

The Legitimation Crisis of Fordism: Ideological and Cultural Contradictions

INTRODUCTION

Chapter 1 illustrated the centrality of the role of the state in the establishment, organization, and coordination of the Fordist system of regulated capitalism. Before entering its final crisis in the late 1970s, the state was instrumental in fostering the material conditions of an ideology and a culture that legitimated regulated capitalism. This chapter continues the discussion of the conditions that generated the growth, stability, and crisis of regulated capitalism by exploring its salient ideological and cultural characteristics and contradictions. In particular, the chapter probes the ideological and cultural aspects associated with the contradictions engendered by regulated capitalism's requirement of social inclusion of subordinate groups and the private ownership of the means of production.

Fordist regulated capitalism, as the first section in this chapter indicates, required the creation of a new type of will-formation that would contribute to the control of the nascent working class of the Taylorist enterprise. This process is illustrated through a review of the ideas of Antonio Gramsci. In his *Prison Notebooks*, Gramsci highlights the cultural requirements of the "new worker" (Gramsci 2011, 1973). He points out that members of the working class adopted a Puritan mentality that consisted of the commitment to discipline, obedience, and abnegation and the elimination of behaviors that did not conform to the new system of Taylorist-intensive production. The creation of this new type of worker was not simply carried out at the factory level. It required the intervention of the state that assisted

the ruling class in the shaping of the new rationality of the working class. The key point, for Gramsci, was, however, the actual internalization of these industrial requirements as they became parts of the new way of life for the industrial proletariat.

Writing almost 40 years later, Talcott Parsons (1971) contended that the creation of this disciplined and hardworking working class allowed the USA to become the leading country in the world and a model to be followed by developed and developing countries alike. In the continuation of this opening section of the chapter, the work of Parsons is employed to illustrate the functional aspects of the Fordist culture and the manner in which supporters of the Fordist system saw it as an effective and permanent solution to the problems associated with old *laissez-faire* arrangements. As Parson sharply dismissed arguments in favor of a free-market economy, he contended that the application of Keynesian policies, state-sponsored social programs, and cultural conditions that promoted mass consumption led to the enhancement of social integration, social justice, and a system of class stratification that was both efficient and fair. Brushing aside arguments about the loss of the Puritan ethos among members of the working class, he maintained that mass consumption was proof that the growth of regulated capitalism was not simply a process that benefited the upper class but that advantaged all groups. He concluded that the Fordist democratization of society and its affluence had realized the promises of liberty and equality that were at the core of the free capitalist society.

Departing from this positive view of the attributes of Fordism, the second section of the chapter explores regulated capitalism's cultural and ideological contradictions. It begins by stressing Gramsci arguments about the contradictory ideological dimensions of the Fordist hegemonic project. For Gramsci, the call for the adoption of a Puritan mentality and way of life for the working class was ultimately contradicted and destabilized by the development of the permissiveness that the lifestyle of upper class entailed. This contradiction, Gramsci argued, ultimately created serious problems in terms of the continuous credibility of the system's cultural message and social stability. The issues associated with the reproduction of the Puritan ideal and mentality were stressed by Daniel Bell. This section of the chapter reviews Bell's social conservative argument about the "softening" of the American working class as a result of the material gains generated by Fordism. This situation, he held, created a disjunction between the system production requirements and workers' behavior and culture. Taking an individualistic

route and underestimating the seriousness of its crisis, he contended that Fordism could be saved by a revival of authority, religion, and austerity.

These objections to the Fordist pattern of development were accompanied by stronger critiques from the Marxian camp. The chapter highlights the analysis proposed by the regulationist school and by Jürgen Habermas. The regulationists (Aglietta 1979; Lipietz 1982, 1992) subordinated the cultural and ideological dimensions of Fordism, or its mode of regulation, to the organization of its economy, or regime of accumulation. They contended that the primary aspect of Fordism was the creation of a stable system of social relations based on the management–labor pact. The increased costs of this system ultimately prevented the state from effectively intervening in society and created broader dissatisfaction among the masses. This structuralist view of the Fordist system and its crisis is contrasted by the theory of the legitimation crisis proposed by Habermas (1975). For Habermas, the Puritan will-formation and active participation in the political sphere that characterized capitalism and bourgeois democracy were incompatible with the depoliticized and mass consumption-oriented cultural traits of regulated capitalism. As the state was required to justify its regulation of society, the mass loyalty necessary for the achievement of legitimation lacked. Ultimately, he concluded, the cultural and ideological dimensions of regulated capitalism were incompatible with the requirements for this system’s reproduction. The point that the crisis of Fordism was not simply a crisis of its economy is affirmed in the concluding section of the chapter.

THE IDEOLOGICAL AND CULTURAL DIMENSIONS OF FORDIST REGULATED CAPITALISM

Gramsci and the Creation of New Forms of Social Control and the “New Individual”

Discussing the nascent regime of regulated capitalism, Antonio Gramsci pointed out that this system was successful because it was able to achieve an effective rationalization of the production process and combine it with a powerful and culture-based system of labor control (Gramsci 1973: 410). Aided by the lack of feudal classes that differentiated the American society from its European counterpart, in the USA, Gramsci argued, labor control was implemented through a combination of the use of “force” and

“persuasion” (see Chap. 1). By force, Gramsci meant the neutralization of the power of trade unions through intimidation and physical repression as symbolized by the establishment of the social department of the Ford Motor Company and its overt use of violent anti-labor strategies (see Chap. 1). By “persuasion,” Gramsci referred to various processes of “manipulation” of the will of subordinate classes through the establishment of higher wages and fringe benefits paid to workers but also the implementation of an effective system of “ideological and political propaganda” (Gramsci 1973: 410–416, 2011: 216–217). Accordingly, for Gramsci the legitimation of the new Fordist society was made possible through a combination of material and ideological means. It is this latter component that Gramsci stressed when he discussed the importance of the creation of a “new type of human being” who could conform to the new type of labor discipline, productive process, and individual behavior required by Fordism.

