along with the purchase of other productive capital in order for the process to be repeated. Thus, money capital, the money form of value, received through the act of exchanging commodity capital exceeds that initially outlaid, M, by the amount MI, which corresponds to the level of surplus value extracted within the sphere of production. Surplus value is generated out of the unique commodity labour power whose use-value to the capitalist is its value creating properties.

Capital is made up, firstly, of means of production, representing constant capital, which simply transfers its value in production; second, by labour power, which is set to work during the production process, representing variable capital, which is what changes within the process. Variable capital corresponds to the difference between the value of labour power, and the value that this labour power adds in the production process. The commodification and sale of labour power to the capitalist places the onus onto the new owner of this commodity to create a greater value from this potential than that which was initially outlaid. Surplus value therefore represents the difference between the value of labour produced by the worker and the value of their own labour power.

The rate of exploitation is not determined at the point of labour market exchange. What the worker sells and what the capitalist buys is not an agreed amount of labour but the capacity to labour over an agreed amount of time (Braverman, 1974). Exploitation is a material reality born out of the social mechanisms by which labour power, once commodified, is set to work. This point is developed in greater detail later. This central distinction between the value of labour power and the value that labour power creates in the final output allows Marx to distinguish between

necessary and surplus labour time. Necessary labour time corresponds to the time taken for the labourer to produce the value of his/her means of subsistence, the value of their labour power, represented by V. Surplus labour time corresponds to the amount of labour performed exclusively for the capitalist in the creation of surplus value, S. Therefore the rate of surplus value, or the rate of exploitation, e, can be defined as:

$$e = S/V$$

$$= \text{Surplus Labour Time} / \text{Necessary Labour Time}$$

The rate of exploitation can be increased in two ways: either through an extension in the working day, serving to increase the total amount of labour produced, or by reducing necessary labour time by increasing the productivity of labour through technical change or innovation, thereby proportionally increasing the time spent on creating the surplus, relative surplus value. An increase in relative surplus value, a reduction in necessary labour time, means a reduction in the value of labour power seen as the time taken to produce the worker's means of subsistence, and therefore increases in relative surplus value benefit the capitalist class as a whole. Extra profit for the individual capitalist can be gained if he/she cheapens production below the general level of socially necessary labour time. However, these profits will be wiped out as these innovative methods of production become generalised through the effects of competition. Accordingly, if the commodity is not a luxury, but integral to the reproduction of labour power then the value of labour power falls and therefore relative surplus value rises across the capitalist economy in general. We return to this distinction in Chapter Five.

For Marx the accumulation process cannot develop without interruption; it is susceptible to periodic crises which, although often resolved, actually intensify the inherent contradictions of the economic system through the process of their own short term solution. This is clarified in his exposition of the law of the tendency for the rate of profit to fall in terms of the rising organic composition of capital and the effects of the counteracting influences.

If we let C = constant capital, the capital advanced for means of production.

V = variable capital, the capital advanced for labour power.

S = surplus value produced by variable capital.

$V + S$ = the total value of the labour performed.

The total value of the social product = $C + V + S$.

Above, we noted that the

Rate of Exploitation = $e = S/V$

The Rate of Profit = $S/C + V$, and

If we divide through by V we derive

$S/C + V = S/V / C/V + 1 = e/Q + 1$

Q = Organic Composition of Capital = C / V

Therefore, Rate of Profit = Rate of Exploitation / Organic Composition of Capital + 1

This remains a very important result because it demonstrates the central link between the rate of profit and the rate of exploitation. An increase in the rate of exploitation, *ceteris paribus*, increases the rate of profit. As such, the capitalist retains a systematic interest in raising the rate of exploitation of his/her labour force. This link expresses the

social basis of the Marxist theory of class struggle and demonstrates how Marxist class analysis has its foundations within the labour theory of value.

4.2.2. THE COMPOSITION OF CAPITAL

We have seen that pressures for developing the forces of production within the capitalist mode of production are endogenously determined out of the social relations of production, for example through the effects of inter-capitalist competition. This leads to mechanisation which results in greater productivity of labour, i.e. within a given time period one labourer consumes or works on more means of production and produces more output. This physical ratio of labour to means of production expresses, in use-value terms, reflect the technical composition of capital within the labour process. This remains a theoretical ratio as it is impossible to quantify. The value composition of capital refers to the same ratio but expressed in value terms: it is the ratio between constant and variable capital. The organic composition of capital also appears to represent the technical composition in value terms 'in so far as it is determined by its technical composition and mirrors the changes in the latter' (Marx, 1976: 762). For the organic composition we abstract from changes in value through changes in productivity, therefore it is directly proportional to the technical composition. The value composition takes into account, in value

terms, the effects of any change in productivity resulting from changes in the technical composition. Thus value changes are captured by the divergence between the value and the organic compositions (Fine and Harris, 1979).

We have seen that competition serves to modify the organisation of production as the law of value necessitates the introduction of more productive techniques of production. If capitalists do not reinvest surplus value, if they do not accumulate, then they do not survive. As a result of growing productivity each individual unit of capital within a given time span produces more. Thus the technical composition rises, which necessarily means the organic composition also rises. If we assume that the proportion of constant to variable capital also rises, although because of productivity advances this is not necessarily the case, then the value composition also rises. Because of these pressures the accumulation of capital is characterised by a concentration of capital in the labour process. It also leads to a growing centralisation of capital partly through economies of scale as capital concentrates, partly through competition where larger capitals gather up smaller ones, partly through the credit system which allows for larger scale investments.

So far we have pointed out the two interrelated dynamics of the accumulation process. First, class struggle, where because of the interdependence between profit and exploitation rates, then mechanisation emerges as the most important issue in the control and exploitation of human labour. Second, competition, where the competitive nature of commodity exchange generates incentives for a reduction in costs through productivity increases, however short term. These two inter-related struggles set the basis for Marx's exposition of the law of the tendency for the rate of profit to fall and the effect of the counteracting

volume III: chapters 13-15.

Following Marx, if we assume a given rate of exploitation, then a rise in the organic composition translates into a fall in the rate of profit. The pressures generated by class struggles and inter-capitalist competition, both determined out of the practicalities of the law of value and the accumulation process, result in a tendency for capitalists to substitute dead for living labour. The ratio of constant to variable capital both in use-value (technical composition) and value (organic composition) terms rises.

Yet Marx develops this argument and demonstrates that this law is only a tendency, as the falling rate of profit is subject to counteracting influences which can slow down and possibly reverse the falling rate of profit. These include a greater intensity of exploitation. In Chapter 13 Marx discusses the law in terms of the forces of production. In Chapter 14 he now integrates this with a discussion of production relations. This introduction serves to alter the rate of exploitation, which was previously assumed to be fixed, and accordingly the rate of profit. At the same time, some aspects which increase the intensity of exploitation, such as lengthening the working day, actually serve to reduce the organic composition. Moreover, the effect of developing relative surplus value is double edged in terms of the organic composition. That is, its effect is to increase the rate of exploitation, which increases the rate of profit. He also points to the counteracting effects of reducing wages below the value of labour power. Also cheapening of constant capital, raw materials etc. counteract this process and are caught by the value composition of capital, but not by the technical or organic compositions. He also points to migration to areas of cheap labour and reserves, the role of relative overpopulation and foreign trade.

Finally in Chapter 15 Marx more fully discusses the role of periodic crises within capitalism. The central argument relates to the ongoing development of the forces of production and its relationship to the social organisation of production in terms of the production and realisation of surplus value. Apart from the constraint of the population size and the rate of surplus value extraction, there are no limits to the generation of surplus value within the sphere of production. The major problems are associated with the realisation of this value, questions relating to the overaccumulation of capital, which allows for a new round of accumulation as the rate of profit falls but is counterbalanced by periodic devalorisation of existing capital, thereby reestablishing the rate of profit itself. Thus a declining rate of profit paradoxically creates the space for a new phase of profitability - it serves as a catalyst for intense inter-capitalist competition, it leads to a devalorisation of capital, bankruptcies etc and a general depreciation of constant capital. Moreover, it bolsters the reserve army of the unemployed, drives down the wage and necessitates that capitalists introduce the most efficient productive techniques. The crisis, as considered through the contradictions between the forces and relations of production, has its roots within the social relations of production with the socio-historical elaboration of the contradictory tensions between use-value and value.

4.3. SECTION TWO: THE CAPITALIST PRODUCTION PROCESS

The labour theory of value represents a complex mix of transhistorical and historically specific categories which through their interplay allow us to elaborate the central characteristics of different modes of social

organisation. Braverman hints at this in a famous passage which acknowledges the centrality of the indeterminate human labour potential for marxist value theory:

'Freed from the rigid paths dictated in animals by instinct, human labor becomes indeterminate, and its various forms henceforth are the products not of biology but the complex interaction between tools and social relations, technology and society. The subject of our discussion is not labor 'in general' but labor in the forms it takes under capitalist relations of production.'

(Braverman, 1974: 51-2)

In previous chapters we criticised orthodox social theory for its conception of production. The assumption of predetermined human productivity meant that labour was simply cast alongside all other non-human inputs into the production process. In contrast, marxism acknowledges the distinctive characteristic that separates it from the rest of nature, in that it is indeterminate. This remains the key departure point for gaining an understanding of the various methods of social organisation, the central characteristics of historical epochs, given the various techniques by which this method is harnessed and set to work. If we begin with this transhistorical acknowledgement of the human labour potential we then introduce into our analysis the four characteristics of human labour when it is performed, captured in the four categories of private, social, concrete and abstract labour. When considered independently these remain transhistorical categories. We only begin to define historical time when we discuss the interrelations between these four categories; when we broach the question of relative dominance (see Elson, 1979).

When we consider production relations we are not considering production as such, that is private labour in the production of material things, rather we are considering the specific social relations within which material production takes place, the forms of social mediation which both facilitate and direct it. Thus the production relations are the relations that specifically constitute a mode of production. Production relations are not transhistorical categories. Marx argues in the famous *Preface*: 'in the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production...The sum total of these relations of production constitutes the economic structure of society....At a certain stage of development, the material productive forces of society come in conflict with the existing relations of production, or what is a legal expression of the same thing-with the property relations within which they have been at work hitherto.' (Marx, 1859)⁴ Property relations are therefore the historically specific relations of production (see Sayer, 1987: 59). Property relations are the forms, or expressions, of the social mechanisms by which the indeterminate labour potential is alienated from its actual owner, when it is determined. Leading on from this, under capitalism it is the web of social relations which produces means of production and the commodity labour power; in short, the social relations which determine the historically specific forces of production. This is the sense in which the social relations of production endogenously determine the forces of production. As Marx argued: '*Material, immediately perceptible private property is the material perceptible expression of estranged human life.*' (1844: 297; quoted in Sayer, 1987: 62).

Further, and this is the point about our emphasis on labour, 'only when *labour* is grasped as the essence of private property, can the economic

process as such be analysed in its real concreteness' (1844: 317). In short, different forms of social organisation and thus the historically specific determination of the forces of production, are the product of a specific harnessing of the indeterminate human labour potential, maintained through the various forms of property relations.

We can now return to value theory and Marx's approach to capitalist production. When we consider any form of social organisation we are necessarily acknowledging that we can only delineate a form of social organisation by accepting that social labour dominates private labour. Private labour relates to independent production between person and thing, in isolation from social mediation, whereas social labour relates to the collective, social form of this private labour. Unless we argue that history cannot be periodised by assuming the dominance of contingent private labour in the production of material things, then we must assume that the social form of labour dominates the private. Accordingly, under capitalism, the distinction between social and abstract labour is wiped away with abstract labour giving social labour the dimension of quantity. Under capitalism the form that the dominance of social relations over material production takes is the dominance of value (objectified abstract labour) over use-value (concrete, private labour), captured in Marx's exposition of the commodity with use-values being produced primarily as bearers of value.

Without understanding this, it is not possible to understand Marx's approach to capitalist production. His analysis of production emerges directly out of his analysis of the law of value. Upon this framework is constituted the network of concepts and categories which clarify the nature of the capitalist mode of production. As Hall has argued:

'Mode of Production' is, in the first instance, the conceptual or analytic matrix which allows us to think, systematically, of the fundamental structures of relations by which men, under determinant historical conditions, produce and reproduce the material conditions of their life. It consists of 'forces' and 'relations'- but this is only a summary formulation. Grasped within these apparently simple terms are sets of relations; relations both between agents and instruments, and agents and agents of production; the technical and the social division of labour under developing capitalist conditions- in which Marx gives priority of position to the 'social' over the 'technical'. But even the 'social' relations are not simple: they relate both to ownership of the means, organisation of the actual labour process and the power to set men and means, in certain combinations, to work.'

(Hall, 1977: 54)

Marx's analysis of the capitalist labour process (Chapter 7, Volume One, *Capital* (1976: 288-307) logically follows from his earlier discussion of the commodity. Here Marx considers the contradictory unity of capitalist production, paralleling his exposition of the contradictory unity of the commodity. On the one hand, the labour process simply represents the forum for the production of use-values by labour on raw materials, here labour

power consumes means of production. Such aspects of production are common to all forms of social organisation. On the other hand, Marx considers those aspects of capitalist production which are specific to capitalism centered around the process of capital's own valorisation through means of production consuming labour power. This emerges out of the historically specific dominance of abstract labour. The central feature of the capitalist production process is the production of commodities whose value is greater than that of the purchased labour power and consumed means of production. Capital, value in motion, is a coercive social force. Given that labour alone creates value, it is necessary for labour power to be commodified through the separation of the working class from ownership of the means of production. The working class are denied these property relations. Further, because the capacity to work has been commodified and sold to the capitalist, the alienated potential of the individual member of the working class is the property of the capitalist, and therefore the labourer must labour and create for the capitalist more than his/her level of subsistence. This process produces the sets of economic/property relations under capitalism. The distinction between labour process and valorisation process allows Marx to discuss the unified duality of capitalist production, seen as a process that is at once material and social, the production of things and specific social/value relations. Crucially, and this is the reason for this somewhat lengthy exposition, it is the latter that dominates.

How is this dominance of value/social relations expressed? Why have we described both the commodity and capitalist production as inherently contradictory? First, because of the objective determination of class conflict within production which intensifies because an increase in the rate of exploitation increases the rate of profit *ceteris paribus*. Second,

because of the tensions emerging out of the accumulation process between the structuring of use-value/material production and the broader dynamic pressures on material production through the tensions between value production and its realisation within exchange. That is, because of the value relations, the circuit of capital, which operates behind the backs of specific labour process contexts, the *very maintenance* of production relations creates pressures for their own transformation as capital is relentlessly forced to transcend the existing structure of production relations because of the nature of competition. As we saw in the previous section, if individual capitalists do not accumulate by reinvesting in new productive methods then in time they will be wiped out, *ceteris paribus*, given the coercive social force that is capital. This on-going process, caught most clearly in the law of the tendency for the rate of profit to fall and its counteracting influences, provides the key analytical and practical linkage between our twin concepts of *system maintenance* and *system transformation* when considering the nature of capitalist production. It creates the method of considering both continuity and change in the structuring of capitalist labour process relations. This is in terms of both the production of use-values, what we might call the *structuring of use-values* and in terms of the creation of value within production, what we might describe as the *composition of value relations* prior to their realisation. Both of these terms are theoretical and not quantifiable.

As we saw in the previous chapters this methodological linkage of work relations and work organisation is missing from orthodox thought where in the final instance explanatory power rest with exogenous variables. The brilliance of the Marxist approach lies in the method by which it systematically uncovers the endogenously created pressures for system transformation, not just 'in the immediate process of production', but by

analysis of the accumulation process in full. Therefore, the relative dominance of abstract labour within the capitalist form of social organisation is inherently contradictory given the inbuilt tendencies for revolutionizing production relations by virtue of the contradictions between use-value and value. This contradiction is best understood by the way value in motion necessitates recompositions of value relations prior to its actual realisation, which also means restructuring use-value production.

The practical role of marxist economics in terms of its unified approach to capitalist work organisation is now becoming apparent. It lies in an elaboration of the aspects of concrete, private, labour in terms of the structuring of use-value production and locating these aspects within the broader reproduction of capitalist social relations, in terms of the social basis of class struggle and values prior to their realisation, what we have described as the composition of value relations. We need to express practically the contradictory unity of capitalist production by detailing the historically specific but continually changing methods by which the indeterminate human labour potential is set to work and through an examination of the methods by which surplus value is extracted and realised through the objectification of abstract labour through exchange; the reasons and effects of revolutions in labour process organisation. In short, we need to uncover the forms through which the contradictory unity of use-value and value materialises; how the dominance of capital, value in motion, appears and dominates in its various forms.⁵

Having understood the unified duality of capitalist production, the unity of material production and the production of specific forms of social relations, as the key to the Marxist approach to capitalist society we can now progress by considering some of the pivotal debates within value theory. This is important as it clarifies the distinctive approach to value theory which is utilised throughout the rest of this project.

4.4. SECTION THREE: MARXIST ECONOMICS AND THE SPHERE OF PRODUCTION

We have seen that the capitalist labour process is made up of two interdependent processes. On the one hand, material production, the labour process, which represents the space where workers interact with means of production. On the other hand, the production of social relations, where means of production consume labour power in the creation of value for the capitalist. Under capitalism, it is the latter process, the valorisation process, which is dominant. The dominance of value production and realisation over the production and consumption of use-value is central to Marx's general approach to capitalist society and he elaborates on the socio-historical basis of this dominance through his discussion of the two sets of couples: the formal and real subsumption of labour and absolute and relative surplus value in terms of the revolutionizing effects of the accumulation process on the organisation of production. However, despite the centrality of these concepts within Marx's own work, they in fact met with very little attention within Marxist scholarship after his death.

Partly this is due to the dominance of economistic positions within Marxist theory (this is discussed in Chapter Five); its assumptions relating to the exogenous development of the forces of production which inverts Marx's own prioritisation of the production of social relations over material production. History comes to be seen in a linear fashion, as the relentless development of productive capacity. This understates the importance of class struggle as social relations maintain a secondary importance. Accordingly, little space is granted to a study of capitalist work organisation and the question of the class nature of technology and technological change. The effect of these positions is, paradoxically, to understate the importance of the social relations of production within Marxism, as these are simply superimposed on top of the concrete material aspects of human labour, (see Rubin, 1973; Colletti, 1972; Elson, 1979: 147). Cumulatively, these developments helped establish the structural-functional dominance of industrial sociology, characteristic of the positivist post-industrial society literature, which, because of its orthodox economic foundations, eternalised capitalist relations of production whilst failing to transcend the fetishism of commodities (see Chapter Two). As such, this body of thought, which dominated the academic study of production, only considers the private and concrete dimensions of human labour.

Since the 1960's these developments have been reversed as Marxist analysis rediscovered the capitalist labour process. After the pathbreaking work of Braverman (1974) a new 'labour process' literature developed concerned with issues relating to the social basis of technical change, control and class struggle and the relationship between labour process relations and the broader economic dimensions of commodity production and exchange. However, as we shall see in Chapter Six, the term 'labour

process' literature is indeed apt for this body of work as, apart from a few exceptions, it fails to appreciate the Marxist approach to capitalist production as the labour process itself is considered in isolation from the dynamic of valorisation.

Since the 1960's there has been a major revival of interest in Marxist economics. However, because of the need to re-establish the nature of Marx's method and economic categories, the debates that were generated and the major foci of interest failed to include any sustained discussion of the social relations under which labour power is consumed by capital for its own valorisation. Issues relating to the transformation of values into prices came to dominate the agenda and have in effect come to understate the actual production of values - what we earlier described as the composition of value relations prior to their realisation. Therefore, two parallel debates have taken place, but in relative isolation: one based around the restoration of a 'marxist' sociology of capitalist production but which in fact fails to comprehend the unified Marxist approach to capitalist production, the other, a Marxist economics which has tended to understate the importance of the social basis of capitalist work organisation. In this section we briefly review some of the debates in the latter tradition of analysis which allows us to unify the economics and sociology of production relations in the following three Chapters.

In general Marxist value theory has been criticised from two standpoints, although as we shall see the actual differences between these two sets of criticisms can be overstated. First, there is the approach which argues for its illogical foundations and instead points out the benefits of the neo-classical approach. Second, there are those who criticise it in an attempt to strengthen Marxist theory itself. For the former, the classic statement remains that of Bohm-Bawerk (1949). The

latter position is best represented by the approach of Steedman (1977), although in this category we might also include the insights offered by 'analytical marxism' which we discuss in the next chapter (for example, see Roemer (1986)).

The central feature of the argument put forward by Bohm-Bowerk, and it has been put forward in slightly different guises ever since, criticises the assumption that labour is the sole source of value. It is argued that a focus on labour is arbitrary; it stands as a logical deduction within *Capital* rather than being a practical economic fact. Accordingly, this preoccupation with labour ignores the fact that there exists other common properties to commodities. This then provides the route back to utility theory, as the existence of relative scarcity allows for the positing of subjective preferences as the central determinant of value. This critique is therefore premised on the assumption that abstract labour, and therefore value, are abstract categories in the sense of *mental* categories, introduced by the theorist. In contrast, we propose that these categories emerge out of the nature of the aspects of labour that are qualitatively distinct from its concrete and private dimensions whose form of appearance is the money form of value when abstract labour is objectified through the process of commodity exchange. Thus, for this form of critique 'abstract' or 'abstraction' becomes an *academic* process rather than a *social* process with a real existence when homogeneous labour is crystallised in the form of exchange value, which is the specifically capitalist expression of social labour when the labour of individuals is rendered comparable within exchange. The importance of this form of criticism lies elsewhere however, in that it is a legitimate form of critique if one seeks to defend an embodied labour time approach to value characteristic of the Ricardian project. If value is simply seen as aggregated embodied labour times, then

the qualitative difference between abstract and concrete labour under capitalist social relations is lost. Value is simply the aggregation of those use-value producing dimensions of human labour, calculated prior to the specifically capitalist processes where labour is rendered social. Thus historical specificity, which for Marx arises because of the dominance of the valorisation process over the labour process, is lost. This remained the dilemma for those Marxist advocates of Ricardian positions, most notably contained in the work of Meek and Dobb. The quantitative determination of prices through embodied labour times, as distinct from the 'common something' of commodities, (their units of socially necessary labour times), has the effect of superimposing a Ricardian theory of value onto a Marxist analysis of capitalism. Despite the obvious sympathies that these writers held for Marx they treated Marx's own work as part of, and not a critique of, political economy. They failed to grasp the specific conception of the commodity so central to Marx's later work, specifically its dual status, and hence failed to grasp the unified duality of capitalist production which underscores the Marxist approach to capitalist society.

The reorientation in Marxist scholarship away from philosophy and back toward economic analysis from the 1960's served to overcome what in general was the dominant Ricardian interpretation of value theory by stressing the importance of Marx's method and the nature of the commodity, in so doing qualitatively separating the approaches of Marx and Ricardo, (see for a fine example Pilling, 1972). At the same time however, in the light of the Sraffian critique of neoclassical economics, followers of Sraffa attempted a general reconstruction of Marxist economics with reference to distributional class conflicts over wages and profits as opposed to social relations within production. The approach assumes a given set of production

conditions, the independent variables, from which prices and profits are mathematically derived independently of values. Therefore, if we assume the labour theory of value to be a theory of price, then the conclusion is reached that values are at best an irrelevance (see for example Steedman, 1977). This Sraffian approach also sought to maintain a grasp of the qualitative dimensions of Marx's work. This hinges on a Neo-Ricardian approach to the status of abstract labour within Marxist theory (Hodgson, 1974; Steedman, 1977). Abstract labour is considered as average labour in terms of skill and intensity, as embodied labour within the commodity. As such, it is not, indeed cannot be, conceived of as abstract labour where social labour takes the form of an abstraction, or alienation (Colletti, 1972), from its concrete aspects within production. There can be no *a priori* determination of abstract labour in production, as the Neo-Ricardian analysis would have us believe. If this were possible then the independent private and concrete aspects of labour are never rendered social, the abstract aspects of labour are measured prior to their actual appearance. Thus abstract labour simply represents an aggregated indexation of concrete labour in its private domain. Accordingly, the concepts of value and surplus value become redundant; analysis must solely consider surplus (concrete) labour, and Marxist class struggle shifts to distributional struggles over the surplus.

The answers to the criticisms advanced by the Neo-Ricardians were contained within the 'Value Form' strand of analysis (see Fine, 1986), with its emphasis on social relations, method and the dual nature of the commodity. Within this school, issues relating to the transformation problem, the law of the tendency of the rate of profit to fall and questions of productive and unproductive labour were central concerns. At the same time, there appeared little or no contemporary analysis of

capitalist production which was informed by and utilized the marxian economic categories that were being re-established in theory. The practical dynamics of value formation within the sphere of production, for example considering the forms taken by labour power, organisation and control of the labour process, associated class struggles and the role of technology all remained underemphasised within the economic debates, especially in terms of issues relating to the formal and real subsumption of labour to capital, relative and absolute surplus value and the revolutionizing pressures for transformations in the social relations of production given the coercive nature of accumulation. The effect of this was to hand analysis of these issues over into the domain of industrial sociology, and as we shall see in Chapter Six, the sociologists more often than not appeared to lack a full understanding of the specifically Marxist conception of capitalist production. If we assume that the law of value provides for the objective understanding of the forms taken by labour power out of its indeterminate potential under capitalist social relations, then we need to create a theoretical and practical linkage between our value categories and the realities of contemporary work organisation.

4.4.1. A RECENT APPROACH

This linkage has recently been attempted by David Gleicher (1983; 1984), and this marks an important new development. However, his approach to value theory appears to have more in common with Ricardo than Marx, and appears as a development of some of the positions argued for by Anwar Shaikh (1981).

Shaikh attempts to construct an approach to value theory which simultaneously criticises the Neo-Ricardian and Value-Form approaches. His critique of Value-Form analysis, most notably the approach adopted by Himmelweit and Mohun (1981), rests on the assumed relationship between production and exchange within Marxist economics. He argues that a tendency remains in Value-Form analysis to assume that value does not exist independent of its form as exchange value. In this sense value appears to be created in the process of exchange, rather than in production. If there can be no *a priori* determination of abstract labour (which Value Form analysis assumes) then value is price and surplus value is profit. The response, argues Shaikh, to the Neo-Ricardian critique and also to the position of Bohm-Bawerk contained within 'Value-Form' analysis, that both are not necessarily incorrect within their own context but epistemologically flawed, (he argues this is the position adopted by Himmelweit and Mohun) assumes that abstract labour is simply *logically* abstract and therefore has no substantive existence apart from the value form, or money, seen as the negation of use-value. The issue for Shaikh then becomes one of tautology - can we in fact explain the transformation problem, the determination of prices by values, when values are only measurable in terms of prices.

Shaikh proceeds by offering an alternative conception of abstract labour, as 'the property acquired by human labour when it is directed toward the production of commodities' (1981: 273). Commodity producing labour is simultaneously concrete and abstract from the beginning, and this enables him to distinguish between value and value realised. Apparently through this formulation two obvious criticisms are thereby overcome. First, the charge of an ahistorical method, when he argues that generalised commodity production is historically specific. Second, the argument that

if abstract labour exists prior to exchange, then he has mistakenly considered labour in its private and concrete dimensions, as he argues that within generalised commodity production capitalist production is itself premised on the social division of labour. Thus he concludes by proposing that - and he assumes this to be in direct contrast with the position of Himmelweit and Mohun - abstract labour is not just a mental abstraction but mirrors a real social process. Clearly this intervention in the value controversies is crucially important for this thesis, as simultaneously Shaikh raises, albeit implicitly, two issues that have already been raised in this Chapter. First, what we described as the composition of value relations prior to their realisation. Second, the failure of recent marxist value theoreticians to adequately consider the practical realities of value formation within production

This line of argument is developed by Gleicher in terms of his 'ontology of abstract labour' which extends the argument to provide for a more specific analysis of the social relations of capitalist production informed by value categories. He identifies the substance of abstract labour with a distinct historical project, once again generalised commodity production, as value cannot be analytically deduced from the 'commodity as such'. He argues that the process by which labour comes to possess this separate existence as value, compared to use-value, is the 'historical abstraction of labour'. For Gleicher:

'Abstract labour is the subjective activity of producing use-value that is not specific to the production of a single use-value, but which, to the contrary, represents the possibility of producing a wide variety of use-values. It must be stressed that the abstractness of labour is not taken to be a *logical* abstraction where 'abstract'

labour is opposed to 'concrete' (meaning actual) labour.... the question of the abstractness of labour is taken to have been an historical one, having to do with the nature of the relations of production under consideration. In other words, abstract labour is taken to be actual (concrete) labour that has become independent of, and hence homogenous across, various use-values, and which comes into existence, I argue, only with the advent of capitalism from the standpoint of political economy, therefore, abstract labour is labour as such.'

(Gleicher, 1983: 107)

In other words, it is through the development of specifically capitalist relations of production that labour becomes the social substance of value manifest through the ongoing historical development of the capitalist labour process as labour becomes less concrete, 'less specific, more fluid and interchangeable'. The philosophical underpinnings of the 'Rubin School' where abstract labour is mentally and logically abstract (this is the point he develops from Shaikh's analysis of the work of Himmelweit and Mohun but extends it as a critique of the whole 'Rubin School'), is counterposed to an ontology of abstract labour in which, via developments in production, labour is abstracted from its technical aspects. In this respect Gleicher then integrates his approach with the work of Braverman. The latter for example states:

'The mechanical exercise of human facilities according to motion types which are studied independently of the particular kind of work being done (i.e. Taylorism) brings to life the marxist conception of 'abstract labour'. We see that this abstraction from the concrete

forms of labour- 'the simple expenditure of human labour in general', in Marx's phrase- which Marx employed as a means of clarifying the value of commodities (according to the share of such general human labour they embodied) is not something that exists only in the first chapter of *Capital*, but exists as well in the mind of the capitalist, the manager, the industrial engineer.'

(Braverman, 1974: 181; quoted in Gleicher, 1983: 141)

We forestall treatment of Braverman's work until Chapter Six. However, a number of issues relating to the work of Shaikh and especially Gleicher need to be addressed. These emerge out of the assumption that within the 'Rubin School' abstract labour is abstract in a logical fashion; as a mental generalisation that is not grounded in real social processes but remains an intellectual fiction. In order to clarify the misconceptions involved in this approach it is useful to return to the approach adopted by Elson (1979).

