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# **Perspectives on an Economic Future**

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## **FORMS, REFORMS, AND EVALUATIONS**

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## AN ALTERNATIVE DESIGN FOR THE TWENTY-FIRST CENTURY

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Too often, economists have considered their subject (our commodity-producing, market economy) as defined by a set of eternal laws and behavioral rules. That was true even for many Marxists, who considered capitalism a well-defined mode of production, with its immutable social relations, subject to some variations (for instance, the degree of concentration of property), and believed that it could be replaced by socialism only through a general revolution.

The history of capitalism is much more complex. Capitalist socioeconomic relations experienced more tremendous changes from 1848 (the year of the *Communist Manifesto*) to our day than any socialist of the early times would ever have thought. In that process, major social tensions and economic problems were 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 nineteenth century, second, in the thirties, and finally at the end of the sixties.<sup>1</sup> But between these major crises, a great compromise has been 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 the best humankind may expect from economic activity. The compromise is defended and expressed by a large spectrum 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, communism, 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 Antonio 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 interest of the whole, including dominated supporters.

In this chapter, we are first going to consider the hegemonic pattern of the postwar boom. That will be the occasion to list the main constituent elements of such a pattern. Then we will explore what went wrong by the end of the sixties. Finally, I will propose some features of what could be the new compromise for the postcrisis period—a compromise for the twenty-first 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 inherent necessities of economics. For, as Marx pointed out, “humankind makes its own history.”

## THE “FORDIST” COMPROMISE

In order to understand the present world crisis, we have to understand the logic of the post-World War II period. That period expressed the hegemony of a particular 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 analyzed from three different angles at the national level:<sup>2</sup>

- As a *model (or paradigm) of industrialization*: the general principles which govern the evolution of the organization of labor 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 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 behaviors 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, and so forth.<sup>1</sup>

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

Using a concept first developed by Gramsci, some economists labelled the post-World War II hegemonic pattern of development “Fordism.”

The *industrial paradigm* included the Taylorist principles of rationalization, plus constant mechanization. That rationalization was based on the 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 Taylorist engineers first introduced those principles, at the beginning of the twentieth century, the aim was explicitly to enforce the direct control of the management on the workers, and to get rid of the “job rules” which were part of the former compromise at the shop floor, based on the bargaining power of the skilled craft worker of the nineteenth century. The first three decades of the twentieth century showed a resistance of the skilled workers, and their evolution (including amongst communists) toward a new compromise: acceptance of the Taylorist forms of control in return for a share of the gains in productivity.

That sharing was at first refused by the great majority of bosses, except a few 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 on the demand side. And the main component of this new effective demand could be, precisely, the demand from the wage earners.

Yet Keynes and Ford were preaching in the desert until the dramatic confirmation of their prophecy: the Great Depression of the thirties. The conservative liberalism of Herbert Hoover, David Lloyd George, and Pierre 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 10 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 and was warranted by a new mode of regulation.

The *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 productivity growth, hence real income of wage earners growing parallel to productivity.
- A rate of profit that therefore remained rather stable, with a full employment of productive capacity and labor 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 contested only 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 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 a 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 the case of temporary or indefinite incapacity to earn money from one’s work due to illness, unemployment, retirement, and so on.
- A credit supply regulated by central banks, issued by private banks according to the needs of the 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 the 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 reduce the investments made by firms and households. The use of these tools is called “Keynesian policy.”

But the new mode of regulation did not necessarily imply state ownership of the 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 William Henry 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 why the various institutions of the mode of regulation did not reach the same level of achievement in the different

countries. For instance, the United States experienced a backlash during the McCarthy period (compared to the Rooseveltian ambitions) and tried for a better welfare state only in the Johnson period.

At the international level, the world economy never reached such a degree of macroeconomic organization. The Fordist model was hegemonic only in OECD (Organization for Economic Cooperation and Development) countries. This regime excluded the main part of the Third World from international trade of manufactured goods, and the world currency was de facto credit issued by the United States. There was a semifree trade between mainly auto-centered industrial countries, with fine-tuning of the trade balance through changes of parity and slight cooling of domestic markets.

