

CHAPTER 4

1. Below you will see a series of paired statements pertaining to the character and era of Fordist production (see pages 72 -76 of your textbook). In each pair, which statement is most accurate?
 - (a) It mainly revolved around highly skilled workers on the shop floor, collaborating with educated engineers and scientists.
 - (b) Semi-skilled workers predominated. They undertook repetitive tasks linked to the breakdown of production into numerous specialized machines processes.
 - (c) Fordist production was usually based on vast, highly integrated, capital-intensive industrial plants containing many departments culminating in an assembly line.
 - (d) Overall production was organized around a cluster of small and medium sized factories each of which contributed a small number of specialized components.
 - (e) There were marked internal differences in the wages earned by workers so that most employees could not afford to buy the goods produced by their factories.
 - (f) In general, the very high and often growing productivity of the workforce meant that wages and working conditions were good and this generated high consumption in the wider economy.
 - (g) Fordist plants produced standardized or generic goods that were relatively cheap because they were produced en masse.
 - (h) During the Fordist era most workers demanded a huge choice in the range and quality of goods.
 - (i) The era between 1910 and 1935 saw the most rapid spread of Fordist production across a range of industries and countries.
 - (j) Fordist production became established before World War Two but was mostly adopted on a vast scale, worldwide, after 1945.
 - (k) The Fordist era was typified by marked government reluctance to operate policies that might underpin the system and by a complete absence of consensus between unions and employers.
 - (l) Depending on the country, and to different degrees, Fordism was supported by pro-labour government polices of welfare and full employment alongside Keynesian economic management designed to expand public and private investment.

2. Indicate whether the following statements below about the onset of the crisis of Fordism from the late 1960s onwards are true or false (see pages 76- 79 of your textbook).

(a) Consumers became more interested in saving than spending.

(b) A youth culture emerged whose members increasingly desired goods that offered variety, choice and fashion rather than purely cheapness.

(c) Japan's post war economic recovery and rising incomes meant that its citizens began to import vast quantities of consumer goods from Europe and North America. Consequently prices rose and there was widespread world inflation.

(d) The industrial practices evolved by Japanese companies involving lean production and multi-tasked workers were widely adopted in the West and contributed to weakening trade union power.

3. Varying accounts and terms in the literature were developed in order to explain the drift towards an era of industrial practices and labour organization that Lash and Urry (1987) characterized as 'disorganized capitalism' from the 1970s onwards. However, can you flesh out the three bare descriptors we list below? In doing so clarify exactly how each tended to weaken the economic security that workers had previously enjoyed while strengthening the power of capital (see pages 78-9 of your textbook).

A. Downsizing

B. Re-location

C. Casualization.

Next, provide a brief outline of the overall impact of these processes on the long-term strength and diversity of manufacturing in Europe and North America.

4. By the 1980s, and even more so in the 1990s, it was apparent that the world economy was marked by intensive competition between a growing number of industrial exporting nations. At the same time industrial and other corporations were spreading their operations across many countries (see chapter 8 for more detail). In short, the globalization of capitalist production was well underway. Partly by relying on your general knowledge and partly by studying your textbook (see pages 82-84), answer the following questions:

(a) On page 82 we mention a number of BRIC countries. Here are some additional countries not mentioned on this page and listed alphabetically. Some of them could easily be included in the BRIC category but others probably cannot. Can you identify which countries belong in the BRIC group? (You may wish to consult newspapers, the internet, your fellow students or tutors).

- Afghanistan
- Argentina

- Bangladesh
- Chile
- Indonesia
- Kazakhstan
- Nigeria
- Mauritius
- Saudi Arabia
- South Africa
- Tanzania
- Turkey
- Vietnam
- Zambia.

(b) After reading pages 82-4, try to answer these questions with brief sentences:

- i. By how much did the Chinese economy grow between 1978 and 2007?
- ii. According to some estimates, China was third in the global economy by 2010 in terms of GDP and measured by dollars. Other estimates, however, placed China second behind the USA. How can these differences be explained?
- iii. Part of India's rapid economic growth since 1991 can be explained in terms of its huge educated middle class combined with its development of IT-related industries. How are these two factors connected in such a way that they help to account for a large proportion of India's export revenue?

5. On pages 84-89 of your textbook we explain the process of financialization. We explain some of the changes that have underpinned this financialization process and on pages 85 -90 we also offer an account of the main practices deployed by the financial sector – especially since the mid-1990s - which has enabled it to extend its business influence and to harness ever greater profits. One such practice has involved investment banks, fund managers and other financial business seeking higher returns on their business activities by moving into broking on their own account rather than paying specialist broking companies. Investment banks and other 'newcomers' to this business have also tended to persuade clients of the need to keep turning over their stocks and shares – that is, to regularly buy and sell securities - and this increased turnover and the charges imposed at each attempt

means that a large proportion of the lifetime savings of clients are being absorbed by the new brokers rather than accumulating as future nest eggs for savers.

Here are three additional practices widely and increasingly adopted by businesses in the financial sector and which enable it to accrue large profits. Read the relevant pages of your textbook and write a brief account of each, explaining its consequences.

- (a) Speculating on assets such as gold, oil wheat, certain types of shares (p.86).
- (b) Over –lending or providing credit to borrowers (whether other businesses, banks or private customers for e.g. buying houses) on a scale that far outstrips the supply of savings that have been deposited by savers (p. 87).
- (c) Devising and expanding new financial products such as credit derivatives. These are based on debts of different kinds which are then transformed into a type of security that is sold to investors.