

**THE REGULATION APPROACH**  
and the  
**PROBLEMS OF CURRENT CAPITALIST CRISIS**

by  
Alain LIPIETZ

CEPREMAP 142, rue du Chevaleret  
75013 PARIS

tél. (33)40 77 84 64  
Fax. (33)44 24 38 57

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Too often, marxist economists have considered their subject (our capitalist economy) as defined by a set of eternal laws and behavioral rules. They considered capitalism as a well defined mode of production, with its immutable social relations, subject to some variations (for instance, the degree of concentration of property), and which could be substituted by socialism only through a general revolution.

History of capitalism is much more complex. Capitalist socio-economic relations experienced more tremendous changes from 1848 (the year of the Communist Manifesto) to our days than any socialist of the early times would have ever thought. In that process, major social tensions and economical problems are a constant trigger of crisis, political struggles, and sometimes... revolutions. Yet, during fairly long periods, capitalism has worked. There are struggles, there are business downturns. But a general frame, a rule for the game, must be more or less reluctantly acknowledged. Three times since 1848, a major, long crisis happened: first, at the end of the XIXth century, second, in the thirties, and finally at the end of the sixties (1). But between these major crises, a great compromise is accepted between the different social classes. This compromise includes the acceptance of a "pattern of development" as the economic basis for what could be considered as the best thing humankind may expect from economic activity. The compromise is defended and expressed by a large spectre of political tendencies, from the right to the left, among democracies. They battle about marginal improvements that could be implemented within the same compromise, but the model itself is not questioned: everybody accepts the best social outcomes of the pattern as the very goal of social and political activity.

We are now, as in the thirties (when Social Democracy and Rooseveltians were challenging conservative liberalism, stalinism and fascism), in one of these periods of contest, not about "how to carry on an (already given) economic design", but about what should be the new compromise. We are not only in an economic crisis, but in a "great compromise crisis", or, in the words of the Italian Marxist sociologist Gramsci, a "crisis of hegemony", that is a crisis of consensus. In fact, "hegemony" is a form of leadership which implies taking care of the interests of the whole, including some interests of dominated supporters.

In this paper, we are first going to understand what was the hegemonic pattern of the post-war boom. That will be the occasion to list the main constituent elements of such a pattern according to a methodology now internationally known as the "French Regulation Approach". Then we will have to understand "what went wrong" by the end of the sixties. Finally I will propose some features of what could be the new compromise for the post-crisis period. A compromise for the XXIst century, or even for the nineties.

But this will be no more than an option. An option which is presently defended more or less by the european "Greens", ecologist, self-management oriented and "alternative" movements, or by some streams within grass-roots, radical american tendencies. It should not be understood as a conclusion drawn from the "immanent necessities of economics". For, as Marx pointed out, "humankind makes its own history".

## I - THE "FORDIST" COMPROMISE

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 those countries.

A pattern of development can and must be analysed from three different angles at the national level (2).

- As mode (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 transformations in the production conditions and in the types of usage of social output (household consumption, investment, public expenditures, international trade).

- As a mode of regulation: the combination of forms of adjustment of the expectations and contradictory behaviours by individual agents to the collective principles of the regime of accumulation. These forms of adjustment may include cultural habits as well as institutional features such as laws, agreements etc.(3).

The regime of accumulation therefore appears as the macroeconomic result of the workings of the mode of regulation, based on a model of industrialisation. It may be noticed that these notions have some connections with the marxist classical concepts of "degree of development of productive forces", "schemes of reproduction, and "superstructures". Indeed they derive from a gramscian "deconstruction" of these old concepts. Using a term first proposed by Gramsci, some economists labelled the post-world-war II hegemonic pattern of development as "Fordism".

Its industrial paradigm included the Taylorist principles of rationalization, plus constant mechanization. That "rationalization" was based on separation between intellectual and manual aspects of labor. This did not mean that there was no more intellectual involvement of the manual workers, but this involvement had to remain "informal", the social knowledge being systematized from the top and incorporated within machinery by designers.

When Taylor and the Taylorian engineers first introduced those principles, at the beginning of XXth century, the aim was explicitly to enforce the control of the management on the direct workers, and to get rid of the "job rules" which were part of the former compromise at the shopfloor, based on the bargaining power of the skilled craft worker of the XIXth century. The three first decades of the XXth century showed a resistance of the skilled workers, and their evolution (including amongst communists) towards a new compromise: acceptance of the Taylorist forms of control, against the sharing-out of the gains in productivity.

That sharing-out was at first refused by the great majority of bosses, except some ones, like... Henry Ford, and some economists, like J.M. Keynes. Ford and Keynes had understood that the gigantic gains in productivity entailed by the Taylorist revolution would imply a great crisis of overproduction, if it was not matched by a parallel revolution within the social effective demand. And the main component of this new effective demand could be, precisely, the demand from the waged population.

Yet Keynes and Ford were preaching in the desert until the dramatic confirmation of their prophecy: the Great Depression of the Thirties. Conservative liberalism of Hoover, Lloyd George or Laval was unable to deal with the problem. Three alternatives were competing: a fascist organization of social demand, a soviet-type revolution, and a new "social-democratic" compromise between management and workers. Fortunately, the coalition of other forces defeated the first, fascist, solution during the Second World War. And within ten years, the competition between the Soviet-type and the Fordist compromises within the advanced industrialized world turned to the advantage of the latter. That compromise materialized as a new regime of accumulation warranted by a new mode of regulation.

This regime of accumulation was characterized as follows:

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

- \* A constant sharing-out of value -added, hence real income of wage earners growing parallel to productivity.
- \* Thus the rate of profit remained rather stable, with a full employment of productive capacity and labour force.

In other words, the "Fordist compromise" consisted in a match between mass production and mass consumption. It was accepted all over the world as "the American Way of Life", a productivist and hedonist model which was only contested by some radical intellectuals like Herbert Marcuse, and considered as a goal by political forces ranging from christian-democracy to western communist parties, with conservative political forces supporting for it even against the initial prejudices of a majority of bosses.

But which forces could finally induce individual bosses to accept that compromise, which was in conformity with their middle-term interests ? That was the task of the mode of regulation.

The mode of regulation included more or less:

- \* A social legislation of growing minimum wages, and strong collective bargaining mechanism, inducing all the bosses to grant annual improvements in real wages parallel to gains in national productivity.
- \* A developed welfare state granting to nearly all the population the possibility to consume, even in case of temporary or indefinite incapacity to earn money from one's work : illness, unemployment, retirement, and so on.
- \* A credit money supply regulated by central banks, issued by private banks according to the needs of economy (and not according to a stock of gold).