That was possible because the superiority of the United States in industrial production was such that its capital goods were both necessary and competitive. So the other countries were induced to accept the dollar as the international currency. At the time, the trade balance of the United States was structurally positive and its capital balance structurally negative. The United States gave Europe and Japan both the technical and financial means to catch up.

It may be useful to emphasize the similarity of this U.S. international attitude, stemming from a real hegemonic leadership position, to the domestic Fordist compromise. After 1947, the U.S. 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, shortsighted neocolonial interests prevailed most often, except in countries exposed to Communist competition such as South Korea and Taiwan, where the United States fostered land reform, import substitution, and national capitalist development.

## 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 (Lipietz, 1985; 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 slowdown in the growth of productivity. This contrasted 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" (Lipietz, 1986).

The reasons for these developments can be found in a latent weakness of the very pattern of organization of labor: the crisis of "informal involvement." That weakness may have been triggered by the growth of workers' militancy due to the full employment situation at the end of the sixties. More significantly, the incorporation within the active population of young people, women, and immigrants from the countryside and the Third World had facilitated at first the implementation of Taylorist principles. But by the late sixties the increase in education, social consciousness, and need 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 managers and workers. That separation was still deeply responsible for exhausting the sources of productivity gains (because only a minority within the work process was in charge of improving collective efficiency). It also increased the fixed capital per worker (because the minority could improve the productivity of the 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 a sectorial and general underconsumptionist crisis, and spreading and socializing their losses through markup policies, entailing a "cost-push" inflation allowed by the nature of credit (Lipietz, 1983).

But the main result of that complex process was a growing tension in the social compromise. In fact, the declining profitability, and hence the declining rate of investment, combined with the declining number of new jobs created by each investment, and with the shrinking of domestic markets, led to growing unemployment. In the early seventies, both the economic and social logics of Fordism induced governments to raise transfer payments

for unemployed people (e.g., welfare, social programs). That really limited the social and economic risks of cumulative depression (a great difference from the Great Depression of the thirties). But eventually these transfers were felt as too heavy a burden on the productive economy, further reducing the 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 for increased and stable purchasing power) had become economically unsustainable in the seventies, 10 years after the Marcusean revolt of youth against the "one-dimensional" (i.e., producing-consuming) society. The root of this crisis was in the labor, on the supply side; it was *not* an underconsumption crisis.

International reasons were also responsible for that erosion. In the sixties, and still more in the seventies, the search for a 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" (NICs) became disruptive for old industries, replacing well-paid workers with poorly paid workers, hence leading to a "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 a 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 a Keynesian type (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, or classical, crisis (low profitability).<sup>4</sup>

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. 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 Eurodollars toward NICs. 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 and high rates of interest. This monetarist shock restricted the possibilities for the firms to invest and triggered a debt crisis in the NICs, thus adding an unnecessary Keynesian (demand-side) component to an unsolved classical crisis of profitability.

After 1982, a more lax policy from the Federal Reserve Bank and the

U.S. Treasury induced a deficit-based expansion in the United States. The rest of the world, including the NICs, benefited from this "world social demand."

Indeed, some attempts were made to attack directly the inner roots of the crisis (too much capital-intensive technology, 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. In many cases, the restructuring of the industrial apparatus led to a deeper segmentation of the labor market, with a growing share of poorly paid labor force, thus entailing more social tensions and macroeconomic instability.

### SO, WHAT IS TO BE DONE?

As in the thirties, the way out of this crisis is a political one. There is no such thing 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 success stories of some countries which preserved growth and employment in the seventies and eighties: Japan, Korea, Austria, and Sweden. Their strategies were different, and the possibilities for promoting those strategies in other countries and on a longer term (their universality) are dubious. As in the early thirties, the main competitors for a solution (at the time: fascism, Sovietism, and conservative liberalism) may not include the next winner. After the war the winner turned out to be the Fordist Social Democratic compromise.

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 put into practice since the Soviet Revolution of 1917 are now clearly defeated from the democratic as well as from the economic points of view. Socialism may be the great tragedy of the twentieth century, in which North Korea or Rumania appears as the last ghost of a dream already vanished into horror or dismay. After the present crisis of capitalism, that is, at the beginning of the twenty-first century, there will exist all over the world market relations between productive units as well as wage relations between management and the labor 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 "law of development of productive forces" will provide the answer.

