

Contemporary Capitalism and Its Crises

*Social Structure of Accumulation Theory for
the 21st Century*

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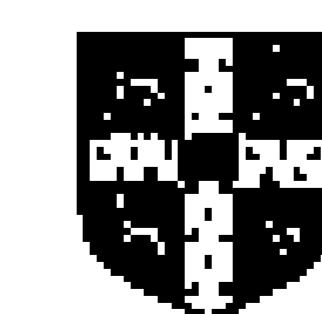
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Globalization or Spatialization?

*The Worldwide Spatial Restructuring
of the Labor Process*

Michael Wallace and David Brady

Introduction

Since the 1990s, scholarly accounts of globalization and its consequences have become prevalent throughout the social sciences (see Brady et al. 2007 for a review). While some view globalization as a centuries-long process of world system integration (Sklair 2002), others focus on recent changes in the last several decades. Although conceptualizations of globalization vary widely, they share a common insight that many phenomena previously centered in the local, sub-national, or national levels are increasingly interconnected on a global scale. Globalization implies increasing interpenetration and interdependency among societies, cultures, and peoples of the world often accompanied with a concern that the autonomy and sovereignty of the local setting is being diminished.

The changes created by globalization resemble the transformations discussed by those who advance social structures of accumulation (SSA) theory. Various scholars in this tradition place primary emphasis on the emergence of finance capital, neoliberalism, or other manifestations of globalization as the primary face of the new SSA. While having made numerous advances in SSA theory (Kotz, McDonough, and Reich 1994), we contend that SSA scholarship has strayed from Gordon, Edwards, and Reich's ([GER] 1982) central premise that the transformation of the labor process is a defining feature of each SSA (Wallace and Brady 2001). With the aim of restoring the centrality of the labor process, we extend the SSA approach in three ways. First, we argue that since the turn of the century, the U.S. economy has been in a consolidation phase of a new SSA. We call this SSA spatialization, which is premised on the spatial

restructuring of the labor process and a technocratic control system. Second, following Edwards (1979), we contend that each SSA carries with it a system of labor control, which is essential to fully understanding the SSA. Third, we seek to forge a connection between globalization and SSA literatures.

Despite what these two streams of research can offer each other, they often talk past each other. To students of globalization, we contend that spatialization provides the inner logic for the rise of globalization. To students of SSA theory, we argue that GER's central premise – that the driving force of SSA structuration is located in the labor process – provides a distinctive perspective on changes to contemporary capitalism that should be retained. By returning to and reinvigorating this core premise, SSA theory can provide a unique and necessary corrective to globalization theory. We organize this chapter in three parts. First, we examine complementarities between and the relevance of globalization for SSA theory. Second, we review the historical development of previous SSAs and their control systems in the United States. Third, we provide a description of the latest SSA, spatialization.

Globalization's Place in SSA Theory

In a previous collection of articles on SSA theory by Kotz et al. (1994), one of the more influential pieces was Gordon's (1994) incisive critique of globalization arguments. Gordon challenged the novelty of globalization, dismantled the evidence about globalization's impact on workers, and expressed deep skepticism about the potential for globalization to alter the U.S. economy. In the decade and a half since Gordon's essay, a great deal has changed. In some ways his critique was probably premature. After all, globalization experienced its most significant expansion, and peaked several years after his article was published. Across affluent democracies, for example, trade openness grew from a mean of 43.8 percent of GDP in 1960 to a mean of 80.6 in 2000. Though far below West European levels, trade openness increased substantially in the United States from 9.6 in 1960 to 26.3 in 2000 (Brady et al. 2007). Moreover, trade plus investment openness in the United States was only 22.9 percent of GDP in 1990, but rose to over 37 percent of GDP by 2000.¹ Of

¹ Mean trade plus investment openness rose from 53.4 percent of GDP in 1975 to a peak of 136.1 in 2000 before declining to 100.5 in 2003. This mean was driven partly by extremely high levels of investment flows in small West European countries, such as Belgium, the Netherlands, and Ireland. Trade plus investment openness started lower and rose more

course, some claims of the globalization literature are overblown – for example, international economic exchange still disproportionately occurs between affluent democracies (Alderson 2004) – but the reality of rising international trade, investment, and migration is now difficult to dispute (Brady et al. 2007). While it is understandable that Gordon echoed the skepticism of many economists, the dramatic increase in international trade, investment, and migration that followed his essay could certainly have led to different conclusions (but see Sutcliffe and Glyn 1999).