All these institutions provided a structural new "rule of the game". This rule granted to the State an active responsibility in "fine-tuning" of expansion. Through its direct expenditures and deficits, and through its power of regulating minimum wage and welfare payments, it gained the ability to induce greater or smaller social demand. Through its regulative capacities

over credit extension, it had the possibility to accelerate or cool down firms and households investments. The use of these tools is called "Keynesian policy".

But it should be outlined that the new mode of regulation did not necessarily imply a state ownership of productive sector. State ownership was indeed frequent in France and Italy, but not in Sweden. Another important point is that this network of regulating agreements was not settled by conscious design: "for the Fordist model to work, we need these agreements" ! That may have been the argument of some intellectuals of the time, such as Keynes or Beveridge. But in fact, the mode of regulation was the product of political struggles, in the context of competition against the "unacceptable" soviet and fascist models. That is the reason why the various institutions of the mode of regulation did not reach the same level of achievement in the different countries. For instance, USA experienced a back-lash during the Mac Carthy period (compared to the Rooseveltian ambitions), and tried for a better Welfare State only in the Johnson period.

Now, at the international level, the world economy never reached such a degree of macroeconomic organization. The Fordist model was hegemonic only in OECD countries. 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. There was a semi-free trade between mainly auto-centered industrial countries, with fine-tuning of trade balance through changes of parity and slight cooling of inner markets.

That was possible because the superiority of the USA in industrial production paradigm was such that its capital 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 structurally positive and its capital balance structurally negative. The USA gave Europe and Japan both the technical and financial means to "catch-up".

It may be useful to emphasize the similarity of this US international attitude, stemming from a real hegemonic leadership position, with the domestic, "Fordist" compromise. After 1947, the US administration rejected the temptation of "crushing" eventual competitors by enforcing a complete free-trade. On the contrary, as Spiro [1977] pointed-out, "in the short-term, it dealt with its own huge balance-of-trade surplus and the European and Japanese deficits by foreign aid and military expenditures. In addition the United States abandoned the Bretton Woods goal of convertibility and encouraged European and Japanese trade protectionism and discrimination against the dollar. For example, the United States absorbed large volumes of Japanese exports while accepting Japanese restrictions against American exports. It supported the European Payments Union, an Intra European clearing system which discriminated against the dollar. And it promoted European and Japanese exports to the United States... To encourage long-term adjustment, the United States promoted European and Japanese trade competitiveness. Policies for economic controls on the defeated Axis countries were scrapped. Aid to Europe and Japan was designed to rebuild productive and export capacity. In the long run it was expected that such European and Japanese recovery would benefit the United States by widening markets for American exports".

As far as the Third-World was concerned, a similar attempt was Kennedy's "Alliance For Progress". But then, short-sighted neo-colonial interests prevailed most often, except in countries exposed to communist competition such as South Korea and Taiwan where United States fostered land reform, import-substitution and national capitalist development.

## II - THE END OF THE GOLDEN AGE

This regime began to weaken for two different sets of reasons. Some are "internal", that is, they stemmed from the very development of the fordist regime, in each individual country. The second set is "international" in that it stemmed from the linkage of national economies. The concrete development of the crisis, roughly from the second half of the sixties, may be explained only through the interweaving of these two sets (LIPJETZ [1985b], GLYN et al. [1986]). Yet, for the purpose of this text, it is sufficient to

acknowledge the two-sided explanation of the crisis. Let us start with internal reasons.

Basically, all advanced capitalist countries experienced, from the end of the sixties, a slow-down in the growth of productivity, contrasting with still growing real wages (including welfare), and an acceleration in the rise of capital-output ratio in volume, engendering also its rise in value. The combination of these trends led to a fall in the share of profits in annual value added, and in the ratio of capital-revenues (profits) to the capital advanced: the rate of profit. In other words, the marxist "tendency of the rate of profit to fall" ~~was~~ was actualized in the 60's-70's (LIPPIETZ [1986]).

Now, the reasons for these developments can be found in a latent weakness of the very pattern of organisation of labor: the crisis of "informal involvement". That weakness may have been triggered by the uprising of workers militancy due to the full employment situation at the end of the sixties. More deeply, the incorporation within the active population of young people, women, immigrants from countryside and Third-world had facilitated at first the implementation of taylorist principles. But, in the late sixties, with years going on, the increase in education, in social consciousness, in needs for self-development and dignity at work, led to a growing revolt against the denial of any human responsibility within the crudest forms of separation between "conceptors" and "operators". And that separation was still deeply responsible for the exhaustion of the sources of productivity gains (because only a minority within labour process was in charge of improving collective efficiency) and for the increase in fixed capital per worker (because that minority could improve the productivity of majority only by increasing the complexity of machinery).

The resulting fall in firms' profitability led them to react through reducing the real wage, thus leading to sectorial 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 (LIPPIETZ [1983]).

But the main result of that complex process was a growing tension on the social compromise. In fact, declining profitability, hence declining rate of investment, combined with the declining number of new jobs created by each investment, and later with the shrinking of inner markets, led to growing unemployment. In early seventies, both the economic and social logics of fordism induced governments to raise transfer payments for unemployed people (dole, social programs). That really limited the social and economic risks of cumulative depression (a great difference to the Great Depression of the thirties). But eventually these transfers were felt as too heavy a burden on the productive economy, further reducing profitability of firms. It led to a fiscal crisis of the Welfare State, and put the legitimacy of States' social policies at bay.

Hence, only from inner tendencies, the Fordist compromise (subordination of workers to management, in exchange of increased and stable purchasing power) had become economically unsustainable in the Seventies, ten years after the marcusian revolt of youth against the "one-dimensional (i.e. producing-consuming) society". And this root of the crisis was on the supply side: a "crisis of labour" inducing a crisis in the profitability.

Now, international reasons were also responsible for that erosion. In the Sixties, and still more in the Seventies, the search for higher scale of production and for regions with lower wages led to an international interweaving of productive processes, contrasting with the national nature of economic regulation. Thus, the competition of "Newly Industrializing Countries" became disruptive for old industries, replacing well-paid workers by poorly paid workers, hence leading to "negative-sum game" on world effective demand. On the other hand, the quest 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 domestic demand).

It could be argued that, at the world level, the crisis is directly of the marxist "underconsumptionist" type (or, in keynesian terminology: lack of effective demand), due to this negative-sum game. 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)(4).

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 (LIPSETZ (1985b, 1989)). The major tendency during the seventies, within OECD, was demand-side keynesian-type policies. Incentives were given to growth through increase of the Welfare-State, easy money, including risky recycling of euro-dollars towards Newly Industrializing Countries. That gave 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 "monetarist" policies occurred in the late seventies. The inflation of the seventies led key states into restrictive issuing of credit money and high rates of interest. This "monetarist shock" restricted the possibilities for the firms to invest and triggered a debt crisis in the "N.I.Cs", thus adding an unnecessary keynesian (demand-side) component to an unsolved, classical, crisis of profitability.