The economists, however, do have things to say. They can explain the difficulties experienced by the "old" compromise. They can forecast the difficulties, contradictions, and inconsistencies of the projects of different political forces. 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 knowledge of economics helps only 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 weakness of Fordism, as they are reproduced in every country. These problems are the classical basis of the crisis.
- Those arising from the contradiction between the internationalization of economy and the national character of regulation. These problems led to the Keynesian 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 best solution, there is no world authority that could settle that solution for all the nations. So the economist, as far as he or she is a citizen of the world, can propose only a second-best solution: the economic order that would secure the greatest autonomy for each nation to choose its own compromise.

With all these caveats, I shall first describe what many believe to be "the way out of crisis": liberal productivism. Then I will suggest my best compromise at the national level, applicable to advanced capitalist countries, and then my second-best solution at the international level.

### 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 [International Monetary Fund] and OECD, but not the UNCTAD [United Nations Conference on Trade and Development]). The great strength of that ideology stems from the breakdown of the social-democratic compromise (let alone the disasters of communism). Hence, it is a great temptation to simply assess that a restoration of old liberalism would be the solution.

Suppose there is a technological revolution. But the rigidities imposed by the state (social and environmental legislation, social security, etc.) block the way. Proponents of the new liberalism believe that once these rigidities

are removed, the laws of free competition will automatically impose the new model of development consistent with the new technologies.

This is very similar to the nineteenth-century belief that technical progress could be limited only by inefficient social relations. That idea was common to the liberals and Marxists of the time, but liberals thought that the problem was too much state and the Marxists believed that there was too much anarchy in the market.

There are some differences between the new liberalism and the utilitarian liberalism of the eighteenth and nineteenth centuries. 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 cycle. "Why do we need freer enterprise and freer trade? Because they will enable us 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 not 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 not the task of the political system. The homeland of the citizen becomes either the firm 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 interest of the bosses. In the market, each one has the possibility, through his or her entrepreneurship, to become a winner. But in the case of failure, the very success of the others creates another opportunity. Through the expenditures of the rich, wealth trickles down to the poor, if they agree 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 afforded by 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 macrostability of feudalism was spoiled by permanent unrest, with the risk of microinstability developing into a 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 of competition will benefit from the advantages of the technological revo-

lution (as far as there are any advantages). In the middle, one group of skilled or semiskilled workers will benefit from regular employment, but with no more prospect of permanent improvement in real wages (contrary to the Fordist compromise). At the bottom, a crowd of job seekers will float between cheap employment and unemployment, without the benefits of the welfare state. The political consequence is obvious: it is the comeback of the nineteenth-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.).

Secondly, 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 his or her firm. So the noninvolvement 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 substantial work at the design and maintenance level. As a result, the shop could become a kind of an automatic module, with some unskilled blue-collar workers performing feeding or cleaning jobs, and some white-collar professionals tuning the process. This strategy could be implemented either to compete with cheap labor overseas or to overcome worker militancy on the shop floor, 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 Turin 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 labor 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 was also exported to the United States), 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 the car industry

according to the more classical shape of Fordist assembly lines. This reversibility of mechanization is characteristic of a labor-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 anymore. 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 labor 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 labor.

Nowadays, this latter kind of industrial relations looks more rational than the former (Aoki, 1985). In fact, the eighties 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: the United States, Great Britain, France, Spain, and Brazil. On the other hand, the "involving-the-workers" models: Japan, Scandinavia, West Germany, and partly South Korea. And I am happy to report that the second group is winning that war. But how could such a compromise between the new "involved and multiskilled" 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.<sup>5</sup> 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 semiskilled workers, and this may be the dominant tendency in Japan (and Germany). In this case, there is a compromise between capital and a *part* of the labor force, with a growing competition for the privileged segment of the labor force (the worker's aristocracy) and an overexploitation of the other components (women, ethnic 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 comeback of business cycles. Since there is no explicit expression of collective prospects, individual expectations have no other guideline than an evaluation about other's expectations. If the rich are understood to be investing, there will be investments, leading to a growth that will justify these investments until some industrialists, merchants, or bankers will notice that there is not sufficient effective demand for the products of past investments. Hence, panics, and 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 U.S. 1983–84 recovery). But, just as investment requires its outlet, warfare requires international tension.

