THE PROCESS OF RESTRUCTURING IN THE PERSPECTIVE OF THE REGULATION APPROACH.

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I - A REGULATION APPROACH TO THE "GREAT BOOM"

In order to understand the present world crisis, we have to understand the logics of the post-world-war II period. That boom expressed the hegemony of a peculiar "pattern of development" within the main advanced capitalist countries, and the stability of a "world configuration" between that countries.

A pattern of development can and must be analysed from three different angles.

- As a technical model (or paradigm) of industrialisation: the general principles which govern the evolution of the organisation of labour during the period of supremacy of this model (principles which are obviously not confined to industry).

- As a regime of accumulation: the macroeconomic principle which describes the compatibility over a prolonged period between the transformation in production conditions and the types of usage of social output.

- As a mode of regulation: the combination of forms of adjustement of the expectations and contradictory behaviour by individual agents to the collective principles of the regime of accumulation. These forms of adjustment may include cultural habits as well as institutional limitations such as laws, agreements etc.

The regime of accumulation therefore appears as the macroeconomic result of the workings of the mode of regulation, based on a model of industrialisation.

According to some insights of Gramsci, we (Aglietta, Boyer, Coriat, etc...) called "fordism" the post-world-war II hegemonic pattern of development.

The technical paradigm included the taylorist principles plus constant mechanization. This "rationalization" was based on separation between intellectual and manual aspects of labor. This did not mean that there was no intellectual involvment of the manuels workers, but this involvment had to remain informel, the social knowledge being systematized from the top and incorporated within machinery.

The regime of accumulaton was characterized as follows:

* Mass production with polarization of skills, high productivity growth, growing capital-output ratio (in volume, but not in value).

* Constant sharing of value -added, thus real income of wage earners growing parallel to productivity.

* Thus the rate of profit remained rather stable (in value).

The mode of regulation included more or less:

* Social legislation on growing minimum wage, strong collective bargaining,

* Welfare state,

* Credit money regulated by central banks,

* Semi-free trade between mainly self-centered industrial countries, with fine-tuning of trade balance through changes of parity and slight cooling of inner markets.

At the international level, this regime excluded the main part of Third World from international trade of manufactured goods, and the world currency was de facto the credit money issued by the USA.

That was possible because the advance of USA in the industrial paradigm was such that its equipment goods were both necessary and competitive. So the other countries were induced to accept the dollar as the international general equivalent. At the time, the trade balance of USA was structuraly positive and its capital balance structurally negative. The USA provided to Europe and Japon both the technical and financial means to "catch-up".

II - THE END OF THE GOLDEN AGE

This regime began to weaken for two different sets of reasons.

Internal reasons.

* Slow-down of the growth in productivity, contrasting with still growing revenues (including welfare)

* Acceleration in the rise of volume capital-output ratio, engendering also its rise in value (or organic composition of capital).

The "reasons of these reasons" could be found in a latent weakness of the very pattern of organisation of labor (the crisis of "informal envolvment"), but that weakness may have been triggered out by the upspring of workers militancy due to the full employment situation at the end of the sixties. Anyway, these two reasons led to a fall in firms' profitability: a "classical crisis".

That led the firms to react through reducing the real wage, thus leading to sectoral and general underconsumptionist crisis, and spreading and socializing their losses through mark-up policies, entailing a "cost-pushed" inflation allowed by the nature of credit money.

International reasons.

The seek for higher scale of production and regions with lower wages led to an interweeving of productive processes, contrasting to the national nature of economic regulation. Thus :

* The competition of newly industrializing countries became disruptive for old industries, replacing well-paid workers by hardly paid workers: thus leading to "negative-sum game" on world effective demand.

* The seek for equilibrium in trade balance within increasingly free trade led each country to recessive policy, either in the name of "price-effect" (lowering the per-unit labor cost) or in the name of "volume-effect" (lowering of inner demand).

Of course, the reactions of firms, trade-unions and states shifted several times during the crisis from one policy to another, thus leading to various world configurations.

It could be argued that, at the world level, the crisis is directly of "keynesian type" (lack of effective demand), either from the "volume point of view" ("negative-sum game"), or from the monetary point of view. In fact, the inflation of the 70's led key states into restrictive issuing of credit money and high rates of interest.