Elson explicitly challenges the argument that value determines prices and profits in the sense that an independent variable determines a dependent variable. Once again the importance of method and the objectives of study separate the work of Marx and Ricardo. Elson argues that the approach adopted by Marx is not a theory of price, a labour theory of value; it remains an analysis that considers why it is that labour takes the form it does under capitalist social relations and the political consequences of these forms, a value theory of labour. Given the indeterminate human labour potential then 'what is required is a conceptualisation of a process of social determination that proceeds from the indeterminate to the determinate; from the potential to the actual; from the formless to the formed', (1979: 129-130). A method that progresses

from independent to dependent variables assumes a pre-given series of variables and promotes a rationalist approach to the determination of human labour out of the indeterminate potential, such as that contained within the variants of the Ricardian position. The question of method relates directly to the failure of the Ricardian theorists to adequately distinguish between value and exchange value, as they tend to posit the independent variable, labour times, and the dependent variable, price. As such, labour times represent a pre-given structuration of the human labour potential and as such the specifically capitalist social mechanisms of harnessing and exploiting the indeterminate potential of human beings is eternalised.

'The quantity of socially necessary labour times does not determine the magnitude of value in the logical or mathematical sense of an independent variable determining a dependent variable, (or in the sense of defining the meaning of the terms 'magnitude of value'), but in the sense that the quantity of a chemical substance in its fluid form determines the magnitude of its crystalline or jellied form. There is continuity as well as difference between what determines and what is being determined.'

(Elson, 1979: 133)

Of central importance is her distinction between 'immanent' or 'intrinsic' measure and the 'external' measure, or what is the form or measure of the immanent measure. Once we fully consider Marx's approach to human labour - its private, social, abstract and concrete aspects - it is possible to appreciate that the value of a commodity is measured in terms of the units of socially necessary labour times, which is homogeneous

labour in its abstract form. This maintains 'cardinal' measurability as opposed to the heterogeneous dimensions of concrete labour. Therefore, the argument that labour time is the (immanent) measure of value entails that labour time cannot be the medium of measurement, for in the labour time that we actually observe the abstract aspects are separated from the concrete aspects, (1979: 138). Marx's approach to capitalist commodity production and exchange uncovers how the abstract and social dimensions of labour dominate, and how the 'latent' social dimensions appear only through exchange, when the individual private producers come into social contact with each other. The abstract and social aspects of labour interrelate under capitalist social relations through the objectification of abstract labour, the social form of labour under capitalism, freed from the heterogeneous aspects of labour in its private and concrete dimensions. It is the abstract aspect that gives social labour the dimension of quantity within capitalism.

The argument that the approach is misplaced as it fails to provide an *a priori* determination of abstract labour is a product of failing to recognise the dominance of these social relations and how it is necessarily the case that this dominance cannot be determined algebraically prior to exchange itself, but is only 'visible' in its 'external' form at the point of social commensurability. This does not mean that the charge invoked by Shaikh that 'value is price as it cannot be anything else' is actually correct, of course, as we must maintain our distinction between 'immanent' and 'external' measures. Gleicher's approach to the status of abstract labour is closer to Steedman than to Marx, as he fails to recognise the dominance of social relations over material production and the forms through which this dominance appears, in its external measure, as exchange value. To argue, correctly, that abstract labour has no *a priori*

determination does not logically mean therefore that it simply becomes a mental generalisation rather than the dominant social form which becomes visible or crystallises, as this would represent a retreat back to a method premised on the determination of dependent variables by independent ones. This is why when, in the last section, we introduced the term the composition of value relations prior to their realisation we described it as a technical category.

The preceding analysis necessarily raises questions related to the objectification of abstract labour through the process of exchange. This objectification requires that the abstract labour contained within a commodity is expressed in another commodity which becomes the bearer of the value form. The other commodity is money, seen as the money form of value. Once again issues relating to intrinsic and external measurement are central. Because value is one part of the commodity, a 'one-sided abstraction' it is not a separate entity in itself and therefore has no intrinsic independence, but it can be given an 'external independence' (Elson, 1979: 165), if it is reflected in another commodity. Therefore, the money form of value, price, reflects the objectification of abstract labour, as the social processes of exchange materially dislocate the value of a commodity from its own concrete substance. However, divergencies between value and price occur because the money commodity not only operates as the measure of value, but also functions as the measure of price. The internal measure of value, socially necessary labour time, regulates the external measure, the price, not in the sense of an independent and dependent variable; rather 'we should understand it in terms of the way in which the inner character of some form regulates its representation at the level of appearance, its reflection', for example, 'the molecular substance of a chemical substance regulates the representation of the substance in

the form of a crystal, and the cell structure of a living organism regulates the form of the organism's body' (1979: 167). Values and prices can easily diverge as the money commodity, functioning as the standard of price, circulates in relative isolation from production. Value, measured precisely in units of socially necessary labour time appears in its external form as an exchange ratio between the commodity and money. This measure not only reflects the measure of value but also its money form within the specific circumstances of exchange.

Marx develops these points when fully discussing the effects of competition through his analysis of price, prices of production and market prices. He exposes how it is in the nature of capitalist exchange that quantitative divergences between prices and values are necessarily created. However, there are limits to these divergences as the internal measure regulates the external measure of value. That is, there are limits to which the circulation of the money form of value diverges from value as located within the social relations of production. Too great a divergency produces pressures for a recomposition of value relations, whereby capitalists more closely represent the socially necessary labour times expended within the sphere of production in the external representation of their value, the price form. That is, prices more closely correspond in theory to the composition of values prior to their realisation.

The charge of tautology is therefore a false one, as this fails to distinguish between intrinsic and external measurement. Similarly, the charge that abstract labour simply remains a mental generalisation is also false. Although, logically, it does only appear through the process of capitalist exchange, this does not necessarily lead to metaphysical statements as to the status of abstract labour. Value is indeed created and does not simply appear, although this does not necessarily imply the a

priori determination of abstract labour is possible. For this would entail jettisoning from analysis the social processes through which abstract labour comes to dominate over its concrete dimensions when human labour power is subsumed under capitalist social relations.

Concluding her essay on the value theory of labour, Elson points to the political implications of value theory:

'Firstly, the theory of value enables us to analyse capitalist exploitation in a way that overcomes the fragmentation of the experience of that exploitation; secondly, it enables us to grasp capitalist exploitation as a contradictory, crisis-ridden process, subject to continual change; thirdly, it builds into our understanding of how the process of exploitation works, the possibilities of action to end it.'

(Elson, 1979: 171)

Value theory, in other words, provides us with the tools by which we can theoretically and practically link the independent and private toil of human beings, generalise about the nature of the labour performed and discuss the dynamic of class exploitation through elaborating on the relationship between system maintenance and system transformation. However, these are the actual issues that have been under-emphasised within Marxist economics given the need to re-establish the theoretical categories of analysis. If we are to descend from abstract theory and fully demonstrate the objective status of value theory then the categories have to be utilized when considering contemporary work organisation. We develop these issues through the rest of the project.

4.5. CONCLUSIONS

We have sought to re-establish the centrality of value theory within Marx's own work which hinges on a specific approach to capitalist production, which even within the broad terrain of Marxist scholarship has in general been misunderstood. The cumulative effect of this has been to substitute the economistic conception of the economy for that of Marx's own approach as contained within the pages of *Capital*. Subsequent marxist analysis, for example when considering the question of economic determination, in general takes as its departure point the economistic prioritisation of material production over the production of capitalist social relations and in so doing inverts the priority assigned by Marx of value over use-value when labour power is subsumed under capitalist relations of production. The developments in Marxist economics over the last twenty years or so have acted as a major corrective as it has demonstrated the centrality of value theory for any adequate understanding of Marx's conception of capitalist society. However, these latter debates have tended to underemphasise the practical methods of value formation within production. This has now to be reversed. To this end the next Chapter locates the preceding analysis of value within the broader terrain of marxist scholarship so as to more systematically develop our analysis of the sphere of production and the dynamic nature of employment relations. Chapter Six extends this process by demonstrating the limitations of 'labour process' theory and its failure to comprehend the specific marxist approach to the unified duality of capitalist production. Finally, in Chapters Seven and Eight we conclude our analysis by considering contemporary economic debate centered around the notion of restructuring.

5. CHAPTER FIVE: MARXIST ANALYSIS AND THE LAW OF VALUE

5.1. INTRODUCTION

This Chapter extends the analysis of value theory by locating it within the broader contours of marxist social theory. This analytical process allows us to deepen our understanding of the Marxist approach to the sphere of production and the endogenous pressures for change in the relations of production which we have already pointed to.

Locating our preceding analysis within the broader marxist project is important for four reasons. First, it allows us more fully to locate the developments made within marxist economics over the last twenty years or so. Second, it offers more evidence of the confused conception of the economic that has characterised much marxist scholarship. Third, leading on from the first two points, it enables us to comprehend the generally controversial role that value theory has played in the development of marxist thought. Finally, it allows us to begin to probe the political ramifications of the analysis provided in this project throughout the remaining Chapters culminating in Chapters Seven and Eight.

The first section takes the form of an overview of the humanist and structuralist positions before a more targeted discussion of the role of the economic within this debate is introduced. The second section reconsiders the sphere of production in terms of general trends in historical materialism. The third section develops this consideration of the economic by discussing economic positions in marxism with reference to the recent restatement of classical historical materialism provided by Cohen (Cohen, 1978). Section four re-introduces the value theory of labour

analysis developed in Chapter Four and explains how it offers an alternative approach to the economy from that of the humanist, structuralist and economic positions because of our specific conception of the sphere of production. Finally, section five develops this analysis by considering the formal and real subsumption of labour and the historical emergence of the factory system with reference to the social productivity of labour and our twin concepts of system maintenance and system transformation.

5.2. SECTION ONE: THE GENERAL CONTOURS OF MARXIST SOCIAL THEORY'

Charting the general contours of marxist scholarship, even schematically, is no easy task. This body of thought is not readily disposed to simple categorisation given, amongst other things, the various writings of Marx himself, assorted 'readings' of the texts, crucial questions regarding the epistemological status of the subject, assorted schools of geographical, political as well as cultural origin and a varied assembly of problematics that are highlighted.

One grid from which to consider the marxist project is to inter-relate its theoretical dimensions alongside an appreciation of the historical and political components which have fashioned study. Anderson, in his two extended essays on the development of Western Marxism (1976;1983), has argued that the repeated defeats of the organised working class in continental Europe after the 1917 revolution set the terrain for a Western Marxism that ruptured the early link between marxist scholarship and revolutionary political practice and which 'subtly but steadily substituted a new relationship between marxist theory and bourgeois theory' (1976:55).

The defeats of the proletarian insurgency in central Europe 1918-22, of the late 1930's popular fronts and the failure to convert the resistance movements into a durable political hegemony of the left after the Second World War were the main instances of defeat. At the same time, on the one hand, the systematic Stalinisation of Russian society, and on the other, the post-war economic bouyancy of the western market economies shifted marxist analysis into the university establishments and, accordingly, produced a reorientation in marxist theoretical discourse:

'Where Marx had successively moved from philosophy to politics to economics in his own studies, Western Marxism inverted this route. Major economic analysis of capitalism, within a marxist framework, largely petered out after the Great Depression; political scanning of the bourgeois state dwindled after the silencing of Gramsci; strategic discussion of the roads to realisable socialism disappeared almost entirely. What increasingly took their place was a revival of *philosophical* discourse proper, itself centred on questions of method - that is, more epistemological than substantive in character.'

(Anderson, 1983: 16)

In turn, the dominant Western marxist philosophers - Sartre, Horkheimer, Adorno, Marcuse, Althusser, Della Volpe, Lukacs, Colletti - integrated within their own specific marxisms the work of other non-marxist philosophers, such as Hegel, Spinoza, Kierkegaard etc. Anderson goes on to suggest that by the late 1960s, specifically 1968, this philosophical hegemony within Italy, France and Germany was coming under pressure. First, because of the resurgence of mass revolt and class conflict in the West and, second, due to the end of the protracted post-war economic boom. What

succeeded this period of marxist scholarship was twofold. First, within the Anglo-American tradition, analysis descended from philosophy and moved towards economics, politics and history. For economics, value theory and the labour process became central concerns; for politics state theory vigorously developed, as did marxist social history. Second, however, the period since the late 1960s led to what has been described as a 'crisis of marxism'. In reality this was a crisis of a *specific kind of marxism*, namely the marxism dominant in latin Europe - in Italy, Spain and France. This took the form of a series of renouncements of marxism by those who previously appeared as central proponents, most notably Colletti and less surprisingly Sartre, whilst at the same time there occurred a general decline in the status of marxist thought, with structuralism being replaced by post-structuralism, feeding into the final onslaught launched by the deconstructionist 'critique'. The work of Habermas more than any other sought to maintain the Frankfurt tradition. His explicit attempts to reconstruct historical materialism gradually led him to a privileging of language or communication over other forms of interaction, most notably that of labour, through a specific distinction between the forces and relations of production, labour belonging to the former, interaction to the latter. In short, there occurred major shifts both within and away from structuralist positions as well as developmental shifts in humanist marxism through a new generation of Critical Theory.

We now need to progress to a more explicit consideration of the part played by economic theory within these marxist shifts. To that end it is useful briefly, and rather schematically, to consider the distinctions between the humanist and structuralist positions.

5.2.1. TARGETING THE ECONOMIC

The humanist project can be seen as one of the responses to the deterministic or positivist interpretation of historical materialism especially dominant within the Second International. This latter approach, most notably contained in the work of its chief theorists Kautsky and Plekhanov (Kautsky, 1910; 1909; 1916; Plekhanov, 1945; 1969), tended to understate the importance of human subjectivity and action, and instead prioritised the naturalistic development of the objective (indeed because of the dialectical materialist assumptions), exogenous forces of production - this position is discussed in more detail in the next section. Humanist marxism generally opposes the position that human beings are simply bearers of modes of production, or carriers of the teleological laws of historical materialism and class struggle. This, it is proposed by writers working within this alternative approach, translates into a positivist philosophy and politically legitimates the dominance of the party and the development of a bureaucratised and totalitarian society. This alternative humanist formulation attempts to re-establish the role of human beings in history by considering the interplay between structural conditions and human practices. Accordingly, the process of human liberation is considered in terms of human self-emancipation and self-realisation. This relocation of the subjective practices of the human condition back into historical materialism was analytically consolidated with the discovery of some of the writings of the young Marx, most notably the 1844 Manuscripts, which echo the emphasis on the normative components of human action highlighted by Korsch, Lukacs etc. (see for example, Lukacs, 1971; Korsch, 1970), the original analysts whose work established the terrain of the later Critical

Theory.

The structuralist project, most notably the work of Althusser (1969; Althusser and Balibar, 1970), can equally be seen as a response to the deterministic positions of the Second International, but, in contrast to the humanist approach, it sought to re-establish the scientific status of the marxist project. This is dependent on clarifying the method by which Marx considered human agents as being 'de-centred' under capitalist structures; of eliminating man from the centre of social thought and instead providing for a marxist science of the structures, or levels, of social activity - the economic, political and ideological. Thus a simultaneous critique of both economistic and humanistic traditions is mounted. Althusser sought to demonstrate that the work of Marx, most notably *Capital*, provided for a scientific reorientation in theoretical discourse which successively uncovered the fundamental structural characteristics of the capitalist mode of production (see Godelier, 1972). It therefore depends on a rigorous separation between science and ideology. Despite later self-criticism (Althusser, 1976), this proved a major stumbling block for Althusser, for the argument that ideology necessarily characterises a communist society remains in direct conflict with Marx's own theory of commodity fetishism. This was apparently achieved by pointing to the epistemological break of 1845 which signalled a 'change of terrain' in Marx's own work, away from the idealistic humanism of the young Marx and towards a science of the totality. For Althusser this was demonstrated by Marx replacing the humanist concepts of his early work, such as alienation, with scientific categories, mode of production etc. through his engagement with political economy. Later, in self-criticism, he was to argue that his break did not just occur in thought alone but represented the conjunctural setting within which Marx's later work emerged - both intellectually and

politically. Such issues become clearer when we consider the part played by the economic and economic theory within these debates.

Briefly, Althusser detected two different problematics in Marx's own work. In the young Marx the Hegelian humanism with its prescriptive quest for human actualisation; in the later work the science of historical materialism, the rigorous analysis of the trajectory of social development with its associated emphasis on structural causality and determination. Therefore, for Althusser the science/ideology distinction is relevant not just for marxist as compared to orthodox social thought, but also relates to the work of Marx himself, uncovered by a 'symptomatic' reading of the texts. In order to establish such a position, and thus to distinguish this approach from both the economistic and humanistic traditions, it was necessary for Althusser to establish how this objective knowledge was freed from ethical and political prescription. This was achieved by arguing that this knowledge is produced entirely in thought alone, through what he described as Generalities I, II and III. The first relates to the raw materials of knowledge - ideas and analytical issues, the second the analytical means of production of knowledge, the third, the result, pure scientific knowledge, after the raw materials are worked on by the means of production. Utilizing this method, Althusser allowed for a systematic distinction between science and ideology, the former being value free objective knowledge, the latter part of the superstructure. It also allowed him to detail the other practices of the political and the economic, thereby producing four forms of practice each containing their own structure, raw materials and means of production.

It was through this grid that Althusser was able to conceive of the totality, considered as a structure of practices relatively distinct, or

autonomous, from each other. In this respect he was able to mount a vigorous onslaught against the humanist project through his structuralist analysis where individuals are not seen as the centre of analysis but instead as de-centred bearers of structural forces. At the same time he was apparently able to criticise the economistic tendencies within marxism, which collapses the complexities of the social formation, which remains 'overdetermined', to the determining role of material production, the development of the forces of production. The superstructure is not seen simply as being governed by the imperatives of the economic base, as the social formation itself remains de-centred - a series of distinct structural practices, each with its own effectivity. But in the final instance, *it is indeed the economic that is determinant.*

The critique of the Althusserian project by Thompson (1978) remains a classic restatement of the humanist position with its emphasis on subjective agency at the centre of marxist thought. For Thompson, many of the central problems of the Althusserian project, for example the notion of determination by the economic in the last instance, can be easily transcended by *rejecting any attempt at establishing the scientific status of marxist theory itself.* In contrast he emphasises a tradition of open empirical inquiry within the work of Marx prior to his engagement with political economy, for example *The German Ideology*; which, he argues, formed the basis of historical materialism, seen as the contribution to a broad ranging 'unitary knowledge of society'. Marx's later engagement with political economy is considered as a major detour away from the task of authentic historical materialism, and therefore, logically, this detour is compounded by the Althusserian reformulation of marxist thought centred around his notion of the epistemological break. Accordingly, problems of the structure/agency variety and issues of economic determination are a

product of Marx's move to economic theory, as is the removal of the individual from his social thought. Thompson therefore lays stress on the human experience as compared to the dynamic relationship between the forces and the relations of production. For Thompson, historical materialism is not science; indeed attempts at establishing the scientific basis of marxist thought, as demonstrated by the economistic tradition, produce a strictly enclosed conception of what actually constitutes marxist knowledge; denying the importance of the subjective human condition and opening the door to the development of incipiently totalitarian political positions, most notably in terms of the role of the party.

5.3. SECTION TWO: HISTORICAL MATERIALISM AND THE SPHERE OF PRODUCTION

We now progress by more systematically integrating the value theory of labour approach within the broader contours of marxist thought that we discussed in the previous section. Chapter Four argued that we must necessarily locate the labour theory of value as absolutely central within Marx's analysis of capitalist society, rather than considering it as a rather cumbersome quantitative formula in the determination of prices through a mathematical indexation of embodied labour times. We argued that the latter method resurrects and replicates the errors contained within the Ricardian project, where no distinction between value and exchange value is systematically sustained. The result is that the specific conception of the relative dominance of the social and abstract dimensions of labour which characterise capitalist social relations is collapsed into a conception of labour times which focus solely on the private and concrete, and

necessarily heterogeneous aspects of human labour. The 'hallmark' of this approach 'is an inability to grasp or even suspect, that Marx's theory of value is identical to his theory of fetishism and it is precisely by virtue of this element, that Marx's theory differs in principle from the whole of classical political economy' (Colletti, 1972: 77). Failing to understand the social and abstract dimensions of labour means that this approach eternalises the existence of commodity production and exchange as the commodity itself is never reduced to its common properties of human labour abstracted from its concrete aspects through the specifically dominant form of homogeneous labour crystallised through commodity exchange. It is only on the basis of a full understanding of abstract labour that this fetishism can be overcome through an examination of the differences and the similarities between value and exchange value. Abstract labour is the specifically dominant form of labour, its social form; part of the 'identical social substance' which takes the form of exchange value:

'lacking any conscious assignment or distribution on the part of society; individual labour is not immediately an articulation of social labour; it acquires its character as part of aggregate labour only through the mediation of exchange relations or the market'

(Colletti, 1972: 83)

This is not a mental or in some sense 'logical' creation, but the practical social form that labour takes when subsumed within capitalist social relations, and as such continues within the actual process or commodity exchange itself. It is the moment when the specifically capitalist domination of abstract over concrete labour becomes visible, when the latent social labour becomes visible through exchange value. Value

is objectified abstract labour through the process of exchange. It maintains a real existence. Thus a full understanding of labour, the various forms it takes, and the social relations by which capitalism ensures that the abstract dimensions of labour dominate material production is the domain of the labour theory of value.

An appreciation of the status, and under capitalism the dominance, of abstract labour is critical for realising that Marx's later engagement with political economy is a critique of this body of thought and not part of that same tradition (we developed this point in Chapter Two). Therefore, the argument supplied by Edward Thompson that this appropriation of political economy did not produce 'a different order to that of mature political economy, but a total confrontation *within* that order' (1978: 257) is misplaced as this fails to grasp Marx's value theory of labour. This form of argument is usually backed up with the simplistic assertion that this engagement by Marx did not realise concepts that could comprehend a broad rainbow of social relations over and above 'simple' class exploitation (see for example the 'New Times Manifesto' Marxism Today, 1989) and therefore leads to charges of 'economic reductionism' (although in the strict sense of the term this is not what economic reductionism actually is!). However, once we comprehend the socio-historical basis of Marx's own categories and the objectives of his work - the attempt at locating a value theory of labour - then we can appreciate that this criticism is not a legitimate criticism of the substance of *Capital* at all. Similarly, Althusser's attempt to break with earlier economistic positions fails to maintain an integrated approach to the various dimensions of human labour. We have proposed that a value theory of labour approach seeks to uncover the various forms through which the contradictory unity of use-value and value materialises; how the dominance of capital (value) in

motion appears and dominates in its various forms. In direct contrast to the structuralist project we cannot therefore reduce our understanding of the 'economy' to that of one relatively autonomous 'sphere' within the structured (static) totality as by doing so we tend toward a consideration of the 'economy' which is 'emptied of any effective socio-historical content, representing an antecedent sphere prior to any human mediation' and as such '*social* production is thus transformed into 'production techniques'; the object of political economy becomes the object of technology. Since this 'technique' which is 'material production' in the strict sense of the term, is separated from that other simultaneous production achieved by men, the production of their *relations* (without which for Marx, the former would not exist), the *materialist* conception of history tends to become a *technological* conception of history' (Colletti, 1972: 65; see also Elson, 1979, 147).

This incipient technicism remained the central link between the structuralist conception of the economic and the adulterated economic position of the Second International, most notably that of Kautsky and Plekhanov. Here it was assumed technology was the motor of history - the forces of production - which serves analytically to divorce material production from any satisfactory birth within the social relations of production. Attempts at establishing the objective, scientific status of this marxism resort to Engels and the philosophical assumptions of dialectical materialism with its emphasis on a 'dialectics of nature' authorised with reference to the laws that govern the natural sciences. This has the effect of positing the material aspects of capitalist production as retaining key causal historical significance, thereby reducing social relations to a strictly epiphenomenal status; social relations become the things that are acted upon rather than endogenously

determining the forces of production. As such, it actually reverses the prioritisation of Marx, where exchange value dominates use-value under capitalism and where abstract labour dominates concrete labour. Thereby a severely restricted, indeed fetishised notion of 'production' is separated away from 'society'. That is 'the separation of man's relations with nature from the simultaneous relations between men'. 'In short, the result is an incapacity to see that without human or social mediation the very existence of labour and productive activity is inconceivable' (Colletti, 1972: 66). This conception of the linear trajectory of technological change; the relentless development of the forces of production, as compared to an analysis that uncovers the social basis of class struggle, promotes conclusions as to the class neutral nature of technology and thus tends towards an analysis which understates the importance of the study of the capitalist labour process and work relations.

The reorientation supplied by Althusser never fully breaks with the technical view of production and thus the economy. In the *glossary of Reading 'Capital'* (Althusser and Balibar, 1970) the authors discuss two sets of 'connections': on the one hand 'the connection of the real appropriation of nature' and on the other 'the relations of expropriation of the product'. It is then assumed that these two sets of connections relate firstly, to the labour process and, second, to 'the social relations of production beneath whose determination this labour process is executed'. Therefore, the method we have utilized in this project of 'one-sided abstraction' when considering the different forms of labour which are parts of the same process of labour itself is not maintained by Althusser, as the social relations of production are dislocated from the labour process itself and deposited into the realms of distribution. The link between this approach and that of the Neo-Ricardians is therefore clear -

as hinted at by Colletti and developed by Clarke (Clarke, 1980).

The point that is beginning to be developed is that the economic approach to the economy, or more specifically, production, has produced two general strands in marxism, in the sense of the humanist and structuralist positions, which are actually premised on the economic position itself and which even though superficially appearing as a critique of this marxist orthodoxy *never articulate an alternative approach to the economy, or production itself.*

This remains the actual dilemma contained within the work of Anderson when he attempts to chart the general contours of Western Marxism. Although Anderson provides a solid critique of Thompson in his celebrated consideration of the Althusser/Thompson debate (see especially, 1980: 19-60) he fails to discuss the respective cleavages in marxism with *specific reference to the law of value and specific approaches to the sphere of production.*¹

A number of further points, or evidence, of the failure to develop a systematic value theory of labour approach within marxism can now be developed. First, and this is a point touched on by Anderson himself (although he never asks why this has occurred) (1980:69), the demise of strict structuralist positions provoked political and ideological analysis², but no real development of marxist economic analysis outside of the rather strict confines of Anglo-Saxon marxist economic theory - which would add weight to our proposal that these non-economic theorists accepted economic positions as *the* rather than a marxist approach to the economy.

Second, this approach to the economy has provided the basis for a general abandonment of historical materialism³. The economic tradition

and the approach to capitalist production upon which it is premised, has formed the basis for some of the most popular criticisms of historical materialism and marxism in general. That is, the economistic position and approach to production has been considered as the marxist approach rather than a marxist approach. Two such criticisms are those supplied by Giddens (1981) and Habermas (1979). Giddens's critique is a critique of a specific technologist marxism and is centred around three areas of controversy: its Darwinian evolutionism, the base/superstructure metaphor and the science/ideology distinction, all of which he argues to be central features of economism⁴. Within its own terms of reference many of the insights offered by Giddens are of use - although the first issue has been an acknowledged problem with economistic positions for decades, the second the central problem of the structuralist project given their failure to break fully with the economistic approach to production and the third actually acknowledged in self-criticism by Althusser himself⁵.

The explicit attempt to reconstruct historical materialism provided by Habermas- the most famous recent exponent of the Frankfurt tradition- once again only considers a specific form of marxism. This is most clearly demonstrated in his discussion of 'labour' and 'interaction' upon which his whole critique of marxism is premised. This distinction parallels the distinction between the forces and relations of production. It is premised on a separation between labour and the forces of production from any degree of satisfactory social mediation (see later). Once again, functionally, this critique hinges on an ignorance of the marxist approach to production which Marx developed in the pages of *Capital*. Therefore, the adulterated conception of the economic has served not only as the basis for the dominant, dogmatic official marxism as well as the structuralist variants, but also for the most popular criticisms of marxism in general.

Finally, we should note here and we develop this in Chapter Six, this failure to locate the labour theory of value centre stage, considered as the method of rendering intelligible the dominance of a specific series of social relations over material production when labour power is subsumed under capitalist social relations is also a central characteristic of the post-Braverman 'labour process' literature. The absurd paradox of this confusion as to the meaning and status of value within marxist thought is that in the literature some consider Braverman to be a technological determinist whilst others such as Anderson see him as the modern bearer of the humanist tradition!

5.4. SECTION THREE: GERRY COHEN AND CONTEMPORARY MARXIST ANALYSIS

Gery Cohen's epochal approach to history (Cohen, 1978) is based on the assumption that all spheres of social life are structurally subordinate to that of the economic sphere which dynamically conditions the superstructure. He argues that the only coherent reconstruction of historical materialism (and thus the marxist project in general) is to argue, deductively, that Marx himself was fundamentally a technological determinist. For Cohen, the forces of production explain the forms taken by the social relations of production which in turn condition the superstructural elements in any given mode of production. Thus the effects of a structure, in this case the social relations of production, figure centrally in the explanation of the structure; we argue functionally from consequence to cause. Crucially, he backs up this argument with recourse to a metaphysics of individual human rationality. The exogenous variable that

allows him to posit the determining role played by the forces of production is the rationality of human beings, their rational dominance of nature within the context of scarcity. He argues that not only will the relations of production be transformed when they fetter the forces of production, but that they will develop optimally to secure the development of the forces in the future. On the one hand therefore, we have the relentless, ongoing development of the exogenously defined forces of production. On the other, we have the history of social relations whose own development is more discontinuous.

Four general criticisms of Gerry Cohen's approach have been advanced. First, the type offered by Josh Cohen (1982) that opposes the assumption of an inherent tendency of the forces of production to develop; that they are more contingent than Cohen assumes. Basically, Josh Cohen argues that this form of epochal historical materialism is too general and analytically abstract and that we need an approach that focuses more on the sequence and timing of class relations and technological innovation (we develop this point in Chapter Seven). Second, charges of economic reductionism, whereby Cohen's theorisation, and by inference that of Marx, ignores the complexities and also the origins of other forms of exploitation, for example in terms of gender and ethnicity. Not all spheres of social discourse are therefore strictly subordinate to that of the economy as considered in strict class terms. As we shall argue later however, this form of critique never appears to question the approach adopted by Cohen, and by association that of Marx, as to what it is that actually constitutes the economic within marxism. Despite this, Cohen's reply to charges of economic reductionism (1986) is to argue for a 'restrictive' historical materialism which does amount to a major withdrawal on his part given the questions this necessarily poses for his conception of historical

materialism and his epochal approach to history. Third there is the general criticism of functional explanation within the social sciences most notably associated with the work of Elster (1980; 1982) (for Cohen's reply see Cohen, 1980; 1982 see also Sayer 1987). Finally, there is the charge that Cohen ignores the role of class capacities in social change (Levine and Wright, 1980). This form of attack implies that we need to complement our theoretical analysis of the determining role played by the forces of production driving the structured totality with an appreciation of the realities of social relations and, empirically, questions related to the formulation of the consciousness and actions of social agents.