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 the U.S. administration in 1945. The United States in particular took into account its long-term interest in the faster growth of its main partners. And that takeoff implied transitory privileges for Europe, Japan, and the Third World, and American industry's voluntarily restraining from crushing 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, the 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-neighbor" game is stagnation. A very clear case is the European Economic Community, a free trade zone without coordination in policies.

But the situation is far more serious in the case of the Third World, since here trade problems are connected with credit problems, with dramatic consequences on welfare and even on the lives of entire populations. The "miracles" of the NICs in the seventies were 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 U.S. monetary policy induced private transnational banks to grant easy credits to the NICs. When the United States reversed its 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 toward 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 United States, experienced the shortcomings of *laissez-faire*. When its 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 the external economic level. After years of laissez-faire and liberalism, the U.S. administration rediscovered the virtues of multilateralism and the state's active policy and proposed to its partners a project of international collaboration toward world recovery, based on a Keynesian acceleration of growth in the surplus countries, Japan and Germany. A plan not so different from the one proposed by S. Marris (1985), the former economic adviser of the "Keynesian" period of OECD. But another proposition was expressed (and partly implemented) within the United States: protectionism.

The new multilateralism of the U.S. 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 four-fifths of this growth was obtained in the Fordist period, after the Second World War. And liberal productivism fosters a completely unsensible use of the natural environment. This ecological debt of past and present generations to the future ones (destruction of ozone, greenhouse effect, etc.) has to be paid in the next 40 years.

Before coming back to these world aspects, let us think about what could be the inner aspects of a model of development that is both socially progressive for the workers and ecologically sustainable for the future of humankind.<sup>6</sup>

#### For a New Design within the Labor Process and a New Wage Contract

At the root of the current economic crisis, there is the crisis of labor—a crisis of Taylorism, of the nonexplicit 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 the 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-by-minute adjustment of the labor process, but also in the collective systematization of practical knowledge: a task that Taylor has restricted to the Office of Methods and Design.

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

But it should *also* be 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 micropolitical, shop-floor reason and also a macropolitical, state-level reason. In fact, a highly skilled, highly conscious, highly active worker may contest the control of management upon the intensity of his or her work, on the use of the product, on the sharing 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 who 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 toward self-management. In exchange, and after the 1930–45 crisis, workers acceded to the 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 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 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 of employment are part of an implicit contract within major Japanese firms and in the new contracts of the U.S. car industry. The problem is that a single firm cannot warrant a job on the same task for long. So the guarantee in a job should be a dynamic guarantee, involving both intrafirm and social aspects. That raises the issue of mobility.

Most workers are not ready to accept any mobility, in job or in space. They are right. Labor is but a part of personal and social life. Friendship and family relations are the main part of happiness, and they depend on material conditions: existence of stable groups, linked to territories. Even an industrial belt may be a "hometown," a lost paradise soberly sung by Bruce Springsteen. So the compromise should entail not "employment somewhere," but the "right to live and work in the 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 deciding "how we work" entails involvement in "what we should do."

There are two critical guidelines for this permanent restructuring of the productive apparatus.

The first is *the conservation and enrichment of skills*. It is humiliating and unproductive not to take into account the accumulated know-how of the workers. The "Pittsburg model of restructuring" is a social failure: former steelworkers are reduced to unemployment, and new people are hired in electronics. 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.

The second critical guideline is *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 we should do" does not concern only the workers, but also the society. New forms of democratic planning should count for more than the judgment of the market.

Who is to pay for that compromise on dynamic restructuring? Who is to pay the workers during the retraining and the experimental process of new activities? Who is to pay for the new investments? Implicit to my first principle is the idea of the stability of the group of workers involved in this restructuring. The simplest answer and the safest for the workers is that the firm is responsible for the creation of new jobs for its own workers. In fact, the rule of "no firing" and lifelong employment is a strong incentive for the well-known technical and commercial flexibility and initiative of Japanese management. The U.S. car industry and many big, especially nationalized, French firms help their own redundant workers to create new firms. But this solution is not open to smaller firms, and it is not a solution for unemployed workers and newcomers on the labor market. This leads to a reconsideration of the role of the welfare state which I shall come to later.