After 1982, a more laxist policy from the FED and from the US Treasury induced a deficit keynesian based, expansion in the USA. All the rest of the world, including the NICs, benefitted from this "world social demand". But different types of country appeared, according to the form of their adaptation to world competition and to the "supply-side" of the crisis.

Indeed, some attempts were made as soon as in the 70's to attack directly the "inner" roots of the crisis (too much capital-intensive technologies, inadequate gains in productivity, and too many people on the shoulders of the Welfare State). The "New Technological Revolution" was supposed to provide solutions. Yet, the discovery of new productive social relations is not a pure matter of technology, as we are going to see.

### III - SO, WHAT IS TO BE DONE ?

Just like in the Thirties, the question of the ways out of crisis is a political one. There is nothing such as "the solution" that could be dictated

by the knowledge of the "actual" economic laws. Nor is it true that the crisis is an inevitable calamity. There are some "success stories" of some countries which preserved growth and employment in the seventies and eighties: Japan, Korea, Austria, Sweden... Their strategies were different, the possibilities for promoting those strategies in other countries and on a longer term (their "universality") are dubious. And, like in the early thirties, the main competitors as a solution (at the time: fascism, sovietism, and conservative liberalism) may not include the next winner (that turned out to be the "fordist social-democratic compromise", after the war).

Moreover, I must say that "socialism" is not a competitor either, if by "socialism" one understands a ready-made model of a new mode of production. All the "socialist models" initiated and experimented since the Soviet Revolution of 1977 are now clearly defeated from the democratic as well as from the economic point of view. "Socialism" appears like the great tragedy of the XXth Century, in which North Korea or East Germania appears as the last ghosts of a dream already vanished into horror or dismay. After the present crisis of capitalism, that is at the beginning of XXIst century, there will exist all over the world market relations between productive units and wage relations between management and labour force: hence capitalism. The question is: what sort of a capitalism is it to be? How good for people and how promising for further steps will it be? No fatality, no "low of development of productive forces" will answer.

Here, the marxist, ecologist and feminist oriented economists do have things to say. They can explain the difficulties experienced by the "old" compromise. They can forecast the difficulties, contradictions, inconsistencies of the projects of different political forces. Anyway, only political forces promoted by social movements will have the responsibility for the settlement of a new model of development. When an economist proposes some new model and some new compromise, she or he acts as a concerned citizen. The model and the compromise are chosen according to his or her ethical values. The materialist knowledge of economics only helps in being more conscious of the real problems. Well, what are they ?

We have to cope with two sets of problems:

- Those arising from the weaknesses of Fordism, as they are reproduced in each single country. These problems are the "classical (profitability) basis of the crisis".
- Those arising from the contradiction between the internationalisation of economy and the national character of regulation. These problems led to the "Keynesian (underconsumptionist) acceleration of the crisis" in the early eighties.

Here we meet a new difficulty. The first set of problems could be dealt with in a national framework (though subject to foreign trade and political constraints). Here one may propose his or her own "best solution". In contrast, the second set requires an agreement between various nations. But in these different nations, democracy and social conflicts could lead to different compromises. Even if the economist (or the "citizen of the world") thinks that some family of compromises consistent with some global economic order are the "first best solution", there is no such world instance that could settle that solution for all the nations. So the economist, as far as he or she is a "citizen of the world", an internationalist activist, can only propose a "second best": the economic order that would secure the greatest autonomy for each nation to choose its own compromise.

With all these "caveat", we shall first have a glance at the main competing model for the title of "the way out of crisis": liberal-productivism. Then, being a European I will suggest my best compromise at the national or European level, applicable to advanced capitalist countries, and then my second best at the international level.

#### 1\*) The liberal-productivism.

I give that name to the ideology expressed by the Reagan and Thatcher administrations, and more or less accepted in the mid-eighties by the European governments and the main international economic institutions (IMF, OECD, but not the UNCTAD). The great strength of that ideology stems from the

break-down of the social-democratic compromise (let alone the disaster of "socialisms"). Hence it was a great temptation to simply assess that a restoration of old liberalism would be "the" solution.

Their story looks as the following. There is a "technological revolution". But the rigidities imposed by the state (social and environmental legislation, social security, etc.) blocks the way. So let us get rid of rigidities, and the laws of free competition will automatically impose the new model of development consistent with the new technologies.

This is very similar to the XIXth century confidence in technical progress that could be limited only by inefficient social relations. That idea was common to liberals and marxists of the time: but liberals thought that the problem was "too much state" and the marxist that there was "too much anarchy in the market".

Now, there are some differences with the utilitarian liberalism of XVIIIth and XIXth century. That liberalism was "utilitarian", "hedonistic". The aim of technical progress and free enterprise was the enrichment of economic agents. Of course, that possibility is still open within the new liberalism. But more and more often technical change and deregulation are presented as a necessity stemming from international competition: "modernize or perish", "lower wages or perish", "be flexible or perish".

So the new liberalism is based on a logical vicious circle. "Why should we need freer enterprise and freer trade? In order to modernize our productive apparatus. And why should we modernize? Because it is a necessity within free trade". Or, in other words, accumulation of capital and modernization in production become "categorical imperatives", they are no more deduced from some higher ethical or political goals, such as "improving justice or welfare".

Does that mean that this liberal-productivist ideology is not concerned with the problem of social cohesion? Of course it is. But this cohesion is no more the task of the regulating involvement of political life. The "homeland" of the citizen becomes either the firms, or the market. In the

firm, rulers and workers are a community: "Everybody in the same boat", in the tempest of competition. Thus unions should not oppose the interests of the workers to the interests of bosses. On the market, each one has the possibility, through his or her entrepreneurship, to become a winner. But in case of failure, the very success of the others gives another opportunity. Through the riches' expenditures, richness is "trickled down" to the poorest that accept to offer their services at a sufficiently low price.

Before criticizing the shortcomings of this model, one should emphasize that it is not inconsistent or irrational. On the contrary, it exhibits a modernized version of the type of stability of feudalism, where landlords "protected" the poor against the raids of other landlords, and "gave" them occupation by requiring services from them. But, just as the macro-stability of feudalism was spoiled by permanent unrest, with the risk of micro-instability developing into major crisis, so does the economist have to emphasize similar tensions in the liberal-productivist model.

First of all, it leads to a polarization of society. At the top, the "winners in competition" will benefit from the advantages of the "technological revolution" (as far as there are). In the middle, one group of permanent skilled or semi-skilled workers will benefit from regular employment, but with no more prospect of permanent improvement in real wage (contrary to the Fordist compromise). At the bottom, a crowd of "job seekers" will float between cheap employment and unemployment, without the benefits of Welfare State. The political consequence is obvious: it is the come-back of the XIXth century "dangerous classes problem", with the possibility of their disruptive collective action (the best result, in my view), or the generalization of individual delinquency (the worst outcome). The failure of modern collective idealism (such as socialism) is more likely to lead to the second way, or to some archaic form of collective idealism (such as religious fundamentalism, sects, etc.).