All of these criticisms have some merit. However, they never really get to the crux of the problem that Cohen has set for himself. This centres around the highly restrictive notion of what the economic is, in that his economism or technological determinism is a product of his prioritisation of the technical aspects of material production over the production of social relations. The rational individual dominance of nature within the context of scarcity - Cohen's metaphysics of individual human rationality - forms the backdrop of his whole approach, such that his departure point is a technical and not a social one, as broadly compared to someone such as Harry Braverman who works out of a value theory of labour approach. This argument is granted extra strength when Cohen himself, in an earlier work, demonstrates this by conceiving of the labour theory of value as a Neo-Ricardian theory of price determination (Cohen, 1981). His real problems emerge out of his failure to appreciate fully the dual nature of the capitalist commodity and the key distinction between abstract and concrete labour.

The distinction between the forces and relations of production remains the cornerstone of the marxist theory of history. It is generally conceived

of as a distinction between material and social properties within any given mode of production - 'at a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production' (Marx, 1859). Although never systematically defined by Marx, it is generally assumed that by productive forces he meant means of production and labour power. This in turn implies that the systematic development of the forces of production includes such things as technological change and the actual configuration of the labour process itself: scientific knowledge, education provision and developments in the sphere of energy. Further, it is generally assumed that the relations of production centre around ownership of the productive forces, not legal ownership which is necessarily superstructural, but in terms of economic ownership.

Cohen (1978: 28-62) clarifies the conventional approach to the forces and relations of production couple. Cohen is quite clear throughout that when he considers the forces of production he is considering these as material and not social characteristics. They are made up of:

TABLE 5.1.

THE FORCES OF PRODUCTION

productive	means of	Instruments of production
forces	production	(tools, machines, premises, instrumental materials)
		Raw Materials
	Labour	Spaces
	Power	

(Cohen, 1978: 55)

labour Power consists of the physical and mental capabilities and their personal skills.

The crucially important point is that for Cohen productive forces are material things which he sharply distinguishes from social relations. The material/social distinction is one that Cohen employs throughout. His 'Development Thesis' posits that the historical progress of the material productive forces conditions the social relations of production. This form of determination is conceived of as the 'Primacy Thesis'. These relations are relations of ownership and mean control of the material forces. The base, constituting the economic, is made up by these relations. Therefore, material forces of production are not part of the economic, neither are superstructural institutions.

In contrast to Cohen's focus on the 1859 *Preface* we might consider the following quote from Marx as the basis for an alternative historical materialism:

'The specific economic form, in which unpaid surplus labour is pumped out of direct producers, determines the relationship of ruler to ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element. Upon this, however, is founded the formation of the economic community which grows out of the production relations themselves, thereby simultaneously its specific political form. It is always the direct relationship of the owners of the conditions of production to the direct producers - a relationship always naturally corresponding to a definite stage in the development of the methods of labour and thereby its social productivity - which reveals the innermost secret, the hidden basis of the entire social structure, and with it the political form of the relations of sovereignty, and dependence, in short, the specific form of the

State.'

(Marx, 1971: 791; quoted in Draper, 1977: 571 and Callinicos, 1987: 42)

Referring to the above quote supplied by Marx, Callinicos (1987:42) points to its three most important implications for historical materialism. First, that the specific form of exploitation within the specific form of social organisation under question explains the specific form of political domination. Second, that we must necessarily comprehend that exploitation is grounded in the social relations of production. Third, that these production relations correspond to a 'definite stage of development' of the forces of production in the sense of 'the methods of labour and thereby its social productivity.'

Although these points might be conceived of as paralleling the methodology of Cohen, they can in fact be considered as being in conflict to the approach adopted by this orthodox technological historical materialism. Both Cohen's 'Development Thesis' and 'Primacy Thesis' treat the forces of production as things - material forces - but this misses the origins of Marx's specific approach to the forces of production (see Therborn, 1976: 362-365) as evolving out of his critique of political economy with its conception of productive power:

'The concept of forces of production has no doubt something to do with productivity. But it refers not, as with Smith and Ricardo, simply or primarily to productivity or productive capacity as such. Its primary reference is rather to the *different ways in which productivity is ensured*. Productive capacity is no longer merely a quantitative phenomena; the dominant concern is no longer with its quantitative

improvement, but with the qualitatively different technical forms of labour.'

(Therborn, 1976: 363)

We have already noted how in earlier work Cohen was guilty of following an essentially Neo-Ricardian approach to the labour theory of value; it is no surprise therefore that his approach to the forces of production in the sense of productive capacity always remains Neo-Ricardian in the sense of concrete labour. The point to be extracted from this discussion is that, in contrast to Cohen, a strict distinction between the material and the social, in this context between the forces and relations of production, is difficult to sustain for any marxist working within a value theory of labour approach. For example, Marx argues in the General Introduction to the *Grundrisse* that 'All production is appropriation of nature on the part of an individual within and through a definite form of society' (1857: 87). We can now return to Harry Braverman:

'Freed from the rigid paths dictated in animals by instinct, human labour becomes indeterminate, and its various determinate forms henceforth are the products not of biology but of the complex interaction between tools and social relations, technology and society. The subject of our discussion is not labour 'in general' but labour in the forms it takes under capitalist relations of production.'

(Braverman, 1974: 51-2)

In contrast to the method employed by Colletti, who we have used throughout this project, Cohen, by ascribing determinacy to material things, necessarily assumes that social relations are epiphenomenal, as if these material things were in some sense beyond social mediation; assumed to be technical givens or exogenous inputs into the production process. When, fundamentally, our whole approach pivots on the physical potentials and labouring activities of people then the sharp distinction between material and social, with the former dominating, appears as a fetishism which considers the forces of production - means of production and labour power - without conceiving the social relations which produce, under capitalism, these commodities. This point hints at the dangers in assuming that Marx's concepts are in some sense transhistorical; of naturalising the forces of production. For example, the concept of forces of production is inherently a relational, and therefore an historical and contextual one (Sayer, 1987: 27); as Balibar argues, forces of production cannot be considered as transhistorical as they are 'a connection of a certain type within the mode of production, in other words, they, too, are a *relation of production*' (Althusser and Balibar, 1970: 235)

If we consider that the forces of production cannot be considered transhistorically, but as socially determined out of historically specific social relations (in Chapter Four we proposed that they are endogenously determined out of the social relations of production under capitalism given value dominating use value), then we must necessarily return to the *differentia specifica* of the capitalist mode of social organisation. That is, the nature of capitalist production. As we have seen, Marx was adamant that the concept of labour process was itself transhistorical: the technical forum for the production of use-values. The specific social form of use-value production is dependent on the historically specific methods

or harnessing the indeterminate human labour potential. As such, productive powers are the capacities of humans under specific forms of social relations, as opposed to a set of material things commonly understood to constitute the forces of production:

'Under certain circumstances the productive powers of human labour may then come to appear simply as the intrinsic property of material things in which these powers are objectified, independently of the social relations through which they alone acquire this property. But such an appearance is, for Marx, exactly that: a fetishist illusion.'

(Sayer, 1987:28)

Now we must return to the discussion of the relations of production that we began in Section Two of Chapter Four. There remains a central paradox involved in the orthodox historical materialism proposed by Cohen as regards the relations of production. As we have argued the material/social distinction assumes a rigid separation between analytical categories. This separation pertains to his conception of the economic structure of society. Material relations of production are deemed to lie outside the economic structure of society which is solely made up by the social relations of production. Material production relates to work relations in the sense of relations of cooperation at work and the material division of labour, whilst social relations relate to ownership rights or powers determined by ownership of the material forces of production.

Accordingly:

'the technical or material conditions relating man with nature do not, strictly conceived, include relations between men. But while material conditions do not include social relations they do include some relations between men, for not all relations between men are social.'

(Cohen, 1978: 93)

This is because, for example, work relations are material relations not social relations (Cohen, 1978: 35 N1). The key point, however, relates to Marx's conception of fetishism previously discussed in Chapter Four. The material/social distinction is not a distinction between phenomena as such; *it is a distinction that is employed relating the various material and social properties of specific phenomena under question.* As Sayer quite rightly argues in his criticism of Cohen:

'If 'material' and 'social' in Marx refer to attributes of phenomena, not phenomena as such, we cannot use his distinction to differentiate two different kinds of production relation, material and social. Nor, therefore, can we on these grounds expunge 'work relations' from the 'economic structure of society'. These supposedly separate 'material relations' are but social relations of production regarded-abstractly- from the 'material side'. Marx's distinction lies between the material and social dimensions of one and the same set of activities- activities, we might recall, which he explicitly conceives from the start as 'double', simultaneously material and social- not between substantive kinds of relations as such.'

(Sayer, 1987: 58)

This form of criticism parallels our earlier discussion of the four types of labour and the use employed by Marx of 'one sided abstraction' which enables us to peer beyond the fetishism of commodities. Similarly, it relates to the labour process/valorisation process distinction employed by Marx in Chapter Seven of *Capital*. Cohen fails to understand this method, in fact he explicitly opposes this method when he argues for a practical distinction between phenomena and relations which are either material or social. The transhistorical approach to understanding the categories of historical materialism characteristic of this form of analysis contradicts the method employed by Marx which emphasises the historically specific elements of various modes of social organisation. The transhistorical conception of ownership constituting the economic structure of society tells us very little about the historically specific social relations which is obtainable through a value theory of labour approach. Before we demonstrate this with an analysis of the formal and real subsumption of labour it is helpful to return to the role played by value theory in contemporary marxist debate.

5.5. SECTION FOUR: A RETURN TO VALUE THEORY

We have demonstrated two divergent trends in Western Marxism - but these two trends are not the structuralist and humanist trends usually differentiated in marxist social theory. The first trend is dependent on a rigid analytical and practical separation between the material and social properties of marxist economics. In the final instance it is the material properties that dominate, clarified by a specific approach to the forces (material properties) of production and the relations (social properties) of production. This analytical position dominates economic approaches and permeates both the structuralist reorientation as well as that supplied by the humanist tendency within marxism. Structuralism never fully breaks with the economic method, whilst humanism is guilty of the same approach to the economic by assuming that this is the only approach within marxism to production and the economy. The trouble with this approach is that it implicitly maintains a methodological fetishism by assuming that the dominant material properties of the mode of production are determinant and are in effect beyond social mediation.

The alternative strand that we have detailed, through a specific acknowledgment of the transhistorical indeterminacy of the human labour potential, allows for the historically specific acceptance of the unified material and social properties of the economy traced back to Marx's engagement, and critique of, classical political economy. This process is elaborated by the method of 'one-sided abstraction' in considering the different material and social properties of human labour - within which the social properties are determinant.

The core difference between these two approaches - a difference that

we have traced back to alternative approaches to the labour theory of value - can be revealed when we consider the question of final methodological determination. For Cohen, the final line of determination is exogenous - human rationality in the context of scarcity - which remains a transhistorical philosophical position. Instead we have proposed a historically specific method of determination dependent on the question of the relative dominance in respect of the different properties of human labour under different forms of social organisation. When, for example, we consider capitalism we acknowledge the dominance of the social and abstract dimensions of human labour. Thus, for this value theory of labour approach, the final line of determination is endogenous as well as social - the pressures for change (system transformation) endogenously determined by the contradictory unity of capitalist production with value dominating use-value.

By distinguishing between these two strands we have sought to establish the centrality of the labour theory of value within marxist political economy. Indeed we can argue that without it, marxism loses its *differentia specifica* ; its fundamental method and analytical substance. In Chapter Four we demonstrated how it was not simply a theoretical method for quantifying price categories. We also demonstrated how the method was not abstract in the sense of academically abstract but used the method of abstraction to uncover the relative dominance of the different methods of labour. In this Chapter we have demonstrated how it provides us with an alternative approach to the forces and relations of production. Value theory also allows us to link theoretically and practically/politically the apparently independent and private toils of human beings, comprehend the nature of crisis under capitalism and develop an understanding of how to change such a system. The normative components of marxism thus emerge

directly out of the labour theory of value. In order to consolidate our understanding of these points, it is useful to deepen our criticisms of the deterministic marxist form by considering that body of thought which is currently much in vogue known as 'analytical marxism'.

Value theory itself sets the analytical agenda for two general approaches to capitalist commodity production and exchange. First, the theory of surplus value which comprehends the dimensions of objective class antagonism within the sphere of production itself. Second, the theory of the law of the tendency for the rate of profit to fall and its counteracting influences which provides for an analytical contextualisation of transformations within the capitalist mode of social organisation. The value categories upon which these two theories are premised are historically specific in their substance as regards the relative dominance of the abstract, concrete, private and social elements of labour which designate historical modes of social organisation. By rejecting the labour theory of value there is little left for marxist political economy, as the internal consistency of marxist economics, in terms of the method employed to chart dominant social relations, is shattered. This has happened as regards Neo-Ricardian economics, but also as regards the economics of analytical marxism. These two developments are not unconnected.

Methodological individualism underscores analytical, or rational choice, marxism. In the best discussion of this form of study to date, Callinicos (Callinicos, 1988: 68-75) argues that it cannot be discussed without reference to the Neo-Ricardian critique of marxist value theory, given that none of the major proponents of this individualistic marxism accept either value theory or the tendency for the rate of profit to fall and Marx's theory of crisis. I would add a second factor, namely the sociological dilemma over the structure/agency distinction, which within

marxism has taken the form of the crisis of structuralism. This can be demonstrated by the approach of Elster (1982) who proposes that his body of work is a reaction to the functionalist tendencies within marxism^e.

Analytical marxism is a self-description maintained by the proponents of this work (see especially Roemer, 1986). Roemer's self-description (1986: 1-7) stresses a central concern within this body of analysis for 'logic, mathematics and model building'. Other terms have been used for this literature- game theoretical marxism, rational choice marxism etc. The core dimension covering the work of the main proponents (for example, Cohen, 1978; Przeworski, 1985; Roemer, 1986; Elster, 1985) is that 'societies are composed of human individuals, who, being endowed with resources of various kinds, attempt to choose rationally between various courses of action' (Carling, 1986: 26-7, see also Carling, 1990). Cohen's transhistorical metaphysical position as regards individual rationality is the cornerstone of this literature as analytical marxism considers primarily individual acts of economic exchange; structures are seen as the unintended product of these exchanges. This emphasis on exchange is consolidated by Roemer's game theoretical analysis of exploitation (1982) which explicitly opposes the labour theory of value. Indeed Roemer goes even further that the Neo-Ricardians in assuming that prices precede value 'quantities' in his celebrated analysis of Friday and Crusoe (1982: 299). Classes themselves are seen as the unintended depositories of individual acts of exchange, which is not dissimilar to Weber's exchange based individualism which dominates his approach to class location (see Chapter Two).

The best example of the hostile relationship between the labour theory of value and rational choice marxism is the work, and the various positions claimed over the years, by Erik Wright (see especially 1978; 1981; 1985).

Generally, it represents a move from strict Althusserian positions toward analytical marxism. Within this however, and of much more importance, his move toward analytical marxism can be seen as a product of the fact that Wright never interpreted the labour theory of value as a value theory of labour. This ensured that Wright's ambiguous analytical foundations were susceptible to the critique provided by the analytical marxists after the publication of Cohen's defence of orthodox historical materialism. His approach to value theory is best demonstrated by two instances. First is his acceptance of central Neo-Ricardian arguments put forward by Steedman (1981) where he tends toward accepting that rates of profit can be determined outside of a value theory of labour analysis of capitalist commodity production. Second, and even more troublesome, is the method by which he employs different crisis theories to study different periods of capitalist crisis in the U.S.A. (Wright, 1978). The problem is that these four different approaches to capitalist crisis emerge out of different approaches within value theory which cannot simply be integrated to explain different periods of capitalist crisis (see Fine and Harris, 1979). It is not surprising, given the fact that Wright never rigorously defined his own position within the value controversies, that he ended up deserting value theory and moving to a game theoretical analysis.

Previously we have rehearsed a number of arguments which oppose the Neo-Ricardian attempt to refute value theory. It is not necessary to repeat these points again. However, it must be remembered that in a similar way to the Neo-Ricardian project, analytical marxism has produced a strictly transhistorical social theory. First, witness the Primacy thesis and the Development thesis supplied by Cohen. Second, consider the stark individualism that underscores this body of work, not dissimilar to the subjective utility theory that underscores orthodoxy. This body of work

ejects from historical materialism its key components, namely the set of interwoven categories and the method by which we are provided with our historically specific analysis of social phenomena, and an appreciation of the endogenous processes that constitute these phenomena. In this sense analytical marxism is deeply embedded within the same tradition that it tries to refute. The alternative strand is more properly upheld by the tradition of marxist historiography and by those economists who consider economics with full reference to a value theory of labour approach.

This alternative approach allows us to consider the structure/agency problematic which is partly responsible for the emergence of analytical marxism. We have seen that without value theory a sociological analysis of a particular set of economic structures can only provide analytically for the maintenance of these structures. In this sense the structuralist project within marxism parallels the structural-functionalist agenda set within more orthodox thought derivative of Weberian sociology. Alternatively, however, we cannot simply posit a marxist voluntarism a la Thompson, because as Anderson has argued 'classes arise because men and women, in determinate productive relations, identify their antagonistic interests, and come to struggle, think and value in class ways' (1980: 32). As we have seen these 'determinate productive relations' are not simply deposited structural spaces, but must be seen as congealed value relations, representing the ongoing endogenously determined, social movement of value, the circuit of capital, within which agents operate and act. To see structures as the unintended product of rational human actions is to ignore both theoretically (through the private and social dimensions of labour) as well as practically the reality that both individuals and social structures figure irreducibly in the premises and explanations of social events.

The material/social distinction employed by Cohen is more generally

replicated within analytical marxism with the agency (intended) /structure (unintended) dualism which they tend to maintain throughout. As they deny the value theory of labour, they deny the social structural setting, in short the notion of accumulation or indeed capitalism as a specific historical method- the reinvestment of capital and the competitive pressures of capitals on one another.

5.6. SECTION FIVE: MARX, THE RESULTATE AND THE FORMAL AND REAL SUBSUMPTION OF LABOUR

Orthodox historical materialism, premised on economistic positions, has fetishised foundations in terms of an artificial separation between what are assumed to be the transhistorical material and social properties of the economy. Our alternative approach, where there can be no *a priori* definition of the economy as such, has been summarised as follows;

'What we have here is less an economic (and still less a technological) theory of history or society, in any standard sense of the word 'economic', than an agenda for a historical sociology of economic forms and phenomena.'

(Sayer, 1987: 77)

Sayer counterposes this form of analysis based around what he describes as the 'historicity of concepts' with the traditional marxist analysis which empties the economy of any social or cultural characteristics. For Sayer, 'the connection between peoples productive relations between themselves, or social relations of production, is

internal and necessary, not external and contingent' (1987: 25). In this sense it parallels our separation of two marxist trends: one determined and subsequently structured by economic positions, the other based around a value theory of labour analysis which acknowledges that the material and social properties of the economy- for example the forces and relations of production couplet- are different aspects of the same set of relations. Therefore, the forces and relations of production cannot be seen as mutually exclusive categories which characterise different phenomena as such. This form of analysis can only be deduced from first principles - from an understanding of the dual nature of the commodity. In turn, 'superstructures are not, as they immediately appear to be, levels of reality which are substantially separate from the base - they are ideological forms of appearance of the totality of social relations which make up the base itself' (Sayer, 1987: 91), or 'the myriad forms the social relations which premise that economy empirically take' (1987: 145).

This form of analysis can be traced back to Marx's work in the *Resultate* (Marx, 1976: 949-1084) - the rediscovered sixth Chapter of Volume One of *Capital*. We have already seen that Marx's specific approach to the forces of production evolves out of his critique of political economy with its technical conception of productive capacity; instead he posits the role of the qualitatively different technical forms of labour in terms of the social productivity of labour. These productive powers are the productive capacities of human beings under specific social relations which may take the appearance of material things. Marx writes how:

'even economic categories appropriate to earlier modes of production acquire a new and specific historical character under the impact of

capitalist production'

(Marx, 1976: 950)

The *Resultate* basically centres around the unified duality of capitalist production and the methods of raising the productivity of labour in the long term to increase the production of surplus value. By way of clarification he introduces the two concepts of the formal and real subsumption of labour to capital - which correspond to distinct historical periods. The formal subsumption of labour corresponds to the process where capital comes to control and dominate labour, but without changing the actual technical conditions of labour deployment itself in the sense of technological change. Given that the labour process itself is left unaltered surplus value is extracted on the basis of absolute surplus value. Historically this process is seen as existing during the periods of cooperation and manufacture. The real subsumption relates to the emergence of the modern factory, the period of machinofacture, and is characterised by the constant revolution in the methods of production so as to realise new productivity gains - thereby associated with the production of absolute surplus value. Marx writes:

'The general features of the formal subsumption remain, viz, the direct subordination of the labour process to capital, irrespective of the state of its technological development. But on this foundation there now arises a technologically and otherwise specific mode of production- capitalist production- which transforms the nature of the labour process and its actual conditions. Only when this happens do we witness the real subsumption of labour under capital.'

(Marx, 1976: 1034-5)

The crucially important point about the *Resultate* is the way that, through distinguishing between the formal and real subsumption, Marx systematically distinguishes between the formal structures of capitalist exploitation as such, and the real processes of capitalist production and reproduction which develop the capitalist mode of production. Marx thereby distinguishes between the formal characteristics of the economic and the real social processes that actually allow for its reproduction; once again integrating the actual processes that constitute this form of social reproduction within the actual, historically specific definition of the economy (for example, witness the role of the education system elaborated by Lazonick (1978)). Mandel in the introduction to the *Resultate* points out this general process:

'Using this distinction, he unfolds the particular inner logic of capitalism...The search for a constant increase in surplus value production implies a search for constant reductions in cost price, a constant cheapening of commodities. Thereby capital, rather than adapting itself to a given structure of demand or socially acknowledged needs, by revolutionizing production revolutionizes demands and needs themselves, expanding markets, provoking new needs, creating new products and new spheres into which production of exchange values for more value, production for profit, makes its appearance. This leads to a constant expansion of technology, of the use of and search for scientific discoveries applicable to the production process itself. These discoveries too become a business subsumed under capital.'

(Introduction by Mandel in Marx, 1976: 945)

Marx develops his analysis of the formal and real subsumption by detailing how science is itself mystified to rip it out of its original social context and constitute it as an autonomous source of value:

'science, which is in fact the general intellectual product of the social process, appears to be the direct offshoot of capital (since its application to the material process of production takes place in isolation from the knowledge and abilities of the individual worker). And since society is marked by exploitation of labour by capital, its development appears to be the productive force of capital as opposed to labour.'

(Marx, 1976: 1053)

This clearly relates back to our discussion of fetishism as regards the forces of production developed in the previous section. The crucial point therefore, is to discover the nature of these transformations and the processes that lead to system transformation in the sense of the social productivity of labour itself:

'For capitalist relations to establish themselves at all presupposes that a certain historical level of social production has been attained. Even within the framework of an earlier mode of production certain means of communication and production must have developed which go beyond the old relations of production and coerce them into the capitalist mode. But for the time being they need to be developed only to the point that permits the formal subsumption of labour under capital. On the basis of that change, however, specific changes in the mode of production are introduced which create new forces of

production, and these in turn influence the mode of production so that new real conditions come into being.'

(Marx, 1976: 1064-5)

Under the formal subsumption of labour under capital, capital does not in a real sense control the production process; individual labourers still exact a degree of control over their own labour. This can produce a non-correspondence between the objectives of capital and the actual activities of those who produce surplus value.

Volume One of *Capital* basically represents the clarification of the progressive move to the real subsumption of labour under capital with reference to the 'social productivity' of labour, from simple cooperation to manufacture and through to machinofacture. Machinery itself reflects this breach in terms of effective capitalist control of the labour process. Here it is worth introducing the celebrated work of Marglin, (Marglin, 1974). His analysis remains an attack on positivist neo-classical thinking, but also has to be seen as a more general attack on technologist approaches to history. His approach remains in direct contrast to the technological determinist approach to the origins of the factory system, as he argues that this had 'little or nothing' to do with the technological superiority of the factory but instead the control potentials offered to the emerging capitalist whilst also securing the capitalist a role within the production process:

'The key to the success of the factory, as well as its inspiration, was the substitution of capitalist's for worker's control of the production process; discipline and supervision could and did reduce

costs *without* being technologically superior'

(Marglin, 1974: 34)

The factory system offered greater opportunities for control by the capitalist *ceteris paribus*, i.e. holding technology constant. Thus 'the social function of hierarchical work organisation is not technical efficiency but accumulation'. Control is removed from the direct producer and therefore the pace and structure of 'accumulation' is centralised within the strict regime of the factory based on rigid time and behavioural constraints on individual activity.

Elaborating on these positive labour control attributes, Marglin proposes that the putting-out system - characterised by minute task specialisation - removed from the direct producer control of the product together with the merchant capitalist's ability to mediate between producer and market. It was only with the advent of the factory, however, that we witness the removal of control exerted by the direct producer over his/her actual toil in the shape of effort and time through the imposition of more strident forms of vertical discipline. The internal contradictions of the putting-out system, most notably in terms of time discipline and embezzlement, could be resolved through hierarchical work organisation within the factory without requiring technological innovation. Although, as Marglin himself does in fact acknowledge, the forum of the factory may well have provided a more conducive setting for technological development, this does not necessarily imply actual technological superiority as the developments it offered the capitalist, functioned on the more congenial institutional setting, especially as regards the rewarding of inventions through the provision of patent arrangements.

Marglin's analysis on the need for control over time and effort

through the imposition of vertical control in the period prior to machinofacture remains a useful criticism of strict neo-classical thinking, as well as teleological marxist variants as regards the organisation of work. It demonstrates how developments in the social relations of production led to capitalist control within the factory prior to the development of the forces of production associated with the development of machinofacture. The basic problem with Marglin's work however, is that he is never able to grasp theoretically the actual period he considers, as he fails to utilize the concepts which would allow him to define the accumulation process to which at times he alludes - the terms of labour and labour power, absolute surplus value and the formal subsumption of labour. The importance of this point relates to the notion of 'efficiency' that Marglin employs throughout. He argues that vertical discipline within the confines of the factory did not increase technical efficiency but was based around the need to accumulate - which separates out an as yet defined notion of accumulation from 'efficiency'. But as the Brighton Labour Process Group argue:

'Marx's analysis of the subordination resulted, among other things, in an *increased intensity of labour*. Thus even though there was no decrease in the absolute amount of concrete labour required for the production of a given commodity, there was nevertheless a decrease in the amount of *labour power* that had to be bought in order for this commodity to be produced. The porosity of the working day was decreased; the labour time for the production of a unit commodity decreased as a proportion of the working day; necessary labour time decreased, and absolute surplus value increased. The labour process was, therefore, more efficient as a *process of valorisation* and only

this concept of efficiency can make sense of the aims of capital *both* in the period of formal subordination *and* in the period of revolutionised forces of production and real subordination.'

(BLPG, 1977: 8)

It is this method ~~that~~ differentiates the work of Marglin from that of Marx within the *Resultate*. For Marx, the formal subsumption is a specifically capitalist refashioning (through class struggles) of the social relations of production which later allow for the deepening of the capitalist mode of production by developing the real subsumption of labour through the introduction of machinery.

In Chapter Four, section two, we argued that different forms of social organisation and thus the historically specific determination of the forces of production, are the product of a specific harnessing of the indeterminate human labour potential, maintained through various forms of property relation. We developed with clarification from first principles of two inter-related struggles generated out of the nature of the accumulation process. First, class struggle, where because of the interdependence between the rate of profit and the rate of exploitation, then mechanisation emerges as the most important issue in the control and exploitation of the stock of human labour power. Second, competition, where the competitive nature of commodity exchange generates incentives for a reduction in costs through increases in productivity, however short term, by cheapening production below the general level of socially necessary labour times. Cumulatively we argued that because of the value relations, the circuit of capital, which operates behind the backs of specific labour process contexts, the very maintenance of production relations create pressures for their own transformation as capital forces itself beyond the existing

structure of production relations.

Further, we have argued in section three of this Chapter, in terms of clarifying our argument that under capitalism the social relations of production endogenously determine the forces of production, that the forces of production are social relations regarded abstractly from their material perspective, and that they are endogenously determined because under capitalism the abstract and social dimensions of labour dominate the private and concrete dimensions. This was in turn related to the social productivity of labour, whereby the notion of productive powers relates to the forces of production in terms of the formal methods of exploiting the stock of labour power, through a specific form of value composition in terms of the social relations of production. This is to be sharply distinguished from the technical conception of productive powers dominant within Classical Political Economy as well as those Neo-Ricardian approaches to historical materialism. The latter fail to look beyond the appearance of productive powers as material things and thus to comprehend that these productive powers are the outcome of the productive capacities of human beings under specific social relations.

The use of the *Resultate* lies in the way in which it exposes these linkages and then systematically develops our understanding of how the concept of the forces of production is deductively produced out of this complex understanding of human labour. The development of the real subsumption of labour exposes how the economy itself is continuously reconstituted, and cannot be considered as a transhistorical category. In so doing, Marx exposes how the labour process was refashioned out of class struggle both in the period of the formal subsumption of labour - it became more efficient in the sense of valorisation - and also with the introduction of machinery through the real subsumption. Machinery itself

being developed because of the limits exposed by the formal subsumption in terms of accumulation. This is not a simple functional development but is fashioned out of the tensions endogenously determined for system transformation because of the tensions determined out of the law of value - what Brenner has described as the 'self transformation' of class relations (Brenner, 1977: 10).

Brenner himself details the role of marxism in exposing the historically specific class struggles which fashion economic development and explicitly counterposes this method to a transhistorical historical materialism which fails to conceptualise the social productivity of labour because of teleological assumptions of the determinant, material, forces of production. For Brenner the 'forces of production (the productivity of labour) are dependent upon and limited by the class relations in which they evolve' (1977: 20). He argues against the two stage theorists who 'failed to specify the particular, historically developed class structures...As a result, they failed to focus centrally on the productivity of labour as the essence and key to economic development' (1977: N108). In a similar way to the method we have developed in this project, Brenner argues that:

'The productive power of a society is the power of its productive forces, working in optimal combinations. The development of the productive forces is growth of that power. Hence the standard of the level of development of the productive forces is their degree of productivity.'

(Brenner, 1977: 20)

The important point about Brenner's work, and why it ties closely in with the methodology employed here, is that he does not seek to explain

epochal shifts in economic relations with recourse to a method which prescribes the relentless development of society because of a transhistorical notion of what the economy actually is. Rather, he seeks to expose the dynamic changes from Feudalism with reference to the specific economic relations of feudalism itself and their class struggles.