This new “worker” embedded the new individuality that was necessary to carry out the changes associated with the transformation from “the old economic individualism to the regulated economy” (1973: 403). This new worker, he argued, was the culmination of the historical process of labor control that was centered on the establishment of a system of individual behaviors, way of thinking, and corresponding values that met the requirements of production. While this was a process that had accompanied industrialization since its beginning, it had acquired stronger connotations under Fordism. Gramsci stressed that the Fordist requirements demanded a greater regulation and shaping of every aspect of the lives of workers that would push workers away from their uncontrolled instinct-based state of nature. This process of molding the behavior of workers included the primary aspect of the control of their sexuality and desires. He felt that the successful regulation of the sexual behavior of industrial workers was one of the fundamental conditions for the achievement of labor control under regulated capitalism. Accordingly, Gramsci recognized the importance of Henry Ford’s interest in the control of the sexual behavior of his workers and the concomitant effort to reinforce “Puritan” values and behaviors among them (Gramsci 1973: 430, 2011: 218).

To be sure, Gramsci underscored that the constraining of “primitive” instincts and the implementing of discipline among members of the working class had always occupied center stage in the development of industrial relations. Because they had always been resisted by the working class, they had been among the most contested and brutally violent dimensions of

industrialization (Gramsci 1973: 422–423, see also Thompson 1967). However, Fordism, with its Taylorist system of production, required much higher levels of order and labor precision than in the past, making the question of the social control of labor even more important (1973: 427). In this context, the need for implementing higher levels of discipline among workers, he continued, could not be simply carried out by the firm alone. It required the intervention of the state that would support the ruling class in the molding of the new rationality of the working class (Gramsci 1973: 418). The state was charged with these broader forms of control that, requiring the creation of new cultural traits and values, were directed at channeling the monetary and emotional resources of workers toward the objective of the enhancing of their work-required skills and behaviors (Gramsci 1973: 428, 2011: 216). From this point of view, for Gramsci, the state was a great ally of Fordist corporations.

Gramsci contended that Fordism would not be fully established unless the new system of labor discipline was not only imposed on workers from above but also, ultimately, internalized by them (Gramsci 1973: 426, 2011: 216). Despite insisting on the establishment of Puritan moral values among workers, Fordist industrialists, Gramsci argued, were not interested in the “spirituality,” “humanity,” or creativity of workers. Because these traits were typical of the craft system of production when artisans had direct control of the product of their work and the production process, under the Fordist system they had to be opposed, as any form of creative individual action had to be eliminated. Individual initiative had to be replaced with conformity to planning (Gramsci 1973: 427, 2011: 216). Accordingly, in the Fordist project, the development of a form of consciousness that reflected the “Puritan” morality of hard work, discipline, obedience, and abnegation was paramount. It was also a fundamental part of the key process of maintaining stability of employment and the minimization of risk. The Fordist worker, Gramsci concluded, was part of the broader system of production whose equilibrium had to be maintained. It followed that it was in the interest of the firm to retain this newly created labor force in order to avoid costly disturbances of the production process (Gramsci 1973: 428, 2011: 216–217).

Parsons and the Primacy of the American Model

In the post-World War II decades, the era’s leading sociological theorist, Talcott Parsons, celebrated the ideology of, and cultural changes brought

about by, Fordism and stressed the many accomplishments that its evolution engendered for the American society. For Parsons, not only the ideology and culture supporting Fordism represented fundamental factors for the success of the American society but also were formidable recipes for progress when applied to the cases of other countries.

The new ideology and cultural system, he contended, were no longer centered on pure individuality or individual ethnic group identity as in early stages of the evolution of American society. They were now based on mechanisms of integration that increased social interdependence and homogenization which, in turn, translated into the strengthening of society (Parsons 1971: 101). The transformation of the USA into a very stable social system, he maintained, was achieved through a number of specific steps that included publicly supported education and the establishment of English as the common language of the country. The fact that ethnic minorities were able to obtain an education through a public school system and adopt English as their common language became formidable tools to effectively battle the divisiveness and social instability that had historically characterized societies dominated by linguistic pluralism and ascriptiveness (Parsons 1971: 89). Similarly, a “well-integrated social community” was reinforced by the creation of a system of social stratification that was based on merit and achievement rather than privilege. The centrality of merit in the reward of labor promoted the expansion of a well-remunerated and socially relevant working class that now, he argued, approximated “the leisure class.” This process occurred while upper occupational groups were among the hardest working groups in human history (Parsons 1971: 112). This situation strengthened the culture of association and the participatory emphasis of the American system over past and centrifugal forms of social arrangements. While the power of trade unions increased, it did not generate the spread of socialist movements and conflicts that characterized Europe. This was the result of greater upward mobility opportunities for labor and the internalization of the “democratic” ideals of the American system (Parsons 1971: 91–92, 109).

The American way, Parsons argued, was supported by the essential functioning of the Fordist¹ state. The Keynesian interventionist state created the conditions for stable socio-economic development that fit well the original system of market-based democracy. However, the evolution of society, he contended, imposed important changes that had to be addressed through planning and the presence of a growing bureaucracy. He maintained that “the economy has departed considerably from the

classical pattern delineated by nineteenth-century ‘capitalist’ ideology” (Parsons 1971: 106). This old *laissez-faire* capitalism was changed, he illustrated, through the creation of a system of modern laws and, more importantly, through the constant intervention of the state. This new way of thinking about the role of the government underscored the importance of employing tax-generated resources in a redistributive manner. Wealth redistribution, he argued, signified the availability of resources that were employed to assist groups that were socially and economically disadvantaged but also to promote socially important activities such as scientific research (Parsons 1971: 106, 108). He described the overall mood of the country at the time in terms of state intervention to control the unwanted consequences of the functioning of the free market and in terms of the existence of a “virtual consensus” on the idea that those who live below the poverty line should be lifted above it and that a floor “below which... no major category of people should fall” should be established and maintained (Parson 1971: 110).