The concept of globalization has diverse connotations, including cultural, political, and economic globalization; what Sklair (2002) calls "generic globalization;" the longer history of international economic integration since the rise of the modern capitalist system; and the early 20th century wave of globalization. This literature cuts across at least six major realms of social life. First, in the *economic* realm, globalization implies the openness of markets, interpenetration of capital across borders, and freer access to a global pool of workers. Discussions of economic globalization sometimes center on transformations in the labor process, that is, changes in the organization of work and the relative power of workers and capitalists (e.g., Bonacich and Appelbaum 2000). Second, in the *sociocultural* realm, globalization creates more opportunities for cross-cultural contact, cultural diffusion of products, ideas, and behaviors, and the emergence of a global consciousness on many issues (such as multiculturalism and environmentalism). Third, in the *political* realm, globalization implies the transcendence of national governments by international organizations, nongovernmental organizations, and institutions of world governance (e.g., Frank et al. 2000). Fourth, in the *technological* realm, improvements in transportation and telecommunications technologies have led to the "death of distance" and a hyperintegration of global life. Fifth, in the *financial* realm, there has been a trend toward the restructuring and consolidation of financial markets, a deregulation of foreign exchange, and the emergence of finance capital, as opposed to entrepreneurialism and business acumen, as the driving force of accumulation. Finally, in the *ideological* realm, there has been a growth of a neoliberalism that espouses the virtues of free markets, privatization and individualism, an antipathy toward the state as the nemesis of economic efficiency, and an exclusively monetarist approach for economic stabilization (Harvey 2004). Changes in these six realms are intertwined

slowly outside Western Europe. Nevertheless, the United States doubled from 18.2 in 1960 to 37.0 in 2000 (31.9 in 2003).

with innovations in legal/criminal institutions, health care and medicine, entertainment, the environment, and even sports.

To put the significance of globalization in context, we briefly review a few of the major areas of research. A number of studies investigated whether globalization was triggering deunionization. Generally, these studies conclude that globalization cannot really explain cross-national differences in unionization – since that is overwhelmingly driven by institutions – but international trade and migration have contributed to within-country declines in unionization (e.g., Baldwin 2003; Lee 2005; Sassoon 1996). For example, Magnani and Prentice (2003) argue that the bulk of unionization decline in U.S. manufacturing cannot be explained by globalization, and Kay (2005) shows that globalization can actually foster transnational labor organizing. However, Brady and Wallace (2000) find that increased foreign direct investment has undermined union organizing and union density in the United States. Western (1997) finds that trade openness triggered union declines in the 1980s. Employers often globalize production to avoid high labor costs and inflexible work arrangements and, explicitly, to counter unionization (Alderson 2004). As Western (1997: 195) remarks, “The unity of nation-class organizations rooted in national institutions was outflanked by an emergent international institutional context.” Perhaps equally important, managers and employers use the threat of globalization to extract concessions from organized labor and to undermine the organizing and recruitment of workers into unions (Brady and Wallace 2000).

One of the older debates about globalization’s consequences concerned deindustrialization (Bluestone and Harrison 1982). Since Harrison and Bluestone (1988) called attention to deindustrialization and the “Great U-turn” of increasing inequality, and linked those trends to the “globalization gambit,” many have analyzed the influence of trade and investment for manufacturing jobs. Some find evidence that increasing globalization coincided with an unmistakable decline in manufacturing employment in all affluent democracies. For example, Alderson (1999: 718) shows that: “Globalization has played an important, independent role in the deindustrialization of advanced industrial countries.” Others claim that globalization has at most a modest effect on manufacturing employment in affluent democracies. The level of globalization, especially for the United States, is considered too low to be the main cause of deindustrialization. Also, globalization has mainly involved trade and investment among affluent democracies, so the economic impact from developing countries such as Mexico or China is rather limited. Ultimately, technology, rising

worker productivity, and economic development were found to be more influential than globalization in driving deindustrialization (Alderson 1999). Responding to such studies, Brady and Denniston (2006) propose a curvilinear relationship between globalization and manufacturing. Initially, globalization causes a growth of manufacturing employment through differentiation, which involves a specialization of industries and employment across countries. Subsequently, however, greater globalization causes deindustrialization. As economies move from moderately to highly globalized, saturation will undermine manufacturing because of competition among countries, mimetic isomorphism² of firms relocating production facilities (DiMaggio and Powell 1983), and the spatialization of production (Brady and Wallace 2000). Ultimately, both productivity gains and globalization appear to contribute to deindustrialization (Alderson 1999; Brady and Denniston 2006).

A related literature analyzes the influence of globalization on specific industries and corporate practices (e.g., Anderson et al. 2001). This work provides convincing evidence that globalization is not a myth and is actually occurring. Sklair (2002), for example, interviewed members of global firms in California to illustrate the uses and meanings of “globalization” in corporate vocabularies and practices. Also, Kurdelbusch (2002) demonstrates that large companies in Germany increasingly implement variable pay schemes as a result of growing internationalization of product and capital markets. Such studies link to literatures on the broader question of how globalization affects inequality. Economists contend that globalization contributes to the increasing skill premium, the significant decline in the blue-collar payroll share, and the increasing gap between nonproduction and production workers in U.S. industries (Bardhan and Howe 2001; Dasgupta and Osang 2002). Sociologists tend to be more empirically critical of globalization, arguing that globalization undermines the position of labor, and magnifies the power of managers and capitalists to search for cheaper wages (Brady and Wallace 2000). Alderson and Nielsen (2002) find that outward direct investment, manufacturing imports from developing countries, and immigration contributed to the great U-turn of increased inequality that many affluent democracies have experienced since the 1970s. Some show that the globalization of the U.S. economy has led to increased inequality and

² Mimetic isomorphism refers to the herd behavior that exists when organizations in uncertain environments model themselves after other organizations that they perceive as successful.

reduced worker earnings (Brady and Wallace 2000; Dasgupta and Osang 2002). Ultimately, the consensus appears to be that differences among nations or varieties of capitalism in inequality tend to persist under heightened globalization, but globalization has probably contributed at least modestly to increased inequality within affluent democracies since the 1970s. Partly, this is because of the original claim that globalization contributes to a displacement of workers from well-paid jobs (Harrison and Bluestone 1988). Equally important for the argument about spatialization we develop below is how globalization alters power relations between workers and capitalists³ and triggers institutional changes favoring flexibility.⁴ Unfortunately, the precise mechanisms by which this occurs are only beginning to be studied in globalization literatures.