5.7. CONCLUSIONS

This Chapter has attempted to deepen, at an abstract level, our understanding of value theory by taking value theory itself outside of the specific domain of academic economics and considering it in terms of the general contours of marxist social theory. In so doing we have attempted to show that value theory commands the pivotal series of concepts within marxist social theory. Our value theory of labour approach, stands in stark contrast to much orthodox marxist thought, much of which itself is now discredited. Our approach is also at odds with what has been described as the two new leading marxist paradigms: rational choice marxism and deconstruction (see Carling, 1986). Indeed, we have argued that these new 'paridigms' are themselves descendants of the same marxist order premised on deterministic foundations. Instead through the development of our value theory of labour approach we have emphasised the *Resultate* and its discussion of the formal and real subsumption of labour as the grid from which to comprehend an alternative marxist approach to the economy discernible in Marx's critique of political economy. This method is practically utilized in Chapter Seven when discussing the notion of restructuring by highlighting the issue of productivity. Before this we discuss the so called 'labour process' literature in the next Chapter.

6. CHAPTER SIX: LABOUR PROCESS THEORY

6.1. INTRODUCTION

So far we have developed two arguments. First, we have suggested that orthodox conceptions of capitalist work organisation are of limited use by virtue of their marginalist premises, as a result of which they fail to recognise the indeterminate nature of the human labour potential and therefore cannot provide an adequate method from which to consider the historically specific social relations of capitalist production. Second, we have established the importance of Marx's labour theory of value and the specific Marxist approach to the duality of capitalist production within which the production of social relations dominates the material aspects of capitalist production. This lays the basis for an abstract understanding between our twin concepts of system maintenance and system transformation. It is now important for us to demonstrate the qualitative importance of this approach in terms of our understanding of capitalist work organisation, how it is not only sharply different from orthodox theory but also to the dominant Marxist approach associated with labour process theory.

In this Chapter we argue that this labour process literature ignores key elements of the Marxist approach to capitalist work organisation, as elaborated in the previous Chapter. The analytical confusions associated with this literature can be traced to the general misunderstanding of the work that played a pivotal role in the evolution of this approach, Braverman's *Labour and Monopoly Capital* (LMC) (Braverman, 1974). It is a timely moment to consider these confusions, as practitioners are now

pronouncing with celebratory glee the era of 'post-labour process theory' (see Kelly, 1985; Storey, 1985; Thompson, 1986). The success of this new body of work is dependent on analysts assuming that a number of continually restated criticisms of Braverman's work and method are actually legitimate. Here we are specifically concerned with the relationship between LMC and Marx's approach to capitalist production. We are not concerned with mounting a defence of the dominant reading of LMC. Rather we are seeking to re-establish certain lines of inquiry generally ignored after the publication of the book. We are concerned with what Braverman himself stated and considered to be important rather than those who succeeded him.

We shall demonstrate that the most popular criticisms of Braverman have been of a straightforward empirical kind made by industrial sociologists. They have served, as with orthodox social theory, to separate out autonomous spheres of investigation within the social sciences. LMC in consequence has been appropriated into a mainstream social theory that disregards objective social relations as this social theory prioritises technical relations between people and things but never collectivises, both intellectually and politically, the social relations between people. Braverman explicitly acknowledges and utilizes the labour theory of value; labour process theory does not. This is not to say that all the answers are contained within LMC, indeed they are not. Rather the work allows for, instead of placing out of reach, an understanding of the nature of capitalist production.

The first two sections reconsider LMC. Then we consider labour process theory through the grid of its three major theorists - Burawoy, Friedman and Edwards. The final two sections consolidate our critique of this body of thought.

6.2. SECTION ONE: LABOUR AND MONOPOLY CAPITAL

This section exposes the nature and method of Braverman's project, how it complements more abstract marxist economic theory and how he provided an integrated framework which allows for a marxist exposition of both the labour process and the valorisation process within which the latter necessarily dominates. Initially it is useful to remind ourselves of the general flavour of the so called 'de-skilling' thesis.

Arguably, LMC remains the most systematic but at the same time the most creative attempt to locate, apply and integrate marxist theory in an effort to understand technological developments through the period to monopoly capitalism, its effects on class composition, inter- and intra-class differentiation, class consciousness and the dimensions of contemporary class struggle together with the dynamic nature of working class organisation. He rigorously considers how the tyrannical nature of commodity production, the imperatives of capital accumulation and the dynamic inter-relations between the forces and relations of production necessitate new initiatives in the organisation of production which degrade and deskill the working class, both manual and clerical. Taylorism is the primary method so far experienced, in the sense of the clearest practical articulation of the coercive imperatives of accumulation both in terms of capitalist competition and class struggle, toward the ever more 'efficient' regulation and exploitation of the working class in terms of the methods by which means of production consume labour power. Scientific Management provides the capitalist with an efficient economic blueprint for the exploitation of his/her stock of labour power, partly bolstered by sociological assumptions of worker instrumentality which ideologically neutralises the production process (1974: 86).

As such, and this is usually completely overlooked, Braverman does not simply consider Taylorism in a straightforward empirical manner of time and motion, 'stopwatch, speed up, etc', but considers the social basis of this system in terms of the social and abstract dimensions of human labour; as 'nothing less than the explicit verbalization of the capitalist mode of production' (p. 86), given that labour takes the form of a unit of capital (P. 253) and the importance of expanding this capital in the most effective manner. This scientific revolution in management thinking functionally reproduces and expands total capital by, firstly, the *dissociation of the labour process from the skills of the worker*, thereby passing control of production through 'craft, tradition and the worker's knowledge' from the direct producer into the hands of management; second, by the *separation of conception and execution* thereby further appropriating into the hands of management control over the labour process by the removal of mental discretion from the direct producer, and third, by using the growing management monopoly over knowledge *to control each step of the labour process and its mode of execution* (pp. 112-119). Taylorism could then be rationalised as follows:

'Its role was to render conscious and systematic, the formerly unconscious tendency of capitalist production. It was to ensure that as craft declined, the worker would sink to the level of general and undifferentiated labor power, adaptable to a large range of simple tasks, whilst as science grew, it would be concentrated in the hands of management.'

(1974: 121).

The ongoing dynamic of wresting control and discretion from workers, of the fragmentation and simplification of tasks, represents the core thrust of Braverman's exposition of the degradation of work in the Twentieth Century across Western market economies, but especially the U.S.A., the so called 'de-skilling' thesis. In general, criticisms of Braverman's work are premised on what are assumed to be serious analytical shortcomings.

Thus he has been criticised for his overemphasis on Taylorism as the full embodiment of capitalist reason; for his tendency to posit an omnipotent capitalist class, able to secure the most efficient methods of labour exploitation; for presenting a passive working class which is solely reactive; for his analysis of class consciousness; and for his 'deskilling' thesis which focuses solely on control of the labour process and ignores the broader pressures of the circuit of capital. Accordingly it is posited, and apparently this is in direct opposition to Braverman's thesis, that technological change might actually increase skilling levels. Further, his extremely limited conception of skill is criticised, which alongside his passive working class, inclines him to ignore the social construction of skill. Out of this mass of criticism it becomes generally agreed that Braverman was a technological determinist, (for a taste of these criticisms see Littler and Salaman, 1982; Thompson, 1986; Kelly, 1985; Penn, 1982; Elger, 1982; Noble, 1979; Penn and Scattergood, 1985; Jones, 1982). Before we ascertain the relative merits of these criticisms it is important to consider the more broader analytical location of LMC.

6.2.1. LOCATING LABOUR AND MONOPOLY CAPITAL

Previously, not just within orthodox social thought but also within marxism, for example within the Neo-Ricardian tradition, we detected a tendency to assume a pre-given form to human labour rather than begin with its transhistorical indeterminacy, thereby naturalising the commodity labour power and the capitalist consumption of this labour power, by implicitly taking this as a given, or as an independent variable. In contrast we argued for a value theory of labour approach which centres around the indeterminate nature of the human labour potential. Accordingly various modes of social organisation can be categorised by the assorted mechanisms by which human labour is extracted out of this potential. Braverman explicitly follows this method which rejects a pre-given structuration to the material world:

'The possibility of all the various forms that have arisen and may yet arise depends in the last analysis upon the distinctive characteristic of human labor. Where the division of function in other animal species has been assigned by nature and stamped upon the genotype in the form of instinct, humanity is capable of an infinite variety of function and division of function on the basis of family, group and social assignment. In all other species, the directing force and resulting activity, instinct and execution are indivisible.'

(1974: 50).

Further, and in sharp contrast to those who would claim Braverman as a technological determinist:

'freed from the rigid paths dictated in animals by instinct, human labor becomes indeterminate, and its various determinate forms henceforth are the products not of biology but of the complex interaction between tools and social relations, technology and society. The subject of our discussion is not labor 'in general' but labor in the forms it takes under capitalist relations of production.'

(1974: 51-2)

Braverman develops this point when considering the central characteristics of the capitalist mode of production - the commodification of this indeterminate potential and the separation of the working class from ownership of the means of production and the central capitalist imperative of the accumulation of capital through the dynamic relations of capital in motion. This signifies that Braverman's approach to capitalist society is dependent on him fully establishing the importance of the duality of capitalist production through elaborating on the value relations that operate within capitalism, for example

'Capitalist production requires exchange relations, commodities and money, but its *differentia specifica* is the purchase and sale of labor power. For this purpose two general conditions become generalised throughout society. First, workers are separated from the means with which production is carried on, and can gain access to them only by selling their labor power to others. Second, workers are freed from legal constraints, such as serfdom or slavery, that prevent them of

disposing of their labor power. Third, the purpose of the employment of the worker becomes the expansion of a unit of capital belonging to the employer, who is thus functioning as a capitalist. The labor process therefore begins with a contract of agreement governing the condition of the sale of labor power by the worker and its purchase by the employer.'

(1974: 52)

It is important to be aware of what is being said here. Basically he is setting out his overriding conceptual approach to capitalist work organisation given his acknowledgement of the priority of capital accumulation where the worker is considered first and foremost as a unit of capital; that he/she is considered not through the individual grid of his/her private, concrete relations with the individual capitalist, but as a representative of a class, seen in its aggregated role as the sole creator of value for the capitalist class. This is dependent on Braverman locating value theory centre stage through exposing the objective social reality that translates into the primacy of production as the production of commodities, exchange values through the market, rather than attaching primacy to production in the sense of the private heterogeneous constitution of use-values. This means that he does not dislocate the labour process from the circuit of capital but conceives of the unified capitalist production process as one point, but the determining point, of the general dynamic of value in motion. He writes:

'The worker enters into the employment agreement because social conditions leave him or her no other way to gain a livelihood. The employer, on the other hand, is the possessor of a unit of capital which he is endeavouring to enlarge, and in order to do so he converts part of it into wages. Thus is set in motion the labor process, which, while it is in general a process for creating useful values has now also specifically become a process for the expansion of capital, the creation of a profit. From this point on, it becomes foolhardy to view the labor process primarily from a technical standpoint, as a mere mode of labor. It has become in addition a process of accumulation of capital. And, moreover, it is the latter aspect which dominates in the minds and activities of the capitalist, into whose hands the control of the labor process has passed. In everything that follows, therefore, we shall be considering the manner in which the labor process is dominated and shaped by the accumulation of capital.'

(1974: 53)

It is difficult to see how Braverman could have made his theoretical disposition clearer, an approach that remains consistent throughout. His whole treatment of the capitalist labour process is set against the understanding of the dominance of value over use-value. This approach appears so obvious and clear to Braverman that at times he appears simply to take it as given. This might then provide some legitimacy to the stark misreadings of the text that have subsequently occurred. There is an important point here. For example, Braverman tends not to make clear, except in a footnote (p. 53-4), the distinction between labour process and valorisation process, in that he continually refers to the capitalist labour process, so that he assumes the reader acknowledges the implicit

duality contained in this characterisation. Moreover, he fails to detail systematically the four aspects of human labour and the forms that they take under capitalist social relations, or operationalise concepts such as the formal and real subsumption of labour or relative and absolute surplus value. Braverman appears to see his task not as one of theoretical restatement but one of a creative application of (Marx's) theory. This is demonstrated when he operationalises value categories outside of strict academic discourse. For example, within the course of elaborating on the 'de-skilling' thesis he approximates the standardisation of concrete labour within the context of Taylorism to the abstract qualities of human labour seen as the process where value is created. He writes:

'It is precisely their (management) effort and metier to visualize labor not as a total human endeavour, but to abstract from all its concrete qualities in order to comprehend it as universal and endlessly repeated motions, the sum of which, when merged with other things that capital buys - machines, materials, etc. - results in the production of a larger sum of capital than that which was 'invested' at the outset of the process. Labor in the form of standardised motion patterns is labor used as an interchangeable part, and in this form comes ever closer to corresponding, in life, to the abstraction employed by Marx in analysis of the capitalist mode of production.'

(1974: 181-182)

There is a very interesting point underscoring this passage which we touched on in Chapter Four. Firstly, and this appears difficult to oppose given what Braverman actually says, it does appear that he is contrasting, on the one hand, the standardisation of concrete labour in the production process given Taylorist methods, i.e. prior to the realisation of value, with, on the other, Marx's conception of abstract labour in theory. That is, we tend toward positions on abstract labour which assume that it is abstract in the sense of a mental abstraction, rather than abstract in the sense of pertaining to its abstraction from the concrete dimensions of labour through the real social processes of exchange. This point is difficult to resolve, partly because as we previously noted Braverman never enters into sustained discussion of his approach to the four dimensions of human labour. If this were his position it would dovetail neatly with the approach to abstract labour characteristic of his mentor Paul Sweezy (see Sweezy, 1942). The second point forms the basis of Gleicher's appropriation of Braverman and leads on from the previous issue, in that it would appear to be the case that Braverman assumes that it would be possible, eventually, for a pure *a priori* determination of abstract labour in practice and not just theory (sic). That is, we might look to the future point where the pure abstraction of concrete labour occurs, where the qualitative/ quantitative distinction collapses. There appears a danger with this line of reasoning to take what Braverman says too literally in the sense that this issue simply underscores the point that each individual worker is part of a complex division of labour. When he argues that the standardisation of concrete labour comes ever closer to the abstraction employed by Marx, presumably this does not mean that it in fact does or will do. If he did imply this, and it is not possible to determine his actual final position on this issue, then he does fail to comprehend the

actual nature of abstract labour.

Anyhow, what cannot be ignored is the clear fact that the 'de-skilling' thesis is not a straightforward empirical analysis of work organisation and work relations. Rather it has to be seen as an attempt to fill a major gap within marxist theory: between, on the one hand, an economic analysis of value in motion through a consideration of the circuit of capital which ostensibly focuses on valorisation, and on the other hand a more concrete consideration of the determinants and realities of class struggle and de-skilling within the labour process itself. This crucially important link was noted by Sweezy in the foreword when he notes:

'What needed to be done was to apply Marx's method to the new methods and occupations invented or created by capital in its restless expansion. This is the task Harry Braverman has set himself. In terms of theory, as he would be the first to say, there is very little that is new in the book. In terms of knowledge gained from the creative application of theory, there is an enormous amount that is new, and much of it in direct contradiction to what capitalist ideology has succeeded in establishing as the society's conventional wisdom.'

(1974: xi)

If the work attempts the 'creative application of theory' then it follows that the book can only be systematically understood if the theory it is attempting to apply is itself systematically comprehended. Accordingly, because the theory itself had been for so long neglected within academic discourse the function of the work was basically re-establishing certain forms of analytical argument and clarification:

'...in important respects the function of this work is to pose rather than answer questions, to open (or re-open) lines of inquiry which have been neglected and which cry out for research and development.'

(1974: xii)

Arguably, then, this remains the most important feature of the book, to operationalise marxist theory, to lift it out of its academic form and locate it within, and render intelligible, concrete economic transformations and class struggles, not of course by the surrender of theoretical rigour for an empiricist sociology, but by creating a unified project through the 'creative application of theory'.

An argument that withdraws from seeing LMC as simply an empirical analysis of capitalist work organisation might well argue that whilst Braverman appreciated the nature of Marx's theoretical analysis of capitalist production and provided a unified analytic approach to capitalist work organisation by retaining the labour theory of value and its constituent categories in Part One of the book, he tended in subsequent parts to posit an empirical account of the degradation of work. Therefore, there remains no serious problem in isolating his empirical analysis of de-skilling and testing it within the labour process.

Although this would remain a more sophisticated consideration of Braverman's work, it tends to focus solely on a fetishised conception of the appearance rather than the essence of the book, interpreting empirically the social relations between people as technical relations between individuals and the material factors of production, and thus rips the de-skilling thesis out of its general intellectual context. This status relates to the complementary status of Braverman's work and the earlier *Monopoly Capitalism* of Baran and Sweezy'. Braverman provides the key

linkage between more abstract and undifferentiated marxian economic study, a la Baran and Sweezy, and a sociology of the production process by more specifically engaging with the realities of production without jettisoning the core Marxian theory of value. Obviously, if this is respected, then the labour process is not simply conceived of as the forum for the production of use-values through the private, concrete and independent toil of human agents, but the specifically capitalist labour process premised on the social dynamics of commodity production and therefore the dominance of abstract labour. This recognition of the unified duality of capitalist production maintains throughout an appreciation of the fundamental duality of the commodity, of use-value and exchange value, of concrete and abstract labour expressed in general terms by Marx in Chapter One, Volume One especially Part Four and in relation to capitalist production Chapter Seven of the same volume (see Sweezy, 1980: 22).

What is required then is a systematic reading of the text, understanding that whilst often taking the appearance of considering the private and concrete aspects of human toil its whole method and location is one that prioritises the social and abstract dimensions. The debt he owes to Marx is clearly detailed. for example, in two footnotes he notes:

*'Thus Marx says of the process of production that 'considered as the unity of the labor process and the process of producing surplus value, it is the capitalist process of production or capitalist production of commodities.'

**'This is not the place for a general discussion of the capital accumulation process, and the economic laws that enforce it on the capitalist regardless of his wishes. The best discussion remains that

of Marx, and occupies much of the first volume of *Capital*, especially Part VII...'

(1974: 53-4)

Possibly the clearest and most insightful demonstration of Braverman's attempt at reconstructing a rigorous marxist analysis of the capitalist labour process informed by value categories occurs when in Chapter Eleven he discusses 'surplus value and surplus labor' (pp.251-257). He clearly exposes how it is only on the basis of a full appreciation of value theory and a conceptual understanding of the status of abstract labour that we can objectively make sense of the dynamic exploitation of the working class. He clearly states how he considers his analysis of the changing forms of labour as a parallel and complementary analysis in relation to Baran and Sweezy's treatment of the changing forms taken by value within exchange and distributional arrangements. He can legitimately pronounce that:

'Baran and Sweezy deal less with the movements of production than with the movements of its outcome, the product. But, as they point out, not only technological change but also a *changing product* bring about new and different processes of labor and new occupational distribution of the employed population, and thus a changed working class. It is thus clear that the investigation of the movements of *labor* undertaken here are but another form of the investigation of movements of *value* undertaken in *Monopoly Capitalism*.'

(1974: 255)

Overall, we have demonstrated why Braverman's method and analysis are so important and why it marks a key point in the theorisation of capitalist

work organisation as it resurrects the sustained linkage developed by Marx between value theory and a less abstract attempt to make sociological sense within production of these value relations. This does not mean that we treat the work uncritically, but appropriate the important aspects of the work. There are problems with the work which we shall subsequently discuss, but this should not detract from the fact that the book makes a qualitative break with orthodox conceptions of the sphere of production.

6.3. SECTION TWO: DE-SKILLING REVISITED

Given our reconsideration of LMC in terms of underlying method and conceptual origins, we are now in a position to return to the status of the so called 'de-skilling' thesis. It is useful to identify schematically two divergent marxist approaches to production that we developed in the two previous chapters. First, a marxist approach inherited from economic positions with its adulterated conception of the economic with material production dominating, and being artificially separated from, specifically capitalist social relations dependent on establishing the exogenous development of the forces of production. This forms the basis for technological determinist marxist positions.

In contrast, we argued for a marxist conception of the economic dependent on establishing a value theory of labour approach, when human labour power is consumed under capitalist social relations. This specific

subsumption dominates but is not artificially separated from the material aspects of capitalist production. This alternative approach acknowledges, first, the central indeterminate human labour potential and, second, because of this, considers production to be the central feature of human endeavour. Understanding of the labour process is therefore pivotal for any analysis of human creativity and emancipation. Our analysis of capitalism therefore must be dependent on establishing its *differentia specifica* in terms of the infinitely adaptable capabilities of human beings; our scientific analysis of the social relations that constitute the specifically capitalist mode of social organisation is premised on these foundations.

As we have seen Braverman clearly belongs to this second marxist approach to production. For example, when considering technology he argues: 'technology, instead of simply 'producing' social relations is produced by social relations represented by capital' (1974: 20). In his essay on recent marxist contributions (Anderson, 1983) Perry Anderson argued, with little in the way of substantive analytical evidence, that Braverman's work should be located within the context of the humanism of Critical Theory. This is a somewhat troublesome proposal, however, as Critical Theory is actually premised on a reaction against the economistic interpretation of the marxist approach to the economy, but which never seeks to re-establish the approach to the economy developed by Marx within the pages of *Capital*. Braverman to his credit, acknowledges and utilizes this alternative approach to the economy and his work thus transcends a simplistic humanist/structuralist distinction which Anderson never appears to succeed in doing within his own essays. (see Chapters Four and Five).

This location is extremely important in that a full understanding of the 'de-skilling' thesis is impossible without a full understanding of this location and grasp of its analytical implications. For example, the general thrust of most post-Braverman literature is to assume that he was a technological determinist. We can now see that this criticism makes little or no sense as Braverman's own method is explicitly anti-technological determinist. More importantly, although implicitly based on the same assumption of course, is that Braverman considers Taylorism or de-skilling in a linear fashion, as a relentless law of development which systematically unfolds through capitalist evolution. A subtle distinction needs to be drawn here; between conceiving of de-skilling as an unrelenting law of capitalism, of which Braverman cannot be found guilty, and a functionalist tendency which actually exists within his work which lacks a 'dialectic of control' in terms of the regulation of employment relations, translating into a method which tends toward conceiving of capital as an omnipotent force. These two points are not the same. In his treatment of the 'de-skilling' thesis he does not posit a law in the sense of an uncomplicated linear process as some would have us believe (for example, Wilkinson, 1983; Penn and Scatergood, 1985). How can he when he argues in the following fashion:

'To the next question - how is the labor process transformed by the scientific and technical revolution - no such unitary answer may be given. This is because the scientific and managerial attack upon the labor process over the past Twentieth century involves all of its aspects; labor power, the materials of labor and the products of labor'

(1974: 169)

Further, referring implicitly to the real subsumption of labour to capital, he points out:

'The principle is itself restrained in its application by the nature of the various specific and determinate processes of production. Moreover, its very application brings into being new crafts and skills and technical specialities which are at first the province of labor rather than management. Thus in industry all forms of labor coexist: the craft, the hand or machine detailed worker, the automatic machine or flow process.'

(1974: 172)

Because post-Braverman theorists fail to locate the 'de-skilling' thesis within the broader context of his approach to production they can never conceive of Taylorism as anything other than 'stopwatch, speed up etc.'; they cannot consider its social significance in terms of securing and intensifying value relations prior to their realisation. Therefore, Taylorism is considered only in relation to job design, i.e. labour in its private independent dimensions. Accordingly, therefore, any single aspect of re-skilling through technical change would in itself contradict the use-value de-skilling thesis that they accuse Braverman of positing. Braverman's approach is of course entirely different, it is centred around the separation of conception and execution within production² and projects a long term *tendency* when means of production consume labour power given the imperatives of accumulation.³ That is, it is an overriding tendency given the abstract nature of accumulation, but which may be subject to counteracting tendencies and possibly even short term reversals.⁴ De-skilling refers to the work performed by the total stock of capitalist

labour power in the aggregate over time. There is, therefore, a multi-dimensionality in terms of the contingencies which effect the capitalist labour process, but at a more abstract level, core tendencies.⁵ Accordingly, this argument would allow for the work of people such as Burawoy (see later). As such, an analysis of why we do not witness relentless de-skilling is paradoxically compatible with the underlying method employed by Braverman.

It can be accepted that there is a problem with Braverman's work however. This relates to our second point, namely, that Braverman does tend to posit an omnipotent capitalist class, who act, and the working class (sometimes) reacts. Analytically, this downplays the role of ongoing class struggles within the social relations of production. This remains a peculiar tendency within the work, given the general thrust and location of the project⁶. There remains a tendency to privilege the actions of management/capital over those of workers/labour. The product of this one-sided tendency is that questions relating to how commodity production is transcended are overlooked and produces a form of analytical fatalism,⁷ as it never gives full weight to the role of class struggle over the forms and methods of capitalist economic reproduction and accumulation. What emerges is a method that posits the most efficient mechanism for accumulation for capital and then, because of a downplaying of working class agency, implicitly assumes that this form will necessary emerge - it leads to inscribing functionalist tendencies within capitalism in terms of value production and realisation. This then leads toward a practical convergence between Marxist and Weberian approaches to capitalist authority and structural forms. Giddens, in his provocative exposition of the 'dialectic of control', exposes this line of reasoning in the work of Braverman:

'The implication of Braverman's analysis, which in emphasising the class character of managerial control begins from different premises to those of Weber, appear every bit as pessimistic as those of that author. For although Braverman's study is an explicitly Marxist one, there is no indication at all that the working class are able to stem the dominance of the processes that rob them of control over their labour. On the contrary, the spread of de-skilling, and the sieving off of control over the labour task from the worker, appear to have much the same implacable force about them as the advance of bureaucracy depicted by Weber.'

(Giddens, 1982: 208)

Giddens directs his analysis against a structuralist marxism that denies human agency a role and assigns an implicit stability to structure, in the sense of patterns of class domination, through assumptions of rational development, which slips into a deterministic account of structure and the reproduction of structure. This is actually too strong as we have seen how Braverman's work transcends the humanist/structuralist divide (which in considering LMC neither Giddens or Anderson do, as reflected by the fact that one assumes Braverman to be a structuralist, the other part of the humanist project), by establishing an alternative approach to the economic. However, Giddens is correct in identifying unfortunate functionalist tendencies within LMC. This of course should not underplay the importance of the different economic premises of Braverman and Weber as related to their alternative conceptions of value. We also have to remember that this failing in LMC is not the same as falling foul of a technological deterministic method; rather it simply represents an unfortunate tendency within Braverman's work. This may have been overcome if Braverman had more

fully integrated into his analysis the roles of the formal and real subsumption of labour and absolute and relative surplus value. Yet, this in no way should detract from the importance of the approach. As we shall see this problematic tendency appears as a pivot upon which a series of other bogus claims have hinged since the book was published.

6.4. SECTION THREE: BURAWOY, EDWARDS AND FRIEDMAN

We have reconsidered Braverman's LMC by emphasising, in direct contrast to other readings of his work, the importance of his method. Although this is never explicitly stated in this manner it is premised on the assumption that the social relations of production endogenously determine the forces of production. In the next two sections we chart the general direction of post-Braverman labour process theory. This however, is not that easy given the mass of literature on hand and the fact that many of the contributions tend to lack an explicit theoretical location. In much of the literature intellectual heritage appears to be ignored, or at least randomised; the central cleavages in social thought as regards the study of economy and society are ignored, especially different conceptions of value. In an attempt to review this literature in some sort of systematic fashion, in effect to ascribe coherence to what is in general incoherent social thought, we consider this body of work through the grid of three leading post-Braverman writers, namely Burawoy, Friedman and Edwards.

First we consider the approach adopted by Burawoy (1978; 1979; 1985). Apart from Braverman and Marx the most important contributions have been made by Burawoy. However, because of his explicit structuralist perspective he never fully comprehends Marx's approach to capitalist production and the economic in particular. This produces major analytical dilemmas for him. Second, we look at the work of Friedman (1977) and detail the neglect of value categories within his work. Finally we consider the leading American 'Radical' contribution, that of Edwards (1979), who despite tying his colours to the marxian flagpole, lacks a critical marxist perspective. Subsequently, we discuss other contributions to the debate which have tended to produce a neo-Weberian analysis of capitalist work organisation by building on some of the misconceptions inherited in particular from Edwards.

In brief, the post-Braverman labour process approach has provided an alternative grid from which to consider the capitalist employment relationship and the organisation of capitalist production since the early 1970s. This is because of the general marxist premises that underscore this body of work. It provides an alternative to orthodox approaches to work organisation by its appreciation that human labour cannot simply be treated as a technical factor of production; indeterminate labour power replaces the predetermined productivity assumed by the orthodox economist. Labour process theory then elaborates on the social relations of capitalist production, which is beyond the reach of the descendants of the marginalist reorientation. Voluntary labour market participation and mutual benefit are replaced by structured antagonism and class conflict given the coercive nature of the employment relationship. The approach discusses the dimensions of capitalist work organisation that emerges out of the practical labour market distinction between labour power and labour, for

instance, focussing attention on questions relating to the historical emergence of the factory system and contemporary organisational dynamics, the role of technological change and the various dimensions of management strategy. Therefore, emphasis is placed, not on the naturalised growth of hierarchy nor the exogenous development of technology, but rather on the politics of management activity, on the political character of organisational strategy and on the central importance of accumulation given the objective imperatives of capitalism.

For Burawoy the crucial theoretical and practical questions to be addressed emerged directly out of his fieldwork in the South Chicago machine shop labelled 'Allied'. Why, he asked, did workers cooperate in their own exploitation, or 'why do workers work as hard as they do?' (1979: xi). Marx's own assumptions of capitalist coercion are deemed insufficient. Instead he stresses the importance of a marxist sociology which seeks to transcend the simplistic assumptions contained within the term 'false consciousness'. In order to construct such a sociology, he has initially to consider his approach to capitalist production and his relationship to Marx (1979: 12-30). The shortcomings of his work become apparent right from this point however. As a self-confessed structuralist (1979: 219 n1), Burawoy is at pains to locate his own work outside of a teleological approach to history 'in which the succession of modes of production follows a fixed and inevitable pattern in accordance with the expansion of the 'forces of production'' (1979: 219 n1). Because of this he withdraws from analysing the capitalist labour process with reference to the interplay between the forces and relations of production, as this, he assumes, necessarily leads to conceiving of the forces of production as class neutral and by definition leads to a teleological marxist position (1979: 220 n2). If instead Burawoy appreciated that the forces of production endogenously

develop out of the social relations of production then he would appreciate that they are not class neutral, neither would he assume that the usage of the categories of the forces and relations of production necessarily produces teleological views of the historical. This is an extremely important point which informs the whole of his subsequent analysis. In parallel with Althusser, whilst attempting to break with marxist economic reductionism, he never fully breaks with the underlying conception of the economic upon which this reductionism is premised. Accordingly, the production of things dominates the production of social relations.