Second problem: this solution does not solve the crisis in industrial relations. On the contrary, there is a risk of a still growing gap between the worker and its firm. So the non-involvement of manual workers in the battle for quality and productivity remains a problem. Of course, "technology" is

supposed to solve that problem. But "technology" is nothing but the embodiment of skilled activity into machinery. If direct workers are not involved in technical change, the implementation of highly sophisticated technologies requires a very huge work at the design and maintenance level. As a tendential result, the shop could become a kind of automatic module, with some unskilled blue-collar performing feeding or cleaning jobs, and some white-collar professionals tuning the process. This strategy could be implemented either to compete with cheap labour overseas or to overcome worker militancy on the shop floor, and especially where style changes become a major competitive weapon.

This may be the dream of a majority of bosses, faithful to the logic of Taylorism, and more precisely in the plants where in the early seventies social discontent had completely eliminated any involvement, however informal, of the workers. That is the way chosen in Torino (Italy) by Fiat. With Robotgate, Digitron, and the LAM systems of robots, the management got rid of the very presence of workers in the most disruptive shops. The decision to eliminate living labour was mainly a political one. The counterpart was obviously a great leap forward of the capital output ratio, overshooting from the "rational" point of view. Except for Robotgate (which is even exported to the USA), management is no longer willing to build up plants at such a rate of automation, now that the victory against the workers' unrest has been achieved. According to one of the major Fiat managers, "Having been created at a time when the social situation had become unmanageable, the LAM is an interesting realization which is not subject to generalization. It is an expensive system, it costs a lot, requires a lot of space, and is more subject to default than less sophisticated ones" (SANTILLI (1985)). In fact, new assembly lines are built in car industry according to more classical shape of Fordist assembly lines. This reversibility of mechanization is characteristic of a "labour-capital trade-off" within the Fordist industrial model, not outside it.

The alternative is obviously the choice of "less sophisticated" technical systems, involving machine-worker interaction during the production process. This involvement could not remain "informal" any more. The gamble lies in inducing the working teams not only to involve themselves



willingly in the permanent tuning and maintenance of the plants, but to do so in such a manner that the improvements they make can be systematically embodied in the hardware and the software. The "know-how" acquired through learning-by-doing within the day-to-day maintenance of the labour process should be capable of formalization and assimilation by the methods, design and engineering staff. In fact, the problem is to reconnect what Taylorism had disconnected: the manual and intellectual aspects of labour.

Nowadays this latter kind of industrial relations looks more "rational" than the former (AOKI (1985)). In fact, the 80's may now be read as a great commercial war between two solutions to the "supply-side" of the crisis. On the one hand: the "flexible-liberal-productivist" countries, USA, Great Britain, France, Spain... Brazil. On the other had: the "involving-the-workers" models, Japan, Scandinavia, West-Germany... and partly South Korea. And the great news is the following: the second group is winning that war!

But how could such a compromise between the new "involved and multi-skilled" collective producer and the management be regulated? Obviously, in the pure "flexible" version of the wage-contract consistent with the liberal ideology, this is impossible. "Involved workers" must feel that their interest is linked to the firm's interest (5). But there may be different forms of bargaining. One form could be an individual non-market agreement (on employment, career...) between management and skilled or semi-skilled workers and this may be the dominant tendency in Japan in Germany. In this case, there is a compromise between capital and a part of waged population, with a growing competition inside the "privileged" segment of the labour force (the worker's aristocracy) and an over-exploitation of the other components (women, ethnical minorities). This may be a dangerous temptation in the Korean process of democratization. The social risks of the "three floor society" remain unsolved. I will propose a "better" compromise later.

The third problem with the liberal-productivist model is macroeconomic: the great come-back of business cycles. Since there is no more explicit expression of collective prospects, individual expectations have no more guide-line than an evaluation about other's expectations. If the "animal spirits" of the other rich is understood to be turned towards investment,

there will be investments, leading to a growth that will justify these investments until that... some industrialists, merchants, or bankers will notice that there is no sufficient effective demand for the products of past investments. Hence, panics, crashes... The classical solution to this old problem is State expenditures. But "classical State expenditures", excluding welfare, are "warfare" expenditures. Militarism reappears as the major tool of macroeconomic policy (see the US 1983-1984 boom). But, just as investment requires its outlet, warfare requires international tension.

Anyway, the "free-trade" spirit of productivist liberalism is in itself a source of international instability, and it is the fourth problem. As we have already noticed, the "Golden Age" did not follow the path of ultra-free-tradism which was the first ambition of US administration in 1945. United States in particular took into account their long term interest in faster growth of their main partners. And that take-off implied transitory privileges for Europe, Japan, and Third World, and voluntary restraint by American industry to crush any competitor. Difficulties eventually stemmed from the lack of a more complex world organization when the conditions of global competition became more intense.

To these new difficulties, liberalism's answer is: still less organization. Free-trade is supposed to provide mutual adjustment to multilateral balance in trade and capital flows. In fact (and let alone the problem of OPEC surplus in the Seventies), structural imbalances appear. In a free-trade situation, the only solution for a deficit country is to organize domestic deflation. Of course, if all the deficit countries organize deflation, the external markets of surplus countries are contracted in the same proportion, with a deflationist effect in these surplus countries. The aggregate result of this "beggar-my-neighbour" game is stagnation. A very clear case is the European Community, a free-trade zone without coordination in policies.

But the situation is far more serious in the case of Third World, since here trade problems are connected with credit problems, with dramatic consequences on welfare and even life of populations. The "miracles" of the NICs in the Seventies was made possible by a peculiar world configuration:

there were still prospects of growth in industrial countries (due to Keynesian policies), there was a great purchasing power in the OPEC countries, and the lax US monetary policy induced private transnational banks to grant easy credits to the NICs. When United States reversed their policy with the "monetarist shock" of 1981, the NICs were trapped: their prospects of exportation worsened, and credit was becoming extraordinarily expensive. The calls from IMF for an adjustment towards still more export-led policies were useless, given stagnating world trade. Once again (but with terrible social consequences) the only solution was domestic recession. Today, only Korea is able to "pay for its debt" while allowing for a growth of the purchasing power of its working class.