Before that issue, a last major point of the compromise should be settled. What about *the sharing of the gains in productivity*? Assuming that the new industrial relations and the electronic revolution entail a return to the high rates of growth in productivity of the golden age, who should benefit from these? The workers should gain at least 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 labor 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 a sufficient standard of living (the situation being different in the Third World). The "right to pursue 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 labor time is the only efficient way to quickly reduce unemployment. It is the present solution in the liberal-productivist pattern. But it is implemented in a savage, unequal way. In the United States, average wage labor time is now reduced to about 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 a segmented society. The same is true in Japan, and in addition the free time of the "stable" segment of the labor market is taken up with constant professional training and retraining, even for schoolchildren.

Third, logic suggests that in the long term, an active, involved worker should be an active citizen in democratic life, with free time for cultural life and furthering his or her 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, nonmarket 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 for protectionism to ensure the right to enjoy music or theater, to read novels or make love. "To accumulate in well-being" leads to more balanced economics and improves the capacity of democratic self-regulation of national societies.

Fifth, the global and local ecological constraints are now weighing 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 the Third World population *has* to increase its material welfare, Northern populations should prefer a form of progress based upon the growth of free time.

Obviously, such a regime entails other compromises from the wage workers. They cannot ask for the gains in productivity twice (in time reducing and in consumption increasing). Since there are minorities who do not at present enjoy adequate standards of living, the distribution in time reduction should be unequal. In other words, the hierarchy of wages should be reduced,

so that the poorest may increase their purchasing power. 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 labor time would be impossible unless more workers could work on the same work station. In other words, a reduction in manual labor implies an increase in machine usage, and hence more shifts. More shift-work 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 labor. It is also a compromise inside the wage population. This brings up the question of solidarity, which in the Fordist pattern was presented by the welfare state.

### Solving the Crisis of the Welfare State

As it emerged from a century of union militancy, from the victories of social democracy in Northern Europe, from the concern of Christian Democratic governments for 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 of a compromise between capital and labor 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 money to people who cannot earn their living through a normal, direct wage because they are ill or unemployed or too old. Sometimes these transfers are granted in kind or in cash for a particular but socially useful requirement (aid to children, help for housing, health care).

The point is that the norm is to earn money in direct wages from activity with a "normal" employer (private firms or government departments). On the contrary, social benefits imply (except for the above cases of individual requirements) that the recipient does not earn money, has no activity. This norm does not seem so strange as long as recipients are a small proportion of the population, or when transfers appear as a payback for earlier savings from the recipient (which they in fact never are from a macroeconomic point of view).<sup>7</sup> But that principle leads to a schizophrenic, even Kafkaesque, 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 who pay welfare taxes from direct wages, or firms that pay the taxes for their employees. When this burden becomes too heavy, the active sector begins to protest that it pays for "lazy" people, people who do not work. Actually, these people would like to work, but they are not allowed to work while receiving welfare transfers. They bear 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 (neighborhood help, moonlighting) while being on welfare, they may be regarded as crooks, and may be prosecuted or deprived of the dole or assistance.

In addition to the generally unjust and stupid accusation of laziness, the welfare state is also attacked by conservative liberalism as being economically counterproductive on the basis of one microeconomic argument. If the taxes on the active sector were reduced or eliminated, the total cost of labor would be reduced and additional workers could be employed.

That may be true at the 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 worker would stop being a consumer. Hence, the market would shrink, new workers (at any price) would be fired, and so on. That old mode of regulation without welfare is far more unstable than the Fordist one. A real-life example occurred in 1930: within nine months the unemployment rate reached two digits, a result which was reached only after 10 years in the seventies.

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 (to about 10% of the active population), whose workers (or more precisely the agencies paying for them) would receive the normal dole from the welfare state. 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 (care for old people or convalescents), or covered by women's free labor, or not covered (improving the environment, such as poor neighborhoods, 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 with other active sectors, since these sectors at present are not in charge of these services (except in the case of moonlighting and domestic labor, 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.

The development of this sector will eliminate many problems of the welfare state. The schizophrenic critic will vanish. Active taxpayers will know what they are paying for: useful social services. Workers of that sector will have a useful job from which they can receive more social prestige and self-esteem than they do from moonlighting or from part-time jobs such as in fast-food restaurants or shoe polishing. The microeconomic argument can be acknowledged to develop a new sector of activity which produces 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. The sector could be organized in self-managed small agencies, and with the help of psycho-sociologists, it could mix labor and professional retraining. In its relations with the "customers," it could innovate in nonmarket, nonpatriarchal forms of contract, with a constant democratic control from the contractor (a local community, an agency for protection of the environment, etc.) on the permanent social usefulness of activities of the self-managed group.