On the other hand, from the internal point of view, and as far as the regime of accumulation is concerned, the "keynesian" character of the crisis (underconsumption) is only a by-product of a more fundamental "classical" crisis (low profitability).

The major tendency during the seventies, within OECD, was keynesian-type policy (incentives to growth through increase of the welfare-state, easy money, including risky recycling of euro-dollars to Newly Industrializing Countries). That was an opportunity to the acceleration of a real industrial revolution in several countries of the Third World. But, due to the inefficiency of this policy in advanced capitalist countries, a shift to "classical", "monetarist" policies occured in the late seventies, thus adding an unnecessary keynesian componant to an unsolved classical crisis.

Yet, some attempts were made to attack directly the root of the crisis (too much capital-intensive, not enough productive technologies, and too many people on the shoulders of the welfare state). Yet, the discovery of new productive social relations is not a pure matter of technology, and the "restructuration" of industrial apparatus led to a deeper segmentation of the labor market, thus entailing social tensions and macroeconomic unstability.

III - SO, WHAT IS TO BE DONE ?

The questions of the ways out of crisis are mainly political ones (I hope they will be discussed within the debate after this presentation). Here I will try to present what a macroenomist could say in the perspective a "social- democratic/alternative" alliance.

We have to cope with two sets of problems:

- Those arising from the weakness of fordism, as they are reproduced in each single country - These problems are the "classical basis of the crisis".

- Those arising from the contradiction "internationalisation of economy/national character of regulation". These problems led to the "keynesian acceleration of the crisis".

Since macroeconomic theories feel more at home in "keynesian", effective demand problems, let us start with them. At least, a better international policy, or better coordinated national policies, could lead to a "second best" stage of the crisis, with just as much growth as is allowed by the basically "classical" character of the crisis of fordism.

That could be coped with by improving the international regulation or controlling internationalisation. The second way does not mean autarchy but simply more explicit controle on the international flows of commodities. For example:

* In Europe: incentive should be given within European Economic Community and Monetary System to more expansive and social national policies (right to choose parity, and transitional direct control of products flows, once the trade balance of a country is theatened by its politics of full-employment).

* Between North and South: "social clauses" on Agreements, with free-trade and credits for NICs improving their inner market, and protectionism against dictatorship-based competitivity.

* Reform of the financing of the welfare state, disconecting competitivity and level of socialisation of revenues (for instance through Value Added Tax).

* At monetary level: development of an international credit money distinct from dollar (such as Special Drawing Rights) that could be used to sweep off the undue burdens of debt on Third World without ruining the lenders.

* At an international credit level: privileges given to countries enlarging their inner market faster than they conquest shares of the world effective demand.

On the other hand, macroeconomic policy may not be the best tools for coping with the problems arising from the "productive watershed" of the crisis of the fordist model. It is rather a matter of labor sociology to find a new productive pattern, based on the widening commitment of collective and individual "know-how" for a less capital-using technological paradigm. Yet it is obvious that no such paradigm could develop in case of growing polarization of skills, unstability of employment, and segmentation of labor-market. On the other hand, the growing "flexibility" of technologies could coexist with a shrinking social demand, thus leading to a "2-floors" (or "3-floors") society, at the national or international level.

Macroeconomics could help to the definition of a "New Deal" between management and workers based on a new bargain:

* More commitment of the workers into the battle for quality and productivity, in exchange of :

* Shorter labor time and control on the use of technological change.

A new conception of the welfare state could also be developed. In the fordist regime of accumulation, the norm is to work in capitalist firms and live on capitalist products; the exception is not to work at all, live on the welfare, spend the revenue on the capitalist market. That eventually led to an excessively heavy charge of non-active population on productive sector. The "classical answer" is to reduce the welfare, thus entailing dramatic social and macroeconomic consequences. An alternative solution could be: to keep the level of the welfare redistribution, but to use it in order to finance non capitalist (cooperative?) and may be non-commodity production of goods and services, at the level of communities. A "macroeconomics of productive alternative welfare" should then be developped.