Even the leading country (both the most powerful and the herald of liberalism), the U.S.A., experienced the shortcomings of "laissez-faire". When their trade deficit became overwhelming in the middle of the Eighties, the administration understood that a sharp adjustment (deflation plus large devaluation) would be too disruptive both at the domestic political level and at external economic level. After years of selfishness and liberalism, the US administration rediscovered the virtues of multilateralism and state's active policy and proposed to its partners a project of international collaboration towards world recovery, based on a Keynesian acceleration of growth in the surplus countries, Japan and Germany. A plan not so much different from the one proposed by S. MARRIS (1984), the former Economic Adviser of the "Keynesian" period of O.E.C.D. But another proposition was expressed (and partly implemented) within United States: protectionism. Anyway, the new multilateralism of US administration is as much opposed to the principle of its professed liberalism as protectionism is to free-trade. Explicit compromise between states appears as the only alternative to the war of everyone against everyone which is the core of productivist liberalism.

Last but not least, this economic war is leading to the most dramatic ecological crisis that humankind has ever faced. This will not be considered in this paper (see the United Nations report Our common future). In fact, capitalism had multiplied by 50 the industrial world product within one century. But 4/5 of this growth was obtained by fordism, after the second world war. And liberal-productivism fosters a completely unsustainable use of "natural" environment. This ecological debt of past and present generations

to the futur ones (destruction of ozone, greenhouse effect, etc...) has to be paid in the next 40 years...

Before coming back to these world aspect, let us think about what could be a model of development both socially progressive for the workers and ecologically sustainable for the future of humankind.

2\*) For a new design within the labour process, and a new wage-contract.

At the root of current economic crisis, there is the crisis of labour. A crisis of Taylorism, of the non-explicit involvement of direct workers. Information technology, is not, by itself, a solution to that crisis. As we have noticed, computerized automation could be used so as to deepen that exclusion of direct workers from active regulation of productive process. Purely automatic plants are conceivable, but the capital-output ratio would be still increased, and thus the rate of profit lowered. That is why the Japanese bosses (AOKI (1986)), the Dalle report in France, the Harvard Business School theoreticians (WALTON (1985)) and the initiators of GM's Saturn project agree on a condemnation of Taylorist principles. The direct operator should willingly involve his or her imagination, innovative capacity, skill and know-how acquired through learning-by-doing, not only in the minute-per-minute adjustment of the labour process, but also in the collective systematization of practical knowledge: a task that Taylor had restricted to the Office of Methods and Design.

I think that labour movement and all democratic movements should challenge and even promote an anti-Taylorist revolution. Not only as a "compromise", but as a first step towards their historical goals: a more and more democratic, self-managed society, a step towards humanization of humankind.

Well, but it should be also a compromise. Of course any boss would welcome workers enthusiastically working, with all their intellectual capacities, for the greatest glory of their firm. If the Taylorist movement chose to cancel those capacities, it was for political reasons, a micro-political, shop-floor one, but also for a macro-political, state level one.

In fact, a highly skilled, highly conscious, highly active worker may contest the control of management upon the intensity of his/her work, on the use of the product, on the sharing-out of gains in productivity. And a working class conscious of its managing capacities would become ambitious about its political, leadership capacities. The Taylorist revolution was not only directed against the "dawdling" of skilled workers in the shop, but also against the political capacities of a proud, self-conscious working class, against the dangerous idea, largely spread in Europe from 1917 to 1936, that "the ones that can rule the factories can rule the society". And that was a success: with the loss of the knowledge of productive process, the working class lost any ambition towards self-management. In exchange, and after the 1930-1945 crisis, workers acceded to Welfare State and "consumerism".

If we are to reunify what Taylorism has divided, what could be the bargain? What could the working class get at once in exchange? Most "human relations" advisers would reply that "job enrichment" is a reward in itself. An argument which never convinced management itself, since, up to now, the more interesting is the job, the higher the salary... Let us be serious. It is not the boss who "enriches" the job, it is the worker who delivers a richer work.

In exchange, the first bargain is obviously more stability in employment. No worker would exercise his or her cooperative spirit in search of gains in productivity entailing his or her own redundancy. That is why guarantees in employment are part of an implicit contract within major Japanese firms and in the new contracts of the US car industry. The problem is that a single firm cannot warrant a job on the same task for a while. So guarantee in job should be a dynamic guarantee, involving both intra-firm and social aspects. That raises the issue of "mobility".

Most workers are not ready to accept any mobility, in job and in space. They are right. Labour is but a part of human individual and social life. Friendship, family relations are the main part of happiness, and they depend on material conditions: existence of stable groups, linked to territories. So the compromise should not entail "employment somewhere" but the "right to live and work in homeland". This implies a collective concern of unions about

the dynamic creation of new jobs, as and when old jobs become redundant (because of gains in productivity, shifts in social demand, etc.). Workers' involvement in "how do we work?" entails involvement in "what should we do?".

Two imperatives should be the guidelines for this permanent restructuring of productive apparatus. First, the conservation and enrichment of skills. It is humiliating and unproductive not to take into account the accumulated know-how of the workers. That is why workers should be involved in the decisions concerning the process of restructuring. They come with their knowledge, and may require some complementary retraining. The right to this retraining and to discussion about the goal of retraining are part of the compromise on dynamic restructuring. Second, the democratic definition of real social needs. One temptation for unions is to defend the present jobs of their members. These jobs may be dangerous for the society (nuclear plants), or not very useful (old mines). Hence involvement in "what should we do" does not concern only the workers, but also the society. New forms of democratic planning should be found, before the judgement of market.

Another major point of the compromise should be settled. What about the sharing-out of the gains in productivity? Assuming that the new industrial relations plus "electronic revolution" entail a come-back to the high rates of growth in productivity of the Golden Age, who should benefit from these? At least, the workers as much as the firms. If it were not the case, sluggish social demand contrasting with roaring productivity would lead to overproduction and unemployment. But the new regime of accumulation could solve that problem either through higher wages per worker, or through less labour-time per worker. In my opinion (and this is my major point), the compromise should be based on more and more free time, and not on more and more consumption of commodities. The reasons for that choice are many.

First, a majority of people in advanced capitalist countries are reaching sufficient quantitative conditions of living (the situation being different in the Third World). The "right for search of happiness" is at present constrained, not by a lack in "having", but by a lack in "being". Before the economic crisis of Fordism, it appeared around 1968 as its first existential limit. People need time to live with what they have, they need to

experience new relations, free creation. Even the new goods which are proposed by the electronic revolution, music and video devices, home computers and so on, are "time-consuming" and not "time saving" as Fordist goods (cars, washing machines) were supposed to be.

Second, a dramatic reduction in labour time is the only efficient solution to quickly reduce unemployment. Anyway, it is the present solution in liberal-productivist pattern. But it is implemented in a savage, unequal way. In United States, average wage labour-time is now reduced to around thirty hours a week. But this means too much work for a part of the population, and unstable, insufficient part-time jobs for another part (mainly women, young people, minorities). It is nothing more than the time-dimension of segmented society.