Thus, the new, alternative sector could be a "school" for self-management, gender equality, and democracy in a 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 toward humanization of economic relations.

### A Nonaggressive International Economic Order

Assume that the reader likes the above design. She or he will nevertheless 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 30 hours a week compete with a Korean? On the other hand, a democratic Korea might choose to work hard and improve its standard of living." That is right. "My" compromise is not the only progressive compromise that could be thought of, and many countries could choose the liberal-productivist design. So we have to think of an international order making room for a progressive design.

The problem with the present international economic order is that the burden of balance-of-payments 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, the United States, understood its interests in the expansion of its partners (in the fifties), or when its own monetary laxity permitted it to defer international trade balance adjustments (in the seventies). But the eighties exhibited all the dangers of the "beggar-my-neighbors" policies.

At first, protectionism appears to be the easiest way to solve the problem. If one country agrees 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 began to take charge of its destiny started with protectionism. That was the first economic content of the American Revolution, that was also the starting point for the rise of Bismarck's Germany, the Meiji Japan, and today Korea.

Protectionism has its counterpart. The spread of new products and processes may be slowed down, economies of scale are lost, heavy investments are uselessly duplicated in what could be complementary countries. Those

were the reasons for the creation of the 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 did so through competitive deflation, problems arose. And a common market became the only solution when competitive devaluations were forbidden with the European monetary system.

Let us take this EEC 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-rapid growth, or too-fast reduction in labor time. One solution could be precisely an explicit agreement on coordinated faster growth or labor-time reduction. That is the proposition of one part of the "Euroleft" (U.K. Labor party, Italian Communist party, and European Green parties). But such an agreement (which could be the best strategy) 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, the United Kingdom had adopted liberal productivism when France adopted radicalization of social democracy, and the reverse could happen in the next few years.

So we have to look for a second best. Not an international agreement for one 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 labor-time reduction, or development of an alternative sector), then after six months that country has the right to improve its trade balance through nondeflationist 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 now a stagnationist country would not be able to benefit from the enlargement of the market of its neighbors, except by contributing itself to common improvement. The adjustments are induced at the top, and not at the bottom.

Such a settlement is more difficult at the international level: the best one can hope for is a gentleman's agreement. When the U.S. administration, in 1986, started to anxiously beg Japan and Germany to increase their growth, stating that if they did not, it would be impossible to hold back U.S. 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 the U.S. administration converted to this multilateralism only under the pressure of its own fear of a trade deficit—deflation dilemma. A gentleman's agreement (and especially a settlement) must be respected for a while, whatever may be the transitory situation of each contractant.

Let us now consider the implications of this new multilateralist spirit in the case of trade between Newly Industrializing Countries and advanced capitalist countries. At first (in the early seventies) the latter benefited significantly and willingly from the low wages of the former. Then the low labor costs of NICs appeared as unfair conditions of competition, entailing unemployment in the North and justifying protectionist reactions in the eighties. 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 of Third world countries protecting their young industries. But on the other hand, the exports from the NICs should not be too disruptive to 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 wages imposed through terror. On the contrary, the North should be open to exports from countries engaged in a rapid increase of the standard of living of their population, with full union liberties. The referee could be the International Labor Organization 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 and social and ecological policies. It would secure a better consistency between growth in the North and faster growth in the South. In short, it would induce a positive-sum game for the world economy and employment. But there is a rub: debt crisis.

In the seventies, the NICs contracted debt 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 the South's conquering a gigantic share of the world market to the detriment of Northern exporters, with dramatic consequences in employment in advanced capitalist countries.<sup>8</sup> The advanced capitalist countries will never accept that. And yet the indebted NICs are urged to pay their debt by increasing their exports and cutting down their imports, and to do that, not through protectionism, but through deflation!