This confusion is aptly demonstrated when Burawoy transposes the structuralist grid of the capitalist mode of production to the three moments of capitalist production- the economic, political and ideological (1985: 35). These should in effect be re-described as the technical, political and ideological. This is because he conceives of the economic solely in terms of the technical production of things; the political in terms of the production of social relations and the ideological as the 'production of the experience of those relations' (1985: 39). He develops this approach (1979: 15; 1985: 5-9) by distinguishing between relations *in* production and the relations *of* production. The former reflect production relations, the relations on the shopfloor transforming raw materials into outputs. The relations of production reflect the relations between capital and labour in capitalist society, or the relations of exploitation (1979: 15; 1985:13). Now, the economic 'moment' (1979: 15) relates to the relations in production, the labour process, and is therefore dislocated from the relations of production in exactly the same way as Althusser which we discussed in the previous Chapter. His conception of the economic is a technical one and in this sense he never escapes from the analytical approach to the economic characteristic of deterministic marxism, seen as a

technical space rather than a social forum where under capitalism valorisation dominates use-value production. This has the effect of emptying the economic of any political content, as only the political produces capitalist social relations and not the economic (1985: 39) (see Cohen, 1987: 40). Value categories must therefore become in some sense only 'political' and not 'economic' rather than simultaneously both, a la Marx and Braverman.

The importance of Burawoy's confusing theoretical premises becomes clearer when he elaborates on the significance of the 'politics of production'. In effect, there are no economic tendencies or objective laws of motion within the capitalist economy. The political consent generated within production reproduces capitalist social structures and allows for system maintenance; worker collusion in the 'game' of production cultivated by the 'internal state' safeguard the reproduction of the value form. Workers' wages depend on the production of profit margins, as such there is a material basis for capitalist hegemony within the workplace (1978: 265). The piece rate system at 'Allied' and the methods allowed for 'making out' allow workers apparent choices and provide for consent (1979: 135-161) transcending simplistic notions of worker instrumentality. The result of this is that the exploitation of workers is clouded over by the ideological apparatus assembled in the factory.

In a development of his own work Burawoy drops the notion of the 'internal state' (1985:11) instead emphasising the 'factory regime' or the 'political apparatus of production', thereby more fully locating the specific production process and its constituent ideological processes within the broader social formation. Although this is an important progression, the basic analytical problems remain intact. A misconceived notion of the economic places out of reach an understanding of the

dominant social relations of the capitalist economy, value relations. Therefore, in the sense of the way we defined the economic in the previous Chapter, there is no accumulation process, only expanded reproduction (see Chapter Four). There are no economic laws nor tendencies as the law of value is lost. Because of this, through his analysis of the internal state and factory regimes, he provides a unique analysis of system maintenance but has no approach to the question of system transformation, as he never fully breaks with the deterministic and technical conception of the economic. The key link between system maintenance and transformation, which we developed in the two previous Chapters through a value theory of labour, which signifies how the social relations of production condition the forces of production, is lost in Burawoy's work. His implicit criticisms of Braverman as a determinist through his de-skilling thesis appear rather confusing given his own method (Burawoy, 1985).

Much subsequent labour process theory has been produced by sociologists. As such, we would assume that Burawoy's sociology of work would have played a pivotal role. Here lies another paradox however, as the book which appears to have played a more central role is Friedman (1977). Much analysis of management strategy has hinged on his *Industry and Labour* which raises central questions relating to the control of the labour process. His whole argument arises directly out of a specific conception of how Marx himself viewed capitalist production; essentially he argues that Marx was a technological determinist:

'In general Marx describes the development of capitalist productive activity in terms of successive stages of social relations developing out of the technical progress of the forces of production once the initial basic mode of production is established.'

(1977: 49).

His whole approach is counterposed to what he sees as Marx's technologist disposition. He points to an analysis of the accommodations between capital and labour which actually *sustain* rather than relentlessly destroy the capitalist mode of production. Accordingly, he counterposes his approach not only to that of Marx but also to that of Braverman who he implicitly criticises for the same technologist disposition (see 1977: 50; 80-85). He argues that both understate the dialectical interplay between the forces and relations of production; easily argued if we initially charge both with deterministic understatement of the importance of class struggle. Friedman counterposes objective laws of structural development and the subjective aspects of labour process relations so as to compartmentalise both Braverman and Marx.

This is an odd argument as when he actually reviews Braverman (very briefly) he rightly begins his discussion with the indeterminate human labour potential (p.80) but ends with Braverman as a technological determinist. This, as we have seen, is not a problem for Braverman, but it is symptomatic of a much deeper problem in Friedman's own work which tends to introduce key issues and insights only to subsequently ignore them. Although a somewhat curious technique, it does produce some neat results. An important example is the method by which he initially introduces value theory, value relations and the dynamics which condition labour process

relations in Chapter 2, only to essentially ignore the implications of these issues when he discusses the crux of his thesis centered around questions of management control. As such, control arrangements within the labour process are assigned primacy within the accumulation process given the method by which they sustain the capitalist mode of production as a whole.

When discussing the notion of 'control' he is at pains to distinguish between control in the absolute sense, those who are 'in control', and in the relative sense of asymmetrical power relations in the ability to dictate work arrangements (p. 82). For Friedman in general there are two types of managerial control:

'Broadly, there are two major types of strategies which top managers use to exercise authority over labour power - Responsible Autonomy and Direct Control. The Responsible Autonomy type of strategy attempts to harness the adaptability of labour power by giving workers leeway and encouraging them to adapt to changing situations in a manner beneficial to the firm. To do this top managers give workers status, authority and responsibility. Top managers try to win their loyalty, and co-opt their organisations to the firm's ideals (that is the competitive struggle) ideologically. The Direct Control type of strategy tries to limit the scope for labour power to vary by coercive threats, close supervision and minimising individual worker responsibility. The first type of strategy attempts to capture benefits particular to variable capital, the second tries to limit its particularly harmful effects and treats workers as though they were machines.'

(1977: 78)

The onset of bureaucratised structures through the period of monopoly capitalism allows greater scope for systematic managerial strategy, given declining external product market pressures. Each strategy has impinged on the historical organisation of the capitalist labour process, determined with reference to skill demarcations, forms of worker resistance and productive technologies. However, as we have already noted, the major problem with the approach is the priority it attaches to managerial control, which because it is dislocated from his preceding value analysis means that control or authority tends to be descriptively applied in an uncritical fashion, which remains at odds with his earlier emphasis on a dialectical interplay between objective economic tendencies and the subjective aspects of labour process structuration; the latter is emphasised at the expense of the former. By positing control over accumulation, management strategy within the private confines of the self-sustained labour process becomes functionalised, jettisoning any systematic analytical linkage between system maintenance and system transformation. Conclusions of a similar nature centred around the notion of control are reached by the 'Radical' Edwards (1979). The difference, however, is that Edwards does not even provide any analytic (value) categories from which to move away. He begins his analysis:

'hierarchy at work exists because it is *profitable*. Employers are able to increase their profits when they have greater control over the labour process. However, this profitability does not in general result from greater efficiency (as that term is usually understood), and it certainly cannot be easily identified with the greater good of society. Moreover, while hierarchy is consistent with today's technology, that consistency must be understood as arising as much

from the shaping of technology to provide greater control for employers as from an *imperative* operating in the other direction. Finally, employers understandably do desire control, but such control is instrumental, a means toward achieving greater profits. Thus to understand the reason for workplace hierarchy and to comprehend the twentieth century transformation of the labour process we need to focus on the profit system- that is, on capitalism.'

(1979: VIII).

By acknowledging the indeterminate nature of the human labour potential, Edwards appreciates that the evolution of the factory system has more to do with the contradictory nature of the capitalist employment relationship than assumptions emerging out of the model of technical efficiency. Edwards elaborates on this by providing an historical account of changing forms of work organisation in the U.S. based on the development of managerial control strategies exercised within the labour process within certain large corporations. This historical overview combines with an analysis of the various control techniques within contemporary U.S. capitalism. For Edwards:

'The labour process becomes an arena of class conflict, and the workplace becomes a contested terrain. Faced with chronic resistance to their effort to compel production, employers over the years have attempted to resolve the matter by reorganising, indeed revolutionizing, the labour process itself. Their goal remains profits; their strategies aim at establishing structures of control at work. That is, capitalists have attempted to organize production in such a way as to minimize worker's opportunities for resistance and

even alter the workers' perceptions of the desirability of opposition. Work has been organized, then, to contain conflict.'

(1979: 16)

Edwards goes on to differentiate schematically three types of control; 'simple', 'technical' and 'bureaucratic'. For the first type, he begins in the mid-nineteenth century. Simple control rested on the individual power and authority of the capitalist which translated into directly coercive methods of controlling labour given harsh competitive pressures, mixed with degrees of paternalistic behaviour, given the close contact existing between owner-entrepreneur and individual workers within the labour process (1979: 25). The active participation of the entrepreneur in the labour process enhanced his/her control through knowledge of work requirements and individual labourers. For Edwards this type of control is simple given the harsh techniques employed in the disciplining of the labour force which lacked any systematic method in translating the human labour potential into concrete activity. It still exists, albeit in slightly amended forms, within certain parts of the U.S. economy, namely, the highly competitive small business sector.

Economic development with the concentration and centralisation of capital laid the basis for constructing more rigorous techniques for the control of labour power. Capital concentration necessitated larger stocks of labour power thereby stretching the suitability of simple control methods. More resources allowed for greater planning and the formalisation of hierarchy, at the same time as a growing crisis in the simple control technique became apparent, for example, reflected in the increasingly ambiguous position of the foreman within the labour process, together with the costs emerging from the genuine upsurge in worker militancy. These

pressures were met and resolved with greater hierarchy introduced within the physical confines of the factory.

He charts the sequence of capital concentration toward full blown monopoly and away from the excessively competitive environment of the mid nineteenth century. This appears not as a straightforward linear development away from simple control however. The emerging 'crisis of control' - effected by continued competitive pressures, emerging proletarian activity and left wing political unrest pointed the need for capital to respond. Initially this response took the form of greater coercion which fed into greater class conflict. This led to a period of experimentation on the part of capital, whilst in the short term the First World War created a brief respite by undermining the political impetus of the working class (1979: 68). Within the emerging monopoly capitalist firms experimentation took three forms. Welfare capitalism evolved but then declined given its failure to reconstruct power relations within the factory. Company union representation met with a similar fate, although it did enable capital to recognise the benefits derived from the formalisation of supervisory and representative structures. Third, and finally, scientific management was experimented with, but once again the existing power realities within the social relations of production, together with levels of management insecurity, maintained worker resistance and industrial unrest. As such, it was subsequently discarded.

Capital finally chose to control the labour process through the technical composition of the production process (1979:109), backed up with the knowledge gained from its previous experiments, where they had noted that:

'Control must emanate from a legitimate overall structure, that it must be concerned with the work itself, that jobs must be defined precisely on the basis of management's control over a special knowledge, that there must be positive rewards for proper work, and that management itself, especially foremen, must be subjected to systematic control. In a general way, these lessons constituted the agenda for structural control.'

(1979: 110)

Although worker resistance did continue through the inter-war period, the introduction of this 'technical control', 'embedded in the technical structure of the firm' (p. 110), over the manual labour within the monopolistic mass production sector (Fordism) was maintained. Whilst it was generally associated with production line technologies, this form of control also applied, and to a degree still does apply, more broadly throughout much of manufacturing, often jointly administered through the process of collective bargaining. Technical control did not resolve all of the problems that emerged with the monopolisation of capital. Therefore, through the evolving social structure of the firm, management saw fit to consolidate forms of 'bureaucratic control'. Technical control, based around extracting human labour through technological design, created its own contradictions given its homogenising effect on the labour force. The growth in white collar work and trade union organisation, coupled with resistance to variants of technical coercion in the post-1945 period, created the changing context within which this strategy developed, actively consolidating hierarchy through the imposition of procedural and behavioural norms. Impersonal rules formed the basis for the institutionalisation of hierarchy within the organisation, thereby clouding

over its essential class character, ownership and power realities. Internal employment ladders replaced hire and fire techniques. Emphasis moved to the notion of careers within the corporation, thereby isolating out the core stock of labour power from the worst insecurities generated from spot market transactions. Systematic behaviour norms and methods of evaluating performance strengthen the bureaucratic flavour of the social system within the increasingly reified capitalist structure. We witness both the horizontal and vertical segmentation of the working class, which in turn provides the space for the generation of cooperation instead of conflict (that is, conflict becomes latent), glossing over the realities of structural class antagonism partly conditioned by the heterogeneity of the working class itself (1979: 130-184).⁸

Overall Edwards isolates three variants of control which, although not being mutually exclusive, do exhibit certain distinctive traits as associated with forms of productive technology, levels of capital concentration and the composition of the labour force. The emergence of technical and bureaucratic control methods parallels the development toward monopoly and the greater resources this affords to management, although to a lesser degree also conditioned by patterns of worker organisation and class conflict. Given these developments he characterises the contemporary U.S. economy as a duality broken down between the competitive periphery employing labour in an insecure but explicitly coercive fashion and the primary sector made up by large corporations enacting mixtures of technical and bureaucratic control.

6.5. SECTION FOUR: SECOND GENERATION LABOUR PROCESS THEORY

The work of these three theorists serves as the general bedrock of post-Braverman labour process theory. Subsequent analysis has hardly, if at all, advanced upon these studies. Indeed it has actually regressed, analytically, even further from Braverman and Marx. On the one hand, we have witnessed a mass of empirical work on technical change and labour process organisation, the purpose of which more often than not is to refute Braverman's alleged determinism (see, for example, Penn and Scattergard, 1985; Jones, 1982; Wilkinson, 1983). We replace the 'de-skilling' thesis with a celebration of the complexities and vagaries involved in use-value production! On the other, we criticise both Friedman and Edwards for their simplistic delineation of control typologies and their failure to comprehend fully the nature of worker resistance (see Littler and Salaman, 1982), or we throw stones at Burawoy's restrictive consideration of consent within the workplace and its generation within the social formation more generally (Thompson, 1983). We even progress further and provide what might be best described as a management segmentation theory (Rose and Jones, 1985). The labour process approach becomes an empirically based analysis of job design, industrial relations issues and the division of function within both labour and management groupings; with contingency replacing any genuine notion of social determination; technical human resource analysis replaces labour and capital as social categories.

Apart from these empirical developments we have also witnessed the theoretical elaboration of the dynamics of labour process and labour market relations. Following on from the work of Edwards, the U.S. 'radical' school, most notably Gordon et al., (1982), extend the frame of reference to consider the historical development of the capitalist economy as a

whole. Cyclical developments are explained in terms of the relative successes of the system of labour control incorporating both labour market and labour process exigencies. Internal labour markets are considered in terms of the 'divide and rule' strategies of capital. The critical weakness of the analysis is the same as inherited from Edwards. By replacing accumulation with a model of expanded reproduction (see Nolan and Edwards, 1983) all crises are generated and become resolved through control techniques within the labour process. By failing to appreciate value relations, capital becomes a reified omnipotent actor which fails to uncover the dynamic contradictions of capital itself as capital becomes a quantitative term which can only relate to the number of actual capitalists involved. This troublesome aspect of the literature also leads to an underdeveloped analysis of worker resistance and the role of the working class in the structuring of labour process and labour market rigidities.

Accordingly, theorists have pointed to the need for a more multidimensional analysis of control, resistance and accommodation (see Edwards and Scullion, 1982). Elbaum (1983), has demonstrated how in U.S. iron and steel the primary cause of the establishment of internal labour markets has been the pressure, collectively exerted, by workers for employment security and economic advancement. This line of analysis can be traced back to the analysis of gender division and labour market segmentation initiated by Rubery (1978). She proposes that as working class organisations became stronger, the control considerations of the employer increased in importance; in turn however the employer's room to manoeuvre will become increasingly circumscribed. It is in the interests of certain groups of workers, within the context of de-skilling, to establish labour market rigidities as a defence mechanism in the light of technological and organisational developments which render certain skills obsolete.

Theoretical developments have also occurred in the general direction of a new neo-Weberian analysis of work organisation (see Littler and Salaman, 1984; Edwards, 1983; 1986). Concepts such as labour power and surplus value are utilized but divorced from any systematic marxist location, instead being used within an analysis which naturalises capitalist social relations by ignoring the question of valorisation. Braverman is considered as a radical organisational theorist; marxism as yet another academic discipline which is dabbled with but with scant regard for the history of social thought and the political imperatives which have conditioned academic interjections.

For this form of analysis class analysis remains essentially Weberian in orientation. Because valorisation is ignored the notion of 'control' is located centre stage, the principal moment within the labour process. The empirical data which points to the varieties of use-value production lead these theorists to question the legitimacy of a single unitary theorisation of the labour process (of course it would given the heterogeneous dimensions of concrete labour in its private capacity!). Some argue against such a theory. Storey (1985: 193) argues 'it is not perhaps an exaggeration to claim that the labour process bandwagon has run into the sand. Indeed the catalogue of amendments and criticisms attaching to labour process theory has led a number of critics to call for little less than the abandonment of 'labour process theory.'" Kelly (1985) also leads to similar conclusions of the need to abandon a core theory, firstly, because it is only one moment in what he describes as the 'circuit of capital' (sic) and therefore has no special place in the 'circuit' and second because it (job design) 'has no intrinsic, or essential, political significance whatsoever' (1985: 42).

Indeed, politically, 'marxist and radical analysis of job redesign

have been plagued by a set of untenable theoretical assumptions: the necessary dominance of capital and its agents, the idea that job redesign possesses an intrinsic, or essential, political significance, and the notion of control in the labour process as a unidimensional, zero-sum concept' (1985: 49). Curiously then, in the space of some seven pages Kelly begins by calling for a return to questions centred on the 'circuit of capital' but then proceeds to note that it is untenable to posit the 'necessary dominance of capital and its agents'. Simply put, this gymnastic feat is possible only because he fails to understand the concepts which he has adulterated, most clearly in terms of what he understands the 'circuit of capital' to be; a Eurocommunist political project (Kelly's own description) then somehow emerges in opposition to marxist 'essentialism' by intellectual default. The capitalist labour process is crassly considered in terms of the heterogeneous aspects of 'job redesign', or more specifically use-value production.

The degeneration of debate and its distance from Braverman and Marx is never clearer when we see, on the one hand, those who question the legitimacy of a core labour process theory but stress the need either for a return to 'dialectics' (Storey) or the 'circuit of capital' (Kelly) and, on the other, Thompson (1986) who defends a 'core theory' centred on management control with recourse to rational choice theory whilst abandoning value theory and a marxist theory of exploitation without ever giving a hint that he understands the theories he is so keen to throw away. Second generation labour process theory of this sort compounds the theoretical anomalies highlighted in the work of Burawoy, Edwards and Friedman; Braverman and Marx are considered as old fashioned essentialists who ignore the complexities of the real world!

6.6. SECTION FIVE: POST-BRAVERMAN LABOUR PROCESS THEORY: SOME COMMENTS

Braverman's reconsideration of the capitalist labour process began to be severely criticised soon after its initial publication. Generally these post-Braverman criticisms detected an 'overemphasis on a deterministic, economic logic, and a corollary neglect of the impact of conscious class struggle' (Gartman, 1983: 659). However, as we have seen we can refute the first charge of technological determinism whilst accepting that by understating the importance of working class agency he does tend to functionalise the actions of the capitalist class. As such, these two forms of criticism do not necessarily follow each other. This is an important point as much resultant labour process theory assumes that these two points are in effect indistinguishable, without ever fully comprehending what a deterministic Marxism actually entails and how Braverman, following Marx, explicitly opposes such a method. Following from such criticisms it is generally acknowledged that the scientific management strategies pursued by capitalists cannot be considered in such a coherent and all-embracing fashion. There therefore exists important differences in the methods by which labour power is utilized within the period of monopoly capitalism. This allows post-Braverman labour process theory to launch into a general sociological inquiry into the patterns of working class organisation and the various dimensions of management strategy in relation to the control of human labour power within the labour process.

Because this project is predicated on a specific conception of Marx and Braverman's analysis, this appears as the reason why value theory is jettisoned from the analysis, and why analysis has tended toward focussing on the practical aspects of labour process organisation and labour market dynamics. This assumes that value theory itself necessarily leads to a

deterministic marxist analysis of the capitalist labour process rather than understanding that a value theory of labour actually stands in direct opposition to a technological determinist marxist analysis. This is the essential continuity that spans post-Braverman labour process theory; the resultant shortcomings of the literature can be traced back to this underlying misconception of the work of Braverman and Marx and an absence of value theory. Even when theory is present, in an effort to produce an intermediary series of concepts, the accumulation process is considered as simply a straightforward process of expanded reproduction. This leads to positions which isolate the question of control from broader economic dynamics.

Moreover, by ignoring the question of value the literature can never probe beyond the most concrete, private dimensions of human labour and thus can never transcend the specific contingencies involved in use-value production. Its emphasis on diversity and celebration of its refusal to posit a core theory emerge out of this omission. Similarly its general technique of compartmentalising management activity is the product of a method which by ignoring value relations can do no other, as contradictions emerge and are resolved solely within the context of the labour process. In this sense system transformation simply occurs because of the unprofessional nature of management. When we do witness a professional management strategy, e.g. Burawoy, then we are solely provided with an analysis of system maintenance. This is because the link between maintenance and transformation is lost as value theory itself is lost. The neo-Weberian tendencies emerge out of this one-sided appropriation of LMC, as the qualitative importance of the marxist approach, that which separates it from the various permutations in orthodox social thought, the labour theory of value, is lost. By isolating the labour process from the

valorisation process it can consider the categories of labour and labour power only in their heterogeneous aspects but cannot comprehend the historically specific commodification of labour power, as the commodity itself is not understood. The complex network of categories which makes the labour theory of value and which conceptually makes sense of the deep social structures and processes of capitalist society is never understood. Therefore, it can never understand the specific conception of capital utilized by Braverman and Marx. Accordingly other concepts such as surplus value and accumulation, although frequently used within their adulterated sociology, are never understood as they remain divorced from their own analytical constituency.

In chapter Four we analysed the circuit of capital. Initially this was done by abstracting from the effects of capitalist competition, that is, we discussed the formula C-M-C and M-C-M in terms of capital in general. On this basis we proceeded to introduce more complex dynamics and conflicts emerging out of the process of accumulation which leads to a more complicated analysis of the processes that produce tendencies toward capitalist crisis. For example, in terms of the tendency for the organic composition of capital to rise and its counteracting influences. The dilemma for labour process theory is that even within the more interesting contributions to the debate, analysis never transcends a model of expanded reproduction. This model consists of the purchase of means of production and labour power which are set to work in the production of a new set of commodities which are then exchanged for money within the exchange arena. Expanded reproduction occurs if the value extracted within production exceeds the value of labour power consumed, this surplus value being reinvested in the next production cycle. This simplified analytical grid then forms the basis for an analysis of the labour process (for example

Gordon et al 1982). This has the effect of positing a theory of crisis solely originating and therefore solely resolved within the labour process itself, and even more specifically the system of labour control within the labour process. As Nolan and Edwards argue:

'The problem with their analysis (Gordon et al) is that, when taken to its logical conclusions, it implies that capitalism would be free from crisis if a more enduring system of labour control could be devised and successfully maintained. This conclusion, moreover, is a direct consequence of analysing the process of capitalist development as though it were a system of expanded reproduction, that is by abstracting from the dynamic tendencies of the process of accumulation.'

(1983: 204).

Even here the problem is of a deeper nature however, as the approach to expanded reproduction is itself a product of the literature failing to understand value, or more specifically abstract labour. Without any appreciation of abstract labour then value cannot be understood and therefore surplus value is not understood. Thus the model of expanded reproduction is considered in relation to surplus *labour* and not surplus *value*. Accordingly the nature of the commodity is not understood and therefore neither is the specific marxist approach to capitalist production. The terms 'capital' 'value' and accumulation' remain undefined. To reiterate our three practical issues emerging out of our approach to marxist economics developed in the last two chapters. The labour theory of value enables us to generalise over and above specific labour process contexts about the nature of the labour performed, and discuss the dynamic

of class exploitation through elaborating on the relationship between system maintenance and system transformation through appreciating the contradictory, crisis prone nature of the economic system. Finally, because of this it necessarily provides the space for creating an analysis of the politics of change; how capitalism can be transcended. All of these are lost in post-Braverman labour process theory.

7. CHAPTER SEVEN: ECONOMIC RESTRUCTURING AND VALUE THEORY

7.1. INTRODUCTION

This Chapter seeks to integrate the previous six Chapters by considering some of the contemporary debates around the nature of present economic restructuring in terms of the organisation of production relations. In Chapter One, after schematically charting the general parameters of economic restructuring, we discussed how industrial relations analysis has sought to make sense of these contemporary developments. First, by the construction and general utilization of new heuristic devices such as the 'Flexible Firm' to account for changes in the deployment of labour at the micro level of analysis. Second, by the deployment of different theories of work organisation popular either within industrial sociology or labour economics, such as 'Transaction Costs' and 'Labour Process' analysis. Third, by the introduction of general macro level analysis of restructuring, for example the work of the 'Flexible Specialisation' writers. We can now return to these literatures.

This Chapter proceeds by moving systematically from the more abstract analyses of the current phase of work reorganisation toward empirical developments in the economy. Section one reconsiders 'Transaction Costs' and 'Labour Process' frameworks. We progress by providing a theoretical discussion of the Flexible Specialisation and Regulation literatures before subjecting them to a critical analysis making particular reference to concrete economic relations. In section four we consider empirical developments in terms of productivity and discuss these with reference to

our understanding of the social productivity of labour. Finally, we reconsider the notion of the 'Flexible Firm'.

7.2. SECTION ONE: TRANSACTION COSTS AND LABOUR PROCESS FRAMEWORKS

Throughout this project we have sought to establish that the central cleavage in social theory is essentially a philosophical one, between an analysis which assumes human labour to be predetermined and one which recognises the indeterminacy of the human labour potential. This distinction is as we have seen an approximation for two distinct conceptions of value in economics. One which is subjective in the sense of personal utility. The other which is objective in the sense of a mass of undifferentiated abstract human labour which installs worth into commodities. For one method production is a technical construct; something which facilitates utility in terms of the individual choice between work and leisure. For the other production is a social process. This in turn, has enabled us to comprehend the separation and the similarities between orthodox economics and sociology. In contrast, partly through criticism of the 'radical' labour process literature but also by investigating the central fault lines within marxist social theory, we have sought to establish a method which integrates an abstract understanding of the economics of work organisation and the sociology of work relations.

In Chapter Five we discussed the notion of the social productivity of labour in the sense of productive powers which refers to the forces of production constituted out of the social relations of production. This was to be sharply distinguished from the technical comprehension of productive powers employed within Neo-Ricardian analysis which fails to conceive of these powers over and above their actual representation as material things.

Through a comprehension of the formal and real subsumption of labour we bypassed this fetishism as we discussed how the development of the forces of production (system transformation) was endogenously determined out of these social relations. Thus the social productivity of labour is *internally determined within production not externally predetermined outside production.*

In Chapters Three and Six we demonstrated how both the 'Transaction Costs' and 'Labour Process' frameworks are fundamentally flawed. Both seek analytically to explain the organisation of production, yet the conception of production which underpins both frameworks ensure that neither can offer a dynamic, internally driven, socially determined understanding of changes in the organisation of production as neither provide a robust criticism and rigorous alternative to the orthodox approach to comprehending the nature of human labour.

In Chapter Three we criticised the Transaction Costs approach for never fully providing an account of system transformation, in that it could not offer a causal, dynamic account of transformations within capitalist work organisation, except by offering an account of these transformations by granting explanatory power to exogenous variables which are not systematically defined. It never systematically breaks with the orthodox conception of predetermined human productivity and thus the social relations of production are ignored as the unit of analysis retained throughout is the transaction in exchange and not the social relations within the sphere of production.

In Chapter Six we criticised Labour process theory because of its failure to understand the nature of the value theory employed by Marx, due to the confused nature of the sphere of production which plagues this literature. Instead of an analysis based around the imperatives of

accumulation, labour process theory inserts a model of expanded reproduction in which surplus labour and not surplus value is the prime concern. The systematic marxist linkage between system maintenance and system transformation is thereby lost.

In contrast, we sought to re-establish the method employed by Braverman, in particular the way he maintains a qualitative break with the orthodox conception of the sphere of production through his value theory of labour approach. Braverman's method and analysis marks a key turning point in the theorisation of capitalist work organisation as it maintains Marx's sustained linkage between value theory and a less abstract attempt to make sociological sense of these relations within production.

Something which Braverman did not achieve, which we attempted in Chapter Five, was a methodological conception of changes in work organisation through a discussion of the interplay of the forces and relations of capitalist production. In contrast to the epochal approach to historical materialism employed for example by Gerry Cohen, we sought to establish a dynamic methodology by our alternative approach to value. We argued that different forms of social organisation and thus the historically specific determination of the forces of production, are the product of the specific harnessing of the indeterminate human labour potential, maintained through various forms of property relations. Two inter-related struggles - class struggle and the nature of competition - create incentives for cost reductions through productivity increases. Cumulatively, because of these value relations, the very maintenance of production relations creates pressures for their own transformation as capital forces itself beyond the existing structure of production relations. This approach stands in stark contrast to that employed by both the 'Transaction Costs' and 'Labour Process' frameworks.

7.3. SECTION TWO: FLEXIBLE SPECIALISATION AND ECONOMIC REGULATION

Within the broad range of economic and political analysis of the implications of Thatcherism stands a literature associated with 'Flexible Specialisation'. The literature has its origins in American industrial sociology (see the work of Piore and Sable 1984) but in the British context has been most eloquently argued by Hirst and Zeitlin (1989; 1989a; see also Best, 1984; 1986). These authors tend to conceive of the UK's current structural economic problems as being ostensibly recent in their origins- a failure to come to terms with the recent revolution in manufacturing production associated with Flexible Specialisation. For writers within this emerging tradition the break up in markets of mass consumption in the late 1960s induced the decline in the dominant post war paradigm of manufacturing production- Fordism. Fordism, the production of standardised goods for consumption within mass markets, produced under Taylorist methods of work organisation and through dedicated production technologies, came under pressure during the late 1960s as a result of fragmenting mass markets, declining returns to scale on existing techniques of production and emerging social constraints in the form of increased working class militancy.