Beyond these literatures, many aspects of labor and work have received surprisingly less attention in the globalization literature (Brady et al. 2007). A few studies examine how globalization affects workers' experiences, especially within multinational firms (e.g., Blair-Loy and Jacobs 2003; Ono 2007). For example, Scheve and Slaughter (2004) find that FDI increases employee perceptions of insecurity in Britain in the 1990s. Yet, globalization studies have generally neglected the subjective aspects of employment such as satisfaction, autonomy, and alienation (but see Gille and O'Riain 2002; Graham 1995). To its detriment, the globalization literature has largely ignored the SSA literature and GER's (1982) central concern with the labor process. This is a missed opportunity since SSA theory provides a useful perspective for placing globalization in historical context, and making sense of globalization's consequences for workers relative to other influences on work. In our view, globalization's influences on work and the labor process originate in the spatial restructuring of labor.

Social Structures of Accumulation and Systems of Labor Control

Before proceeding to our account of spatialization, we discuss the historical trajectory of previous SSAs to provide historical context for the

³ For example, Choi (2006: 78) remarks, "Firms' enhanced locational mobility as a result of the globalization process is effective in pressuring workers who fear losing their jobs to concede at the bargaining table and accept a lower share of the rent."

⁴ Globalization-triggered institutional changes create greater volatility, uncertainty, and insecurity for workers, and undermine the social contract of management-labor relations (Ono 2007).

rise of spatialization. In their path-breaking book *Segmented Work, Divided Workers*, GER (1982) described SSAs as a complex of integrated institutional arrangements facilitating the accumulation of capital. These include core technological systems, the ways in which markets are organized, the monetary and credit systems, the pattern of government involvement in the economy, mechanisms for limiting inter-capitalist rivalry, and the role of military force in securing access to capitalist markets. Importantly, GER focused on the creation and demise of mechanisms for managing conflict. Indeed the names of the three successive long swings they identified – initial proletarianization, homogenization, and segmentation – centered on the extensive reorganization of the labor process involved in class struggle.

SSAs are marked by successive periods of exploration, consolidation, and decay of institutional features as each SSA emerges and eventually plays itself out. Each period of decay is simultaneously a period of exploration as the obstacles to continued capitalist expansion under the old SSA give way to experimental strategies and arrangements for renewed accumulation. Each new SSA consolidates around the experimental arrangement that provides the most promising route for rejuvenating capitalist accumulation while addressing the key problems of controlling and pacifying labor. Despite this original focus on labor process and class struggle, we suggest that this emphasis on the labor process has perhaps become less visible in the subsequent SSA literature (Wallace and Brady 2001).

Edwards (1979) added a convincing account of workplace control systems that evolved historically to mediate the "contested terrain" between workers and capitalists. Edwards contends that different systems of control periodically emerged to address contradictions inherent in the growth of capitalism and the diminishing effectiveness of previous control systems. When control systems were in ascendance, labor was relatively weak; as control systems began to decay, worker resistance to capitalist prerogatives became more likely and had greater prospects for success. Edwards' depiction of the ebb and flow of capitalist control systems coincides approximately with the wax and wane of the SSAs. Indeed, we argue that control systems are one of the pivotal mechanisms in managing the capital-labor conflict under a prevailing SSA, even though this was not explicitly stated in GER (1982). Each of the SSAs was anchored by a dominant control system that sought to address a fundamental crisis of labor control in capitalist production by devising a strategy for eliciting optimal cooperation from workers. We articulate

this implicit but pivotal bridge between SSAs and control systems as we review each of the prior SSAs.

In what follows, we provide a historical synthesis of the concepts of SSAs and control systems to provide the foundation for a discussion of the new era of spatialization and technocratic control. Table 5.1 depicts the historical sequence of the argument.

As the first SSA, *proletarianization* sought to elicit more reliable and intensified work effort by bringing workers under more constant supervision in the capitalist's shop or factory. This SSA and its *simple control system* entered an exploratory period in the 1820s–40s, a consolidation period in the 1840s–70s, and a period of decay in the 1870s–90s. The key change during this period was that workers now labored under the roof of the capitalist and at its direction. Most workers retained their craft methods of production and often owned their own tools. Still, this new relationship was inherently conflictual, subjecting workers to a new industrial regimen. In a variant of simple control that Edwards (1979) calls “entrepreneurial control,” the capitalist-entrepreneur, who was typically a craftsman himself, supervised day-to-day operations directly. Entrepreneurial control was arbitrary, capricious, and sometimes clumsy but usually effective because the hard work and personal involvement of the capitalist-entrepreneur inspired loyalty from workers and obscured the class character of the production process. Sustained growth led to the expansion of the firm, which created new challenges for entrepreneurial control since it became more difficult for capitalist-entrepreneurs to oversee day-to-day operations. As firms outgrew their entrepreneurial origins, authority was delegated to a wider stratum of foremen and supervisors leading to a new form of simple control known as “hierarchical control.” While providing a temporary resolution to the problem of firm growth, the increasing distance between capitalists and workers undermined the bond of loyalty.

