

20th century → the organization of the production of goods and services changed
 → and it influenced the extent to which workers were alienated and skilled.

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 US became the dominant economy: “the envy of the industrial world”
 Based in car economy and Fordist production.

Lipietz (1992)

Defined **Fordism** as an industrial production system with 3 interrelated meanings

1. Production system characterized by mass production
2. Production system characterized by mass consumption
3. Socio-political system that is supportive of mass production and mass consumption and ensures the supply of workers and consumers.

Fordism manufacturing system was pioneered by **Henry Ford** in the first 2 decades of the 20th century.

1903 → Ford Motor Company

1923 → Production peaked: 1.8 million T cars produced.

Ford River Rouge Complex was the largest factory in the world, completed in 1928.

Made of 93 buildings, with over 100,000 workers employed in 1930s.

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 1909: “I will build a motor car for the great multitude... It will be so low in price that no man making a good salary will be unable to own one”. → He devised a production system that took advantage of the unskilled mass of workers. He combined the organizational innovations of Taylorism and the introduction of single-purpose machinery.

Def. **it was the mass production of standardized goods using semi-skilled workers and batch production.**

However the speed of the assembly line soon stressed and overwhelmed workers, who felt alienated. Henry Ford introduced the \$5 dollars a day wage 1914 (unheard of, doubled the wage) and shorten the workday.

Fordist model of production was embedded with a national growth regime.

There was a virtuous circle with mass production and mass production, lower unemployment and high wages and contributed to economic development in 1920th. Ford made luxury goods affordable for everyone (raised the standards of living) → Two institutions supporting mass consumption:

- Class compromise between K and L (UAW agreement with GM in 1950: high wages for efficiency)
- Keynes welfare state: fiscal a monetary policies for higher AD

Adopted by most economies worldwide: France, Germany

Advantages and disadvantages of industrial Fordism

	Society	Workers	Employers	Consumers
Advantages	Mass production > economies of scale > improved standard of living	Higher pay	Increased productivity and profits	Cheaper goods
Disadvantages	Standardization of work and life	Alienating low skilled work	Absenteeism, higher labour turnover and conflict	Low quality standard products and limited choice

GM introduced general-purpose machinery and decentralized, batch production. It started producing diversified products, to the preference of consumers: *cars with choice*.

Ford model T system (1913-1927):

- Semi-skilled workers
- High wages
- Standardized part and products
- Single-purpose machinery
- Moving assembly line
- Simplification of work via taylorized tasks
- *Vertical integration*: the company owns the supply chain.

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 High volumes of production

Fordism (1927-1970s)

- Semi-skilled workers
- High wages
- Moving assembly line
- Vertical integration/ internal labor markets

Changes in the production of cars:

- Standardized parts but **diversified products**
- **General purpose machinery**
- Forecast –driven, **batch production**