Third, logic suggests that, in the long term, an active, involved worker inside production-time should be a citizen active in democratic life, with free time for cultural life and permanent increase in his or her degree in education. That sends us back to my first point.

Fourth, such a regime of accumulation, where full employment is based on slower growth of market relations and expansion of free, non-market social relations, is less subject to economic disturbance stemming from the international competition. The "consumption of free time" induces no importation, and there is no need of protectionism to ensure the right to play music or theatre, to read novels or make love. "To accumulate in well-being" leads to more balanced economies and improves the capacity of democratic self-regulation of national societies.

Fifth, the global and local ecological constraints are now weighting heavily against any increase in the production of material goods (with the consumption of raw materials and energy that any production implies). Since a large part of Third World population has to increase its material welfare, Northern populations should prefer a form of progress based upon the growth of ~~the~~ free-time.

Now, obviously, such a regime entails other compromises from the wage workers. They cannot ask for using twice the gains in productivity (in time-reducing and in consumption-increasing). Since there are minorities who do not benefit at present of adequate standards of living the counterpart in the wage of time-reduction should be unequal. In other words, the hierarchy of wages should be reduced, so that the poorest may increase their purchasing power. And, even though new industrial relations based on active involvement of workers need less fixed capital per capita, investment is still needed to create jobs. A massive creation of jobs through radical cuts in labour-time would be impossible unless more workers could work on the same work-station. In other words, reduction in labour-time of people implies increase in the labour time of machines, hence more labour-in-shifts. Anyway, labour-in-shifts in services may be required by consumers (who are also workers...).

So the "new compromise" is not only a compromise between "them and us", between management and labour. It is also a compromise inside the wage population. A remark that leads to the question of solidarity, which in the Fordist pattern was represented by the welfare state.

### 3') Solving the crisis of the welfare state.

As it emerged from a century of unions' militancy, from the victories of social-democracy in Northern Europe, from the concern of Christian Democratic governments in social and economic stability, from the struggles for civil rights in Johnson's "Great society", the Welfare State is a powerful but very peculiar form of social solidarity. Basically, it consists in a compromise between capital and labour in the form of a compromise between citizens. A part of direct revenue is subtracted from individual purchasing power and directed to a pool. That pool provides with money-revenues people who, unwillingly, cannot, because they are ill or unemployed, or can no more, because they are too old, earn their living through a normal, direct wage. Sometimes, these transfers are granted in kind or in cash for a particular but socially useful requirement (children's allowance, help for housing, health care).

The point is that the norm is to earn money in direct wage from activity with a "normal" employer (private firms or administrations). On the contrary, social benefits imply (except for the above cases of individual requirements) that the recipient does not earn money, has no activity. The strangeness in this norm is hidden when recipients are a small proportion within population, or when transfers appears as pay-back for earlier savings from recipient (which they in fact never are from a macroeconomic point of view (71)). But that principle leads to a schizophrenic attitude both in the active and inactive population.

The active sector provides the taxes that feed the pool of the welfare state (by active sector, I mean the workers when they pay welfare taxes from direct wages, or firms when they pay the taxes for their employees). When this burden becomes too heavy, active sector begins to protest: it pays for "lazy" people, people who do not work. Actually, these people would like to work, but they are not allowed to work will receiving welfare transfers. They wear the burden of that inconsistency. If they do not work, they feel socially useless, they feel like dependent children (with a lot of psychological consequences). If they do something (neighbourhood help, moon-lighting) while being on welfare, they may be considered as crooks, and may be prosecuted or deprived from dole or assistance.

In addition to the generally unjust and stupid accusation of lazyness, welfare state is also attacked by conservative liberalism as being economically counter-productive on one macroeconomic argument. <<If there were no (or less) tax on the active sector for the welfare state, then the total cost of labour would be less. Then a lot of new workers could be hired>>.

That may be true at microeconomic level, but it is a fallacy of composition. If there were no tax for the welfare state, there would be no welfare transfer. So each new unemployed would stop being a consumer. Hence the market would shrink, and new workers (at any price) would be fired, and so on. That old mode of regulation without welfare is far more instable than the Fordist one. A life-size experience is given by 1930: within three quarters the unemployment reached two-digits rates. A result which was reached only

after ten years in the seventies.

Weil, there is a way to eschew the two-sided schizophrenic argument against the welfare state, taking into account the microeconomic argument but avoiding its composition fallacy. It is the creation of a new sector of activity, limited in size (around 10% of the active population), whose workers (or more precisely the agencies paying for them) would receive from the welfare state the normal dole. The workers would not have to pay any more tax for the welfare than if they were unemployed, though they would receive a net normal wage for their activity. This activity should be dedicated to socially useful tasks, the kind of tasks that are expensively covered by the welfare state (cares for old people or convalescents), or covered by women's free labour, or not covered (improving environment, such as poor neighbourhoods, and so on...). In fact, since that sector would be highly subsidized by the welfare state, with no tax to pay, its services would be very cheap. Yet it would not be in competition to other active sectors, since these sectors at present are not in charge with these services (except in the case of moon-lighting and domestic labour, which the new sector may help to reduce). And it would cost nothing more to the welfare state than if its workers were unemployed. That is possible because this sector is explicitly limited in its scope.

Now, the development of this sector will eliminate many problems of the welfare state. The schizophrenic critic will vanish. Active tax-payers will know for what they are paying: useful social services. Workers of that sector will have a useful job from which they can receive more social and self-esteem than from moon-lighting or from part-time jobs such as in fast-food or shoe-polishing. The microeconomic argument will be acknowledged to develop a new sector of activity with stable revenues and which does not compete with others, hence with no composition fallacy.

But there is more. With that new economic sector, new social relations may be experienced. First, inside the sector. It could be organized in self-managed small agencies, with the help of psycho-sociologists, it could mix labour and professional retraining. In its relations with the "customers", it could innovate in non-market, non-patriarchal forms of contract, with a

constant democratic control from the contractor (a local community, an agency of protection of environment, etc...) on the permanent social usefulness of activities of the self-managed group.

Thus, this new "alternative" sector could be a school for self-management, gender equality and democracy in social definition of tasks. Though it would be immersed in market, wage relations (but protected by its connection with the welfare state), it could be another step towards humanization of economic relations.

#### 4\*) A non-aggressive international economic order.

Assume the reader likes the above design. She or he will certainly object: <Well, it is all right if some nation chooses that design, but this nation will be in trouble within international competition. How could a worker working thirty hours a week compete with a Korean? On the other hand, a democratic Korea might choose to work hard and improve its popular standard of living>. That is right. "My" compromise is not the only progressive compromise that could be thought of, and besides, many ruling classes could choose the productivist-liberal design. So we have to think of an international order giving room to a progressive design, even if it is not the general one on the earth.