The ideology supporting state intervention, Parsons stressed, should not, by any means, be confused with experimenting with socialism (Parsons 1971: 106, 111). Rather, it was the outcome of the recognition of the false duality represented by the contraposition between the classical free-enterprise-based system and a state-controlled economy in which the state owns the means of production. Calling supporters of *laissez-faire* “the rear guard of the political Right,” Parsons contended that the socio-economic instability generated by the application of *laissez-faire* had to be corrected by state intervention and that the application of this type of interventionist ideology would remain while *laissez-faire* was only a transitional phase of the evolution of capitalism (Parsons 1971: 106–107). The American system was a market-based capitalist system, but it was a modern one based on a structural differentiation and pluralization that required state regulation. For Parsons, the Fordist dimension of state control of the economy and society corrected the problems of classical *laissez-faire* economic policies, allowed the modernization of society, and made calls for socialism irrelevant (Parsons 1971: 111).

Stressing the positive aspects of organized capitalism and dismissing its contradictions, Parsons lauded the development of consumerism. Calling the type of industrial policy introduced by Henry Ford “distinctively” American, Parsons contended that the establishment of mass production required, and ultimately promoted, the creation of mass consumption. He added that the beneficial dimension of this change rested on the fact

that the search for profit did not simply involve the growth of firms' market share but also required the increase of the disposable income of workers. Set up in a way that did not need the intervention of unions, this system, he argued, engendered the betterment of the economic conditions of all workers, the expansion of the middle-class and white-collar workers, and the virtual extinction of the serving class. Better economic conditions generated a significant improvement in the standards of living of all classes that included better housing, clothing, health, and the availability of leisure time. The consumption of durable and cultural goods expanded significantly to the point that the consumption of "sophisticated" goods was practiced by members of all social groups. While "conspicuous consumption" was accompanied by charges that modernization had corrupted the culture and mentality of the American people and they had become "too soft," he contended that these had to be considered more as signs of the growing egalitarianism among classes than as social problems (Parsons 1971: 113). Parsons concluded by arguing that postwar America's unparalleled affluence and democratization were realizing the promises of liberty and equality and were earning the genuine support of the population.

THE CULTURAL CONTRADICTIONS OF FORDISM AND THE PROBLEM OF LEGITIMATION

Gramsci and Daniel Bell on the Contradictions of the Puritan Behavior of the Fordist Working Class

The rosy view proposed by Parsons did not match the evaluation of Fordism held by others. Gramsci had already highlighted some of the contradictions embedded in the ideological and cultural requirements of organized capitalism. He considered the creation of a "new type of worker and human being" a fundamental condition for the implementation of the Taylorist production system (Gramsci 1973: 427, 2011: 216–217). Additionally, he stressed the relevance of the internalization on the part of workers of this new mentality. In both cases, he saw the path toward the establishment of these conditions as problematic and requiring greater social control. More importantly, he stressed the contradiction between the cultural traits adopted by of the ruling class and those required of the working class. As indicated above, Gramsci stressed that it was paramount

for the functioning of the social system that workers eliminated any form of creativity and humanity from their labor tasks. The rigid Taylorist system of production required full compliance with its requirements. Therefore, workers were asked to adopt the “Puritan” attitude and to channel all their physical and emotional energies toward the requirements of production. For Taylor, Gramsci argued, workers had to be transformed into “trained gorillas” for they did not need to think but to act as if they were “machines” (Gramsci 1973: 427, 2011: 219). This cultural transformation clashed with the behavior of the upper class, he continued. While this class preached the necessity of the adoption of the Puritan mentality and behavior, its members carried out actions that drastically departed from it. Gramsci explained how both the consumption of alcohol and loose sexual habits characterized the behavior of the upper class under prohibition (Gramsci 1973: 429, 2011: 218–219). This contradiction, Gramsci predicted, would weaken the power of the upper class and create serious problems of social control and legitimation of the new industrial requirements (Gramsci 1973: 429, 2011: 219).

In a very influential, widely read, but also controversial book published in the mid-1970s—*The Cultural Contradictions of Capitalism* (1996 [1976])—American sociologist Daniel Bell returned on the theme of the contradictions associated with the Puritan requirements of the Fordism. Following the same conclusion reached by Gramsci, he maintained that capitalist work and the organization of production of the Fordist system were historically undergirded by Puritan morality and character structure. He added that this non-market culture was effective in constraining the desires unleashed by the growth of capitalism and its emphasis on consumption. Departing from Parsons’s view, however, it was his opinion that the original capitalist culture of hard work, dedication, and related values and habits was subverted by a popular culture centered on hedonism that had emerged in the post-World War II era. Bell argued that the late nineteenth and early twentieth centuries’ bourgeois elites proposed an aesthetic form of modernism that clashed with the nature and requirements of protestant asceticism.

This cultural movement, he contended, was revived by the counter-establishment movement of the 1960s that proposed a rejection of the classical bourgeois culture aided by the explosion of the commercialization of culture and the expansion of the mass media and entertainment industry. He held that a new cultural class that controls the media and through them promotes and sells mass culture expanded the realm of the permissible to

the point that now everything is “permissible” (Bell 1996 [1976]: 154–164). Departing from Parsons’s positive view, he contended that the value and culture that constituted early Puritan expressions of Fordism were neutralized. Hard work, frugality, rationality, dedication, responsibility, and obedience to authority were permanently replaced by a worldview that stressed instant personal gratification. These new cultural demands were supported by the state whose intervention was increasingly directed at the satisfaction of hedonistic desires fostered by the growth of the culture industry. Simultaneously, the state fulfilled its requirement to promote the expansion of the economy through the growth of consumption. He argued that popular culture had eliminated the Puritan views of control of sexuality and the enhancement of hard work that Gramsci had argued were central in regulating the American working class in the early stages of the development of Fordism. In contrast to Gramsci’s view about the hypocrisy of the ruling class and the contradictory nature of its hegemony, for Bell the radical disjunction between the realm of production requirements and the sphere of culture could have been addressed through a revival of authority, religion, Puritan austerity, and work habits (1996 [1976]: 171).