Under Fordism, competitive advantage came basically from economies of scale. Consumption was based around private consumption of standardised commodities with public consumption through the Welfare State - which in itself reproduced human labour power and helped institutionalise collective bargaining, specifically the productivity/ wages bargaining relationship. Hence declining productivity helped to de-stabilise patterns of collective economic reproduction. The crisis of Fordism according to Flexible Specialisation was induced by the reformulation of consumer demands: as by

Inverting Say's Law (Nolan and O'Donnell, 1989: 4) international diffusion of Fordist production through South East Asia and parts of Latin America helped saturate these markets which in turn reacted back on the division of labour which itself was approaching definite limits - clarified by working class militancy - produced by technical constraints in terms of productivity growth.

The way this reacted back onto the division of labour was that through the crisis of Fordism successful firms were those who sought to introduce the methods of Flexible Specialisation in production - flexible all-purpose micro electronic production technologies. Gradually these production technologies undermined mass production techniques. Small firms as compared to large conglomerates are seen as the new market leaders of the future. Flexible production methods made small batch production cheaper than before. Small firms were less bureaucratic, more flexible and better able to respond immediately to changes in market conditions, partly through new flexible methods of design and inventory control but more importantly because of the close personal relations which exist both within the company and between company representatives and the external markets. This in turn points to the possibilities of 'restructuring for labour' - a more cooperative - and by inference - less exploitative system of production relations as this new emerging epoch of economic relations 'is enhanced by consultative, participating roles for shop floor workers' (Best, 1984: 14).

The current problems of the UK economy are then related to its failure to adjust to the new economic order of Flexible Specialisation. Management are blamed because they are unskilled; workers because their representative organisations are reactionary; the actions of the State belong to a previous era as they emphasise demand management rather than the key supply side issues of vocational training and the provision of industrial investment.

The other side of this analysis of the recent economic decline of the UK is that a strategy for economic renewal must embrace Flexible Specialisation. On the part of the State, macro level stability must work alongside a dynamic supply side policy at the local level both by investing in fixed and variable capital but also in facilitating local clusters of dynamic small craft based manufacturing firms in close proximity to expert advice in terms of finance, training, marketing and technical understanding of the new technologies- 'regional institutions that balanced cooperation and competition among firms, so as to encourage permanent innovation' (Piore and Sable, 1984: 24).

At the most abstract level this literature assumes that it is patterns of consumption which have, amongst our competitor western market economies, produced a profound shift in the forces of production (irrespective of whether in practice there has been a break up of mass markets which is questionable (Williams et al 1988)). In this sense the sphere of production comes to be seen as a dependent variable in terms of the consumer requirements which structure economic relations within production. It is therefore the *consumption of use-values* that plays the central determining role in the organisation of the production process. For example:

'Because mass production was the engine of growth in the post-war period - indeed, throughout most of industrial history - the break-up of mass markets led to decline in the rate of productivity increases and thus to slower growth.'

(Fiore and Sable, 1984: 183)

Or even clearer still: 'By the late 1960s, domestic consumption of the goods that had led to post-war expansion had begun to reach its limits' (1984: 184). This marks the key distinction between the 'Flexible Specialisation' writers and the best of the 'Regulationist' writers (such as Aglietta, 1979) as the latter's analysis of consumption and the production of consumption goods is based around the imperatives of accumulation and capital in motion i.e. it is an analysis that confronts the law of value. The work of the Flexible Specialisation writers tends to ignore the fact that the production of use-values for consumption is simultaneously the production of surplus value. Because of its failure to engage with the circuit of capital the Flexible Specialisation writers are able to posit the development of conflict free employment relations within the capitalist economy, the economic efficiency of small firms within the international concentration and centralisation of capital and are conspicuously ignorant of the long term structural problems of the UK economy (see later) within the global dynamic of accumulation.

The liberal political doctrine of the Flexible Specialisation writers is a deductive product of their fetishised conception of things that maintain use-values; their idealistic notion that post-Fordist technologies are liberating originates directly from this fetishism as Fordist technology in its detached material and asocial sense is conceived as being the lever of oppression and not the actual capitalist social relations

which dominates the material aspects of production.

A literature which superficially bears many of the hallmarks of the Flexible Specialisation writers is that of the 'Regulation' school (for example, Palloix, 1976; Aglietta, 1979; Lipietz, 1984; 1985; 1987; Jessop, 1988). The central difference which can be traced back to value theory in this literature (at least when considering the most sophisticated text in this body of thought (Aglietta, 1979)), is that it does not see technology as in itself producing or inhibiting liberating possibilities.

Aglietta's ideal type analysis of the history and periodisation of US capitalism isolates two distinct phases - or 'Regimes of Accumulation'. The first, the regime of extensive accumulation, is primarily characterised by the extraction of absolute surplus value. The second, the regime of intensive accumulation, is perfected in the post-war period, based around Fordist production technologies and the extraction of relative surplus value. Put somewhat simplistically (as the book is a dense and complicated text) for Aglietta this periodisation pivots around the dynamic relations of workers to the means of production and the means of consumption which drives the economy through successive means of regulation- each with their own patterns of institutional economic reproduction. The development of the regime of intensive accumulation reflects the separation of workers from the means of consumption to develop Departments I and II harmoniously - producer and consumer goods departments. For Aglietta the 1929 collapse reflected the crisis in the extensive regime, what set the context for the development of the intensive regime in the post-war period. In turn, through the late 1960s, the intensive regime began to break down reflected in the 1970s crises which set the context for the emerging neo-Fordist regime.

The key distinction between the extensive and intensive regimes is the commodification of the consumption patterns of the working class. The basic economic barrier facing the extensive regime was the limited consumption of the workers. Technical change allowed rapid accumulation in Department I. The post-war period of mass production allowed for rising real wages thus allowing expansion of Department II, whilst productivity increases ensured the simultaneous rise in both profits and wages, the latter therefore being continuously absorbed. The breakdown in the intensive regime is characterised by limits to further intensification within the labour process against the backdrop of both a rising organic composition as well as consumption norms. The solution lies in the further commodification of collective services and revolutionizing of the labour process:

'This is what Fordism cannot do. The conditions of production must be modified in such a way that the value of the social reproduction of labour power is lowered in the context of a process that facilitates the development of collective consumption. Such a process may be in the course of preparation already with the emergence of the labour process we have called neo-Fordism.'

(Aglietta, 1979: 167)

Although Aglietta himself remained sceptical about whether neo-Fordism would actually emerge as a distinct labour process and correspond to a new regime of accumulation with its own distinct methods of institutional regulation (1979: 168), his work has figured as the central text for less sceptical 'regulationists' (see especially Lipietz, 1985; Jessop, 1988). As we shall see later there are serious empirical question marks about the emergence of neo-Fordist technologies - especially in the UK - and in this sense criticism of the Flexible Specialisation literature is transportable to the Regulation writers. However, the central problem with the Regulation approach remains a methodological one - that both analytically and practically it tends to underplay the role of class struggles due to an incipient structuralist-functionalist disposition (for example, see Clarke, 1988). In general Aglietta tends to conceive of the development of the labour process from Taylorism to Fordism as a realisation of an inherent capitalist dynamic, with class struggle, although being recognised, relegated to secondary importance. The consequences of economic developments tend to be assumed as the cause, for example the commodification of the means of consumption once Fordist production technologies are introduced. Other analysis has focused primarily on the class struggles that constrained accumulation under Taylorist methods leading onto the introduction of Fordist technologies (Zimbalist, 1979; Clawson, 1980). Evidence shows both the centrality of class struggles and also the uneven nature of the developments and application of these technologies. In this sense the regulationists 'recognise that economic relationships are socially regulated, but the regulation of social relationships is still subordinate to the functional requirements of the expanded reproduction of capital' (Clarke, 1988: 69).

On the part of Aglietta this follows the problematic tendencies inherited from Althusser; of a value theory which distinguishes between the labour process and the social relations of production so as to transpose the latter into the realms of distribution; the effect is to isolate the reproductive tensions of a regime of accumulation from their centrality and genesis in class relations, seeing them as simply issues of proportionality which in turn are functionally resolved. As we saw above (Section Four of Chapter Five), we can only overcome the structure/agency distinction and problematic by representing structures or institutions of regulation as congealed value relations, representing the ongoing movement of value, the circuit of capital.

In conclusion, the dominant theoretical perspectives on industrial/work restructuring utilized by industrial relations analysts, are methodologically flawed. An alternative approach does exist. This can only be understood and utilized by re-evaluating our understanding of human labour and the sphere of production. As we now demonstrate, our method of comprehending current economic transformations is deductively produced out of this alternative methodology.

7.4. SECTION THREE: FORDISM AND THE BRITISH ECONOMY

As we have seen in the previous section, writers within the Flexible Specialisation tradition see the economic problems of the UK economy as being recent in their origin - a failure to adjust to a new flexible economic order within manufacturing. Indeed, irrespective of the theoretical problems of the approach which we have discussed, certain aggregate economic indicators appear not to contradict the assumptions of the theorists of Flexible Specialisation. Table 7.1 for example, details our deteriorating trade performance with the rest of the world since 1970 which stands in stark contrast to the huge trade surpluses built up by Japan and West Germany in the post-war period.

Clearly Britain's trade performance has indeed deteriorated since the early 1970s and further intensified during the 1980s. Yet other indicators imply that the UK's comparative economic weaknesses were clear in terms of international comparisons prior to the the late 1960s - the period which began the crisis of Fordism. Table 7.2 provides data on comparative industrial production since 1960 and suggests that even during the height of Fordism in the early to mid 1960s, the UKs comparative position was weak.

TABLE 7.1

UK BALANCE OF TRADE: BY WORLD REGION (£M)

YEAR	EUROPEAN COMMUNITY	OTHER WESTERN EUROPE	NORTH AMERICA	OTHER COUNTRIES
1970	+ 164	+ 457	- 210	+ 1861
1972	- 80	+ 285	+ 222	+ 1716
1974	- 646	- 50	- 222	+ 2675
1976	- 463	+ 295	- 176	+ 4734
1978	- 1615	- 784	- 147	+ 6464
1980	- 1764	- 182	- 1465	+ 6979
1982	- 4983	- 1028	- 1362	+ 7574
1984	- 8350	- 2439	- 1153	+ 5544
1987	- 11085	- 2796	- 1398	+ 5333
1988	- 14906	- 6681	- 109	- 1654
1989	- 16267	- 7168	- 1492	- 2575
1990	- 10884	- 6674	- 1778	- 1577

Source: UK Government Statistics

TABLE 7.2

INDUSTRIAL PRODUCTION: ANNUAL AVERAGE GROWTH (%)

COUNTRY	1961-70	1971-80	1981-90	1961-90
Japan	13.6	4.1	3.9	7.2
Germany	5.7	2.3	2.0	3.3
France	5.3	3.0	1.2	3.2
Italy	7.1	3.3	1.6	4.0
UK	2.9	1.0	1.7	1.9

Source: Economic Trends, December 1990

TABLE 7.3

MANUFACTURING OUTPUT: ANNUAL AVERAGE INCREASE (%)				
COUNTRY	1960-73	1973-79	1979-88	1960-88
Japan	7.9	2.0	3.9	5.1
Germany	4.5	1.1	0.7	2.6
France	6.0	1.6	0.2	3.2
Italy	6.5	2.4	1.6	4.0
UK	2.8	-0.8	0.7	1.4

Source: OECD

Tables 7.3 and 7.4 clarifies this picture of comparative economic weakness prior to the supposed crisis of Fordism. From once being characterised as the 'Workshop of the World' in the later part of the Nineteenth Century, with its world wide export of manufacturing commodities, Britain has gradually declined as an industrial power in the post war period. Table 7.3 considers our comparative position in relation to manufacturing output, whilst Table 7.4. considers total investment as a proportion of GDP. The UK invested the smallest proportion of output in 1960 and has retained this position ever since. Indeed except for the USA prior to 1976 and Turkey prior to 1972, the UK proportion was the lowest of all the 23 OECD member countries.

TABLE 7.4

TOTAL INVESTMENT (Gross Fixed Capital Formation) AS PERCENTAGE OF GDP							
COUNTRY	1960	1965	1970	1975	1980	1985	1987
Japan	29.5	29.9	35.5	32.4	32.0	27.5	28.9
Germany	24.3	26.1	25.6	20.7	23.6	19.5	19.4
France	20.1	23.3	23.4	23.3	21.6	18.1	19.4
Italy	22.6	19.3	21.4	20.6	20.0	18.2	19.9
UK	16.4	18.3	18.6	19.5	17.8	17.2	17.3

Source: *OECD Economic Outlook*

The above table is even more striking when one realises that in 1961 manufacturing investment was, in real terms, higher than every single following year up to and including 1990 in the UK. That is, although our comparative position as regards total investment is terrible, at least it has proportionately increased since 1961. In comparison our domestic manufacturing investment record has declined even further since 1961.

What this data implies is that rather than looking at the origins of British economic decline as being produced by the *actual maintenance* of Fordist economic relations since the late 1960s, we should probe the nature of the comparative decline of the UK prior to the actual perceived crisis of Fordism. That is, we should consider the actual nature of Fordism in the UK.

As we saw in the previous section, writers within the Flexible Specialisation tradition posit the fragmentation of consumer demands as reacting back on the division of labour in the late 1960s, whilst at the same time there occurred technical constraints in terms of productivity growth. Yet in terms of data, Table 7.5 demonstrates for manufacturing the

widening productivity gap with all comparators except the USA since 1960. In contrast, in 1945 Britain had the highest productivity growth in Europe.

TABLE 7.5

PRODUCTIVITY: real value added in manufacturing per person employed.

Average annual percentage rates.

COUNTRY	1960-8	1968-73	1973-9	1979-86	1960-86
USA	3.2	3.5	0.9	3.3	2.7
Japan	9.0	10.4	5.0	6.3*	7.5
France	6.8	5.8	3.9	n/a	5.0
Germany	4.7	4.5	3.1	2.0	3.5
Italy	7.2	5.6	2.9	3.6	4.9
Belgium	4.9	8.2	5.0	4.9	5.5
UK	3.4	3.9	0.6	4.1	3.0

*= 1979-1985

SOURCE: OECD, *Historical Statistics, 1960-86*.

Also quoted in Nolan, 1989: 103

In actual fact, productivity growth in Britain has lagged behind the USA since before the Second World War, whilst our comparative decline within Europe began in the 1950s during the period of post-war economic reconstruction and became entrenched in the 1960s (Nolan, 1989).

This data on the long term post war trends in the UK economy in terms of output, manufacturing investment and productivity is important as it stands as a serious corrective to the schematic conception of the present economic crisis and its origins employed by the Flexible Specialisation writers. This specifically relates to the way this literature characterises

Fordism in the UK (see Nolan and O'Donnell, 1989). In terms of the historical legacy of our comparatively weak productivity performance, U.K. manufacturing emerged out of the post-war boom years as a source of comparatively labour intensive, low value added goods which is a trend which has been consolidated through the 1970s and 1980s reflected most strikingly in our sectoral manufacturing trade deficits - especially bad in telecommunications equipment, road vehicles, electrical machinery and office machines. The result being that chemicals and aerospace equipment remain the only two high-tech industries where we retain a trade surplus - albeit diminishing ones.

Whilst being consolidated in the 1980s - witness the £21.312 Bn manufacturing trade deficit in 1989 - these weaknesses remain essentially long term. The policies of the multinationals have been critical - 'In chameleon-like fashion, they have adapted to the economic conditions of Britain in ways that have militated against the progressive upgrading of plant and equipment, of labour force skills, of work organisation and management techniques' (1989: 111). In terms of the domestic economy, following Fine and Harris (1985), Nolan points to the lack of effective 'modernising forces' - 'the social agencies and pressures which might have led to the establishment of a high wage, high productivity industrial system have been weak and ambiguous in their effects' (1989: 111). The key agencies being the state, the trade unions and industrial capital. Nolan uses total labour costs to demonstrate how as early as the 1960s Britain was becoming an economy based around comparatively cheap labour. This interplays with the strategies deployed by the multinationals where the U.K. has been identified as a site for labour intensive assembly and sub-assembly work.

In short, Britain emerged out of the post-war period - supposedly the

high point of Fordism- as a site for semi-skilled, sub-assembly manufacturing production without either the high wage levels attributable to successful Fordist methods nor the comparable productivity records recorded by our leading competitors. In contrast to the Flexible Specialisation writers, we should seek to emphasise the long term structural problems of UK manufacturing; problems which pre-date the supposed crisis of Fordism in the UK. The lack of effective modernising forces, inter-related with the strategies of the multinationals, serving to consolidate this low wage, low productivity, underinvested manufacturing sector. Indeed, little evidence exists that any transformation in the forces of production has occurred. Elger, for example, (1990; 1990a) when surveying evidence in support of Flexible Specialisation in the 1980s acknowledges major changes in the organisation of work and payment systems, but these are not associated with technological innovation but emerged out of changing power relations at work.

Whilst simplistically this form of analysis would appear to work in parallel with that of the Flexible Specialisation writers if we begin our historical analysis in the late 1960s, if we take a longer term approach then the deductive conclusions of this form of analysis are crucial (see Nolan and O'Donnell, 1989) as they operate in opposition to those of these writers. Most important, the issue of strengthening the modernising forces, especially labour, is crucial in a programme for economic renewal, rather than seeing the improvement in the conditions of employment as following, or being deposited by, a system of Flexible Specialisation which is simplistically reproduced in a theoretical sense because of a failure to confront the nature of value within economics. Second, because this literature necessarily assumes this outcome - the improvement in employment conditions once we have achieved Flexible Specialisation - then is it

legitimate to assume that the objectives, and relations, of production will remain harmonious and that conflict will wither away? Finally, because of their emphasis on the national economy, this literature tends to ignore the growing concentration and centralisation of capital in the sense of the international economy - and thus the actual inward investment strategies of the multinationals. Its policy prescriptions tend to ignore the historical legacy of UK manufacturing because of this omission - the mutually reinforcing lack of modernising forces and the strategies employed by the multinational companies in their adjustment to the social conditions of British manufacturing.

Moreover, because of their conception of the economic malaise as essentially recent they can posit the contemporary fragmentation of demand as itself being separated from the longer term economic weaknesses of the UK economy - which of course they ignore - (see Gough, 1986). That is, in contrast to the Flexible Specialisation writers we can consider changes in demand as being in themselves a reflection of longer term post war trends, the changing methods of commodifying labour power in the 1980s, the production and marketing of differentiated 'lifestyle' products in the context of intense competition and the 'relegitimation of luxury consumption by the ruling class, and widespread aspirations to variety and luxury in consumption as a compensation for insecurity' (Gough, 1986: 63). In turn:

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

(Gough, 1987: 63)

7.5. SECTION FOUR: PRODUCTIVITY AND ECONOMIC RESTRUCTURING

So far in this Chapter we have discussed the more abstract analyses of the current phase of capitalist work reorganisation and subjected them to a critical analysis making particular reference to concrete developments in the UK economy in the post-war period. We now seek to operationalise further the methodology that has been advocated throughout this thesis by considering productivity developments and work reorganisation in the 1980s both in a practical and theoretical sense so as to be able to engage with the most concrete analyses of work re-organisation in the final section of the Chapter.

By June 1991 it is clear that the British economy is yet again deep in structural economic crisis. Falling output, collapsing investment and rising unemployment, alongside massive recurring deficits on the current account - all in the aftermath of a inflationary surge through 1990 - demonstrate the recurring failure of Government economic policy.

In terms of employment and unemployment, in the 14 months to May 1991 seasonally adjusted unemployment rose by 637,600 to 2,244,000 - the highest total for three years and the worst May figure since the 1930s in terms of monthly increases. Alongside this, in the 12 months to May 1991 seasonally adjusted vacancies fell by half to 110,600 - the lowest recorded total since December 1981. According to the independent Unemployment Unit, if the 30 identified changes to the methods of calculating the claimant count are taken into account (the pre-1982 method of calculation), then the real adjusted figure for May 1991 would stand at 3,259,200 (Unemployment Unit, 1991). In June 1979 when the Conservatives took office, the adjusted figure stood at 1,087,000. Manufacturing employment fell by 2,112,000 between June 1979 and December 1990 to 4,993,000 - a 29.2% fall for Great Britain.

More generally GDP fell by 2.5% between the first quarter of 1990 and the first quarter of 1991. International comparisons during the period show a 5.2% rise in Germany, 0.9% in France and 4.7% in Japan. Manufacturing output fell 6% on the year on year comparisons in the three months ending in April 1991. Compared to the year before, manufacturing productivity fell 1.9% in the three months to March 1991. In the 1991 Budget the Chancellor acknowledged that investment would fall 10% in 1991. Total investment in the first quarter of 1990 was 8.7% down on the 1989 figure. Whilst manufacturing investment fell 20% between the first quarter of 1990 and the first quarter of 1991 so dropping again below the level of 1979. Finally the trade deficit on current account for 1990 was £13.8 Bn - the third worst on record - following the worst on record in 1989. In 1979 the deficit was £0.5 Bn. Compared to a manufacturing surplus of £2.7 Bn in 1979, the manufacturing deficit was £10.9Bn in 1990.

On the face of it, this cursory span of economic indicators appears at odds with much of the political and economic commentary so often heard throughout the 1980s. In that, until a year or so ago it had become commonplace to hear talk of an economic transformation since 1979 under the economic guidance of the Conservatives. Industry itself had supposedly undergone a fundamental transformation. In the mid-1980s the figures for manufacturing productivity were in particular heralded as the key indicator of this general economic restructuring. Politically the Conservatives took credit for this supposed transformation through the link between productivity and Conservative economic policy in the shape of fiscal policy, general labour market deregulation and privatisation - 'as it were, the productivity figures have become 'judge and jury' of its (the Conservative Government) supply-side strategy' (Nolan, 1989: 101).

In parallel a number of commentators in the mid-to-late 1980s have in

various guises proposed that there has been a productivity transformation in manufacturing under the economic guidance of the government with its de-regulatory labour market policies (for example, Maynard, 1988; Metcalf, 1988; Muellbauer, 1986).

Table 7.6 demonstrates productivity levels rising substantially in a steeply shrinking manufacturing sector, but cast alongside major incremental rises both in terms of nominal earnings and inflation, the latter appearing to place some relative constraint on movements in real earnings.

TABLE 7.6

KEY LABOUR MARKET INDICATORS: 1979-1989

YEAR	OUTPUT PER EMPLOYEE IN WHOLE ECONOMY	OUTPUT PER PERSON-HOUR IN MANUFACTURING	AVERAGE WEEKLY EARNINGS	RETAIL PRICE INDEX	REAL EARNINGS
1979	89.5	79.3	53.9	60.0	89.8
1980	87.6	78.1	65.0	70.6	92.1
1981	89.2	82.2	73.3	79.1	92.7
1982	92.6	86.6	80.2	85.8	93.5
1983	96.7	93.3	87.0	89.7	97.0
1984	97.6	97.7	92.2	94.3	97.8
1985	100.0	100.0	100.0	100.0	100.0
1986	103.0	103.3	107.9	103.4	104.3
1987	106.0	109.8	116.3	107.7	108.0
1988	107.6	115.8	126.4	113.0	111.9
1989	107.2	120.0	137.9	121.8	113.3

Index Numbers, 1985= 100

SOURCE: *National Institute Economic Review*

Also quoted in Brown and Walsh, 1991: 46.

Yet Table 7.7. demonstrates how, despite relatively low total labour costs, Britain retains a relatively low value added per person in manufacturing ratio which is consolidated once average hours are taken into account. Once pay is taken into account row (f) shows however that the UK has retained relatively high unit labour costs. It implies that 'in mid-decade, despite being a relatively low-wage economy, Britain's level of labour productivity was so low that its international competitive position has been weak' (Brown and Walsh, 1991: 47).

TABLE 7.7

INTERNATIONAL LABOUR COSTS IN MANUFACTURING IN MID-1980s (UK=100)

	USA	Japan	France	Germany	UK
Hourly labour costs in 1986*					
(a) Hourly earnings	170	154	98	135	100
(b) Additional labour costs (holidays, social security, training, welfare, etc.) as % of hourly earnings	36	19	87	85	40
(c) Total hourly labour costs	165	131	131	178	100
Productivity and unit labour costs in 1985**					
(d) Real value added per person working	200	134	162	143	100
(e) Real value added per hour worked	177	108	169	165	100
(f) Unit labour costs	111	89	69	88	100

Source: * Ray, 1987, 1990; ** Roy, 1989.

Quoted in Brown and Walsh, 1991: 47.

To complete the picture, Nolan (1989: 104), using calculations for Total Factor Productivity growth for manufacturing, demonstrates how this ratio grew faster in the UK between 1979 and 1985 than that of France, Italy and Germany. But if the UK aggregate is rebased to 1973 the figure looks comparatively less favourable, the implication being that the 1980s witnessed a re-establishment of the trend domestic productivity record since the 1960s which we considered in the previous section.

The collective implications of the data on productivity appear to be that Britain remains a low wage, low productivity economy compared to our leading competitors. Moreover, there has been a relatively long-term decline in our comparative productivity position at least from the war, and that although the 1980s have produced substantial productivity improvements this might have simply re-established the post-war trend - a comparatively weak trend.

On the basis of these figures it is worth considering the critique of the productivity transformation argument - and the academic and political consensus surrounding it - supplied by Nolan. Nolan summarises his basic thesis as follows:

'Recent productivity gains do not stem from a fundamental reorganisation of the forces of production in Britain but instead are the product of a series of step-by-step changes dictated by short- rather than long- term aims and perspectives'

(Nolan, 1989: 101)

By a consideration of both value added per person (where our comparative performance remains weak) and total factor productivity (where the 1980s has seen a re-establishment of the trend U.K. performance post-war) Nolan points to the general possibility of the 1970s (with the backdrop of the oil crisis) as being aberrant in terms of the post-war period and not the 1980s as is generally argued within the productivity 'miracle' literature.

Following his general questioning of the empirical evidence in support of the 1980s miracle thesis, Nolan goes on to outline an alternative approach to understanding productivity developments in the U.K. manufacturing sector through identifying the salient features of U.K. manufacturing in general. We outlined these features in the previous section in terms of the lack of effective modernising forces and the strategies of the multinational companies in their adaption to the social relations of the UK economy, serving to consolidate this movement to an economic structure based around comparatively cheap labour.

Against this backdrop he then returns to the issue of the 'supply-side miracle' of the 1980s. In short he proposes: 'that the social and economic relations which in the past inhibited the movement towards a high wage, high productivity, high research-intensive productive system have been consolidated and not dislodged over the past decade' (1989: 114). Three basic aspects account for the productivity gains of the 1980s.

First, he points to the output recovery from 1982-89 accompanied by the massive job losses that continued to 1986. The shedding of two million manufacturing jobs ensured that when output returned to the level of 1979 in 1987 it meant that productivity was bound to have risen as less workers produced the same level of output. This argument (fact) is given extra strength when we witness the falling productivity as demand tailed off through the period of the post 1988 Budget deflation.

Second, he points to changing power relations between employer and employee through the 1980s. This he describes as the 'politics of productivity' (p 115) arising out of the brutal recession of 1980/1981 leading workers to concede previously established demarcations, increasing work effort, and thus productivity, without this necessarily being induced by a new round of technological innovation and application. He uses plant and industry level case studies (for example Tailby and Whitston, 1989) and survey evidence to back up this assertion of a more compliant and malleable labour force. This in turn inter-relates with the aggregate manufacturing investment figures of the 1980s in terms of the decline in human capital investment as well as in physical capital and research and investment.

Third, he points to the issue of changes in the organisation of production where, through a review of case study analysis, he points out that firms have sought incrementally but not always successfully to apply microelectronic production systems and new found personnel management techniques - the 'Japanisation' of industry. He suggests this process of change has been 'partial and slow'.

In conclusion Nolan points to four issues that emerge when considering whether the productivity growth of the 1982-1988 period will endure:

'First, the productivity gains have been secured against a backdrop of long-standing and deepening structural imbalances in British manufacturing, with a progressive movement towards low-skill, low-technology activities. Secondly, there has been a surge in domestic and international demand, particularly pronounced in the last two years or so, which has stimulated a recovery of manufacturing output without any corresponding recovery of employment. Thirdly, the position of trade unions has been weakened by a combination of factors (high unemployment, government legislation and structural shifts in the economy) which has made it easier for firms to intensify existing production processes and maintain a low wage regime, at least by the standards of other major industrial economies. Fourthly, there has not been a root and branch modernisation of production conditions, but rather a series of incremental, piecemeal changes often geared towards labour intensification.'

(Nolan, 1989: 119)

His final comments pointing to a tail off in productivity increases if domestic demand conditions weaken, thus affecting output, have proven to be an exact prediction given the clamp of high interest rates to cool off the inflationary pressures generated out of the irresponsible consumption binge constructed by the 1988 Budget without any attempt to militate against our structural trade problems, especially in manufacturing.

Nolan utilizes empirical evidence of productivity movements alongside an analytical critique of this orthodoxy both to question the productivity

'miracle' thesis as well as to conceive of the productivity issue in terms of establishing an *alternative approach to production efficiency* by acknowledging that productivity is the outcome of a social process. Nolan criticises both the labour productivity and total factor productivity approaches. The former says nothing about physical capital, the actual social organisation of production and the relations between management and labour. In terms of the latter, although it allows for inputs other than labour, it maintains the classical orthodox separation between economic relations and social relations in production. In that social relations, for example the role of industrial relations changes under the present government, are appended onto the model as a residual outcome - more often than not as an assertion of their effects based around orthodox textbook models of economic efficiency and thus atomised labour market exchange - rather than recognising the social dimensions of the economic relations in question. By following this central criticism of orthodox approaches to conceptualising production with an extended elaboration of productivity trends and the salient features of manufacturing industry in the post-war period, he is then able in his conclusions to integrate empirically and theoretically in the following way:

'Is it the case that gains in productivity necessarily imply an improvement in production efficiency? The short answer to this question is no, for the concept of production efficiency specifies a relationship between input and output. If output is increased without a corresponding rise in input then it is accurate to speak of an efficiency gain. If in contrast, the gains in output are secured by increasing input then the solution is not clear cut. Productivity increases may be consistent with no change, or even a loss of

efficiency. For Britain in the 1980s the evidence points strongly towards an association between rising productivity and rising labour input; in other words, it suggests that production efficiency has not improved. Indeed, without significant investment in new technological systems, it is plausible to argue that dynamic efficiency may have been impaired. Static gains may have been secured at the expense of the more fundamental production reorganisation needed to sustain future growth.'