The problem with the present international economic order is that the burden of balance adjustments usually falls on the shoulder of the most expansionist country, even if economic expansion is a vital necessity for its citizens. That situation was hidden when the leading country, U.S.A., understood its interests in the expansion of its partners (in the Fifties), or when its own monetary laxity permitted to defer international trade balance adjustments (in the Seventies). But the Eighties exhibited all the dangers of the "beggar-my-neighbours" policies.

At first, protectionism looks as the easiest way to solve the problem. If one country agree on one "good" inner compromise, and if this compromise is aimed so that the capacities of each citizen answer to the necessities of the community, why should such an agreement be disturbed by the arbitrary law of

free-trade? And it is true that any nation that begun to take in charge its destiny started with protectionism. That was the first economic content of the American Revolution, that was the starting point for the raise of Bismarck's Germany, the Meiji Japan, and today Korea.

Now, protectionism has its counterpart. The spread of new products and processes may be slowed down, economies of scale are lost, heavy investments are uselessly engaged in what could be complementary countries. Those were the reasons for the creation of European Common Market. It was all right as long as the European countries, all together, were seeking for the speediest growth. Once some of them had to deal with trade imbalance, and when they did so through competitive deflation, problems arose. And that remained the only solution when competitive devaluations were forbidden with the European Monetary System.

Let us take this E.E.C. example as a reduced model to study the problems of international trade between advanced countries. The European Community is a multinational economic space with an explicit mode of regulation, a rule of the game. That rule penalizes too fast growth, or too fast labour-time reduction. One solution could be precisely an explicit agreement on coordinated faster growth or labour-time reduction. That is the proposition of one part of "Euroleft" (UK Labour Party, Italian Communist Party...) and of European "Greens". But such an agreement (which could be the "first best" strategy out of crisis) supposes that the rules of democracy bring at the same time coalitions supporting such a design in all the separate countries of Europe. That appears unlikely: for instance in the early 80's, UK had adopted liberal-productivism when France adopted radicalisation of social-democracy, and the reverse could happen in the next years-unless an institutional "putsch" of the European Parliament (where a potential "Euro-left-Green" majority exists since June 1989) against national governments.

So we have to look for a "second best". Not an international agreement for the same design, but an agreement not to penalize the best design. One rule could be the following. If a country experiences a trade deficit with a rate of growth exceeding the European average by 2%, or with a higher rate of creation of jobs (either through growth, or labour-time reduction, or

development of an alternative sector) then after six months that country has the right to improve its trade balance through non-deflationist protectionist devices (devaluation, quota, import taxes). These privileges are suppressed when its situation is matched by the average.

With such a rule, a country is not obliged to choose one strategy or another. But a stagnationist country can no more benefit from the enlargement of the market of its neighbours, except by in contributing itself to common improvement. The adjustments are induced to the top, and not to the bottom.

Such a settlement is more difficult at the international level: the best one can hope is a gentleman's agreement. When the US administration, in 1986, started to beg anxiously Japan and Germany to increase their growth, because "if they do not, it would be impossible to hold back US Congressmen from adopting protectionism", was it not a good demonstration of the sensibleness of a new set of rules of the kind I propose? The problem is that US administration converted lately to this multilateralism under the pressure of its own fear of trade deficit - deflation dilemma. A gentleman's agreement (let alone a settlement) must be respected for a while, whatever may be the transitory situation of each contractant.

Let us consider now the implementation of this new multilateralist spirit in the case of trade between Newly Industrializing Countries and Advanced Capitalist Countries. At first (in early Seventies) the latter benefited highly and willingly from the misery wages of the former. Then the low labour-costs of NICs appeared as "unfair conditions of competition", entailing unemployment in the North and justifying protectionist reactions in the Eighties (including against Korea). That is the clearest consequence of the fallacy of composition in the free-tradist belief that all the countries could develop by becoming net exporters at the same time. If a new industrial revolution is to spread to the Third World, then the Third World will have to create the new markets for its new products. This implies the possibility for Third World countries to protect their young industries. But on the other hand, the exports from the NICs should not be too disruptive for employment in the North. A rule could be the following. The North could be protectionist versus countries whose competitiveness is based on dictatorship and low wage

imposed through terror. On the contrary, the North should be open to exports from countries engaged in rapid increase of the standard of living of their population, with full union liberties. The referee could be the International Labour Organisation at Geneva.

Such a rule would protect the new democracies in the Third World against savage competition, and it would be an incentive for ruling classes of dictatorship to shift to democracy, ecological and social policies. It would secure a better consistency between growth in the North and faster growth in the South. In a word, it would induce a positive - sum game for world economy and employment. But there is a rub: debt crisis.

In the seventies, the NICs contracted debt in order to invest, thinking that they would pay back through exports. For repaying is nothing more than net exports. So, a total repaying of Third World debt would imply for the South to conquer a gigantic share of world market at the detriment to northern exporters, with dramatic consequences in employment in Advanced Capitalist Countries (8). These will never accept that. And yet the indebted newly industrializing countries are urged to pay their debt by increasing their exports and cutting down their imports, and that, not through protectionism, but through deflation!

So, the weight of past debts induces the NICs to "adjust" exactly in the opposite direction of that needed by a more stable economic order. The best solution would be the cancellation of debt. This is neither a foolish, nor a "generous" idea. It is in the macroeconomic middle term interest of the North. On the same argument, German War Debt was cancelled in the thirties (because the repayment - in exports - of that debt would have deepened the recession outside Germany). The next problem is that debt cancellation could entail lenders' bankruptcy.

Hence we reach the problem of the "lender of last resort". If the South does not pay, the losses in the international banking system should be feed with some money. Up to 1979, the world lender in last resort was the US Federal Reserve. After its conversion to monetarism, the world monetary situation became too tightened for the requirements of world economic

expansion (another reason for the negative-sum game of early Eighties and for the crash of October 1987). At present, there is no more candidate among national central banks to be the lender of last resort, issuing the world key currency according to the needs of international trade. A national currency may be the world currency if the bills of that nation are accepted as means of payment, and that is possible only if these bills are secured by the uncontested economic leadership of the issuing nation. There is no more such a nation. On the other hand, private multinational banks, no matter how big, cannot be lender of last resort. They cannot issue more credits when they are nearly sure that old ones will never be repaid. That is the reason of the failure of the Baker Plan and later of the Brady Plan.

So, an international institution should be in charge of issuing fresh credit money. A renewed IMF for instance could issue some kind of Special Drawing Rights, with international legal tender, according to the needs of world recovery.