As proletarianization declined, two realities produced a renewed crisis of control in the workplace. First, the harshness of factory conditions and the blatant exercise of arbitrary power by factory managers made the class character of capitalist production transparent. Second, workers acquired a virtual monopoly of knowledge about shop floor production that tilted the balance of power in their favor. These two factors – along with the economic crises of the late 1800s – signaled the demise of the first SSA of proletarianization and launched exploratory efforts to construct a new SSA. Several “experimental” control systems vied for the attention of capitalists in the early 1900s and attempted to resolve the crisis

Table 5.1 Historical Overview of Social Structures of Accumulation and Dominant Control Systems

SSA	Initial Proletarianization	Homogenization	Segmentation	Spatialization
Dominant control system	Simple: entrepreneurial hierarchical	Technical	Bureaucratic	Technocratic
Approximate timing				
1790–1820				
1820–mid-1840s	Exploration			
Mid-1840s–1873	Consolidation			
1873–late 1890s	Decay	Exploration		
Late 1890s–WWI		Consolidation		
WWI–WWII		Decay	Exploration	
WWII–early 1970s			Consolidation	
Early 1970s–present			Decay	Exploration
2000–???				Consolidation

Definitions

Social structures of accumulation: The specific institutional environment within which the accumulation of capitalist profits takes place. Includes such things as core technological systems, the way markets are organized, the monetary and credit systems, the pattern of government involvement in the economy, and the character of class conflict over the accumulation process.

Dominant control systems: The “contested terrain” of capitalist-worker relations: the dominant system of control used by capitalists to elicit compliance by workers to a prevailing system of production; a core component and a dynamic feature of the social structure of accumulation.

of simple control. Edwards discusses the evolution and eventual demise of welfare capitalism, scientific management, and company unions, all of which ultimately failed because they sought to re-create simple control. Nevertheless, each of these failed systems yielded lessons that would be incorporated into the next SSA.

In the wake of proletarianization, *homogenization* emerged as the next SSA. Homogenization advanced a detailed division of labor to simplify work tasks and destroy the skill of craft workers. Under homogenization, *technical control* used machine technology to tie workers to a common rhythm of work in the large enterprise when the capitalist's direct supervision was no longer practical. This SSA began in its exploratory period in the 1870s to 1890s; moved into a consolidation period from the 1890s to World War I; and began to decay between the world wars. Homogenization was characterized, first, by an intensification of work effort by direct, constant supervision of craft workers in order to elicit more output and, later, by the application of new technologies to achieve the same result. In contrast to the failed, experimental control systems, homogenization succeeded because it radically transformed the organization of work. Specifically, the mechanization of production created a more detailed division of labor, an intensification of work effort, and enhanced control of the labor process by employers. Technical control, epitomized by the assembly line, involved designing machinery and planning the flow of work to produce both greater efficiency and more effective control of workers. Because of this, it was impersonal in nature and blunted the growing class antagonism of the earlier system. It diminished the role of foremen, and with varying degrees of success, led to a "rationalization" of the labor process that undermined workers' craft knowledge and reduced them to semiskilled or unskilled laborers (Braverman 1974).

Technical control, combined with extensive efforts to create larger pools of surplus labor, was largely successful in reasserting capitalist control by reducing workers to interchangeable parts. But it did so only with the costly side-effects of raising workers' class consciousness and elevating conflict to a plant-wide phenomenon. In effect, capitalists' resort to technical control organized, radicalized, and galvanized many workers to engage in collective resistance such as industrial unionism and unprecedented labor militancy. During the Great Depression, capitalists faced not only an economic crisis but also a renewed crisis of control.

In the aftermath of World War II, *segmentation* emerged to remedy the problems of the previous SSA. The segmentation SSA and its

accompanying *bureaucratic control* system entered its exploratory period between the two World Wars, was consolidated through the early 1970s, and decayed from the mid-1970s to the late 1990s. We argue that the last twenty-five years of the twentieth century represents the decay period of the segmentation SSA and the exploratory period for the next SSA. Segmentation sought to restratify the work force in order to divide workers' loyalties along occupational, industrial, race, gender, and class lines. Segmentation reversed homogenization through a "divide and conquer" strategy that bifurcated the labor market into monopoly/primary and competitive/secondary segments.

In order to diffuse solidarity, workers in different segments were subjected to different regimes of organization, rewards, and mobility. The primary segment achieved stable, well-paid, secure jobs with advancement opportunities, and relatively benign authority systems with due process for the resolution of grievances. The secondary segment featured marginal, low-paid, dead-end jobs with arbitrary authority systems. Segmentation was reinforced by: the capital-labor accord between monopoly capital and organized labor in which unions guaranteed labor peace in exchange for a growing slice of the economic pie; the capital-citizen accord with the welfare state for the protection of the vulnerable; and Pax Americana by which the United States emerged as the dominant global hegemon (Bowles, Gordon, and Weisskopf 1983). During the consolidation of segmentation after World War II, these spurred a "postwar Golden Age" of capitalist accumulation (Arsen 1991).