(Nolan, 1989: 118-9)

Through a separation between standard measurements of productivity and production efficiency it is therefore possible that economic developments in the 1980s have not necessarily produced a reconstitution of the forces of production in UK manufacturing - although there has indeed been productivity increases in terms of standardised measures. Indeed what Nolan is actually proposing is that the *social relations may have stalled the development of the forces of production* in the UK through the post-war period and that these relations may well have been strengthened in the 1980s.

It is not however, a quantitative miscalculation that could produce this distinction between standardised figures of productivity movements and production efficiency, it is the methodological distinction that permeates much social theory, as standardised measures remain premised on a methodology which empties production of its social content. Thus a conception of production efficiency which necessarily begins with seeing production as a social process and then considers productivity developments, stands in contrast to an approach to productivity which rests

on orthodox foundations. That is why simple output per employee calculations cannot expand our understanding of production as a social process. Nor can total factor productivity analysis as the model retains a static conception of the relations between the inputs and the outcomes of the 'Black Box'. Individual utility theory - the basis of standardised productivity measurements - ensures that those who work within this framework cannot robustly consider the social relations which induce movements in productivity. That is why analysts of standardised figures from within orthodox economics fail methodologically to comprehend how increased standard indicators can counteract production efficiency as 'inefficient' production relations can retard the development of the forces of production. This point is crucial as it demonstrates how we can practically operationalise the methodology developed throughout this project, as in contrast to the other theoretical approaches to work restructuring this analysis maintains an analysis of the social productivity of labour that is internally determined within production and not externally predetermined outside of the sphere of production.

7.6. SECTION FIVE: FLEXIBILITY AND THE 'FLEXIBLE FIRM'

The hypothesis that has been developed in the last two sections is that the economic developments of the 1980s, within the context of the long term structural problems of the British economy, have not produced a refashioning of the forces of production in the sense of the social productivity of labour, but may well have consolidated the pattern of social relations which actually determined this long term economic malaise. Orthodox commentators of productivity movements in the 1980s are unable to comprehend this form of analysis as their conception of labour is one of seeing it as being predetermined outside of the sphere of production so as to maintain the classical separation between economic and social relations. The theoretical frameworks that have been utilized by industrial relations analysts to study the present process of work reorganisation are limited both in a theoretical and practical sense. These theoretical weaknesses can be traced back to alternative positions, or indeed a failure to position themselves, as regards value within economics. The practical limitations of these alternative approaches are deductively produced out of these theoretical shortcomings. We conclude by considering the notion of the 'Flexible Firm'.

To recap briefly, the 'Flexible Firm' approach (Atkinson, 1984) proposes an emerging dualism in the deployment of labour, between a 'core' and 'peripheral' labour force. The latter provides for 'numerical' flexibility in contrast to the 'functional' flexibility secured for management within this 'core'

There appears to be three aspects to this new flexibility literature. First, the notion of flexibility in production with the removal of

rigidities at work. Second the need for greater labour market flexibility with the growth of cheaper and more malleable forms of labour power outside of production. Third, a distinction within production between two forms of employment. One that is insecure, undertrained, badly paid and relatively unproductive. The other more secure, highly trained, well rewarded etc. This dualism tends to be seen as a distinct product of management strategy within the 1980s.

In terms of the role of the State in the 1980s and early 1990s, it is clear that the strategy has been one of helping to facilitate numerical flexibility both through removing rigidities within production and establishing greater labour market flexibility outside of production. Its labour market strategy has been based on removing rights and cutting wages. On the wages front witness the repeal of Schedule 11 of the Employment Protection Act, the removal of the Fair Wages Resolution, the 1986 Wages Act with its attack on Wages Councils and current plans to scrap them altogether. Another strand has been the attack on the social security system to intensify the 'disutility of leisure' - real cuts in unemployment and social security benefits, 'benefit plus' systems of compulsory training participation and much tighter 'availability for work' and general eligibility criteria. In terms of employment rights witness the six major pieces of collective labour law and the Green Paper announced on 23rd of July 1991 with its plans for a seventh. Thus the State has sought to weaken even further a key modernising force in the shape of organised labour whilst seeking to remove any labour market regulation which might counteract competition on the basis of our poorly remunerated stock of labour power- this is actually what is meant by the term 'numerical flexibility'.

How the State has helped to establish a 'core' labour force is less

clear. Recent evidence from the European Commission shows the UK to have one of the least skilled labour forces in Europe when comparing those with vocational qualifications. 62% of our industrial workforce are classified as unskilled compared to 38% in Germany, 21% in Italy and 20% in France (European Commission, 1990). A decade of comparative case study analysis by the National Institute (NIESR) has provided overwhelming evidence that training, or the lack of it, has been a critical factor in Britain's comparative industrial decline. Our skills deficits with our leading competitors have been shown up as regards craftsmen (Prais, 1988), vocational training in the retail occupations (Jarvis and Prais, 1989), in the furniture industry (Steedman and Wagner, 1987), outwear manufacturers (Steedman and Wagner, 1989) and more generally across manufacturing industry (Daly et al, 1985). The most extensive survey carried out by the State in terms of training provision and expenditure in Britain (Training Agency, 1989), revealed that 52% of employees responding had received no form of training whatsoever in the previous three years and that 20% of establishments responding provided no training provision at all. The then Employment Secretary, Norman Fowler, responded that the survey results were 'mind boggling' and 'we still have a mountain to climb'.

The annual CBI Trends Surveys through the 1980s reveal up to 30% of those companies responding experienced extensive skills shortages when economic activity was at its high point. However, a downward spiral of training investment appears to exist as evidence suggests training is one of the first forms of company expenditure to be cut in periods of economic recession. For example, evidence from the Engineering Industrial Training Board has shown that off-the-job training for craft and technical apprentices fell from 23,000 in 1979/80 to 11,000 in 1981/82 (Pearson et al, 1984: 140). The inference being that successive recessions will produce

ever spiralling structural skills shortages in the ensuing periods of reflation. Yet despite the clear evidence of a structural training crisis in the UK the activities of the State during the 1980s have actually undermined attempts to overcome our comparative skills deficits.

The political debate and structural training crisis became so apparent that by January 1990 the newly appointed Employment Secretary, Michael Howard, stated that his main priority was to increase Britains' training provision (Guardian, 5/1/90). Yet his true disposition was revealed barely three months earlier when in the Autumn Statement he cut the amount to be spent on vocational training *for the express reason that unemployment was falling*. In the Department's public expenditure plans for 1991/92 (Department of Employment, 1991) £345 Million was cut in real terms from the Youth Training and Employment Training budgets with plans to cut in excess of £1 Bn over the next four years.

This has been one plank of State training policy during the 1980s - the provision of State money for training the unemployed. Whilst State expenditure on training has increased dramatically since 1979, this process of intervention should not be considered as in some sense contradicting the central thrust of Thatcherite economic policy as 'benefit plus' methods of payment have sought to lower wages in the labour market, specifically the perceived rigidity of youth wages, whilst the strategy of compulsion based training (direct with Youth Training, indirect with Employment Training) has sought to move inexorably to a system of 'workfare' in Britain. Yet this increased expenditure, rather than raising the UK skills base, may merely have tended to replace the limited quality skills programmes with low skill content schemes. For example, the decline in apprenticeships has paralleled the rise in Youth Training Schemes (YTS), (Corrigan et al 1990). In 1987 only 29% of YTS participants received a recognised qualification.

In their comparative analysis of the clothing industry, Steedman and Wagner found that two-thirds of the practical skills mastered over two years on YTS were mastered by West German trainees in the first two months (Steedman and Wagner, 1989). In his excellent analysis of YTS Dan Finn has argued:

'By 1986 more than half of under 18 year olds were unemployed...There were over 300,000 young adults who had never had a job since leaving school. It was these realities, and the quality of many YTS places, not young people's alleged idleness, which were seriously undermining the credibility of the scheme.'

(Finn, 1987: 187)

The other central strand of State policy has been to dismantle systematically the national training infrastructure. Since 1979 21 of the 23 statutory Industrial Training Boards have been abolished. The transition of the Manpower Services Commission to the Training Commission then into the 'Next Steps' (i.e. semi-privatised) Training Agency subsequently subsumed under the Training Enterprise and Education Directorate (TEED) - which increasingly acts as a secretariat for the new network of Training and Enterprise Councils (TECs) - signals an end to a integrated national training strategy. By May 1991 77 of the 82 TECs in England and Wales had become functional. Although introduced alongside intense political rhetoric, the TECs actually had their budgets slashed from £3 Bn to £2.4 Bn prior to the first TEC coming on stream. Now ostensibly running schemes for the steeply rising army of unemployed, the lack of any effective central or even regional coordination has consolidated this general strategy through the 1980s where the state has systematically disengaged from an active national manpower policy.

Indeed we can argue that because the State has acted to oppose tendencies to establish a trained, relatively secure better paid labour force, that this activity has acted to consolidate the long term tendencies toward a low-wage low productivity labour force in the UK partly conditioned by its systematic attack on one of the key modernising force - the trade unions. Moreover, the governments recent hostility to the European Commission's Social Charter and Action Programme - covering for instance rights to accredited training, fair wages etc - has show how even amongst right-wing governments, the UK's de-regulatory strategy is at odds with the strategies employed by high wage, high productivity economies in terms of labour market strategy.

This has worked in parallel with the domination of the Department of Trade and Industry (DTI) by right-wing non-interventionist Thatcherites from the 'No Turning Back Group' which in terms of takeover policy, regional policy etc has hardly helped to regenerate UK manufacturing capital - another key modernising force. In turn, this DTI liberalism has hardly been counteracted by a monetary policy whereby interest rates by June 1991 had been 12% or over for 60 months since 1979 - compared to 26 months under all previous governments since the war. In short, it would appear that the actions of the State - itself a key modernising force - have been directed toward an active consolidation of the pattern of social relations which have in the long term militated against the establishment of a high wage, high productivity industrial system in the UK. Accordingly, strategies to facilitate numerical flexibility can be detected; strategies for constituting a degree of functional flexibility cannot.

The aggregate indicators reviewed in sections three and four of this Chapter hardly strengthen the arguments of those who argue for the establishment of a 'core' labour force in the 1980s. The 'core' thesis

assumes that this strategy seeks to 'continue the high rate of growth of productivity which marked the earlier years of the current recession, at a time where output and productivity are now rising' (Atkinson and Gregory, 1986: 13) and that one of the reasons for the development of the 'core' is 'the increased pace of technological change which has given companies the need for: (a) new manning practices to match today's technology; and (b) new manning policies or strategies to enable them to introduce quickly practices appropriate for tomorrow's technology' (Atkinson and Meager, 1986: 2). As we have seen, the productivity figures for the 1980s can be interpreted rather differently. Despite this, the expressed link between the 'core' thesis and technological change would imply that a successful management strategy would show up on the aggregate indicators. Yet manufacturing investment is lower than in 1979 and falling, UK manufacturing output has grown less than the other 23 OECD countries between 1979 and 1991 and since 1982 we have had recurring manufacturing trade deficits on current account for the first time in our industrial history.

Both the activities of the State and the aggregate indicators do not add weight to the conjectures of the proponents of the 'core' thesis. The third aspect of the thesis refers to an emerging management strategy in the deployment of labour. Here case study evidence appears to strengthen the impression gained when spanning the aggregate indicators in the sense that economic restructuring may not have unleashed the substantial investments in fixed and variable capital that the thesis supposes. No such investments emerge from the decade long NIESR comparative studies of training provision. The evidence from Tailby and Whitston (1989) of case studies across a range of industries suggests a reactive management, whose actions are tightly circumscribed by financial constraints and market pressures who

have not necessarily jettisoned traditional methods of personnel management. Where new microelectronic technologies have been introduced, the tendency appears to be one of increasing effort and to curtail employee discretion at work. There does however appear to be evidence of intensified numerical flexibility (ACAS, 1988; TUC, 1985).

A more extensive review of the literature (Pollert, 1987) has also sought to question the establishment of a recent 'core'. She also adds an important historical dimension by correctly arguing that there has always existed a tension - although this is never robustly located in a theoretical fashion - between centralised management control and the extra costs of direct employment when compared to more casual forms. Moreover, historically, casual forms have always existed. Through elaborating on sectoral shifts, Pollert emphasises the sectoral and gender aspects of labour market segmentation. Her evidence severely questions the actual existence of a 'core' labour force constructed through the 1980s by a systematic management strategy, whilst she acknowledges a greater casualisation of employment patterns commensurate with sectoral economic shifts and a decline in the strength of organised labour in the 1980s. One final point to be considered is that analysis of the renewed unemployment in the 1990s, especially in manufacturing, reveals that it is proportionately highest amongst relatively skilled, white collar, full time manufacturing workers in the South of England (Labour Party, 1991).

The evidence does not uphold the extravagant claims of the 'Flexible Firm' framework. In contrast, evidence, especially as regards numerical flexibility, would appear to strengthen our earlier interpretation of the productivity figures in the 1980s - incremental productivity increases because of intensified labour input which can militate against moves toward a high wage, high productivity, high skilled system; a process which has

itself been consolidated by the activities of the State. Flexibility in itself can hardly be seen to have established a new panacea for economic efficiency!

The model of the 'Flexible Firm' is not explicitly grounded in any conceptual approach to the nature of the capitalist firm. The lack of supporting evidence suggests that the construct remains little more than an educated conjecture which seeks to reflect rather than to explain labour market developments.

7.7. CONCLUSIONS

This Chapter has suggested that all of the literatures currently appropriated into orthodox industrial relations analysis when considering the present process of work restructuring are limited in both a theoretical and practical sense. The practical limitations are produced by the theoretical shortcomings of these literatures. An alternative theoretical approach exists, but this must necessarily be established from first principles in terms of how we comprehend the nature of human labour. Accordingly, in a practical sense, a new agenda for empirical industrial relations research does exist; one which seeks to comprehend economic change but also the maintenance of certain patterns of economic reproduction by theoretically maintaining an appreciation of the processes that maintain and transform economic relationships - which we described in Chapter Six as the 'creative application of theory'.

8. CHAPTER EIGHT: ENDPiece: RECONSIDERING THE HISTORICAL

Throughout the work of Marx, and through the development of a host of assorted 'marxisms', conceptualising history remains of primary importance. Marxism necessarily assumes that history is itself conceivable and not merely contingent. However, as our considerations of historical materialism in Chapters Four, Five and Six have demonstrated, the actual nature of the marxist approach to the historical remains the subject of intense debate and disagreement.

More generally, in terms of the broader terrain of social theory, six approaches to comprehending the historical moment can be observed¹:

- a) The Contingent
- b) The Particular
- c) The Effectivity Of The Past
- d) The Timing And Sequence Of Events
- e) Structural Dynamics
- f) Epochal Change

The first approach, characterised as the contingent, assumes that there remains no method of ascribing historical specificity to social relations, as these social relations are not themselves contextual but rather are the outcome of purely contingent factors. In short, there remains no genuine role for historical explanation; explanation is, at best, replaced by an analytical voluntarism, and at worst, by indeterminacy.

The second method, the particular, inter-relates with our first

method. For this approach the historical act which we are seeking to explain is itself explained by the contextual setting of the act itself. For example, we seek not to explain revolutions in general, but to explain particular revolutions with reference to the contingencies of the specific historical moment. We therefore consider the historical through a contingent explanation of the particular.

The third approach, which we have described as the Effectivity of the Past, basically means that we incorporate the past into our explanation of the historical point in question. In turn we can separate out two trends within this general approach, based on a preference either for cultural or institutional explanation. The former expresses the historical point in question with reference to the developing consciousness of social actors and their cultural identities. The latter approach seeks to explain how the past is effective in the present through the institutional forms that reflect the past struggles of social agents, for example, through trade union development and influence on institutional relations within the social formation. This approach is often integrated with the two previous methods, the contingent and particular. For example, considerations as to the nature of U.S. working class 'exceptionalism' often inter-relate geographical contingencies with particular conjunctural historical turning points such as that associated with the period of New Deal politics in association with cultural and institutional developments in terms of the representation of the heterogeneous stock of U.S. labour power.

Our fourth approach builds on the third by searching for a Path Dependent analysis which locates the historical moment in terms of its association with a series of micro-specific events whose timing and institutional development are crucial with reference to each other. For example, analysis of U.K. trade union development is often integrated with

a comprehension of the speed and timing of U.K. industrialisation and the ensuing concentration and centralisation of capital.

Our fifth approach, described here as dynamic, seeks to account for the historical through an appreciation of the processes and mechanisms that produce systematic tendencies which in turn facilitate social dynamics. This should not be confused with strict functional causality, as allowing for the construction of tendencies, does not necessarily assume that these tendencies unfold; we can equally allow for counteracting influences on these dynamic tendencies. What we seek to achieve with this approach is to integrate dynamic tendencies for social transformation with blockages and an understanding of the processes that actually maintain social structures. In this sense, it stands in stark contrast to static equilibrium approaches, for example that of neo-classical theory discussed in Chapters Two and Three, which cannot, practically, allow for dynamic social movements given that the underlying methodology provides for a static, ahistorical agenda for research.

Finally, we can consider the epochal approach to the historical moment and history itself. In terms of orthodox or classical historical materialism, the historical moment is situated within a full blown theory of history itself, which posits a trajectory of social change, or more correctly, social progress, which of itself is not subject to counteracting influences or reversals.

Our discussion as to the nature of authentic historical materialism can be inter-related with the differences between the dynamic and epochal approaches to conceiving of the historical moment.

In Chapter Five we considered the popular restatement of classical or deterministic historical materialism associated with the work of Gerry Cohen. Cohen's analysis is a quite brilliant epochal approach to history.

However, we criticised it at a number of different levels. First, and most basically, we criticised his rather mechanistic distinction between the material forces of production and the economic considered in terms of the social relations of production - which fetishistically isolates the material and social properties of phenomena to see them as things in themselves. Second, we criticised the basic exogenous explanation contained in the framework - individual rational behaviour in the context of scarcity- which we counterposed to our endogenous approach to historical change determined out of our value theory of labour approach. In turn, we sharply distinguished our approach to value theory from Cohen's essentially neo-Ricardian approach to Marx's own work. This led us to counterpose transhistorical approaches to the concepts of historical materialism with our historically specific approach to the economy determined by our approach to the four basic dimensions of human labour - in that although being transhistorical categories they do allow for the comprehension of history when we consider the issue of historically specific relative domination. Thus we consider the forces of production as being socially determined out of the historically specific social relations of production.

The distinctions between the two approaches parallel the distinctions within marxist social thought between dynamic and epochal approaches to historical materialism. One based around endogenous explanation, the other with exogenous explanation; one based around a value theory of labour approach the other which pivots around a neo-Ricardian conception of abstract labour; one which utilizes historically specific categories, the other using transhistorical ones.

This however, does not fully clarify our approach in contrast to other approaches to marxism - for example the humanist and structuralist approaches outlined in section one of Chapter Five - as both the dynamic

and epochal approaches to historical materialism actually assumes that historical materialism itself (however defined) retains the key series of concepts which enable us to comprehend the actual trajectory or tendencies of history and historical change.

This in turn relates to how we comprehend the actual spheres of social life themselves and their relative dependence. For example, the basic distinction which is commonly used to isolate structuralist and classical historical materialism relates to the interdependence of the spheres of social life within the totality. In that the structuralist position is usually explained in the sense that only the economic has its own inner dynamic and that this technical transhistorically defined economic imports a development dynamic onto the other spheres of social life - the political and ideological - although the other spheres do maintain a 'relative autonomy'. In contrast, classical historical materialism assumes that all spheres are more strictly structurally subordinate to that of the economic which dynamically drives the totality i.e. the economic is the motor of history.

We have argued in this project that our dynamic and epochal distinction can be developed into a grid from which to consider the broader cleavages within marxist social thought by a reconsideration of what actually constitutes the economic itself.

That is, we have separated out two traditions within the broad contours of marxist scholarship which hinge on alternative approaches to comprehending production and the economic within Marx's own work. The crisis of structuralism can be seen more specifically as a crisis of a specific form of marxism given the way that the structuralist approach to the economy never fully broke with the approach to the economy characteristic of classical marxism. The humanist reconstruction which

sought to maintain a hold of the normative aspects of marxism is part of this same project given the way that it assumed that the approach to the economy contained within orthodox historical materialism was the, rather than a, marxist approach to the economy. In that they never attempted to construct an alternative value theory of labour approach to capitalist production and therefore the actual conceptualisation of the economy itself.

Our alternative method has attempted to break with the fetishised foundations of much marxist thought in that we have sought to establish that there can be no a *priori* transhistorical determination of the economic as such. Thus productive forces have to be considered in terms of the social productivity of labour endogenously determined by class struggle.

Therefore, this project has sought to maintain the historical materialist method. It has defined and utilized the concepts of the labour theory of value - such as class, exploitation, value, surplus value and abstract labour. It has maintained a qualitatively distinct method when compared to orthodox thought with its marginalist premises. Moreover, we have systematically created a method which maintains a grasp of the normative components of the marxist political project as we have not slipped into a method which assumes the economy is a technical construct within which we slot our dehumanised subjects; rather it remains a social forum which is continuously re-constituted out of class struggle given the indeterminacy of the human labour potential.

Throughout Chapter Seven we have used this method both to criticise theoretically the popular restructuring literatures and practically question central assumptions involved in these literatures - most notably we have sought to stress long-term continuities in the performance of the UK economy. This is because the method deployed in this project is to be

counterposed to the methods of comprehending the historical moment contained within these literatures on restructuring.

First, in Chapter Two we criticised orthodox neo-classical thinking for emptying economics of historical time by the method by which specifically capitalist institutional structures, for example the capitalist firm, are dislocated from their social origins thereby rendering them asocial, technical constructs. In turn, we criticised 'Transaction Costs' analysis because of its retention of these ahistorical neo-classical tendencies. The hidden teleological assumptions of neo-classical thinking do not overcome the static theoretical confines of this orthodoxy which itself is best represented by the voluntarism of Weberian sociology.

The 'Labour Process' framework tends toward replicating this sociological voluntarism because it has detached itself from any satisfactory birth within value theory. The result is that it can never probe beyond the most concrete, private dimensions of human labour and cannot overcome the specific contingencies involved in use-value production.

It is the contingencies of use-value consumption which are central within the Flexible Specialisation literature. However, out of this these writers have constructed an epochal approach to both the history of capitalism and an understanding of the present conjuncture. This epochal approach is based solely around a series of assertions as to present economic transformations which are themselves debatable. Moreover, because the literature lacks a core economic analysis, in the sense that it never confronts the law of value, it cannot in any methodological sense specify the actual components of the new order of flexible specialisation - how national economies fit into the international economic order, an economic appreciation of the 'new' cooperative employment conditions within

production and a political agenda to end exploitation at work. It remains an idealistic expression about the positive possibilities of the capitalist economy whilst ignoring the social relations which actually constitute this form of social organisation.

The epochal tendencies of the Regulation School are derived from their origins within structuralist marxism with its functionalist methodology. The dislocation of value theory into the realms of distribution and proportionality ensures that class struggle both theoretically and practically is relegated to a secondary importance so that the development of the capitalist labour process is seen as being functionally produced out of the structural requirements of the capitalist system. Their static periodisation of history directs attention away from the ongoing contradictory dynamic of production relations and in so doing creates the space for political analysis which obscures the nature of these production relations.

In short, all of the restructuring literatures rely the structures of capitalist oppression. Breaking with these inherent fetishisms serves to question the political aspirations of these literatures. In turn, the political solutions to the liberation of the human labour potential have not been fundamentally reconstructed, nor in some sense gone through an epochal reformulation, as many commentators would have us believe.

CHAPTER ONE: FOOTNOTES

(1) The first stage of the actual PhD research centred around an empirical investigation of the dynamics of labour market structuration and segmentation with specific reference to the UK construction industry. It was anticipated that an analysis of the factors that produce such varied forms of labour power as exists within the sector would offer up important insights into casual labour markets more generally as regards methods of work organisation and the management of production relations. It was from this perspective that the research project developed into considering the various literatures utilized within contemporary industrial relations analysis when considering economic restructuring. The empirical research was then downgraded in importance given the need to contextualise these various restructuring literatures within the broader terrain of economic theory and alternative approaches to value in the history and traditions of economic and social theory.

CHAPTER TWO: FOOTNOTES

(1) In relation to the terminology employed here, we use the terms 'orthodox economics', 'neo-classical economics', 'general equilibrium theory' and the 'model of perfect competition' interchangeably. This general approach originates with the 'marginalist revolution' dating from the 1870s and is analytically reproduced by the 'mathematical revolution' of the 1940s and 1950s. Here we simply attempt to locate the core economic theory which has laid the groundwork for successive variants of orthodoxy.

(2) This requires that from the outset the 'market' is assumed to be a natural and rational economic institution prior to the individual actually becoming an economic agent.

(3) This is very important as it demonstrates the qualitative difference between the orthodox theory of production where human labour is assumed to be predetermined with production itself becoming an epiphenomenal technical relationship, and the marxist value theory of labour approach which we develop in Chapter Four where, because of the indeterminate nature of the human labour potential, production is seen as central to our understanding of various modes of social organisation.

(4) This view should not at all appear as a surprising outcome. If production is simply a technical relationship between inputs and outcomes, then there are no social relations within production, and therefore logically social relations within production cannot effect the rate at which technical change occurs.

(5) We return to this issue later when considering the relationship between partial and general equilibrium theory and the method of the 'efficient institutions' writers.

(6) Because Classical Political Economy fails to reduce these factors to a unity and therefore compares incomparable categories, then the notion of 'capital' employed becomes fetishistically considered as a material factor of production. That is, not in the historically specific sense of capital as value in motion, but as use-values entering the labour process (see Marx, 1976: 998; Cohen, 1978: 106; Colletti, 1972: 90).

(7) This point is hinted at but not fully developed by Colletti when comparing Smith with Rousseau (see Colletti, 1972: 162).

(8) Here lies an interesting comparison with Classical Political Economy which attempted, although failed, to provide a theory of value quantifiable through the price of production (see Fine, 1982: 90-1).

(9) Here scientific 'objectivity' somehow emerges out of an underlying subjectivism that actually ignores objective social conditions.

(10) This point is critical, especially within the context of the present crisis in social theory, for those who look to a marxian/weberian synthesis as the counterposed value theories which form the core of the respective social theories means that the construction of such a theoretical agenda is not possible. As Levine and Sober argue: 'A non-dynamic understanding of the epochal divisions historical materialism proposes is apt to lead to theories that lack some of the distinctive features of the marxian account.'

It is one thing to conceive of, say, capitalism as marxism does, as a transitory political economic order, optimal for developing forces of production....that generates antagonistic relations between social classes which ultimately result in its overthrow and replacement by an economic structure that incorporates at least some of its features, it is quite a different matter to conceive capitalism, as Weber does, as a particular system of economic rationality' (Levine and Sober, 1985: 318-9). The difference is of course to be found in the nature of value that is employed.

(11) This is in direct contrast to the less restrictive marxist conception of class, defined relationally in terms of the forms of social organisation regardless of the market. For Marx class has explanatory power because of objective mechanisms and is therefore independent of the subjective consciousness of social actors. For Weber and weberians sociological concepts, most notably that of class, have explanatory power because they map out meaningful actions within society - what is not important, or at least never of primary importance as it cannot be, is objective methods of economic exploitation.

Having said this however, contemporary 'analytical marxism' or possibly more correctly 'neo-classical marxism' attempts to unify Marx and Weber through an individualised market based approach to class; closer of course to Weber than to Marx. As such much of the critique of orthodox thought offered here can equally be transposed to this 'new marxism' (see Chapter Five).

(12) We are left with a dominant naturalism at the interface of orthodox economics and sociology where intellectuals consider both the economy and

society. Jevons, Walras etc. managed to make their own break with class disposition and the classics of political economy, providing no possible route back into an engagement with the social relations of production given its underlying subjectivist utility theory. This value theory supplied the theoretical tools for a sociology of individualised technicism manifest in the work of Weber, but transposed and developed by Talcott Parsons.

Parsons's transposing of Weber's 'brittle synthesis' took the form of naturalising all forms of value orientation over and above that of the economic (Clarke, 1982), into a complete ahistorical systems theory (see Giddens, 1982) by ejecting Weber's historicist approach when considering the formulation of value orientations outside of those which govern economic behaviour. This formed the theoretical backdrop to the static systems theory of Parsons (Parsons, 1949) and the structural-functionalist stranglehold over much modern sociology.

The positivist aspects of structural-functionalism are, not surprisingly, clarified by the theorists of industrial society, a la Aron, Kerr, Dahrendorf etc (see Giddens, 1982: 56).

At least Weber considered marxism, even if polemically so. Parsons fails to provide any systematic analysis of Marx's work or of marxism in general, referring to it as 'essentially utilitarian'.

It should be noted, finally, that the static theoretical agenda of orthodox sociology reflected by structural-functionalism is not dissimilar to the Althusserian conception of the structural totality and its functional requirements (see Clarke, 1980; Walton and Gamble, 1972; Elson, 1979: 131). We discuss this in Chapter Five.

**PAGE
NUMBERING
AS ORIGINAL**

CHAPTER THREE: FOOTNOTES

(1) Further discussion of the 'social control' approach that we associate with Marglin appears in Chapter Five.

(2) We are not concerned here with the subtle distinctions that distinguish 'organisational theory', 'human relations' theory, 'neo-human relations' theory and the 'Tavistock' approach.

(3) By extending the role of subjectivist social theory (it is now termed voluntarism) outside of the strict confines of the neo-classical tradition, it resorts to the level of functionalism, where social systems, in this case the capitalist firm, are conceptualised as functionally separate structures of information flows. The ideological underpinnings of its prescriptive quest for 'rationality' or 'efficiency' legitimate capitalist hierarchy, technological development and internal discipline. Its main focus of interest centres on practical organisational problems and reflect the disjuncture between Weber's 'ideal type' methodology and the practicalities of institutional relations at work. As such, the onus on control is generally seen as being derived from the non-correspondance between the 'formal' and 'substantive' rationality of capitalist hierarchy, (Merton, 1940; March and Simon, 1958; Gouldner, 1954, etc.), given the de-personalising effects of the institutional structure, and therefore inefficiencies for management, within the reified organisation (see for example, the way the term 'alienation' is used in this literature). Thus the domineering structural forms are dislocated from their material setting within the social relations of capitalist production in a similar fashion

as Weber's analysis of bureaucracy (see Chapter Two). Its prescriptive managerialism becomes apparent, despite its quest for neutrality, when emphasis is duly placed on mechanisms for securing verticle control (Parsons, 1960) and the general method of providing techniques for management geared toward reducing these inefficiencies (the intellectual basis of personnel management). These are exclusively framed within a naturalised approach which takes the capitalist authority relationship as a given (Agyris, 1964; Tannenbaum, 1968).