While Bell’s argument supported conservative and neoliberal critiques of Fordist arrangements and called for the strengthening of discipline and authority in the work and cultural spheres, he ultimately supported Fordism and the interventionist role of the state. Like Parsons, he provided a side of the conservative argument that deemed the ideology of regulated capitalism desirable. Most importantly, Bell emphatically rejected neoliberal solutions to the crisis of Fordism. He supported the idea of an expanded welfare state and the importance of maintaining entitlements for those in need. His concepts of “fiscal sociology” and “public household” paralleled Parsons’s emphasis on the importance of creating a minimum “floor” that would protect the lower classes from processes of absolute deprivation. Yet, Bell insisted that the Keynesian revolution and post-World War II affluence had transformed the search for economic growth into a “secular religion” that holds politics hostage and produces a number of severe contradictions including resource and environmental problems, inflation, class wars between the middle-class and working-class over taxation, the state fiscal crisis, and entitlements (1996 [1976]: 237–282). He was optimistic about the fact that American liberalism possessed the resources to cope with the crisis of organized capitalism. However, the resolution of the crisis required a rethink of their public philosophy of liberals and the formulation of new conceptions of social

compact. Bell's broad critique of the cultural contradictions of the Fordist regime and, especially, his argument about the conflicting requirements of the economic and cultural spheres underscored the limits and unsustainability of the postwar-organized capitalism. In his view, Fordism functional requirements were also its most destabilizing contradictions (Bell 1996: 242, 251–260, 278–282).

The Structuralist Critique of the Fordist Cultural Arrangements

In the 1960s and 1970s, the benign views of the cultural contradictions of the Fordist regulated capitalist were accompanied by strident critiques from the Marxian camp. Dominant at the time was the French structuralist approach originally developed by Louis Althusser (Althusser 1971; Althusser and Balibar 1979 [1968]). The structuralist proposal involved a strong emphasis on the limits imposed by the mode of production on the evolution of society. According to this view, society was contained by the boundaries of capitalism that determined the conditions and trajectories of its growth. Simultaneously, and breaking sharply with classical historical materialism, structuralists stressed that ideology and culture were important components of social formations (societies) and processes of change. In this context, ideology and culture as well as other elements of the superstructure were seen as endowed with a significant degree of autonomy that only in the “last instance” could be traced back to the economic conditions imposed by the mode of production. This new theoretical formula paved the way for a broader cultural turn, and the re-appropriation of many of Gramsci's ideas but omitted his insistence on the central role of human agency in the establishment of social relations. Humans were reduced to be “bearers” of the mode of production as their actions were viewed as determined by the functioning of the capitalist system. Various structuralist readings of salient aspects of the evolution of capitalism emerged at the time such as dependency theory and world systems theory that analyzed capitalism in a broad historical perspective, stressing unequal relations between rich and poor countries in the global system (Frank 1966; Wallerstein 1974).

Starting in the later 1970s, the French regulationist school began discussing the crisis of Fordism and the instability and contradictions of post-World War II regulated capitalism (e.g., Aglietta 1979; Lipietz 1992; Jessop 1990). Authors from this camp contended that capitalism has cyclical periods of stability and crisis and that crises of profit require the

restructuring of the broader political and sociocultural system as well as the economy. Breaking with the mechanistic Althusserian version of structuralism, regulationists took a more historicist approach to capitalist development that included agency. In their view, capitalism evolves through the establishment of regimes of accumulation. Regimes of accumulation are macroeconomic patterns of the growth of capitalism that define specific historical periods. Fordism in their view was a regime of accumulation that began in the USA and spread to the rest of the capitalist world after World War II.

The organization of the capitalist economy, based on a regime of accumulation, is underpinned by a mode of regulation, they contended. Modes of regulation refer to the system of institutionalized social norms that support the regime of accumulation. These superstructural formations include also the cultural and value dimensions that are necessary for the stability and development of the regime of accumulation. According to the regulationists, therefore, the existence of a regime of accumulation, such as Fordism, depends on the effective functioning of the corresponding mode of regulation. Regimes of accumulation and modes of regulation emerge, stabilize, stagnate, and fail, but regime shifts are always contested terrains shaped by dynamics between hegemonic and counterhegemonic blocs. Regulationists described the establishment, breakdown, and transformation of postwar Fordism that began with the Great Depression in the 1930s and ended in the 1970s and 1980s. Aglietta (1979) and Lipietz (1992) argued that Fordism represented a shift from the extensive competitive mode of regulation of the *laissez-faire* period. In the *laissez-faire* period, they contended, capitalist social relations expanded primarily through the colonization of new areas and the concomitant destruction of pre-capitalist forms of production. This competitive regime entered a period of crisis following World War I that ushered its replacement with the new intensive monopolistic regime of accumulation that they termed Fordism.²

Fordism and its monopolistic form of regime of accumulation, they contended, were characterized by collective bargaining between management and labor, the growth of an extended welfare system, and the development of consumption norms. The implementation of Fordism was country specific as, in their view, regime shifts are based on the specific historical conditions of each country and the actions of the corresponding nation-state. This was an important contribution of the regulationist school because it defined Fordism as a system that placed the regulation of capitalism primarily at the level of the nation-state. It was the domestic social

formation that assumed the most relevant dimension in the regulation process. Accordingly, they stressed the importance of the corresponding unity of the economy and the polity in the sense that an effective regulation of the economy was predicated upon the ability of the state to have power over the same spatial sphere employed by the economy. Beginning in the late 1970s as the economy became increasingly globalized, this assumption of the unity of the economy and the polity became one of the sources of the crisis of Fordism (Bonanno and Constance 1996).