Whereas technical control was confined to technical organization, bureaucratic control was embedded in the social and organizational structure of the firm. Bureaucratic control consisted of written rules and procedures that governed job classification systems, working conditions, wages and promotions, evaluation and discipline, and the resolution of grievances. Bureaucratic control complemented segmentation as the increasing number of job classifications was associated with differences in autonomy, rewards, and opportunities. In unionized workplaces, these procedures were typically devised with the assent of unions in order to further enhance members' job security.

Bureaucratic control was ideally suited to the large-scale operations of the multidivisional firms that dominated the monopoly sector. The faceless, impersonal nature of bureaucratic control concealed capitalist exploitation. Internal labor markets routinized advancement into a perfunctory marriage of structural opportunity and worker seniority, rather than leaving it to the personal discretion of managers. Unlike earlier

control systems that pushed workers to their limits, corporations utilizing bureaucratic control "survive and prosper on their ability to organize the routine, normal efforts of workers, not on their ability to elicit peak performances" (Edwards 1979: 146). Bureaucratic control, with its specialized and routinized jobs, reigned supreme in an era of standardized products and mass consumer markets.

By the writing of *Contested Terrain*, the contradictions of bureaucratic control revealed "a pact with the devil that, while offering temporary respite from trouble, spells long-term disaster" (Edwards 1979: 157). First, the increased security of jobs under bureaucratic control meant that workers could turn their attention to venting frustration about jobs that were alienating, boring, or dissatisfying. Second, bureaucratic control - aided by long-term labor contracts and cost-of-living agreements - accelerated the process of transforming labor costs from a variable to a fixed cost of production, putting the squeeze on capitalist profits, especially during downswings in the business cycle. Hence, bureaucratic control presented a contradiction between the desire for loyal workers with high job security and the need for flexibility in the allocation of labor. From the 1970s to the 1990s, this contradiction could no longer be put off by modest internationalization of labor. Third, bureaucratic control potentially politicized class struggle by making conflicts over rules and procedures within the corporation part of a broader movement for economic democracy and citizen rights.

Spatialization and Technocratic Control

As the segmentation SSA decayed from the 1970s to the 1990s, the exploratory stage of the next SSA was occurring. Since about 2000, we propose that the new SSA of *spatialization* has been experiencing consolidation (Wallace and Brady 2001).⁵ Much of this period has been marked by experimentation with alternatives to the inefficiencies of bureaucratic control (e.g., worker participation, quality circles, and profit-sharing), which sought to humanize the face of bureaucratic control but did not fundamentally alter its core. In contrast, the current SSA of spatialization employs a spatial division of labor and the threat of spatial relocation to defuse potential workers' resistance and fragment their interests along regional and national lines. Spatialization is accompanied by *technocratic*

⁵ For empirical applications of spatialization theory, see Brady and Wallace (2000); Grant (1995); Grant and Hutchinson (1996); and Grant and Wallace (1994).

control (Burriss 1993), which involves the use of computers, information technology, and technological expertise to organize and direct the labor process across spatially distant networks of organizations.

Spatialization prioritizes employers' quest for the optimal geographic arrangement of their business operations in order to maintain the desired proximity to labor markets, natural resources and raw materials, and consumer markets. Moreover, spatialization involves the restructuring of the labor process so that different work tasks can be done in different locations with no loss in profitability or control. Less bound by temporal and spatial constraints, employers can use relocation or threats of relocation to discipline workers, erode wages, and maintain a supply of quiescent labor. Simply put, spatialization affords capitalists wider access to cheaper and weaker labor in the new global economy.

The onset of spatialization is made more viable by: (1) the increasing modularization of work tasks (i.e., fragmentation of work into discrete components and a highly integrated division of labor that allows different modules to be carried out in different locations); (2) advanced transportation technologies; (3) advanced information and telecommunication technologies; and (4) new geopolitical agreements addressing economic integration and liberalization. Having sufficiently routinized work tasks in many manufacturing and service industries (point 1), technological innovations in transportation, telecommunications, and trade (points 2, 3, and 4) have made entire segments of work geographically fungible.

We argue, however, that employers' ultimate goal in pursuing spatialization is not only spatial relocation as an end itself, but is equally about the realization of a mature system of flexible accumulation (Rubin 1996). The *threat* of spatial relocation may often be as effective as actual relocation itself in achieving a compliant labor force conducive to flexible accumulation. Hence, spatialization is a very efficient process for re-introducing the three major aspects of labor flexibility identified by Rosenberg (1991): *wage flexibility* (adjusting wages to meet labor market conditions); *employment flexibility* (altering the number of workers or number of hours as needed); and *functional flexibility* (varying the work tasks performed by individual workers in response to production needs).