(4) Ouchi pays tribute to Williamson whose 'great insights to the problem of control have opened my mind'.

(5) To put this another way, in the real world, i.e. the real firm and not the theoretical firm, everything is not resolved through the act of exchange as individuals still have to be disciplined to make them part with their own capacity to work. What this means for orthodox economic theory is never fully considered.

(6) For those who operate within the structural-functionalist grid, as determined by the reformulation of Weber supplied by Talcott Parsons, then the method of resolving the dilemmas of Weber's 'brittle synthesis' - by naturalising all forms of economic and social rationality - over-emphasises the maintenance of social systems - conveniently for us labelled 'systems theory'. That is, it provides a method that cannot consider social developments or social change (see Giddens, 1982). Ruptures to the 'system' cannot be catered for, not even by exogenous shock effects, as the positivist elements of this approach deny such influences. Therefore, this approach offers diminishing returns when considering current developments

which imply a reorganisation of employment patterns; the restructuring of the 'system' of employment patterns within the economy.

(7) We consider the question of what is historical about historical materialism in Chapters Four, Five, Seven and Eight.

CHAPTER FOUR: FOOTNOTES

(1) This does not mean however, that the founders of the marginalist tradition who were trained in classical economics saw the move to subjective utility theory as completely unproblematic. Jevons, for example, speculated as to whether it would be possible to quantify utility objectively in a similar fashion to electricity, (see Fine, 1982: 87).

(2) This is not an uncontroversial assumption however (see Arthur, 1979). For instance is it meaningful to talk of abstract labour in hunting and gathering societies? Here we argue, following Elson, that the question is one of relative dominance rather than actual existence, as these concepts remain transhistorical.

(3) This is the basic problem for those Neo-Ricardian commentators who argue for the *a priori* determination of abstract labour prior to exchange, as well as some other marxist value theoreticians, see section three.

(4) This is a highly controversial passage and lies at the centre of some of the most intense debates within marxism. We discuss these in greater depth in Chapter Five.

(5) Here we are proposing that the relations of production, through the contradictory dynamic of value in motion, produce continued pressures for the reconstitution of the forces of production in the sense of the social productivity of labour. This is clarified in Chapter Five. It should be noted here however, that when Marx considered the forces of production in

the *Resultate* he was considering them as above all else social forces in the sense of productive powers and not as things as such.

In Chapter Five we also discuss what this form of analysis means for the structure/agency distinction in social theory.

CHAPTER FIVE: FOOTNOTES

1) This would indeed appear odd when one realises that his critique of Thompson (which he never extends to Althusser) is based around his failure to appreciate Marx's later analysis caught within the pages of *Capital* which marks a break with his previous work.

2) We might look here to the work of Poulantzas and Foucault.

3) This can be seen as a development of the humanist position adopted by Thompson, although he himself maintained and worked with the notion of 'historical materialism' in a non-economic sense.

4) Although Giddens does simplistically appear to confuse economic and structuralist positions.

5) What is a pity, however, is that the major review of Giddens's work from within the marxist tradition has been provided by Erik Wright (Wright, 1983), which never sought to re-establish the unified duality of capitalist production and the centrality of value theory in the historical development of marxist thought.

6) This appears simply as a swipe against against both economic and structuralist marxisms.

CHAPTER SIX: FOOTNOTES

(1) This is not the place for a detailed consideration of this classic statement of the underconsumptionist position, nor for detailing how for many years it dominated North American marxism and conditioned an analysis which understated the importance of the social relations of production and the unified duality of capitalist production.

(2) At this point Braverman could have clarified his analysis with reference to the twin concepts discussed in Chapter Five - the formal and real subsumption of labour.

(3) This point has been highlighted by Armstrong (1988). However, the problem that Armstrong faces is that he seeks to defend Braverman and Braverman's marxism in the face of empirical and liberal critique, but he never details what Braverman's marxism and his marxist method actually are in any fully coherent fashion. Once again, this time by de-fault, the de-skilling thesis is dislocated from its intellectual context.

(4) The obvious parallel here is with Marx's elaboration of the law of the tendency for the rate of profit to fall and the effect of the counteracting influences. (see Chapter Four).

(5) It is interesting to relate this to G. A. Cohen's definition of authentic historical materialism (Cohen, 1978). The argument that the process must be considered in a more contingent, less relentless fashion has been offered by J. Cohen, by introducing levels of analysis which might

counteract the pure movement of the capitalist mode of production, (see Chapter Five).

(6) An interesting point to make here is whether or not this neglect of class struggle within the social relations of production emerges because of Braverman's descendancy from Baran and Sweezy, which itself relocates these struggles into the arena of distribution.

(7) Armstrong's argument (1988) that what Braverman was in fact doing was detailing the consequences which would face the labour movement if it did not seek to challenge, fundamentally, the basic structures of commodity production does not overcome or fully account for this tendency within LMC.

(8) This form of analysis not only covers labour process theory, it is also central to the thrust of much U.S. 'radical' labour market segmentation theory, see for example, Edwards et al, 1975.

CHAPTER EIGHT: FOOTNOTES

(1) These six approaches to comprehending the historical moment within social theory were first brought to my attention in a lecture by Joel Rogers on marxist social theory in the Sociology Department of the University of Wisconsin, Madison, in 1988/89. However, the way they have been utilized in Chapter Seven to establish a dynamic marxist approach to the historical moment through our value theory of labour analysis, is very much at odds with the way they were analysed by Rogers.

BIBLIOGRAPHY

ACAS (1988), *Labour Flexibility in Britain*, Occasional Paper 41.

Aglietta, M. (1979), *A Theory Of Capitalist Regulation: The U.S. Experience*, London: New Left.

Agyris, C. (1964), *Understanding Organizational Behaviour*, London: Tavistock.

Althusser, L. (1969), *For Marx*, London: Allen Lane; New York: Pantheon.

Althusser, L. (1976), *Essays In Self-Criticism*, London: New Left.

Althusser, L. and Balibar, E. (1970), *Reading 'Capital'*, London: New Left.

Anderson, P. (1976), *Considerations On Western Marxism*, London: Verso.

Anderson, P. (1980), *Arguments Within English Marxism*, London: Verso.

Anderson, P. (1983), *In The Tracks Of Historical Materialism*, London: Verso.

Armstrong, P. (1988), 'Labour and Monopoly Capital: The Degradation of Debate', Industrial Relations Research Unit, Warwick University, Mimeo.

Arthur, C.J. (1979), 'Dialectic of the Value-Form', in Elson, D. (ed) *Value: The Representation of Labour in Capitalist Society*, CSE Books, London.

Atkinson, J. (1984), 'Manpower Strategies and Flexible Organisation', *Personnel Management*, August.

Atkinson, J. and Gregory, D. (1986), 'A Flexible Future: Britain's Dual Labour Force', *Marxism Today*, April, pp. 12-17.

Atkinson, J. and Meager, N. (1986), 'Changing Working Patterns: How Companies Achieve Flexibility to Meet New Needs', *National Economic Development Organisation*.

Baran, P. and Sweezy, P. (1966), *Monopoly Capitalism*, New York: Monthly Review Press.

Best, M. (1984), 'Strategic Planning and Industrial Renewal', *Greater London Enterprise Board*, Mimeo.

Best, M. (1986), 'Strategic Planning and Industrial Policy', *Local Economy*, Spring.

Bohm-Bawerk, E. (1949), 'Karl Marx and the Close of his System' in Sweezy, P. (ed) *Karl Marx and the Close of his System*, New York: Augustus.

Boyer, R. (1979), 'Wage Formation in Historical Perspective: the French Experience', *Cambridge Journal of Economics*, vol. 3.

Braverman, H. (1974), *Labour and Monopoly Capitalism: The Degradation of Work in the Twentieth Century*, New York: Monthly Review Press.

Brenner, R. (1977), 'The Origins of Capitalist Development: a Critique of neo-Smithian Marxism', *New Left Review*, 104, 1977.

Brighton Labour Process Group (1977), 'The Capitalist Labour Process' *Capital and Class*, 1, 3-42.

Brown, W. and Walsh, J. (1991), 'Pay Determination in Britain in the 1980s; The Anatomy of Decentralization', *Oxford Review of Economic Policy*, 7, 1, Spring.

Burawoy, M. (1978), 'Towards a Marxist Theory of the Labour Process' *Politics and Society*, 8.

Burawoy, M. (1979), *Manufacturing Consent: The Changing Labour Process Under Monopoly Capitalism*, Chicago Press.

Burawoy, M. (1985), *The Politics of Production*, Verso.

Callinicos, A.T. (1987), *Making History: Agency, Structure and Change in Social Theory*, Polity Press.

Carling, A. (1986), 'Rational Choice Marxism', *New Left Review*, 160, Nov-Dec.

- Carling, A. (1990), 'In Defence of Rational Choice: A Reply to Ellen Meiskins Wood', *New Left Review*, 184, Nov-Dec.
- Clarke, S. (1980), 'Althusserian Marxism' in Clarke, S. et al (1980) *One Dimensional Marxism*, London: Allison and Busby.
- Clarke, S. (1982), *Marx, Marginalism and Modern Sociology*, The Macmillan Press Ltd.
- Clarke, S. (1987), 'Capitalist Crisis and the Rise of Monetarism', *The Socialist Register*, 1987.
- Clarke, S. (1988), 'Overaccumulation, Class Struggle and the Regulation Approach', *Capital and Class*, 36, Winter.
- Clawson, D. (1980), *Bureaucracy and the Labour Process*, New York: Monthly Review Press.
- Clegg, H.A. (1979), *The Changing System of Industrial Relations in Great Britain*, Basil Blackwell.
- Coase, R.H. (1937), 'The Nature of the Firm', *Economica*, 4, 386-405.
- Cohen, G.A. (1978), *Karl Marx's Theory of History: A Defence*, Oxford: Clarendon.
- Cohen, G.A. (1980), 'Functional Explanation: a Reply to Elster', *Political Studies*, xxviii, March, pp 129-135.

Cohen, G.A. (1981), 'The Labour Theory of Value and the Concept of Exploitation', in Steedman, I. (ed) *The Value Controversies*, London.

Cohen, G.A. (1982), 'Reply to Elster on Marxism, Functionalism and Game Theory', *Theory and Society*, 11:4 July 1982, 483-496.

Cohen, G.A. (1986), 'Restricted and Inclusive Historical Materialism' in E. Ullmann-Margalit (ed) *The Prism of Science*: D. Reidel Publishing Co. 57-83.

Cohen, J. (1982), 'Review of G.A. Cohen's Karl Marx's Theory of History' *Journal of Philosophy*, 1982, V. 79, 253-273.

Cohen, S. (1987), 'A Labour Process to Nowhere?', *New Left Review*.

Colletti, L. (1972), *From Rousseau to Lenin*, London: New Left.

Commons, J.R. (1909), 'The American Shoemakers', *Quarterly Journal of Economics*, 24, 39-84.

Corrigan, P., M. Hayes and P. Joyce, (1990), *The Cultural Development of Labour*, London: Macmillan.

Daly, A., D.M.W.N. Hitchens and K. Wagner (1985), 'Productivity, Machinery and Skills in a Sample of British and German Manufacturing Plants', *National Institute Economic Review*, 111, February, pp. 48-61.

Department of Employment, (1991), *The Government's Expenditure Plans*, London: HMSO Cm 1506.

- Desai, M. (1979), *Marxian Economics*, Second Edition, Oxford: Basil Blackwell.
- Dobb, M.H. (1972), *Political Economy and Capitalism*, London: Routledge and Kegan Paul.
- Dobb, M.H. (1973), *Theories of Value and Distribution since Adam Smith*, Cambridge and New York: Cambridge University Press.
- Draper, H. (1977), *Karl Marx's Theory of Revolution*, New York: Monthly Review Press.
- Edwards, P.K. (1983), 'Control, Compliance and Conflict: Analysing Variations in the Capitalist Labour Process', Unpublished paper, IRRU, University of Warwick, Coventry.
- Edwards, P.K. (1986), *Conflict at Work: A Materialist Analysis of Workplace Relations*, Blackwell: Oxford.
- Edwards, P.K. and Scullion, H. (1982), *The Social Organisation of Industrial Conflict: Control and Resistance in the Workplace*, Blackwell: Oxford.
- Edwards, R. (1979), *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*, Heinemann.
- Edwards, R., M. Reich and D.M. Gordon (1975), *Labour Market Segmentation*, Lexington Mass: Heath.

Elbaum, B. (1983), 'The Internalization of Labour Markets', *American Economic Review*, papers and proceedings, May.

Elger, T. (1979), 'Valorization and 'De-Skilling': A Critique of Braverman', *Capital and Class* 7.

Elger, T. (1990), 'Technical Innovation and Work Reorganisation in British Manufacturing in the 1980s', *Work, Employment and Society*, 4, May, pp. 67-101.

Elger, T. (1990a), 'Not the Polyvalent Worker: the Restructuring of Work Relations and Flexible Intensification in British Manufacturing' *The Changing Structure of Work* (ed) Beynon, H. Anglo-German Foundation: London.

Elson, D. (ed) (1979), *Value: The Representation of Labour in Capitalism* London: CSE Books.

Elster, J. (1980), 'Cohen on Marx's Theory of History', *Political Studies*, XXVIII:1, March 1980, 121-128.

Elster, J. (1982), 'Marxism, Functionalism and Game Theory', *Theory and Society*, 11:4, 483-496.

Elster, J. (1985), *Making Sense of Marx*, Cambridge.

Engels, F. (1892), *Socialism, Utopian and Scientific*, Moscow.

European Commission (1990), 'Preliminary Results European Commission Community Labour Market Survey 1989', *Trade Union Information Bulletin*, 1-1990, Brussels.

Fine, B. (1975), *Marx's 'Capital'*, London: Macmillan.

Fine, B. (1982), *Theories of the Capitalist Economy*, London: Edward Arnold.

Fine, B. (1986), 'Introduction' in B.Fine (ed) *The Value Dimension*, Routledge and Kegan Paul.

Fine, B. and Harris, L. (1979), *Rereading 'Capital'*, London: Macmillan.

Fine, B. and Harris, L. (1985), *The Peculiarities of the British Economy*, London: Lawrence and Wishart.

Fine, B. and Harris, L. (1987), 'Ideology and Markets: Economic Theory and the 'New Right'', *The Socialist Register*, 1987.

Finn, D. (1987), *Training Without Jobs*, London: Macmillan

Flanders, A. (1970), *Management and Unions*, London: Faber and Faber.

Francis, A. et al (1983), (ed) *Power, Efficiency and Institutions*. London: Macmillan

Friedman, A. (1977), *Industry and Labour*, London: Macmillan.

- Galbraith, J.K. (1967), *The New Industrial State*, London: Hamish Hamilton.
- Gartman, D. (1983), 'Structuralist Marxism and the Labour Process: Where Have the Dialectics Gone?', *Theory and Society*, 12, 659-669.
- Giddens, A. (1971), *Capitalism and Modern Social Theory*, Cambridge University Press.
- Giddens, A. (1979), *Central Problems in Social Theory*, London: Macmillan.
- Giddens, A. (1981), *A Contemporary Critique of Historical Materialism*, London: Macmillan.
- Giddens, A. (1982), 'Classical Social Theory and the Origins of Modern Sociology' in A. Giddens (ed) *Profiles and Critiques in Social Theory*, University of California Press.
- Giddens, A. (1982a), 'Power, the Dialectic of Control and Class Structuration' in A. Giddens (ed) *Profiles and Critiques in Social Theory*, University of California Press.
- Gleicher, D. (1983), 'A Historical Approach to the Question of Abstract Labour', *Capital and Class*, 21, 97-123.
- Gleicher, D. (1984), 'Note: A Rejoinder to Eldred', *Capital and Class*, 24, 147-154.
- Godelier, M. (1972), *Rationality and Irrationality in Economics*, London: New Left.

Gough, J. (1987), 'Industrial Policy and Socialist Strategy: Restructuring and the Unity of the Working Class', *Capital and Class*, Summer.

Gouldner, A.W. (1954), *Patterns of Industrial Bureaucracy*, New York: Free Press.

Gordon, D.M., Edwards, R. and Reich, M. (1982), *Segmented Work, Divided Workers: The Historical Transformation of Labor in the U.S.*, Cambridge University Press.

Habermas, J. (1979), 'Historical Materialism and the Development of Normative Structures', in J. Habermas *Communication and the Evolution of Society*, 1979, Boston: Beacon.

Habermas, J. (1984), *The Theory of Communicative Action, Volume One: Reason and the Rationalization of Society*, Trans. by T. McCarthy, London: Heinemann.

Hall, S. (1977), 'The Political and the Economic in Marx's Theory of Classes', in A. Hunt (ed), 1977, *Class and Class Structure*, ; Lawrence and Wishart, 15-61.

Henderson, and Quandt (1971), *Micro-Economic Theory*, New York: McGraw Hill.

Himmelweit, S. (1977), 'The Individual as the Basic Unit of Analysis' in F. Green and P. Nore (ed), *Economics: An Anti-Text*, London: Macmillan.

Himmelweit, S. and S. Mohun, (1981), 'Real Abstractions and Anomalous Assumptions', in I. Steedman (ed) *The Value Controversies*, London.

Hirst, P. and Zeitlin, J. (1989), 'Flexible Specialisation and the Competitive Failure of UK Manufacturing', *Political Quarterly*, April-June.

Hirst, P. and Zeitlin, J. (1989a) (ed), *Reversing Industrial Decline?*, Oxford: Berg.

Hodgson, G. (1974), 'Marxian Epistemology and the Transformation Problem', *Economy and Society*, Vol. 3.

Hyman, R. (1986), 'Flexible Specialisation- Miracle or Myth', Paper to EGOS/AWG on Trade Union Research, Warwick Colloquium on Trade Union Research, June, University of Warwick.

Hyman, R. (1987), 'Strategy of Structure? Capital, Labour and Control' *Work, Employment and Society*, Vol. 1, No. 1, March 1987.

Jarvis, V., and S.J. Prais (1989), 'Two Nations of Shopkeepers: Training for Retailing in France and Britain', *National Institute Economic Review*, 128, May, pp. 58-74.

Jessop, B. (1988), 'Regulation Theory in Retrospect and Prospect' International Conference on Regulation Theory, Barcelona, June 1988.

Jones, B. (1982), 'Destruction or Redistribution of Engineering Skills? The Case of Numerical Control', in S. Wood (ed) *The Degradation of Work? Deskillling and the Labour Process* London: Hutchinson.

Jones, S.R.H. (1982), 'The Organisation of Work: An Historical Dimension', *Journal of Economic Behaviour and Organisation*, 3.

Jones, S.R.H. (1983), 'Technology and the Organisation of Work: A Reply', *Journal of Economic Behaviour and Organisation*, 1.

Kautsky, K. (1909), *The Road to Power*, Trans, A.M. Simon. Chicago: S.A. Block.

Kautsky, K. (1910), *The Class Struggle*, Chicago: C.H. Kerr.

Kautsky, K. (1916), *The Social Revolution*, Chicago: C.H. Kerr.

Kelly, J. (1985), 'Management's Redesign of Work: Labour Process, Labour Markets and Product Markets' in Knights et al (ed) *Job Redesign: Cultural Perspectives on the Labour Process*, Aldershot: Gower.

Korsch, K. (1963), *Karl Marx*, New York.

Korsch, K. (1970), *Marxism and Philosophy*, London: New Left.

Labour Party, (1991), 'Tory Jobs Scandal', Labour Market Briefing No. 8. *The Labour Party*.

Lazonick, W. (1978), 'The Subjection of Labour to Capital: The Rise of the Capitalist System', *The Review of Radical Political Economics*, 10, (1), 1-31.

Levine, A. and Sober, E. (1985), 'What is Historical in Historical Materialism?', *The Journal of Philosophy*, 304-326.

Levine, A. and Wright, E.O. (1980), 'Rationality and Class Struggle', *New Left Review*, 123.

Lipietz, A. (1984), 'Imperialism and the Beast of the Apocalypse', *Capital and Class*, 22.

Lipietz, A. (1985), *The Enchanted World*, Verso: London.

Lipietz, A. (1987), *Mirages and Miracles*, Verso: London.

Littler, C. and Salaman, G. (1982), 'Bravermania and Beyond: Recent Theories of the Labour Process', *Sociology*, 16 (2), 251-269.

Littler, C. and Salaman, G. (1984), *Class at Work: The Design, Allocation and Control of Jobs*, London: Batsford.

Lukacs, G. (1971), *History and Class Consciousness*, London: Merlin.

Lukacs, G. (1972), 'Max Weber and German Sociology', *Economy and Society*, 1. 4, 386-398.

March, J.G. and Simon, H.A. (1958), *Organisations*, New York: Wiley.

Marcuse, H. (1972), *One Dimensional Man*, London: Routledge and Kegan Paul.

Marginson, P. (1986), 'Labour and the Modern Corporation: Mutual Interest or Control?', *Warwick Papers in Industrial Relations*, 9, June.

Marglin, S.A. (1974), 'What do Bosses do?: The Origins and Functions of Hierarchy in Capitalist Production', *Review of Radical Political Economics*, 6, 60-112.

Marx, K. (1844), *Economic and Philosophical Manuscripts*, Marx and Engels Collected Works, Vol. 3. Lawrence and Wishart. 1975.

Marx, K. (1857), 'General Introduction', *Grundrisse*, Harmondsworth Penguin Books. 1973.

Marx, K. (1859), 'Preface', to *A Contribution to Political Economy*, London, Lawrence and Wishart. 1971.

Marx, K. (1971), *Capital*, Vol. III. Moscow.

Marx, K. (1973), *Grundrisse*, Harmondsworth.

Marx, K. (1976), *Capital*, Vol. 1, Harmondsworth: Penguin.

Marxism Today (1989), 'New Times Manifesto', *Marxism Today*, June.

Maynard, G. (1988), *The Economy Under Mrs. Thatcher*, Oxford: Blackwell.

Metcalf, D. (1988), 'Water Notes Dry Up' Centre for Labour Economics, *London School of Economics Discussion Paper*, 314.

Merton, R.K. (1940), 'Bureaucratic Structure and Personality', *Social Forces*, 18, 560-568.

Mohun, S. (1979), 'Ideology, Knowledge and Neoclassical Economics: Some Elements of a Marxist Account', in F. Green and P. Nore (ed), *Issues in Political Economy: A Critical Approach*, 234-268.

Muellbauer, J. (1986), 'The Assessment: Productivity and Competitiveness in British Manufacturing', *Oxford Review of Economic Policy*, 2, 3.

Murray, R. (1985), 'Benetton Britain', *Marxism Today*, November.

Noble, D.F. (1979), *America by Design*, Oxford University Press.

Nolan, P. (1983), 'The Firm and Labour Market Behaviour', in G. Bain (ed) *Industrial Relations in Britain*, Basil Blackwell, 291-311.

Nolan, P. (1989), 'The Productivity Miracle?' *The Restructuring of the UK Economy*, (ed.) Green, F., Brighton: Harvester.

Nolan, P. and Edwards, P. K. (1983), 'Homogenise, Divide and Rule: An Essay on 'Segmented Work, Divided Workers'', *Cambridge Journal of Economics*, 1984, 8, 197-215.

Nolan, P. and O'Donnell (1989), 'Restructuring and the Politics of Industrial Renewal: the Limits of Flexible Specialisation', *Cambridge Journal of Economics*

Ouchi, W.G. (1979), 'Markets, Bureaucracies and Class', *Management Sciences*, Vol. 25, Sept., 833-848.

Palloix, C. (1976), 'The Labour Process: From Fordism to neo-Fordism' *CSE/Stage One*

Parsons, T. (1949), *The Structure of Social Action*, New York: Free Press.

Parsons, T. (1951), *The Social System*, Chicago: Free Press.

Parsons, T. (1960), *Structure and Process in Modern Societies*, Chicago: Free Press.

Pearson, R., R. Hutt and D. Parsons (1984), *Education, Training and Employment*, Aldershot: Gower.

Penn, R. (1982), 'Skilled Manual Workers in the Labour Process' in S. Wood (ed) *The Degradation of Work? Deskilling and the Labour Process*, London: Hutchinson.

Penn, R. and Scattergood, H. (1985), 'Deskilling or Enskilling? An Empirical Investigation of Recent Theories of the Labour Process', *British Journal of Sociology*, 36, 4, 611-630.

- Pilling, G. (1972), 'The Law of Value in Ricardo and Marx', *Economy and Society*, Vol. 1.
- Piore, M. and Sable, C.F. (1984), *The Second Industrial Divide: Possibilities of Prosperity*, New York: Basic Books.
- Plekhanov, G.V. (1945), *In Defence of Materialism: The Development of the Monist View of History*, London: Lawrence and Wishart.
- Plekhanov, G.V. (1969), *Fundamental Problems of Marxism*, London: Lawrence and Wishart.
- Pollert, A. (1988), 'Dismantling Flexibility', *Capital and Class* 34, Spring.
- Prais, S.J. (1988), 'Qualified Manpower in Engineering', *National Institute Economic Review*, 122, February, pp. 76-83.
- Przeworski, A. (1985), *Capitalism and Social Democracy*, Cambridge.
- Ray, G. (1987), 'Labour Costs and International Competitiveness', *National Institute Economic Review*, 51, August.
- Ray, G. (1990), 'International Labour Costs in Manufacturing, 1960-88', *National Institute Economic Review*, 132, May.
- Ricardo, D. (1973), *The Principles of Political Economy and Taxation*, London: J.M. Dent.

- Roemer, J. (1982), *A General Theory of Exploitation and Class*, Cambridge, Harvard.
- Roemer, J. (1986), (ed) *Analytical Marxism*, Cambridge University Press.
- Rose, M. and Jones, B. (1985), 'Management Strategy and Trade Union Responses in Work Reorganisation schemes at Establishment Level', in Knights et al (ed) *Job Redesign*, London, Gower.
- Rowthorn, R. (1974), 'Neo-Classicism, Neo-Ricardianism and Marxism', *New Left Review*, 86.
- Roy, D. (1989), 'Labour Productivity in 1985: An International Comparison' Paper presented at 21st. General Conference of the International Association for Research in Income and Wealth. Lahnstein, August, Unpublished.
- Rubery, J. (1978), 'Structured Labour Markets, Worker Organisation and Low Pay', *Cambridge Journal of Economics*, Vol. 2, No. 1.
- Rubin, I.I. (1973), *Essays on Marx's Theory of Value*, Montreal: Black Rose.
- Rubin, I.I. (1979), *A History of Economic Thought*, London: Ink Links.
- Sable, C.F. (1982), *Work and Politics*, Cambridge University Press.

- Sayer, D. (1987), *The Violence of Abstraction: The Analytic Foundations of Historical Materialism*, Basil Blackwell.
- Shaikh, A. (1981), 'The Poverty of Theory', in I. Steedman (ed) *The Value Controversy*, Verso: New Left Books.
- Shaw, M. (1975), *Marxism and Social Science: The Roots of Social Knowledge*, Pluto Press.
- Simon, H.A. (1957), *Administrative Behaviour*, New York: Macmillan.
- Smith, A. (1937), *The Wealth of Nations*, New York: Random House.
- Sraffa, P. (1960), *The Production of Commodities by Means of Commodities*, Cambridge University Press.
- Steedman, H. and K. Wagner (1987), 'A Second Look at Productivity, Machinery and Skills in Britain and Germany', *National Institute Economic Review*, 122, November, pp. 84-95.
- Steedman, H. and K. Wagner (1989), 'Productivity, Machinery and Skills: Clothing Manufacture in Britain and Germany', *National Institute Economic Review*, 127, February, pp. 40-57.
- Steedman, I. (1977), *Marx after Sraffa*, London: New Left.
- Storey, J. (1985) 'The Means of Management Control', *Sociology*, May 1985.

- Streeck, W. (1986), 'Industrial Relations and Industrial Change in the Motor Industry', IRRU, Working Paper, Warwick University, 1986.
- Sweezy, P. (1942), *The Theory of Capitalist Development*, New York: Monthly Review Press.
- Sweezy, P. (1980), *Post-Revolutionary Society*, New York: Monthly Review Press.
- Tailby, S. and Whitston, C. (ed) (1989), *Manufacturing Change: Industrial Relations and Restructuring*, Blackwell.
- Tannenbaum, A.S. (1968), *Control in Organisations*, New York: McGraw Hill.
- Therborn, G. (1976), *Science, Class and Society*, London.
- Thompson, E.P. (1978), *The Poverty of Theory*, London: Merlin.
- Thompson, P. (1983), *The Nature of Work*, Macmillan.
- Thompson, P. (1986), 'Crawling From the Wreckage: The Labour Process and the Politics of Production', *Paper Presented to the Fourth Annual Labour Process Conference*, Birmingham, Aston University.
- Training Agency (1989), *Training in Britain: A Study of Funding, Activity and Attitudes*, and research reports. HMSO, London.
- TUC (1985), *Flexibility: A Trade Union Response*, TUC: London.

- Unemployment Unit (1990), *Working Brief*, July.
- Unemployment Unit (1991), *Working Brief*, July.
- Walton, P. and Gamble, A. (1972), *From Alienation to Surplus Value*, London.
- Weber, M. (1947), *The Theory of Social and Economic Organisation*, New York: Free Press.
- Weber, M. (1968), *Economy and Society*, New York: Bedminster.
- Weber, M. (1978), *Economy and Society*, edited by Gunther Roth University of California Press.
- Williams, K., Cutler, T., Williams, J. and Haslem, C. (1987), 'The End of Mass Production', *Economy and Society*, 16, 3, pp. 405-439.
- Williamson, O.E. (1975), *Markets and Hierarchies*, New York: Free Press.
- Williamson, O.E. (1980), 'The Organisation of Work: A Comparative Institutional Assessment', *Journal of Economic Behaviour and Organisation*, 1, 1, 5-38.
- Williamson, O.E. (1981), 'The Modern Corporation: Origins, Evolution, Attributes.', *Journal of Economic Literature*, 19, 1537-1568.

Williamson, O.E. et al (1975), 'Understanding the Employment Relationship: The Analysis of Ideosyncratic Exchange', *Bell Journal of Economics*, 6, 1, 250-278.

Wilkinson, B. (1983), *The Shopfloor Politics of the New Technology*, London: Heinemann Educational.

Wright, E.O. (1978), *Class, Crisis and the State*, London.

Wright, E.O. (1981), 'The Value Controversy and Social Research', in I. Steedman et al (ed) *The Value Controversies*, London.

Wright, E.O. (1983), 'Giddens's Critique of Marx', *New Left Review*, 139.

Wright, E.O. (1985), *Classes*, London.

Zimbalist, A. (1979), *Case Studies on the Labour Process*, New York: Monthly Review Press.