In the case of the USA, the regulationists contended, an intensive expansion of production took place in the first decades of the twentieth century propelled by technological changes and a rationalization of social relations. This increase in production established mass production but also created a level of output that was significantly greater than existing levels of consumption. The lack of adequate consumption and the lack of a mode of regulation that fostered the culture of consumption were among the primary components of the development of the Great Depression. For Lipietz, the Great Depression was a “typical crisis of over-production” where a complementary mode of regulation was not yet institutionalized (1982: 35). It was only after the end of the war that an effective mode of regulation emerged with mass consumption representing the vital new ingredient of the mature version of US Fordism that flourished from 1945 to 1966. In this new system, they contended, the centralization of production in large monopolistic factories and production centers was accompanied by the relocation of the reproduction system to decentralized residential neighborhoods creating the material conditions for the establishment of the new supporting social norms (Aglietta 1979: 74). This new system of consumption was further underpinned by an ideology of wage differentiation based on the concepts of merit and equality for individual work efforts were recognized and rewarded in a contest in which union-based collective bargaining was accepted by companies and protected by the intervention of the state.

The cultural system of regulated consumption, the regulationists held, was centered on establishing the “security” of employment and social life. The above-mentioned collective agreements negotiated between management and labor created minimum levels of income that allowed workers to be engaged in “guaranteed” levels of consumption. These “management-labor accords” were supported by the state through its welfare programs. The state maintained social security and unemployment programs that protected workers from problems generated by economic crises

and guaranteed continuous consumption levels for all segments of society including the elderly. The role of the state, therefore, was extended not only to the management of wage relations but also to the reinforcement of appropriate cultural patterns. Nations and the South were included in the Fordist system as providers of cheap labor and raw material under the political, military, and financial control of the USA. However, this system of exploitation of local human and natural resources was legitimized by modernization theories and their promises of future generalized development (Lipietz 1982: 37).

Aglietta believed that Fordism began to stagnate in the late 1960s when new cybernetic and information technologies were used to restructure work processes and firms, increasing centralization and control, raising rates of exploitation, and employing neoliberal ideology and extended state power to legitimize and enforce these changes. The focus of regulationists was on the contradictions of the regime of accumulation. However, they also stressed the cultural and value-based contradictions of the Fordist mode of regulation. They underscored the fact that the commitment of the state to control the unwanted consequences of the fluctuations of the capitalist market and its promises to the working and middle classes to guarantee their standards of living created a high level of system unsustainability that resulted in the demise of this regime of accumulation. For Aglietta (1979) and Lipietz (1992), lower rates of profit translated into reduced investment and the increased cost of the welfare system. The ensuing fiscal crisis of the state made its commitments to safeguard the security of employment, pattern of socio-economic growth, and security in retirement untenable. Moreover, at the international level, the promises of development made to the countries of the South became clearly untenable. Following this drastic changes, the protest of workers and other subordinate groups became strong. It was, they maintained, an economic and legitimation crisis that could not be addressed by the deployment of tools available by the state. The state was no longer able to regulate the economy and society.

During the 1970s, the regulationists contended, attempts to address this crisis of Fordism were centered on “social-democratic” strategies. Governments in North America and Europe attempted to support regulated capitalism by revising Keynesian strategies in light of declining profits and rising costs of production. Yet, these Fordist strategies were ineffective, and the conditions that made the management–labor accord possible disappeared. For Lipietz (1987, 1992) and like-minded regulationists, the

unraveling of the mode of regulation was a direct consequence of the contradictions of the regime of accumulation and the declining rate of profit associated with the changed conditions of capitalism. The worsening of the return to capital investment prompted corporate leaders to abandon support for Keynesianism and to withdraw from Fordist requirements. For them rather than the inability of the system to deliver the promised well-being to the masses, it was the unwillingness of the capitalist class to support Fordism that engendered its crisis. Overall, the emphasis of the regulationists on the mode of regulation was subordinate to their attention to the evolution to the regime of accumulation. Their structuralist assumption mandated a confinement of the cultural contradictions of capitalism within the economic trends and equilibria of economic relations.

Habermas and the Theory of System Crisis

By the early 1970s, it was clear in the minds of many that the cultural contradictions of regulated capitalism could not be addressed, neither by the evolution of the economy nor by the intervention of the state. It was also clear that the ideological and cultural dimensions of Fordism had represented fundamental aspects in the establishment and development of regulated capitalism and now were equally important aspects of its crisis. The centrality of the ideology and culture of Fordism was a point that was very explicitly made by Gramsci in his analysis of advanced capitalism: The hegemonic power of Fordism could not be maintained without the creation of a new type of worker that would embrace the new mentality required by the system. While Parsons downplayed the contradictions embedded in the ideological and cultural traits of regulated capitalism, Bell and the regulationists offered sharply different contentions of their unsustainability.

Writing in the early 1970s, Jürgen Habermas offered an incisive account of the ideological and cultural contradictions of Fordism that led to its legitimation crisis. Departing from the rigid structuralist view of the regulationists in which the mode of regulation depends upon the evolution of the regime of accumulation, Habermas stressed the dialectical relation between the structural problems associated with the state management of the privately controlled economy and the maintenance of an ideological system based on the objectives of social inclusion of subordinate classes and the socio-economic growth of the entire society (Parsons 1971). The critical point made by Habermas was that there cannot be a crisis of any

socio-economic system separate from the simultaneous existence of a subjective dimension through which the crisis is perceived and an objective dimension through which it manifests itself (Habermas 1975: 1). Accordingly, he contended that while a crisis can be detected through objective indicators, it becomes as such only when those who suffer from it become conscious of it. Crises owe their existence to their objective and subjective dimensions (Habermas 1975: 3).