Three decades of fundamental economic change marked the decay of segmentation and the exploratory period of spatialization. The 1970s was the "decade of deindustrialization" in which millions of blue-collar jobs were lost as plants closed, and/or moved operations (Bluestone and

Harrison 1982). Deindustrialization signaled the beginning of a new "hypermobility of capital" (Bluestone and Harrison 1982) in which capital could flow quickly toward low-wage labor pools first in the American "Sunbelt" and then in developing countries or even other developed countries (Brady and Denniston 2006; Brady and Wallace 2000; Grant and Wallace 1994). Meanwhile, sophisticated communications technologies permitted U.S. companies to monitor their global operations on a daily basis from the comfort of their U.S.-based headquarters. In the early 1980s, U.S. workers who were fortunate enough to keep their jobs faced the prospects of accepting declining economic rewards and job security (Wallace 1998). The long-term effect was to seriously undercut the wage structure for middle-class workers, reassert capitalists' claims for labor process flexibility, and send a sobering message to workers.

Although deindustrialization continued into the 1980s, it also set the stage for the "decade of deunionization" in the 1980s, which witnessed an expanded employer assault on labor unions. The watershed moment of this assault – President Reagan's crushing of the Professional Air Traffic Controllers Organization (PATCO) strike in 1981 – signaled once and for all the demise of the capital-labor accord and fundamentally altered the rules of the game for employer-worker relations in the emerging regime of flexible accumulation. New employer strategies for weakening unions were replete with signs of spatialization: whipsawing (pitting two distant unionized plants, or a unionized and nonunionized plant against each other); two-tiered wage structures (offering new employees lower wages and benefits than long-time employees doing the same jobs); outsourcing (lower-paying nonunionized plants do part of the work formerly assigned to unionized employees); and industrial homework (a special type of outsourcing where work is hired out on a contingent basis to workers in their homes).

Deunionization gave way to the "decade of downsizing" in the 1990s in which major corporations swept aside the remnants of bureaucratic control by drastically cutting their work forces and adopting various forms of contingent work (*New York Times* 1996; Wallace 1998). Sennett (1998: 49) estimates that between 13 and 39 million U.S. workers were downsized by 1995. Downsizing, contingent labor, and job insecurity are hallmarks of the new, flexible corporation and are clear manifestations of the spatial restructuring of work in which permanent workers are constantly reminded by the temporary workers alongside them how contingent their own employment really is (Budros 1997; Smith 1997). In the wake of downsizing over 120,000 workers at AT&T, one

manager's statement spoke volumes: "We need to recognize that we are all contingent workers in one form or another" (Andrews 1996: D1, D6). Ethnographic studies of contingent work during the 1990s suggest that both permanent and temporary workers are victims of a "divide and conquer" strategy whereby both groups experience distrust and resentment of each other, an intensification of work effort, greater job insecurity, and tighter managerial control (Henson 1996; Parker 1994; Rogers 1995).

Although spatialization implies a multilayered (i.e., local, regional, national, transnational, global) spatial division of labor, it is inextricably linked to globalization. In fact, numerous extant visions of globalization explicitly incorporate key features of spatialization. Giddens (1990: 64) identifies the key feature of globalization as the "space-time distanciation"; in other words, globalization can be defined as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." Others note that globalization implies a "shrinking" of the world through the compression of time and space (Harvey 1989; Mittleman 1996). Castells (1996: 92) succinctly defines the essence of a spatialized, global economy as "an economy with the capacity to work as a unit in real time on a planetary scale." Castells envisions a globalized network of production in which information and capital flow freely without boundaries of time and space. In this network, a host of new organizational forms are emerging (Dimaggio 2001).

By their very nature, numerous aspects of flexible accumulation systems such as outsourcing and just-in-time inventory systems require greater interorganizational coordination and cooperation. Partnerships, joint ventures, subcontracting, and temporary relationships with independent contractors – along with traditional mergers – increasingly blur organizational boundaries. Many of these new arrangements – such as joint ventures in the international automobile industry – intentionally transcend national boundaries in order to exploit market advantages held by one partner or the other, achieve economies of scale, pool information or know-how, or simply share the risk of uncertainty in quickly changing or turbulent markets (Hollingsworth 1998). These new organizational arrangements further deepen the web of transnational relationships among owners of capital and their managers and agents. In this scenario, individual organizations become simply nodes in a globalized network of production and conduits for the international flow of capital and information. As such, capitalism in the era of spatialization increasingly

approaches Harrison's (1994) "concentration without centralization" in which capitalist power is enhanced despite decentralization.

As we argued in the previous section, a vital component of any SSA is a system of labor control. Spatialization requires a fundamentally new control system in order for capitalists to maintain effective control and coordination even as it becomes more decentralized and spatially dispersed. Following Beverly Burris's (1993) *Technocracy at Work*, we contend a system of technocratic control has allowed both the flexibility and the coordinating features necessary to facilitate work under spatialization (for earlier discussions of technocracy, see Akin 1977 and Alvesson 1987). While technocratic control may incorporate elements of earlier systems, it centers on the use of computerized technologies in the workplace and technical expertise in the creation, dissemination, and interpretation of computerized information. Computers in the workplace can be simultaneously a tool for unimaginable autonomy, creativity, and spontaneity (Hirschhorn 1984) or an instrument for mind-numbing routinization (Shaiken 1984). Perhaps the only certain conclusion to be drawn from the vast literature on computerization in the workplace is that the real possibilities and limitations of computerized work are determined not so much by the machine itself but by the capitalists, entrepreneurs, and managers in whose interests computerized work is organized. Burris (1998) contends that computer technologies are both more flexible and more variable than previous workplace technologies, leading to a wider range of applications and consequences for the organization of work.