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 interests of the North. On the same argument, the 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

absorbed with some money. Up to 1979, the world lender of last resort was the U.S. 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 the early eighties and for the crashes of October 1987 and October 1989). At present, there is no candidate left 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 it is accepted as the means of payment, and that is possible only if it is secured by the uncontested economic leadership of the issuing nation. There is no longer such a nation. On the other hand, private multinational banks, no matter how big, cannot be lenders of last resort. They cannot issue more credits when they are almost certain that the old ones will never be repaid. That is the reason for the failure of the Baker Plan, and later of the Brady Plan.

Therefore, an international institution should be in charge of issuing fresh credit. A renewed IMF, for instance, could issue some kind of Special Drawing Rights as 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 the issuing of new credits. These rules should be the following. First rule: cancellation of debts (corresponding to repressive expenditures) should occur when a dictatorship falls. Young democracies should not have to pay for the arms that killed their supporters.<sup>9</sup> Besides, that would be another incentive among the ruling classes for democratization. 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 rates 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 the 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.<sup>10</sup> At this point, the technical device that a monetary institution pretends to be is seen as what it really is: a political one. The gold-exchange standard was just as much a political device: it embodied the acknowledgment of U.S. 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 essay 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, the occurrence of individual revolts against hierarchies and the almightiness of the state, the 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 some similar elements could appear both in the liberal-productivist project I criticized and in the alternative project I proposed. Similarly, in the thirties, the idea of "corporatism" (explicit cooperation of state, firms, and unions in the 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 in the market.

So the differences between the projects cannot be identified 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 a conscious agreement by workers to exchange their right to control the implementation of technical progress, in return for a right to live and work in one's homeland, and for more free time.
- Preservation of the degree of socialization of revenues so as to maintain social security, but a deep reform of the 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, but refusing systematic free trade in favor of a new set of rules giving room to the fastest social progress in separate democratic nations.

In other words, the new technical paradigm would use more skilled labor and less capital. The new regime of accumulation would secure high employment with slower growth in commodity production, more free time, and 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 autonomous economics and trade with a multilaterally managed currency. As for the content of production and consumption within this model, I think it would address more ecological and cultural concerns (at least in advanced economic countries). Such a model would imply major changes in gender relations.

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 crises of labor, welfare payments, and debt are necessarily on the agenda of any next design. But the contexts of these devices would be so different that the manner of their implementation would also be different.

Liberal productivism accepts the war of everyone against everyone, both at the national and the 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 the middle strata with secured employment, against the huge mass of the rank and file, the job seekers of the North as well as the Third World. We are not far from Jack London's *Iron Heel*.

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

Rooseveltian and social democracy were also compromises. But they were a major break with powerful interests, and different from other versions of corporatism. Thousands of people had to die for it in "peaceful" processes in the thirties, from Sweden to the United States. Tens of millions had to die, from the Spanish Civil War to German capitulation, 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, and the rights of humankind are the most appealing goals that could gather such a support.

## NOTES

1. On the differences between these crises, and on the core economic and political problems which they expressed, see Lipietz (1989).

2. This methodology was progressively elaborated by Aglietta (1976), Boyer and Mistral (1978), Coriat (1979), and Lipietz (1979, 1983, 1985). Here I follow the presentation in Glyn, Huges, Lipietz, and Singh (1986). I highly benefited from previous discussions with these authors (and many others) in the writing of this chapter. I stick to the more and more widespread English terminology for the translation of the key concepts of the "regulation school" (Fordism, regime of accumulation, etc.).

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 3. (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 contrasting evolutions of the wage contract and industrial relations, and their mutual consistency, see Boyer (1986), Leborgne (1987), and Lipietz (1987).

6. All the following is deeply influenced by numerous discussions among left-wing economists and activists about the failure of the attempt of Mitterrand's two first governments (1981–84) to get out of crisis through a radicalization of social democracy (see Lipietz [1984]).

7. When retirement pensions are paid from interest on accumulated capital, the money is nonetheless subtracted from the current value added. So the difference between the payback principle and capitalism 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 U.S. deficit of 1985.

9. It is the jurisprudence of "odious debts," which are "debts of the regime" and not "debts of the nation."

10. The stabilization of farming prices (above world market prices) inside the EEC is 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 of product prices: inadequate allocation of resources, and differential rents. So, rich Dutch farmers get most of these subsidies, piling up mountains of butter.

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