Habermas elucidated his view of the crisis by criticizing the limits of functionalist versions of system theory, such as those proposed by Parsons (1968 [1937]) and, later, by Luhmann (2012 [1997]). These theories viewed social crises as arising when “the structure of the social system allows for fewer possibilities for problem-solving than are necessary to the continued existence of the system” (Habermas 1975: 2). Calling these alterations of the functioning of a system “*disturbances of system integration*,” he argued that focusing on these disturbances of system integration ignores the existence of internal factors that may cause the crisis. The latter are those inherited mechanisms that hamper the control capacity of the system. Accordingly, he maintained that crises are not produced through changes in the environment that are not met through system adaptation mechanisms. But, they are generated through the existence of “structurally inherited system-imperatives that are incompatible and cannot be hierarchically integrated” (Habermas 1975: 2).

Dwelling on this point, Habermas continued by contending that, in social systems, moves that stabilize the system are possible as change is not automatically the cause of a crisis. Change can be addressed by altering the objectives and values of the system in a context in which the identity of the system itself is preserved. The alteration of the system objectives and values calls into questions the level of “*social integration*” of the system. This is, according to Habermas, the level of consensus on the legitimacy of the existing normative structure or, put differently, the system of institutions that allows members of a society to relate socially (Habermas 1975: 3). Accordingly, structural changes, he argued, must be perceived as critical and members of society must feel that their social identity is threatened for change to be part of a crisis. In a crisis, social integration is lacking and consensus on the normative structure is hampered. Therefore, the development of a crisis, Habermas maintained, requires a significant lack of motivation in support of the ideals, norms, and practices that define a society. He defined these conditions as characterized by the decline in *mass loyalty* to the system (Habermas 1975: 58).

The Ideological Contradictions of Free-Market Capitalism

Agreeing with Polanyi (2001 [1944]), Habermas contended that the state was an essential component of the organization of laissez-faire capitalism (Habermas 1975: 50). Also following his position on the role of the state in organized capitalism reviewed above (Chap. 1), he saw the state under liberal capitalism as a relative autonomous state. In his view, this era state maintained autonomy from any capitalist groups for it pursued the overall well-being of the entire capitalist system. The state represented the collective “capitalist will” and by limiting the actions of individual capitalists, it promoted the overall development of the system over the interests of any group of capitalists (Habermas 1975, 50–51). In this context, Habermas specified, state power was directed to the execution of four functions: (a) protection of the bourgeois regime through the enforcement of the law; (b) the control of the negative side effects of market mechanisms such as the introduction of legislation for the protection of labor; (c) the maintenance of the necessary prerequisites for the functioning of the production system such as public education and viable transportation and communication systems; and (d) the adjustment of civil law to the requirements of an evolving economy such as changes in tax, banking, and business law (Habermas 1975: 21). Despite these important roles assigned to the state, Habermas held that the ideology of the free functioning of the market was the primary tool through which the establishment of the legitimation of free-market capitalism was achieved, for the state was relieved from the task of legitimizing capitalist social relations (Habermas 1975: 23–23).

Under free-market capitalism, he explained, the idea of the “economic exchange among equal” became dominant as the relationship between wage labor and capital became the organizational principle of society (Habermas 1975: 21). This situation allowed a clear differentiation between civil society and the political-economic system that, in turn, Habermas argued, permitted the depoliticization of the class nature of capitalism, the anonymization of class domination, and this system’s legitimation (Habermas 1975: 21). Given this new ideology of market exchange among equals, the bourgeois notions of individual freedom and justice appeared universal. Accordingly, Habermas continued, legitimation could not be provided by tradition or the claim of the divine right to exercise power of an absolute ruler. The legal-rational system supporting capitalism rejected these old processes of legitimation. Conversely,

legitimation had to be generated by the acceptance of the ideology of the market and the utilitarian rationality and morality that supported it (Habermas 1975: 21). Under the new bourgeois ideology, the market appeared as a “natural” and anonymous event free from the control of individual reflection and action, allowing the legitimation of bourgeois rule (Habermas 1975: 22). The legitimation of class rule, therefore, was successfully displaced from the “inter-subjectivity of the life-word” and the ideological contestation of politics to the objectivity of the economy. Additional support for this ideology and organization of society, Habermas held, came from the development of modern science that, through calls about its superior rationality and fact verification techniques, denounced the falsity of old pronouncements about the validity of traditional and dogmatic authority.

The legitimation of the free functioning of the market transformed economic crises into both crises of system integration and of social integration: The functioning of society and the maintenance of support for the system were equally undermined by the instability of the economy, Habermas argued. At the ideological level, he held, economic crises generated crises of identity of the bourgeois class and “revolutionary hopes” for the working class that saw in these crises the conditions for overthrowing the system. In both cases, economic crises undermined the trust in the social system (Habermas 1975: 25). As shown by Marx, Habermas contended, under free-market capitalism, the destabilizing dimension of economic crises rested on the fact that they revealed the class nature of the system. They undermined the assumption of equal exchange between labor and capital by showing the falsity of the labor market theory. Accordingly, economic crises were transformed into social crises as they provided a “practical” critique to the ideological claim of universal equality. The unmasking of the false notion of the objectivity of the free functioning of the market could not be compensated by state intervention. The state did not have the instruments and position to address the declining rate of profit and to control market exchange. Given that the legitimacy of capitalism was based on the neutral functioning of the market and its transcendence of political processes, any action of the state to correct the unwanted consequences of capitalist development was inadmissible and illegitimate. Accordingly, the ideological dimension of free-market capitalism and its cultural underpinning of the free and equal exchange among individuals could no longer be maintained when economic crises assumed extraordinary proportions such as in the case of the Great Depression.