Four aspects of technocratic control coincide with prevailing tendencies in spatialization. First, there is an underlying centralization of control despite physical decentralization of computers and related technology, a feature epitomized by telecommuting and teleconferencing. In some cases, workers may operate in an aura of relative autonomy and exercise discretion over the pace and flow of day-to-day activities, retaining the unity of conception and execution of work that prevailed under craft technologies. In more routinized jobs, however, the execution of tasks is essentially carried out by computerized processes, and the worker is reduced to a machine tender who monitors the performance of the system and the quality of the output and reports breakdowns or malfunctions (Burris 1993).

Some argue that technocratic control tends toward "algorithmic control" characterized by the reduction of "decision-making as much as possible to a set of self-contained rules (algorithms) implementable by a computer" (Applebaum and Albin 1989: 252; cf. Vallas 1999). Algorithmic

control is prevalent among occupations as diverse as medical technicians, automobile mechanics, bakers, insurance adjusters, machinists, travel agents, bank tellers, stockbrokers, and UPS delivery persons (Sennett 1998). In extreme cases, technocratic control threatens to undermine traditional proprietary rights to intellectual property, to compromise confidential information exchanged with clients or customers, or to undermine the autonomy and professional judgment that has been the hallmark of many professions. Consequently, technocratic control is premised ultimately on routinizing nonroutine work activities to the extent possible but also of bringing them under closer, more omnipresent managerial supervision than is possible under previous systems of control.

Second, just as spatialization is transforming relationships between the haves and have-nots in the global economy, technocratic control contributes to a polarization between the haves and have-nots of technical expertise (Burris 1993). This new polarization involves a dichotomy between those who analyze, manipulate, and interpret information contained in computerized systems or design and repair the system itself versus clerical workers or data entry personnel who merely collect, store, and perform routine (algorithmic) operations on computerized information (Kraft 1977). This expertise dichotomy is the pivotal axis of the reconstituted core and periphery of the contemporary workplace in which essential personnel are retained as permanent employees and non-essential personnel are downsized and rehired as contingent workers. As a result, technocratic control is not only a key force in sculpting the lean and mean look of the modern capitalist enterprise but also an important feature shaping the informal culture of the workplace.⁶

Third, technocratic control has facilitated a new level of social networking that reinforces the prevailing pattern of inter-organizational networks that characterizes spatialization. E-mail, the Internet, and other computerized systems of communication defy the rigid, hierarchical boundaries that constrained social interaction in the bureaucratic firm, and are spawning denser, more dynamic, more fluid lines of social interaction that cut both laterally and vertically within the organization as well as spilling over

⁶ Kunda (1992) suggests subtle distinctions in the form of control exercised over workers in these two sectors: experts are subjected to "normative control" whereby they are expected to demonstrate their identification and internalization of the goals of the organization by working extra hours, volunteering for more challenging work assignments, socializing with influential insiders in the workplace while non-experts are subjected to more coercive, utilitarian forms of control and are excluded from informal interactions with influential workers.

across organizational boundaries. These new modes of communication have contributed to the "de-layering" of work organizations; spontaneous, less formal, even serendipitous interactions among workers that cut across traditional status and power boundaries; and new possibilities for interorganizational linkages. Importantly, the social networking capacities of computerized communications have made possible new "network forms of organization" that operate in the interstices of Williamson's (1975) classic distinction between markets and hierarchies (Dimaggio 2001; Powell and Smith-Doerr 1994). The networking functions of technocratic control may pose problems of coordination of internal organizational functions and also may potentially empower workers. For instance, among professionals, computerized communication enhances possibilities for collaboration and more efficient provision of services; for all workers, it has potentially democratizing features that allow workers to pool resources and share information in a manner that potentially runs at cross-purposes to the goals of managers (Wellman et al. 1996).

Fourth, technocratic control gives rise to a neo-Taylorist, technocratic ideology in which workplace decisions are driven by technical imperatives that are believed to be discernible only by technical experts and are beyond the comprehension of ordinary workers (Burriss 1993, 1998). This quest for the Taylor's vision of the "one best way" to accomplish job tasks or organizational goals places a premium on technical expertise and tends to subordinate all other considerations. Moreover, this ideology tends to depersonalize managerial control as workers blame computers, not managers, for more onerous conditions at work. Importantly, technocratic ideology preempts discussions of alternative arrangements, obscures what might otherwise be viewed by some as political choices about the restructuring of work, and legitimizes new status and power arrangements that place technical experts in critical roles in the organizational authority structure. In this way, the microdynamic of technocratic ideology complements the macrolevel "low road" mentality that drives the spatialization of the economy (Gordon 1996). Both ideologies share a deterministic, bottom-line mentality that centers on profitability and managerial control to the exclusion of initiatives that enhance the quality of working life and the human potential of workers.

