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

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

Lipietz (1992)
Defined **Fordism** as an industrial production system with 3 interrelated meanings
1. Production system characterized by mass production
2. Production system characterized by mass consumption
3. Socio-political system that is supportive of mass production and mass consumption and ensures the supply of workers and consumers.

Fordism manufacturing system was pioneered by **Henry Ford** in the first 2 decades of the 20th century.
1903 → Ford Motor Company
1923 → Production peaked: 1.8 million T cars produced.
Ford River Rouge Complex was the largest factory in the world, completed in 1928.
Made of 93 buildings, with over 100,000 workers employed in 1930s.

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

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

**Fordist model of production was embedded with a national growth regime.**
There was a virtuous circle with mass production and mass production, lower unemployment and high wages and contributed to economic development in 1920th: Ford made luxury goods affordable for everyone (raised the standards of living) → Two institutions supporting mass consumption:
- Class compromise between K and L (UAM agreement GM in 1950: high wages for efficiency)
- Keynes welfare state: fiscal a monetary policies for higher AD

Adopted by most economies worldwide: France, Japan
**Advantages and disadvantages of industrial Fordism**

<table>
<thead>
<tr>
<th>Society</th>
<th>Workers</th>
<th>Employers</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>Mass production</td>
<td>Higher pay</td>
<td>Increased productivity and profits</td>
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<tr>
<td>&gt; economies of scale</td>
<td></td>
<td></td>
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<tr>
<td>&gt; improved standard of living</td>
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<tr>
<td><strong>Disadvantages</strong></td>
<td>Standardization of work and life</td>
<td>Alienating low skilled work</td>
<td>Absenteeism, higher labour turnover and conflict</td>
</tr>
</tbody>
</table>

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

**Ford model T system (1913-1927):**
- Semi-skilled workers
- High wages
- Standardized part and products
- Single-purpose machinery
- Moving assembly line
- Simplification of work via taylorized tasks
- **Vertical integration**: the company owns the supply chain.
  - High volumes of production

**Fordism (1927-1970s):**
- Semi-skilled workers
- High wages
- Moving assembly line
- **Vertical integration/ internal labor markets**

Changes in the production of cars:
- Standardized parts but **diversified products**
- **General purpose machinery**
- Forecast - driven, **batch production**