Again, that raises the problem of rules. Obviously, the composition of IMF staff should be more representative of the interests of developing countries. Yet, there should be a general agreement both on the rules of cancellation of old debts and on issuing of new credits. These rules should be the following. First rule: cancellation of debts corresponding to repressive expenditures when a dictatorship falls. Young democracies should not have to pay for the arms that killed their supporters (9). Besides, that would be another incentive among the ruling classes for democratisation. Second rule, the ratio of debt service to exports should be limited to 10%. The losses that this rule may entail for the banks would be shared by the private lenders and by the new international lender of last resort. That second rule would be an incentive for the lenders to buy more goods from the borrowers. It would have no inflationist consequence in this period of liquidity gap and high rate of interest, since at the same time it would permit more international transactions. Third rule: more international money would be created through financial support by World Bank for projects of development and price stabilization for raw materials markets.

That third rule is a really difficult one, because it implies an agreement on what are the "good" investments and what are the "fair" prices for raw materials (10). At this point, the "technical device" that a monetary institution pretend to be appears for what it is: a political one. The Gold-Exchange Standard was just as much political: it embodied the acknowledgment of US supremacy. We have to admit here that a new design is not so much a question of reason (let alone justice) as a question of balance of strength.

#### CONCLUDING REMARKS

In this text I have proposed a new design, according to an analysis of the shortcomings of the post-world-war II hegemonic model of development, Fordism. The problems of these shortcomings (too heavy technologies, insufficient productivity, crisis of industrial relations, upspring of individual revolts against hierarchies and allmightness of the state, contradiction between the national character of economic regulation and the international character of production and trade...) are on the agenda of all the new competing designs. That is the reason why similar proposals could appear both in the "liberal-productivist" project I criticized and in the alternative project I proposed. The same way, in the thirties, the idea of "corporatism" (explicit cooperation of state, firms and unions in regulation of economic life) was on the agenda of fascism, social-democracy and sovietism, because the main problem appeared to be overproduction stemming from anarchy on the market.

So the differences between the projects could not appear from comparisons between partial solutions. It is the completeness of the design that makes the difference.

The alternative design I propose includes:

- New social industrial relations based on conscious involvement of direct workers in exchange of their right to control the implementation of technical progress, the right to live and work in one's homeland, and more free time.



- Preservation of the degree of socialization of revenues so as to maintain social security, but a deep reform of welfare state so as to develop a new self-managed sector contracting for socially useful services with communities.
- New international relations based on multilateralism and international credit money, but refusing systematic free-trade in favour of a new set of rules giving room to fastest social progress in separate democratic nations.

In other words, the new technical paradigm would be more skilled-labor-using, capital-saving. The new regime of accumulation would secure high employment with slower growth in commodity production, more free-time, less capital investment per capita. The new mode of regulation would be based on more self-management of small groups and more contractual relations between them. The new world configuration would be based on more auto-centered economics and trade with a multilaterally managed currency. As for the content of production and consumption within this model, I think it would tend to more ecologist and cultural contents (at least in advanced economic countries). Such a model would imply major changes in gender relations.

Now, some devices (such as quality circles, community jobs, negotiated cancellation of debts) may seem common to this model and to the liberal-productivist model. That is because the crisis of labour, the crisis of the welfare, the debt crisis, are necessarily on the agenda of any next design. But the contexts of these devices would be so different that the content of their implementation would be opposite.

Liberal-productivism accepts the war of every one against every one, both at national and international level. The goal of this competition is accumulation for the sake of accumulation. Only the upper part of world society would take some hedonistic advantage of this model. It could find allies in middle strata with secured employment, against the huge mass of rank-and-file, the "job searchers" of northern suburbs and excluded Third World. We are not far from Jack London's Iron\_hell.

On the other hand, the alternative design is aimed at social and intellectual promotion of everybody, at more freedom and welfare for everybody, at more democracy and peaceful international relations at an ecologically sustainable development. It accepts waged and market relations, the existence of a hierarchy of management, it does not suppose the "destruction of state" nor the "dictatorship of proletariat". It is not a revolutionary project. It is only one step forwards, a compromise for the next decades.

Rooseveltism and social-democracy were also a compromise. But it was a major break with powerful interests, an opposite way from other versions of corporatism. Thousands of people had to die for it in "peaceful" processes in the Thirties, from Sweden to USA. Tens of millions had to die, from the Spanish war and Japanese invasion of Asian Continent to German Japanese capitulations, because of the ambitions of a less peaceful design. For a compromise, it is not sufficient to be "intellectually defensible". It may become politically viable only through the active support of a large part of the population. Democracy, dignity, rights of humankind are the most appealing yearnings that could gather such a support.

Alain LIPIETZ

### FOOTNOTES

- 1) On the differences between these crises, and on the core economic and political problems which they expressed, see LIPIETZ [1985a].
- 2) This methodology was progressively elaborated by AGLIETTA [1976], BOYER and MISTRAL [1978], CORIAT [1979], LIPIETZ [1979, 1983, 1985b]. Here I follow the presentation in GLYN, HUGES, LIPIETZ and SINGH [1986]. For a longer presentation of the main concepts of "regulation approach" and their connexion with dialectical materialism, see LIPIETZ [1985c, 1988].
- 3) The word "régulation" in French connotes this adjustment of contradictory tendencies. It belongs to the vocabulary of biology and cybernetics. In English, "regulation" mainly connotes the legislative and administrative action of the state (in French: "règlementation"). Of course, legal rules are part of social self-control, but the latter must not be reduced to the former. In this text, we shall use the word "regulation" in its more general "French" meaning.
- 4) This distinction between two different dimensions of crisis was popularized by MALINVAUD [1977]. But it was well known among marxists since *Das Kapital*, Volume III. (For an application of the two-sided explanation of crisis in Marx to the present crisis, see for instance LIPIETZ [1983]).
- 5) On the present contrasted evolutions of wage contracts and industrial relations, and their mutual consistency, see BOYER coord [1986], LEBORGNE and LIPIETZ [1987].
- 6) All the following is deeply influenced by numerous discussion among left wing economists and activists, about the failure of the attempt of Mitterrand's two first governments (1981-1984) to get out of crisis through a radicalization of social-democracy (See LIPIETZ [1984]).
- 7) When retirement pensions are paid from interests on accumulated capital, the money is nonetheless subtracted from current value added. So the difference between "repartition principle" and "capitalisation" is mainly psychological.
- 8) It has been computed that if the Third World had to repay its debt within 10 years, its annual trade surplus would have to equal the US annual deficit since 1985.
- 9) It is the jurisprudence of "odious debts", which are "debts of regime" and not "debts of the nation".
- 10) Up to recently, the stabilization of farming prices (above world market) inside the E.E.C. were in fact the only common social policy in Europe, with net transfers to the poorest food-exporting countries. There are two problems with this support to revenues through support to product prices: inadequate allocation of resources, and differential rents. So, rich dutch farmers got the most of these subsidies, piling up mountains of butter.

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