Conclusion

In this paper, we have sought to rejuvenate a core original focus of SSA theory by concentrating on the central role of the labor process and the

shaping of dominant control systems. We have argued that the present long swing of capitalist economic development is an SSA called spatialization that involves the spatial restructuring of work in an effort to reassert capitalist control of the capital accumulation process. Spatialization has been complemented by a system of technocratic control that centers on the transcendent power of the computer to organize disparate nodes of economic activity and the ascendance of technical expertise in all areas of work. A key result of this SSA is a new system of flexible accumulation. The system shifts risk onto workers away from employers and facilitates profits by embedding capitalist accumulation in a supple institutional network aimed at achieving the goal of mass customization of products and services. If recent trends are any indication, job insecurity, flexibility, and uncertainty will be constant features of the spatialization SSA.

We have situated our discussion of spatialization by showing how current transformations in the workplace reflect the long-standing tendency of capitalism to generate and resolve crises in the accumulation process. Each of the previous SSAs sought to facilitate capitalist accumulation by developing an historically appropriate set of institutions to facilitate capitalist accumulation. Importantly, each new SSA centered upon a fundamental rearrangement of the labor process in order to achieve this goal. Proletarianization sought to elicit more reliable and intensified work effort by bringing workers under more constant supervision in the capitalist's shop or factory. Homogenization advanced a detailed division of labor to simplify work tasks and destroy the skill of craft workers. Segmentation sought to restratify the work force and structure work rewards in a manner that divided workers' loyalties along occupational, industrial, gender, and class lines. Spatialization employs a spatial division of labor and the threat of relocation to defuse potential workers' resistance and fragment their interests along regional and national lines.

Each of these social structures of accumulation was anchored by a dominant control system that sought to address a fundamental crisis of labor control in capitalist production by devising a strategy for eliciting optimal cooperation from workers. Simple control sought to elicit peak performances from workers by creating a bond of loyalty with the entrepreneur whose own efforts in the workplace served as a model for his employees. Technical control attempted to use machine technology to tie workers to a common rhythm of work in the large capitalist enterprise when the capitalist's direct supervision was no longer practical. Bureaucratic control tried to use a hierarchical arrangement of positions

with various degrees of authority, status, economic rewards, and prospects for advancement as a way to elicit the "routine performances" that would allow the firm to prosper. Technocratic control centers on the use of sophisticated computer systems and technical expertise to organize and direct the labor process across networks of organizations.

SSA theory posits that as each system of accumulation reaches a level of maturity, it carries the potential for creating new crises of accumulation and control. It is therefore appropriate to ask what crises might emerge for the spatialization SSA in the next half-century. While social forecasting can be perilous, certain broad patterns can be anticipated. First, while spatialization currently is rife with signs of the global consolidation of capital and the fragmentation of labor, it is altogether possible that the passage of time will create new opportunities and strategies for labor to organize collectively against capitalists if nationalistic and ethnic divisions among workers can be overcome. Second, the synchronization of the accumulation process around a single common technology – computers – poses potential opportunities for workers themselves to communicate, organize collectively, and challenge the authority of technocrats and capitalists. Third, the re-intensification of work effort among both high-end and low-end workers and the growing disparity between the experience of citizens in their roles as consumers and workers will bring quality of working life and workers' rights into sharper focus. Fourth, the growing contradiction between society's technological capacity to produce enough food, shelter, and comfort to support the global population and the inequalities of an economic system that create legions of poor, hungry, and desperate people around the globe will potentially create a crisis of legitimacy for the current system (Przeworski 1991).

In any event, workers in the twenty-first century will increasingly work in an economy without borders – neither the borders of national boundaries, nor the less obtrusive boundaries of space and time that have structured human interaction through the centuries. This will undoubtedly create new frontiers in the world of work for workers and scholars alike.

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Financialization in the Contemporary Social Structure of Accumulation

William K. Tabb

Introduction

Social structures of accumulation (SSA) have life cycles. They are born in an antagonistic relation to the exhaustion of the previous SSA. Conceptually, they may be seen to start in the negative moment of undoing the already weakened institutional accommodations, norms and expectations that had prevailed before and whose internal contradictions can no longer be contained. The institutional solutions of the new SSA allow for renewed accumulation under stable conditions. This does not mean that SSAs should be defined by rapid economic growth (a perspective endorsed by Kotz and Wolfson in Chapter 3), but rather by stability over a period of decades and by the manner in which the institutions that define it form a coherent overdetermining totality (see Chapter 2).

Reacting to the financial excesses and crises of the 1920s, the SSA that was built in the 1930s and that was consolidated in the postwar period constrained the role of finance in the economy. This SSA decayed in the great stagflation of the 1970. The SSA that replaced it, beginning in the early to mid-1980s, soon generated a much greater and ultimately unsustainable role for finance. I concur with the general agreement that a national Keynesian SSA was consolidated in the postwar period and came to an end in the great stagflation of the 1970s.

A global neoliberal SSA can be dated from Ronald Reagan's 1980 electoral victory (of course, not all SSA dating correspond as cleanly with turning point elections). The new SSA was characterized by a weakening of labor relative to capital, with a corresponding gap between productivity and wages; by a qualitatively different globalization of competition,