Contradictions of the Regulated Capitalism Will-Formation

Habermas did not offer a theory of the transition from free-market capitalism to regulated capitalism (Habermas 1975: 33). He, however, pointed out that the concentration of capital, the related growth of large corporations, and the existence of “functional gaps” in the system (economic crises) mandated state intervention to regulate the economy and society (Habermas 1975: 33). His point was that the unpolitical discourse about the functioning of the economy that legitimized liberal capitalism was no longer available (Habermas 1975: 52). Accordingly, under regulated capitalism, the control of the economy shifted to the state for the economy and society were managed through political decisions (Habermas 1975: 68). As the state managed crises, there was a moderation of their consequences as its intervention was able to buffer the undesirable outcomes of market fluctuations and related social contradictions. Yet, there was also the concomitant development of a “permanent crisis” that, in turn, demanded the constant intervention of the state (Habermas 1975: 93). As state intervention had placed a floor that limited the negative consequences of crises, their resolution could not be accomplished through the completion of the full cycle of contraction and expansion of the market. Accordingly, the alteration of the functioning of market cycle mandated that not only crisis resolutions but the overall management of the economy and society had to be addressed through constant state intervention.

While this process was deemed economically, socially, and politically necessary, it neutralized the legitimizing power of the idea of the self-adjusting market. Like in the case of pre-capitalist societies, once the state was called to regulate the functioning of the economy, its economic decisions had to be justified. But, and differently from the case of pre-capitalist societies where legitimation was accomplished through the use of tradition, dogma, and force, in the postwar bourgeois society, the state had to justify its actions in ways that appealed to the bourgeois’ fundamental principles of freedom, justice, civil rights, and reason. Its actions had to make sense in terms of the general organizing principles of society and had to be supported by mass loyalty (Habermas 1975: 46–58). The state had to intervene in ways that while supporting the accumulation of capital also satisfied the expectations of the social groups that formed its constituency. Accordingly, the more the state intervened in the economy, the more the need for legitimation arose (Habermas 1975: 52).

Habermas stressed, however, that the creation of mass loyalty through administrative means was problematic economically and ideologically. Economically, mass loyalty required the delivery of agreed-upon benefits to members of the middle and working classes and the maintenance of conditions that appealed the ruling class did not translate into “investment strikes.” In essence, the state had to fulfill the promises made to the lower classes through the labor–management accord and, simultaneously, support the interests of the capitalist class in a way that did not disrupt the overall process of capital accumulation (see Chap. 3). Ideologically, the maintenance of mass loyalty required actions that conformed to existing cultural contents. However, as Habermas stressed, the cultural system is resistant to state intervention as, he argued, “[t]here is no administrative production of meanings.” This means, Habermas explained, that cultural traits cannot be simply created through state planning. This is because as “administratively created” cultural meanings respond to worldviews that are politically established, they require to be legitimated (Habermas 1975: 70). While mass loyalty was achieved by the transfer of economic resources to the middle and working classes, fiscal limits made this solution only partial (see Chap. 3) and did not address the ideological side of the problem (Habermas 1975: 75–92). The lack of culturally generated meanings, he contended, had to be compensated by the production of “consumable value” (Habermas 1975: 93).

Given its complexity, Habermas contended, the generation of mass loyalty at the cultural level was pursued in a number of ways that were based on the creation of a depoliticized and consumption-oriented citizenry. As far as the creation of a depoliticized citizenry is concerned, the state, Habermas explained, promoted the existence of a political system based on formal democracy rather than substantive democracy. This system addressed the subordinate classes’ claim of participation in the political will-formation, or political inclusion, without altering the upper-class rule of capitalism and hampering capital accumulation. The formality of the system created a situation in which substantive participation of subordinate classes in decision making was avoided while the appearance of such participation was maintained (Habermas 1975: 36–37). In this system, formal political participation of the “passive” citizenry consisted of participation in the electoral process without any involvement in the substantive dimension of politics and in actions that could affect the control of the economy. The latter had to remain strictly under the private control of the ruling class. In this context, crises emerged, Habermas argued, when substantive

participation was demanded and formal democracy could no longer guarantee the appearance of substantive participation.

To further theorize the requirement of this depoliticization of society, Habermas introduced the concept of “civil privatism.” Referring to individual political behavior, this concept indicates that citizens showed interest in the maintenance and performance of the government and the political system. But this interest was only marginal and stripped of any substantive attention to their actual functioning and actions. In Habermas view, this concept involved a “high-output orientation versus a low-input orientation.” Habermas also used the concept of “family-vocational privatism.” While this concept is to be understood as a complement to civil privatism, it stresses two consumption and status attainment related patterns that characterized regulated capitalism society. One refers to the centrality of consumption and leisure while the other underscores the pursuing of careers that lead to the enhancement of social status (Habermas 1975: 75). Accordingly, family-vocational privatism was used by Habermas to describe the manner in which the focus on personal consumption and lifestyle distracted people and prevented them from engaging in substantive political actions than could have challenged the capitalist rule of society. These patterns neutralized resistance and maintained consensus.

Despite their functionality, these cultural traits and motivational attitudes that allowed the creation of mass loyalty, Habermas argued, departed from those required for the sustained growth of capitalism. Accordingly, they emerged as contradictions that could not be addressed by the system. Agreeing with Daniel Bell yet departing from his conservative conclusions, Habermas stressed that the ethos of hard work, frugality, and discipline that motored early stages of capitalist development was lost in favor of the above-mentioned set of attitudes and personal objectives that privileged consumption, leisure, status attainment, and instrumental individual gains. As this posture became dominant in society, the socio-economic resources and conditions necessary for the ideological support of regulated capitalism began to lack. The cultural traits of organized capitalism, he explained, could not meet people’s expectations through the instruments that were available to the system.

