

Characteristics of fordism and the impacts of post- fordism on the economy



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It is widely argued that the era of Fordism began with the development of the model T motor car, the world's first successfully mass-produced car, at Henry Ford's Piquette Avenue manufacturing plant in Detroit, Michigan (Bryson and Henry, 2001). From this, a new age of production developed, changing both the economic and the political landscape of manufacturing globally, and establishing the progression to a new form of capitalism. This essay will first aim to describe the key aspects of Fordism, how these aspects manifested themselves socially and spatially from the early 20th century through to the post-war years, and the way in which the crisis of Fordism, that led to huge shifts in the global economy, can be linked to the progression of increasingly neoliberal economic and political systems. Further to this, the essay will draw links between the current, modern system of capitalism (a so-called ' Post-Fordist' society), that is characterised by major innovations in technology and increasingly flexible forms of production, and the spatial elements of such a system. This restructuring of the geography of production can be seen on a global scale, and this essay will explore the decline of previously extremely important industrial areas (namely the US Midwest and the UK Midlands) as well as the emergence of regions and cities that now drive international innovation and production – most famously, Silicon Valley, California (Mead, 2004). The effects on the global economy will be examined consistently throughout, with focus on both micro and macro-economic scales.

The key characteristics of Fordism centre around the major industrial paradigm of mass production that involves production of standardised goods by unskilled labour through the use of assembly-line techniques (Bryson and

Henry, 2001). This principle of 'continuous-flow production' (Coriat, 1980) as a new regime of accumulation inherently involved a rise in

mass consumerism, that was encouraged by the supply of relatively cheap products, intelligent advertising and, arguably most importantly, through changes to social conditions of low-skilled employees. This originated from Henry Ford himself, who notoriously raised minimum pay to \$5 a day and reduced working hours to an 8-hour day, in doing so managing to reduce employee turnover rates and therefore reduce costs further, as well as transforming the workforce into consumers themselves (Bryson and Henry, 2001). The main economic processes associated with Fordism were underpinned by key political developments, importantly a well-paid, stable labour force that became increasingly unionised and labour market policies that supported the relationship between consumers and producers (Gertler, 1988). State intervention to secure full employment of the workforce and the establishment of a welfare state, possibly seen most famously in the United Kingdom with the creation of the National Health Service in 1948 (National Health Service, 2018) among other welfare policies, was a significant development in post-war Fordism. This illustrates how many of the economic processes that were so pervasive during this time were strengthened by political shifts.

The spatial implication of new modes of production can be seen clearly through the development of areas that experienced explosive growth as manufacturing plants for industries became ever-larger. Detroit, Michigan, is a prime example of this, once the United States' fourth most populous city and the largest car manufacturer in the world (Safransky, 2014) it grew in <https://assignbuster.com/characteristics-of-fordism-and-the-impacts-of-post-fordism-on-the-economy/>

size largely through the influx of migrant workers looking for jobs in the growing automobile industry. Across the global economy, the key characteristics of Fordism can be viewed as a number of changing socio-economic conditions produced by a new mode of production. These were matched by political ideologies of the time that have led, in turn to the emergence of changing landscapes, the legacy of which is still persistent to the modern day.

It was arguably the social conditions promoted by Fordist society that ultimately led to its own demise, with a society increasingly focussed on consumerism coupled with a rigid mode of production that was unable to confront new forms and sources of demand and competition in a dynamic marketplace (Schoenberger, 1987). The transition to Post-Fordism was two-fold, involving a new means of production due to technological innovations and changes in consumer behaviour developing alongside major political shifts that would come to define a new era of capitalism (Gertler, 1988 and Bryson and Henry, 2001). The adoption of new, more flexible forms of fixed capital in production meant more cost-efficient machinery, that permits a significant degree of product flexibility without sacrificing economies of scale (Schoenberger, 1987) as well as a new mode of production – ‘just-in-time’ or ‘kanban’ production – originating in Japan, that allows for integration of various aspects of manufacturing and a reduction in the amount of inventory held, thereby reducing turnover time for capital and keeping production costs low (Gertler, 1988). New methods of production and increasingly global firms have triggered a re-concentration of labour globally, culminating in a new international division of labour developing over the last 30 years

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(Bryson and Henry, 2001). Production is now organised on an international scale, with advanced economies off-shoring large amounts of manufacturing to areas with cheaper labour, and lower costs. This has been spurred by a political motivation, with firms seeking to move out of areas with historically highly unionised labour markets, in doing so undercutting practices so central to the Fordist model (Mead, 2004).

The changing practices of transnational corporations have given rise to a global economy that consists of complex networks of relationships between firms, across international borders, (including strategic alliances, subcontracting and franchising), illustrating how production has developed to be a truly diversified and global process (Phelps, 2002). This progression to increasingly neo-liberal economic systems has been supported by state intervention through legislation to deregulate key markets such as finance and labour and encourage competition in markets that were previously highly monopolistic, further highlighting the interplay between economic and political forces (Mead, 2004). The transition to Post-Fordism has therefore affected the global economy by encouraging increasingly international and complex relationships in manufacturing and in non-manufacturing businesses. This transition has not only had great impacts on national economies, but also on the geo-politics of production, with spatial changes occurring on a massive scale.

The shift to Post-Fordism inevitably brought with it major redistributions of production, wealth, and power, that can be physically traced to uncover new geographies of capitalism. Perhaps the most well-documented examples of this highlight the incredible de-industrialisation of so-called ‘ motor cities’, <https://assignbuster.com/characteristics-of-fordism-and-the-impacts-of-post-fordism-on-the-economy/>

such as Detroit, that have experienced massive de-population and decline since the late 20th century (Turbeville, 2013). Manufacturing industries looked to cut costs and maximise profits by relocating much of their production to the so-called 'developing' world, causing major transfers of industry to previously peripheral parts of the world (Bryson and Henry, 2001). Following the outward movement of the automobile industry, unemployment rose exponentially, and a residential and business exodus occurred (Safransky, 2014). From this, new financial and racial boundaries have been drawn in the city itself, with the inner-city of Detroit housing broadly low-income African American residents, and its surrounding suburbs largely being home to significantly

affluent, white families (Newman and Safransky, 2014). The spatial effects on the global economy can therefore be examined in two parts: on a macro-scale – when considering the redistribution of industry labour internationally, and also on a micro-scale – within cities themselves.

Alongside the de-industrialisation of historically huge industrial cities, the Post-Fordist geography also involves new areas of very concentrated growth and development. There has been a resurgence of regional economies characterised by high levels of spatial agglomeration of mainly financial and technological industries (Scott, 2000). Silicon Valley in California, the London-Bristol axis in the UK and even financial and business districts in most major cities highlight the extent to which new regimes of accumulation have manifested themselves in the Post-Fordist society. There has been a 'financialisation' of the global economy, resulting in a huge concentration of

economic and political power, a prolific and ever-visible aspect of modern capitalism (Byrne et al, 2013).

Across the global economic landscape, the transition to Post-Fordism has been fundamental and far-reaching. As outlined in this essay, an increasingly globalised network of production and industry has led to a shift in modes of production, with the overwhelming importance of technology and new methods of organisation being vital to this shift. Moreover, there has been an undeniable impact on the geography of production, with an increasingly complex international division of labour and a set of dominant economic regions and spaces which have grown as a response to Post-Fordist flexible production (Bryson and Henry, 2001). There are evident links between the economic and the political forces at play, with these becoming ever complex and intertwined. With the financialisation of the global economy

occurring at an increasing rate, it will be interesting to consider just how pervasive the shift to

Post-Fordism has been on our global economy.

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