The explanation of the unsustainable dimension of privatism, Habermas contended, rested on the contradiction between tradition and bourgeois ideology, behaviors, and institutions. For Habermas, bourgeois society could not maintain itself without references to tradition. Yet, its ideology

(with its emphasis on instrumental rationality), its institutions (e.g., the state and science), and behaviors (e.g., privatism) undermined the relevance of tradition. The result was a motivational crisis for processes of will-formation contradicted the requirements of capitalism. In the case of family-vocational privatism, bourgeois utilitarianism or the search for the maximization of individual utility was accompanied by a set of values such as the achievement-oriented values of the “Protestant ethic” for the middle class and the “conventional work morality” of the lower classes that were tradition-based, preexisted capitalism, and promoted its growth. However, as they contradicted instrumental rationality, state actions, and science, their relevance in society “softened.” Eventually, tradition lost its world-view character. In this context, Habermas argued, the individualistic orientation that dominated early capitalism (individual competition for the satisfaction of individual needs and collective goals realized through individual actions) was replaced by a will-formation based on mass manipulation (e.g., advertising, media, mass art) and collective consumption (education, health, transportation) to the point that individualistic orientation could no longer work. Similarly, in the case of civic privatism, the passive behavior required in regulated capitalism clashed with the call for active political participation stressed by bourgeois ideology. As these conditions persisted, Habermas stated, the cultural and ideological dimensions of regulated capitalism contradicted the conditions for its reproduction. Withdrawal from society (hippies, the drug subculture, and fundamental religious groups) and overt political resistance (labor activism and civic unrest) emerged as responses to the crisis of will-formation, Habermas concluded, characterizing the late years of Fordism. Both these forms of detachment from bourgeois ideology were instances of its crisis.

CONCLUSIONS

This chapter explored salient ideological and cultural characteristics and contradictions of regulated capitalism. Through the review of relevant theories, it documented the conditions that first permitted the growth of Fordism and later engendered its crisis. The point reached through this analysis is that despite their functional components, the ideological and cultural traits necessary for the growth of Fordism contradicted and ultimately hampered its stability and could not reconcile processes of social inclusion of subordinate groups with the requirement associated with the private ownership of the means of production. This was a systemic crisis

that rested on the difficulties associated with the transfer of the mechanisms of crisis resolution to the sphere of the state. The severity of the crises of laissez-faire capitalism was addressed through the ideology, culture, and policies of political inclusion of subordinate classes, mass production/consumption, and state intervention. Yet, these Fordist requirements clashed with the ideological system necessary for the continuous expansion of capitalism.

Early in the century, Gramsci stressed that the then emerging Fordist system of regulated capitalism required a new culture of labor that was both internal and external to the factory. For Gramsci, the factory discipline associated with the intensity of Taylorist mass production had to be accompanied by the reorganization of the private lives of workers. Based on the cultural traits symbolized by the Puritan tradition and prohibition, the mentality and way of life of the "new worker" not only involved obedience to authority and conformity but required relinquishing creativity impulses, maintaining constant hard work, and committing to abnegation. They also required state intervention and an orientation toward mass consumption. Persons and like-minded supporters of American monopoly capitalism viewed this system of production and related culture as fundamental components of modern capitalism and essential tools for economic development, political emancipation, and social inclusion. For Gramsci, however, these dimensions of Fordism entailed fundamental contradictions. He viewed the discrepancy between the cultural requirements of the working class and the permissive upper-class way of life as the source of instability and delegitimation.

In a different manner, both Gramsci and Parsons noted that the cultural and ideological components of regulated capitalism were based on the novel industrial policies introduced by Henry Ford. The fact that the resulting mass production had to be accompanied by a sustained mass consumption was considered a critical dimension for the stability of the system. Dwelling on this system requirement, Daniel Bell stressed the incompatibility of the culture of political inclusion and mass consumption with the requirement of capitalism. The permissiveness of regulated capitalism and its mass consumption subverted the Puritan mentality required by capitalism. Yet, rather than probing systemic contradictions, his critique was aimed at the individual dimension of this cultural "softening."

Shifting attention from agency to structure, the contribution of the regulationist school stressed the importance that the achievement of

socio-economic stability and security has in regulated capitalism. The centrality of the Fordism mode of regulation rested on the culture of stability and security associated with the labor-management accord that informed Fordist collective bargaining. Emphasizing Gramsci's observation that, under Fordism, economic downturns did not necessarily translate into the firing of workers, they demonstrated the systemic functionality and contradictions of the labor-management accord and the role of the state that supported it. The incompatibility between the maintenance of the mode of regulation and the fiscal requirements of the economic system was, for the regulationists, the ultimate destabilizing contradiction of Fordism.

Habermas acknowledged the structural constraints of capitalism. But he also pointed out the importance of agency in the development of regulated capitalism stability and eventual crisis. Under *laissez-faire* capitalism, system legitimation was based on the appeal to the nature-like functioning of the market. However, as this form of legitimation became untenable, crisis resolution was shifted to the sphere of the state. This systemic shift made references to the nature-like dimension of crisis resolution impracticable and required constant justification of the actions of the state. The state had to produce material and cultural conditions that legitimized its actions and secured mass loyalty. Yet, the state could not control the production of mass loyalty through planning or any other type of intervention. It could only partially secure it through the continuous transferring of material resources to subordinate classes. When this solution was no longer available, the systemic character of the crisis became evident. At the cultural and ideological levels, it was centered on the contradictions internal to the rationalizing motion of capitalism. The utilitarianism-based move toward instrumental rationality with its assumptions of maximization of gains and minimization of costs, Habermas argued, neutralized the traditional ethos of hard work, obedience, conformity, and abnegation required for the growth of capitalism. Additionally, the bourgeois requirement of political involvement was contradicted by the system emphasis on the culture of privatism and its requirement of a depoliticized citizenry. Under these ideological and cultural conditions, state intervention could not address crises. With Habermas, it can be concluded that the crisis of Fordism was not simply an economic crisis, nor a crisis that could have been solved through economic instruments alone.

NOTES

1. Parsons never employed the terms Fordism or Fordist in his writings. Also he never used the expression regulated capitalism. He felt that the social organization at the time was the evolutionary culmination of a long process of social growth that, he assumed, would transcend historical periods.
2. The regulationists were the first group of scholars in the post-World War II era to adopt the term Fordism. They borrowed it from Gramsci. Yet, while Gramsci used Fordism as a euphemism for advanced capitalism, they explicitly named organized capitalism Fordism.

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